Retail China Trust

MAKING AN IMPACT

CAPITALAND RETAIL CHINA TRUST
ANNUAL REPORT
2019

MAKING AN IMPACT

At CapitaLand Retail China Trust, we are making an impact by creating a resilient portfolio of quality properties that provide the optimal mix of diversification and returns for our Unitholders.

The radial patterns found in this report are symbolic of our strategic approach to grow our portfolio and enhance the returns on our assets. As we continue to reshape our portfolio, we strive to create meaningful experiences that connect with the community.

CORPORATE PROFILE

CapitaLand Retail China Trust (CRCT) is Singapore's first and largest China shopping mall real estate investment trust (REIT), with a portfolio of 14 shopping malls[1]. It was listed on the Singapore Exchange Securities Trading Limited (SGX-ST) on 8 December 2006. CRCT was established with the objective of investing on a long-term basis in a diversified portfolio of income-producing real estate used primarily for retail purposes and are located primarily in China, Hong Kong and Macau.

CRCT's geographically diversified portfolio of quality shopping malls, with a total gross floor area (GFA) of approximately 1.1 million square metre (sq m), is located in nine Chinese cities. The malls are CapitaMall Xizhimen, CapitaMall Wangjing, CapitaMall Grand Canyon and CapitaMall Shuangjing in Beijing; Rock Square (51.0% interest) in Guangzhou; CapitaMall Xinnan in Chengdu; CapitaMall Qibao in Shanghai; CapitaMall Minzhongleyuan in Wuhan; CapitaMall Erqi[1] in Zhengzhou; CapitaMall Saihan[2] and Yuquan Mall in Hohhot; CapitaMall Xuefu, CapitaMall Aidemengdun in Harbin and CapitaMall Yuhuating in Changsha. As at 31 December 2019, CRCT's total asset size is S$3.8 billion, increasing more than fivefold from the Trust's listing.

CRCT's properties are strategically located in densely populated areas with good connectivity to public transport. The malls are positioned as one-stop family-oriented destinations housing a wide range of lifestyle offerings that cater to varied consumer preferences in shopping, dining and entertainment. CRCT's portfolio comprises a diverse mix of more than 2,400 leases, which include leading brands UNIQLO, Xiaomi, ZARA, Nanjing Impressions, Nike, Sephora, Starbucks Coffee and Sisyphe.

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

1 The announcement regarding CapitaMall Erqi's divestment was issued on 7 February 2020.
2 The divestment of CapitaMall Saihan is expected to be completed by the end of 2020.

OUR VISION

Sustainable and resilient REIT with a professionally managed portfolio of quality retail real estate across China.

OUR MISSION

Deliver sustainable income growth to our Unitholders and value-add to the community and stakeholders by enhancing organic growth through proactive asset management; creating new value through innovative asset enhancement strategies; and capitalising on yield-accretive acquisition growth.

CONTENTS

FEATURES

YEAR IN BRIEF 2019
Key Milestones Achieved

MESSAGE TO UNITHOLDERS
FY 2019 -
A Landmark Year
for CRCT

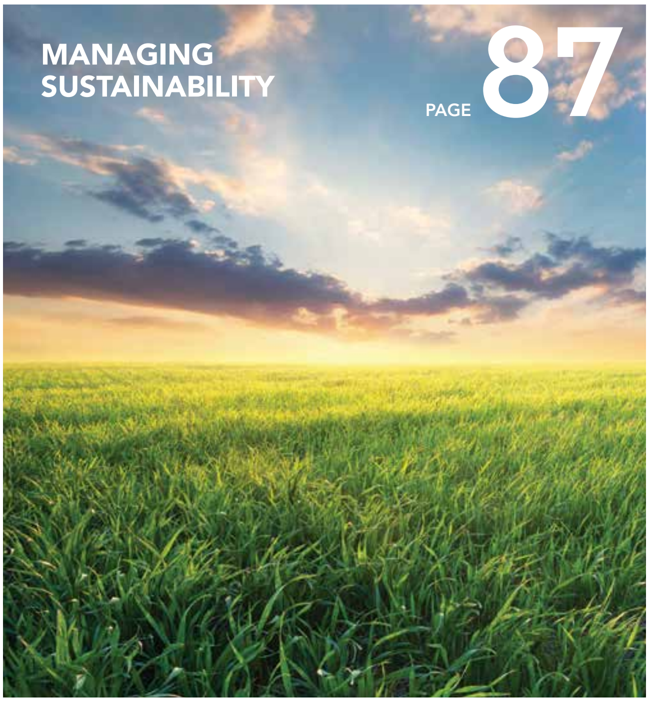
PAGE 12

PROPERTY PORTFOLIO
14 Quality Assets across
9 Cities in China

PAGE 18

OPERATIONS REVIEW
An In-Depth Look
into our Mall
Operations for
the Year

PAGE 70



We

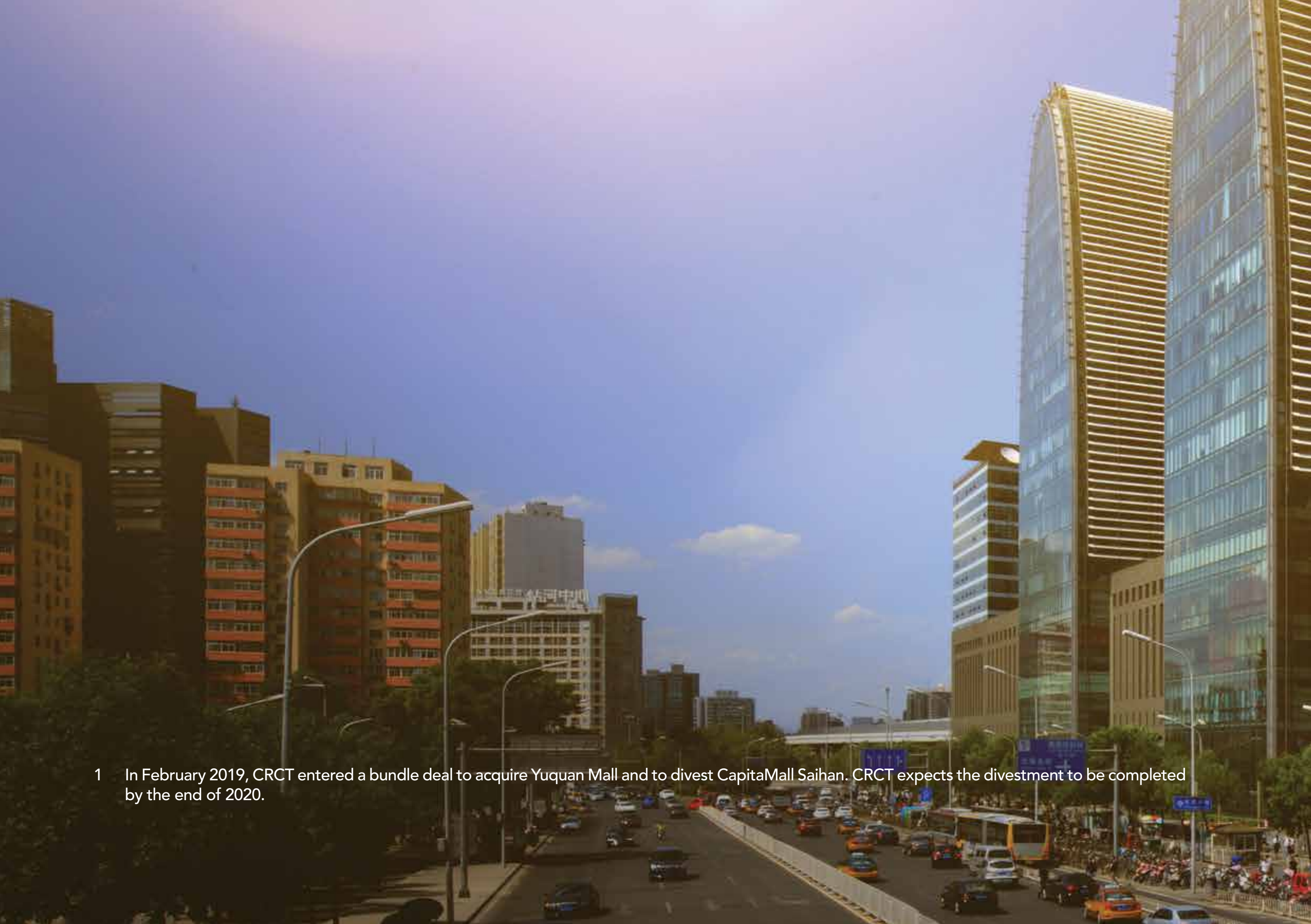
EMBRACE THE FUTURE

as we continue to acquire quality assets in China, an attractive market with fundamental long-term growth prospects.

We are

REACHING GREATER HEIGHTS.

This year we acquired four new malls and divested two[1]. Leveraging on our strategic portfolio reconstitution and asset enhancements, we have expanded our footprint and attained sustainable growth for our Unitholders.



1 In February 2019, CRCT entered a bundle deal to acquire Yuquan Mall and to divest CapitaMall Saihan. CRCT expects the divestment to be completed by the end of 2020.


凯德MALL
凯德MALL
涵城小厨

Our passion is to develop

INSIGHTFUL AND EFFECTIVE

strategies to curate retail experiences, capitalising on current trends and evolving aspirations that complement today's consumer lifestyle.

YEAR IN BRIEF 2019

February

- Reported distributable income of S$99.7 million and Distribution Per Unit (DPU) of 10.22 cents for FY 2018.
- Entered into a bundle deal in Hohhot to acquire the new Yuquan Mall at RMB808.3 million (RMB8,079 psm GFA) and to divest CapitaMall Saihan for an agreed property value of RMB460.0 million (RMB10,969 psm GFA). The new Yuquan Mall is double in size and will be directly connected to the NuoHeMuLe Station on Metro Line 2 (expected opening by the end of 2020) with eight more years in its balance tenure relative to CapitaMall Saihan.

March

- Announced the divestment of CRCT's 51.0% interest in CapitaMall Wuhu, a non-core asset, for an agreed property value of RMB210.0 million (on a 100% basis), as part of our portfolio reconstitution efforts.

April

- Held the 2019 Annual General Meeting (AGM) with all resolutions duly passed.
- Achieved Net Property Income (NPI) of RMB198.9 million in 1Q 2019, an increase of 10.7% year-on-year. DPU before capital distribution (Core DPU) came in at 2.49 cents, a 2.0% increase as compared to the same period last year. DPU after capital distribution was 2.59 cents.

May

- Participated in the REITs Symposium 2019 jointly organised by REITAS and ShareInvestor to promote REITs as an investment option for the fifth consecutive year.

June

- Announced the proposed acquisition[1] of CapitaMall Xuefu, CapitaMall Aidemengdun and CapitaMall Yuhuating, at an agreed property value of RMB2,960.0 million from CapitaLand Limited, our Sponsor and its associated companies. The accretive acquisition is the largest acquisition value to date and has enabled CRCT to expand its presence, increase its portfolio size and enhance its portfolio diversification.

July

- Completed the divestment of 51.0% interest in CapitaMall Wuhu.
- Reported NPI of RMB201.1 million, an increase of 11.5% year-on-year for 2Q 2019. Core DPU for 2Q 2019 was 2.54 cents, 2.0% higher as compared to the same period last year.
- Completed AEI at CapitaMall Grand Canyon, removing the under-utilised elevator and converting into Net Lettable Area (NLA) to generate additional revenue.

August

- Held the Extraordinary General Meeting (EGM) for the proposed acquisition of CapitaMall Xuefu, CapitaMall Aidemengdun and CapitaMall Yuhuating with resolution duly passed.
- Launched largest Equity Fund Raising (EFR) to date of S$279.4 million, through the issuance of approximately 191.9 million new CRCT units comprising private placement of approximately 105.0 million new units at S$1.469 per unit and renounceable preferential offering of approximately 86.9 million new units at S$1.440 per unit.
- Announced cumulative distribution of 6.29 cents for the period from 1 January 2019 to 13 August 2019.
- Issued and listed approximately 105.0 million new CRCT units on the Singapore Exchange Securities Trading Limited (SGX-ST) pursuant to the private placement.
- CRCTML, the Manager of CRCT, announced the following changes to the Board, effective on 16 August 2019:
  - Retirement of Mr Lee Chee Koon as Non-Executive Non-Independent Director and Chairman of the Executive Committee.
  - Appointment of Mr Lucas Ignatius Loh Jen Yuh as the Non-Executive Non-Independent Director and Chairman of the Executive Committee.
- Completed the acquisition of CapitaMall Xuefu, CapitaMall Aidemengdun and CapitaMall Yuhuating.
- CapitaMall Wangjing was awarded the Top Ten Commercial Landmark for Night-time Economy at the China Commercial Real Estate Innovation Conference 2019.
- CapitaMall Xuefu was awarded the China Retail Asset Management Role Model Award at the Shopping Center Asset Management Summit 2019.

September

- Issued and listed approximately 86.9 million new CRCT units on SGX-ST pursuant to the preferential offering.
- CRCT was awarded joint Runner-up of the Shareholder Communications Excellence Award (REITs & Business Trusts) at the Securities Investors Association Singapore (SIAS) 20th Investors' Choice Awards.
- CRCT won the Best Retail REIT (Gold award) at the 6th Asia Pacific Best of the Breeds REITs Awards 2019.

October

- Reported a 14.4% year-on-year increase in NPI to RMB208.0 million for 3Q 2019. Core DPU increased 4.3% year-on-year to 2.43 cents for 3Q 2019.

November

- Included in the Singapore Exchange (SGX) Fast Track Programme that recognises companies with good corporate governance standing and compliance track record.

December

- Completed the acquisition of Yuquan Mall.

1 The proposed acquisition was subject to Unitholders' approval, which was subsequently obtained at the EGM held in August 2019.

2019 HIGHLIGHTS

NET PROPERTY INCOME[1]
S$165.4 million

DISTRIBUTABLE INCOME
S$106.6 million

DISTRIBUTION PER UNIT
9.90 cents

DISTRIBUTION YIELD[2]
6.1%

MARKET CAPITALISATION[3]
S$1.9 billion

NUMBER OF PROPERTIES
14

PORTFOLIO OCCUPANCY
96.7%

EXTENSIVE NETWORK OF TENANTS
>2,400 leases

ANNUAL SHOPPER TRAFFIC[4]
130.8 million

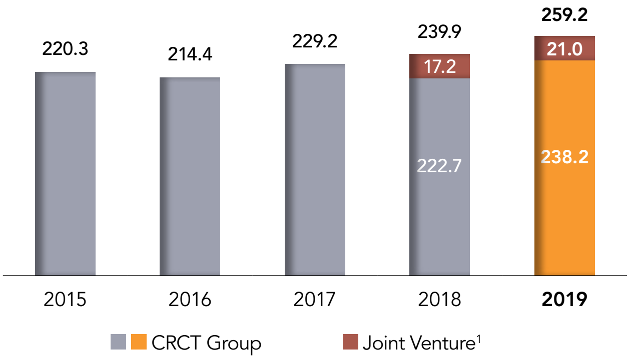
AGGREGATE LEVERAGE[5]
36.7%

AGGREGATE COST OF BORROWING[6]
2.98%

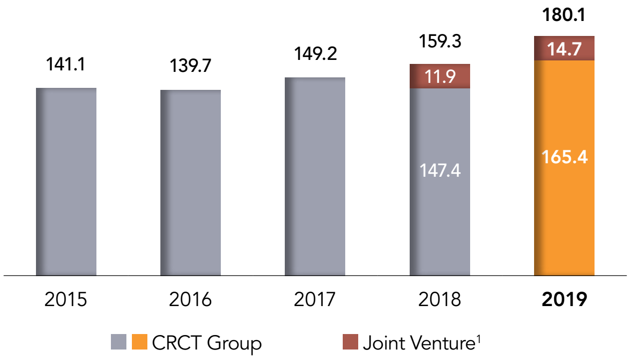
1 If CRCT's 51.0% interest in Rock Square is included, total NPI is S$180.1 million.
2 Based on FY 2019 distribution per unit of 9.90 cents and the unit closing price of S$1.61 on 31 December 2019.
3 Based on 1,209.1 million Units at unit price of S$1.61 on 31 December 2019.
4 Includes multi-tenanted malls only. Data includes four months of traffic from CapitaMall Xuefu, CapitaMall Aidemengdun and CapitaMall Yuhuating during CRCT's holding period of the assets and excludes traffic from CapitaMall Wuhu.
5 Based on total borrowings over the deposited properties in accordance to Property Funds Appendix (includes CRCT's proportionate share of its Joint Venture's borrowing and deposited property).
6 Ratio of the consolidated FY 2019 interest expense over weighted average borrowings on balance sheet.

FINANCIAL HIGHLIGHTS

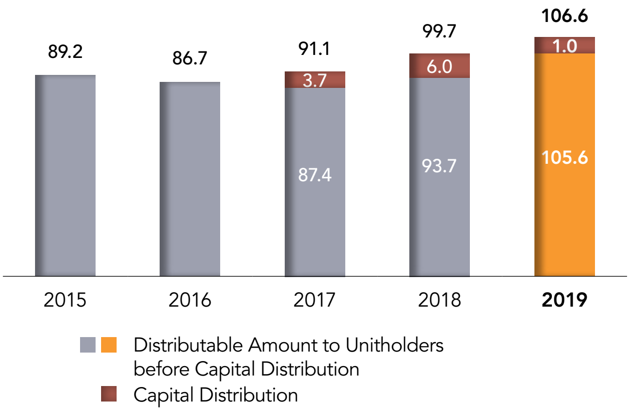
Gross Revenue
(S$ million)



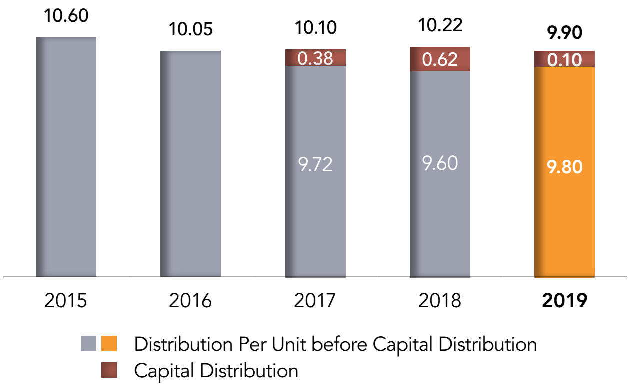
Net Property Income
(S$ million)



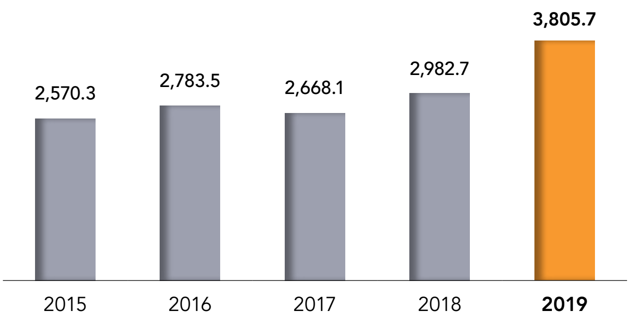
Distributable Income
(S$ million)



Distribution Per Unit
(cents)



Total Assets
(S$ million)



1 Joint Venture refers to CRCT's 51.0% interest in Rock Square.

5-YEAR FINANCIAL HIGHLIGHTS

Selected Balance Sheet Data

As at 31 December	2015	2016	2017	2018	2019
Total Assets (S$'000)	2,570,304	2,783,467	2,668,068	2,982,690	**3,805,653**
Total Deposited Properties[1] (S$'000)	2,544,671	2,761,930	2,648,157	3,072,298	**3,883,521**
Total Borrowings (S$'000)	707,092	979,246	750,000	1,041,250	**1,383,174**
Net Assets Attributable to Unitholders (S$'000)	1,490,820	1,431,811	1,548,771	1,553,220	**1,873,671**
Net Asset Value Per Unit (S$)	1.77	1.65	1.60	1.58	**1.55**
Portfolio Property Valuation (S$'000)	2,412,425	2,628,165	2,440,838	2,438,927	**3,223,889**[2]

Financial Ratios

As at 31 December	2015	2016	2017	2018	2019
Earnings Per Unit (cents)	13.61	12.45	16.21	13.17[3]	**15.45**
Diluted Earnings Per Unit (cents)	-	12.39	16.14	13.11[3]	**15.39**
Distribution Per Unit (cents)	10.60	10.05	10.10	10.22	**9.90**
- DPU before Capital Distribution	10.60	10.05	9.72	9.60	**9.80**
- Capital Distribution	-	-	0.38	0.62	**0.10**
Aggregate Leverage[4] (%)	27.7	35.3	28.4	35.4	**36.7**
Interest Cover (times)	6.3	6.0	5.8	5.3	**5.0**
Management Expense Ratio[5] (%)	0.9	1.0	1.0	1.0	**1.1**
Market Capitalisation (S$ million)	1,256	1,191	1,565	1,334	**1,947**

1 All the assets of CRCT, including CRCT's proportionate share of Project Company (if the ownership is less than 100%) and Joint Venture's total assets.
2 Based on valuation as at 31 December 2019. The portfolio property valuation includes the valuation of 12 malls (excluding Rock Square) and the agreed property value of CapitaMall Saihan. For more details, please refer to page 83.
3 The figures have been restated for the effect of the bonus element of the preferential offering of 86,871,006 units which were issued on 3 September 2019.
4 The aggregate leverage is calculated based on total borrowings over the deposited properties in accordance to Property Funds Appendix (includes CRCT's proportionate share of its Joint Venture's borrowing and deposited property).
5 Refers to the expenses of CRCT excluding property expenses and interest expenses but including the performance component of CRCTML's management fees, expressed as a percentage of weighted average net assets.

MESSAGE TO UNITHOLDERS

TAN TZE WOOI
Chief Executive Officer

SOH KIM SOON
Chairman

As we keep our eye on enhancing Unitholders' value through organic and inorganic growth, we have and will continue to *Make an Impact* as we cement our position as the first and the largest China-focused retail REIT listed on the Singapore Exchange.

Dear Unitholders,

FY 2019 was a landmark year for CRCT. We grew from strength to strength, delivering a total Unitholder return of 27.7%[1] as we remained steadfast in our strategy to improve portfolio quality and earnings. We ended the year in a stronger position, bringing our total assets to around S$3.8 billion and reaching a market capitalisation of around S$1.9 billion.

We completed our largest acquisition since IPO with the acquisition of three assets, CapitaMall Xuefu, CapitaMall Aidemengdun and CapitaMall Yuhuating, at an agreed property value of RMB2,960.0 million from our Sponsor, CapitaLand and its associated companies, and successfully raised our largest Equity Fund Raising (EFR) of S$279.4 million. The EFR was oversubscribed and received significant support from both long-term and new investors, which signals firm confidence in our strategic goals.

1 Based on capital appreciation from unit price of S$1.36 on 31 December 2018 to S$1.61 on 31 December 2019 and assuming dividends were reinvested.

As we keep our eye on enhancing Unitholders' value through organic and inorganic growth, we have and will continue to *Make an Impact* as we cement our position as the first and the largest China-focused retail REIT listed on the Singapore Exchange.

CRCT achieved a gross revenue of S$238.2 million and net property income of S$165.4 million, an increase of 6.9% and 12.2% year-on-year respectively. Distribution per unit before Capital Distribution reached 9.80 cents or 2.1% higher year-on-year. Distribution per unit after Capital Distribution for FY 2019 was 9.90 Singapore cents, representing a distribution yield of 6.1%[2]. The improved performance was mainly due to higher organic growth, strong contribution from Rock Square as well as positive contribution from the acquisition of CapitaMall Xuefu, CapitaMall Aidemengdun and CapitaMall Yuhuating that was completed on 30 August 2019.

Despite the ongoing US-China trade tensions and muted global growth, China's consumer confidence has remained resilient. Due to active portfolio management, tenant sales and shopper traffic grew 14.4%[3] and 15.2%[3] respectively year-on-year in 2019. A total of 826 leases were signed or renewed, achieving an average rental reversion of 6.4%[4]. As at 31 December 2019, portfolio occupancy was 96.7%[5] with a weighted average lease expiry of 2.4 years[5,6]. With the inclusion of the three new malls as well as the higher appraised values of the existing malls, CRCT's total asset increased substantially by 27.6% year-on-year to S$3.8 billion.

Staying Focused and Future-Proofing our Portfolio

Throughout the year, we maintained our focus to diversify and fortify our portfolio through strategic and timely acquisitions and divestments. Guided by these fundamentals, CRCT entered into a bundle deal in February 2019 to acquire Yuquan Mall for RMB808.3 million and to divest CapitaMall Saihan for an agreed property value of RMB460.0 million.

This transaction rejuvenated and directly added value to CRCT as we swapped an aging asset for a larger and more modern development in Hohhot's commercial hub. Yuquan Mall's strategic location offered a wider catchment population, direct connectivity to the upcoming metro line and extension of the land tenure by an additional eight years.

To minimise income disruption, the opening of Yuquan Mall will coincide with the divestment of CapitaMall Saihan by the end of 2020. We are confident that once operations have stabilised, the new mall's higher growth potential will place CRCT in an even stronger position to create new and exciting retail concepts and experiences that are synonymous to consumers' evolving lifestyles in Hohhot.

In March 2019, we announced the divestment of CRCT's 51.0% interest in CapitaMall Wuhu at an agreed property value of RMB210.0 million[7], which provided yet another opportunity to unlock value and recycle the proceeds into higher-yielding assets.

In June 2019, we announced the accretive acquisition of CapitaMall Xuefu and CapitaMall Aidemengdun in Harbin and CapitaMall Yuhuating in Changsha for an agreed property value of RMB2,960.0 million. In line with our portfolio positioning, the acquisition increased CRCT's portfolio size by 18.6% and gross floor area by 30.7%[8].

All the three malls are strategically located with excellent connectivity and are supported by a strong captive local populace. Positioned as one-stop shopping destinations for local communities, the malls offer a wide range of retail and dining options. These new retail assets bolstered the resilient qualities of our portfolio, whilst providing opportunities for potential asset enhancements. Unitholders showed strong support for the acquisition, with 99.8% of the Unitholders voting in favour of this deal.

On February 2020, CRCT entered into an agreement to divest CapitaMall Erqi at an agreed property value of RMB777.0 million, 20.5% above independent valuation. CapitaMall Erqi is a master-leased mall with limited growth prospects. Its divestment is in line with our strategy to unlock

2 Based on FY 2019 distribution per unit of 9.90 cents and the unit closing price of S$1.61 on 31 December 2019.
3 Tenants' Sales (excluding Department Stores and Supermarket) and Shopper Traffic are based on CRCT's respective holding period of its multi-tenanted assets (namely CapitaMall Xizhimen, CapitaMall Wangjing, CapitaMall Grand Canyon, CapitaMall Xinnan, CapitaMall Qibao, CapitaMall Saihan, CapitaMall Minzhongleyuan, Rock Square (100% basis), CapitaMall Xuefu, CapitaMall Aidemengdun and CapitaMall Yuhuating). Excluded tenant sales and shopper traffic from CapitaMall Wuhu as the mall has been divested.
4 Excludes introduction of new concepts and mini-anchor. If included, the total portfolio rental reversion rate would be 4.7%.
5 Excludes CapitaMall Erqi as the announcement for the divestment was issued on 7 February 2020.
6 By Gross Rental Income. Excludes CapitaMall Saihan which will be divested by the end of 2020.
7 Based on 100% interest.
8 Based on 100% interest in all of CRCT's properties as at 31 March 2019, as per announcement dated 11 June 2019.

value from non-core assets, while reducing CRCT's exposure to single-tenant assets. Proceeds from the divestment will further enable us to enhance CRCT's financial flexibility to pursue accretive growth opportunities. The divestment is expected to be completed by 3Q 2020.

Progressing Ahead with Disciplined Capital Management

As at end December 2019, CRCT's gearing was at 36.7%, with well-staggered debt maturity of 2.84 years. CRCT's all-in average cost of borrowings was 2.98% and about 80.0% of CRCT's total term loans was on fixed interest rates, providing certainty of interest expenses. To mitigate the impact of foreign currency fluctuations, CRCT hedged approximately 62.0% of its undistributed income into Singapore dollars. We will continue to enhance CRCT's financial flexibility by diversifying our sources of funding, funding currencies and length of maturity as well as securing funding at competitive rates when the opportunity arises.

Enhancing Organic Performances of our Malls

At the operational level, we are constantly refreshing our malls and curating shopper experiences to keep pace with China's dynamic retail landscape and the evolving lifestyles and spending patterns of Chinese consumers. Supported by specialised teams of local, experienced asset managers with strong track records of active management, our ongoing efforts include using digital initiatives and targeted sales promotions to drive repeat spending, engaging in proactive leasing strategies by collaborating with new-to-market brands and retailers, and tapping on tenant remixing to refresh offerings and enhance our malls' appeal.

Harbin's first artistic food street at Basement 1 of CapitaMall Xuefu

Riding on the growth of omni-channel retail trends, we stepped up our efforts to integrate online-offline shopping by attracting more popular online retailers to establish physical presence at our malls and draw in crowds. For instance, CapitaMall Xinnan partnered with popular online fashion brands looking to provide a holistic omni-channel retail experience to complement their online offerings. In CapitaMall Aidemengdun, we partnered with a tenant to pilot smart interactive display to improve touchpoints and enhance customer experiences.

Recognising that rising middle-income family spending is a resilient market, we introduced more exciting kids-related spaces and attractions to capture family time and spending. We converted Level 3 of CapitaMall Xinnan to incorporate kids-related themes and attract families with young children. At CapitaMall Xuefu, we introduced popular fashion and food and beverage brands to attract millennials from the cluster of universities within the catchment area. We also organised creative marketing events such as campus recruitments and seasonal youth activities to drive footfall and encourage spending.

We rejuvenated our assets through various innovative asset enhancement initiatives to excite our consumers while increasing space productivity at our malls. We embarked on an AEI programme at CapitaMall Grand Canyon to refresh Levels 4 and 5 by introducing popular Food & Beverage (F&B) concepts, new cuisines and themed restaurants. These efforts translated into stronger tenant sales, footfall as well as income contribution from the new zone.

Over at Rock Square, the mall continued to deliver strong growth momentum through proactive positioning and the introduction of a diverse tenant mix ranging from new-to-market, top international and homegrown brands to crowd-pulling F&B outlets. With our continuous effort to upgrade the mall's offering, Rock Square achieved successive years of double-digit reversion.

Awards and Recognition

In recognition for our pursuit for high standards of corporate governance, we have been awarded:

Mr Tan Tze Wooi, CEO, accepting the Shareholder Communications Excellence Award (Runner-up), under the REITs and Business Trusts category at the SIAS 20th Investors' Choice Awards 2019

> Shareholder Communications Excellence Award (Runner-up), under the REITs and Business Trusts category at the SIAS 20th Investors' Choice Awards 2019.
> Gold for Retail REITs in Singapore with more than US$1 billion in market capitalisation at the 6th Asia Pacific Best of the Breeds REITs Awards 2019.

CRCT's rankings on the Singapore Governance and Transparency Index (SGTI) and Governance Index for Trusts (GIFT) have also improved substantially in 2019. As testament to our commitment to corporate governance, CRCT was selected by SGX to be included in the Fast Track Programme list. The scheme recognises listed companies with good governance standards and compliance practices, and accords prioritised clearance for selected corporate-action submissions.

Capturing Opportunities and Driving Growth

While China has achieved its full year GDP forecast for 2019, growth expectations moving forward are likely to be tempered, due in part to headwinds from challenges in global trade, structural changes to China's growth drivers and recent developments surrounding the COVID-19. With the latter situation still evolving, we remain vigilant over potential developments that may arise, and will work in line with the relevant local government to ensure the well-being of our tenants, shoppers and employees are taken care of, as well as put in place measures to minimise impact to our operations. Over the longer-term, we maintain positive on the China market, and believe that our strong financial position will enable us to overcome this temporary challenge.

We are committed to review our portfolio composition and unlock value by divesting non-core assets and recycling proceeds into higher quality ones. We will continue to seek value-enhancing acquisitions to strengthen our portfolio attributes, maintain quality exposure in first- and second-tier cities within CapitaLand's core city clusters, and scale up the proportion of multi-tenanted malls within the portfolio.

To ensure that we remain as the mall of choice, we will continue to refresh mall offerings to capture the mind share of our consumers. We will also work closely with tenants to bring more exciting concepts to our malls, and connect with consumers through new marketing efforts that appeal to their daily habits and lifestyles.

Note of Appreciation

Our success in 2019 would not have been possible without the support and contributions of many. We take this opportunity to thank Mr Lee Chee Koon, who stepped down as Non-Executive Non-Independent Director and Chairman of the Executive Committee on 16 August 2019, for his invaluable contribution and guidance. We would also like to welcome Mr Lucas Ignatius Loh Jen Yuh, who was appointed Non-Executive Non-Independent Director and Chairman of the Executive Committee on 16 August 2019.

We would like to express our sincere gratitude to our fellow board members for their insights, diverse perspectives and active participation in Board discussions. We would also like to thank the CRCT team for their commitment to excellence and enthusiasm, as well as tenants, shoppers and partners for the trust that they have placed in us. Finally, our heartfelt appreciation goes to our Unitholders and the wider investment community, for your unwavering support and confidence in CRCT.

Soh Kim Soon
Chairman

Tan Tze Wooi
Chief Executive Officer

20 February 2020

致信托单位持有人之信函

尊敬的信托单位持有人，

2019财政年度是凯德商用中国信托一个重要的里程碑。我们在不断的发展和壮大中，坚守着提升资产组合质量与收益的战略，为信托单位持有人在财政年里取得27.7%[1]总回报的佳绩。截至2019年12月31日，信托总资产达到约38亿新元，而市值也达到约19亿新元，进一步巩固了优势地位。

年内，我们以29.6亿元人民币的总价，从信托发起人凯德集团与其联营公司收购了凯德广场·学府、凯德广场·埃德蒙顿及凯德广场·雨花亭，并成功发行股权募集了2.794亿新元。这是信托自成立以来最大规模的一笔收购以及股权筹资。股权获得超额认购，并得到长期和新投资者的支持，这充分显示了投资人对信托战略目标的认可。

在通过内部业务增长和积极收购策略来提高信托单位价值的同时，我们将继续发挥影响力，巩固信托作为新加坡交易所首家且最大的中国零售房地产信托基金的地位。

在2019财政年度，信托达到总收入2.382亿新元，实现房地产净收入1.654亿新元，同比增长分别为6.9%和12.2%。不含资本性派息每单位股息同比增长2.1%至9.80新加坡分。含资本性派息每单位派息为9.90新加坡分，等同于派息率6.1%[2]。业绩增长主要来源于核心资产的稳健业务经营、新项目乐峰广场的强劲收入增长、以及最新收购的凯德广场·学府、凯德广场·埃德蒙顿和凯德广场·雨花亭于2019年8月30日完成收购后的收入贡献。

尽管中美之间的贸易局势仍然不明朗，全球经济放缓，中国消费者的信心仍然保持强韧。通过积极的资产管理手段，投资组合的租户销售额和客流量同比增长14.4%[3]和15.2%[3]。全年我们新签订并续签了826个租约，平均租金较之前增长6.4%[4]。截至2019年12月31日，投资组合整体平均出租率为96.7%[5]，加权平均租赁期限为2.4年[5,6]。源于新收购的三个购物中心资产，以及现有购物中心估价的提升，信托的总资产同比增长了27.6%至38亿新元。

保持专注与保障资产组合的未来

我们通过战略性的资产收购与脱售，强化了资产组合。2019年2月，我们以8.083亿元人民币收购玉泉项目，并以4.60亿元人民币脱售凯德MALL·赛罕购物中心。

通过这种物业置换的策略让我们在呼和浩特市把现有的老旧物业升级成更大、更新的优质资产。同时，也为信托资产组合注入了新活力，提升了价值。新的玉泉项目吸引更多人口，未来也将直接连接地铁线，剩余土地使用权相较原有赛罕项目延长了八年。

为了保持收入稳定性，新的玉泉项目的开业以及原有凯德MALL·赛罕购物中心的脱售将在2020年底同时进行。我们相信在玉泉项目运营稳定后，将为信托注入新的增长动力。新项目将努力与呼和浩特快速升级的消费和生活模式保持一致，推陈出新，为城市消费者创造更丰富多彩的新零售体验。

2019年3月，我们宣布脱售凯德广场·芜湖51.0%股份，资产作价2.1亿元人民币[7]，再一次成功地释放资产价值，回收资金用以收购更高收益的资产。

在6月份，我们宣布以29.60亿元人民币的资产价格收购了位于哈尔滨的凯德广场·学府和凯德广场·埃德蒙顿，以及位于长沙的凯德广场·雨花亭。此次的收购使信托的资产组合规模扩大了18.6%，可出租总面积则增加了30.7%[8]。

三个购物中心的地理位置都十分优越，具有极佳的交通可通达性和高人口密集度。它们被定位为综合性的一站式购物中心，为其区域提供多种零售和餐饮选择。这几项新的零售资产增强了资产组合的韧性，同时带来了新的资产提升空间。信托单位持有人非常支持此次的收购，在临时股东大会上以99.8%的表决票赞成交易。

2020年2月，凯德商用中国信托达成协议，以7.77亿元人民币脱售凯德广场·二七，比账面估值高出20.5%。凯德广场·二七是整体出租的商场，收入增长前景有限。本次脱售遵循了我们从非核心资产处置中释放资本价值的策略，同时减少凯德商用中国信托资产组合中整租资产的占比。脱售所得将进一步提高凯德商用中国信托的财务灵活性，以追求增值性的收购机会。此交易预计在2020年第三季度完成。

1 根据每单位价从2018年12月31日的1.36新元升至2019年12月31日的1.61新元的资本增值，并假设将股息再投资。
2 根据2019财政年度每单位派息9.90新加坡分，以及2019年12月31日1.61新元的单位收盘价。
3 租户销售额（不包括百货商店和超市）与客流量是按照信托各自资产的持有期（即凯德MALL·西直门、凯德MALL·望京、凯德MALL·大峡谷、凯德广场·新南、凯德七宝购物广场、凯德MALL·赛罕、凯德新民众乐园、乐峰广场（按100%股权计算）、凯德广场·学府、凯德广场·埃德蒙顿和凯德广场·雨花亭）。不包括已脱售的凯德广场·芜湖的租户销售额和客流量。
4 不包括新概念租户和小型主力租户。若包括在内，总资产组合的平均租金调升率为4.7%。
5 不包括凯德广场·二七。脱售公告于2020年2月7日宣布。
6 按租金总收入计算。不包括将于2020年低脱售的凯德MALL·赛罕。
7 基于100%权益。
8 根据截至2019年3月31日，信托所有房地产的100%权益。收购公告于2019年6月11日宣布。

谨慎负责的资本管理

截至2019年12月底，信托的负债比率为36.7%，而贷款的年限分布也得到了妥善控制，平均债务期限为2.84年。平均借贷成本为2.98%，约80%的定期贷款为固定利率，保证了整体融资成本的稳定性。为了减轻外汇波动的影响，信托将约62.0%的未分派收入做了新元对冲。我们也通过分散资金来源、货币种类、贷款期限，以及争取更优惠的利率等措施来提高信托的财务灵活性。

进一步促进现有资产的内增长

运营方面，我们不断推陈出新，优化商场和购物体验，以确保能与正在蓬勃发展的中国零售业和不断演变的消费者需求携手共进。依靠经验丰富的信托资产管理团队，我们继续引入新科技手段升级现有数码科技平台，并通过举行多种多样的市场推广活动来提升商场销售。我们也和新品牌与零售商合作，制定更加积极主动的租赁策略，主动调整以及尝试，以更新购物中心的产品和服务，进而提高购物中心的吸引力。

凭借全渠道零售增长的趋势，我们紧跟线上到线下的潮流，引入更多当红在线品牌在购物中心建立实体店，吸引购物人潮。例如，凯德广场 · 新南与在线时尚品牌合作，让这些正在寻求全渠道零售体验的商家得以在线下拓宽销售渠道。在凯德广场·埃德蒙顿，我们与一家租户合作，尝试以交互式的技术改善客户的购物体验。

高速壮大的中产阶级家庭是具有潜力的市场。因此，我们将凯德广场 · 新南的三楼改造成儿童主题区，提供更多的亲子空间来吸引有孩童的家庭到商场购物消费。我们也在凯德广场 · 学府实行了同样的针对性市场营销策略。为了吸引广场附近大学的千禧一代购物者，我们引入了当下流行的时尚和餐饮品牌，也组织了创意营销活动，如校园招聘和季节性推广活动，来增加购物中心的客流和人气。我们规划的资产提升方案得到了卓有成效的实施，为每个商场注入了新的活力，刺激了消费，提升了购物中心的运营效率。我们在凯德MALL · 大峡谷的四楼和五楼引入了流行的创新性餐饮概念来进一步增强商场的人气和运营表现。

乐峰广场自收购以来保持强劲增长。通过积极的规划定位和多样化的租户组合，如引入首次入驻品牌、知名国际品牌、本地优质品牌与美食餐饮，实现了购物中心的品牌提升，并连续维持两位数租金调升率。

奖项与认可

我们很高兴信托对高标准公司治理的坚持得到了业界的肯定。在2019年，荣获以下两项奖项：

> **新加坡证券投资者协会第20届"投资者的选择颁奖"**
> 房地产投资信托基金与商业信托组别，股东沟通良好奖 - 亚军

> **第6届亚太最佳品种房地产投资信托基金奖**
> 新加坡市值超过10亿美元的零售房地产投资信托基金组别 - 金奖

信托在"新加坡治理和透明度指数"以及"信托监管指数"的排名也在2019年显著的提高。新加坡交易所也把信托列入"快速通道计划"，让我们在提交文件时享有优先权。由于参与该计划的上市公司都必须具有良好治理标准和合规实践，这验证了信托对公司治理的承诺。

抓住商机与维持增长

尽管中国在2019年已经实现了全年国内生产总值的预测，但由于全球的贸易挑战、中国经济结构调整以及2019冠状病毒爆发，未来的增长预计有所削弱。2019冠状病毒疫情仍在演变中，我们对潜在发展保持警惕，并将与相关地方政府合作，确保我们的租户、购物者和员工的福利得到照顾，同时采取措施将对我们业务的影响降到最低。从长远来看，我们对中国市场保持乐观的态度，并相信我们强劲的财务状况将使我们克服这个暂时的挑战。

为了确保我们仍然是购物者心目中首选的购物中心，我们将继续更新购物中心的产品与服务，以吸引更多消费者。我们会与租户紧密合作，利用更多创新有趣的概念以及新颖的营销活动，来吸引更多消费者，并提升他们的购物体验。

致谢

李志勤先生于2019年8月16日卸下非执行非独立董事兼执行委员会主席一职。我们借此机会感谢李先生给予信托的宝贵贡献和领导，也同时欢迎罗臻毓先生于2019年8月16日加入董事会，接任非执行非独立董事兼执行委员会主席。

我们非常感谢董事会成员们敏锐、独到的见解和指引，信托团队的热忱与卓越表现，以及租户、购物者和合作伙伴们的持续信任。我们也由衷的感谢所有单位持有人和投资者对信托的支持与信心。

苏锦春
主席

陈子威
首席执行官

2020年2月20日

PROPERTY PORTFOLIO

Since IPO, CRCT's portfolio has grown from seven to 14[1] quality and well-located assets in nine cities across China. The malls are positioned as one-stop family-oriented shopping, dining and lifestyle destinations that cater to the sizeable population catchment areas, and are accessible via major transportation routes or access points.

OUR MILESTONES

2006	IPO with 7 Seed Assets (Acquisition)
2008	CapitaMall Xizhimen (Acquisition)
2011	CapitaMall Minzhongleyuan (Acquisition)
2013	CapitaMall Grand Canyon (Acquisition)
2016	CapitaMall Xinnan (Acquisition)
2017	CapitaMall Anzhen (Divestment)
2018	51.0% interest in Rock Square (Acquisition)
2019	Acquired Yuquan Mall and will be divesting CapitaMall Saihan (Bundle Deal)
2019	CapitaMall Wuhu[2] (Divestment)
2019	CapitaMall Xuefu, CapitaMall Aidemengdun, CapitaMall Yuhuating (Acquisition)
2020	CapitaMall Erqi (Divestment)

Acquisition Divestment Bundle Deal

9 CITIES
IN CHINA

20,031
PORTFOLIO PROPERTY VALUATION[3] (RMB MILLION)

1,097,645
GROSS FLOOR AREA (SQ M)

96.7
PORTFOLIO OCCUPANCY (%)


CapitaMall Yuhuating

Yuquan Mall

CapitaMall Saihan


CapitaMall Xinnan


CapitaMall Xuefu


CapitaMall Aidemengdun

1 The announcement regarding CapitaMall Erqi's divestment was issued on 7 February 2020.
2 CRCT held 51.0% interest in CapitaMall Wuhu.
3 CRCT has a 51.0% interest in Rock Square; valuation is presented at 100% basis.
4 Includes multi-tenanted malls only. Data includes four months of traffic from CapitaMall Xuefu, CapitaMall Aidemengdun and CapitaMall Yuhuating during CRCT's holding period of the assets and excludes traffic from CapitaMall Wuhu.

MORE THAN
2,400
LEASES

130.8
SHOPPER TRAFFIC[4]
(MILLION)


CapitaMall Qibao


CapitaMall Minzhongleyuan


CapitaMall Xizhimen


CapitaMall Shuangjing


Rock Square


CapitaMall Wangjing


CapitaMall Grand Canyon


CapitaMall Erqi[1]

GROWTH STRATEGIES

Innovative Value Enhancement
Seek new growth and achieve stronger returns from AEIs

—

Review and optimise space productivity

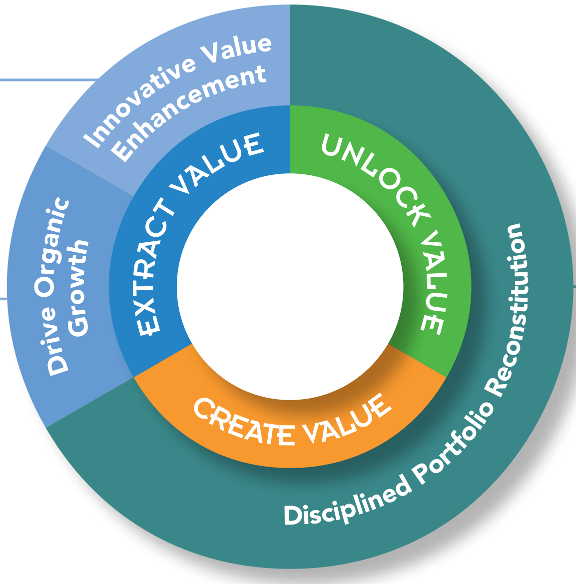
Drive Organic Growth
Mall of choice: operational excellence

—

Curate retail experience and mix by continuously engaging both retailers and shoppers

—

Targeted marketing initiatives coupled with loyalty programmes to capture repeat spending



Disciplined Portfolio Reconstitution
Review asset performance and unlock value at the optimal stage of lifecycle

—

Focus on accretive acquisitions to strengthen overall portfolio attributes

—

Actively engage Sponsor's pipeline and third-party vendors

Sustainable portfolio growth is carefully crafted through an integrated strategy of driving organic growth, innovative value enhancement, disciplined portfolio reconstitution as well as prudent capital and risk management, all of which are honed through CapitaLand's strong operating and management track record. This enables CRCT to enhance asset value and deliver sustainable income growth to Unitholders.

Disciplined Portfolio Reconstitution

In order to deliver sustainable growth and superior value to our Unitholders, CRCT diligently engages in proactive portfolio reconstitution – the strategic and timely acquisition as well as enhancement and divestment of our assets – to optimise its portfolio.

We source for retail assets with high growth potential, especially properties located in the core Chinese city clusters where CapitaLand has an established presence. This allows CRCT to leverage on the retail leadership and in-depth local knowledge to manage and enhance the income-generating retail assets to extract maximum value for our Unitholders. At the optimal stage of the asset life cycle, we recycle our capital through the timely divestment of mature properties and reinvest the proceeds into new growth opportunities. This value-creation strategy allows CRCT to continuously grow and revitalise through the injection of new yield accretive assets into the portfolio.

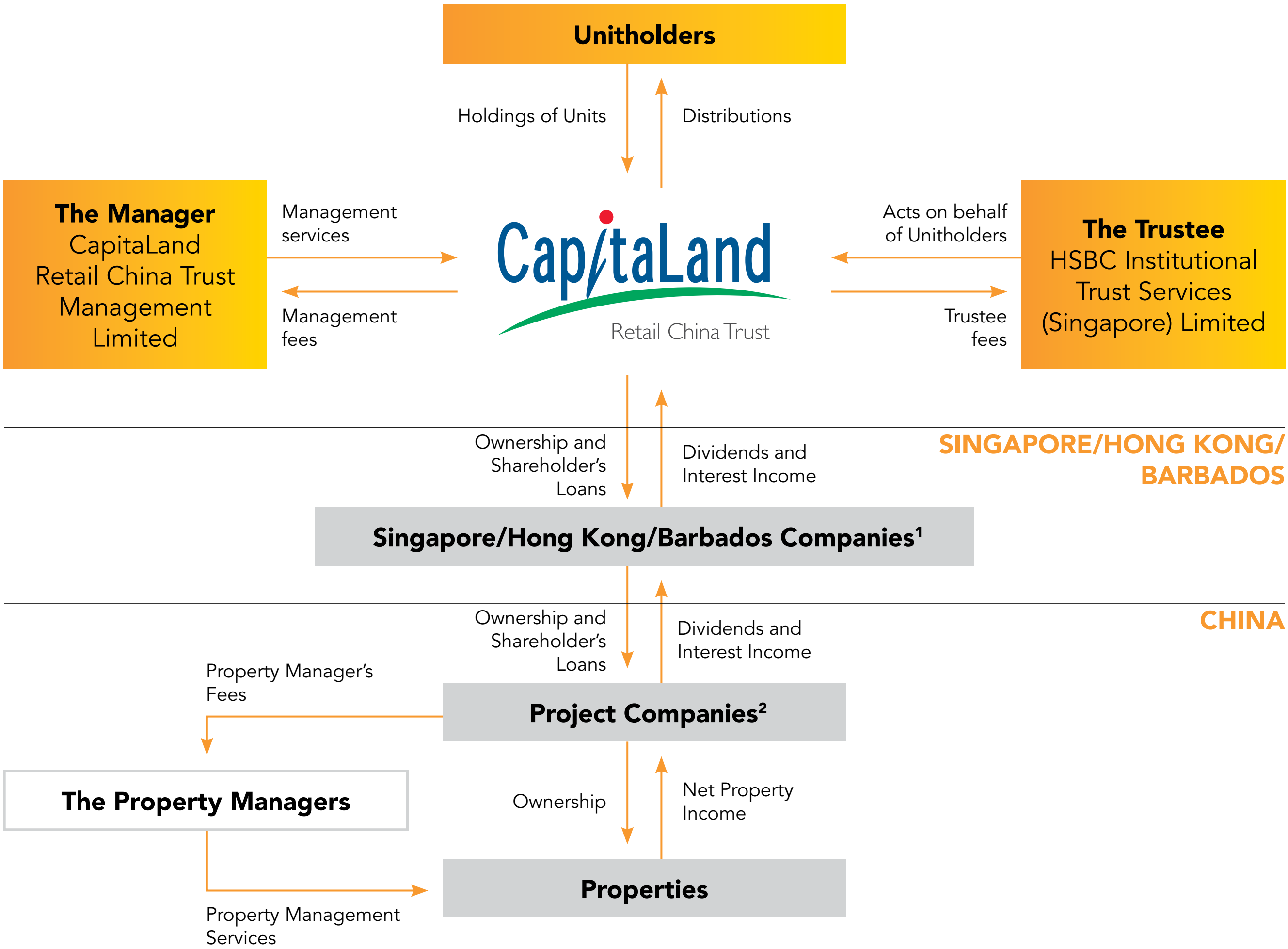
Prudent Capital & Risk Management

Key risks such as liquidity risk, credit risk and foreign currency risk are managed through disciplined capital stewardship, sound corporate governance and prudent risk management. We monitor our exposure to various risks by closely following established management policies and procedures. These risk management policies are reviewed regularly and carefully balanced with its benefits to ensure an acceptable balance between the risk and cost of managing these risks. We mitigate our capital risk by diversifying our funding sources, improving debt profile and optimising our capital structure. CRCT leverages on CapitaLand's strong credit standing to secure competitive cost of capital for our retail mall business and to fund our expansion.

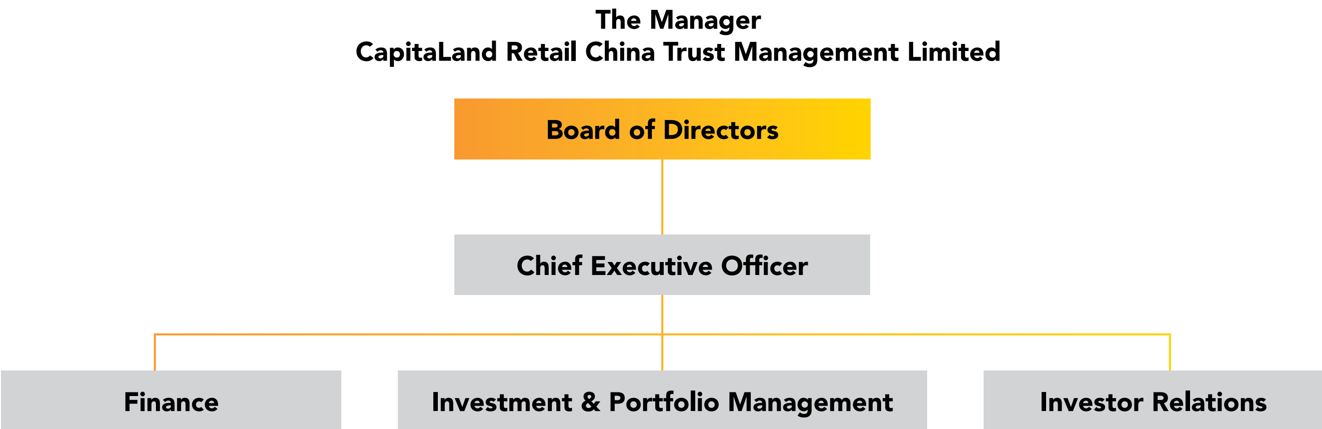
Leveraging on CapitaLand's Established Integrated Retail Property Platform

CRCT's long-term growth potential is reinforced through the synergies we obtain by working closely with our committed Sponsor. Tapping on CapitaLand's integrated retail real estate platform, we have access to the best of retail real estate management and capital management capabilities. We stand to benefit from our right of first refusal on the strong pipeline of high quality assets held under CapitaLand Group and its private funds.

TRUST STRUCTURE



ORGANISATION STRUCTURE



1 Interest income and shareholder's loans from the Project Companies are payable to the Singapore/Hong Kong/Barbados Companies (where applicable).

2 Includes Project Companies which are not wholly owned by CRCT. In such instances, CRCT receives a proportionate share of dividends, interest income and principal repayment of shareholder's loans from the Project Companies for the malls (where applicable).

BOARD OF DIRECTORS

SOH KIM SOON
Chairman
Non-Executive Independent Director

TAN TZE WOOI
Chief Executive Officer
Executive Non-Independent Director

FONG HENG BOO
Non-Executive Independent Director

CHRISTOPHER GEE KOK AUN
Non-Executive Independent Director

PROFESSOR TAN KONG YAM
Non-Executive Independent Director

NEO POH KIAT
Non-Executive Independent Director

KUAN LI LI
Non-Executive Independent Director

LUCAS IGNATIUS LOH JEN YUH
Non-Executive Non-Independent Director

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

SOH KIM SOON, 74

Chairman

Non-Executive Independent Director

- Bachelor of Arts (Honours), University of Singapore
- Associate, Chartered Institute of Bankers

Date of first appointment as a Director

20 April 2017

Date of appointment as Chairman

20 April 2017

Length of service as a Director (as at 31 December 2019)

2 years 8 months

Present principal commitments

- ORIX Investment and Management Private Limited (Chairman)
- ORIX Leasing Singapore Limited (Chairman)

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

- Engro Corporation Limited
- Frasers Centrepoint Asset Management Ltd. (manager of Frasers Centrepoint Trust)

Background and working experience

- Senior Managing Director of DBS Bank Ltd. (was with DBS Bank Ltd. from 1971 to 2000 where he held various senior management positions)

Awards

- Public Service Medal (2007)
- May Day Award (Friend of Labour) (2012)

TAN TZE WOOI, 46

Chief Executive Officer

Executive Non-Independent Director

- Bachelor of Accountancy (Honours), Nanyang Technological University of Singapore
- Chartered Financial Analyst® and Member, CFA Institute

Date of first appointment as a Director

1 April 2017

Length of service as a Director (as at 31 December 2019)

2 years 9 months

Board committee served on

- Executive Committee (Member)

Background and working experience

- Chief Executive Officer (Designate) of CapitaLand Retail China Trust Management Limited (March 2017)
- Deputy Chief Executive Officer of CapitaLand Retail China Trust Management Limited (From December 2016 to February 2017)
- Regional General Manager, North China of CapitaMalls Asia Limited (now known as CapitaLand Mall Asia Limited) (From March 2014 to February 2017)
- Regional Deputy General Manager, North China of CapitaMalls Asia Limited (From July 2013 to February 2014)
- General Manager, Investment & Asset Management, North China of CapitaMalls Asia Limited (From September 2011 to July 2013)
- Deputy Head, Investment & Asset Management of CapitaMalls Asia Limited (From April 2010 to September 2011)
- Vice President, Investment & Asset Management of CapitaRetail China Trust Management Limited (From October 2008 to December 2014)
- Senior Manager of CapitaRetail China Trust Management Limited (From January 2007 to September 2008)
- Senior Manager of CapitaMall Trust Management Limited (From July 2005 to December 2006)
- Vice President, Wholesale Banking (Real Estate) of Standard Chartered Bank (From 2001 to 2005)
- Assistant Manager of KPMG (From 1997 to 2001)

BOARD OF DIRECTORS

FONG HENG BOO, 70

Non-Executive Independent Director

- Bachelor of Accountancy (Honours), University of Singapore

Date of first appointment as a Director

1 January 2013

Length of service as a Director (as at 31 December 2019)

7 years

Board committee served on

Audit Committee (Chairman)

Present directorships in other listed companies

- Citicode Limited
- Colex Holdings Limited
- Sheng Ye Capital Limited (HKEX)
- TA Corporation Ltd.

Present principal commitments

- Agency for Integrated Care Pte. Ltd. (Director)
- Singapore Health Services Pte Ltd (Director)
- Singapore Turf Club (Member, Management Committee)
- Surbana Jurong Private Limited (Director)

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

- Asian American Medical Group Limited (ASX)
- Sapphire Corporation Limited

Background and working experience

- Director, Special Duties of Singapore Totalisator Board (From July 2004 to December 2014)
- Senior Vice President, Corporate Services of Singapore Turf Club (From May 2000 to June 2004)
- Deputy General Manager, Corporate Services of Singapore Turf Club (From May 1998 to May 2000)
- Chief Financial Officer of Easycall International Pte Ltd/ Matrix Telecommunications Ltd (From June 1996 to April 1998)
- General Manager, Corporate Services of Amcol Holdings Limited (From October 1993 to May 1996)
- Assistant Auditor-General of Auditor-General's Office (From February 1987 to September 1993)
- Divisional Director of Auditor-General's Office (From May 1980 to January 1987)
- Auditor of Auditor-General's Office (From November 1975 to April 1979)

Award

- Institute of Certified Public Accountants of Singapore Silver Medal (1999)

CHRISTOPHER GEE KOK AUN, 51

Non-Executive Independent Director

- Bachelor of Arts in Law (Honours), University of Nottingham, UK
- Chartered Financial Analyst® and Member, CFA Institute

Date of first appointment as a Director

24 January 2014

Length of service as a Director (as at 31 December 2019)

5 years 11 months

Board committee served on

Audit Committee (Member)

Present principal commitments

- Institute of Policy Studies, Lee Kuan Yew School of Public Policy, National University of Singapore (Senior Research Fellow)
- Department of Real Estate, National University of Singapore (Senior Research Fellow)
- Raffles Girls' School (Member, Board of Governors)
- St. Joseph's Institution Junior (Member, School Council)

Background and working experience

- Head, Singapore Equities Research of J.P. Morgan Securities Singapore Private Limited (From July 2002 to February 2012)
- Head, Asia Real Estate Equities Research of J.P. Morgan Securities Singapore Private Limited (From September 2006 to February 2012)
- Head, Singapore and Malaysia Equities Research of ING Barings Securities (From June 2000 to June 2002)
- Head, Malaysia Equities Research and Investment Analyst of ING Barings Securities Malaysia Sdn. Bhd. (From June 1994 to June 2000)
- Audit and Corporate Recovery of Price Waterhouse, London (From September 1990 to March 1994)

PROFESSOR TAN KONG YAM, 64

Non-Executive Independent Director

- Bachelor in Economics, Princeton University, USA
- PhD in Economics, Stanford University, USA

Date of first appointment as a Director

31 October 2014

Length of service as a Director (as at 31 December 2019)

5 years 2 months

Board committee served on

Audit Committee (Member)

Present principal commitments

- APS Asset Management Pte Ltd (Director)
- Changi Airport Group (Singapore) Pte. Ltd. (Director)
- Nanyang Technological University of Singapore (Professor of Economics)
- Surbana Jurong Private Limited (Director)

Background and working experience

- Senior Economist, Beijing Office of World Bank (From July 2002 to July 2005)
- Member, Expert Group on the 11th Five Year Plan of World Bank (2004)
- Chief Economist of The Ministry of Trade and Industry (From July 1999 to June 2002)
- Head, Department of Business Policy at NUS Business School of National University of Singapore (From 1988 to 1999)

NEO POH KIAT, 69

Non-Executive Independent Director

- Bachelor of Commerce (Honours), Nanyang University, Singapore

Date of first appointment as a Director

20 April 2017

Length of service as a Director (as at 31 December 2019)

2 years 8 months

Present directorship in other listed company

China Yuchai International Limited (NYSE)

Present principal commitment

- Octagon Advisors Pte. Ltd. (Managing Director, Advisory Services)

Background and working experience

- Country Officer (China) and Head, Corporate Banking (Greater China) of United Overseas Bank Ltd (From July 2001 to January 2005)
- General Manager (Leasing and Corporate Services) of Sino Land Co Ltd (From January 1994 to August 1996)
- Managing Director of DBS Bank Ltd. (was with DBS Bank group of companies from January 1976 to December 1993 and from August 1996 to July 2001 where he held various senior management positions)

BOARD OF DIRECTORS

KUAN LI LI, 56

Non-Executive Independent Director

> Bachelor of Economics, University of Sydney, Australia
> Bachelor of Laws, University of Sydney, Australia

Date of first appointment as a Director
1 January 2018

Length of service as a Director (as at 31 December 2019)
2 years

Present directorship in other listed company
RH Petrogas Limited

Present principal commitments
> CPA Australia Ltd's Skills-Future Committee (Member)
> Legal Inquiry Panel of Singapore (Member)
> Valuation Review Board of Singapore (Member)
> WWF-World Wide Fund for Nature (Singapore) Limited (Audit Committee Member)

Background and working experience
> Chief Financial Officer of ABB Pte. Ltd. (From January 2018 to January 2019)
> Chief Executive Officer of Barclays Merchant Bank (Singapore) Ltd (From June 2014 to December 2017)
> Chief Executive Officer of Barclays Capital Futures (Singapore) Private Limited (From June 2014 to December 2017)
> Country Head and Chief Operating Officer of Barclays Bank PLC (From April 2014 to December 2017)
> Head of Tax, Asia Pacific of Barclays Capital Services Limited Singapore Branch (From October 2004 to March 2014)

LUCAS IGNATIUS LOH JEN YUH, 53

Non-Executive Non-Independent Director

> Bachelor of Science in Estate Management, National University of Singapore
> Master of Business Administration, Oklahoma City University, USA

Date of first appointment as a Director
16 August 2019

Length of service as a Director (as at 31 December 2019)
4 months

Board committee served on
Executive Committee (Chairman)

Present directorship in other listed company
Lai Fung Holdings Limited (Listed on the Main Board of The Stock Exchange of Hong Kong Limited)

Present principal commitments
> CapitaLand Group (President, China)
> Singapore-Zhejiang Economic and Trade Council (Council Member)
> Singapore-Jiangsu Cooperation Council (Council Member)
> Singapore-Guangdong Collaboration Council (Council Member)
> Singapore-Sichuan Trade and Investment Committee (Council Member)
> Singapore Chamber of Commerce and Industry in China (Shanghai Chapter) (Corporate Member)

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

Background and working experience
> President & Chief Executive Officer, China, CapitaLand Group (From April 2019 to June 2019)
> President (China & Investment Management), CapitaLand Group (From September 2018 to March 2019)
> Chief Executive Officer, CapitaLand China Holdings Pte Ltd (From 2014 to March 2019)
> Deputy Chief Executive Officer, CapitaLand China Holdings Pte Ltd (From 2012 to 2014)
> Various positions in The Ascott Limited and CapitaLand China Holdings Pte Ltd (From 2001 to 2011)
> Associate Director for Private Equity Investment at Temasek Holdings (Private) Limited (From 1996 to 2001)

LIM CHO PIN ANDREW GEOFFREY, 50

Non-Executive Non-Independent Director

- Bachelor of Commerce (Economics), University of Toronto, Canada
- Master in Business Administration, Rotman School of Business, University of Toronto, Canada
- Chartered Financial Analyst® and Member, CFA Institute

Date of first appointment as a Director

1 January 2018

Length of service as a Director (as at 31 December 2019)

2 years

Board committees served on

Audit Committee (Member)
Executive Committee (Member)

Present directorships in other listed companies

- Ascendas Funds Management (S) Limited (manager of Ascendas Real Estate Investment Trust)
- Ascott Business Trust Management Pte. Ltd. (trustee-manager of Ascott Business Trust)
- Ascott Residence Trust Management Limited (manager of Ascott Real Estate Investment Trust)
- CapitaLand Commercial Trust Management Limited (manager of CapitaLand Commercial Trust)
- CapitaLand Malaysia Mall REIT Management Sdn. Bhd. (manager of CapitaLand Malaysia Mall Trust)

Present principal commitments

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

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

- CapitaLand Mall Trust Management Limited (manager of CapitaLand Mall Trust)

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)

TRUST MANAGEMENT TEAM (CRCTML)

TAN TZE WOOI

Chief Executive Officer (CEO)
& Executive Non-Independent Director

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

JOANNE TAN SIEW BEE

Chief Financial Officer (CFO)

Joanne heads the Finance team at CRCTML and is responsible for the financial management and reporting functions. She oversees matters involving accounting, management reporting, risk management, treasury and capital management, ensuring alignment with CRCT's investment strategy. The Finance team works closely with the Investment & Portfolio Management (IPM) team to review, evaluate and execute appropriate acquisitions and divestments as well as business plans. She also assists the CEO in executing strategic plans.

Joanne has over 19 years of experience in finance and accounting. She has been with CapitaLand since 2005 and has headed the CRCTML Finance team since 2010. She was also a member of the team involved in the listing of CRCT in 2006 and CapitaLand Malls Asia in 2009. Prior to joining CRCTML, Joanne has extensive experience within CapitaLand's China and Japan private funds.

Joanne is a Chartered Accountant of Singapore and holds a professional degree with the Association of Chartered Certified Accountants (ACCA).

YOU HONG

Assistant Vice President,
Investment and Portfolio Management

You Hong leads the IPM team at CRCTML and is responsible for creating value for Unitholders through acquisitions and divestments, proactive asset management and asset enhancement initiatives. The IPM team optimises CRCT's portfolio by identifying and evaluating potential acquisitions and divestments, formulating business and enhancement plans and evaluating alternative investment and asset holding structures to improve the REIT's total investment returns. The team works closely with the property managers to carry out planned asset strategies to enhance the operational and financial performance as well as manage the expenses of each property.

You Hong has 14 years of experience in real estate that spans various areas including investment and asset management, private fund management, risk management and real estate financing. Prior to joining CRCTML, You Hong was a fund manager for CapitaLand sponsored private funds, and an investment and asset manager based in Shanghai office.

You Hong holds a Bachelor of Science (Honours) in Quantitative Finance from the National University of Singapore.

NICOLE CHEN YU QING

Senior Manager, Investor Relations

Nicole manages the Investor Relations (IR) function at CRCTML and is responsible for building relations and facilitating strategic communications with CRCT's investors and stakeholders across various communication platforms. The IR team engages in two-way communication with investors, media and analysts through regular meetings and conferences and produces collaterals such as press releases, annual reports and presentations to update the community on CRCT's strategy and plans. The team is also responsible for ensuring timely update and disclosure on CRCT's website.

Nicole has around 10 years of investor relations and corporate communications experience in both in-house as well as agency positions. She has led client-servicing teams and managed multi-channel, multi-market programmes across Asia-Pacific, focusing on reputation building, positioning and content creation in both IR and PR agencies. Nicole has also amassed experience through her previous roles encompassing investor relations and corporate communications at a STI component company as well as an overseas listed company.

Nicole is a Chartered Accountant of Singapore and a holder of the International Certificate in Investor Relations. She has a Master of Science in Communication Management (Dean's List) and a Bachelor of Accountancy from the Singapore Management University.

CORPORATE GOVERNANCE

Our Role

We, as the manager of CRCT (Manager) set the strategic direction of CRCT and its subsidiaries (CRCT Group) and make recommendations to HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of CRCT (Trustee), on any investment or divestment opportunities for CRCT and the enhancement of the assets of CRCT in accordance with the stated investment strategy for CRCT. 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 CRCT. Our primary responsibility is to manage the assets and liabilities of CRCT for the benefit of the Unitholders of CRCT (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 CRCT'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, operating expenses and capital expenditure, explanations on major variances to previous years' financial results, written commentaries on key issues and underlying assumptions on rental rates, operating expenses and any other relevant assumptions;
(c) ensuring compliance with relevant laws and regulations, including the Listing Manual of Singapore Exchange Securities Trading Limited (SGX-ST) (Listing Manual), the Code on Collective Investment Schemes (CIS Code) issued by the Monetary Authority of Singapore (MAS) (including Appendix 6 of the CIS Code (Property Funds Appendix)), the Securities and Futures Act (Chapter 289 of Singapore) (SFA), written directions, notices, codes and other guidelines that MAS may issue from time to time, and the tax rulings issued by the Inland Revenue Authority of Singapore on the taxation of CRCT and Unitholders;
(d) attending to all regular communications with Unitholders; and
(e) supervising CapitaLand Retail (Shanghai) Management & Consulting Co., Ltd. (and its branches), the property manager which performs the day-to-day property management functions (including leasing, marketing, promotion, operations coordination and other property management activities) for CRCT's properties.

The Manager also considers sustainability issues (including environmental and social factors) as part of its responsibilities. CRCT's environmental sustainability and community outreach programmes are set out on pages 87 to 95 of this Annual Report.

CRCT, 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 CRCT dated 23 October 2006 (as amended, varied or supplemented from time to time) (Trust Deed). The Trust Deed outlines certain circumstances under which the Manager can be removed, including by notice in writing given by the Trustee upon the occurrence of certain events, or by resolution passed by a simple majority of Unitholders present and voting at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

The Manager is a wholly owned subsidiary of CapitaLand Limited (CL) which holds a significant unitholding interest in CRCT. CL is a long-term real estate developer and investor, with a vested interest in the long-term performance of CRCT. CL's significant unitholding in CRCT demonstrates its commitment to CRCT 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 CRCT:

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

CORPORATE GOVERNANCE

Our Corporate Governance Framework and Culture

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

Our corporate governance framework is set out below:

Board of Directors
6 Independent Directors (ID) and 3 Non-Independent Directors (Non-ID)
Led by ID, Mr Soh Kim Soon, Chairman

Key responsibility: Oversee the Manager's strategic direction, performance and affairs and foster the success of CRCT so as to deliver sustainable value over the long term to Unitholders

Audit Committee
3 IDs and 1 Non-ID
Led by ID, Mr Fong Heng Boo, AC chairman

Key responsibility: Assist the Board in its oversight of the financial reporting process, internal controls system, internal and external audit processes, and management of compliance with legal, regulatory and company policies

Executive Committee
3 Non-IDs
Led by Mr Lucas Ignatius Loh Jen Yuh, EC chairman

Key responsibility: Assist the Board in its oversight of the day-to-day activities of the Manager and CRCT

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

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

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

CRCT has received accolades from the investment community for excellence in corporate governance. CRCT's awards in FY 2019 are set out below:

- Gold for Retail REITs in Singapore with more than US$1 billion in market capitalisation at the Asia Pacific Best of the Breeds REITs Awards 2019
- Joint Runner-up for the Shareholder Communication Excellence Award under the REITs and Business Trusts category at the SIAS 20th Investors' Choice Awards 2019

CRCT's rankings on the Singapore Governance and Transparency Index (SGTI) and Governance Index for Trusts (GIFT) have also improved substantially in FY 2019. As testament to our commitment to corporate governance, CRCT was selected by SGX to be included in the Fast Track Programme list. The scheme recognises listed companies with good governance standards and compliance practices, and accords prioritised clearance for selected corporate-action submissions.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

Board's Duties and Responsibilities

The Board oversees the strategic direction, performance and affairs of the Manager, in furtherance of the Manager's primary responsibility to foster the success of CRCT so as to deliver sustainable value over the long term to Unitholders. It provides overall guidance to the management team (Management), led by the CEO. The Board works with Management to achieve CRCT's objectives and long term success and Management is accountable to the Board for its performance. Management is responsible for the execution of the strategy for CRCT and the day-to-day operations of CRCT's business.

The Board establishes goals for Management and monitors the achievement of these goals. It ensures that proper and effective controls are in place to assess and manage business risks and compliance with requirements under the Listing Manual, the Property Funds Appendix, as well as any other applicable guidelines prescribed by the SGX-ST, MAS or other relevant authorities, and applicable laws. It also sets the disclosure and transparency standards for CRCT and ensures that obligations to Unitholders and other stakeholders are understood and met.

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

(a) material acquisitions, investments and divestments;
(b) issue of new units in CRCT (Units);
(c) income distributions and other returns to Unitholders; and
(d) matters which involve a conflict of interest for a controlling Unitholder or a Director.

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

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

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

Directors' Development

In view of the increasingly demanding, complex and multi-dimensional role of a Director, the Board recognises the importance of continual training and development for its Directors so as to equip them to discharge the duties and responsibilities of their office as Directors to the best of their abilities. The Manager has in place a training framework to guide and support the Manager towards meeting the objective of having a Board which comprises individuals who are competent and possess up-to-date knowledge and skills necessary to discharge their duties and responsibilities. Directors who have no prior experience as a director of an issuer listed on the SGX-ST will be provided with training on the roles and responsibilities of a director of a listed issuer in accordance with the listing rules of the SGX-ST. The costs of training are borne by the Manager.

Upon appointment, each Director is provided with a formal letter of appointment and a copy of the Director's Manual (which includes information on a broad range of matters relating to the role, duties and responsibilities of a Director). All Directors upon appointment also undergo an induction programme which focuses on orientating the Director to CRCT's business, operations, strategies, organisation structure, responsibilities of CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Manager (key management personnel), and financial and governance practices. The induction programme may include visits to the CRCT Group's properties. Through the induction programme, the new Director also gets acquainted with members of Management which facilitates their interaction at Board meetings.

Following their appointment, the Directors are provided with opportunities for continuing education in areas such as 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. The Directors may also recommend suitable training and development programmes to the Board. In FY 2019, the training and professional development programmes for the Directors included seminars conducted by experts and senior business leaders on board practices and issues faced by boards. The Directors also receive, on a regular basis, reading materials on topical matters or subjects as well as updates on regulatory changes and their implications.

Board Committees

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

All the Board Committees have clear written terms of reference setting out their respective composition, authorities and duties, including reporting back to the Board. Each of the Board Committees operates under delegated authority from the Board with the Board retaining overall oversight. The decisions and significant matters discussed at the respective Board Committees are reported to the Board on a periodic basis. The minutes of the Board Committee meetings which record the key deliberations and decisions taken during these meetings are also circulated to all Board members for their information. The composition of the various Board Committees is set out on page 58 and the inside back cover of this Annual Report. The duties and responsibilities of the Board Committees are set out in this Report.

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

Meetings of Board and Board Committees

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

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

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

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

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

The Manager adopts and practises the principle of collective decisions and therefore, no individual Director influences or dominates the decision-making process. There is mutual respect and trust among the Directors and therefore the Board benefits from a culture of frank and rigorous discussions. Such discussions conducted on a professional basis contribute to the dynamism and effectiveness of the Board. The Board composition is such that there is diversity in views and perspectives which enriches deliberations and contributes to better decision-making of the Board. At Board and Board Committee meetings, all the Directors actively participate in discussions, in particular, they engage in open and constructive debate and challenge Management on its assumptions and recommendations.

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

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

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

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

A record of the Directors' attendance at Board and Board Committee meetings for FY 2019 is set out on page 58 of this Annual Report. CEO who is also a Director attends all Board meetings. He also attends all AC meetings on an ex officio basis. Other members of Management attend Board and Board Committee meetings as required to brief the Board and Board Committees on specific business matters.

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

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

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

Principle 2: Board Composition and Guidance

Board Independence

The Board has a strong independent element as six out of nine directors, including the Chairman, are non-executive IDs. Other than the CEO who is the only executive Director on the Board, non-executive Directors make up the rest of the Board. None of the IDs had served on the Board for more than nine years. No lead ID is appointed as the Chairman is an ID. Profiles of the Directors, their respective Board Committee memberships and roles are set out on pages 22 to 27 of this Annual Report. Key information on the Directors is also available on CRCT's website at www.crct.com.sg (Website).

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

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

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

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

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

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

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

Mr Soh Kim Soon
Mr Soh is a non-executive director and Chairman of both ORIX Leasing Singapore Limited (ORIX Leasing) and ORIX Investment & Management Pte Ltd (ORIX) (together, the ORIX Companies). ORIX Leasing provides leasing services to CL group whereas ORIX is one of the tenants of Raffles City Tower in Singapore which is managed by CL group. All of these transactions with CL group are conducted in the ordinary course of business, on an arm's length basis and based on normal commercial terms. Mr Soh's role in the ORIX Companies is non-executive in nature and he is not involved in the day-to-day conduct of business of the ORIX Companies.

The Board has considered the conduct of Mr Soh in the discharge of his duties and responsibilities as a Director, and is of the view that the relationships set out above did not impair his ability to act with independent judgement in the discharge of his duties and responsibilities as a Director. Save for the relationships stated above, he does not have any other relationships and is not faced with any of the circumstances identified in the Code, SFR and Listing Manual, or any other relationships which may affect his independent judgement. The Board is therefore of the view that Mr Soh has exercised independent judgement in the discharge of his duties and responsibilities. Based on the above, the Board arrived at the determination that Mr Soh is an independent Director.

Mr Fong Heng Boo
Mr Fong serves as a non-executive director of Agency Integrated Care Pte. Ltd. (AIC) and Singapore Health Services Pte Ltd (SHS). Both AIC and SHS have purchased CapitaVouchers from CL group. In addition, AIC is a tenant at Techview in Singapore which is managed by CL group. Mr Fong is also a non-executive director of CapitaLand Township Development Fund Pte. Ltd. and CapitaLand Township Development Fund II Pte. Ltd. (together, the CTDF Companies), both of which are private equity funds managed by CL group. Further, Mr Fong is a member of the audit sub-committee of the Seletar Country Club (SCC) management committee and SCC has received membership subscription fees from CL group. All of these transactions with CL group are conducted in the ordinary course of business, on an arm's length basis and based on normal commercial terms. Mr Fong's role in AIC, SHS, the CTDF Companies and SCC is non-executive in nature and he is not involved in the day-to-day conduct of the business of these entities.

Mr Fong also serves as a non-executive director of Surbana Jurong Private Limited (Surbana Jurong) which is a wholly owned subsidiary of Temasek Holdings (Private) Limited (Temasek). Surbana Jurong, through one or more of its subsidiaries, provides professional services to CL group in the ordinary course of business, on an arm's length basis and based on normal commercial terms. Mr Fong's role in Surbana Jurong is non-executive in nature and he is not involved in the day-to-day conduct of the business of Surbana Jurong.

The Board has considered the conduct of Mr Fong in the discharge of his duties and responsibilities as a Director, and is of the view that the relationships set out above did not impair his ability to act with independent judgement in the discharge of his duties and responsibilities as a Director. Save for the relationships stated above, he does not have any other relationships and is not faced with any of the circumstances identified in the Code, SFR and Listing Manual, or any other relationships which may affect his independent judgement. The Board is therefore of the view that Mr Fong has exercised independent judgement in the discharge of his duties and responsibilities. Based on the above, the Board arrived at the determination that Mr Fong is an independent Director.

Professor Tan Kong Yam

Professor Tan serves as a non-executive director of Surbana Jurong which is a wholly owned subsidiary of Temasek. Surbana Jurong, through one or more of its subsidiaries, provides professional services to CL group in the ordinary course of business, on an arm's length basis and based on normal commercial terms. Professor Tan's role in Surbana Jurong is non-executive in nature and he is not involved in the day-to-day conduct of the business of Surbana Jurong.

The Board has considered the conduct of Professor Tan in the discharge of his duties and responsibilities as a Director, and is of the view that the relationship set out above did not impair his ability to act with independent judgement in the discharge of his duties and responsibilities as a Director. Save for the relationship stated above, he does not have any other relationships and is not faced with any of the circumstances identified in the Code, SFR and Listing Manual, or any other relationships which may affect his independent judgement. The Board is therefore of the view that Professor Tan has exercised independent judgement in the discharge of his duties and responsibilities. Based on the above, the Board arrived at the determination that Professor Tan is an independent Director.

Mr Neo Poh Kiat

Mr Neo is a non-executive director of a few subsidiaries and associated corporations of Temasek. Mr Neo's roles in these corporations are non-executive in nature and he is not involved in the day-to-day conduct of the business of these corporations.

The Board has considered the conduct of Mr Neo in the discharge of his duties and responsibilities as a Director, and is of the view that the relationships set out above did not impair his ability to act with independent judgement in the discharge of his duties and responsibilities as a Director. Save for the relationships stated above, he does not have any other relationships and is not faced with any of the circumstances identified in the Code, SFR and Listing Manual, or any other relationships which may affect his independent judgement. The Board is therefore of the view that Mr Neo has exercised independent judgement in the discharge of his duties and responsibilities. Based on the above, the Board arrived at the determination that Mr Neo is an independent Director.

The Board is of the view that as at the last day of FY 2019, each of Mr Soh, Mr Fong, Professor Tan and Mr Neo was able to act in the best interests of all the Unitholders in respect of FY 2019.

Mr Christopher Gee Kok Aun and Ms Kuan Li Li

Mr Gee and Ms Kuan do not have any relationships and are not faced with any of the circumstances identified in the Code, SFR and Listing Manual, or any other relationships which may affect their independent judgement.

The Board has considered the conduct of Mr Gee and Ms Kuan respectively in the discharge of their duties and responsibilities as Directors, and is of the view that Mr Gee and Ms Kuan have exercised independent judgement in the discharge of their duties and responsibilities. Based on the above, the Board arrived at the determination that Mr Gee and Ms Kuan are independent Directors.

The remaining Directors, namely, Mr Tan Tze Wooi, Mr Lucas Ignatius Loh Jen Yuh and Mr Lim Cho Pin Andrew Geoffrey, are all employees of CL group and are not considered to be independent.

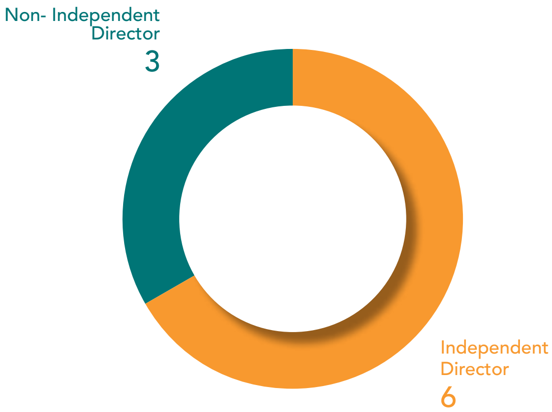
Board Diversity

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

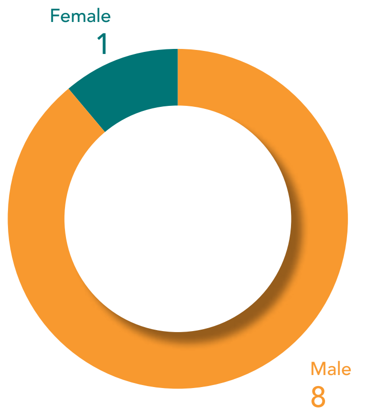
The Board believes in diversity and values the benefits that diversity can bring to the Board in its deliberations. Diversity enhances the Board's decision-making capability and ensures that the Manager has the opportunity to benefit from all available talent and perspectives.

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

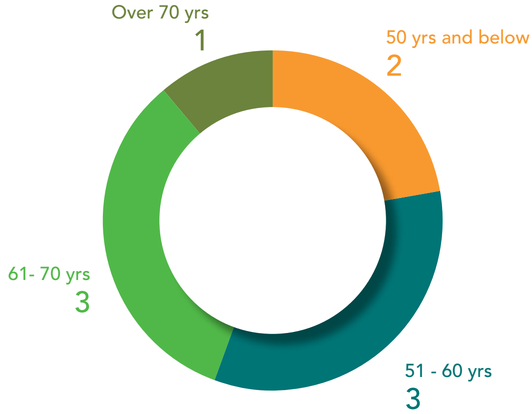
Board Independence



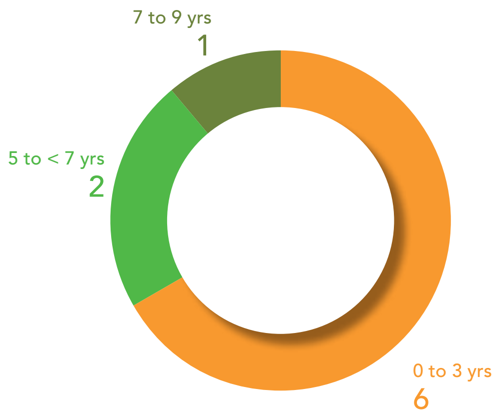
Board Gender Diversity



Age Spread



Tenure Mix



Principle 3: Chairman and Chief Executive Officer

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

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

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

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

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

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

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

Principle 4: Board Membership

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

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

(a) the Manager is a dedicated manager to CRCT and in general, REITs (including CRCT) 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 CRCT also means a manageable competency requirement for the Board such that the Board is able to manage the duties of a nominating committee; and

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

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

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

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

Board Composition and Renewal
The Board strives to ensure that there is an optimal blend in the Board of backgrounds, experience and knowledge in business and general management, expertise relevant to the CRCT Group's business and track record, and that each Director can bring to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made in the interests of the CRCT Group. The Board has a few members who have prior working experience in the sector that CRCT operates in.

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

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

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

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

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

Board Changes During FY 2019
On 16 August 2019, Mr Lucas Ignatius Loh Jen Yuh joined the Board as a non-executive Director and Mr Lee Chee Koon stepped down from the Board.

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

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

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

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

The Directors' listed company directorships and principal commitments are disclosed on pages 23 to 27 of this Annual Report and their attendance record for FY 2019 is set out on page 58 of this Annual Report. In particular, CEO does not serve on any listed company board outside of the CRCT Group. For FY 2019, the Directors achieved high meeting attendance rates and they have contributed positively to discussions at Board and Board Committee meetings. Based on the above, the Board has determined that each Director has been adequately carrying out his or her duties as a Director of the Manager and noted that no Director has a significant number of listed directorships and principal commitments.

Principle 5: Board Performance
The Manager believes that oversight from a strong and effective Board goes a long way towards guiding a business enterprise to achieving success.

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

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

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

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

The Board also recognises that contributions by an individual Director can take different forms including providing objective perspectives on issues, facilitating business opportunities and strategic relationships, and accessibility to Management outside of the formal environment of Board and Board Committee meetings.

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

REMUNERATION MATTERS

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

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

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

(a) the Manager is a dedicated manager to CRCT and in general, REITs (including CRCT) have a more focused scope and scale of business compared to those of listed companies. For this reason, the Board's capacity would not be unduly stretched by reason of it undertaking the responsibilities of a remuneration committee and the Board would be able to give adequate attention to such issues relating to remuneration matters; and

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

In undertaking this function, the Board considers all aspects of remuneration, including overseeing the design and implementation of the remuneration policy and the specific remuneration packages for each Director and for key management personnel. No Director, however, is involved in any decision of the Board relating to his or her own remuneration. The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. These policies are in line with the CRCT Group's business strategy and the executive compensation framework is based on the key principle of linking pay to performance, which is aligned with the long term success of CRCT. Pay-for-performance is emphasised by linking total remuneration to the achievement of corporate and individual goals and objectives. The Board has access to independent remuneration consultants for advice on remuneration matters as required.

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

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

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

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

Motivate Right Behaviour
> Pay-for-performance – align, differentiate and balance rewards according to multiple dimensions of performance
> Strengthen line-of-sight linking rewards and performance

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

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

The remuneration for key management personnel comprises fixed components, a variable cash component, unit-based components and employee benefits. A significant proportion of key management personnel's remuneration is in the form of variable compensation, awarded in a combination of short-term and long-term incentives, in keeping with the principle that the interests of key management personnel align with those of Unitholders and that the remuneration framework links rewards to corporate and individual performance.

A. Fixed Components:

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

B. Variable Cash Component:

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

Under the Balanced Scorecard framework, the CRCT Group's strategy and goals are translated to performance outcomes comprising both quantitative and qualitative targets in the dimensions of Financial, Execution, Future Growth and Sustainability; these are cascaded down throughout the organisation, thereby creating alignment across the CRCT Group.

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

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

C. Unit-based Components:

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

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

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

CapitaLand Retail China Trust Management Limited Performance Unit Plan

In FY 2019, the Board granted awards which are conditional on targets set for a three-year performance period. A specified number of Units will only be released to the recipient at the end of the qualifying performance period, provided that minimally the threshold target is achieved. An initial number of Units (PUP baseline award) is allocated conditional on the achievement of a pre-determined target in respect of the Relative Total Unitholder Return (TUR) of the CRCT Group measured by the percentile ranking of the CRCT Group's TUR relative to the constituent REITs in the FTSE ST REIT Index.

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

For FY 2019, the relevant award for assessment of the performance achieved by the CRCT Group is the award granted in FY 2017 where the qualifying performance period was FY 2017 to FY 2019. Based on the Board's assessment that the performance achieved by the CRCT Group has not met the pre-determined performance targets for such performance period, no Unit has been released for the Unit award granted in FY 2017.

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

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

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

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

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

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

D. Employee Benefits:
The benefits provided are comparable with local market practices.

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

The CEO's remuneration amount in a band of S$250,000 and the aggregate of the total remuneration of the other key management personnel (excluding the CEO), together with a breakdown of their respective remuneration components in percentage terms, are set out in the Key Management Personnel's Remuneration Table on page 59 of this Annual Report.

While the disclosure of the CEO's exact remuneration amount and the requisite remuneration band for each of the other key management personnel (who are not also Directors or the CEO) would be in full compliance with Provision 8.1 of the Code, the Board has considered carefully and decided that such disclosure would not be in the interests of the Manager due to the intense competition for talents in the industry, as well as the need to balance the confidential and commercial sensitivities associated with remuneration matters. Despite this partial deviation from Provision 8.1 of the Code, the disclosures on page 59 of this Annual Report would provide sufficient information to the Unitholders on the Manager's remuneration policies and the level and mix of remuneration accorded to the key management personnel, and enable the Unitholders to understand the link between CRCT's performance and the remuneration of the key management personnel. In addition, the remuneration of the key management personnel is not borne by CRCT as it is paid out of the fees that the Manager receives (the quantum and basis of which have been disclosed).

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

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

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

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

Remuneration for Non-Executive Directors
The non-executive Directors' fees for FY 2019, together with a breakdown of the components, are set out in the Non-Executive Directors' Remuneration Table on page 59 of this Annual Report. The CEO who is an executive Director is remunerated as part of the key management personnel of the Manager and does not receive any Director's fees. The non-executive Directors who are employees of CL group also do not receive any Directors' fees.

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

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

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

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

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

The Board has overall responsibility for the governance of risk and oversees the Manager in the design, implementation and internal control systems. The AC assists the Board in carrying out the Board's responsibility of overseeing the risk management framework and policies for the CRCT Group and ensuring that Management maintains sound systems of risk management and internal controls.

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

(a) making recommendations to the Board on the risk appetite statement (RAS) for CRCT and CRCT's risk profile;
(b) assessing the adequacy and effectiveness of the systems of risk management and internal controls established by the Manager to manage risks;
(c) overseeing the formulation, updating and maintenance of an adequate and effective risk management framework, policies and strategies for managing risks that are consistent with CRCT's risk appetite and reporting to the Board on its decisions on any material matters concerning the aforementioned;
(d) making the necessary recommendations to the Board such that an opinion regarding the adequacy and effectiveness of the systems of risk management and internal controls can be made by the Board in the Annual Report in accordance with the Listing Manual and the Code; and
(e) considering and advising on risk matters referred to it by the Board or Management, including reviewing and reporting to the Board on any material breaches of the RAS, any material non-compliance with the approved framework and policies and the adequacy of any proposed action.

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

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

The adequacy and effectiveness of the systems of risk management and internal controls are reviewed regularly by Management, the AC and the Board, taking into account the best practices and guidance in the Risk Governance Guidance for Listed Boards issued by the Corporate Governance Council and the Listing Manual.

The CRCT Group's RAS, incorporating the risk limits, addresses the management of material risks faced by the CRCT Group. Alignment of the CRCT 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 including the material risks identified can be found in the ERM section on pages 60 to 64 of this Annual Report.

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

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

(a) the financial records of the CRCT Group have been properly maintained and the financial statements for FY 2019 give a true and fair view of the CRCT Group's operations and finances; and
(b) the systems of risk management and internal controls within the CRCT Group are adequate and effective to address the risks (including financial, operational, compliance and IT risks) that the Manager considers relevant and material to the current business environment.

The CEO and the CFO have obtained similar assurances from the respective risk and control owners.

In addition, in FY 2019, the Board received quarterly certification by Management on the integrity of financial reporting and the Board provided a negative assurance confirmation to Unitholders as required by the Listing Manual.

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

The Board notes that the systems of risk management and internal controls established by the Manager provide reasonable assurance that the CRCT Group, as it strives to achieve its business objectives, will not be significantly affected by any event that can be reasonably foreseen or anticipated. However, the Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision-making, human error, losses, fraud or other irregularities.

Principle 10: Audit Committee

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

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

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

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

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

The AC undertook a review of the independence of the external auditors, taking into consideration, among other factors, CRCT's relationships with the external auditors in FY 2019, as well as the processes and safeguards adopted by the Manager and the external auditors relating to audit independence. Based on the review, the AC is satisfied that the external auditors are independent. The external auditors have also provided confirmation of their independence to the AC. The amount of audit fees paid or payable to the external auditors for FY 2019 amounted to S$511,769. The external auditors did not provide any non-audit services in FY 2019.

The AC holds at least four scheduled meetings in a year and met five times in FY 2019. At all scheduled AC meetings in FY 2019, the CEO and the CFO were in attendance. During each of these meetings, among other things, the AC reviewed the financial statements including the relevance and consistency of the accounting principles adopted and any significant financial reporting issues. It recommended the financial statements and corresponding announcements to the Board for approval. In FY 2019, the AC also reviewed and assessed the adequacy and effectiveness of the internal controls and risk management systems established by the Manager to manage risks, taking into consideration the outcome of reviews conducted by Management and both the internal and external auditors, as well as the assurances from the CEO and the CFO.

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

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

Key Audit Matter

In its review of the financial statements of the CRCT Group for FY 2019, the AC had discussed with Management the accounting principles that were applied and their judgement of items that could affect the integrity of the financial statements and also considered the clarity of key disclosures in the financial statements. The AC reviewed, among other matters, the key audit matter set out below, as reported by the external auditors for FY 2019.

Key audit matter	How this issue was addressed by the AC
Valuation of investment properties	The valuation of the properties in CRCT's portfolio as at 31 December 2019 was performed by several independent external professional valuers. After conducting a review, the AC was satisfied that the appointment of these valuers was in accordance with the requirements of the Code and that these valuers were experienced, objective and independent. The AC considered the valuation methodologies and key assumptions applied by these valuers for investment properties in arriving at the valuations, and 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 and key drivers for the changes. The valuation of investment properties was also an area of focus for the external auditors. The AC considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied in the valuation of investment properties. The AC was satisfied with the valuation process, the methodologies used and the valuation for investment properties as adopted and disclosed in the financial statements.

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

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

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

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

CL IA plans its internal audit schedules in consultation with, but independently of, Management and its plan is submitted to the AC for approval prior to the beginning of each year. During FY 2019, the AC reviewed the results of audits performed by CL IA based on the approved audit plan. The AC also reviewed reports on whistle blower complaints reviewed by CL IA to ensure independent and thorough investigation and adequate follow-up. The AC also received reports on Interested Person transactions reviewed by CL IA that they were on normal commercial terms and are not prejudicial to the interests of CRCT and its minority Unitholders. In FY 2019, there was an Interested Person transaction, viz, the acquisition of all the shares of the companies which hold CapitaMall Xuefu, CapitaMall Aidemengdun and CapitaMall Yuhuating which was subject to the approval of Unitholders. An Extraordinary General Meeting was convened on 1 August 2019 and the transaction was duly approved by independent Unitholders.

CL IA is adequately resourced and staffed with persons with the relevant qualifications and experience. CL IA is a corporate member of The Institute of Internal Auditors (IIA) Singapore, which is an affliliate of the IIA with its headquarters in the United States of America (USA). CL IA subscribes to, and is guided by, the International Standards for the Professional Practice of Internal Auditing (Standards) developed by the IIA, and has incorporated these Standards into its audit practices.

To ensure that internal audits are performed by competent professionals, CL IA recruits and employs suitably qualified professional staff with the requisite skill sets and experience. For instance, CL IA staff who are involved in IT audits have the relevant professional IT certifications and are also members of the ISACA Singapore Chapter, a professional body administering information systems audit and information security certifications that is headquartered in the USA. The ISACA Information Systems Auditing Standards provide guidance on the standards and procedures to be applied in IT audits. CL IA identifies and provides training and development opportunities for its staff to ensure their technical knowledge and skill sets remain current and relevant.

UNITHOLDER RIGHTS AND ENGAGEMENT

Principles 11, 12 and 13: Shareholder Rights and Conduct of General Meetings, Engagement with Shareholders, Managing Stakeholder Relationships
The Manager is committed to treating all Unitholders fairly and equitably. All Unitholders enjoy specific rights under the Trust Deed and the relevant laws and regulations. These rights include, among other things, the right to participate in profit distributions.

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

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

At AGMs, Management makes a presentation to Unitholders to update them on CRCT's performance, position and prospects. The presentation materials are made available to Unitholders on the Website and also on SGXNet. Unitholders are informed of the rules governing general meetings and are given the opportunity to communicate their views, ask questions and discuss with the Board and Management on matters affecting CRCT. Representatives of the Trustee, Directors (including the chairman of the respective Board Committees), key management personnel and the external auditors of CRCT, are present for the entire duration of the AGMs to address any queries that the Unitholders may have, including queries about the conduct of CRCT's external audit and the preparation and contents of the external auditors' report. Directors and Management also interact with Unitholders after the AGMs.

All Directors attended the general meetings held during their tenure in FY 2019. A record of the Directors' attendance at the general meetings in FY 2019 can be found in their meeting attendance records as set out on page 58 of this Annual Report.

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

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

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

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

Distribution Policy

CRCT'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 CRCT which are determined to be trading gains), with the actual level of distribution to be determined at the Manager's discretion. Distributions are generally paid within 35 market days after the relevant record date.

CORPORATE GOVERNANCE

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

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

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

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

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

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

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

More information on the Manager's investor and media relations efforts can be found in the Investor & Media Relations section on pages 65 to 67 of this Annual Report.

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

Managing Stakeholder Relationships
The Board's role includes considering sustainability as part of its strategic formulation. The Manager adopts an inclusive approach for CRCT by considering and balancing the needs and interests of material stakeholders, as part of the overall strategy to ensure that the best interests of CRCT are served. The Manager is committed to sustainability and incorporates the key principles of environmental and social responsibility, and corporate governance in CRCT's business strategies and operations. The Manager has arrangements in place to identify and engage with material stakeholder groups from time to time to gather feedback on the sustainability issues most important to them. Such arrangements include maintaining the Website, which is kept updated with current information to facilitate communication and engagement with CRCT's stakeholders. More details of CRCT's sustainability strategy and stakeholder engagement can be found on pages 87 to 95 of this Annual Report.

ADDITIONAL INFORMATION

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

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

(a) reviews, endorses and approves strategic directions and management policies of the Manager in respect of CRCT;
(b) oversees operational, investment and divestment matters within the 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 CRCT 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 CRCT 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	Approving Authority, Procedures and Disclosure
Below S$100,000 per transaction	> Trustee
S$100,000 and above per transaction (which singly, or when aggregated with other transactions[2] with the same Interested Person in the same financial year is less than 3.0% of CRCT's latest audited net tangible assets/net asset value)	> Trustee > Audit Committee
Transaction[2] which: (a) is equal to or exceeds 3.0% of CRCT's latest audited net tangible assets/net asset value; or (b) when aggregated with other transactions[2] with the same Interested Person in the same financial year is equal to or exceeds 3.0% of CRCT's latest audited net tangible assets/net asset value	> Trustee > Audit Committee > Immediate announcement
Transaction[2] which: (a) is equal to or exceeds 5.0% of CRCT's latest audited net tangible assets/net asset value; or (b) when aggregated with other transactions[2,3] with the same Interested Person in the same financial year is equal to or exceeds 5.0% of CRCT's latest audited net tangible assets/net asset value	> Trustee > Audit Committee > Immediate announcement > Unitholders[3]

1 This table does not include the procedures applicable to Interested Person Transactions falling under the exceptions set out in Rule 915 and Rule 916 of the Listing Manual.
2 Any transaction of less than S$100,000 in value is disregarded.
3 In relation to approval by Unitholders for transactions that are equal to or exceed 5.0% of CRCT's latest audited net tangible assets/net asset value (whether singly or aggregated), any transaction which has been approved by Unitholders, or is the subject of aggregation with another transaction that has been approved by Unitholders, need not be included in any subsequent aggregation.

Role of the Audit Committee for Interested Person Transactions

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

The Manager maintains a register to record all Interested Person Transactions which are entered into by CRCT (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 CRCT in FY 2019 are disclosed on page 209 of this Annual Report.

Dealing with Conflicts of Interest

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

(a) the Manager is a dedicated manager to CRCT 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 CRCT must be decided by a majority vote of the Directors, including at least one ID;
(c) in respect of matters in which CL and/or its subsidiaries have an interest, whether direct or indirect, any nominees appointed by CL and/or its subsidiaries to the Board will abstain from voting. In such matters, the quorum must comprise a majority of IDs and shall exclude such nominee Directors of CL and/or its subsidiaries;
(d) in respect of matters in which a Director or his or her associates have an interest, whether direct or indirect, such interested Director will abstain from voting. In such matters, the quorum must comprise a majority of the Directors and shall exclude such interested Director(s);
(e) if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of CRCT 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 CRCT, has a *prima facie* case against the party allegedly in breach under such agreement, the Manager is obliged to pursue the appropriate remedies under such agreement; and
(f) at least one-third of the Board shall comprise IDs.

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

Dealings in Securities

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

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

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

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

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

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

Code of Business Conduct

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

The policies and guidelines are published on CL group's intranet, which is accessible by all employees of the Manager.

The policies that the Manager has implemented aim to help to detect and prevent occupational fraud in mainly three ways, as set out below.

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

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

Finally, the Manager seeks to build and maintain the right organisational culture through its core values, educating its employees on good business conduct and ethical values.

Fraud, Bribery and Corruption Risk Management Policy

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

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

Whistle-Blowing Policy

A whistle-blowing policy and other procedures are put in place to provide the Manager's employees and parties who have dealings with the Manager with well defined, accessible and trusted channels to report suspected fraud, corruption, dishonest practices or other improprieties in the workplace, and for the independent investigation of any reported incidents and appropriate follow-up action. The objective of this policy is to encourage the reporting of such matters so that employees or external parties making any reports in good faith will be able to do so with the confidence that they will be treated fairly and, to the extent possible, be protected from reprisal. The AC reviews all whistle-blowing complaints at its scheduled meetings. Independent, thorough investigation and appropriate follow-up actions are taken. The outcome of each investigation is reported to the AC. All employees of the Manager are informed of this policy which is made available on CL group's intranet.

Business Continuity Management

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

Anti-Money Laundering and Countering the Financing of Terrorism Measures

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

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

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

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

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

Composition of Board Committees in FY 2019

Board Members	Audit Committee	Executive Committee
Soh Kim Soon	-	-
Fong Heng Boo	C	-
Christopher Gee Kok Aun	M	-
Professor Tan Kong Yam	M	-
Neo Poh Kiat	-	-
Kuan Li Li	-	-
Tan Tze Wooi	-	M
Lucas Ignatius Loh Jen Yuh[1]	-	C
Lee Chee Koon[2]	-	C
Lim Cho Pin Andrew Geoffrey	M	M

Denotes:
C – Chairman
M – Member

Notes:
1 Appointed as non-executive non-ID and chairman of the EC on 16 August 2019.
2 Stepped down as non-executive non-ID and chairman of the EC on 16 August 2019.

Attendance Record of Meetings of Unitholders, Board and Board Committees in FY 2019[1]

	Board[4]	Audit Committee[5]	AGM	EGM
No. of Meetings Held	**5**	**5**	**1**	**1**
Board Members				
Soh Kim Soon	100%	-	100%	100%
Fong Heng Boo	100%	100%	100%	100%
Christopher Gee Kok Aun	100%	100%	100%	100%
Professor Tan Kong Yam	80%[6]	80%[6]	100%	100%
Neo Poh Kiat	100%	-	100%	100%
Kuan Li Li	100%	-	100%	100%
Tan Tze Wooi	100%	-	100%	100%
Lucas Ignatius Loh Jen Yuh[2]	100%	-	N.A.	N.A.
Lee Chee Koon[3]	100%	-	100%	100%
Lim Cho Pin Andrew Geoffrey	100%	100%	100%	100%

N.A.: Not Applicable.

Notes:
1 All Directors are required to attend Board and/or Board Committee meetings called, in person or via audio or video conference, unless required to recuse. Attendance is marked against the Board and Board Committee meetings each Director is required to attend, and the percentage computed accordingly.
2 Appointed as non-executive non-ID and chairman of the EC on 16 August 2019 (which was after the AGM and EGM).
3 Stepped down as non-executive non-ID and chairman of the EC on 16 August 2019.
4 Includes 1 ad-hoc Board meeting.
5 Includes 1 ad-hoc AC meeting.
6 Not in attendance for ad-hoc AC meeting and ad-hoc Board meeting due to conflicting pre-scheduled working trip.

Key Management Personnel's Remuneration Table for FY 2019

Remuneration	Components of Remuneration			
	Salary inclusive of AWS and employer's CPF	Bonus and Other Benefits inclusive of employer's CPF[1]	Award of Units[2]	Total
CEO				
Tan Tze Wooi	30%	33%	37%	100%
Remuneration band for CEO: Above S$1,000,000 to S$1,250,000				
Key management personnel (excluding CEO)				
Joanne Tan Siew Bee You Hong Nicole Chen Yu Qing	51%	36%	13%	100%
Aggregate of the total remuneration for key management personnel (excluding CEO): S$927,688				

1 The amounts disclosed include bonuses earned and the other incentive plans which have been accrued for in FY 2019.
2 The proportion of value of the Unit awards is based on the fair value of the Units comprised in the contingent awards under the CapitaLand Retail China Trust Management Limited Restricted Unit Plan (RUP) and the CapitaLand Retail China Trust Management Limited Performance Unit Plan (PUP) at the time of grant in FY 2019. The final number of Units released under the contingent awards of Units for the RUP and PUP will depend on the achievement of pre-determined targets and subject to the respective vesting period under the RUP and PUP.

Non-Executive Directors' Remuneration Table for FY 2019

	Components of Directors' fees[1] (S$)		
	Cash component	Unit component[2]	Total (S$)
Non-executive Directors			
Soh Kim Soon	102,661.60	25,665.40	128,327
Fong Heng Boo	76,000.00	19,000.00	95,000
Christopher Gee Kok Aun	64,000.00	16,000.00	80,000
Professor Tan Kong Yam	60,800.00	15,200.00	76,000
Neo Poh Kiat	44,000.00	11,000.00	55,000
Kuan Li Li	44,000.00	11,000.00	55,000
Lucas Ignatius Loh Jen Yuh[3]	N.A.[5]	N.A.[5]	N.A.
Lee Chee Koon[4]	N.A.[5]	N.A.[5]	N.A.
Lim Cho Pin Andrew Geoffrey	N.A.[5]	N.A.[5]	N.A.
Aggregate remuneration for non-executive Directors: S$489,327			

1 Inclusive of attendance fees of (a) S$2,000 (local meeting) and S$5,000 (overseas meeting) per meeting attendance in person; (b) S$1,700 per meeting attendance via audio or video conference; and (c) for project meetings and verification meetings, S$1,000 per meeting attendance in person and S$500 per meeting attendance via audio or video conference, subject to a maximum of S$10,000 per Director per annum.
2 Each non-executive Director (save for non-executive Directors who are employees of CL group) receives about 20% of his or her Director's fees in the form of Units (subject to truncation adjustments). The remainder of the Director's fees is paid in cash. No new Units will be issued for this purpose as these Units will be paid by the Manager from the Units that it holds.
3 Mr Lucas Ignatius Loh Jen Yuh was appointed as non-executive non-ID and chairman of the EC on 16 August 2019.
4 Mr Lee Chee Koon stepped down as non-executive non-ID and chairman of the EC on 16 August 2019.
5 Non-executive Directors who are employees of CL group do not receive Directors' fees.

ENTERPRISE RISK MANAGEMENT

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

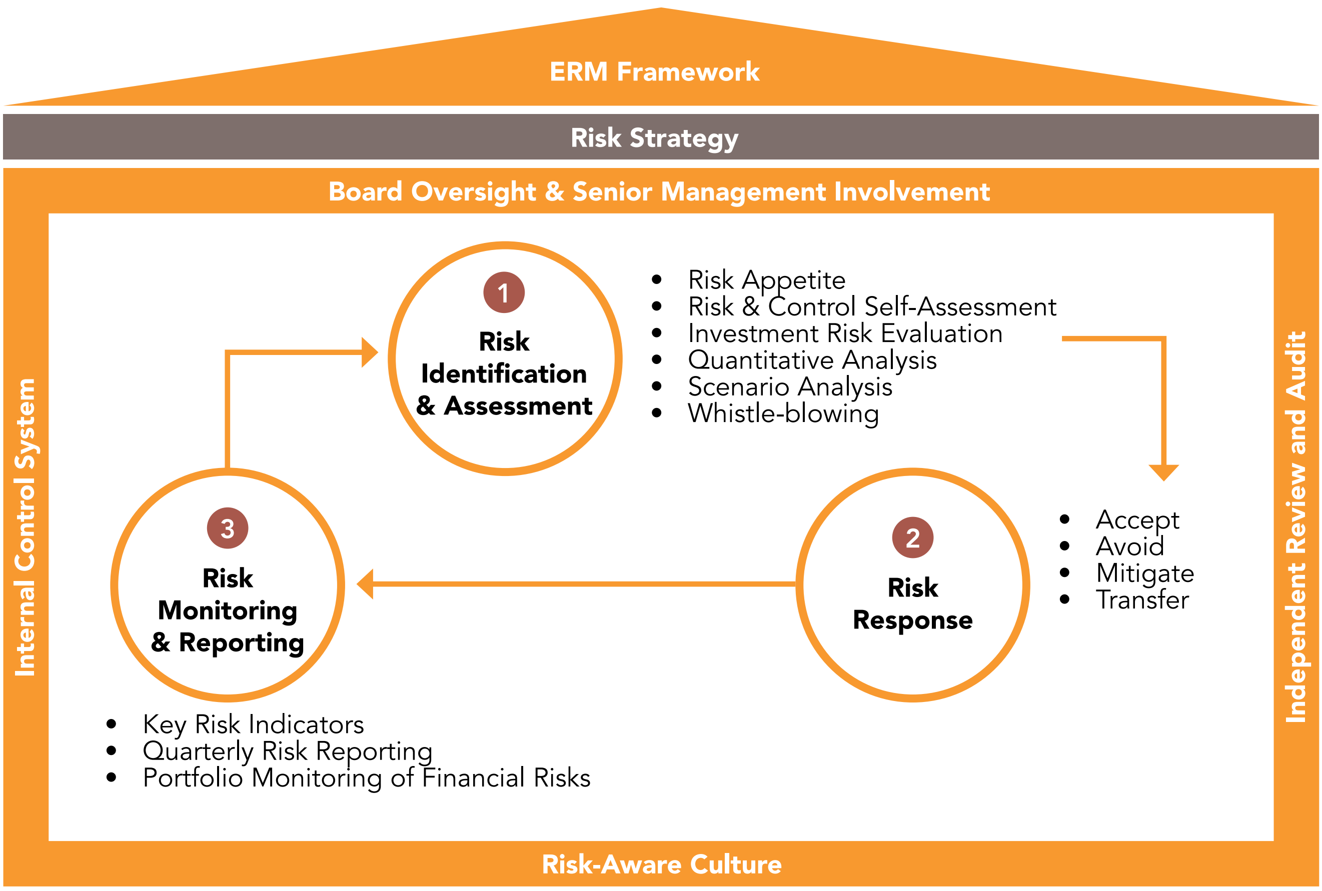
Governance

The Board of Directors of the Manager (CRCT Board) is responsible for the governance of risk across CRCT Group. It falls on them to determine CRCT Group's risk appetite; oversee the Manager's Enterprise Risk Management (ERM) Framework; regularly review CRCT Group's risk profile, material risks and mitigation strategies; and to ensure the adequacy and effectiveness of the risk management framework and policies. For these purposes, the Board is assisted by the Audit Committee which provides dedicated oversight over risk management at the Board level.

The AC currently comprises three Independent Board members and one Non-Independent Board member and meets quarterly. The meetings are attended by the CEO as well as other key management staff of the Manager.

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

Enterprise Risk Management Framework



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

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

CRCT Group's successful ERM program is based on fostering the right risk culture. The Manager works closely with CapitaLand's Group Risk Management Department (GRM) to conduct regular workshops to enhance risk management knowledge and promote a culture of risk awareness. Risk management principles are embedded in all our decision-making and business processes.

Once a year, the Manager coordinates a CRCT Group-wide Risk and Control Self-Assessment (RCSA) exercise. This requires respective risk and control owners to identify, assess and document material risks which includes Environment, Social and Governance (ESG)-relevant risks along with their key controls and mitigating measures. Material risks and their associated controls are consolidated and reviewed by the Manager before they are presented to the AC and the Board.

Managing Material Risks

The Manager takes a comprehensive and iterative approach to identifying, managing, monitoring and reporting material risks across CRCT Group. These material risks include:

Material Risk	Details	Key Mitigating Action
Business Interruption	> Exposed to business interruption risk arising from sudden and major disaster events such as fire, prolonged power outages or other major infrastructure failures which may significantly disrupt operations at our malls or data centers. > Improper management and response to negative media coverage on such sudden and major disaster events may result in loss in customer confidence and damage to reputation.	> Proactive facilities management (for example, routine inspection and scheduled maintenance) and having crisis management procedures for each mall. > The outsourced Information Technology (IT) team from CapitaLand has a defined disaster recovery plan which is reviewed and tested annually. > Actively monitor related news to correct any inaccuracies.
Climate Change	> Physical risks such as rising sea levels, violent storms, long intense heat waves, flash floods, and fresh water depletion. > Transitional risks include potentially more stringent regulations and increased expectations from stakeholders.	> CapitaLand regularly reviews its mitigation and adaptation efforts which includes future proofing its portfolio by setting targets for green building rating, carbon emissions and energy efficiency. CapitaLand has in place a global environment, health and safety management system which is externally certified to ISO 14001. > For more information, please refer to CapitaLand Global Sustainability Report 2019, to be published by 31 May 2020.

ENTERPRISE RISK MANAGEMENT

Material Risk	Details	Key Mitigating Action
Competition	> Keen industry competition from established players, online businesses and new market entrants who are able to capture our customers by meeting their demands.	> Constantly strive to differentiate ourselves in the market place through ongoing brand building. > Constant stream of customer-centric initiatives and a shopper loyalty programme also help set us apart. > In-house team of analysts keeps CRCT Group on top of latest market trends. > Embrace the latest digital innovation and solutions to enhance customers' experience.
Economic Risk	> Exposed to event risks in major economies as well as in key financial and property markets. > These event risks may reduce consumers spending power, increase costs and result in downward revaluation of our assets. > Market illiquidity during a financial crisis makes asset investment and/or divestment challenging and can affect CRCT Group's investment and strategic objectives.	> Disciplined approach to capital management and a strong balance sheet. > Well-balanced portfolio across China with majority of our malls in core cities. > Constantly monitor macroeconomic trends, policies and regulatory changes.
Foreign Exchange	> Exposed to Chinese Renminbi (RMB) fluctuation against the Singapore Dollar which is the distribution pay out currency.	> Adopt natural hedging, where possible, by borrowing in RMB which matches the revenue stream generated from its investments. > Regularly review and monitor the foreign currency translation reserve as the account balance is affected by CRCT Group's overseas investments in foreign subsidiaries whose net assets are exposed to currency translation risk. > Adopt prudent forex policy to ensure at least 50% of the distributable income is hedged from RMB to SGD to protect downside to the cashflow.
Fraud, Bribery & Corruption	> Any forms of fraud, bribery and corruption that could be perpetuated by employees, third parties or collusion between employees and third parties.	> CapitaLand promotes the right ethical culture at all levels of the CapitaLand Group to build strong foundations for a leading real estate company. > Continue adoption of a zero tolerance stance against fraud, bribery and corruption in the conduct of business and reinforce the importance of integrity - one of CapitaLand's core values. > Communicate the commitment to integrity from the top through policies such as Fraud, Bribery & Corruption (FBC) Risk Management Policy, Whistle-blowing Policy and Ethics and Code of Business Conduct Policies. > All employees to sign the CapitaLand Pledge to renew their commitment to uphold the Group's core values annually. > Rolled out online FBC Quiz in 2019 to heighten staff awareness.

Material Risk	Details	Key Mitigating Action
Information Technology/ Cyber Security	> Ongoing business digitalisation exposes the business to IT related threats which may result in compromising the confidentiality, integrity and availability of CRCT Group's information assets and/or systems. This may have significant negative impact to customer experience, financials and/or regulatory compliance.	> CapitaLand executes its Cyber Security Strategy through ongoing review against existing/evolving threat landscapes and institute measures to minimise vulnerability exposure and manage threat vectors. > Roll out ongoing staff IT Security Awareness Training to counter human intervention in the information security chain. > Periodically review and update Group-wide IT Security Policy and Data Protection Framework to ensure relevancy. > Maintain and test IT Security Incident Management Procedure to ensure prompt response and timely remediation to cyber security incident. > Conduct annual Disaster Recovery Plan (DRP) exercise to ensure timely recoverability of business critical IT systems.
Interest Rate	> Exposed to interest rate volatility on some debts which are on floating basis.	> Actively review and maintain an optimal mix of fixed and floating interest rate borrowings, taking into consideration the investments holding period and nature of the assets. > Adopt a policy that requires the majority of CRCT Group debts' interest rate to be on fixed basis. This is managed through borrowing at fixed rate or the use of hedging instruments, such as interest rate swaps, to partially mitigate the risk of unfavourable interest rate fluctuations.
Liquidity	> Poor management of cash flows can result in funding gaps which may lead to financial losses and defaults, delays in project completion, and negative reputational impact.	> Actively monitor CRCT Group's debt maturity profile, operating cash flows and the availability of funding to ensure that there are sufficient liquid reserves, in the form of cash and banking facilities, to finance CRCT Group's working capital obligations and operating needs. > Access to various sources of funds from banks and capital markets to minimise over-reliance on a single source of funds for any funding or refinancing requirement.
Political & Policy	> Exposed to political leadership uncertainty, inconsistent public policies, social unrest, change in property-related regulations and other events. > Such risks may have a direct impact to the economic and sociopolitical environment, which may in turn affect the financial viability of CRCT Group's investments.	> Keeping abreast with economic and political developments and policy changes. > CRCT Group's malls are operated by experienced management team familiar with the local cultures and environment.

ENTERPRISE RISK MANAGEMENT

Material Risk	Details	Key Mitigating Action
Regulatory & Compliance	> Subjected to applicable laws and regulations in both the market and country CRCT Group operates in, such as the SGX-ST Listing Rules, the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore, the Code of Corporate Governance, the Securities and Futures Act, Companies Act, Income Tax Act and the Financial Reporting Standards administered by the Accounting Standards Council Singapore. > Breaches to laws and regulations may lead to hefty penalties/fines and negative publicity.	> Maintain a framework that proactively identifies applicable laws and regulatory obligations and embed compliance into the day-to-day operations. > In-house specialised teams such as compliance and tax provide advisory services and updates on latest changes to laws and regulations.
Safety, Health & Well Being	> Increased expectations from stakeholders to provide safe and healthy environment, including well-being, at our development projects and operations.	> CapitaLand regularly reviews its mitigation efforts which includes work-related safety targets and has in place a global environment, health and safety management system which is externally certified to OHSAS 18001.

INVESTOR & MEDIA RELATIONS

Committed to Engaging in Two-Way Communication with the Investment Community

CRCT is committed to provide the investor and media community with timely, accurate and transparent information. The stakeholder groups include Unitholders, potential retail and institutional investors, analysts and the media. Regular and proactive engagement with the investment community is conducted to provide a clear overview and explanation of CRCT's business, operating performance and future growth strategy to raise the profile of CRCT among investors. This commitment is underpinned by our "Unitholders' Communication and Investor Relations Policy", which addresses CRCT's guiding principles of its approach. The policy is accessible on CRCT's corporate website (www.crct.com.sg) under the Investor Relations section.

All announcements and news are promptly published on CRCT's website including financial results, business updates, annual reports, property details as well as presentation for conferences and roadshows. Investors may also sign up for email alerts to receive updates on CRCT's latest announcements and press releases. There is a dedicated "Ask Us" email address (ask-us@crct.com.sg) to address queries from investors and the general public.

Proactive Outreach to Investors through Multiple Channels

To cultivate relationships with key stakeholders and to broaden and diversify Unitholder base, the IR team proactively engages with the investment community using a variety of channels including the CRCT website, announcements and press releases, conferences, mall visits, analyst briefings, roadshows and investor meetings.

There were approximately 10,000 registered Unitholders that owned CRCT units as at 31 December 2019. During the financial year, the senior management and IR team met with over 300 institutional investors globally and locally through investor conferences, one-on-one meetings, teleconferences and non-deal roadshows held in Bangkok, Tokyo, Taiwan, Hong Kong and Singapore. Individual and group mall visits were also arranged for investors and analysts who travelled to the cities where CRCT's malls are located. These visits offered first-hand experience of the design and operations of the malls, and a greater appreciation of CRCT's long-term growth potential.

Regular business updates and the biannual financial results briefings for the media and analysts are hosted by the CEO in January and July. Recordings of the briefings are available on CRCT's website to keep stakeholders abreast of the latest developments.

CRCT continuously engage with retail investors through large group seminars, forums and events. CRCT participated in REITs Symposium in May 2019 where the CEO participated in a panel discussion titled "Are REITs still a viable investment?" to share insights on the outlook of CRCT and the REITs sector. Attended by more than 1,200 retail investors, the REITs Symposium provided a good platform for participants to listen to the perspective and strategic direction of CRCT as well as raise questions and interact with the management. CRCT is a member of the Investor Relations Professional Association Singapore (IRPAS) and the REITAS.

Expanding and diversifying Unitholder base is also a focus. In 2019, CRCT went on a Non-Deal Roadshow (NDR) to Taiwan, which is a new location of outreach. The objective of the NDR was to introduce CRCT to new institutional investors to create more awareness and generate higher investor interests. CRCT will continue to work with various securities firms and banks to expand our outreach into new geographical locations.

AGM and EGM

In April 2019, CRCT held its AGM, with full attendance from the Board of Directors and senior management. Unitholders were updated about CRCT's performance and outlook for the next year. The AGM provides an important channel of communication between the management and Unitholders as it gives the Board and the senior management an opportunity to interact with investors on CRCT's performance for the year as well as address questions and comments from the Unitholders.

In August 2019, CRCT held an EGM for the proposed acquisition of CapitaMall Xuefu, CapitaMall Aidemengdun and CapitaMall Yuhuating from CapitaLand, the Sponsor and its associated companies. CRCT's CEO made a presentation on the proposed acquisition to provide Unitholders with a better understanding of the rationale behind the acquisition and benefits of this transaction. Queries from Unitholders were addressed individually during the question and answer session. The meeting was attended by all the Directors as well as independent financial advisors. The proposed acquisition was approved, receiving strong support with 99.8% in support of the acquisition.

INVESTOR & MEDIA RELATIONS

Extraordinary General Meeting 2019

Prior to the AGM and EGM, the management participated in meetings, events and conferences to address questions from existing institutional and retail investors. All AGM and EGM resolutions were voted via electronic poll, with results announced during the sessions and published on SGXNet on the same day. Minutes of the AGM are also made available on CRCT's website for greater transparency.

Awards and Accolades

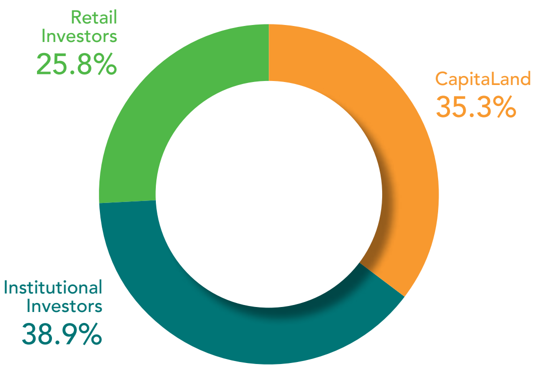
As recognition of CRCT's good investor relations and corporate governance practices, the REIT was named the joint Runner-up of the Shareholder Communication Excellence Award under the REITs and Business Trusts category at the SIAS 20th Investors' Choice Awards. CRCT was also awarded Gold at the 6th Asia Pacific Best of the Breeds REITs Awards 2019 under the Best Retail REIT category for Market Capitalisation of US$1 billion and above.

CRCT improved its scores and ranking on the GIFT as well as SGTI in 2019. For the GIFT, CRCT's scores went up from 68.0 in 2018 to 75.5 in 2019, raising the ranking from 23th to 13th. Similarly, for SGTI, CRCT improved from 84.9 in 2018 to 96.2 points in 2019, increasing its position from 9th to 4th.

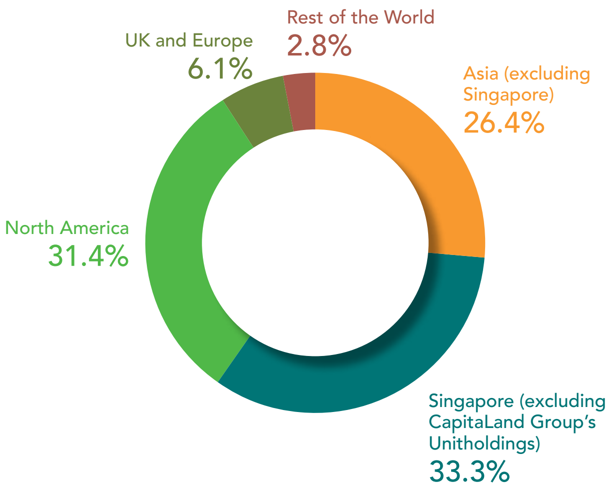
As testament to its commitment to corporate governance, CRCT was selected by SGX to be placed in the Fast Track programme due to its high corporate governance standards and good compliance track record.

CRCT is currently covered by seven research houses as disclosed on the website, and is a component stock of FTSE Straits Times Real Estate Investment Trust Index and FTSE EPRA Nareit Global Emerging Index.

Unitholdings by Investor Type (%)
(As at 31 December 2019)



Unitholders by Geography[1] (%)
(As at 31 December 2019)



1 Excludes unidentified and unanalysed holdings.

Investor Relations & Media Calendar 2019

	Events	Venue
1st Quarter	FY 2018 post results Analyst & Media Briefing	Singapore
	FY 2018 post results Investor Luncheon	Singapore
	Overseas Non-Deal Roadshow	Hong Kong
	UOBKH-SGX Singapore Corporate Day 2019	Taiwan
2nd Quarter	CRCT Annual General Meeting	Singapore
	1Q 2019 post results Investor Luncheon	Singapore
	REIT Symposium 2019	Singapore
	10th Annual dbAccess Asia Conference 2019	Singapore
3rd Quarter	Analyst & Media Briefing for the Proposed Acquisition of CapitaMall Xuefu, CapitaMall Aidemengdun and CapitaMall Yuhuating	Singapore, Hong Kong, United States
	Lunch Presentation to Trading Representatives, Singapore	Singapore
	2Q 2019 post results Analyst & Media Briefing	Singapore
	2Q 2019 post results Investor Luncheon	Singapore
	Extraordinary General Meeting	Singapore
	CapitaLand & REITs Corporate Day	Thailand
	REITAS-SGX C-Suite Singapore REITs and Sponsors Forum 2019	Singapore
	Macquarie ASEAN Conference 2019	Singapore
4th Quarter	SGX-CS Real Estate Corporate Day	Singapore
	3Q 2019 post results Investor Luncheon	Singapore
	Overseas Non-Deal Roadshow	Japan

Financial Calendar 2020/2021#	
Second Half Distribution to Unitholders	March 2020
Annual General Meeting	April 2020
First Quarter Results Announcement	April 2020
Second Quarter Results Announcement	July 2020
First Half Distribution to Unitholders	September 2020
Third Quarter Results Announcement	October 2020
Full Year Results Announcement	January 2021
Second Half Distribution to Unitholders	March 2021

Dates and events are indicative and are subject to change.

Unitholder & Media Enquiries

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

The Manager

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Ms Chia Pei Siang
Group Communications

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Fax : +65 6536 1360
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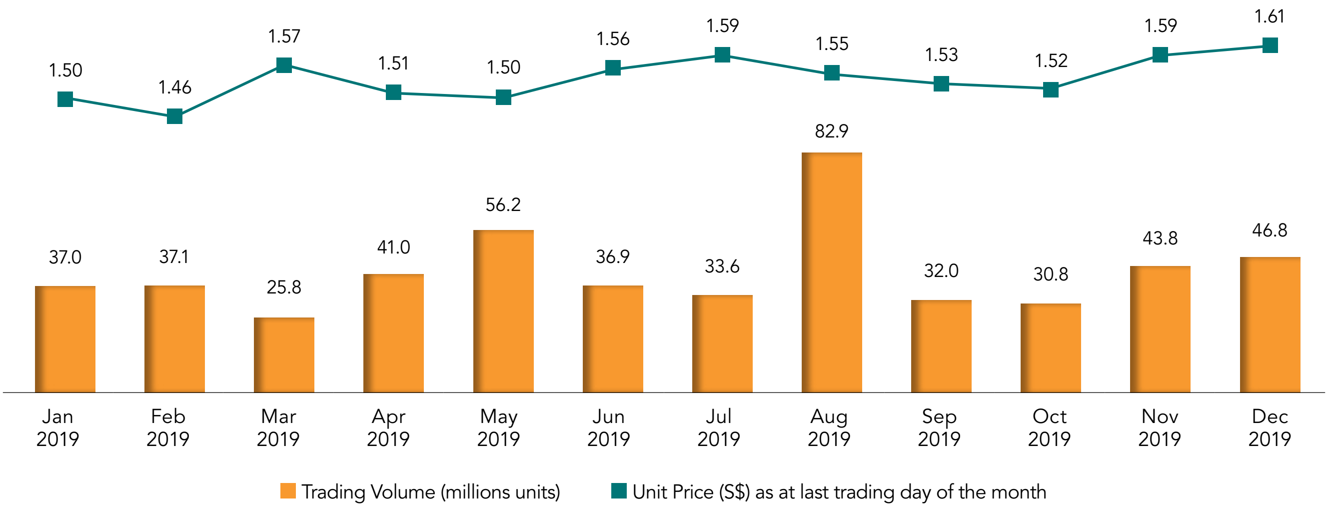
9 North Buona Vista Drive
#01-19/20 The Metropolis
Singapore 138588

Tel : +65 6535 7511
Fax : +65 6535 0775
Email : asksgx@sgx.com
Website : https://www1.cdp.sgx.com

UNIT PRICE PERFORMANCE

Trading Data in FY 2019	
Highest Unit Price (S$)	1.62
Lowest Unit Price (S$)	1.37
Average Closing Unit Price (S$)	1.52
Opening Unit Price on 2 January 2019	1.36
Closing Unit Price on 31 December 2019	1.61
Trading Volume (million units)	503.9
Average Daily Trading Volume (million units)	2.0
Market Capitalisation (S$ million)	1,946.6
Net Asset Value Per Unit (S$)	1.55

Monthly Trading Performance in FY 2019



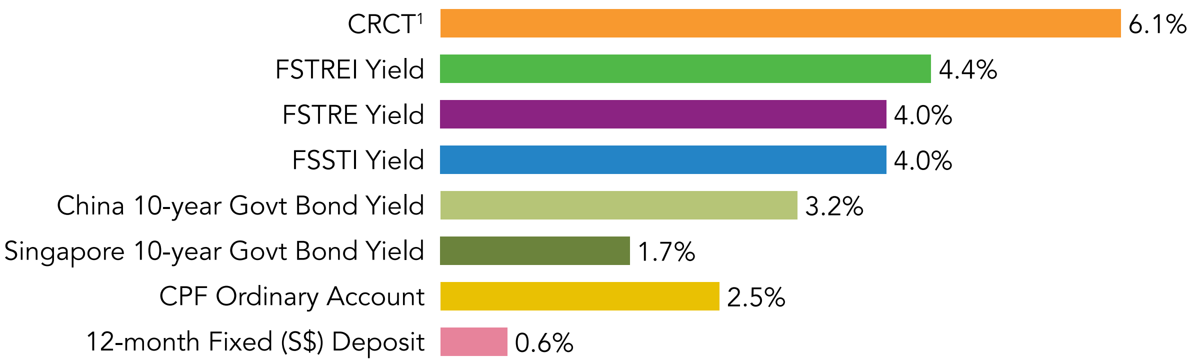
Total Returns

	1 Year		3 Year	
	Price Change	Total Return[1]	Price Change	Total Return[1]
CRCT	18.6%	27.7%	17.7%	44.6%

Source: Bloomberg

1 Assumes dividends were reinvested.

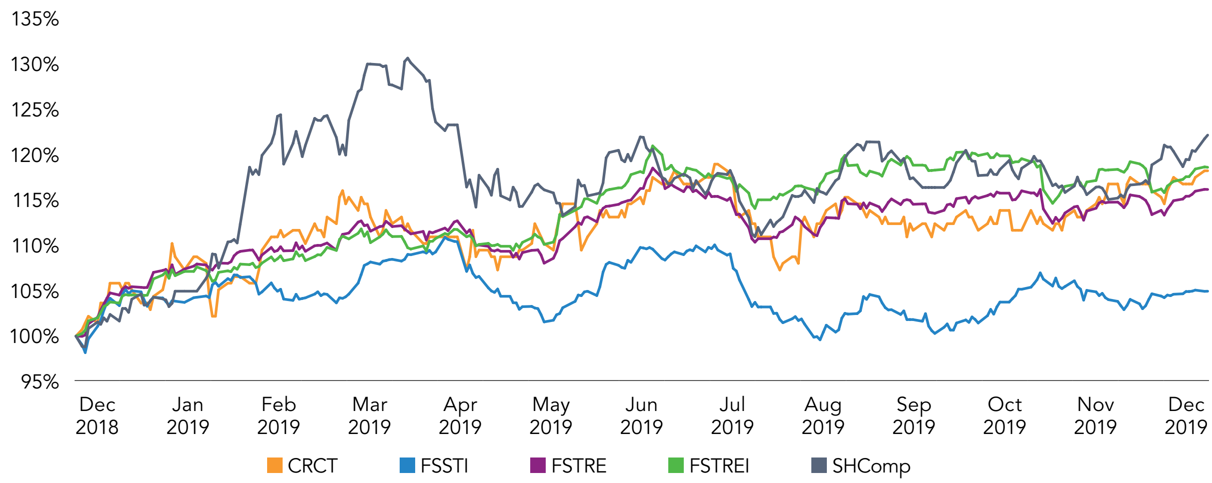
Comparative Yields (%)
(As at 31 December 2019)



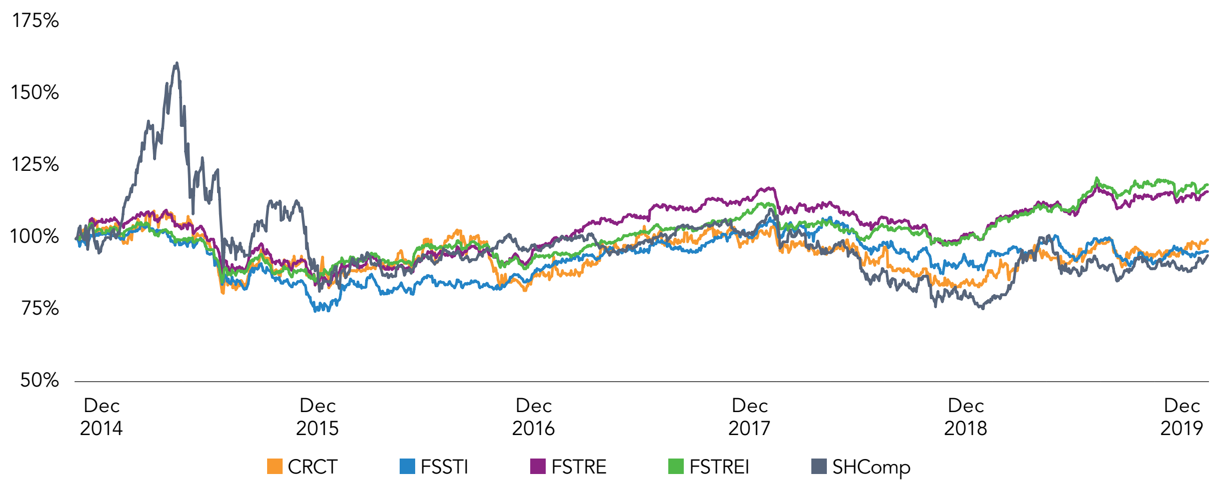
Source: Bloomberg, CRCTML, Central Provident Fund (CPF) Board, Monetary Authority of Singapore.

1 Based on FY 2019 distribution per unit of 9.90 cents and the unit closing price of S$1.61 on 31 December 2019.

Comparative Trading Performance for FY 2019



Comparative Trading Performance for FY 2015-2019



2019 Making An Impact By Strengthening and Enhancing Assets to Drive Long-Term Sustainable Income Growth

UNLOCK VALUE

CapitaMall Saihan

Agreed Property Value:
RMB460.0 million

Agreed Property Value psm GFA:
RMB10,969 psm

GFA (in sq m): 41,938

Land Use Right Expiry: 2041

MRT Connection: No

Carpark: No

Bundle Deal:
Acquired Yuquan Mall and will be divesting CapitaMall Saihan[2]

CREATE VALUE

Yuquan Mall

Agreed Property Value:
RMB808.3 million

Agreed Property Value psm GFA:
RMB8,079 psm

GFA (in sq m): 100,047

Land Use Right Expiry: 2049

MRT Connection: Yes

Carpark: Yes

EXTRACT VALUE

CapitaMall Xizhimen

Enriching Experiences by Rejuvenating Offerings:

- Completed 10 unit reconfigurations that amounted to approximately 2,000 sq m of space
- Examples of successful reconfigurations include:
  - Relocating a large education centre and introducing a popular cinema at level 5, which helped to enhance entertainment offerings and channel footfall to higher levels of the mall
  - Reconfiguring a big unit into 3 smaller units at level 1. Extension of the jewellery and shoes and bags trade category helped to optimise trade mix

1 CRCT, through its wholly-owned subsidiary, CapitaRetail China Investments (B) Gamma Pte. Ltd. and Luck Joy International Limited ("LJI") respectively hold a 51.0% and 49.0% equity interest in CapitaMalls Wuhu Commercial Property Co., Ltd ("CWCP"), which in turn holds CapitaMall Wuhu. CapitaMall Wuhu was divested to Red Star Macalline Group Corporation Ltd for an aggregate consideration of S$17.8 million (representing CRCT's 51.0% stake in CWCP via the divestment of CRCT and LJI's entire equity interest in CWCP. An independent valuation, carried out using the market approach, valued CapitaMall Wuhu's open market value at RMB193.0 million (on a 100% basis) as at 31 December 2018.

2 CRCT entered into a co-operative framework agreement for (a) the acquisition of the new Yuquan Mall at RMB808.3 million by a wholly owned subsidiary of CRCT from Inner Mongolia Guanghe New World Commercial Real Estate Co., Ltd. and (b) the divestment of CapitaMall Saihan via the divestment of CRCT's 100% interest in Huaxin Saihan Huhhot Real Estate Co., Ltd. to Beijing Fashion Qingcheng Commercial Management Ltd for an aggregate consideration of approximately RMB503.2 million (subject to post-completion adjustments). An independent valuation, carried out using the direct comparison and capitalisation method, valued the new Yuquan Mall's open market value at RMB856.0 million as at 31 December 2018. The open market value of CapitaMall Saihan was valued at RMB460.0 million as at 31 December 2018 by an independent valuer using the discounted cash flow and direct capitalisation method.

CapitaMall Wuhu[1]

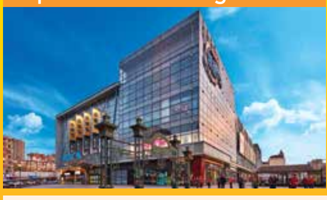
Agreed Property Value:
RMB210.0 million (on a 100% basis)

CRCT held 51.0% interest in CapitaMall Wuhu

Total Divestment Value for 2019:

RMB567.1 million

CapitaMall Aidemengdun



CapitaMall Xuefu

CapitaMall Yuhuating

Acquired 3 assets[3] and expanded presence into 2 provincial capital cities, Harbin and Changsha
Aggregate Agreed Property Value: RMB2,960.0 million
1.3% discount to independent valuation
Implied NPI Entry Yield: 6.0%[4]
GFA: 248,282 sq m, Increased portfolio GFA by 30.7%
Committed Occupancy: 99.0%[5]

Total Investment Value for 2019:

RMB3,768.3 million

CapitaMall Grand Canyon

Increased and Optimised Retail Space to Enhance NLA Efficiency:

- Removed under-utilised elevator and increased NLA across several floors
- Completed AEI and refreshed Levels 4 and 5 with in-demand and new cuisines
- Post AEI, popular F&B and retail concepts translated to stronger tenants' sales for new zones

CapitaMall Rock Square

Improved Positioning and Brand Upgrade:

- Successfully repositioned mall to be the regional mall of choice
- Offers wide range of domestic and international brands to cater to evolving consumers' preferences, which contributed to higher tenant sales and footfall
- Achieved successive years of double-digit reversion since acquisition in 2018

3 CRCT, through its wholly-owned subsidiaries, had entered into a conditional agreement with Ever Outstand Limited, CapitaRetail China Developments D5 (HK) Limited, Upper Great Limited and CapitaRetail China Investments Pte. Ltd. ("CRCI") to acquire (a) CapitaMall Xuefu via the acquisition of all the shares of CapitaRetail Harbin Shangdu Real Estate Co., Ltd. which holds CapitaMall Xuefu, (b) CapitaMall Aidemengdun via the acquisition of all the shares of Beijing Hualian Harbin Real Estate Development Co., Ltd. which holds CapitaMall Aidemengdun and (c) CapitaMall Yuhuating via the acquisition of all the shares of CapitaMalls Hunan Commercial Property Co., Ltd. which holds CapitaMall Yuhuating (collectively, the "Acquisition"). The aggregate consideration of the Acquisition was S$506.9 million and constituted an "interested person transaction" under Chapter 9 of the Listing Manual as well as an "interested party transaction" under the Property Funds Appendix, in respect of which the approval of Unitholders was required. An independent valuer commissioned by the Manager ("Manager Valuer") and another independent valuer commissioned by the Trustee ("Trustee Valuer"), carried out independent valuations respectively on CapitaMall Xuefu, CapitaMall Aidemengdun and CapitaMall Yuhuating using the capitalisation method and the discounted cash flow method. The valuations of CapitaMall Xuefu, CapitaMall Aidemengdun and CapitaMall Yuhuating as at 31 March 2019 are set out below:
- CapitaMall Xuefu was valued at RMB1,760.0 million by the Manager Valuer and RMB1,748.0 million by the Trustee Valuer.
- CapitaMall Aidemengdun was valued at RMB480.0 million by the Manager Valuer and RMB470.0 million by the Trustee Valuer.
- CapitaMall Yuhuating was valued at RMB760.0 million by the Manager Valuer and RMB749.0 million by the Trustee Valuer.

4 Computed using the aggregate FY 2018 NPI of the Properties divided by the aggregate Agreed Value of the Properties.
5 Based on 31 March 2019.

OPERATIONS REVIEW

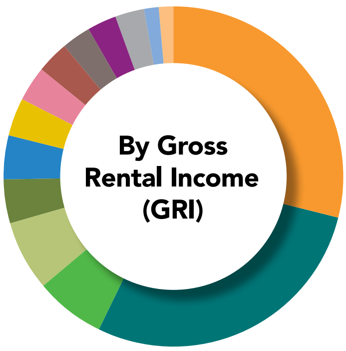
CRCT's portfolio consists of 14 quality assets located in 9 cities across China with an aggregate GFA of approximately 1.1 million sq m. As at 31 December 2019, the portfolio had a committed occupancy rate of 96.7%[1] and a WALE[1,2] of 3.8 years by Net Lettable Area (NLA) and 2.4 years by Gross Rental Income (GRI).

Well-Diversified Tenant Mix

The portfolio boasts a well-diversified range of tenants from 14 different trade sectors. The top three largest trade sectors (Fashion & Accessories, Food & Beverage and Supermarket) made up roughly 64.1% of the portfolio's GRI. As part of our proactive asset management effort, CRCT reduced exposure to Department Stores and increased exposure to emerging retail concepts such as athleisure, education and kids-centric offerings.

Breakdown of CRCT Portfolio by Trade Sector[1]

(as at 31 December 2019)



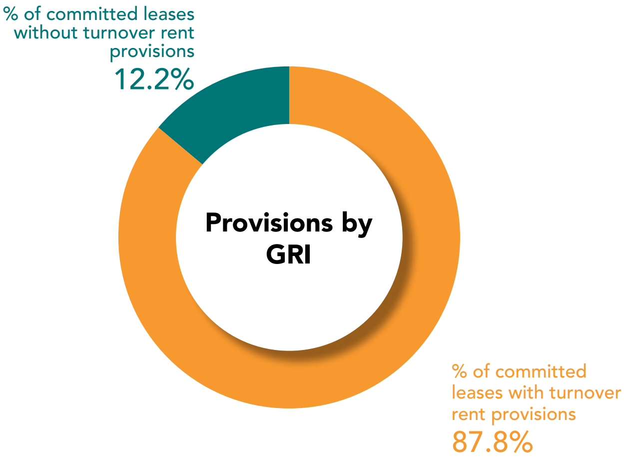
Trade Sector	By GRI (%)	By Committed NLA (%)
Fashion & Accessories	29.0	18.5
Food & Beverage	28.4	18.8
Supermarket	6.7	27.0
Beauty & Healthcare	6.7	4.4
Leisure & Entertainment	4.1	9.7
Education	4.0	4.1
Sundry & Services	3.8	2.4
Others	3.2	2.5
Sporting Goods & Apparel	3.1	2.5
Shoes & Bags	2.9	1.6
Houseware & Furnishings	2.8	4.3
Jewellery/Watches/Pens	2.7	0.8
Department Stores	1.4	2.8
Information & Technology	1.2	0.6

1 Calculation of committed occupancy, WALE and trade sector breakdown includes CapitaMall Shuangjing but excludes CapitaMall Erqi as the master lease agreement has been pre-terminated on 1 November 2019.
2 Calculation of WALE excludes CapitaMall Saihan as the mall will be divested by the end of 2020.

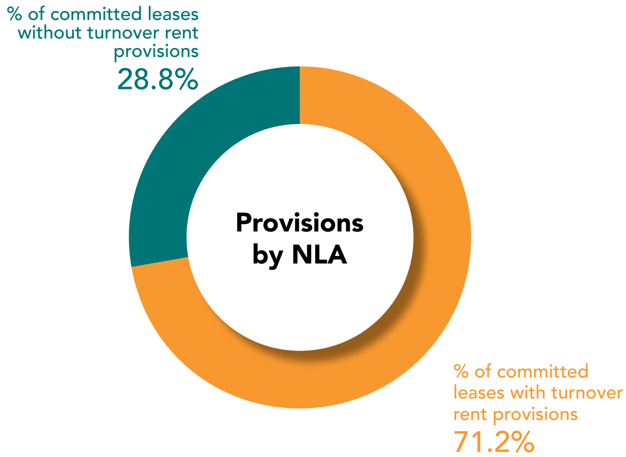
Favourable Lease Structure with Upside

CRCT's favourable lease structure provides Unitholders with a stable and growing rental cash flow. GRI comprises base rental income, service fee and advertising and promotion fee. Approximately 87.8% of the leases (by GRI) contain turnover rent provisions, which enables CRCT to capture the upside and participate in the growth of high performing tenants while providing stable base rent. Majority of the leases for anchor and mini anchor tenants also have an annual step-up in the base rent. In addition, tenants' sales data can be tracked seamlessly with the integration of CRCT's and tenants' point-of-sale systems.

% of Committed Leases with Turnover Rent Provisions by GRI
(as at 31 December 2019)



% of Committed Leases with Turnover Rent Provisions by NLA
(as at 31 December 2019)



Trendy sports retail stores at CapitaMall Xinnan

New kids-related brands and offerings at CapitaMall Xinnan

Lease Renewals and New Leases

CRCT continuously attracts new and emerging brands to inject vibrancy to the malls. A total of 826 leases were newly signed or renewed in FY 2019 (FY 2018: 663), accounting for 68,685 sq m or 14.2% of multi-tenanted malls' NLA. The average rental reversion of these new and renewal leases was 6.4%[4].

Summary of Renewals/New Leases[1]

(From 1 January 2019 to 31 December 2019)

	Number of New Leases/ Renewals in FY 2019	Area[2] (sq m)	% of Total NLA	Variance Over Preceding Rental
CapitaMall Xizhimen	114	6,879	13.6%	12.5%
CapitaMall Wangjing	135	9,167	17.7%	4.6%
CapitaMall Grand Canyon	72	7,177	15.8%	2.9%
CapitaMall Xuefu[3]	73	7,001	10.9%	(1.5)%
Rock Square	64	7,618	14.4%	23.0%
CapitaMall Xinnan	126	11,936	32.7%	2.6%
CapitaMall Yuhuating[3]	40	2,796	5.8%	4.2%
CapitaMall Aidemengdun[3]	14	1,009	3.6%	2.7%
CapitaMall Saihan	90	4,809	15.5%	8.1%
CapitaMall Qibao	64	7,914	15.7%	(4.7)%
CapitaMall Minzhongleyuan	34	2,382	10.8%	(14.9)%
CRCT Portfolio[4]	**826**	**68,685**	**14.2%**	**6.4%**

1 Excludes master-leased malls, newly created units leased, short term renewals (<1 year), units vacant for >=1 year and gross turnover component.
2 Any discrepancies between the listed figures and total thereof are due to rounding.
3 Based on all the new leases and renewed leases signed during CRCT's holding period.
4 Excludes introduction of new concepts and mini-anchor. If included, the portfolio rental reversion rate would be 4.7%.

Portfolio Lease Expiry Profile

All of CRCT's malls, excluding CapitaMall Erqi and CapitaMall Shuangjing, are considered multi-tenanted and actively managed to improve operating performance and tenancy mix to optimise rental reversions. The portfolio weighted average lease expiry by GRI and NLA are 2.4 years and 3.8 years respectively. The typical lease terms are 15 to 20 years for anchor tenants, 5 to 7 years for mini-anchor tenants, and 1 to 3 years for specialty tenants, which are consistent with the market practice in China. For new and renewed leases in 2019[1] within CRCT's holding period, the weighted average lease expiry (by GRI) based on the date of commencement is 2.6 years and accounts for 35.9% of the committed GRI in the month of December. The leases due in the next two years in FY 2020 and FY 2021 account for 34.9%[1] and 23.4%[1] of CRCT's GRI respectively.

Majority of the NLA of CapitaMall Shuangjing is let out under master-leases. These leases are long-term with a typical tenure of 20 years and are supported by periodic rental escalation, which provide income stability while ensuring growth.

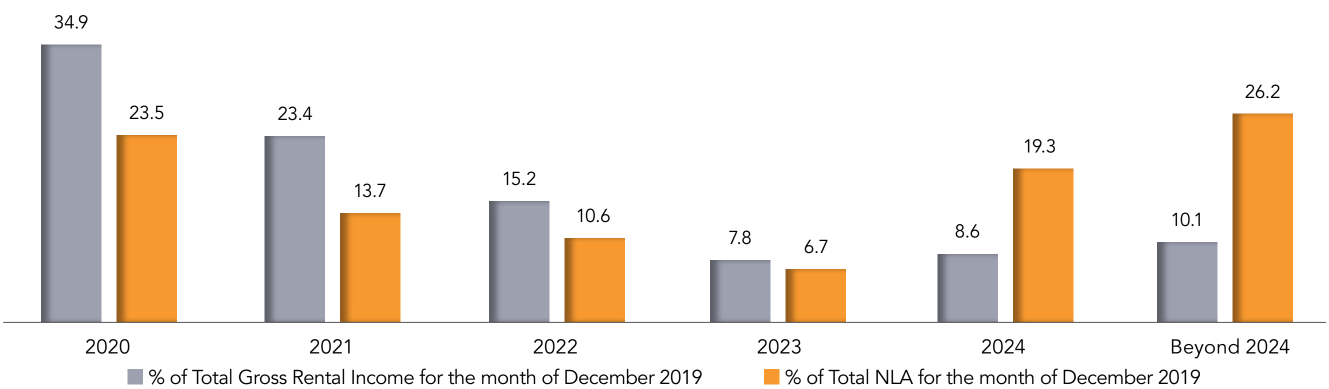
Weighted Average Lease Expiry by Mall[1]

(as at 31 December 2019)

	Weighted Expiry by GRI (Years)	Weighted Expiry by NLA (Years)
CapitaMall Xizhimen	1.9	3.5
CapitaMall Wangjing	2.3	4.4
CapitaMall Grand Canyon	3.1	5.8
CapitaMall Xuefu	1.9	2.9
Rock Square	2.9	4.5
CapitaMall Xinnan	2.3	3.1
CapitaMall Yuhuating	1.7	1.8
CapitaMall Aidemengdun	2.6	4.5
CapitaMall Qibao	2.3	2.9
CapitaMall Minzhongleyuan	5.5	6.2
CapitaMall Shuangjing	4.1	4.2
CRCT Portfolio	**2.4**	**3.8**

Portfolio Lease Expiry Profile (%)[1]

(as at 31 December 2019)



1 Based on committed leases as at 31 December 2019. Excludes the following malls:
A. CapitaMall Erqi, as the master lease has been pre-terminated on 1 November 2019.
B. CapitaMall Saihan, as the mall will be divested by the end of 2020.

Popular stores introduced at CapitaMall Xuefu (Left) and CapitaMall Grand Canyon (Right)

Lease Expiry Profile for 2020 by Mall[1]
(as at 31 December 2019)

	No. of Leases	% of GRI[2,3]	% of NLA[4]
CapitaMall Xizhimen	168	42.1%	30.6%
CapitaMall Wangjing	135	37.9%	17.5%
CapitaMall Grand Canyon	84	26.2%	12.7%
CapitaMall Xuefu	261	45.7%	30.9%
Rock Square	64	19.1%	12.2%
CapitaMall Xinnan	110	30.2%	20.8%
CapitaMall Yuhuating	184	58.8%	64.6%
CapitaMall Aidemengdun	111	44.8%	29.9%
CapitaMall Qibao	71	30.2%	17.7%
CapitaMall Minzhongleyuan	39	29.8%	20.2%
CapitaMall Shuangjing	0	0.0%	0.0%
CRCT Portfolio	**1,227**	**34.9%**	**23.5%**

1 Based on committed leases as at 31 December 2019. Excludes the following malls:
   A. CapitaMall Erqi, as the master lease has been pre-terminated on 1 November 2019.
   B. CapitaMall Saihan, as the mall will be divested by the end of 2020.
2 As a percentage of total contractual gross rental income of each mall for the month of December 2019.
3 Excludes gross turnover rent component.
4 As a percentage of each mall's total net lettable area as at 31 December 2019.

Strong Committed Occupancy Rates

As at 31 December 2019, the portfolio registered a committed occupancy rate of 96.7%. The occupancy by property is shown in the table below.

Committed Occupancy Rates

(as at 31 December 2019)

	As at 31 December 2018 (%)	As at 31 December 2019 (%)
CapitaMall Xizhimen	99.9	99.0
CapitaMall Wangjing	99.4	98.9
CapitaMall Grand Canyon	97.5	97.7
CapitaMall Xuefu	-	99.9
Rock Square	98.4	99.0
CapitaMall Xinnan	99.5	99.4
CapitaMall Yuhuating	-	98.8
CapitaMall Aidemengdun	-	97.4
CapitaMall Saihan	100.0	99.8
CapitaMall Qibao	95.3	93.5
CapitaMall Minzhongleyuan	70.3	55.5
CapitaMall Shuangjing	100.0	99.7
CRCT Portfolio[1]	**97.0**	**96.7**

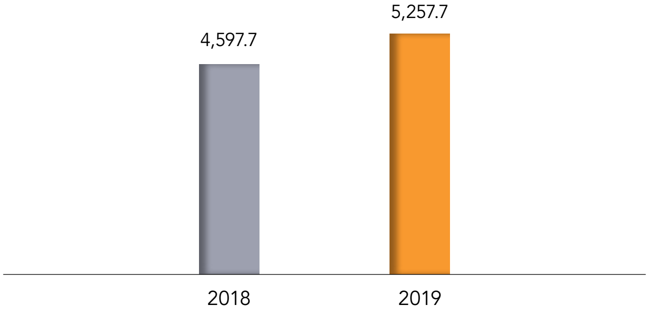
1 The announcement regarding CapitaMall Erqi's divestment was issued on 7 February 2020. Occupancy rates exclude CapitaMall Erqi for comparative purposes.

Higher Tenants' Sales and Shopper Traffic

CRCT portfolio tenant sales and shopper traffic increased 14.4% and 15.2% year-on-year in FY 2019 to reach RMB5,257.7 million and 130.8 million respectively. The increase was mainly attributed to the positive contribution from CapitaMall Xuefu, CapitaMall Aidemengdun and CapitaMall Yuhuating. We will continue to improve our retail offerings to be the preferred one-stop shopping destination that caters to the lifestyle needs, daily necessities and aspirations of today's consumers.

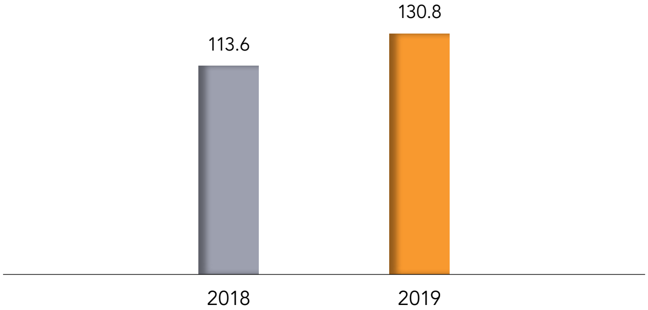
Tenants' Sales[1] of CRCT Portfolio

(RMB million)



Shopper Traffic of CRCT Portfolio[1]

(million)



1 Tenants' Sales (excluding Department Stores and Supermarket) and Shopper Traffic are based on CRCT's respective holding period of its multi-tenanted assets (namely CapitaMall Xizhimen, CapitaMall Wangjing, CapitaMall Grand Canyon, CapitaMall Xinnan, CapitaMall Qibao, CapitaMall Saihan, CapitaMall Minzhongleyuan, Rock Square (100% basis), CapitaMall Xuefu, CapitaMall Aidemengdun and CapitaMall Yuhuating) in each respective year. Excluded tenant sales and shopper traffic from CapitaMall Wuhu as the mall has been divested.

Top 10 Tenants

CRCT has more than 2,400 leases. As at 31 December 2019, no single tenant contributed more than 4.1% of the total GRI. The portfolio's biggest tenant exposure is Beijing Hualian Group of Controlled Entities (BHG). BHG takes up anchor spaces at CapitaMall Xizhimen, CapitaMall Wangjing, CapitaMall Xuefu, CapitaMall Aidemengdun and CapitaMall Saihan. The 10 largest tenants accounted for about 17.6% of the total rental income.

Top 10 Tenants[1]

(Based on percentage of Total Rental Income in the month of December 2019)

Tenant[2]	Brand Names	Trade Sector	% of Total Rental Income[3]
BHG Group of Controlled Entities	BHG Department Store BHG Supermarket Costa Coffee Clarks	Department Store Supermarket Food & Beverages Shoes & Bags	4.1%
Carrefour Group of Companies	Carrefour	Supermarket	3.1%
绫致时装(天津)有限公司	Only Jack & Jones Vero Moda Selected	Fashion & Accessories	3.0%
UNIQLO Group of Companies	UNIQLO	Fashion & Accessories	2.4%
北京百安居装饰建材有限公司	B&Q	Houseware & Furnishings	1.0%
Yum! Brands Group of Companies	KFC Pizza Hut	Food & Beverage	0.9%
北京为之味餐饮有限公司 富迪康(北京)餐饮管理有限公司	川成元麻辣香锅 传奇碳烤鱼头 金汤玉线 姑姑家宴 寻味香港 夹拣成厨麻辣烫	Food & Beverage	0.8%
Watsons Group of Companies	Watsons	Beauty & Healthcare	0.8%
Ucommune Group of Companies	优客工场	Sundry & Services	0.8%
Inditex Group of Companies	ZARA PULL&BEAR Stradivarius Bershka	Fashion & Accessories	0.7%

1 Based on CRCT's effective interest in each property, including CRCT's 51.0% interest in Rock Square.
2 Tenants that are under the same group of companies are listed together.
3 Includes both gross rental income and the gross turnover rental income (GTO) components to account for pure GTO leases.

Gross Revenue

In RMB terms, gross revenue for FY 2019 increased RMB110.3 million, or 10.1% higher than FY 2018. The increase was mainly due to strong rental growth from core multi-tenanted malls and new contribution from CapitaMall Xuefu, CapitaMall Yuhuating and CapitaMall Aidemengdun, which were acquired on 30 August 2019. Including Rock Square, gross revenue for FY 2019 increased RMB131.6 million, or 11.2% higher than FY 2018.

Gross Revenue by Property	FY 2019 S$'000	FY 2018 S$'000	% Change	FY 2019 RMB'000	FY 2018 RMB'000	% Change
Multi-Tenanted Malls						
CapitaMall Xizhimen	61,171	60,094	1.8	308,852	294,697	4.8
CapitaMall Wangjing	48,284	47,659	1.3	243,785	233,715	4.3
CapitaMall Grand Canyon	26,428	26,905	(1.8)	133,434	131,941	1.1
CapitaMall Xuefu[1]	11,444	-	N.M.	57,782	-	N.M.
CapitaMall Xinnan	27,417	27,675	(0.9)	138,425	135,716	2.0
CapitaMall Yuhuating[1]	5,370	-	N.M.	27,113	-	N.M.
CapitaMall Aidemengdun[1]	3,268	-	N.M.	16,501	-	N.M.
CapitaMall Qibao	19,335	20,640	(6.3)	97,620	101,218	(3.6)
Total Multi-Tenanted Malls	**202,717**	**182,973**	**10.8**	**1,023,512**	**897,287**	**14.1**
Master-Leased Malls						
CapitaMall Erqi[2]	8,546	10,201	(16.2)	43,148	50,024	(13.7)
CapitaMall Shuangjing	9,427	9,325	1.1	47,598	45,727	4.1
Total Master-Leased Malls	**17,973**	**19,526**	**(8.0)**	**90,746**	**95,751**	**(5.2)**
CapitaMall Minzhongleyuan	3,661	4,682	(21.8)	18,482	22,960	(19.5)
CapitaMall Saihan	13,820	13,631	1.4	69,776	66,843	4.4
CapitaMall Wuhu[3]	14	1,927	(99.3)	71	9,448	(99.2)
Total Gross Revenue	**238,185**	**222,739**	**6.9**	**1,202,587**	**1,092,289**	**10.1**
CRCT's interest in joint venture's gross revenue is shown below for information:						
Rock Square[4]	20,970	17,242	21.6	105,879	84,553	25.2
Total including Joint Venture	**259,155**	**239,981**	**8.0**	**1,308,466**	**1,176,842**	**11.2**

1 Contribution for period from 1 September 2019 to 31 December 2019.
2 CapitaMall Erqi's gross revenue decreased due to the pre-termination by its anchor tenant. The announcement regarding CapitaMall Erqi's divestment was issued on 7 February 2020.
3 Divestment completed in July 2019.
4 This relates to 51.0% interest in Rock Square for FY 2019 and period from 1 February 2018 to 31 December 2018 for FY 2018.
N.M. - not meaningful

Gross Revenue Contribution by Property[1]	FY 2019 %	FY 2018 %
Multi-Tenanted Malls		
CapitaMall Xizhimen	23.6	25.0
CapitaMall Wangjing	18.6	19.9
CapitaMall Grand Canyon	10.2	11.2
CapitaMall Xuefu[2]	4.4	-
CapitaMall Xinnan	10.6	11.5
CapitaMall Yuhuating[2]	2.1	-
CapitaMall Aidemengdun[2]	1.3	-
CapitaMall Qibao	7.5	8.6
Master-Leased Malls		
CapitaMall Erqi	3.3	4.3
CapitaMall Shuangjing	3.6	3.9
Others		
CapitaMall Minzhongleyuan	1.4	2.0
CapitaMall Saihan	5.3	5.7
CapitaMall Wuhu	-	0.7
Joint Venture		
Rock Square	8.1	7.2

1 Includes CRCT's 51.0% interest in Rock Square.
2 Contribution for period from 1 September 2019 to 31 December 2019.

Net Property Income

In RMB terms, NPI for FY 2019 increased RMB112.0 million, or 15.5% higher than FY 2018. The increase was mainly due to stronger property performance of the core multi-tenanted malls and new contribution from CapitaMall Xuefu, CapitaMall Yuhuating and CapitaMall Aidemengdun, which were acquired on 30 August 2019. Including Rock Square, NPI for FY 2019 increased by RMB127.9 million, or 16.4% higher than FY 2018.

Net Property Income by Property	FY 2019 S$'000	FY 2018 S$'000	% Change	FY 2019 RMB'000	FY 2018 RMB'000	% Change
Multi-Tenanted Malls						
CapitaMall Xizhimen	43,648	42,592	2.5	220,378	208,865	5.5
CapitaMall Wangjing	35,079	33,888	3.5	177,113	166,182	6.6
CapitaMall Grand Canyon	17,891	18,039	(0.8)	90,332	88,463	2.1
CapitaMall Xuefu[1]	7,195	-	N.M.	36,330	-	N.M.
CapitaMall Xinnan	19,755	19,253	2.6	99,742	94,417	5.6
CapitaMall Yuhuating[1]	3,021	-	N.M.	15,255	-	N.M.
CapitaMall Aidemengdun[1]	1,698	-	N.M.	8,573	-	N.M.
CapitaMall Qibao[2]	14,131	9,705	45.6	71,347	47,591	49.9
Total Multi-Tenanted Malls	**142,418**	**123,477**	**15.3**	**719,070**	**605,518**	**18.8**
Master-Leased Malls						
CapitaMall Erqi[3]	6,829	8,727	(21.7)	34,477	42,798	(19.4)
CapitaMall Shuangjing	7,547	7,514	0.4	38,106	36,849	3.4
Total Master-Leased Malls	**14,376**	**16,241**	**(11.5)**	**72,583**	**79,647**	**(8.9)**
CapitaMall Minzhongleyuan[2]	697	393	77.4	3,517	1,925	82.7
CapitaMall Saihan	8,127	7,868	3.3	41,031	38,585	6.3
CapitaMall Wuhu[4]	(247)	(556)	55.6	(1,233)	(2,727)	54.8
Total Net Property Income	**165,371**	**147,423**	**12.2**	**834,968**	**722,948**	**15.5**
CRCT's interest in joint venture's NPI is shown below for information:						
Rock Square[5]	14,681	11,879	23.6	74,125	58,255	27.2
Total including Joint Venture	**180,052**	**159,302**	**13.0**	**909,093**	**781,203**	**16.4**

1 Contribution for period from 1 September 2019 to 31 December 2019.
2 Included the impact of FRS 116, where lease expenses associated with the operating leases have been replaced with net changes in fair value of investment properties and interest expense on lease liabilities for FY 2019.
3 CapitaMall Erqi's NPI decreased due to the pre-termination by its anchor tenant. The announcement regarding CapitaMall Erqi's divestment was issued on 7 February 2020.
4 Divestment completed in July 2019.
5 This relates to 51.0% interest in Rock Square for FY 2019 and period from 1 February 2018 to 31 December 2018 for FY 2018.
N.M. - not meaningful

NPI Contribution by Property[1]	FY 2019 %	FY 2018 %
Multi-Tenanted Malls		
CapitaMall Xizhimen	24.2	26.7
CapitaMall Wangjing	19.5	21.3
CapitaMall Grand Canyon	9.9	11.3
CapitaMall Xuefu[2]	4.0	-
CapitaMall Xinnan	11.0	12.1
CapitaMall Yuhuating[2]	1.7	-
CapitaMall Aidemengdun[2]	0.9	-
CapitaMall Qibao	7.8	6.1
Master-Leased Malls		
CapitaMall Erqi	3.8	5.5
CapitaMall Shuangjing	4.2	4.7
Others		
CapitaMall Minzhongleyuan	0.4	0.2
CapitaMall Saihan	4.5	4.9
CapitaMall Wuhu	(0.1)	(0.3)
Joint Venture		
Rock Square	8.2	7.5

1 Includes CRCT's 51.0% interest in Rock Square.
2 Contribution for period from 1 September 2019 to 31 December 2019.

Valuation and Property Yield of Portfolio

	Valuation 2019 RMB million	Valuation 2018 RMB million	Valuation 2019 (in per sq m of GRA) RMB	Property Yield 2019[1] %	Valuation 2019 S$ million	Valuation 2018 S$ million
Multi-Tenanted Malls						
CapitaMall Xizhimen	3,580.0	3,293.0	43,094	6.2	695.0	650.1
CapitaMall Wangjing	2,772.0	2,543.0	40,759	6.4	538.2	502.0
CapitaMall Grand Canyon	2,125.0	2,095.0	30,371	4.3	412.6	413.6
CapitaMall Xuefu	1,792.0	-	17,182	6.1[2]	347.9	-
CapitaMall Xinnan	1,600.0	1,550.0	29,840	6.2	310.6	306.0
CapitaMall Yuhuating	760.0	-	12,975	6.0[2]	147.5	-
CapitaMall Aidemengdun	480.0	-	11,061	5.3[2]	93.2	-
CapitaMall Qibao	435.0	470.0	5,981	10.6	84.5	92.8
Master-Leased Malls						
CapitaMall Erqi	645.0	645.0	6,984	5.3[3]	125.2	127.3
CapitaMall Shuangjing	610.0	590.0	12,332	6.2	118.4	116.5
Others						
CapitaMall Minzhongleyuan	490.0	515.0	11,746	N.M.[4]	95.1	101.7
CapitaMall Saihan	460.0[5]	460.0	10,969	8.9	89.3	90.8
CapitaMall Wuhu[6]	-	193.0	-	N.M.	-	38.1
Yuquan Mall[7]	857.0	-	11,231	N.M.	166.4	-
Total	**16,606.0**	**12,354.0**		**5.9**	**3,223.9**	**2,438.9**
For Information Only						
Rock Square[8]	3,425.0	3,400.0	40,973	4.2	664.9	671.2
Total including Joint Venture	**20,031.0**	**15,754.0**		**5.7[9]**	**3,888.8**	**3,110.1**

1 Property yield is calculated based on FY 2019 NPI and the valuation as at 31 December 2019. Excludes the impact of FRS 116.
2 Annualised based on contribution from 1 September 2019 to 31 December 2019.
3 CapitaMall Erqi's FY 2019 NPI reflects only 10 months of revenue from the master-lessee.
4 CapitaMall Minzhongleyuan's yield is not meaningful as the mall is under stabilisation.
5 Referring to agreed property selling price.
6 Divestment for CapitaMall Wuhu was completed in July 2019.
7 NPI yield not available for Yuquan Mall as the property is undergoing fit-out.
8 Rock Square's valuation stated at 100% basis.
9 Includes CRCT's 51% interest in Rock Square.
N.M. - not meaningful

	S$'000
Investment Properties as at 31 December 2019[1,2]	3,255,310
Increase in valuation for FY 2019[2]	100,079

1 The carrying amount of the investment properties includes the carrying amount of CapitaMall Minzhongleyuan's three residential units and ROU assets of CapitaMall Qibao and CapitaMall Minzhongleyuan with the adoption of FRS 116 Leases from 1 January 2019.
2 Excludes Rock Square which is accounted under share of results of joint venture.

CAPITAL MANAGEMENT

Key Financial Indicators[1]

	As at 31 December 2019	As at 31 December 2018
Unencumbered Assets as % of Total Assets[2]	90.1%	100.0%
Aggregate Leverage[3]	36.7%	35.4%
Net Debt / EBITDA (times)[4,5]	7.0	7.2
Interest Coverage (times)[6]	5.0	5.3
Average Term to Maturity (Years)	2.84	3.47
Average Cost of Debt[7]	2.98%	2.73%

1 All key financial indicators exclude the effect of FRS116 Leases which was effective from 1 January 2019.
2 Total assets excludes CRCT's proportionate share of its Joint Venture assets and the encumbered asset refers to CapitaMall Xuefu for its onshore RMB secured loan in 2019.
3 The aggregate leverage is calculated based on total borrowings over the deposited properties in accordance to Property Funds Appendix (includes CRCT's proportionate share of its Joint Venture's borrowing and deposited property).
4 Net Debt refers to the outstanding debt on balance sheet as at 31 December 2019 and EBITDA refers to net income of CRCT Group before fair value changes, non-operational gain and/or loss, interest, tax, depreciation and amortisation, and includes share of results from 51.0% interest in Joint Venture.
5 Based on annualised EBITDA.
6 Ratio of EBITDA over consolidated interest expenses for FY 2019.
7 Ratio of the consolidated interest expenses for FY 2019 over weighted average borrowings on balance sheet.

Capital Management

As at 31 December 2019, CRCT maintains the following debt facilities:

S$ Denominated Facilities
> S$90.0 million Money Market Line (MML) facilities
> S$61.0 million MML & Financial Guarantee (FG) facilities
> S$100.0 million multicurrency MML facility
> S$100.0 million one-year trust bridge loan facility
> S$50.0 million three-year trust term loan facilities
> S$250.0 million four-year trust term loan facilities
> S$500.0 million five-year trust term loan facilities
> S$220.0 million six-year trust term loan facilities

US$ Denominated Facility
> US$50.0 million multicurrency MML facility

RMB Denominated Facility
> RMB414.0 million secured term loan facility

Multicurrency Debt Issuance Programme
> S$1.0 billion multicurrency debt issuance programme

CRCT has sufficient untapped facilities, which includes undrawn MML and multicurrency debt issuance programme. As at 31 December 2019, the total outstanding debt of CRCT group was S$1,383.2 million with an aggregate leverage of 36.7%. Assuming CRCT gears up to the 45% maximum limit set by the Monetary Authority of Singapore (MAS), the debt headroom would be approximately S$585.0 million (RMB3.0 billion) if the acquired asset is fully funded by debt.

On 11 June 2019, the Manager announced the proposed 100% acquisition of the companies which hold CapitaMall Xuefu, CapitaMall Yuhuating and CapitaMall Aidemengdun. The acquisition was approved by Unitholders at the EGM held on 1 August 2019. To finance the acquisition, CRCT drew down bank loans of S$250.0 million and fully utilised the S$274.4 million[1] of net proceeds raised from the issuance of 105,043,000 Units via private placement and 86,871,006 Units via preferential offering issued on 14 August 2019 and 3 September 2019 respectively. This is in accordance with the stated use and allocation of the proceeds from the announcement. CRCT also utilised its internal onshore cash to fully repay the onshore debt of CapitaMall Yuhuating in 4Q 2019.

CRCT's effective capital management includes hedging its currency and interest rate risk exposures. To mitigate interest rate risk exposure, 80.0%[2] of the total debt is on fixed interest rates. In addition, about 62.0% of the undistributed income for FY 2019 was hedged into SGD, mitigating foreign currency exposure.

The fair value derivatives for FY 2019, which were included in the financial statement as financial derivatives assets and financial derivatives liabilities were S$0.3 million and S$5.3 million respectively. This net amount represented negative 0.3% of the net assets attributable to Unitholders of CRCT as at 31 December 2019.

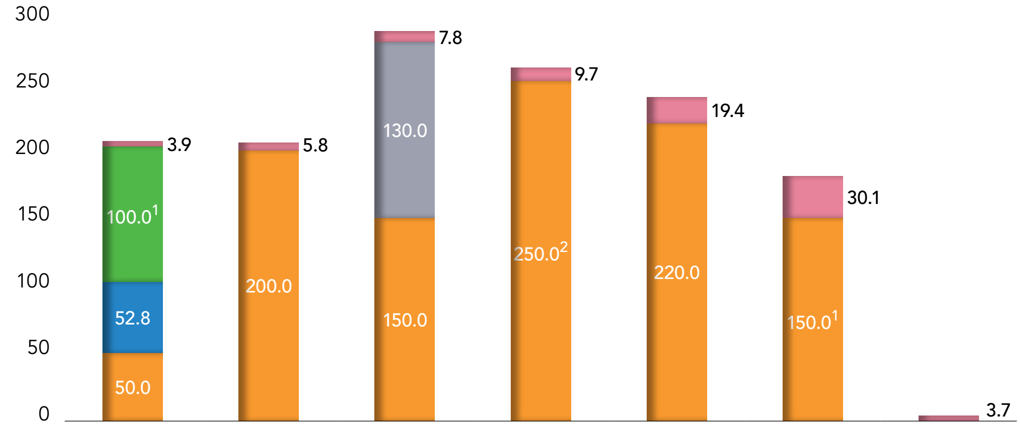
CRCT early refinanced in FY 2019 a S$50.0 million term loan due in September 2020 and extended its maturity to June 2023, at a lower all-in cost. The overall average cost of debt is 2.98% as at 31 December 2019.

1 The net proceeds of S$274.4 million was derived from the gross proceeds of S$279.4 million after deducting the transaction costs of S$5.0 million.
2 Excludes bridge loan, MML and RMB denominated loans.

CAPITAL MANAGEMENT

Debt maturity each year as a percentage of total outstanding debt as at 31 December 2019 is as follows:

Debt Maturity Profile (S$ million)
(as at 31 December 2019)



	2020	2021	2022	2023	2024	2025	2026
Total Debt (S$ million)[3]	206.7	205.8	287.8	259.7	239.4	180.1	3.7
% of Outstanding Debt	14.9%	14.9%	20.8%	18.8%	17.3%	13.0%	0.3%

- Trust - Unsecured Offshore Term Loan
- Trust - Unsecured Money Market Line
- Trust - Floating Bridge Loan
- Trust - Notes Issued Under Multicurrency Debt Issuance Programme
- Secured Onshore RMB Bank Loan

1 Relates to the acquisition of CapitaMall Xuefu, CapitaMall Yuhuating and CapitaMall Aidemengdun.
2 Includes a $50 million term loan due in September 2020 which was early refinanced in 2019.
3 Total outstanding debt of S$1,383.2 million (including onshore RMB denominated loans).

Cash Flows and Liquidity

CRCT takes a proactive role in monitoring its cash flow position and requirements to ensure that there is sufficient liquidity and adequate funding for distribution to the Unitholders as well as to meet any short-term obligations.

Cash and Cash Equivalents

As at 31 December 2019, cash and cash equivalents stood at S$139.9 million compared to S$173.9 million as at 31 December 2018, as cash was deployed for the acquisition in 2019.

During the year, S$41.8 million of the cash retained from our distributions through the distribution reinvestment plan on 28 March 2019 and 27 September 2019 were used for repayment of the Trust's interest-bearing borrowings, general corporate and working capital purposes. This is in accordance with the stated use and allocation of the proceeds from the announcement.

MANAGING SUSTAINABILITY

BOARD STATEMENT

CRCT is committed to sustainability and incorporates the key principles of Environmental, Social and Governance (ESG) in setting our business strategies and operations.

The Board sets CRCT's risk appetite, which determines the nature and extent of material risks that CRCT is willing to take to achieve our 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. CRCT's business plans are translated to both quantitative and qualitative performance targets, including sustainable corporate practices and are cascaded throughout the organisation.

Sustainability Commitment

As a CapitaLand-sponsored REIT, CRCT is managed by wholly owned subsidiaries of CapitaLand which include the Manager as well as Property Managers that oversees the daily property operations for the portfolio of malls. The Manager and Property Managers are responsible for the property operations across CRCT's portfolio, and abide by CapitaLand sustainability framework, policies, guidelines, as well as ethics and code of business conduct.

CRCT's sustainability strategy is aligned with CapitaLand's (CL group) credo of 'Building People. Building Communities'. CL group is committed to improving the economic and social well-being of its stakeholders through the execution of development projects and management of its operations. In a rapidly changing business landscape, it actively embraces innovation to ensure commercial viability without compromising the environment for future generations.

CapitaLand upholds high standards of corporate governance and transparency to safeguard shareholders' interests. It has in place an adequate and effective Enterprise Risk Management Framework to enhance business resilience and agility. CL group's proactive approach towards environmental, health and safety (EHS) management, which incorporates universal design into developments, ensures that its properties are sustainable and future-proof. Policies and guidelines are put in place to ensure the efficient use of energy, water and other resources.

CL group's integrated human capital strategy aims to recruit, develop and motivate employees to drive growth. Community development is an important component of its commitment to sustainability. It focuses on providing support to enhance the lives of underprivileged children and vulnerable elderly, through corporate philanthropy and employee volunteerism.

Our Sponsor, CapitaLand, was one of the first companies in Singapore to voluntarily publish an annual Global Sustainability Report and externally assure the entire report. Benchmarking against an international standard and framework that is externally validated helps CapitaLand overcome the challenges in sustainability reporting that may arise from its diversified asset types and geographical presence. CapitaLand is also a signatory to the United Nations (UN) Global Compact and the annual Global Sustainability Report serves as its Communication on Progress, which will be made available at www.unglobalcompact.org when published.

For its efforts, CapitaLand is listed in The Sustainability Yearbook, Global 100 Most Sustainable Corporations Index, Dow Jones Sustainability World Index and Asia Pacific Index, Global Real Estate Sustainability Benchmark (Global Sector Leader, Diversified- Listed), FTSE4Good Index Series, MSCI Global Sustainability Indexes, Euronext VigeoEiris Indices World 120 and STOXX® Global ESG Leaders Indices.

MANAGING SUSTAINABILITY

CapitaLand Global Sustainability Report 2019 will be published by 31 May 2020 and will continue to be prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. CL group will also continue to apply the Guiding Principles of the International Integrated Reporting Framework and ISO 26000:2010 Guidance on Social Responsibility and reference the UN Sustainable Development Goals (SDG) and the Taskforce on Climate Related Financial Disclosure (TCFD). The report will cover CL group's global portfolio and employees, including listed REITs, CapitaLand Mall Trust, CapitaLand Commercial Trust, Ascott Residence Trust, CapitaLand Retail China Trust and CapitaLand Malaysia Mall Trust, unless otherwise indicated. Lastly, the report will be externally assured to AA1000 Assurance Standard.

As the merger between CapitaLand and Ascendas-Singbridge was completed on 1 July 2019, this report will also include data from 1 July 2019 onwards, pertaining to CapitaLand's expanded business parks portfolio and staff strength.

Top Management Commitment and Staff Involvement

CapitaLand's sustainability management comes under the purview of its Sustainability Council.

In 2019, the CapitaLand Sustainability Council was re-constituted to include two independent board members and four CapitaLand Executive Committee (EXCO) members. Chaired by an independent board member, the Council is supported by the Sustainability Department as secretariat and various work teams to ensure continued progress and improvement in the areas of ESG. The work teams comprise representatives from all business units. CapitaLand Board of Directors is updated regularly through the Risk Committee and Audit Committee on matters relating to sustainability risks and business malpractice incidents. The Board is also updated on the sustainability management performance of CL group, key material issues identified by stakeholders and the planned follow-up measures.

CapitaDNA
Vision, Mission, Credo and Core Values

CORE VALUES

WINNING MINDSET | ENTERPRISING | RESPECT | INTEGRITY

COMMITMENT TO OUR STAKEHOLDERS

We create great customer value and experiences through high-quality products and services.	We deliver sustainable shareholder returns and build a strong global network of capital partners.	We develop high-performing people and teams through rewarding opportunities.	We care for and contribute to the economic, environmental and social development of communities.
for our **Customers** Tenants, shoppers, home owners, residents	for our **Investors** including business partners	for our **People** Staff	for our **Communities** Government agencies/ NGOs, general public, environment suppliers/ contractors

Sustainability Management Structure

Board of Directors

Sustainability Council

CapitaLand Management Council

Various Sustainability Work Teams covering environment, health and safety, corporate governance, enterprise risk management, human capital, investor relations and corporate marketing and communications

All Staff

Materiality

CL group has a regular review, assessment and feedback process in relation to ESG topics. Key to this is an annual Group-wide Risk and Control Self-Assessment exercise which entails the identification, assessment and documentation of material risks and corresponding internal controls. These material risks include fraud and corruption, environmental (e.g. climate change), health and safety, and human capital risks which are ESG-relevant.

CapitaLand identified and reviewed material issues that are most relevant and significant to CL group and its stakeholders. These are prioritised based on the likelihood and potential impact of issues affecting business continuity and development. For external stakeholders, priority is given to issues important to the society and applicable to CL group. For more information on stakeholder engagement, please refer to the Social and Relationship Capital, Human Capital and Environmental Capital chapters in the upcoming CapitaLand Global Sustainability Report 2019.

Prioritisation of ESG Material Issues

Environment	Social / Labour Practices	Governance
Critical		
> Energy efficiency > Climate change and emissions reduction > Water management	> Occupational health & safety > Employment > Stakeholder engagement > Supply chain management	> Compliance > Business ethics > Product and services*
Moderate and Emerging		
> Building materials > Construction and operational waste > Biodiversity	> Diversity > Human rights	

* This includes customer health and safety.

MANAGING SUSTAINABILITY

Creating Value and Alignment to United Nations Sustainable Development Goals (UN SDGS[1])

The Guiding Principles of the International Integrated Reporting Council (IIRC) Framework were referenced in this report, and the material ESG issues are grouped into six capitals - Environmental, Manufactured, Human, Social and Relationship, Organisational and Financial. This is also mapped against some of CL group's key efforts and programmes in relation to the 10 key UN SDGs material to real estate. For more information, please refer to CapitaLand Global Sustainability Report 2019 which will be published by 31 May 2020.

Capitals	Material ESG Issues	What CapitaLand does
Environmental Capital > Carbon emissions > Energy management > Water stewardship > Waste and resource management **Manufactured Capital** > Environmentally sustainable, healthy, safe and accessible quality buildings > Innovative and sustainable construction methods and technologies (SDG 3, 6, 7, 9, 11, 13, 15)	> Energy efficiency > Climate change and emissions reduction > Water management > Building materials > Construction and operational waste > Biodiversity > Stakeholder engagement	CapitaLand is committed to > Reduce water consumption, reuse water and prevent water pollution, especially in countries where the availability of clean water and sanitation are of concern > Reduce energy consumption through improved energy efficiency and encourage use of renewable energy > Green its global operational portfolio by 2030 > Actively embrace innovation to ensure commercial viability without compromising the environment for future generations > Future-proof its developments by addressing the risks of climate change right from the design stage > Preserve the biodiversity of its sites as well as the wider area where possible > Build safe, accessible, vibrant and quality real estate developments to enhance the lives of its shoppers, tenants, serviced residence and hotel guests, homeowners and members of the community

1 The UN SDGs call on companies everywhere to advance sustainable development through the investments they make, the solutions they develop, and the business practices they adopt. In doing so, the goals encourage companies to reduce their negative impacts while enhancing their positive contribution to the sustainable development agenda.
2 Data provided is for the period from 1 January to 30 November 2019. The full year data from 1 January to 31 December 2019 will be available on CRCT's website at https://www.crct.com.sg/sustainability.html from end April 2020.
3 Computation of total consumption considers only managed properties and excludes master-leased properties.
4 This is computed mostly from purchased electricity consumption under Scope 2, and some direct energy consumption under Scope 1 as defined by the Greenhouse Gas (GHG) Protocol (operational control approach) and using individual country CO_2 emission factors retrieved from the IEA Statistics – CO_2 emission factors from fuel combustion 2019 edition.
5 Computation of energy, water and carbon intensities excludes new properties which have been in operation for less than 12 months, master-leased properties and properties undergoing asset enhancement initiatives (AEI).
6 Data excludes Rock Square.

2019 CRCT Performance and Value Created

- For 2019[2], CRCT's operational properties'[3] total energy consumption was 51,759 MWh. Purchased electricity and heating consumption accounted for about 91.3% and direct energy consumption from gas, diesel and other fuels accounted for about 8.7% of total energy consumption. Scope 1 and 2 emissions[4] are 827 tonnes CO_2e and 27,580 tonnes CO_2e respectively. CRCT's operating properties' total water consumption was about 578,165 m^3 for 2019.
- Energy and Water Usage and Carbon Intensity Reduction[2,5]: For 2019, the reduction in water usage[6] in m^3/m^2 was 30.7% from the 2008 baseline, and the reduction in carbon intensity (kg/m^2) was 36.9% from the 2008 baseline. Energy usage in kWh/m^2 also reduced by 33.3% from the 2008 baseline.
- CRCT will continue to implement energy and water conservation measures to ensure efficient operations and minimise resource wastage, which include replacing the lights within the malls with LED lights, changing to energy-efficient chillers and installing water efficient sanitary fittings in the malls' toilets.
- Safety talks and briefings are given to employees and tenants on a periodic basis, and regular emergency evacuation drills are conducted at least once a year at each property to familiarise both employees and tenants on the emergency response plan. The properties are subjected to fire safety audits and regular maintenance of safety equipment.

Capitals	Material ESG Issues	What CapitaLand does
Manufactured Capital > Environmentally sustainable, healthy, safe and accessible quality buildings > Innovative and sustainable construction methods and technologies **Human Capital** > Health and safety > Job creation and security > Learning and development > Benefits and remuneration (SDG 3, 8, 10)	> Occupational health & safety > Supply chain management > Employment > Diversity > Human rights	> CapitaLand believes that regardless of ethnicity, age or gender, staff can make a significant contribution based on their talent, expertise and experience. We adopt consistent, equitable, and fair labour policies and practices in rewarding, as well as developing staff under the direct hire of CapitaLand > CapitaLand is a signatory to the UN Global Compact > CapitaLand aims to provide a work environment that is safe and contributes to the general well-being of its staff > Occupational health and safety of our stakeholders is of utmost importance to CapitaLand. This includes all its staff, tenants, contractors, suppliers and the communities that use its properties
Social and Relationship Capital > Stakeholder relations > Social licence to operate > Community development (SDG 1, 2, 4)	> Stakeholder engagement > Products and services (include customer health and safety)	> CapitaLand is committed to building safe, accessible, vibrant and quality real estate developments to enhance the lives of its shoppers, tenants, serviced residence and hotel guests, homeowners and members of the community > CapitaLand is committed to activities that are aligned with its focus on community investment. We engage our stakeholders, raising awareness in the areas of philanthropy, environment, health and safety
Organisational Capital > Leadership & culture > Corporate governance > Risk management (SDG 16)	> Compliance > Business ethics > Stakeholder engagement	> CapitaLand is a signatory to the UN Global Compact > CapitaLand's Supply Chain Code of Conduct influences its supply chain to operate responsibly in the areas of anti-corruption, human rights, health and safety, as well as environmental management > All staff are required to make an annual declaration to uphold CapitaLand's core values and not to engage in any corrupt or unethical practices > Requires certain of its agreements with third-party service providers and vendors to incorporate anti-bribery and anti-corruption provisions > Requires main contractors to ensure no child labour and forced labour at CapitaLand project sites
Financial Capital > Earnings > Equity > Investments > Assets		> Combination of operating income from investment properties and trading properties, disciplined capital recycling and growth of fee income > Calibrated balance across product platforms and geographies

2019 CRCT Performance and Value Created
> The ratio of male to female employees of the Manager and Property Managers is 57:43. > 79% of the Manager and the Property Managers' workforce was aged between 30 and 50 (75% in 2018). > About 50% of senior management were women. > Almost 52% of staff have been with the Manager or the Property Managers for five years or longer. > CapitaLand has an in-house training hub, CapitaLand Institute of Management and Business (CLIMB), which supports the training and development needs of employees. Our employees have direct access to a year-long training calendar comprising a series of pre-evaluated training courses in areas such as building managerial competencies, teambuilding and digital training. CapitaLand allocates up to 3% of its annual wage bill towards learning and development programmes for employees. > Periodic training is also provided to employees 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. > In 2019, approximately 98% of employees attended at least one training event, and the average number of training hours completed by each employee exceeded 98 hours.
> CRCT organised a series of activities at our individual malls to engage our stakeholders on a variety of topics from environmental to health and safety issues. Some of the community events held include: > CapitaMall Qibao jointly organised the "Magic 3 Shanghai 3x3 Basketball Youth Tournament" in collaboration with the Shanghai Administration of Sports and Shanghai Municipal Education Committee. 400 teams across 32 schools in Shanghai participated in the event. Special guest Caron Butler, a former popular NBA player, shared basketball tips and inspired the youths to continue pursuing their passion of playing basketball and staying active. > Rock Square collaborated with Chimelong Happy World to hold the 9th edition of Halloween celebrations in Guangzhou. The event kicked off at Rock Square with a five-kilometre night race where participants were running while decked out in Halloween costumes. The event helped to promote healthy living while injecting fun. More information on our activities can be found on page 95 of the Annual Report.
> Refer to Corporate Corporate Governance on page 29 of CRCT's Annual Report 2019. > No reported incident relating to discrimination, child labour or forced labour in CRCT.
> Refer to Financial Highlights on page 10 of CRCT's Annual Report 2019.

Stakeholder Engagement

Stakeholders are groups that CRCT's business has a significant impact on, and those with a vested interest in CRCT operations. Key stakeholders include employees, customers, business associates, builders and suppliers, as well as the investment and local community. Other groups include regulators and key government agencies, non-governmental organisations (NGOs), representatives of the capital market and the media. They are mapped into groups based on their impact on the Trust.

Through the various engagement channels, CRCT seeks to understand its stakeholders' views, communicate effectively with them and respond to their concerns.

Stakeholder	Engagement Channel	Issues	Sustainability Report*
Tenants	> Tenant satisfaction survey, green fit out guide and joint promotions and strategic partnerships	> Facilities management	Social and Relationship Capital, Environmental Capital
Shoppers	> Marketing and promotional events > Loyalty programmes > Online and mobile platforms	> Customer experience	Social and Relationship Capital, Environmental Capital
Investors, Analysts and Media	> Annual general meetings > Quarterly financial results announcements > Media releases and interviews > Annual reports and sustainability reports > Company website > Regular analyst and investor meetings	> Operational efficiency and cost optimisation > Return on equity, earnings, business strategy, market outlook > ESG risks and opportunities	Financial Capital, Social and Relationship Capital
Employees	> Regular dialogue sessions with senior management > Regular employee engagement survey > Volunteer programmes > Recreation club activities	> Work-life balance > Remuneration and benefits > Employee welfare	Human Capital, Social and Relationship Capital
Supply Chain – main contractors, vendors, suppliers	> CapitaLand Supply Chain Code of Conduct > Environmental, Health and Safety (EHS) > Policy and quarterly EHS monitoring > Vendor evaluation, including events, meetings and trainings	> Design and quality > Occupational health and safety practices > Workers welfare and well-being > Environmental compliance	Human Capital, Social and Relationship Capital, Environmental Capital
Government/ national agencies/ community and non-governmental organisations (NGOs)	> Longstanding partner of various national programmes > Sustainability reports > Participation in external conferences/ forums > Corporate advertisements > Consultation and sharing with academics, NGOs and business associations	> Stakeholder programmes to advocate sustainable tenant/ customer behaviours > Advocating best practices	Social and Relationship Capital

* For more information on key stakeholders' issues of interest, please refer to CapitaLand Global Sustainability Report 2019 that will be published by 31 May 2020.

In 2019, CRCT continued to expand its programmes and activities to engage different stakeholder groups on sustainability by raising awareness on the environment and healthy living as well as encouraging volunteerism.

CapitaMall Wangjing, CapitaMall Xizhimen, CapitaMall Grand Canyon and four other CapitaLand malls co-organised a cycling carnival, to mark CapitaLand's 25th Anniversary in China. The objective of the cycling carnival was to promote safe cycling and to encourage the use of low-carbon transportation. Clad in CapitaLand T-shirt, participants consisting of our tenants, partners and staff were seen cycling to the iconic Bird's Nest stadium in Beijing, clocking in a total of 2,921 kilometres cumulatively.

A tenant satisfaction survey was conducted at 11 of the shopping malls in CRCT's portfolio. 99.9% of the malls' tenants participated in the survey. CRCT garnered feedback on a range of matters from cleanliness, security, mall ambience, adequacy of car park lots to the frequency of building maintenance. On an average, 89.8% of the respondents expressed satisfaction with our services. The survey was useful in providing specific and actionable feedback, which has allowed us to better address our tenants' needs and concerns.

Picture above: Features CapitaMall Aidemengdun

In conjunction with the annual Earth Hour event, CapitaMall Yuhuating spearheaded green initiatives to promote environmental conservation as part of our firm commitment towards the environment. Supported by tenants and non-profit environmental organisations, more than 3,000 participants used empty recycled makeup bottles to form low carbon environmentally-friendly light bulbs. Live performance and environmental talks were organised to encourage shoppers to embark on a low-carbon journey.

CapitaMall Xinnan collaborated with local fire departments to conduct biannual fire drills to explain to our tenants and employees what they should do during an emergency. The drills were useful in familiarising the tenants with the emergency response procedures, escape routes and assembly areas.

CapitaMall Xuefu joined the growing global movement of "plogging", where joggers combine their run with picking up the trash. The event appealed to students and teachers from the nearby cluster of universities, who were drawn to the idea of finding creative ways to solve our plastic problem. Mixing fun while benefiting the environment, this event helped to inspire participants to contribute to a cleaner and greener community.

PORTFOLIO SUMMARY

Property Name	Address	GFA (sq m)	GRA (sq m)	NLA (sq m)	Number of Leases	Land Use Right Expiry
CapitaMall Xizhimen 凯德MALL・西直门	No. 1 Xizhimenwai Road, Xicheng District, Beijing	83,075	83,075	50,667	273	23 August 2044 23 August 2054
CapitaMall Wangjing 凯德MALL・望京	No. 33 Guangshun North Road, Chaoyang District, Beijing	83,768	68,010	51,900	249	15 May 2043 15 May 2053
CapitaMall Grand Canyon 凯德MALL・大峡谷	No. 16 South Third Ring West Road, Fengtai District, Beijing	92,918	69,967	45,531	188	29 August 2044 29 August 2054
CapitaMall Xuefu 凯德广场・学府	No. 1, Xuefu Road, Nangang District, Harbin, Heilongjiang Province	123,811	104,294	64,274	423	15 December 2045
CapitaMall Xinnan 凯德广场・新南	No. 99, Shenghe Yi Road, Gaoxin District, Chengdu, Sichuan Province	91,816	53,619	36,478	259	17 October 2047
CapitaMall Yuhuating 凯德广场・雨花亭	No. 421, Middle Shaoshan Road, Yuhua District, Changsha, Hunan Province	75,431	58,575	48,321	239	03 March 2044
CapitaMall Aidemengdun 凯德广场・埃德蒙顿	No. 38, Aidemengdun Road, Daoli District, Harbin, Heilongjiang Province	49,040	43,394	28,377	181	07 September 2042
CapitaMall Qibao 凯德七宝购物广场	No. 3655, Qixin Road, Minhang District, Shanghai	83,986	72,729	50,538	167	10 March 2043[5]
CapitaMall Minzhongleyuan 凯德新民众乐园	No. 704 Zhongshan Avenue, Jianghan District, Wuhan, Hubei Province	41,717	41,717	22,121	55	30 June 2044[6] 15 September 2045
CapitaMall Erqi[7] 凯德广场・二七	No. 3 Minzhu Road, Erqi District, Zhengzhou, Henan Province	92,356	92,356	92,356	N.A.	31 May 2042
CapitaMall Shuangjing 凯德MALL・双井	No. 31 Guangqu Road, Chaoyang District, Beijing	49,463	49,463	51,193[8]	7	10 July 2042
CapitaMall Saihan 凯德MALL・赛罕	No. 32 Ordos Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region	41,938	41,938	31,098	194	11 March 2041 20 March 2041
Rock Square[9] 乐峰广场	106-108 Gongye Avenue North, Haizhu District, Guangzhou City, Guangdong Province	88,279	83,591	53,077	201	17 October 2045
Yuquan Mall[10] 玉泉广场	No. 201, Block A Jinyu Xintiandi, E'erduosi Street, Yuquan District, Hohhot, Inner Mongolia Autonomous Region	100,047	76,309	N.A.	N.A.	26 July 2049

1 Independent valuations of CapitaMall Wangjing, CapitaMall Grand Canyon, CapitaMall Erqi and Rock Square were conducted by Beijing Colliers International Real Estate Valuation Co., Ltd.

Independent valuations of CapitaMall Shuangjing, CapitaMall Xizhimen, CapitaMall Aidemengdun, CapitaMall Xuefu, CapitaMall Yuhuating and Yuquan Mall were conducted by Cushman & Wakefield International Property Advisers (Shanghai) Co., Ltd.

Independent valuation of CapitaMall Qibao, CapitaMall Xinnan and CapitaMall Minzhongleyuan was conducted by Savills Real Estate Valuation Beijing Limited.

No independent valuation done for CapitaMall Saihan as it is an asset held for sale where the divestment price has already been locked in.

2 Refers to the completion of the acquisition of the special purpose vehicles which own the properties, except for Yuquan Mall where it is a direct asset acquisition from the Vendor.

3 CapitaMall Shuangjing and CapitaMall Erqi do not have traffic counters.

Market Valuation[1] (RMB million)	Purchase Price (RMB million)	Acquisition Date[2]	Committed Occupancy Rate	Shopper Traffic for 2019[3] (million)	Major Tenants
3,580.0	1,851.4	Phase 1: 5 February 2008 Phase 2: 29 September 2008	99.0%	38.0	BHG Supermarket, Perfect World Cinema, UNIQLO, GAP, Nanjing Impressions, Green Tea restaurant, Gymboree, South Memory
2,772.0	1,102.0	1 December 2006	98.9%	12.8	BHG Department Store & Supermarket, UNIQLO, ZARA, Vero Moda, 北李妈妈菜, Nanjing Impressions, Ucommune
2,125.0	1,740.0	30 December 2013	97.7%	9.5	Carrefour, Poly Cinema, H&M, GAP, UNIQLO, Nanjing Impressions, 北李妈妈菜, Disney English
1,792.0	1,745.0	30 August 2019	99.9%	6.8[4]	BHG Supermarket, CGV Cinema, Haidilao, H&M, C&A, Adidas, Sisyphe Books, Starbucks Reserve, Urban Revivo
1,600.0	1,500.0	30 September 2016	99.4%	7.8	Golden Harvest Cinema, UNIQLO, H&M, ZARA, Pull&Bear, GAP, Bershka, Selected, 劲浪体育, Sephora
760.0	746.0	30 August 2019	98.8%	3.4[4]	Walmart, China Film Cinema, Haidilao, Li-Ning, Starbucks Coffee, UNIQLO, KFC, Adidas, Nike
480.0	469.0	30 August 2019	97.4%	2.3[4]	BHG Supermarket, Qi Cai International Cineplex, KFC, Pizza Hut, Nike, Adidas, VIP.com
435.0	264.0	08 November 2006	93.5%	13.2	Carrefour, 七宝大光明影城 (Cinema), Hotwind, UNIQLO, Tom's World, Haoledi (KTV)
490.0	395.0	30 June 2011	55.5%	2.7	UA Cinema, Ucommune
645.0	454.0	01 December 2006	N.A.	N.A.	N.A.
610.0	414.0	01 December 2006	99.7%	N.A.	Carrefour, B&Q
460.0	315.0	01 December 2006	99.8%	9.0	BHG Supermarket, Jinyi Cinema, Nike, UNIQLO, Vero Moda, Calvin Klein Jeans, Li-Ning, Gymboree, KFC, Pizza Hut
3,425.0	3,340.7	31 January 2018	99.0%	25.3	AEON, 华影假日电影城, ZARA, UNIQLO, Green Tea restaurant, EF Education First, Huawei, HEYTEA
857.0	808.3	26 December 2019	N.A.	N.A.	N.A.

4 Based on 4 months of shopper traffic during CRCT's holding period of the assets.

5 CapitaMall Qibao is indirectly held by CRCT under a master lease with Shanghai Jin Qiu (Group) Co., Ltd, the legal owner of CapitaMall Qibao. The master lease expires in January 2024, with the right to renew for a further term of 19 years and two months. Accordingly, the land use right is owned by the legal owner.

6 The conserved building is under a lease from the Wuhan Cultural Bureau.

7 The announcement regarding CapitaMall Erqi's divestment was issued on 7 February 2020.

8 Included the area zoned for civil defense but is certified for commercial use.

9 CRCT has a 51.0% interest in Rock Square. All information are presented based on 100% ownership.

10 Yuquan Mall is undergoing fit-out and is expected to be opened by the end of 2020.

N.A. - Not Applicable

PORTFOLIO DETAILS

CAPITAMALL XIZHIMEN

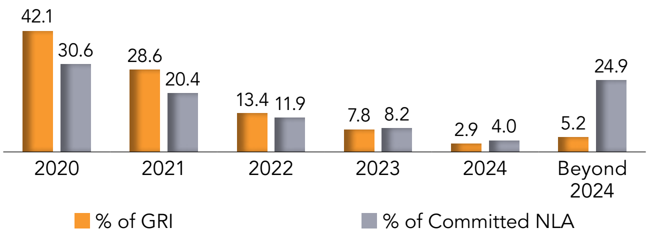
RMB308.9 million
GROSS REVENUE

RMB220.4 million
NET PROPERTY INCOME

RMB3,580.0 million
PROPERTY VALUATION

CapitaMall Xizhimen is strategically located next to the Second Ring Road in Xicheng district and is well-served by 3 metro lines and 2 railway lines. The mall offers a diverse array of product offerings, which serves the needs of a large and well-established catchment of more than one million people within a three-kilometre radius, comprising middle-income residents, working professionals from the Beijing Financial Street and technological zones of Zhongguancun District, as well as students from the nearby universities. Positioned as a vibrant mall targeting the young and trendy, CapitaMall Xizhimen features a large supermarket, a state-of-the-art cinema, popular fast-fashion tenants such as UNIQLO, 6IXTY8IGHT and Charles & Keith, as well as a wide selection of dining options such as Nanjing Impressions, South Memory and the popular Chua Lam Dim Sum restaurant.

Lease Expiry Profile (%)
(As at 31 December 2019)



Trade Sector	By GRI (%)	By Committed NLA (%)
Fashion & Accessories	34.6	23.4
Food & Beverage	32.9	31.2
Beauty & Healthcare	7.5	5.7
Education	4.0	5.6
Sundry & Services	3.5	1.4
Supermarket	3.3	20.2
Shoes & Bags	2.9	1.3
Others	2.6	3.3
Sporting Goods & Apparel	2.5	1.4
Houseware & Furnishings	2.4	2.2
Jewellery/Watches/Pens	2.3	0.9
Leisure & Entertainment	0.8	3.1
Information & Technology	0.7	0.3

CAPITAMALL WANGJING

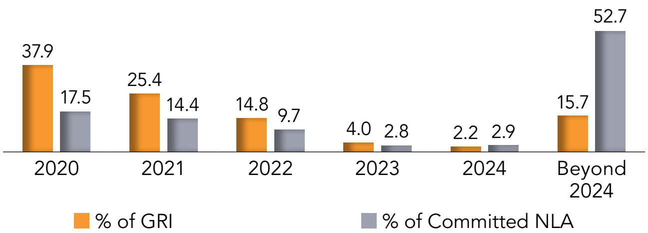
RMB243.8 million
GROSS REVENUE

RMB177.1 million
NET PROPERTY INCOME

RMB2,772.0 million
PROPERTY VALUATION

CapitaMall Wangjing is a leading shopping mall within the densely populated Wangjing residential enclave, located near the North Fourth Ring Road of Beijing. The mall is next to Futong station, which is served by metro line 14, and in close proximity to Wangjing station, the interchange for metro lines 14 and 15. It is also connected to major highways with numerous bus routes serving the area. The mall enjoys steady daily traffic as it is a popular meeting place amongst working professionals and discerning expatriates in search of high-quality shopping, dining and entertainment options in the district. Evolving in tandem with consumers' lifestyle shift, CapitaMall Wangjing houses Ucommune, a coworking space provider that has taken up two retail floors, which helps to drive additional foot traffic and attract new retail tenants. Surrounded by an immediate catchment of more than 750,000 residents within a three-kilometre radius, the mall offers a wide range of brands including UNIQLO, ZARA, Starbucks Coffee and Swarovski.

Lease Expiry Profile (%)
(As at 31 December 2019)



Trade Sector	By GRI (%)	By Committed NLA (%)
Fashion & Accessories	32.3	16.4
Food & Beverage	29.0	19.1
Beauty & Healthcare	9.0	6.5
Department Stores	8.4	27.7
Sundry & Services	7.1	6.2
Others	4.0	3.9
Jewellery/Watches/Pens	3.7	0.9
Supermarket	2.6	17.1
Education	1.5	0.7
Shoes & Bags	0.8	0.5
Information & Technology	0.7	0.4
Leisure & Entertainment	0.5	0.3
Houseware & Furnishings	0.4	0.3

PORTFOLIO DETAILS

CAPITAMALL GRAND CANYON

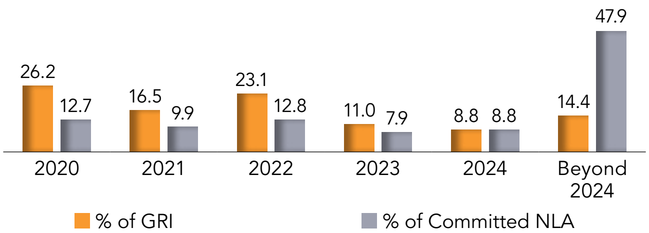
RMB133.4 million
GROSS REVENUE

RMB90.3 million
NET PROPERTY INCOME

RMB2,125.0 million
PROPERTY VALUATION

CapitaMall Grand Canyon faces the busy South Third Ring West Road in Beijing's Fengtai district. The mall is easily accessible via several public bus routes, Beijing South Railway Station, and metro line 4 from the nearby Majiapu station. Serving the needs of a population of more than 800,000 within a three-kilometre radius, CapitaMall Grand Canyon offers an exciting array of restaurants, education, retail and service offerings that makes it an attractive destination for families, students and office workers around the precinct. The mall's comprehensive offerings and well-established tenants include Carrefour, UNIQLO, H&M, Nanjing Impressions, Poly Cinema, and Xiaomi, making it a sought-after retail and lifestyle destination within the local community.

Lease Expiry Profile (%)
(As at 31 December 2019)



Trade Sector	By GRI (%)	By Committed NLA (%)
Food & Beverage	28.3	18.3
Fashion & Accessories	23.4	18.3
Supermarket	10.3	32.0
Education	8.0	6.4
Beauty & Healthcare	6.4	3.9
Sporting Goods & Apparel	4.9	2.8
Leisure & Entertainment	4.1	12.0
Shoes & Bags	3.5	1.1
Jewellery/Watches/Pens	2.9	0.8
Sundry & Services	2.6	0.8
Information & Technology	2.0	1.1
Houseware & Furnishings	1.9	0.8
Others	1.7	1.7

CAPITAMALL XUEFU

RMB57.8[1] million
GROSS REVENUE

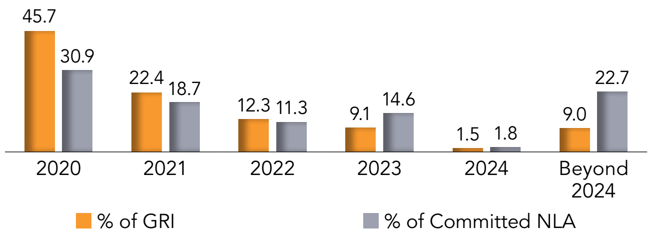
RMB36.3[1] million
NET PROPERTY INCOME

RMB1,792.0 million
PROPERTY VALUATION

CapitaMall Xuefu is a modern and experiential regional shopping mall that is located in the Nangang District of Harbin, the capital and largest city of the Heilongjiang Province. It is strategically located next to a cluster of eight tertiary education institutions, where the student population form a large proportion of the sizeable catchment of approximately 750,000 within a three-kilometre radius. CapitaMall Xuefu is situated at the intersection of multiple arterial roads serving the city that connects directly to the Second Ring Road. The mall is well-served by public transportation and enjoys direct connectivity via the basement to the Xuefu Road Station on line 1 of the Harbin Metro. Incorporating experiential elements to its unique retail concepts, CapitaMall Xuefu features Harbin's first all-year-round Amazon-style indoor garden "Dream Park" at Level 5 as well as the first artistic food street at the basement. CapitaMall Xuefu houses a diverse mix of international and domestic brands such as BHG Supermarket, CGV Cinema, Haidilao, H&M, Adidas, Sisyphe Books, Green Tea Restaurant, Starbucks Reserve, Urban Revivo and Watsons.

1 Based on 4 months of gross revenue and net property income during CRCT's holding period of the asset.

Lease Expiry Profile (%)
(As at 31 December 2019)



Trade Sector	By GRI (%)	By Committed NLA (%)
Fashion & Accessories	37.2	30.6
Food & Beverage	28.0	24.5
Beauty & Healthcare	4.9	3.6
Others	4.5	4.1
Shoes & Bags	4.3	3.2
Education	4.2	5.6
Supermarket	4.1	13.7
Jewellery/Watches/Pens	3.1	1.7
Leisure & Entertainment	2.7	8.3
Sporting Goods & Apparel	2.7	2.2
Sundry & Services	1.6	1.0
Information & Technology	1.6	0.7
Houseware & Furnishings	1.1	0.8

CAPITAMALL XINNAN

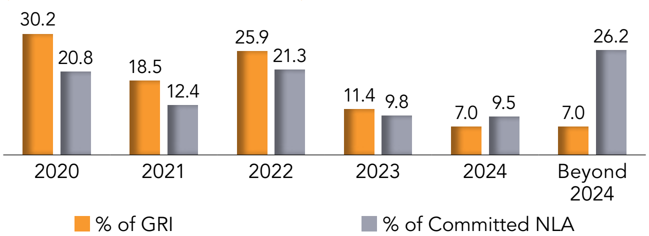
RMB138.4 million
GROSS REVENUE

RMB99.7 million
NET PROPERTY INCOME

RMB1,600.0 million
PROPERTY VALUATION

CapitaMall Xinnan is situated along one of the most established shopping belts in the affluent Gaoxin district, south of Chengdu. The mall is conveniently accessible via the nearby Chengdu South Railway Station, a major transportation hub linked to operational metro lines 1 and 7 plying the South Railway metro station, and to Chengdu Airport via airport express line (metro line 18) that is currently under construction. The mall's diverse mix of fashion and entertainment options sets it apart as a trendy destination with varied retail experiences that appeal to families and young urbanites living in the mid- to high-income neighbourhood. Its tenant mix includes well-known international brands such as Golden Harvest Cinema, H&M, ZARA, UNIQLO and Charles & Keith.

Lease Expiry Profile (%)
(As at 31 December 2019)



Trade Sector	By GRI (%)	By Committed NLA (%)
Fashion & Accessories	43.7	40.2
Food & Beverage	21.2	21.9
Sporting Goods & Apparel	8.3	6.9
Shoes & Bags	7.2	3.9
Beauty & Healthcare	5.7	4.6
Leisure & Entertainment	4.5	13.9
Jewellery/Watches/Pens	2.4	1.3
Others	2.3	2.8
Sundry & Services	1.8	1.2
Houseware & Furnishings	1.4	1.6
Information & Technology	0.9	0.6
Education	0.6	1.1

CAPITAMALL YUHUATING

RMB27.1[1] million
GROSS REVENUE

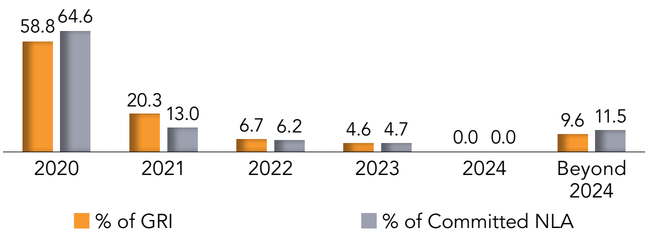
RMB15.3[1] million
NET PROPERTY INCOME

RMB760.0 million
PROPERTY VALUATION

CapitaMall Yuhuating is an established mall located within the Dongtang retail hub of Yuhua District. It is conveniently accessible via numerous bus routes as well as the Tujiachong and Shazitang metro stations that are approximately one-kilometre away. CapitaMall Yuhuating is positioned as a community mall located within a core retail hub, where there is a high concentration of populated residential communities and office buildings, providing the mall with a dense catchment of approximately 700,000 within a three-kilometre radius. Having operated in the local market for over 10 years and with limited competitors within the vicinity, CapitaMall Yuhuating has firmly established itself within its main trade area and has built strong brand awareness among the locals. As a one-stop shopping destination, CapitaMall Yuhuating offers a broad spectrum of international and local brands such as Walmart, China Film Cinema, Haidilao, Li-Ning, Starbucks Coffee, UNIQLO, KFC, Adidas and Nike.

1 Based on 4 months of gross revenue and net property income during CRCT's holding period of the asset.

Lease Expiry Profile (%)
(As at 31 December 2019)



Trade Sector	By GRI (%)	By Committed NLA (%)
Fashion & Accessories	27.3	13.5
Food & Beverage	25.1	15.1
Leisure & Entertainment	14.1	16.4
Supermarket	10.4	43.6
Beauty & Healthcare	5.5	3.0
Sporting Goods & Apparel	4.8	2.3
Shoes & Bags	3.8	1.5
Sundry & Services	3.4	1.9
Information & Technology	1.5	0.5
Others	1.5	1.3
Jewellery/Watches/Pens	1.4	0.4
Houseware & Furnishings	1.2	0.5

CAPITAMALL AIDEMENGDUN

RMB16.5[1] million
GROSS REVENUE

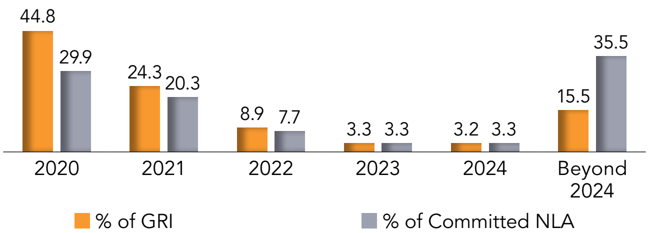
RMB8.6[1] million
NET PROPERTY INCOME

RMB480.0 million
PROPERTY VALUATION

CapitaMall Aidemengdun is located in Harbin's Daoli District and is positioned as a community mall to mainly serve the needs of residents from the neighbouring high-density residential communities and students and staff from nearby tertiary education institutions. The mall is in close proximity to Second Ring Road, and enjoys direct frontage to Aidemengdun Road that connects the Harbin Taiping International Airport to Central Street in the city centre. CapitaMall Aidemengdun can be easily accessed via public transportation and is within one and a half-kilometre from two metro stations on line 1 of the Harbin Metro. As one of the earliest community malls in the area, it has a captive consumer base formed by the surrounding residents, with strong focus on young families with children, sports and education offerings. The mall features a wide tenant base consisting of popular tenants such as BHG Supermarket, Qi Cai International Cineplex, KFC, Pizza Hut, Nike, Adidas, Watsons and VIP.com.

1 Based on 4 months of gross revenue and net property income during CRCT's holding period of the asset.

Lease Expiry Profile (%)
(As at 31 December 2019)



Trade Sector	By GRI (%)	By Committed NLA (%)
Fashion & Accessories	23.3	19.8
Food & Beverage	21.7	18.5
Sporting Goods & Apparel	12.1	8.8
Supermarket	10.2	25.3
Education	6.3	5.7
Leisure & Entertainment	5.7	8.6
Jewellery/Watches/Pens	4.6	1.9
Shoes & Bags	3.9	2.8
Beauty & Healthcare	3.7	2.3
Information & Technology	2.5	1.6
Others	2.3	1.8
Houseware & Furnishings	2.0	1.9
Sundry & Services	1.7	1.0

CAPITAMALL QIBAO

RMB97.6 million
GROSS REVENUE

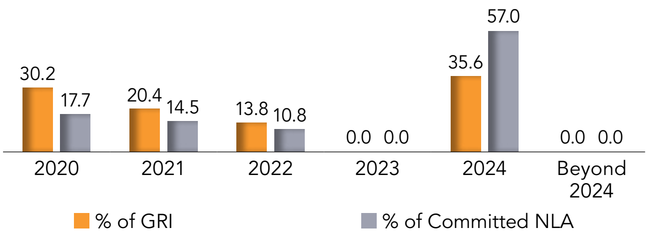
RMB71.3[1] million
NET PROPERTY INCOME

RMB435.0 million
PROPERTY VALUATION

CapitaMall Qibao is located in Shanghai's Minhang district near the bustling Hongqiao transport hub. Surrounded by residences, the mall is positioned as a family friendly shopping and education destination for the growing number of residents living in this choiced neighbourhood. The mall offers interactive leisure and learning facilities and centres, making it an interesting destination for children, at the same time, provides a myriad of shopping, dining and entertainment experiences to capture family spending. Young families can enjoy one of the city's largest rooftop playground that features interactive gardening activities and outdoor movie screenings – fun and fulfilling activities that provide for a meaningful experience. The mall features well-known brands such as Carrefour, UNIQLO, Hotwind, Watsons, Saizeriya, Xibei and Starbucks Coffee.

1 Included the impact of FRS 116, where lease expenses associated with the operating leases have been replaced with net changes in fair value of investment properties and interest expense on lease liabilities for FY 2019.

Lease Expiry Profile (%)
(As at 31 December 2019)



Trade Sector	By GRI (%)	By Committed NLA (%)
Food & Beverage	36.2	15.6
Education	16.0	15.1
Fashion & Accessories	12.6	9.7
Leisure & Entertainment	10.7	14.6
Beauty & Healthcare	7.6	5.7
Supermarket	7.1	30.9
Sundry & Services	3.5	3.4
Houseware & Furnishings	2.9	1.2
Others	2.1	1.3
Sporting Goods & Apparel	0.5	2.0
Information & Technology	0.5	0.4
Jewellery/Watches/Pens	0.3	0.1

CAPITAMALL MINZHONGLEYUAN

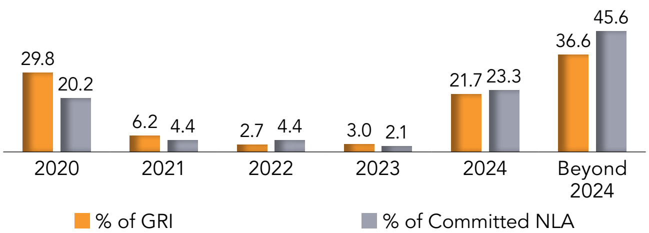
RMB18.5 million
GROSS REVENUE

RMB3.5[1] million
NET PROPERTY INCOME

RMB490.0 million
PROPERTY VALUATION

CapitaMall Minzhongleyuan is a heritage building constructed in 1919 that is located in the Jianghanlu business district, a short walk from Wuhan's renowned entertainment and shopping belt along the Jianghanlu pedestrian street. The mall is accessible via metro line 1 from the nearby Youyi Road station, and metro lines 2 and 6 from the Jianghan Road station. As one of Wuhan's oldest retail and cultural centres, the mall offers the unique appeal of rich iconic architecture. With a tenant mix ranging from anchors like UA Cinema to Ucommune, the mall is positioned as a thematic destination for work and leisure.

Lease Expiry Profile (%)
(As at 31 December 2019)



Trade Sector	By GRI (%)	By Committed NLA (%)
Leisure & Entertainment	35.6	46.5
Sundry & Services	21.7	23.3
Fashion & Accessories	20.6	14.4
Beauty & Healthcare	11.5	7.7
Food & Beverage	4.6	3.5
Sporting Goods & Apparel	3.6	2.7
Others	1.9	1.5
Shoes & Bags	0.3	0.2
Houseware & Furnishings	0.1	0.1
Information & Technology	0.1	0.1

1 Included the impact of FRS 116, where lease expenses associated with the operating leases have been replaced with net changes in fair value of investment properties and interest expense on lease liabilities for FY 2019.

CAPITAMALL ERQI

92,356 sq m
GFA

RMB645.0 million
PROPERTY VALUATION

20.5%
DIVESTED ABOVE INDEPENDENT VALUATION

CapitaMall Erqi is located in the heart of Zhengzhou's premier shopping precinct in Henan.

In February 2020, CRCT entered into an agreement to divest CapitaMall Erqi at an agreed property value of RMB777.0 million, 20.5% above independent valuation. CapitaMall Erqi is a master-leased mall with limited rental upside. The divestment is expected to be completed by 3Q 2020.

CAPITAMALL SHUANGJING

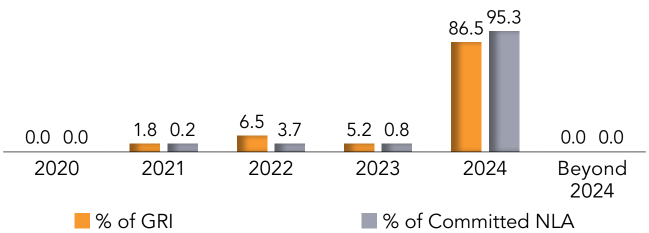
RMB47.6 million
GROSS REVENUE

RMB38.1 million
NET PROPERTY INCOME

RMB610.0 million
PROPERTY VALUATION

CapitaMall Shuangjing is located in Beijing's Chaoyang district near the East Third Ring Road. The mall is well-served by public bus routes and lies within close proximity to the Jiulongshan metro station, which is served by lines 7 and 14. Its long-term lease anchor tenants, Carrefour and B&Q, are strong retail brands that are able to draw significant shopper traffic from the surrounding local and expatriate community as well as office workers from nearby commercial buildings.

Lease Expiry Profile (%)
(As at 31 December 2019)



Trade Sector	By GRI (%)	By Committed NLA (%)
Supermarket	55.1	61.2
Houseware & Furnishings	31.3	34.0
Food & Beverage	7.4	1.2
Beauty & Healthcare	4.3	3.4
Jewellery/Watches/Pens	1.9	0.2

ROCK SQUARE

RMB207.6[1] million
GROSS REVENUE

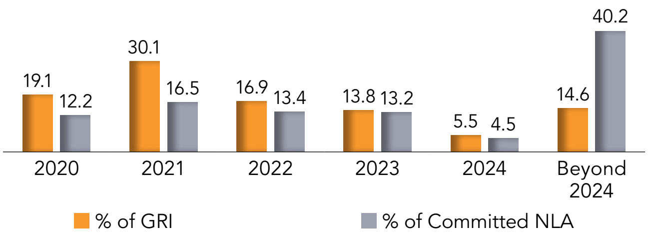
RMB145.3[1] million
NET PROPERTY INCOME

RMB3,425.0[1] million
PROPERTY VALUATION

Rock Square is one of the largest shopping malls located within the well-established Jiangnanxi retail cluster in the Haizhu district, the second most populous urban district in Guangzhou. The mall is directly connected to Shayuan metro station, which serves Line 8 that links Guangzhou's eastern and western areas, and Guangfo Line that connects Guangzhou with Foshan. Surrounded by densely populated residential estates, the mall caters to about 800,000 residents from middle- and high-income households within a three-kilometre radius. Offering a wide range of fashion, dining and entertainment options for modern lifestyle needs, the mall presents a one-stop shopping and lifestyle experience, featuring well-known domestic and international brands such as AEON, UNIQLO, ZARA, Victoria's Secret, Xiaomi, Green Tea restaurant and HEYTEA.

1 CRCT has a 51.0% interest in Rock Square. All information are presented based on 100% ownership.

Lease Expiry Profile (%)
(As at 31 December 2019)



Trade Sector	By GRI (%)	By Committed NLA (%)
Food & Beverage	36.0	28.4
Fashion & Accessories	17.5	15.6
Beauty & Healthcare	6.9	4.9
Supermarket	6.5	24.1
Leisure & Entertainment	6.2	13.1
Sundry & Services	5.6	2.4
Others	5.4	3.0
Education	4.5	4.2
Jewellery/Watches/Pens	3.2	1.0
Houseware & Furnishings	3.0	1.1
Information & Technology	2.3	0.8
Shoes & Bags	1.6	0.7
Sporting Goods & Apparel	1.3	0.7

CAPITAMALL SAIHAN

RMB69.8 million
GROSS REVENUE

RMB41.0 million
NET PROPERTY INCOME

RMB460.0[1] million
PROPERTY VALUATION

CapitaMall Saihan is one of the most popular shopping destinations located near to the heart of Hohhot's main retail precinct. Adding to the mall's access to public transport networks is the expected completion of the nearby metro lines in 2020. CapitaMall Saihan's broad-based positioning coupled with its offering of notable local and international brands such as BHG Supermarket, Jinyi Cinema, Nike, UNIQLO, Starbucks Coffee and Xiaomi, allows it to attract a wide range of shoppers beyond the vicinity.

In February 2019, CRCT entered a bundle deal to acquire Yuquan Mall and divest CapitaMall Saihan. CRCT expects the divestment to be completed by the end of 2020.

Trade Sector	By GRI (%)	By Committed NLA (%)
Fashion & Accessories	37.7	20.4
Food & Beverage	17.5	14.2
Supermarket	10.9	35.8
Shoes & Bags	7.0	4.3
Sporting Goods & Apparel	6.8	5.5
Others	3.9	3.4
Jewellery/Watches/Pens	3.8	0.8
Leisure & Entertainment	3.1	10.0
Beauty & Healthcare	3.0	1.7
Houseware & Furnishings	2.9	1.4
Information & Technology	1.5	0.7
Education	1.0	1.5
Sundry & Services	0.9	0.3

1 No independent valuation done for CapitaMall Saihan as it is an asset held for sale where the divestment price has already been locked in.

YUQUAN MALL

100,047 sq m
GFA

END 2020
EXPECTED OPENING

RMB857.0 million
PROPERTY VALUATION

Expected to open by the end of 2020, Yuquan Mall will be positioned as a one-stop shopping destination catering to the lifestyle needs and aspirations of the city's rising middle class. Double the size of CapitaMall Saihan, with 2 basement levels of carpark, Yuquan Mall will be a newer and larger asset with better specifications that will feature higher quality tenants and a greater variety of new concepts. The mall is strategically located within a well-established commercial hub with excellent frontage at a major intersection. It will be directly connected to NuoHeMuLe Station on metro line 2 (expected opening by the end of 2020). As part of a mixed-use development that also includes residential, SOHO and office components, the mall will cater to a sizeable estimated catchment of over 700,000 residents, as well as working professionals in the vicinity within a five-kilometre radius.

Designed to provide an immersive shopping experience, Yuquan Mall will feature exciting lifestyle activities that promise to invigorate customers through the synergistic combination of Nature, Nurture and Recreational:

Nature
LUSH INDOOR GARDENS AND GREENERY TO APPEAL TO SHOPPERS THROUGHOUT THE SEASONS

Nurture
FUN FAMILY EDUTAINMENT SPACES TO BUILD BONDS AND CREATE MEMORIES

Recreational
VARIETY OF ADRENALINE-PUMPING SPORTS FOR HEALTH AND WELLNESS ENTHUSIASTS

MARKETING & PROMOTIONS

CRCT's portfolio of properties forms an integral part of the community with the aim of creating stickiness to our malls, by serving the people who live and work around our assets. Our strategic marketing activities continue to focus on building the loyalty of shoppers through customer-centric experiences while creating memorable events and moments.

CapitaMall Xuefu hosted an exciting Halloween event, featuring seven immersive, suspense-themed rooms spanning across 100 sq m. There was also a lively pop up retail arena that offered a wide variety of unique handicrafts, make-up and photoshoot services etc. to appeal to the different interests.

In celebration of CapitaMall Aidemengdun's 9th year anniversary, the mall hosted the China Animation & Comic Competition Golden Dragon Award that featured live performances and cosplay competition. The event boosted the mall's popularity, allowing it to record high tenant sales and traffic with more than 45,000 event-goers and shoppers participating.

In partnership with our tenants, Rock Square organised the Flying Sneakers carnival to showcase some of the rarest and most coveted sneakers.

The two-day carnival was well-attended and became a hot spot for millennials and sneaker enthusiasts to capture these memorable moments.

CapitaMall Saihan organised an inaugural Parkour event targeted at youths and guided by experienced Parkour coaches. More than 100 teams of families turned up to compete and bond over the love of active lifestyles.

CapitaMall Xinnan hosted a fan meetup for the highly anticipated "The New King of Comedy" movie that was released in 2019. The event attracted more than 1,000 fans who wanted to catch a glimpse of their idols.

CapitaMall Wangjing held an eventful 13th year anniversary celebration. An exciting array of events and activities were organised including live music performances and popular handball games.

CapitaMall Xizhimen collaborated with My Gym, an early childhood educational provider, to organise a two-day art and music festival that featured a series of meaningful activities to increase environment awareness among the young.

CapitaMall Yuhuating organised a Fairy Tale themed event that featured popular characters such as "The Little Mermaid", "The Ugly Duckling" and "Snow White" etc, captivating families and enchanting the children.

CapitaMall Grand Canyon partnered with Mida, a trendy mini karaoke booth brand, to host a singing competition to uncover aspiring musical talents. The competition captivated the millennials, who were eager to support their favourites and connect with like-minded music fans.

In collaboration with the Shanghai Administration of Sports and Shanghai Municipal Education Committee, CapitaMall Qibao jointly organised the "Magic 3 Shanghai 3x3 Basketball Youth Tournament" that saw 400 teams participating across 32 schools in Shanghai.

FINANCIAL STATEMENTS

REPORT OF THE TRUSTEE

Year ended 31 December 2019

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of CapitaLand Retail China Trust (the "Trust") in trust for the Unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of CapitaLand Retail China Trust Management Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed dated 23 October 2006 (as amended by a first supplemental deed dated 8 November 2006, a second supplemental deed dated 15 April 2010, a third supplemental deed dated 5 April 2012, a fourth supplemental deed dated 14 February 2014, a fifth supplemental deed dated 6 May 2015, a sixth supplemental deed dated 29 April 2016, a seventh supplemental deed dated 5 June 2018 and an eighth supplemental deed dated 17 April 2019) (collectively the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the year covered by these financial statements, set out on pages 121 to 208, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

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

Tan Ling Cher
Authorised Signatory

Singapore
20 February 2020

STATEMENT BY THE MANAGER

Year ended 31 December 2019

In the opinion of the directors of CapitaLand Retail China Trust Management Limited (the "Manager"), the accompanying financial statements set out on pages 121 to 208 comprising the statements of financial position, statements of total return, distribution statements and statements of movements in Unitholders' funds of the CapitaLand Retail China Trust (the "Trust") and its subsidiaries (the "Group") and of the Trust, the portfolio statement and statement of cash flows of the Group and a summary of significant accounting policies and other explanatory information, are drawn up so as to present fairly, in all material respects, the financial position of the Group and of the Trust and the portfolio of the Group as at 31 December 2019, the total return, distributable income and movements in Unitholders' funds of the Group and of the Trust and cash flows of the Group for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "*Reporting Framework for Unit Trusts*" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group will be able to meet its financial obligations as and when they materialise.

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

Tan Tze Wooi
Director

Singapore
20 February 2020

INDEPENDENT AUDITORS' REPORT

Unitholders of CapitaLand Retail China Trust
(Constituted under a trust deed dated 23 October 2006 (as amended) in the Republic of Singapore)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of CapitaLand Retail China Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position and consolidated portfolio statement of the Group and the statement of financial position of the Trust as at 31 December 2019, the consolidated statement of total return, consolidated distribution statement, consolidated statement of movements in Unitholders' funds and consolidated statement of cash flows of the Group and the statement of total return, distribution statement and statement of movements in Unitholders' funds of 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 121 to 208.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of total return, distribution statement and statement of movements in Unitholders' funds of the Trust present fairly, in all material respects, the consolidated financial position and the portfolio holdings of the Group and the financial position of the Trust as at 31 December 2019 and the consolidated total return, consolidated distributable income, consolidated movements in Unitholders' funds and consolidated cash flows of the Group and the total return, distributable income, and movements in Unitholders' funds 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*" ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Valuation of investment properties
(Refer to Portfolio Statement and Note 4 to the financial statements)

Risk

The Group owns and invests in a portfolio of 14 shopping malls located in 9 cities in China. Investment properties represent the largest asset item on the consolidated statement of financial position, at S$3.1 billion (excluding right-of-use assets, CapitaMall Saihan which has been reclassified as held for sale and Rock Square which is equity-accounted) as at 31 December 2019 (2018: S$2.4 billion).

The investment properties are stated at their fair value based on independent external valuations. The valuation process involves significant judgement in determining the appropriate valuation methodologies and in estimating the underlying assumptions to be applied in the valuations. Any changes in the key assumptions applied could result in a material impact to the financial statements.

Our response

We evaluated the objectivity, qualifications and competence of the external valuers and discussed with the valuers to understand their valuation approaches, assumptions used and bases of valuations. We considered the valuation methodologies against those applied by other valuers for similar property types.

We compared the projected cash flows used in the valuations to lease agreements and other supporting documents. We evaluated the appropriateness of the discount, capitalisation and terminal yield rates used in the valuation by comparing these against historical trends and available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected ranges, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the valuers.

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. The valuation methodologies used are in line with generally accepted market practices and the key assumptions used are supported by market data.

Other information

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

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

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

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

Responsibility of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibility 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.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITORS' REPORT

Unitholders of CapitaLand Retail China Trust
(Constituted under a trust deed dated 23 October 2006 (as amended) in the Republic of Singapore)

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 Lim Pang Yew, Victor.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
20 February 2020

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000	Trust 2019 $'000	Trust 2018 $'000
Non-current assets					
Investment properties	4	**3,166,006**	2,439,106	**–**	–
Plant and equipment	5	**2,396**	2,335	**–**	–
Subsidiaries	6	**–**	–	**2,029,978**	1,581,896
Interest in joint venture	7	**262,457**	257,679	**–**	–
Financial derivatives	8	**–**	1,048	**–**	1,048
Other receivables	9	**1,262**	1,457	**–**	–
		3,432,121	2,701,625	**2,029,978**	1,582,944
Current assets					
Non-trade amounts due from subsidiaries	6	**–**	–	**2,237**	5,777
Financial derivatives	8	**346**	124	**346**	124
Trade and other receivables	9	**124,368**	107,037	**1,097**	330
Cash and cash equivalents	10	**139,920**	173,904	**437**	879
		264,634	281,065	**4,117**	7,110
Assets held for sale	11	**108,898**	–	**–**	–
		373,532	281,065	**4,117**	7,110
Total assets		**3,805,653**	2,982,690	**2,034,095**	1,590,054
Current liabilities					
Trade and other payables	12	**150,972**	60,670	**17,559**	8,525
Security deposits		**32,028**	25,320	**–**	–
Financial derivatives	8	**183**	71	**183**	71
Interest-bearing borrowings	13	**206,621**	161,244	**202,738**	161,244
Lease liabilities	14	**4,075**	–	**–**	–
Provision for taxation		**8,739**	3,850	**23**	15
		402,618	251,155	**220,503**	169,855
Liabilities held for sale	11	**14,448**	–	**–**	–
		417,066	251,155	**220,503**	169,855
Non-current liabilities					
Financial derivatives	8	**5,094**	2,951	**5,094**	2,951
Other payables	12	**326**	313	**–**	–
Security deposits		**34,288**	29,279	**–**	–
Interest-bearing borrowings	13	**1,173,291**	876,778	**1,096,800**	876,778
Lease liabilities	14	**27,170**	–	**–**	–
Deferred tax liabilities	15	**274,747**	250,652	**–**	–
		1,514,916	1,159,973	**1,101,894**	879,729
Total liabilities		**1,931,982**	1,411,128	**1,322,397**	1,049,584
Net assets		**1,873,671**	1,571,562	**711,698**	540,470
Represented by:					
Unitholders' funds	16	**1,873,671**	1,553,220	**711,698**	540,470
Non-controlling interest	17	**–**	18,342	**–**	–
		1,873,671	1,571,562	**711,698**	540,470
Units in issue ('000)	18	**1,209,067**	980,549	**1,209,067**	980,549
Net asset value per Unit attributable to Unitholders ($)		**1.55**	1.58	**0.59**	0.55

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

STATEMENTS OF TOTAL RETURN

Year ended 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000	Trust 2019 $'000	Trust 2018 $'000
Gross rental income		**221,033**	206,586	**–**	–
Other income		**17,152**	16,153	**–**	–
Gross revenue		**238,185**	222,739	**–**	–
Land rental[1]		**–**	(5,747)	**–**	–
Property related tax		**(21,131)**	(20,616)	**–**	–
Business tax		**(1,280)**	(1,207)	**–**	–
Property management fees and reimbursables		**(15,074)**	(14,136)	**–**	–
Other property operating expenses	20	**(35,329)**	(33,610)	**–**	–
Total property operating expenses		**(72,814)**	(75,316)	**–**	–
Net property income		**165,371**	147,423	**–**	–
Manager's management fees	21	**(15,514)**	(14,073)	**(15,514)**	(14,073)
Manager's acquisition fee		**–**	–	**(8,134)**	(3,488)
Manager's divestment fee		**–**	–	**(106)**	–
Trustee's fees		**(509)**	(464)	**(509)**	(464)
Audit fees		**(410)**	(415)	**(169)**	(159)
Valuation fees		**(39)**	(190)	**–**	–
Other trust operating income/(expense)	22	**10,727**	(1,056)	**(723)**	(486)
Dividend income		**–**	–	**2,197**	4,104
Foreign exchange gain/(loss) – realised		**6,521**	(138)	**(2,021)**	162
Finance income		**7,093**	6,307	**15,470**	18,368
Finance costs		**(36,514)**	(26,736)	**(33,328)**	(26,736)
Net finance income/(costs)	23	**(29,421)**	(20,429)	**(17,858)**	(8,368)
Net income/(loss) before share of results of joint venture		**136,726**	110,658	**(42,837)**	(22,772)
Share of results (net of tax) of joint venture	7	**8,570**	7,249	**–**	–
Net income/(loss)		**145,296**	117,907	**(42,837)**	(22,772)
Loss on disposal of subsidiary[2]		**(4,750)**	–	**–**	–
Change in fair value of investment properties	4	**100,079**	68,423	**–**	–
Impairment of subsidiary	6	**–**	–	**1,089**	(3,835)
Change in fair value of financial derivatives		**2,018**	(1,686)	**2,018**	(8,403)
Foreign exchange (loss)/gain unrealised		**(1,419)**	(625)	**(1,891)**	9,141
Total return for the year before taxation		**241,224**	184,019	**(41,621)**	(25,869)
Taxation	24	**(74,598)**	(56,549)	**(8)**	(13)
Total return for the year after taxation		**166,626**	127,470	**(41,629)**	(25,882)
Attributable to:					
Unitholders		**165,424**	128,561	**(41,629)**	(25,882)
Non-controlling interest	17	**1,202**	(1,091)	**–**	–
Total return for the year after taxation		**166,626**	127,470	**(41,629)**	(25,882)
Earnings per Unit (cents)	25				
– Basic		**15.45**	13.17[3]		
– Diluted		**15.39**	13.11[3]		

1 Operating lease rental expenses have been replaced with net changes in fair value of investment properties and interest expense on lease liabilities under the principles of FRS 116 *Leases* with effect from 1 January 2019.
2 This relates to loss arising from the disposal of 51% interest in the company which held CapitaMall Wuhu.
3 The figures have been restated for the effect of the bonus element of the preferential offering of 86,871,006 Units which were issued on 3 September 2019.

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

DISTRIBUTION STATEMENTS

Year ended 31 December 2019

	Note	Group		Trust	
		2019 $'000	2018 $'000	2019 $'000	2018 $'000
Amount available for distribution to Unitholders at beginning of the year		**47,932**	8,491	**47,932**	8,491
Total return for the year attributable to Unitholders		**165,424**	128,561	**(41,629)**	(25,882)
Distribution adjustments	A	**(54,624)**	(34,820)	**152,429**	119,623
Income for the year available for distribution to Unitholders		**110,800**	93,741	**110,800**	93,741
Capital distribution[1]		**1,000**	6,000	**1,000**	6,000
Distributable amount to Unitholders		**111,800**	99,741	**110,800**	99,741
Amount available for distribution to Unitholders		**159,732**	108,232	**159,732**	108,232
Distribution to Unitholders during the year:					
– Distribution of 4.83 cents per Unit for the period from 1 July 2018 to 31 December 2018		**(47,361)**	–	**(47,361)**	–
– Distribution of 6.29 cents per Unit for the period from 1 January 2019 to 13 August 2019		**(62,806)**	–	**(62,806)**	–
– Distribution of 0.83 cents per Unit for the period from 7 December 2017 to 31 December 2017		**–**	(8,020)	**–**	(8,020)
– Distribution of 5.39 cents per Unit for the period from 1 January 2018 to 30 June 2018		**–**	(52,280)	**–**	(52,280)
		(110,167)	(60,300)	**(110,167)**	(60,300)
Amount retained for general corporate and working capital purposes	B	**(5,250)**	–	**(5,250)**	–
Amount available for distribution to Unitholders at end of the year[2]	*	**44,315**	47,932	**44,315**	47,932
Distribution per Unit ("DPU") (cents)[2]	*	**9.90**	10.22		
Adjusted DPU (cents)[3]		**9.88**	10.18		

1 Arising from the gain from the divestment of the equity interest in the company which held CapitaMall Anzhen.

2 The Distribution per Unit relates to the distributions in respect of the relevant financial year. The distribution relating to 14 August 2019 to 31 December 2019 will be paid within 90 days from the end of the distribution period, in accordance with the provisions of the Trust Deed.

3 The figures for FY2019 and FY2018 have been adjusted and restated respectively for the effect of the bonus element of the preferential offering of 86,871,006 Units which were issued on 3 September 2019.

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

DISTRIBUTION STATEMENTS

Year ended 31 December 2019

Note A – Distribution adjustments

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Distribution adjustment items:				
– Loss on disposal of subsidiary	**4,750**	–	**–**	–
– Foreign exchange capital loss realised	**1,570**	–	**–**	–
– Manager's management fees payable in Units	**7,497**	6,383	**7,497**	6,383
– Change in fair value of financial derivatives	**(2,018)**	1,686	**(2,018)**	8,403
– Change in fair value of investment properties[1]	**(98,409)**	(68,442)	**–**	–
– Deferred taxation[1]	**40,184**	29,764	**–**	–
– Transfer to general reserve	**(7,805)**	(6,188)	**–**	–
– Unrealised foreign exchange loss/(gain)[1]	**450**	289	**1,891**	(9,141)
– Other adjustments[1]	**(2,969)**	1,336	**–**	–
– Adjustments for share of results (net of tax) of joint venture	**2,126**	352	**–**	–
– Net overseas income not distributed to the Trust	**–**	–	**145,059**	113,978
Net effect of distribution adjustments	**(54,624)**	(34,820)	**152,429**	119,623

1 Excludes non-controlling interest's share

Note B – Distributable amount to Unitholders

Amount retained $5.3 million for general corporate and working capital in financial year 2019 relates to the one-off compensation receivable by CapitaMall Erqi.

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2019

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Operations				
Unitholders' funds as at beginning of the year	**1,553,220**	1,548,771	**540,470**	601,392
Change in Unitholders' funds resulting from operations	**165,424**	128,561	**(41,629)**	(25,882)
Transfer to general reserve	**(7,805)**	(6,188)	**–**	–
Net increase/(decrease) in net assets resulting from operations	**157,619**	122,373	**(41,629)**	(25,882)
Movements in hedging reserve				
Effective portion of changes in fair value of cash flow hedges	**(5,099)**	2,886	**(5,099)**	2,886
Movements in foreign currency translation reserve				
Translation differences from financial statements of foreign operations	**(48,087)**	(77,960)	**–**	–
Exchange differences on monetary items forming part of net investment in foreign operations	**(9,743)**	(4,396)	**–**	–
Exchange differences on hedges of net investment in foreign operations	**–**	(6,716)	**–**	–
Net (loss)/gain recognised directly in Unitholders' funds	**(62,929)**	(86,186)	**(5,099)**	2,886
Movement in general reserve	**7,805**	6,188	**–**	–
Unitholders' transactions				
New Units issued				
– Units issued in connection with private placement	**154,308**	–	**154,308**	–
– Units issued in connection with preferential offering	**125,094**	–	**125,094**	–
Creation of Units payable/paid to manager				
– Units issued and to be issued as satisfaction of the portion of Manager's management fees payable in Units	**7,497**	6,383	**7,497**	6,383
– Units issued in respect of acquisition fees	**5,892**	–	**5,892**	–
Units issued in respect of the distribution reinvestment plan	**41,832**	15,991	**41,832**	15,991
	334,623	22,374	**334,623**	22,374
Distributions to Unitholders	**(110,167)**	(60,300)	**(110,167)**	(60,300)
Equity issue expenses	**(6,500)**	–	**(6,500)**	–
Net increase/(decrease) in net assets resulting from Unitholders' transactions	**217,956**	(37,926)	**217,956**	(37,926)
Unitholders' funds as at end of the year	**1,873,671**	1,553,220	**711,698**	540,470

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

PORTFOLIO STATEMENT

Year ended 31 December 2019

Description of leasehold property	Location	Term of lease (years)	Remaining term of lease (years)	Valuation		Valuation		Percentage of Unitholders' funds	
				2019 RMB'000	2018 RMB'000	2019 $'000	2018 $'000	2019 %	2018 %
Group									
CapitaMall Xizhimen	No. 1, Xizhimenwai Road, Xicheng District, Beijing	40 – 50	25 – 35	**3,580,000**	3,293,000	**695,021**	650,104	**37.1**	41.9
CapitaMall Wangjing	No. 33, Guangshun North Road, Chaoyang District, Beijing	38 – 48	23 – 33	**2,772,000**	2,543,000	**538,156**	502,039	**28.7**	32.3
CapitaMall Grand Canyon	No. 16, South Third Ring West Road, Fengtai District, Beijing	40 – 50	25 – 35	**2,125,000**	2,095,000	**412,548**	413,595	**21.9**	26.6
CapitaMall Xuefu	No. 1, Xuefu Road, Nangang District, Harbin, Heilongjiang Province	40	26	**1,792,000**	–	**347,899**	–	**18.6**	–
CapitaMall Xinnan	No. 99, Shenghe Yi Road, Gaoxin District, Chengdu, Sichuan Province	40	28	**1,600,000**	1,550,000	**310,624**	306,001	**16.6**	19.7
Yuquan Mall	No. 201, Block A Jinyu Xintiandi, E'erduosi Street, Yuquan District, Hohhot, Inner Mongolia Autonomous Region	40	30	**857,000**	–	**166,378**	–	**8.9**	–
CapitaMall Yuhuating	No. 421, Middle Shaoshan Road, Yuhua District, Changsha, Hunan Province	39	25	**760,000**	–	**147,546**	–	**7.9**	–
CapitaMall Erqi	No. 3, Minzhu Road, Erqi District, Zhengzhou, Henan Province	38	22	**645,000**	645,000	**125,220**	127,336	**6.7**	8.2
CapitaMall Shuangjing	No. 31, Guangqu Road, Chaoyang District, Beijing	40	23	**610,000**	590,000	**118,426**	116,478	**6.3**	7.5
CapitaMall Minzhongleyuan[1]	No. 704, Zhongshan Avenue, Jianghan District, Wuhan, Hubei Province	40	24 – 26	**490,911**	515,911	**95,305**	101,851	**5.1**	6.6
Balance carried forward				**15,231,911**	11,231,911	**2,957,123**	2,217,404	**157.8**	142.8

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

PORTFOLIO STATEMENT

Year ended 31 December 2019

Description of leasehold property	Location	Term of lease (years)	Remaining term of lease (years)	Valuation		Valuation		Percentage of Unitholders' funds	
				2019 RMB'000	2018 RMB'000	2019 $'000	2018 $'000	2019 %	2018 %
Group									
Balance brought forward				**15,231,911**	11,231,911	**2,957,123**	2,217,404	**157.8**	142.8
CapitaMall Aidemengdun	No. 38, Aidemengdun Road, Daoli District, Harbin, Heilongjiang Province	40	23	**480,000**	–	**93,187**	–	**5.0**	–
CapitaMall Qibao[2]	No. 3655, Qixin Road, Minhang District, Shanghai	39	23	**435,000**	470,000	**84,451**	92,787	**4.5**	6.0
CapitaMall Saihan	No. 32, Ordos Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region	35	21	**–**	460,000	**–**	90,813	**–**	5.8
CapitaMall Wuhu	No. 37, Zhongshan North Road, Jinghu District, Wuhu, Anhui Province	40	24	**–**	193,000	**–**	38,102	**–**	2.4
Investment properties, at valuation (Note 4)				**16,146,911**	12,354,911	**3,134,761**	2,439,106	**167.3**	157.0
Reclassified to assets held for sale									
CapitaMall Saihan	No. 32, Ordos Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region	35	21	**460,000**	–	**89,304**	–	**4.8**	–
				16,606,911	12,354,911	**3,224,065**	2,439,106	**172.1**	157.0
Investment in joint venture (Note 7)						**262,457**	257,679	**14.0**	16.6
Other assets and liabilities (net)						**(1,612,851)**	(1,125,223)	**(86.1)**	(72.4)
						1,873,671	1,571,562	**100.0**	101.2
Net assets attributable to non-controlling interest						**–**	(18,342)	**–**	(1.2)
Net assets attributable to Unitholders						**1,873,671**	1,553,220	**100.0**	100.0

Notes:

1 The carrying amount of CapitaMall Minzhongleyuan includes the valuation of the retail mall and carrying amount of three residential units.

2 CapitaMall Qibao is held under a master lease by CapitaRetail Dragon Mall (Shanghai) Co., Ltd, a subsidiary of CapitaRetail China Investments (B) Alpha Pte. Ltd. The master lease was entered with Shanghai Jin Qiu (Group) Co., Ltd ("Jin Qiu"), the legal owner of CapitaMall Qibao and expires in January 2024, with the right to renew for a further term of 19 years and two months from January 2024 at the option of the Group. Accordingly, the land use rights is held by Jin Qiu.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000
Operating activities			
Total return for the year after taxation		**166,626**	127,470
Adjustments for:			
Finance income		**(7,093)**	(6,307)
Finance costs		**36,514**	26,736
Depreciation and amortisation		**1,080**	1,282
Taxation		**74,598**	56,549
Manager's management fees payable in Units	A(i)	**7,497**	6,383
Plant and equipment written off		**34**	97
Change in fair value of investment properties		**(100,079)**	(68,423)
Change in fair value of financial derivatives		**(2,018)**	1,686
Share of joint venture's results (net of tax)		**(8,570)**	(7,249)
Gain on disposal of subsidiary		**4,750**	–
Impairment losses/(Write back) on trade receivables, net		**1**	(120)
Operating income before working capital changes		**173,340**	138,104
Changes in working capital:			
Trade and other receivables		**(10,957)**	431
Trade and other payables		**(7,438)**	3,372
Cash generated from operating activities		**154,945**	141,907
Income tax paid		**(27,542)**	(24,145)
Net cash from operating activities		**127,403**	117,762
Investing activities			
Interest received		**3,026**	2,425
Capital expenditure on investment properties	A(ii)	**(20,774)**	(10,642)
Net cash outflow on acquisition of subsidiaries	B	**(459,749)**	–
Net cash outflow on acquisition of joint venture	C	**–**	(229,312)
Proceeds from disposal of subsidiaries	D	**15,653**	–
Deposit received for divestment of subsidiaries		**50,865**	–
Net cash outflow on acquisition of investment property	E	**(134,507)**	–
Loan to joint venture		**–**	(98,128)
Purchase of plant and equipment		**(476)**	(758)
Proceeds from disposal of plant and equipment		**–**	7
Net cash used in investing activities		**(545,962)**	(336,408)
Financing activities			
Proceeds from issuance of new Units		**279,402**	–
Distribution to Unitholders		**(68,335)**	(44,309)
Payment of equity issue expenses		**(3,820)**	(82)
Payment of financing expenses		**(1,085)**	(1,850)
Payment of lease liabilities		**(5,295)**	–
Proceeds from draw down of interest-bearing borrowings		**620,700**	590,850
Repayment of interest-bearing borrowings		**(381,057)**	(299,600)
Settlement of derivative contracts		**(316)**	(10,881)
Interest paid		**(33,488)**	(22,458)
Net cash from financing activities		**406,706**	211,670
Net decrease in cash and cash equivalents		**(11,853)**	(6,976)
Cash and cash equivalents at 1 January		**173,904**	186,515
Effect of foreign exchange rate changes on cash balances		**(2,869)**	(5,635)
Reclassification of cash balances to assets held for sale		**(19,262)**	–
Cash and cash equivalents at 31 December	10	**139,920**	173,904

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2019

Notes:

(A) Significant non-cash and other transactions

(i) $7.5 million of the Manager's management fees (performance and partial base fees) in 2019 will be paid through the issue of new Units subsequent to the year end.

$6.4 million of the manager's management fees (performance fee) in 2018 was paid through the issuance of 4,671,069 new units in March 2019.

(ii) The Group enhanced its investment properties during the year, of which $15.2 million (2018: $5.0 million) was paid. During the year, the Group paid $5.6 million (2018: $5.6 million) of the prior years unpaid balance.

(B) Net cash outflow on the acquisition of subsidiaries

Net cash outflow on acquisition of subsidiaries is provided below:

	2019 Group $'000
Investment properties	**589,224**
Plant and equipment	**786**
Trade and other receivables	**4,671**
Cash and cash equivalents	**47,137**
Trade and other payables	**(26,692)**
Security deposits	**(7,361)**
Interest-bearing borrowings	**(104,717)**
Provision for taxation	**(1,187)**
Net identifiable assets and liabilities acquired	**501,861**
Add: Shareholder's loan and interest payable novated	**5,025**
Cash of the subsidiaries acquired	**(47,137)**
Net cash outflow	**459,749**

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

(C) *Net cash outflow on the acquisition of joint venture*

Net cash outflow on acquisition of joint venture is provided below:

	2018 Group $'000
Investment properties	346,641
Plant and equipment	17
Trade and other receivables	1,804
Cash and cash equivalents	11,446
Trade and other payables	(5,279)
Security deposits	(3,739)
Interest-bearing borrowings	(96,053)
Net identifiable assets and liabilities acquired	254,837
Deposit paid	(25,525)
Net cash outflow	229,312

(D) *Net cash inflow on the divestment of subsidiary*

Net cash inflow on divestment of subsidiary is provided below:

	2019 Group $'000
Investment properties	**41,799**
Plant and equipment	**24**
Trade and other receivables	**3,788**
Cash and cash equivalents	**1,136**
Trade and other payables	**(215)**
Security deposits	**(49)**
Deferred tax liabilities	**(2,255)**
Net identifiable assets and liabilities divested	**44,228**
Net assets based on percentage shareholdings	**22,556**
Loss on disposal of subsidiary	**(4,750)**
Sale consideration	**17,806**
Receivable from vendor	**(1,017)**
Cash of subsidiary divested	**(1,136)**
Net cash inflow	**15,653**

(E) *Net cash outflow on the acquisition of investment property*

On 2 September 2019, the Group entered into a sale and purchase agreement with an unrelated party to acquire Yuquan Mall for a purchase consideration of RMB769.8 million (approximately $149.5 million) (excluding Value Added Tax). During the year, the Group paid $134.5 million in progress payments.

The accompanying notes form an integral part of these 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 20 February 2020.

1. GENERAL

CapitaLand Retail China Trust (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 23 October 2006 (as amended by a first supplemental deed dated 8 November 2006, a second supplemental deed dated 15 April 2010, a third supplemental deed dated 5 April 2012, a fourth supplemental deed dated 14 February 2014, a fifth supplemental deed dated 6 May 2015, a sixth supplemental deed dated 29 April 2016, a seventh supplemental deed dated 5 June 2018 and an eighth supplemental deed dated 17 April 2019) (collectively the "Trust Deed") between CapitaLand Retail China 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 held by it or through 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 8 December 2006 (the "Listing Date") and was included under the Central Provident Fund ("CPF") Investment Scheme on 8 December 2006.

For financial reporting purposes, with effect from 28 June 2019, the intermediate and ultimate holding companies of the Group are CapitaLand Limited and Temasek Holdings Private Limited respectively. The intermediate and ultimate holding companies are incorporated in the Republic of Singapore. Prior to 28 June 2019, the ultimate holding company of the Group was CapitaLand Limited.

The principal activities of the Trust are those relating to investment in a diversified portfolio of income-producing properties located primarily in the People's Republic of China ("China"), Hong Kong and Macau and used primarily for retail purposes.

The principal activities of the subsidiaries are those of investment holding of properties located in China and used for retail purposes.

The Group has entered into several service agreements in relation to the management of the Trust and its property operations. The fee structures for these services are as follows:

(a) Trustee's fees

Pursuant to Clause 14.3 of the Trust Deed, the Trustee's fee shall not exceed 0.03% per annum of the value of all the assets of the Group ("Deposited Property"), subject to a minimum of $15,000 per month, excluding out-of-pocket expenses and Goods and Service Tax.

(b) Manager's management fees

The Manager is entitled under Clauses 14.1.3, 14.1.4 and 14.1.6 of the Trust Deed to the following management fees:

- a base fee of 0.25% per annum of the value of the Deposited Property;
- a performance fee of 4.0% per annum of the net property income in the relevant financial year (calculated before accounting for the performance fee in that financial year); and

1. GENERAL (continued)

(b) Manager's management fees (continued)

- an authorised investment management fee of 0.5% per annum of the value of authorised investments which are not real estate. Where such authorised investment is an interest in a property fund (either a real estate investment trust or private property fund) wholly managed by a wholly-owned subsidiary of CapitaLand Limited, no authorised investment management fee shall be payable in relation to such authorised investment.

The Manager may, in accordance with Clause 14.1.8(i) of the Trust Deed elect to receive the management fees in cash or Units or a combination of cash and/or Units (as it may in its sole discretion determine). Pursuant to Clauses 14.1.3 and 14.1.4 of the Trust Deed, the base fee and performance fee are computed and payable on a quarterly and annual basis respectively.

(c) Property management fees

Under the property management agreements in respect of each property, the property managers will provide lease management services, property tax services and marketing co-ordination services in relation to that property. The property managers are entitled to the following fees:

- 2.0% per annum of the gross revenue; and
- 2.5% per annum of the net property income.

(d) Acquisition fee

For any authorised investment acquired from time to time by the Trustee on behalf of the Trust, the acquisition fee payable to the Manager under Clause 14.2 of the Trust Deed shall be:

- up to 1.5% of the purchase price in the case of any authorised investment (as defined in the Trust Deed) acquired by the Trust for less than $200 million; and
- 1.0% of the purchase price in the case of any authorised investment acquired by the Trust for $200 million or more.

The acquisition fee payable in respect of any authorised investment acquired from time to time by the Trustee on behalf of the Trust from CapitaLand Mall China Income Fund I, CapitaLand Mall China Income Fund II, CapitaLand Mall China Income Fund III, CapitaLand Mall China Development Fund III, or CapitaLand Mall Asia Limited shall be 1.0% of the purchase price paid by the Trust.

No acquisition fee was payable for the acquisition of the initial property portfolio of the Trust.

The acquisition fee is payable to the Manager in the form of cash and/or Units (as the Manager may elect) at the prevailing market price provided that in respect of any acquisition of real estate assets from interested parties, such a fee should, if required by the applicable laws, rules and/or regulations, be in the form of Units issued by the Trust at prevailing market price(s) and subject to such transfer restrictions as may be imposed.

Any payment to third party agents or brokers in connection with the acquisition of any authorised investments for the Trust shall be paid by the Manager to such persons out of the Deposited Property of the Trust or the assets of the relevant special purpose vehicle, and not out of the acquisition fee received or to be received by the Manager.

1. GENERAL (continued)

(e) Divestment fee

Under Clause 14.2 of the Trust Deed, the Manager is entitled to receive a divestment fee of 0.5% of the sale price of any authorised investment disposed directly or indirectly by the Trust, prorated if applicable to the proportion of the Trust's interest.

The divestment fee is payable to the Manager in the form of cash and/or Units (as the Manager may elect) at the prevailing market price provided that in respect of any divestment of real estate assets to interested parties, such a fee should, if required by the applicable laws, rules and/or regulations, be in the form of Units issued by the Trust at prevailing market price(s) and subject to such transfer restrictions as may be imposed.

Any payment to third party agents or brokers in connection with the divestment of any authorised investments for the Trust shall be paid by the Manager to such persons out of the Deposited Property of the Trust or the assets of the relevant special purpose vehicle, and not out of the divestment fee received or to be received by the Manager.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with the recommendations of the Statement of Recommended Accounting Practice ("RAP") 7 *"Reporting Framework for Unit Trusts"* issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes (the "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").

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items on the statement of financial position:

- investment properties are measured at fair value; and
- derivative financial instruments are measured at fair value.

(c) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency"). The consolidated financial statements of the Group are presented in Singapore dollars, which is the functional currency of the Trust. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2. BASIS OF PREPARATION (continued)

(d) Use of estimates and judgements

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 4 – Valuation of investment properties;
- Note 14 – Lease term: whether the Group is reasonably certain to exercise extension options; and
- Note 30 – 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.

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).
- 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.

2. BASIS OF PREPARATION (continued)

(d) Use of estimates and judgements (continued)

Measurement of fair values (continued)

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 4 – Investment properties;
- Note 11 – Assets/Liabilities held for sale; and
- Note 30 – Valuation of financial instruments.

(e) Changes in accounting policies

The Group has applied the principles under the following FRS for the first time for the annual period beginning on 1 January 2019:

FRS 116 *Leases*

The Group applied the principles under FRS 116 *Leases* using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under the principles of FRS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements under the principles of FRS 116 have not generally been applied to comparative information.

Definition of a lease

Previously the Group determined at contract inception whether an arrangement was or contained a lease under the principles of INT FRS 104 *Determining whether an arrangement contains a lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained under the principles of FRS 116.

On transition to FRS 116, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied the principles under FRS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under the principles of FRS 17 and INT FRS 104 were not reassessed for whether there is a lease under the principles of FRS 116. Therefore, the definition of a lease under the principles of FRS 116 was applied only to contracts entered into or changed on or after 1 January 2019.

2. BASIS OF PREPARATION (continued)

(e) Changes in accounting policies (continued)

As a lessee

As a lessee, the Group leases land and building which form part of its investment properties. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under the principles of FRS 116, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under the principles of FRS 17

Previously, the Group classified property leases as operating leases under the principles of FRS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

As a lessor

The Group leases out its investment property, including own property and right-of-use assets. The Group has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to FRS 116 for leases in which it acts as a lessor, except for a sub-lease.

The Group sub-leases some of its properties. Under the principles of FRS 17, the head lease and sub-lease contracts were classified as operating leases. On transition to the principles under FRS 116, the right-of-use assets recognised from the head leases are presented in investment property, and measured at fair value at that date. The Group assessed the classification of the sub-lease contracts with reference to the right-of-use asset rather than the underlying asset, and concluded that they are operating leases under the principles of FRS 116.

2. BASIS OF PREPARATION (continued)

(e) Changes in accounting policies (continued)

Impact on financial statements

Impact on transition*

On transition to FRS 116, the Group recognised right-of use assets, including investment property, and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	Note	1 January 2019 $'000
Group		
Right-of-use assets – investment properties	4	**35,243**
Lease liabilities		**(35,243)**
Retained earnings		**–**

* For the impact of the principles under FRS 116 on the statement of total return for the period, see Note 14. For the impact of the principles under FRS 116 on segment information, see Note 28. For the details of accounting policies under the principles of FRS 116 and FRS 17, see Note 3(f).

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the applicable incremental borrowing rates at 1 January 2019. The weighted-average rate applied is 5.3%.

	1 January 2019 $'000
Group	
Operating lease commitments at 31 December 2018 as disclosed under the principles of FRS 17 in the Group's consolidated financial statements	**30,311**
Discounted using the incremental borrowing rate at 1 January 2019	**26,275**
Recognition exemption for leases of low-value assets	**(52)**
Recognition exemption for leases with less than 12 months of lease term at transition	**(15)**
Extension and/or termination options reasonably certain to be exercised	**9,035**
Lease liabilities recognised at 1 January 2019	**35,243**

Amendments to FRS 109 and FRS 107 *Interest Rate Benchmark Reform*

The adoption of these principles did not have a material effect on the Group's financial statements.

The Group applied the interest rate benchmark reform amendments retrospectively to hedging relationship that existed at 1 January 2019 or were designated thereafter and that are directly affected by interest rate benchmark reform. These amendments also apply to the gain or loss recognised in the statements of movements in Unitholders' funds that existed at 1 January 2019. The details of the accounting policies are disclosed in Note 3(c)(vi) and 30 for related disclosures about the risks and hedge accounting.

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(e), which addresses changes in accounting policies.

(a) Basis of consolidation

(i) Subsidiaries

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

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

(ii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in the statement of total return. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iii) 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 transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income ("OCI") of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

(iv) Transactions eliminated on consolidation

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

(v) Accounting for subsidiaries by the Trust

Investments in subsidiaries are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rates at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated at the exchange rates 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 translation are recognised in the statement of total return, except for foreign currency differences arising from the translation of financial liabilities designated as hedges of the net investment in a foreign operation to the extent that the hedge is effective, and qualifying cash flow hedges to the extent that the hedge is effective (see Note 3(c)(vi)).

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in the foreign currency translation reserve in Unitholders' funds. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interest ("NCI"). When a foreign operation is disposed of such that control or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the statement of total return as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in a joint venture that includes a foreign operation while retaining joint control, the relevant proportion of the cumulative amount is reclassified to the statement of total return.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in Unitholders' funds and are presented in the foreign currency translation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments

(i) Initial recognition

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

(ii) Classification and measurement

Non-derivative financial assets

The Group classifies its non-derivative financial assets as measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Financial assets at amortised cost

Financial assets at amortised cost comprise non-trade amounts due from subsidiaries, trade and other receivables (excluding prepayments), and cash and cash equivalents.

Initial measurement

A financial asset at amortised cost is initially measured at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent measurement

Financial assets at amortised cost are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are subsequently measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss on derecognition is recognised in the statement of total return.

Non-derivative financial liabilities

The Group classifies non-derivative financial liabilities under the other financial liabilities category. Such financial liabilities are initially measured at fair value less directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Other financial liabilities comprise trade and other payables, security deposits and interest-bearing borrowings.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of total return.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liabilities simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposure. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in the statement of total return as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the statement of total return.

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The Group early adopted the amendments to recognition and measurement principles of FRS 109 and FRS 107 issued in December 2019 in relation to the project on interest rate benchmark reform. The related disclosures for the comparative period are made under the principles of FRS 109 and FRS 107 before the amendments.

Specific policies applicable from 1 January 2019 for hedges directly affected by interbank offered rate ("IBOR ") reform

On initial designation of the hedging relationship, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both on inception of the hedging relationship and on an ongoing basis, of whether the hedging instrument(s) is (are) expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item(s) during the period for which the hedge is designated. For the purpose of evaluating whether the hedging relationship is expected to be highly effective (i.e. prospective effectiveness assessment), the Group assumes that the benchmark interest rate is not altered as a result of IBOR reform.

The Group will cease to apply the amendments to its retrospective and prospective effectiveness assessment of the hedging relationship when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, or when the hedging relationship is discontinued.

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

(c) **Financial instruments** (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised and presented in the hedging reserve in Unitholders' fund. The effective portion of changes in the fair value of the derivative that is recognised in the hedging reserve is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of total return.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to the statement of total return in the same period or periods during which the hedged expected future cash flows affect the statement of total return.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to the statement of total return in the same period or periods as the hedged expected future cash flows affect the statement of total return.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to the statement of total return.

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be not altered as a result of IBOR reform for the purpose of asserting that the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. The Group will no longer apply the amendments to its highly probable assessment of the hedged item when the uncertainty arising from interest rate benchmark reform with respect to the timing and amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.

To determine whether the designated forecast transaction is no longer expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

Net investment hedges

The Group designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on net investments in foreign operations.

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised and presented in the foreign currency translation reserve in Unitholders' funds. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains or losses on the non-derivative is recognised immediately in the statement of total return. The amount recognised in translation reserve is reclassified to the statement of total return as a reclassification adjustment on disposal of the foreign operation.

(d) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both. Investment properties are accounted for as non-current assets and are stated at initial cost on acquisition and at fair value thereafter. The cost of a purchased property comprises its purchase price and any directly attributable expenditure. Transaction costs are included in the initial measurement. Fair value is determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year in accordance with the CIS Code issued by the MAS.

Any increase or decrease on revaluation is credited or charged to the statement of total return as a net change in fair value of the investment properties.

Subsequent expenditure relating to investment properties that have already been recognised is added to the carrying amount when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset will flow to the Group.

All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

When an investment property is disposed of, the resulting gain or loss recognised in the statement of total return is the difference between the net proceeds from disposal and the carrying amount of the property.

Investment properties are not depreciated. The properties are subject to continued maintenance and regularly revalued on the basis set out above.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Plant and equipment

(i) 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.

Gains or losses arising from the retirement or disposal of plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the statement of total return on the date of retirement or disposal.

(ii) 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 costs of the day-to-day servicing of plant and equipment are recognised in the statement of total return as incurred.

(iii) Depreciation

Depreciation is recognised as an expense in the statement of total return on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment as follows:

Improvement to premises	–	5 years
Plant and machinery	–	3 to 5 years
Motor vehicles	–	5 years
Furniture, fittings and equipment	–	2 to 5 years

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Leases

The Group has applied the principles under FRS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under the principles of FRS 17 and INT FRS 104. The details of accounting policies under the principles of FRS 17 and INT FRS 104 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease under the principles of FRS 116.

This policy is applied to contracts entered into, on or after 1 January 2019.

(i) As a lessee

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component for all leases.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Leases (continued)

(i) As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of total return if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property and lease liabilities separately in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Leases (continued)

(ii) As a lessor (continued)

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies the principles under FRS 115 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'gross rental income'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from the principles under FRS 116 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based in the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(i) As a lessee

In the comparative period, assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in the statement of total return on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Leases (continued)

(ii) As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

Rental income from investment property is recognised as 'revenue' on a straight line basis over the term of the lease.

(g) Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs. The Group applies the general approach of 12-month ECL at initial recognition for all other financial assets

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment (continued)

(i) Non-derivative financial assets (continued)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) 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 in accordance with the requirements for non-financial assets. An impairment loss is recognised in the statement of total return. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment (continued)

(iii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in the statement of total return. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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.

(h) Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group classified as held for sale are generally measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to financial assets, deferred tax assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gain or losses on remeasurement are recognised in the statement of total return. Gains are not recognised in excess of any cumulative impairment loss.

Plant and equipment once classified as held for sale are not depreciated. In addition, equity accounting of joint venture ceases once classified as held for sale.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Unitholders' funds

Unitholders' funds represent the residual interests in the Group's net assets upon termination and are classified as equity.

Expenses incurred in connection with the issuance of Units in the Trust are deducted directly against the Unitholders' funds.

(j) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of total return as incurred.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(k) Distribution policy

The Trust's distribution policy is to distribute at least 90.0% of its distributable income in each financial year to Unitholders, other than from the sale of properties that are determined by Inland Revenue Authority of Singapore to be trading gains.

(l) Revenue recognition

(i) Rental income

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals, which include gross turnover rental, are recognised as income in the accounting period on an earned basis. No contingent rental is recognised if there are uncertainties due to the possible return of the amounts received.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Expenses

(i) Property expenses

Property expenses are recognised on an accrual basis.

(ii) Manager's management fees, property management fees and Trustee's fees

These are recognised on an accrual basis based on the applicable formula stipulated in Note 1.

(n) Finance income and finance costs

Finance income comprises interest income recognised in the statement of total return as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings and expense incurred in connection with borrowings recognised in the statement of total return, using the effective interest method over the period of the borrowings.

(o) Taxation

Taxation on the returns for the year comprises current and deferred tax. Taxation is recognised in the statement of total return except to the extent that it relates to items recognised directly in Unitholders' funds.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Taxation (continued)

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the carrying amount of the investment property is presumed to be recovered through sale, and the Group has not rebutted this presumption. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits 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.

Except for the tax exemption as described below, income earned by the Trust will be subject to Singapore income tax at the Trust level at the prevailing corporate tax rate.

The Trust is exempted from Singapore income tax under Section 13(12) of the Singapore Income Tax Act on the following income:

(i) dividends; and

(ii) interest on shareholders' loans,

payable by its subsidiaries in Barbados, Singapore and Hong Kong out of underlying rental income derived from the investment properties in China.

This exemption is granted subject to certain conditions, including the condition that the Trustee is a tax resident of Singapore.

The tax exemption also applies to dividends payable by these subsidiaries out of gains, if any, derived from the disposal of their shares in the subsidiaries in China.

(p) 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 Group by the weighted average number of ordinary 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) 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. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Makers ("CODMs").

Segment results that are reported to the CODMs include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly financial derivative assets and liabilities, other receivables, cash and cash equivalents, trade and other payables, and interest-bearing borrowings.

Segment capital expenditure is the total cost incurred during the year for acquisition of plant and equipment and capital expenditure on investment properties.

(r) New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- *Amendments to References to Conceptual Framework in FRS Standards*
- *Definition of a Business (Amendments to FRS 103)*
- *Definition of Material (Amendments to FRS 1 and FRS 8)*
- FRS 117 *Insurance Contracts*

4. INVESTMENT PROPERTIES

	Group	
	2019	**2018**
	$'000	**$'000**
At 1 January	**2,439,106**	2,441,024
Recognition of right-of-use asset on initial application of the principles under FRS 116	**35,243**	–
Adjusted balance at 1 January 2019	**2,474,349**	2,441,024
Reclassified to assets held for sale	**(89,304)**	–
Disposal of investment property	**(41,799)**	–
Acquisition of investment properties[1]	**756,817**	–
Expenditure capitalised	**21,949**	9,765
Changes in fair value	**100,079**	68,423
Translation differences	**(56,085)**	(80,106)
At 31 December	**3,166,006**	2,439,106

1 Includes acquisition fees and acquisition related expenses of $18.1 million.

Investment properties are stated at fair value based on valuation performed by independent professional valuers having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. In determining the fair value, the valuers have used valuation methods which involve certain estimates. The Manager reviews the key valuation parameters and underlying data including discount, capitalisation and terminal yield rates adopted by the valuers and is of the view that the valuation methods and estimates are reflective of the current market conditions.

The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgably and without compulsion.

The fair value measurement for all of the investment properties of $3.1 billion (2018: $2.4 billion) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2(d)).

	2019
	$'000
Fair value of investment properties (based on valuation reports)	**3,134,761**
Add: Carrying amount of lease liabilities	**31,245**
Carrying amount of investment properties	**3,166,006**

The valuers have considered valuation techniques including the market comparable, capitalisation and discounted cash flows approaches in arriving at the open market value as at the reporting date.

The market comparable approach involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment property.

The capitalisation approach is an investment approach whereby the estimated gross passing income (on both passing and market rent basis) is adjusted to reflect anticipated operating costs to produce a net income on a fully leased basis. The adopted fully leased net income is capitalised over the remaining term of the lease from the valuation date at an appropriate capitalisation rate. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with a risk adjusted discount rates to arrive at the market value.

4. INVESTMENT PROPERTIES (continued)

Fair value of the investment properties were based on independent professional full valuations carried out by the following valuers on the dates stated below:

Valuers	Valuation Date	Valuation Date
Beijing Colliers International Real Estate Valuation Co., Ltd.	31 December 2019	31 December 2018
Cushman & Wakefield International Property Advisers (Shanghai) Co., Ltd.	31 December 2019	31 December 2018
Savills Valuation and Professional Services (S) Pte. Ltd.	31 December 2019	–
Knight Frank Petty Limited	–	31 December 2018

Investment properties comprise retail properties that are held mainly for use by tenants under operating leases. Most leases contain an initial non-cancellable period of within 1 to 3 years (2018: within 1 to 3 years). See Note 14 for further information.

Contingent rents, representing income based on certain sales achieved by tenants, recognised in the statement of total return during the year amounted to $9.4 million (2018: $10.5 million).

Level 3 fair values

The following table shows the significant unobservable inputs used in the valuation models:

Valuation methods	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Capitalisation approach	• Capitalisation rates (from 4.00% to 7.00%) (2018: from 4.50% to 9.50%)	The fair value increases as capitalisation rates decrease.
Discounted cash flows approach	• Discount rates (from 7.00% to 9.50%) (2018: from 7.00% to 10.75%) • Terminal rates (from 5.50% to 6.75%) (2018: from 5.50% to 6.25%)	The fair value increases as discount rates and terminal rates decrease.
Direct comparison	• Comparable price (from RMB7,000 per square meter ("psm") to RMB44,000 psm)	The fair value increases with higher comparable price.

5. PLANT AND EQUIPMENT

	Improvement to premises $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture, fittings and equipment $'000	Total $'000
Group					
Cost					
At 1 January 2018	9,962	70	23	7,210	17,265
Additions	22	93	–	661	776
Disposal/written off	(3)	–	–	(1,094)	(1,097)
Translation difference on consolidation	(315)	(2)	(1)	(195)	(513)
At 31 December 2018	9,666	161	22	6,582	16,431
Assets acquired	4,322	328	–	2,006	6,656
Assets disposed	(889)	–	–	(160)	(1,049)
Reclassified to assets held for sale	(1,315)	–	–	(305)	(1,620)
Additions	(22)	20	–	472	470
Disposal/written off	(60)	(30)	–	(541)	(631)
Translation difference on consolidation	(243)	(10)	–	(146)	(399)
At 31 December 2019	11,459	469	22	7,908	19,858
Less: Accumulated depreciation					
At 1 January 2018	9,098	65	21	5,119	14,303
Charge for the year	594	48	–	605	1,247
Disposal/written off	(3)	–	–	(990)	(993)
Translation difference on consolidation	(307)	(3)	(1)	(150)	(461)
At 31 December 2018	9,382	110	20	4,584	14,096
Assets acquired	4,297	174	–	1,399	5,870
Assets disposed	(886)	–	–	(139)	(1,025)
Reclassified to assets held for sale	(1,315)	–	–	(230)	(1,545)
Charge for the year	297	76	–	668	1,041
Disposal/written off	(60)	(28)	–	(509)	(597)
Translation difference on consolidation	(260)	(7)	–	(111)	(378)
At 31 December 2019	11,455	325	20	5,662	17,462
Carrying amounts					
At 1 January 2018	864	5	2	2,091	2,962
At 31 December 2018	284	51	2	1,998	2,335
At 31 December 2019	4	144	2	2,246	2,396

6. SUBSIDIARIES

	Trust 2019 $'000	Trust 2018 $'000
Non-current assets		
(a) Unquoted equity, at cost	**569,201**	569,201
Less: Allowance for impairment loss	**(11,561)**	(12,650)
	557,640	556,551
(b) Loans to subsidiaries	**284,635**	339,124
Non-trade amounts due from subsidiaries	**1,187,703**	686,221
	1,472,338	1,025,345
	2,029,978	1,581,896
Current assets		
(b) Non-trade amounts due from subsidiaries	**2,237**	5,777

Movement in allowance for impairment loss was as follows:

	Trust 2019 $'000	Trust 2018 $'000
At 1 January	**(12,650)**	(8,815)
Write back/(Allowance) for impairment loss	**1,089**	(3,835)
At 31 December	**(11,561)**	(12,650)

(a) Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Place of incorporation/ business	Effective equity held by the Group 2019 %	Effective equity held by the Group 2018 %
(i) Direct subsidiaries				
* CapitaRetail China Investments (B) Pte. Ltd.	Investment holding	Barbados	**100**	100
*** CapitaRetail China Investments (B) Alpha Pte. Ltd.	Investment holding	Barbados/ Singapore	**100**	100
* CapitaRetail China Investments (B) Beta Pte. Ltd.	Investment holding	Barbados	**100**	100

6. SUBSIDIARIES (continued)

(a) Details of the subsidiaries are as follows: (continued)

	Name of subsidiaries	Principal activities	Place of incorporation/ business	Effective equity held by the Group 2019 %	Effective equity held by the Group 2018 %
(i)	**Direct subsidiaries** (continued)				
*	CapitaRetail China Investments (B) Gamma Pte. Ltd.	Investment holding	Barbados	**100**	100
**	CapitaRetail China Investments (BVI) Alpha Limited	Investment holding	British Virgin Islands	**100**	100
***	Somerset (Wuhan) Investments Pte. Ltd.	Investment holding	Singapore	**100**	100
***	CapitaLand Retail Investments (SY) Pte. Ltd.	Investment holding	Singapore	**100**	100
*	BR Spicy (HK) Limited	Investment holding	Hong Kong	**100**	100
***	Gold Rock Investment Pte. Ltd.	Investment holding	Singapore	**100**	100
***	CRCT Yuquan Investment Pte. Ltd.	Investment holding	Singapore	**100**	–
***	Springjade Pte. Ltd.	Investment holding	Singapore	**100**	–
***	CRCT China Investment (Changsha) Pte. Ltd.	Investment holding	Singapore	**100**	–
***	CRCT China Investment (Harbin I) Pte. Ltd.	Investment holding	Singapore	**100**	–
***	CRCT China Investment (Harbin II) Pte. Ltd.	Investment holding	Singapore	**100**	–

6. SUBSIDIARIES (continued)

(a) Details of the subsidiaries are as follows: (continued)

Name of subsidiaries	Principal activities	Place of incorporation/ business	Effective equity held by the Group 2019 %	2018 %
(ii) Indirect subsidiaries				
Subsidiary of CapitaRetail China Investments (B) Pte. Ltd.				
* CapitaRetail Beijing Wangjing Real Estate Co., Ltd.	Property investment	China	**100**	100
Subsidiaries of CapitaRetail China Investments (B) Alpha Pte. Ltd.				
* CapitaRetail Dragon Mall (Shanghai) Co., Ltd.	Property investment	China	**100**	100
* CapitaRetail Beijing Shuangjing Real Estate Co., Ltd.	Property investment	China	**100**	100
* CapitaRetail Henan Zhongzhou Real Estate Co., Ltd.	Property investment	China	**100**	100
*^ Huaxin Saihan Huhhot Real Estate Co., Ltd.	Property investment	China	**100**	100
Subsidiary of CapitaRetail China Investments (B) Beta Pte. Ltd.				
* CapitaRetail Beijing Xizhimen Real Estate Co., Ltd.	Property investment	China	**100**	100

6. SUBSIDIARIES (continued)

(a) Details of the subsidiaries are as follows: (continued)

Name of subsidiaries	Principal activities	Place of incorporation/ business	Effective equity held by the Group 2019 %	2018 %
(ii) Indirect subsidiaries (continued)				
Subsidiary of CapitaRetail China Investments (B) Gamma Pte. Ltd.				
*# CapitaMalls Wuhu Commercial Property Co., Ltd.	Property investment	China	**–**	51
Subsidiary of Somerset (Wuhan) Investments Pte. Ltd.				
* Wuhan New Minzhong Leyuan Co., Ltd.	Property investment	China	**100**	100
Subsidiary of CapitaLand Retail Investments (SY) Pte. Ltd.				
* Beijing Huakun Real Estate Management Co., Ltd.	Property investment	China	**100**	100
Subsidiary of BR Spicy (HK) Limited				
* Spicy (Chengdu) Limited	Property investment	China	**100**	100
Subsidiary of CRCT Yuquan Investment Pte. Ltd.				
* Huhhot Xinkai Qintou Real Estate Leasing Co., Ltd.	Property investment	China	**100**	–
Subsidiary of Springjade Pte. Ltd.				
* Huhhot Nuohe Mule Corporate Management Co., Ltd.	Property investment	China	**100**	–

6. SUBSIDIARIES (continued)

(a) Details of the subsidiaries are as follows: (continued)

Name of subsidiaries	Principal activities	Place of incorporation/ business	Effective equity held by the Group 2019 %	2018 %
(ii) Indirect subsidiaries (continued)				
Subsidiary of CRCT China Investment (Changsha) Pte. Ltd.				
* CapitaMalls Hunan Commercial Property Co., Ltd.	Property investment	China	**100**	–
Subsidiary of CRCT China Investment (Harbin I) Pte. Ltd.				
* CapitaRetail Harbin Shangdu Real Estate Co., Ltd	Property investment	China	**100**	–
Subsidiary of CRCT China Investment (Harbin II) Pte. Ltd.				
* Beijing Hualian Harbin Real Estate Development Co., Ltd.	Property investment	China	**100**	–

* Audited by other member firms of KPMG International.
** This subsidiary is not required to be audited by the laws of the country of incorporation.
*** Audited by KPMG LLP Singapore.
^ Reclassified as held for sale in 2019.
# The subsidiary was divested in 2019 (see Note D in Consolidated Statement of Cash Flows).

(b) The loans to subsidiaries, amounting to $284.6 million (2018: $339.1 million) and the non-trade amounts due from subsidiaries amounting to $1,187.7 million (2018: $686.2 million) are unsecured and repayable with a notice period of 366 days. The remaining $2.2 million (2018: $5.8 million) of the non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand. The loans to subsidiaries bear interest rates from 5.39% to 6.37% (2018: 5.39% to 6.37%) per annum. There is no allowance for doubtful debts arising from these outstanding balances as ECL is not material.

7. INTEREST IN JOINT VENTURE

	Group 2019 $'000	Group 2018 $'000
Interest in joint venture	**262,457**	257,679

	Name of subsidiaries	Principal activities	Place of incorporation/ business	Effective equity held by the Group 2019 %	Effective equity held by the Group 2018 %
*	Gold Yield Pte. Ltd.	Investment holding	Singapore	**51**	51
	Held by joint venture				
**	Guangzhou Starshine Properties Co., Ltd.	Property investment	China	**51**	51

* Audited by KPMG LLP Singapore.
** Audited by other member firms of KPMG International.

The Group has joint control over the joint venture via the Joint Venture Agreement and has a residual interest in its net assets. Accordingly, the Group has classified its interest in Gold Yield Pte. Ltd. as a joint venture, which is equity-accounted.

The following table summarises the financial information of the Group's joint venture, based on its consolidated financial statements prepared in accordance with the principles under FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	2019 $'000	2018 $'000
Statement of income and expenditure		
Revenue	**41,117**	33,808
Expenses	**(19,040)**	(17,020)
Net increase in fair value of investment property	**603**	4,412
Total return after tax[a]	**16,805**	14,213
Group's share of total return	**8,570**	7,249
[a] Includes:		
– Depreciation and amortisation	**(110)**	(26)
– Interest income	**770**	253
– Interest expense	**(8,454)**	(8,207)
– Taxation	**(5,987)**	(6,987)

7. INTEREST IN JOINT VENTURE (continued)

	2019 $'000	2018 $'000
Statement of financial position		
Non-current assets	**665,183**	671,367
Current assets[b]	**63,497**	47,611
Non-current liabilities[c]	**(97,864)**	(96,782)
Current liabilities[d]	**(116,194)**	(116,944)
Net assets	**514,622**	505,252
Carrying amount of interest in joint venture based on percentage shareholdings	**262,457**	257,679
[b] Includes cash and cash equivalents	**15,631**	44,713
[c] Includes non-current financial liabilities (excluding deferred tax liabilities, security deposits, other payables and lease liabilities)	**(79,753)**	(85,049)
[d] Includes current financial liabilities (excluding trade and other payables, provisions and lease liabilities)	**(90,932)**	(96,578)

8. FINANCIAL DERIVATIVES

	Group and Trust	
	2019 $'000	2018 $'000
Non-current assets		
Interest rate swaps	**–**	1,048
Current assets		
Forwards	**341**	–
Interest rate swaps	**5**	124
	346	124
Non-current liabilities		
Interest rate swaps	**(5,094)**	(2,951)
Current liabilities		
Forwards	**(9)**	(68)
Interest rate swaps	**(174)**	(3)
	(183)	(71)

8. FINANCIAL DERIVATIVES (continued)

The following are the contractual maturities of financial derivative assets and liabilities, including estimated interest payments:

	Carrying amount $'000	Contractual cash flow $'000	Within 1 year $'000	Within 2 to 5 years $'000
Group and Trust				
Financial derivative assets				
2019				
Forwards	**341**	**341**	**341**	**–**
Interest rate swaps	**5**	**8**	**8**	**–**
	346	**349**	**349**	**–**
2018				
Interest rate swaps	1,172	1,360	908	452
Financial derivative liabilities				
2019				
Forwards	**(9)**	**(9)**	**(9)**	**–**
Interest rate swaps	**(5,268)**	**(4,932)**	**(2,433)**	**(2,499)**
	(5,277)	**(4,941)**	**(2,442)**	**(2,499)**
2018				
Forwards	(68)	(68)	(68)	–
Interest rate swaps	(2,954)	(3,028)	(928)	(2,100)
	(3,022)	(3,096)	(996)	(2,100)

As at reporting date, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The table also indicates the periods in which the cash flows associated with derivatives that are expected to occur and impact the statement of total return and Unitholders' funds.

9. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Trade receivables	**17,689**	2,769	**–**	–
Impairment losses	**–**	(41)	**–**	–
	17,689	2,728	**–**	–
Other receivables	**4,015**	2,277	**1,096**	158
Amount due from joint venture (non-trade)	**95,476**	96,878	**–**	–
Interest receivables	**–**	172	**–**	172
Deposits	**1,474**	1,083	**–**	–
	118,654	103,138	**1,096**	330
Prepayments	**6,976**	5,356	**1**	–
	125,630	108,494	**1,097**	330
Current	**124,368**	107,037	**1,097**	330
Non-current	**1,262**	1,457	**–**	–
	125,630	108,494	**1,097**	330

The non-trade amount due from joint venture is unsecured and repayable on demand. At the reporting date, $87.0 million (2018: $92.6 million) of this amount bears an effective interest rate of 4.750% (2018: 4.655% to 5.020%) per annum and the remaining amounts are interest-free. There is no allowance for doubtful debts arising from these outstanding balances as ECL is not material.

Concentration of credit risk relating to trade and other receivables (excluding prepayments) is limited as the Group has many varied tenants located in several cities in China and a credit policy of obtaining security deposits from tenants for the lease of units in the Group's investment properties. These tenants comprise retailers engaged in a wide variety of consumer trades.

The maximum exposure to credit risk for trade and other receivables at the reporting date (by geographical area in China) is:

	Group	
	2019 $'000	2018 $'000
Beijing	**73,269**	99,576
Zhengzhou	**22,004**	81
Harbin	**10,410**	–
Inner Mongolia, Hohhot	**7,790**	129
Shanghai	**2,217**	1,758
Chengdu	**452**	554
Others	**399**	705
	116,541	102,802

9. TRADE AND OTHER RECEIVABLES (continued)

Impairment losses

The ageing of trade and other receivables at the reporting date is:

	Gross		Impairment	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Group				
Not past due	**117,628**	102,062	**–**	–
Past due 1 - 30 days	**551**	214	**–**	–
Past due 31 - 60 days	**291**	614	**–**	–
Past due 61 - 90 days	**100**	154	**–**	–
More than 90 days past due	**84**	135	**–**	41
	118,654	103,179	**–**	41
Trust				
Not past due	**1,096**	330	**–**	–

Expected credit loss assessment for individual customers as at 1 January and 31 December 2019

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off and are based on actual credit loss experience over the past five years.

The Manager believes that no allowance for impairment is necessary in respect of trade receivables as these receivables relate mainly to tenants that have good records with the Group or have sufficient security deposits as collateral, and hence ECL is not material.

The movement in the allowance for impairment in respect of trade receivables during the year is as follows:

	Note	Group	
		2019 $'000	2018 $'000
At 1 January		**41**	238
Impairment losses/(write back) on trade receivables, net	20	**1**	(120)
Assets disposal		**(30)**	–
Allowance utilised		**(12)**	(75)
Translation difference		**–**	(2)
At 31 December		**–**	41

10. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Cash at banks and in hand	**12,356**	6,206	**437**	879
Fixed deposits with financial institutions	**127,564**	167,698	**–**	–
	139,920	173,904	**437**	879

11. ASSETS/LIABILITIES HELD FOR SALE

On 1 February 2019, the Group announced that it has, through its subsidiary, entered into a co-operative framework agreement with unrelated party to divest the issued shares of Huaxin Saihan Huhhot Real Estate Co., Ltd., which holds CapitaMall Saihan. Accordingly, it is presented as a disposal group held for sale. Efforts to sell the disposal group have started, and the sale is expected to be completed by the end of 2020.

At 31 December 2019, the disposal group was stated at fair value less costs to sell and comprised the following assets and liabilities:

	Note	Group 2019 $'000
Investment property	4	**89,304**
Plant and equipment	5	**75**
Trade and other receivables		**257**
Cash and cash equivalents		**19,262**
Assets held for sale		**108,898**
Trade and other payables		**2,745**
Security deposits		**2,572**
Provision for taxation		**3**
Deferred tax liabilities	15	**9,128**
Liabilities held for sale		**14,448**

11. ASSETS/LIABILITIES HELD FOR SALE (continued)

The following table shows the Group's valuation technique used in measuring the fair value of the disposal group, as well as the significant unobservable inputs used.

Valuation methods	Significant unobservable inputs
Capitalisation approach	• Capitalisation rates (from 4.75% to 7.25%)
Discounted cash flows approach	• Discount rate (10.50%)

12. TRADE AND OTHER PAYABLES

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Trade payables	1,901	1,099	–	6
Accrued operating expenses	26,356	18,867	3,728	924
Accrued development expenditure	8,285	5,585	–	–
Amounts due to related parties (trade)	6,126	2,952	4,297	1,976
Amounts due to related parties (non-trade)	24	–	3,542	–
Other deposits and advances	83,758	26,234	–	–
Interest payable	6,418	5,619	5,992	5,619
Other payables	18,430	627	–	–
	151,298	60,983	17,559	8,525
Current	150,972	60,670	17,559	8,525
Non-current	326	313	–	–
	151,298	60,983	17,559	8,525

Included in amounts due to related parties (trade) are amounts due to the Manager, Property and Project Managers of $4.3 million (2018: $1.9 million), $1.2 million (2018: $0.7 million) and $0.3 million (2018: $nil) respectively.

13. INTEREST-BEARING BORROWINGS

	Note	Group 2019 $'000	Group 2018 $'000	Trust 2019 $'000	Trust 2018 $'000
Unsecured term loans	(a)	**1,120,000**	870,000	**1,120,000**	870,000
Medium term notes ("MTN")	(b)	**130,000**	130,000	**130,000**	130,000
Secured loan	(c)	**80,374**	–	**–**	–
Money market facilities		**52,800**	41,250	**52,800**	41,250
Less: Unamortised transactions costs		**(3,262)**	(3,228)	**(3,262)**	(3,228)
		1,379,912	1,038,022	**1,299,538**	1,038,022
Current		**206,621**	161,244	**202,738**	161,244
Non-current		**1,173,291**	876,778	**1,096,800**	876,778
		1,379,912	1,038,022	**1,299,538**	1,038,022

(a) As at 31 December 2019, the Group has an aggregate of $1,120.0 million unsecured floating rate term loans (collectively known as "Trust Term Loan Facilities"). These facilities have negative pledge covenants which require the Trust, amongst others not to, without the prior written consent of the lender, create or have outstanding any security on or over the Group's interest in any of the investment properties.

The Trust Term Loan Facilities are repayable in full at maturity, although the Trust has the option to make early repayments.

(b) At the reporting date, $130.0 million MTN were issued under the $1.0 billion Multicurrency Debt Issuance Programme. Under the Multicurrency Debt Issuance Programme, the Trust may:

(i) issue notes in any currency, in various amounts and tenors, and the notes may bear interest at fixed, floating, variable or hybrid rates or may not bear interest, in each case as agreed between the Trustee, the Manager and the relevant dealer(s) of the Notes and as specified in the relevant Pricing Supplement; and

(ii) issue perpetual securities in registered and/or bearer form in any currency, in various amounts and the perpetual securities may confer a right to receive distribution at fixed or floating rates, in each case as agreed between the Trustee, the Manager and the relevant dealer(s) of the Perpetual Securities and as specified in the relevant Pricing Supplement.

13. INTEREST-BEARING BORROWINGS (continued)

(c) At the reporting date, secured loan comprises an outstanding term loan of $80.4 million (RMB414.0 million). The term loan bears interest rates referenced against 5-year People's Bank of China ("PBOC") base lending rate of 90% and repriced on an annual basis.

As security for the loan, the Trust has granted in favour of the lender the following:

(i) a mortgage over CapitaMall Xuefu, with carrying amount of $347.9 million; and

(ii) an assignment of the insurance policies of CapitaMall Xuefu.

The RMB term loan is payable on a quarterly basis and is payable in full upon maturity on 26 March 2026.

Terms and debt repayment schedule

Terms and conditions of the outstanding interest-bearing borrowings are as follows:

	Nominal interest rate per annum %	Year of maturity	Face value $'000	Carrying amount $'000
2019				
Group				
S$ unsecured floating rate money market facilities	2.02-2.87	2020	52,800	52,800
S$ fixed rate MTN	3.25	2022	130,000	129,919
S$ unsecured floating rate loans	2.08-3.20	2020-2025	1,120,000	1,116,819
RMB secured floating rate term loan	4.41	2026	80,374	80,374
Trust				
S$ unsecured floating rate money market facilities	2.02-2.87	2020	52,800	52,800
S$ fixed rate MTN	3.25	2022	130,000	129,919
S$ unsecured floating rate loans	2.08-3.20	2020-2025	1,120,000	1,116,819
2018				
Group				
S$ unsecured floating rate money market facilities	2.31-2.82	2019	41,250	41,250
S$ fixed rate MTN	3.25	2022	130,000	129,886
S$ unsecured floating rate loans	1.00-3.20	2019-2024	870,000	866,886
Trust				
S$ unsecured floating rate money market facilities	2.31-2.82	2019	41,250	41,250
S$ fixed rate MTN	3.25	2022	130,000	129,886
S$ unsecured floating rate loans	1.00-3.20	2019-2024	870,000	866,886

13. INTEREST-BEARING BORROWINGS (continued)

Terms and debt repayment schedule

The following are the contractual maturities of non-derivative financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount $'000	Contractual cash flow $'000	Within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000
2019					
Group					
S$ unsecured floating rate money market facilities	52,800	52,838	52,838	–	–
S$ fixed rate MTN	129,919	142,606	4,237	138,369	–
S$ unsecured floating rate loans	1,116,819	1,198,939	174,466	874,251	150,222
RMB secured floating rate term loan	80,374	95,962	5,919	47,941	42,102
Lease liabilities	31,245	24,540	5,760	18,780	–
Trade and other payables (Note 12)	151,298	151,298	150,972	326	–
Security deposits	66,316	66,316	32,028	30,810	3,478
	1,628,771	1,732,499	426,220	1,110,477	195,802
Trust					
S$ unsecured floating rate money market facilities	52,800	52,838	52,838	–	–
S$ fixed rate MTN	129,919	142,606	4,237	138,369	–
S$ unsecured floating rate loans	1,116,819	1,198,939	174,466	874,251	150,222
Trade and other payables (Note 12)	17,559	17,559	17,559	–	–
	1,317,097	1,411,942	249,100	1,012,620	150,222
2018					
Group					
S$ unsecured floating rate money market facilities	41,250	41,282	41,282	–	–
S$ fixed rate MTN	129,886	146,797	4,225	142,572	–
S$ unsecured floating rate loans	866,886	939,800	140,550	698,261	100,989
Trade and other payables (Note 12)	60,983	60,983	60,983	–	–
Security deposits	54,599	54,599	25,320	24,159	5,120
	1,153,604	1,243,461	272,360	864,992	106,109
Trust					
S$ unsecured floating rate money market facilities	41,250	41,282	41,282	–	–
S$ fixed rate MTN	129,886	146,797	4,225	142,572	–
S$ unsecured floating rate loans	866,886	939,800	140,550	698,261	100,989
Trade and other payables (Note 12)	8,525	8,525	8,525	–	–
	1,046,547	1,136,404	194,582	840,833	100,989

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

13. INTEREST-BEARING BORROWINGS (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Adjusted balance at 1 January $'000	Financing cash flows $'000	Non-cash changes: Finance costs $'000	Non-cash changes: Fair value loss $'000	Non-cash changes: Foreign exchange movement $'000	Non-cash changes: Assets acquired $'000	Non-cash changes: Other changes $'000	At 31 December $'000
2019								
Interest-bearing borrowings[1]	1,043,641	205,070	34,735	–	(2,504)	105,615	(227)	1,386,330
Interest rate swaps and forward exchange contracts used for hedging – assets	(1,172)	223	–	603	–	–	–	(346)
Interest rate swaps and forward exchange contracts used for hedging – liabilities	3,022	(539)	–	2,794	–	–	–	5,277
Lease liabilities[2]	35,243	(5,295)	1,779	–	81	–	(563)	31,245
	1,080,734	199,459	36,514	3,397	(2,423)	105,615	(790)	1,422,506
2018								
Interest-bearing borrowings[1]	749,553	266,942	27,167	–	–	–	(21)	1,043,641
Interest rate swaps and forward exchange contracts used for hedging – assets	(436)	(917)	–	181	–	–	–	(1,172)
Interest rate swaps and forward exchange contracts used for hedging – liabilities	7,803	(9,964)	–	5,183	–	–	–	3,022
	756,920	256,061	27,167	5,364	–	–	(21)	1,045,491

1 Includes interest payable.
2 Refer to Note 2(e).

14. LEASES

Leases as lessee (FRS 116)

The Group leases land and building which form part of its investment properties. The leases typically run for a period of 20 years with an option to renew the lease after that date.

The investment property leases were entered into many years ago as leases of land and building. Previously, these leases were classified as operating leases under the principles of FRS 17.

Information about leases for which the Group is a lessee is presented below.

(i) Amounts recognised in statement of total return

	$'000
Group	
2019 – Leases under the principles of FRS 116	
Interest on lease liabilities	1,779
2018 – Operating leases under the principles of FRS 17	
Lease expense	5,747

(ii) Amounts recognised in statement of cash flows

	2019 $'000
Total cash outflow for leases	**5,295**

(iii) Extension options

The investment property leases contain extension options exercisable by the Group. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of $113.6 million.

14. LEASES (continued)

Leases as lessor

The Group leases out its investment properties consisting of its owned commercial properties as well as leased properties (see Note 4). All leases are classified as operating leases from a lessor perspective.

The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 4 sets out information about the operating leases of investment properties.

Rental income from investment properties and investment property subleases recognised by the Group during 2019 was $221.0 million (2018: $206.6 million).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	$'000
Group	
2019 – Operating leases under the principles of FRS 116	
Less than one year	238,284
One to two years	157,736
Two to three years	100,608
Three to four years	69,027
Four to five years	40,755
More than five years	100,343
Total	706,753
2018 – Operating leases under the principles of FRS 17	
Less than one year	188,771
Between one year to five years	344,023
More than five years	109,813
Total	642,607

15. DEFERRED TAX LIABILITIES

The movement in deferred tax liabilities during the financial year is as follows:

	At 1 January 2018	Statement of total return (Note 24)	Translation difference	At 31 December 2018	Statement of total return (Note 24)	Disposal of subsidiary	Reclassified to liabilities held for sale	Translation difference	At 31 December 2019
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
Deferred tax liabilities									
Investment properties	217,230	28,556	(7,844)	237,942	37,221	(2,255)	(9,002)	(4,651)	259,255
Tax on unrepatriated profits	10,504	2,206	–	12,710	2,908	–	(126)	–	15,492
	227,734	30,762	(7,844)	250,652	40,129	(2,255)	(9,128)	(4,651)	274,747

Deferred tax assets have not been recognised in respect of the following item because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom:

	Group	
	2019	2018
	$'000	$'000
Tax losses	**16,677**	27,368

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the country in which the subsidiaries operate. These tax losses can be carried forward up to five consecutive years and will expire on the fifth year from which the tax losses arise.

16. UNITHOLDERS' FUNDS

		Group		Trust	
	Note	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Net assets resulting from operations		**1,397,620**	1,240,001	**120,516**	162,145
Hedging reserve	(a)	**(5,267)**	(168)	**(5,267)**	(168)
Foreign currency translation reserve	(b)	**(160,482)**	(102,652)	**–**	–
Unitholders' transactions		**596,449**	378,493	**596,449**	378,493
General reserve	(c)	**45,351**	37,546	**–**	–
		1,873,671	1,553,220	**711,698**	540,470

(a) The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to forecast hedged transactions.

(b) The foreign currency translation reserve comprises:

(i) foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Trust;

(ii) the gains or losses on financial instruments used to hedge the Group's net investment in foreign operations that are determined to be effective hedges; and

(iii) the foreign exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

(c) General reserve

The subsidiaries incorporated in China are required to transfer 10% of their profits after taxation, as determined under the accounting principles and relevant financial regulations of China to the general reserve until the reserve balance reaches 50% of registered capital. The transfer to this reserve must be made before distribution of dividends to its shareholders.

General reserve can be used to make good previous years' losses, if any, and may be converted to registered capital in proportion to the existing interests of the shareholders, provided that the balance after such conversion is not less than 25% of the registered capital.

17. NON-CONTROLLING INTEREST

The following summarises the financial information of the Group's significant subsidiary with material NCI of 49% in 2018. The Group, together with its NCI, disposed 100% holding of CapitaMalls Wuhu Commercial Property Co., Ltd. in July 2019.

	Group	
	2019	2018
	$'000	$'000
Statement of financial position		
Non-current assets	**–**	38,135
Current assets	**–**	1,442
Non-current liabilities	**–**	(14,791)
Current liabilities	**–**	(30,830)
Net assets	**–**	(6,044)
Net assets based on percentage shareholdings	**–**	(2,962)
Add: loans from NCI to the subsidiary in China	**–**	21,304
Net assets attributable to NCI	**–**	18,342
Statement of income and expenditure		
Revenue	**14**	1,927
Total return after taxation	**2,007**	(3,586)
Attributable to NCI:		
Total return after taxation	**984**	(1,757)
Add: interest on loans from NCI to the subsidiary in China	**218**	666
Total return allocated to NCI	**1,202**	(1,091)
Statement of cash flows		
Cash flows used in operating activities	**(227)**	(1,157)
Cash flows used in investing activities	**(4)**	(35)
Cash flows from financing activities	**197**	1,579
Net (decrease)/increase in cash and cash equivalents	**(34)**	387

There are no dividends paid to NCI in 2019 and 2018.

18. UNITS IN ISSUE

	2019 Number of Units	2018 Number of Units
Balance as at beginning of year	**980,549,136**	966,225,901
New Units issued:		
– Units in connection with private placement exercise	**105,043,000**	–
– Units in connection with preferential offering exercise	**86,871,006**	–
– As payment of distribution through distribution reinvestment plan	**28,089,899**	10,602,618
– As payment of Manager's management fees	**4,671,069**	3,720,617
– As payment of Manager's acquisition fee	**3,843,096**	–
Total issued Units as at end of the year	**1,209,067,206**	980,549,136
New Units to be issued:		
– as payment of Manager's management fees	**4,711,584**	4,671,069
Total issued and issuable Units as at end of the year	**1,213,778,790**	985,220,205

Units issued during the year ended 31 December 2019 are as follows:

(a) On 4 March 2019, the Trust issued 4,671,069 new Units at an issue price of $1.3665 per Unit as payment of the performance component of the management fee for the period from 1 January 2018 to 31 December 2018;

(b) On 28 March 2019, the Trust issued 13,297,112 new Units at an issue price of $1.451 per Unit as payment of distribution under the distribution reinvestment plan for the period from 1 July 2018 to 31 December 2018;

(c) On 14 August 2019, the Trust issued 105,043,000 new Units via private placement at an issue price of $1.469 per Unit to fund the acquisition of CapitaMall Xuefu, CapitaMall Yuhuating and CapitaMall Aidemengdun.

(d) On 3 September 2019, the Trust issued 86,871,006 new Units via preferential offering at an issue price of $1.44 per Unit to fund the acquisition of CapitaMall Xuefu, CapitaMall Yuhuating and CapitaMall Aidemengdun.

(e) On 27 September 2019, the Trust issued 14,792,787 new Units at an issue price of $1.5232 per Unit as payment of distribution under the distribution reinvestment plan for the period from 1 January 2019 to 13 August 2019;

(f) On 14 November 2019, the Trust issued 3,843,096 new Units at an issue price of $1.5332 per Unit as payment of acquisition fee for the acquisition of CapitaMall Xuefu, CapitaMall Yuhuating and CapitaMall Aidemengdun.

18. UNITS IN ISSUE (continued)

Units issued during the year ended 31 December 2018 are as follows:

(a) On 2 March 2018, the Trust issued 3,720,617 new Units at an issue price of $1.6114 per Unit as payment of the performance component of the management fee for the period from 1 January 2017 to 31 December 2017;

(b) On 20 September 2018, the Trust issued 10,602,618 new Units at an issue price of $1.508 per Unit as payment of distribution under the distribution reinvestment plan for the period from 1 January 2018 to 30 June 2018;

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 management 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:

- one vote per Unit;
- 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 any estate or interest in any asset (or part thereof) of the Trust; and
- 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 Unitholders, whichever is lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

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 the SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any Unit in the Trust. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that the liabilities of the Trust exceed its assets.

19. TOTAL UNITHOLDERS' DISTRIBUTION

Unitholders' distribution for the year is accounted for as distribution from operations and distribution from Unitholders' contributions:

(a) Distribution from operations

This refers to distribution made by the Trust that is represented by income received or receivable during the financial year, as the case may be, net of expenses. Such income comprises mainly the following:

- dividend from subsidiaries in Barbados, Singapore and Hong Kong paid out of dividend declared by the subsidiaries in China;
- dividend from subsidiaries in Barbados paid out of net interest income earned by subsidiaries in Barbados on shareholders' loans extended to subsidiaries in China; and
- interest income earned by the Trust on shareholders' loans extended to subsidiaries in Barbados.

The above income originates from income derived by the subsidiaries in China in respect of the current financial year.

(b) Distribution from Unitholders' contributions

This refers to the amount of distribution made by the Trust for the financial year where the underlying cash is not, or may not be, received or receivable as income by the Trust during that period. Such distribution comprises mainly the following:

- profits from operations arising from the investment properties which are declared as dividend income after the financial year, as the case may be, and accordingly also received as dividends by the Trust after that year;
- profits from operations arising from the investment properties which cannot be declared as dividends;
- adjustment for depreciation expenses of the investment properties; and
- adjustments for trust expenses that are paid in Units, foreign currency differences attributable to net investment hedges undertaken by the Trust and certain unrealised expenses.

Income available for distribution to Unitholders at end of the year

Distributions are made on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. In accordance with the provisions of the Trust Deed, the Manager is required to pay distributions within 90 days from the end of each distribution period. Distributions, when paid, will be in Singapore dollars.

Distribution for the period from 1 January 2019 to 13 August 2019 was paid on 27 September 2019. Distribution for the period from 14 August 2019 to 31 December 2019 will be paid within 90 days of the end of the distribution period, in accordance with the provisions of the Trust Deed.

20. OTHER PROPERTY OPERATING EXPENSES

	Note	Group 2019 $'000	Group 2018 $'000
Utilities		**4,632**	5,179
Advertising and promotion		**6,318**	5,688
Maintenance		**10,431**	8,942
Staff costs		**11,197**	11,177
Depreciation of plant and equipment	5	**1,041**	1,247
Impairment losses/(write back) on trade receivables, net	9	**1**	(120)
Amortisation of deferred expenditure included in other receivables		**39**	35
Plant and equipment written off		**34**	97
Others		**1,636**	1,365
		35,329	33,610

Included in staff costs is contribution to defined contribution plans of $2.1 million (2018: $2.3 million).

21. MANAGER'S MANAGEMENT FEES

Manager's management fees comprise base fee of $8.5 million (2018: $7.7 million) and performance fee of $7.0 million (2018: $6.4 million). The Manager has elected to receive all performance fees and a partial of the base fee in the form of Units. The performance component of the Manager's management fee amounting to $7.0 million (2018: $6.4 million) and base fee amounting to $0.5 million (2018: Nil) will be paid through the issue of 4,711,584 (2018: 4,671,069) new Units subsequent to the year end.

22. OTHER TRUST OPERATING EXPENSES/(INCOME)

	Group 2019 $'000	Group 2018 $'000	Trust 2019 $'000	Trust 2018 $'000
Professional fees	**94**	294	**81**	201
Compensation on termination of lease	**(10,061)**	–	**–**	–
Reversal acquisition related expenses	**(2,615)**	(221)	**–**	–
Non-deal roadshow expenses	**5**	5	**5**	5
Others	**1,850**	978	**637**	280
	(10,727)	1,056	**723**	486

23. FINANCE INCOME AND FINANCE COSTS

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Interest income:				
– financial institutions	**2,877**	2,167	**54**	179
– subsidiaries	**–**	–	**15,416**	18,189
– joint venture	**4,216**	4,140	**–**	–
Finance income	**7,093**	6,307	**15,470**	18,368
Interest expenses	**(34,899)**	(25,482)	**(33,492)**	(25,482)
Cash flow hedges – gain/(losses) reclassified from hedging reserve	**164**	(1,254)	**164**	(1,254)
Finance lease expenses	**(1,779)**	–	**–**	–
Finance costs	**(36,514)**	(26,736)	**(33,328)**	(26,736)
Net finance costs recognised in statement of total return	**(29,421)**	(20,429)	**(17,858)**	(8,368)

24. TAXATION

	Note	Group 2019 $'000	Group 2018 $'000	Trust 2019 $'000	Trust 2018 $'000
Current taxation					
Current year		**35,074**	26,261	**8**	15
Over provision in prior years		**(605)**	(474)	**–**	(3)
		34,469	25,787	**8**	12
Deferred taxation					
Origination of temporary differences	15	**40,129**	30,762	**–**	–
Income tax expense		**74,598**	56,549	**8**	12

	Group 2019 $'000	Group 2018 $'000	Trust 2019 $'000	Trust 2018 $'000
Reconciliation of effective tax rate				
Total return for the year before taxation	**241,224**	184,019	**(41,621)**	(25,869)
Tax calculated using Singapore tax rate of 17% (2018: 17%)	**41,008**	31,283	**(7,076)**	(4,398)
Adjustments:				
Effect of different tax rates in foreign jurisdictions	**20,173**	14,658	**–**	–
Income not subject to tax	**(384)**	(11)	**(3,563)**	(5,405)
Expenses not deductible for tax purposes	**283**	1,033	**1,990**	2,673
Deferred tax assets not recognised	**812**	1,665	**–**	–
Utilisation of previously unrecognised tax losses	**(31)**	(2,330)	**–**	–
Tax losses not allowed to be carried forward	**8,923**	7,104	**8,657**	7,145
Foreign tax suffered	**4,419**	3,621	**–**	–
Over provision in prior years	**(605)**	(474)	**–**	(3)
	74,598	56,549	**8**	12

25. EARNINGS PER UNIT

Basic earnings per Unit

The calculation of basic earnings per Unit is based on weighted average number of Units during the year and total return for the year after taxation and non-controlling interest before distribution.

	Group	
	2019	**2018**
	$'000	**$'000**
Total return for the year after taxation and non-controlling interest before distribution	**165,424**	128,561

	Trust	
	Number of Units	**Number of Units**
	2019	**2018**
	'000	**'000**
Issued Units at beginning of year	**980,549**	966,226
Effect of creation of new Units:		
– Units in connection with private placement exercise	**40,291**	–
– Units in connection with preferential offering exercise	**28,560**	–
– Distribution to Unitholders in respect of distribution reinvestment plan	**14,091**	2,992
– Manager's management fees paid/payable in Units	**3,891**	3,122
– Units issued in respect of acquisition fees	**505**	–
– Adjustments for effect of preferential offering	**2,503**	3,621
Weighted average number of issued and issuable Units at end of the year	**1,070,390**	975,961

Diluted earnings per Unit

Diluted earnings per Unit is calculated based on total return for the year after taxation and non-controlling interest and weighted average number of Units outstanding during the period, adjusted for the effects of all dilutive potential Units.

	Trust	
	Number of Units	**Number of Units**
	2019	**2018**
	'000	**'000**
Issued Units at beginning of year	**980,549**	966,226
Effect of creation of new Units:		
– Units in connection with private placement exercise	**40,291**	–
– Units in connection with preferential offering exercise	**28,560**	–
– Distribution to Unitholders in respect of distribution reinvestment plan	**14,091**	2,992
– Manager's management fees paid/payable in Units	**8,590**	7,780
– Units issued in respect of acquisition fees	**505**	–
– Adjustments for effect of preferential offering	**2,503**	3,638
Weighted average number of issued and issuable Units at end of the year	**1,075,089**	980,636

26. RELATED PARTY TRANSACTIONS

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, being CapitaLand Retail China Trust Management Limited, and the Property and Project Managers, being CapitaLand Retail (Shanghai) Management & Consulting Co., Ltd. and its branches and CapitaLand Retail (Beijing) Facilities & Projects Consulting Co., Ltd., are indirect wholly owned subsidiaries of CapitaLand Limited.

In the normal course of the operations of the Trust, the Manager's management fees and the Trustee's fees have been paid or are payable to the Manager and Trustee respectively. The property management fees, reimbursables and project management fees have been paid or are payable to the Property and Project Managers respectively.

During the financial year, other than those disclosed elsewhere in the financial statements, the following were significant related party transactions carried out in the normal course of business on arm's length commercial terms:

	Group	
	2019	**2018**
	$'000	**$'000**
Project management fees paid/payable to a related party	**250**	–

27. FINANCIAL RATIOS

	Group	
	2019	**2018**
	%	**%**
Ratio of expenses to average net asset value[1]		
– including performance component of Manager's management fees	**1.08**	1.01
– excluding performance component of Manager's management fees	**0.67**	0.61
Portfolio turnover rate[2]	**1.20**	–

Notes:
1 The annualised ratio is computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses at the Group level, excluding property related expenses and borrowing costs.
2 The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value.

28. OPERATING SEGMENTS

The Group has 14 reportable segments, as described below, which are the Group's investment properties. The investment properties are managed separately because they require different operating and marketing strategies. For each of the investment properties, the CODMs review internal management reports on a monthly basis.

All of the Group's reportable segments are investment properties located in China used primarily for retail purposes. The reporting segments are as follows:

- CapitaMall Xizhimen
- CapitaMall Wangjing
- CapitaMall Grand Canyon
- CapitaMall Xuefu
- CapitaMall Xinnan
- Yuquan Mall
- CapitaMall Yuhuating
- CapitaMall Erqi
- CapitaMall Shuangjing
- CapitaMall Minzhongleyuan
- CapitaMall Aidemengdun
- CapitaMall Qibao
- CapitaMall Saihan
- Rock Square (Joint venture)

Segment revenue comprises mainly income generated from its tenants. Segment net property income represents the income earned by each segment after allocating property operating expenses. This is the measure reported to the CODMs for the purpose of assessment of segment performance. In addition, the CODMs monitor the non-financial assets as well as financial assets attributable to each segment when assessing segment performance.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly the Trust's financial assets and liabilities and its 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 in the following pages.

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.

28. OPERATING SEGMENTS (continued)

Information about reportable segments

	CapitaMall Xizhimen		CapitaMall Wangjing		CapitaMall Grand Canyon		CapitaMall Xuefu		CapitaMall Xinnan		Yuquan Mall/ CapitaMall Saihan^		CapitaMall Yuhuating		Sub Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenues:																
– Gross rental income	57,752	56,272	45,759	45,365	23,550	24,417	10,475	–	25,250	25,703	12,851	12,570	4,787	–	180,424	164,327
– Others	3,419	3,822	2,525	2,294	2,878	2,488	969	–	2,167	1,972	969	1,061	583	–	13,510	11,637
– Gross revenue	61,171	60,094	48,284	47,659	26,428	26,905	11,444	–	27,417	27,675	13,820	13,631	5,370	–	193,934	175,964
Segment net property income	43,648	42,592	35,079	33,888	17,891	18,039	7,195	–	19,755	19,253	8,127	7,868	3,021	–	134,716	121,640
Finance income	4,314	4,551	538	295	79	213	156	–	305	231	279	166	117	–	5,788	5,456
Finance costs	–	–	–	–	–	–	(1,213)	–	–	–	–	–	(194)	–	(1,407)	–
Share of results (net of tax) of joint venture	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Reportable segment total return before taxation	101,951	88,453	78,871	65,490	23,632	17,673	6,202	–	30,116	21,600	12,775	8,195	1,415	–	254,962	201,411
Segment assets	804,961	766,863	559,828	557,716	425,034	423,833	374,099	–	336,643	331,690	176,781	104,161	148,969	–	2,826,315	2,184,263
Segment liabilities	180,428	119,169	125,299	109,877	37,756	36,635	100,030	–	24,369	21,100	20,886	13,945	7,662	–	496,430	300,726
Other segment items:																
Depreciation and amortisation	(181)	(264)	(183)	(278)	(299)	(336)	(69)	–	(65)	(56)	(92)	(144)	(20)	–	(909)	(1,078)
Write-back/ (Impairment losses) on trade receivables, net	(1)	–	–	–	–	–	–	–	–	66	–	–	–	–	(1)	66
Net change in fair value of investment properties	54,093	41,671	43,353	31,502	4,679	(88)	311	–	8,879	1,792	(118)	223	(1,529)	–	109,668	75,100
Net change in fair value of ROU assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capital expenditure	(2,807)	(2,958)	(2,003)	(2,801)	(1,253)	(1,250)	(460)	–	(1,044)	(1,082)	(13,311)	(621)	(566)	–	(21,444)	(8,712)

28. OPERATING SEGMENTS (continued)

Information about reportable segments (continued)

	CapitaMall Erqi		CapitaMall Shuangjing		CapitaMall Minzhongleyuan		CapitaMall Aidemengdun		CapitaMall Qibao		CapitaMall Wuhu#		Rock Square		Sub Total		Grand Total	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
External revenues:																		
– Gross rental income	8,301	10,163	9,202	9,311	3,212	4,268	2,951	–	16,930	17,946	13	571	–	–	40,609	42,259	221,033	206,586
– Others	245	38	225	14	449	414	317	–	2,405	2,694	1	1,356	–	–	3,642	4,516	17,152	16,153
– Gross revenue	8,546	10,201	9,427	9,325	3,661	4,682	3,268	–	19,335	20,640	14	1,927	–	–	44,251	46,775	238,185	222,739
Segment net property income	6,829	8,727	7,547	7,514	697	393	1,698	–	14,131	9,705	(247)	(556)	–	–	30,655	25,783	165,371	147,423
Finance income	747	69	168	262	7	9	17	–	310	327	2	5	–	–	1,251	672	7,039	6,128
Finance costs	–	–	–	–	(707)	–	–	–	(1,072)	–	–	–	–	–	(1,779)	–	(3,186)	–
Share of results (net of tax) of joint venture	–	–	–	–	–	–	–	–	–	–	–	–	8,570	7,249	8,570	7,249	8,570	7,249
Reportable segment total return before taxation	15,404	9,731	11,599	8,700	(5,316)	(2,383)	1,368	–	1,825	3,998	4,491	(995)	8,570	7,249	37,941	26,300	292,903	227,711
Segment assets	155,621	134,370	123,324	134,400	110,072	103,443*	98,720	–	111,918	126,046*	–	41,861	262,457	257,679	862,112	797,799	3,688,427	2,982,062
Segment liabilities	22,340	19,543	19,669	18,452	17,940	4,298*	4,885	–	32,471	17,145*	–	1,698	–	–	97,305	61,136	593,735	361,862
Other segment items:																		
Depreciation and amortisation	(2)	(9)	(1)	–	(72)	(94)	(26)	–	(61)	(51)	(9)	(50)	–	–	(171)	(204)	(1,080)	(1,282)
Write-back/(Impairment losses) on trade receivables, net	–	–	–	–	–	62	–	–	–	–	–	(8)	–	–	–	54	(1)	120
Net change in fair value of investment properties	(67)	(1,021)	3,954	999	(5,050)	(2,686)	(285)	–	(7,470)	(5,972)	3,408	(39)	–	–	(5,510)	(6,677)	104,158	68,423
Net change in fair value of ROU assets	–	–	–	–	(178)	–	–	–	(3,901)	–	–	–	–	–	(4,079)	–	(4,079)	–
Capital expenditure	(66)	(394)	(7)	(415)	(102)	(37)	(220)	–	(580)	(945)	–	(38)	–	–	(975)	(1,829)	(22,419)	(10,541)

^ Assets and liabilities of CapitaMall Saihan have been reclassified as held for sale as at 31 December 2019.
# The subsidiary was divested in 2019.
* The Group initially applied the principles under FRS 116 at 1 January 2019, which requires the recognition of right-of-use assets and lease liabilities for lease contracts that were previously classified as operating leases (see Note 2(e)). As a result, the Group recognised $35.2 million of right-of-use assets and $35.2 million of liabilities from those lease contracts. The assets and liabilities are included in the respective segments as at 31 December 2019. The Group has applied the principles under FRS 116 using the modified retrospective approach, under which comparative information is not restated (see Note 2(e)).

28. OPERATING SEGMENTS (continued)

Reconciliations of reportable segment revenue, total return, assets and liabilities and other material items

	2019 $'000	2018 $'000
Revenue		
Total revenue for reporting segments	**238,185**	222,739
Total return		
Total return for reportable segments before taxation	**292,903**	227,711
Unallocated amounts:		
– Other corporate expenses	**(51,679)**	(43,692)
Total return before taxation	**241,224**	184,019
Assets		
Total assets for reportable segments	**3,688,427**	2,982,062
Assets held for sale	**108,898**	–
Other unallocated amounts	**8,328**	628
Consolidated assets	**3,805,653**	2,982,690
Liabilities		
Total liabilities for reportable segments	**593,735**	361,862
Liabilities held for sale	**14,448**	–
Other unallocated amounts	**1,323,799**	1,049,266
Consolidated liabilities	**1,931,982**	1,411,128

	Reportable segment totals $'000	Unallocated amounts $'000	Consolidated totals $'000
Other material items 2019			
Finance income	7,039	54	7,093
Finance costs	(3,186)	(33,328)	(36,514)
Other material items 2018			
Finance income	6,128	610	6,738
Finance costs	–	(27,167)	(27,167)

Geographical segments

All of the Group's investment properties are used for retail purposes and are located in China.

Major tenant

Revenue from one tenant of the Group represents approximately $18.7 million (2018: $17.9 million) of the Group's total revenue.

29. COMMITMENTS

(a) Capital commitments

	Group	
	2019	**2018**
	$'000	**$'000**
Payable:		
– contracted but not provided for	**14,033**	2,745

(b) The Group has non-cancellable operating leases with rentals payable as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Payable:		
– within 1 year	**108**	6,137
– after 1 year but within 5 years	**–**	23,717
– after 5 years	**–**	457
	108	30,311

30. CAPITAL AND FINANCIAL RISK MANAGEMENT

Capital management

The Group's objectives when managing capital are to optimise Unitholders' value through the combination of available capital sources which include debt and equity instruments whilst complying with statutory and constitutional capital and distribution requirements, maintaining aggregate leverage and interest coverage ratio within approved limits. As a key part of the Group's overall strategy, the Board of the Manager reviews the Group and the Trust's debt and capital management cum financing policy regularly so as to optimise the Group and the Trust's funding structure. The Board also monitors the Group and the Trust's exposure to various risk elements by closely adhering to clearly established management policies and procedures.

The Group is subject to the aggregate leverage limit as defined in Appendix 6 of the CIS Code ("Property Fund Appendix"). The Property Fund Appendix stipulates that the total borrowings and deferred payments (together, the "Aggregate Leverage") of a property fund should not exceed 45.0% of its Deposited Property. The Group has complied with the Aggregate Leverage limit of 45.0% during the financial year, with an aggregate leverage of 36.7% as at 31 December 2019 (2018: 35.4%).

There were no changes in the Group's approach to capital management during the financial year.

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management

Overview

The Group's returns are primarily from net operating income and capital appreciation of its assets. However, these returns are exposed to financial risks including credit, liquidity, interest rate and foreign currency risks.

Financial risk management is integral to the whole business of the Group. The Group adopts an integrated approach to manage the financial risks arising in the normal course of the Group's business. The Group has written risk management policies and guidelines, and established processes to monitor and manage significant exposures. Risk management policies and processes are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group adheres to standardised accounting and financial policies and exercises effective controls over the financial affairs of its subsidiaries. This is achieved by ensuring group-wide adherence to a comprehensive set of guidelines covering contracts, policies and procedures and other requirements. Adequate measures are in place to ensure that the reliability and integrity of financial information compiled from subsidiaries are kept intact.

Credit risk

While it is necessary to assume a certain level of tenant credit risks to remain competitive in China, the Group has established credit limits for tenants and monitors their balances on an ongoing basis. Risks associated with credit limits are reflected in the level of security deposits and bank guarantees placed as collateral in respect of the leases. Appropriate risk mitigating actions are in place to manage trade receivables.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, trade history with the Group, aging profile, maturity and existence of previous financial difficulties.

Cash and fixed deposits are placed with banks and financial institutions which are regulated. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of allowance on cash and cash equivalents was negligible.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations.

In addition, the Group maintains the following debt facilities and programme as at 31 December 2019.

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management (continued)

Liquidity risk (continued)

S$ denominated facilities:

- $90 million money market line (MML) facilities
- $61.0 million MML & Financial Guarantee (FG) facilities
- $100.0 million multicurrency MML facility
- $100.0 million one-year trust bridge loan facility
- $50.0 million three-year trust term loan facilities
- $250.0 million four-year trust term loan facilities
- $500.0 million five-year trust term loan facilities
- $220.0 million six-year trust term loan facilities

United States dollar ("US$") denominated facilities:

- US$50.0 million multicurrency MML facility

China renminbi ("RMB") denominated facilities:

- RMB414.0 million secured term loan facility

Multicurrency Debt Issuance Programme:

- $1.0 billion multicurrency Debt Issuance Programme

As at 31 December 2019, the Group has outstanding debt of $1,120.0 million (2018: $870.0 million) trust term loan facilities, $130.0 million MTN (2018: $130.0 million), $52.8 million (2018: $41.1 million) money market line facilities and a RMB414.0 million (2018: Nil) secured loan facility.

The Group also monitors and observes the Property Fund Appendix issued by MAS concerning limits on total borrowings.

Interest rate risk

The Manager adopts a proactive interest rate management policy to manage the risk associated with changes in interest rates on the Group's loan facilities while also seeking to ensure that the ongoing cost of debt remains competitive.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management (continued)

Interest rate benchmark reform

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. There is uncertainty as to the timing and the methods of transition for replacing existing benchmark interbank offered rates ("IBORs") with alternative rates. In Singapore, the fundamental review and reform of the two key Singapore Dollar interest rate benchmarks that are widely referenced in financial contracts, namely Singapore interbank offered rates ("SIBORs") and Singapore swap offer rates ("SORs"), and the transition from SOR to the Singapore Overnight Rate Average ("SORA"), is also ongoing.

As a result of these uncertainties, significant accounting judgement is involved in determining whether certain hedge accounting relationships that hedge the variability of interest rate risk due to expected changes in IBORs continue to qualify for hedge accounting as at 31 December 2019. IBOR continues to be used as a reference rate in financial markets and is used in the valuation of instruments with maturities that exceed the expected end date for IBOR. In Singapore, SIBOR and SOR continue to be used as reference rates in financial markets and are used in the valuation of instruments with maturities that exceed the expected end date for SIBOR and SOR. Therefore, the Group believes the current market structure supports the continuation of hedge accounting as at 31 December 2019.

The Group's policy is for the critical terms of the interest rate swaps to align with the hedged borrowings.

The Group evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by IBOR reform as at the reporting date. The Group's hedged items and hedging instruments continue to be indexed to IBOR benchmark rates. IBOR benchmark rates are quoted each day and IBOR cash flows are exchanged with its counterparties as usual. However, the Group's cash flow hedging relationships extend beyond the anticipated cessation dates for SOR. The Trust expects that SOR will be replaced by other benchmark rates, but there is uncertainty over the timing and amount of the replacement rate cash flows. Such uncertainty may impact the hedging relationship, for example its effectiveness assessment and highly probable assessment. The Group applies the principles of the amendments to FRS 109 issued in December 2019 to these hedging relationships directly affected by IBOR reform.

The Group determines whether an economic relationship exists between the cash flows of the hedged item and hedging instrument based on an evaluation of the qualitative characteristics of these items and the hedged risk. The Group considers whether the critical terms of the hedged item and hedging instrument closely align when assessing the presence of an economic relationship. The Group evaluates whether the cash flows of the hedged item and the hedging instrument respond similarly to the hedged risk, such as the benchmark interest rate. For cash flow hedging relationships directly impacted by IBOR reform (i.e. hedges of SOR), the Group assumes that the cash flows of the hedged item and hedging instrument will not be altered as a result of IBOR reform.

If a hedging relationship impacted by IBOR reform has not been highly effective throughout the financial reporting period, then the Group evaluates whether the hedge is expected to be highly effective prospectively and whether the effectiveness of the hedging relationship can be reliably measured. The hedging relationship will not be discontinued as long as it meets all criteria for hedge accounting, with the exception of the requirement that the hedge was actually highly effective.

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management (continued)

Interest rate benchmark reform (continued)

Hedging relationships impacted by IBOR reform may experience ineffectiveness attributable to market participants' expectations for when the shift from the existing IBOR benchmark rate to an alternative benchmark interest rate will occur. This transition may occur at different times for the hedged item and hedging instrument, which may lead to hedge ineffectiveness. The Group has applied its best judgement to analyse market expectations when determining the fair value of the hedging instrument and present value of estimated cash flows of the hedged item.

There were no other sources of ineffectiveness in these hedging relationships.

As at 31 December 2019, the Group has interest rate swaps ("IRS") with notional contract amount of $790.0 million (2018: $820.0 million). The Group's exposure to SOR designated in a hedging relationship is limited to a nominal amount of $790.0 million at 31 December 2019 (2018: $670.0 million) attributable to the interest rate swaps hedging SOR cash flows on the Group's SGD term loans maturing between 2020 to 2024.

The term loans and the underlying IRS have the same terms and conditions.

The Manager proactively seeks to minimise the level of interest rate risk by locking the majority of the Group's borrowings at fixed rates. As at 31 December 2019, the Group has locked in approximately 80% (2018: 80%) of its borrowings at fixed rates (excluding money market line, bridge loan and RMB loan).

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial liabilities at fair value through profit or loss and the Group does not designate interest rate derivatives as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect the statement of total return.

Cash flow sensitivity analysis for variable rate instruments

The net change in fair value of the interest component of IRS as at 31 December 2019 of $5.1 million (2018: $2.0 million), representing the effective portion of the cash flow hedge, has been recognised directly in the hedging reserve.

Effects of a 100 basis point ("bp")* movement in interest rate at the reporting date would increase/(decrease) 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. The analysis is performed on the same basis for 2018.

* 100 basis point is equivalent to 1 percentage point

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management (continued)

Interest rate benchmark reform (continued)

	Statement of total return		Unitholders' funds	
	100 bp increase $'million	100 bp decrease $'million	100 bp increase $'million	100 bp decrease $'million
Group and Trust				
2019				
Interest rate swaps	–	–	6.1	(6.1)
Variable rate instruments	(3.1)	3.1	–	–
Cash flow sensitivity (net)	(3.1)	3.1	6.1	(6.1)
2018				
Interest rate swaps	–	–	6.2	(6.2)
Variable rate instruments	(2.0)	2.0	–	–
Cash flow sensitivity (net)	(2.0)	2.0	6.2	(6.2)

Foreign currency risk

The Group is exposed to foreign currency risk on cash holdings and operating expenses that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily the US$ and RMB.

The Manager's strategy is to achieve a natural hedge through local RMB financing. To mitigate the foreign currency cashflow, the Manager will enter into foreign currency forwards to limit on exposure for the RMB denominated cashflow.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assess whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management (continued)

Foreign currency risk (continued)

The Group's and Trust's exposure to foreign currencies is as follows:

	US$ $'000	RMB $'000	Total $'000
Group			
2019			
Cash and cash equivalents	315	73	388
2018			
Cash and cash equivalents	306	74	380

	US$ $'000	RMB $'000	Total $'000
Trust			
2019			
Loans to subsidiaries	284,635	–	284,635
Non-trade amounts due from subsidiaries	146,415	–	146,415
Cash and cash equivalents	31	52	83
	431,081	52	431,133
2018			
Loans to subsidiaries	339,124	–	339,124
Non-trade amounts due from subsidiaries	159,754	–	159,754
Cash and cash equivalents	83	53	136
	498,961	53	499,104

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

Sensitivity analysis

A 10% strengthening of Singapore dollar against the US$ and RMB at the reporting date would increase/(decrease) total return after tax 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 2018.

	Statements of total return	
	Group	Trust
	$'000	$'000
2019		
US$	**(31)**	**(43,108)**
RMB	**(7)**	**(5)**
2018		
US$	(31)	(49,896)
RMB	(7)	(5)

A 10% weakening of Singapore dollar against the US$ and RMB would have had equal but opposite effect on the US$ and RMB to the amounts shown above, on the basis that all other variables remain constant.

Forwards

At 31 December 2019, the group has foreign currency forward contracts with notional amount of $27.0 million (2018: $36.8 million) to economically hedge the undistributed income for financial year 2019. The fair value of the forwards as at 31 December 2019 of $332,000 (2018: $68,000) has been recognised directly in the statement of total return.

A 10% strengthening/weakening of Singapore dollar against the RMB at the reporting date would increase and decrease the statement of total return by $2.8 million and $2.6 million (2018: $3.3 million and $4.2 million) respectively.

Hedge accounting

Cash flow hedges

The Group held the following instruments to hedge exposures to changes in foreign currency and interest rates.

		Maturity	
	1 – 6 months	6 – 12 months	More than one year
Interest rate risk			
Interest rate swaps			
2019			
Notional amount (in thousands of SGD)	100,000	100,000	590,000
Average fixed interest rate	1.4%	1.6%	1.9%
2018			
Notional amount (in thousands of SGD)	150,000	100,000	420,000
Average fixed interest rate	1.4%	1.7%	1.8%

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows.

	2019			During the period – 2019			
	Notional amount $'000	Carrying amount – assets $'000	Carrying amount – liabilities $'000	Changes in the value of the hedging instrument recognised in Unitholders' funds $'000	Amount reclassified from hedging reserve to the statement of total return $'000	Amount reclassified from costs of hedging reserve to the statement of total return $'000	Line item in the statement of total return affected by the reclassification
Group and Trust							
Interest rate risk							
Interest rate swaps	790,000	5	(5,268)	(5,263)	164	–	Finance income/(costs)

	2018			During the period – 2018			
	Notional amount $'000	Carrying amount – assets $'000	Carrying amount – liabilities $'000	Changes in the value of the hedging instrument recognised in Unitholders' funds $'000	Amount reclassified from hedging reserve to the statement of total return $'000	Amount reclassified from costs of hedging reserve to the statement of total return $'000	Line item in the statement of total return affected by the reclassification
Group and Trust							
Foreign currency risk							
Forward exchange contracts	–	–	–	–	916	–	Change in fair value of financial derivatives
Interest rate risk							
Interest rate swaps	670,000	1,172	(1,340)	716	1,254	–	Finance income/(costs)

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

The following table provides a reconciliation by risk category of components of equity and analysis of items recognised in Unitholders' funds, net of tax, resulting from cash flow hedge accounting.

	Group and Trust	
	Hedging reserve $'000	Cost of hedging reserve $'000
Balance at 1 January 2018		
Cash flow hedges	(3,054)	–
Change in fair value:		
Interest rate risk	716	–
Amount reclassified to profit or loss:		
Foreign currency risk – other items	916	–
Interest rate risk	1,254	–
Balance at 31 December 2018	(168)	–
Balance at 1 January 2019	(168)	–
Cash flow hedges		
Change in fair value:		
Interest rate risk	(5,263)	–
Amount reclassified to profit or loss:		
Foreign currency risk – other items	–	–
Interest rate risk	164	–
Balance at 31 December 2019	(5,267)	–

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Trade and other receivables and trade and other payables classified as held for sale are not included in the table below (see Note 11). Further, for the current year, the fair value disclosure of lease liabilities is also not required.

		Carrying amount					Fair value			
	Note	Amortised costs $'000	Fair value to statement of total return $'000	Fair value to hedging reserve $'000	Other financial liabilities $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
2019										
Financial assets not measured at fair value										
Trade and other receivables	9	118,654	–	–	–	118,654	–	–	–	–
Cash and cash equivalents	10	139,920	–	–	–	139,920	–	–	–	–
		258,574	–	–	–	258,574				
Financial assets measured at fair value										
Financial derivative assets	8	–	341	5	–	346	–	346	–	346
Financial liabilities not measured at fair value										
Trade and other payables	12	–	–	–	151,298	151,298	–	–	–	–
Security deposits		–	–	–	66,316	66,316	–	63,572	–	63,572
Interest-bearing borrowings	13	–	–	–	1,379,912	1,379,912	–	1,383,174	–	1,383,174
		–	–	–	1,597,526	1,597,526				
Financial liabilities measured at fair value										
Financial derivative liabilities	8	–	9	5,268	–	5,277	–	5,277	–	5,277

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

Accounting classifications and fair values (continued)

		Carrying amount					Fair value			
	Note	Amortised costs $'000	Fair value to statement of total return $'000	Fair value to hedging reserve $'000	Other financial liabilities $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
2018										
Financial assets not measured at fair value										
Trade and other receivables	9	103,138	–	–	–	103,138	–	–	–	–
Cash and cash equivalents	10	173,904	–	–	–	173,904	–	–	–	–
		277,042	–	–	–	277,042				
Financial assets measured at fair value										
Financial derivative assets	8	–	–	1,172	–	1,172	–	1,172	–	1,172
Financial liabilities not measured at fair value										
Trade and other payables	12	–	–	–	60,983	60,983	–	–	–	–
Security deposits		–	–	–	54,599	54,599	–	51,657	–	51,657
Interest-bearing borrowings	13	–	–	–	1,038,022	1,038,022	–	1,041,250	–	1,041,250
		–	–	–	1,153,604	1,153,604				
Financial liabilities measured at fair value										
Financial derivative liabilities	8	–	1,686	1,336	–	3,022	–	3,022	–	3,022

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

Accounting classifications and fair values (continued)

		Carrying amount					Fair value			
	Note	Amortised costs $'000	Fair value to statement of total return $'000	Fair value to hedging reserve $'000	Other financial liabilities $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Trust										
2019										
Financial assets not measured at fair value										
Loans to subsidiaries	6	284,635	–	–	–	284,635	–	–	278,562	278,562
Non-trade amounts due from subsidiaries	6	1,189,940	–	–	–	1,189,940	–	–	1,164,551	1,164,551
Trade and other receivables	9	1,096	–	–	–	1,096	–	–	–	–
Cash and cash equivalents	10	437	–	–	–	437	–	–	–	–
		1,476,108	–	–	–	1,476,108				
Financial assets measured at fair value										
Financial derivative assets	8	–	341	5	–	346	–	346	–	346
Financial liabilities not measured at fair value										
Trade and other payables	12	–	–	–	17,559	17,559	–	–	–	–
Interest-bearing borrowings	13	–	–	–	1,299,538	1,299,538	–	1,302,800	–	1,302,800
		–	–	–	1,317,097	1,317,097				
Financial liabilities measured at fair value										
Financial derivative liabilities	8	–	9	5,268	–	5,277	–	5,277	–	5,277

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

Accounting classifications and fair values (continued)

		Carrying amount					Fair value			
	Note	Amortised costs $'000	Fair value to statement of total return $'000	Fair value to hedging reserve $'000	Other financial liabilities $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Trust										
2018										
Financial assets not measured at fair value										
Loans to subsidiaries	6	339,124	–	–	–	339,124	–	–	331,287	331,287
Non-trade amounts due from subsidiaries	6	691,998	–	–	–	691,998	–	–	676,007	676,007
Trade and other receivables	9	330	–	–	–	330	–	–	–	–
Cash and cash equivalents	10	879	–	–	–	879	–	–	–	–
		1,032,331	–	–	–	1,032,331				
Financial assets measured at fair value										
Financial derivative assets	8	–	–	1,172	–	1,172	–	1,172	–	1,172
Financial liabilities not measured at fair value										
Trade and other payables	12	–	–	–	8,525	8,525	–	–	–	–
Interest-bearing borrowings	13	–	–	–	1,038,022	1,038,022	–	1,041,250	–	1,041,250
		–	–	–	1,046,547	1,046,547				
Financial liabilities measured at fair value										
Financial derivative liabilities	8	–	1,686	1,336	–	3,022	–	3,022	–	3,022

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

Estimation of fair value

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and Trust.

Financial derivatives

The fair values of non-deliverable forwards and interest rates are based on banks' quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the Group entity and counterparties when appropriate.

Interest-bearing borrowings

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities (including trade and other receivables, cash and cash equivalents, trade and other payables and current security deposits) are assumed to approximate their fair values because they are either short term in nature, or effect of discounting is immaterial. All other financial assets and liabilities (non-current security deposits) are discounted to determine their fair values.

Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, where applicable, are based on the forward yield curve as at 31 December 2019 plus an adequate constant credit spread, and are as follows:

	2019 % p.a.	2018 % p.a.
Group		
Interest-bearing borrowings	**2.02-4.41**	1.00-3.25
Security deposits	**2.48-2.49**	2.92-3.25
Trust		
Loans to subsidiaries	**2.17**	2.36
Non-trade amounts due from subsidiaries	**2.17**	2.36
Interest-bearing borrowings	**2.02-3.25**	1.00-3.25

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Trust's statements of financial position; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the statement of financial position.

Financial instruments such as loans and receivables and financial liabilities are not disclosed in the tables below unless they are offset in the statements of financial position.

The Trust's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association ("ISDA") Master Agreements. In certain circumstances, for example when a termination event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

Under the agreements signed, the Trust and its counterparties neither have a legal obligation nor intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously. In addition, the right of set-off of recognised amounts is enforceable only following the occurrence of a termination event as set out in the agreements. Accordingly, the ISDA agreements do not meet the criteria for offsetting and the derivatives financial instruments presented below are not offset in the Statement of Financial Position.

Financial assets and liabilities subject to offsetting and enforceable master netting arrangement under termination events

	Gross amounts of recognised financial instruments $'000	Gross amount of recognised financial instruments offset in the statement of financial position $'000	Net amounts of financial instruments presented in the statement of financial position $'000	Related amounts not offset in the statement of financial position $'000	Net amounts $'000
31 December 2019					
Financial assets					
Interest rate swaps	5	–	5	(5)	–
Forwards	341	–	341	–	341
	346	–	346	(5)	341
Financial liabilities					
Interest rate swaps	5,268	–	5,268	(5)	5,263
Forwards	9	–	9	–	9
	5,277	–	5,277	(5)	5,272
31 December 2018					
Financial assets					
Interest rate swaps	1,172	–	1,172	(1,106)	66
Financial liabilities					
Interest rate swaps	2,954	–	2,954	(1,106)	1,848
Forwards	68	–	68	–	68
	3,022	–	3,022	(1,106)	1,916

31. SUBSEQUENT EVENTS

On 7 February 2020, the Group announced that it has, through its subsidiary, entered into a sale and purchase agreement with an unrelated party to divest the issued shares of CapitaRetail Henan Zhongzhou Real Estate Co., Ltd., which hold CapitaMall Erqi, for RMB850.9 million (approximately S$165.2 million), subject to post-completion adjustment.

On 7 February 2020, the Manager declared a distribution of 3.61 cents per Unit to Unitholders in respect of the period from 14 August 2019 to 31 December 2019.

The emergence of COVID-19 since early 2020 has brought about uncertainties to the Group's operating environment and has impacted the Group's operations in China and its financial position subsequent to the financial year end. The Group is cognizant of the challenges posed by these developing events and the potential impact they have on our business sector. The Group will continuously assess the situation, work closely with the local authorities in China to support their efforts in containing the spread of COVID-19, and put in place measures to minimise impact to our business. As the situation is still evolving, the full effect of the outbreak is subject to uncertainty and could not be ascertained yet.

INTERESTED PERSON TRANSACTIONS

^The transactions entered into with interested persons during the financial year, which fall under the Listing Manual and the Property Funds Appendix of the CIS Code (excluding transactions of less than $100,000 each), are as follows:

Name of Interested Persons	Nature of relationship	Aggregate value of all Interested person transactions during the financial year under review (excluding transactions of less than S$100,000 and transactions conducted under shareholder's mandate pursuant to Rule 920) S$'000	Aggregate value of all Interested person transactions during the financial year under review under shareholder's mandate pursuant to Rule 920 (excluding transactions of less than S$100,000) S$'000
CapitaLand Limited and its subsidiaries or associates	Controlling shareholder of the Manager and controlling Unitholder, and its subsidiaries and associates		
– Acquisition Fee		8,134	–
– Divestment Fee		106	–
– Manager's Management Fees		15,514	–
– Property Management Fees (Including Reimbursables)		6,600	–
– Acquisition Of Subsidiaries		506,886	–
HSBC Institutional Trust Services (Singapore) Limited	Trustee		
Trustee's fees		509	–

Saved as disclosed above, there were

(i) no additional Interested Person Transactions (excluding transactions of less than S$100,000 each) entered into during the financial period under review.

(ii) no material contracts of CRCT and its subsidiaries involving the interests of the chief executive officer or each director of the Manager or the controlling unitholder of CRCT, either still subsisting at the end of FY 2019 or if not then subsisting, entered into since the end of FY 2019.

The fees and charges payable by CRCT to the Manager under the Trust Deed, and to the Property Managers under the Property Management Agreements (collectively, the "Exempted Agreements"), each of which constitutes a Interested Person Transaction, are deemed to have been specifically approved by the Unitholder upon purchase of the Units and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will affect CRCT. However, the renewal of such agreements will be subject to Rules 905 and 906 of the Listing Manual.

Please also see Related Party Transactions on note 26 in the financial statements.

INTERESTED PERSON TRANSACTIONS

SUBSCRIPTION OF CRCT UNITS

An aggregate of 4,671,069 Units were issued during the year in relation to the performance component of the Manager's management fee for the financial year 2018. As at 31 December 2019, 1,213,778,790 Units were in issue and outstanding. In the first quarter of 2020, 4,711,584[1] Units will be issued to the Manager as part payment of the base and performance component of its management fee for the financial year 2019.

1 Based on the volume weighted average price per Unit for all trades on the SGX-ST in the ordinary course of trading for the period of 10 business days immediately preceding the financial year 2019.

ADDITIONAL DISCLOSURE FOR OPERATING EXPENSES

The total operating expenses incurred by CRCT Group and its proportionate share of operating expenses incurred by the joint venture amounted to $104.0 million in 2019, were equivalent to 5.6% of CRCT Group's net asset value as at 31 December 2019. The amount included all fees and charges paid to the Manager and interested parties.

STATISTICS OF UNITHOLDINGS

As at 17 February 2020

ISSUED AND FULLY PAID UNITS

1,209,067,206 Units (voting rights: 1 vote per Unit)
Market Capitalisation: S$1,825,691,481 (based on closing Unit price of S$1.51 on 17 February 2020)

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 – 99	182	1.78	8,033	0.00
100 – 1,000	1,540	15.06	1,315,810	0.11
1,001 – 10,000	5,768	56.39	26,097,950	2.16
10,001 – 1,000,000	2,710	26.50	112,538,515	9.31
1,000,001 and above	28	0.27	1,069,106,898	88.42
Total	**10,228**	**100.00**	**1,209,067,206**	**100.00**

LOCATION OF UNITHOLDERS

Country	No. of Unitholders	%	No. of Units	%
Singapore	9,931	97.10	1,203,660,880	99.55
Malaysia	178	1.74	3,053,587	0.25
Others	119	1.16	2,352,739	0.20
Total	**10,228**	**100.00**	**1,209,067,206**	**100.00**

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1	Retail Crown Pte. Ltd.	224,093,810	18.53
2	DBS Nominees (Private) Limited	213,532,852	17.66
3	HSBC (Singapore) Nominees Pte Ltd	184,410,664	15.25
4	Citibank Nominees Singapore Pte Ltd	171,652,581	14.20
5	DBSN Services Pte. Ltd.	72,581,537	6.00
6	CapitaLand Retail China Trust Management Limited	69,872,677	5.78
7	Raffles Nominees (Pte.) Limited	37,513,699	3.10
8	UOB Kay Hian Private Limited	24,468,357	2.02
9	Morgan Stanley Asia (Singapore) Securities Pte Ltd	17,188,231	1.42
10	DB Nominees (Singapore) Pte Ltd	10,639,907	0.88
11	BPSS Nominees Singapore (Pte.) Ltd.	6,045,230	0.50
12	United Overseas Bank Nominees (Private) Limited	5,101,183	0.42
13	OCBC Securities Private Limited	3,855,665	0.32
14	Phillip Securities Pte Ltd	3,731,045	0.31
15	OCBC Nominees Singapore Private Limited	3,221,606	0.27
16	Heng Siew Eng	2,401,201	0.20
17	Maybank Kim Eng Securities Pte. Ltd.	2,244,575	0.19
18	ABN Amro Clearing Bank N.V.	2,169,132	0.18
19	CGS-CIMB Securities (Singapore) Pte. Ltd.	2,098,987	0.17
20	BNP Paribas Nominees Singapore Pte. Ltd.	2,016,732	0.17
	Total	**1,058,839,671**	**87.57**

STATISTICS OF UNITHOLDINGS

As at 17 February 2020

DIRECTORS' INTERESTS IN UNITS AND CONVERTIBLE SECURITIES AS AT 21 JANUARY 2020

Based on the Register of Directors' Unitholdings, save for those disclosed below, none of the Directors holds any interest in Units and convertible securities issued by CRCT.

	No. of Units		Contingent Awards of Units[1] under the Manager's	
Name of Director	Direct Interest	Deemed Interest	Performance Unit Plan	Restricted Unit Plan
Soh Kim Soon	31,133	–	–	–
Tan Tze Wooi	155,789	4,000	0 to 534,008[2]	29,768[3,5] 68,835[4,5] 0 to 279,850[2,5]
Fong Heng Boo	79,842	–	–	–
Christopher Gee Kok Aun	60,374	–	–	–
Professor Tan Kong Yam	42,854	–	–	–
Neo Poh Kiat	68,424	–	–	–
Kuan Li Li	39,418	–	–	–
Lucas Ignatius Loh Jen Yuh	76,090	–	–	–
Lim Cho Pin Andrew Geoffrey	19,317	–	–	–

1 This refers to the number of Units which are the subject of contingent awards granted but not released under the Manager's Performance Unit Plan (PUP) and Restricted Unit Plan (RUP). The final number of Units that will be released could range from 0% to a maximum of 200% of the baseline award under the PUP and from 0% to a maximum of 150% of the baseline award under the RUP.
2 The final number of Units to be released will depend on the achievement of pre-determined targets at the end of the respective performance periods for the PUP and RUP.
3 Being the unvested one-third of the RUP 2017 Award.
4 Being the unvested two-thirds of the RUP 2018 Award.
5 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 17 February 2020

SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS AS AT 17 FEBRUARY 2020

Based on the information available to the Manager as at 17 February 2020, the unitholdings of Substantial Unitholders of CRCT are as follows:

	Direct Interest		Deemed Interest	
Name of Substantial Unitholder	**No. of Units**	**%**	**No. of Units**	**%**
Temasek Holdings (Private) Limited (THPL)	–	–	437,812,202[1]	36.21
Tembusu Capital Pte. Ltd. (TCPL)	–	–	427,346,822[2]	35.34
Bartley Investments Pte. Ltd. (Bartley)	–	–	427,346,822[2]	35.34
Mawson Peak Holdings Pte. Ltd. (Mawson)	–	–	427,346,822[2]	35.34
Glenville Investments Pte. Ltd. (Glenville)	–	–	427,346,822[2]	35.34
TJ Holdings (III) Pte. Ltd. (TJ Holdings (III))	–	–	427,346,822[2]	35.34
CLA Real Estate Holdings Pte. Ltd. (CLA)	–	–	427,346,822[2]	35.34
CapitaLand Limited (CL)	–	–	427,346,822[3]	35.34
CapitaLand Mall Asia Limited (CMA)	–	–	224,093,810[4]	18.53
CapitaLand Retail China Pte. Ltd. (CLRC)	–	–	224,093,810[5]	18.53
Retail Crown Pte. Ltd.	224,093,810	18.53	–	–
CapitaLand Singapore (R&R) Limited (CLSR&R)	–	–	133,380,335[6]	11.03
CL Retail Singapore Pte. Ltd. (CRSPL)	–	–	133,380,335[6]	11.03
HSBC Institutional Trust Services (Singapore) Limited, as trustee of CapitaLand Mall Trust	133,380,335	11.03	–	–
CapitaLand Financial Limited (CFL)	–	–	69,872,677[7]	5.77
CapitaLand Retail China Trust Management Limited	69,872,677	5.77	–	–
Matthews International Capital Management, LLC (MICM)	–	–	66,732,714[8]	5.51
Prudential plc (PRU)	–	–	66,178,303[9]	5.47
Prudential Corporation Asia Limited (PCA)	–	–	66,178,303[10]	5.47

1 THPL is deemed to have an interest in the unitholdings in which its subsidiaries and associated companies (including but not limited to CLA) have or are deemed to have an interest pursuant to Section 4 of the Securities and Futures Act, Chapter 289 of Singapore.
2 THPL holds 100% of the equity interest in TCPL, which holds 100% of the equity interest in Bartley, which holds 100% of the equity interest in Mawson, which holds 100% of the equity interest in Glenville, which holds 100% of the equity interest in TJ Holdings (III), which holds 100% of the equity interest in CLA. CLA holds approximately 50.83% of the issued shares in CL. Each of Tembusu, Bartley, Mawson, Glenville and TJ Holdings (III) is deemed to have an interest in the unitholdings in which CLA is deemed to have an interest pursuant to Section 4 of the Securities and Futures Act, Chapter 289 of Singapore.
3 CL is deemed to have an interest in the unitholdings held by HSBC Institutional Trust Services (Singapore) Limited, as trustee of CapitaLand Mall Trust, and its indirect wholly owned subsidiaries namely, Retail Crown Pte. Ltd. and the Manager.
4 CMA is deemed to have an interest in the unitholdings held by its indirect wholly owned subsidiary namely, Retail Crown Pte. Ltd..
5 CLRC is deemed to have an interest in the unitholdings held by its direct wholly owned subsidiary namely, Retail Crown Pte. Ltd..
6 CLSR&R and CRSPL are deemed to have an interest in the unitholdings held by HSBC Institutional Trust Services (Singapore) Limited, as trustee of CapitaLand Mall Trust.
7 CFL is deemed to have an interest in the unitholdings held by its direct wholly owned subsidiary namely, CapitaLand Retail China Trust Management Limited.
8 MICM is a U.S. registered investment advisor who has a discretionary authority over its clients' investment.
9 PRU is deemed to have an interest in the unitholdings managed by its subsidiaries as fund managers.
10 PCA is deemed to have an interest in the unitholdings managed by its subsidiaries as fund managers.

PUBLIC FLOAT

Based on the information available to the Manager, approximately 52.74% of the Units in CRCT were held in the hands of the public as at 17 February 2020. Accordingly, Rule 723 of the Listing Manual of the SGX-ST has been compiled with.

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凯德广场•新南
No. 99, Shenghe Yi Road, Gaoxin District, Chengdu, Sichuan Province
四川省成都市高新区盛和一路99号
Tel : +86 28 6759 9200
Fax : +86 28 6759 9201

GUANGZHOU
Rock Square
乐峰广场
106-108 Gongye Avenue North,
Haizhu District, Guangzhou City,
Guangdong Province
广东省广州市海珠区工业大道北106-108号
Tel : +86 20 8930 8200

HARBIN
CapitaMall Xuefu
凯德广场•学府
No. 1, Xuefu Road,
Nangang District, Harbin,
Heilongjiang Province
黑龙江省哈尔滨市南岗区学府路1号
Tel : +86 0451 5192 0000
Fax : +86 0451 5199 0580

CapitaMall Aidemengdun
凯德广场•埃德蒙顿
No. 38, Aidemengdun Road,
Daoli District, Harbin,
Heilongjiang Province
黑龙江省哈尔滨市埃德蒙顿路38号
Tel : +86 451 5199 7983

HOHHOT
CapitaMall Saihan
凯德MALL•赛罕
No. 32 Ordos Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region
内蒙古自治区呼和浩特市
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Fax : +86 47 1597 1671

Yuquan Mall
玉泉广场
No. 201, Block A Jinyu Xintiandi,
E'erduosi Street, Yuquan District,
Hohhot, Inner Mongolia
Autonomous Region
内蒙古自治区呼和浩特市
玉泉区鄂尔多斯大街
金宇新天地A座二层201号
Tel : +86 47 1596 1222
Fax : +86 47 1597 1671

SHANGHAI
CapitaMall Qibao
凯德七宝购物广场
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Minhang District, Shanghai
上海市闵行区七莘路3655号
Tel : +86 21 6479 3030
Fax : +86 21 6479 0808

WUHAN
CapitaMall Minzhongleyuan
凯德新民众乐园
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Fax : +86 27 8537 9137

ZHENGZHOU
CapitaMall Erqi
凯德广场•二七
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Fax : +86 27 8359 1818

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CORPORATE INFORMATION

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REGISTERED ADDRESS OF THE TRUSTEE

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21 Collyer Quay
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Singapore 049320
Email: ask-us@crct.com.sg
Website: www.crct.com.sg
Stock Code: AU8U
Counter Name: CapitaR China Tr

TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited
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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:
Lim Pang Yew, Victor
Appointed: With effect from financial year ended 31 December 2017

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THE MANAGER

REGISTERED ADDRESS OF THE MANAGER

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BOARD OF DIRECTORS

Soh Kim Soon
Chairman & Non-Executive Independent Director

Tan Tze Wooi
Chief Executive Officer & Executive Non-Independent Director

Fong Heng Boo
Non-Executive Independent Director

Christopher Gee Kok Aun
Non-Executive Independent Director

Professor Tan Kong Yam
Non-Executive Independent Director

Neo Poh Kiat
Non-Executive Independent Director

Kuan Li Li
Non-Executive Independent Director

Lucas Ignatius Loh Jen Yuh
Non-Executive Non-Independent Director

Lim Cho Pin Andrew Geoffrey
Non-Executive Non-Independent Director

AUDIT COMMITTEE

Fong Heng Boo
Chairman

Christopher Gee Kok Aun
Professor Tan Kong Yam
Lim Cho Pin Andrew Geoffrey

EXECUTIVE COMMITTEE

Lucas Ignatius Loh Jen Yuh
Chairman

Tan Tze Wooi
Lim Cho Pin Andrew Geoffrey

COMPANY SECRETARY

Chuo Cher Shing

This Annual Report to Unitholders may contain forward-looking statements. Forward-looking statement is subject to inherent uncertainties and is based on numerous assumptions. Actual performance, outcomes and results may differ materially from those expressed in forward-looking statements. Representative examples of factors which may cause the actual performance, outcomes and results to differ materially from those in the forward-looking statements include (without limitation) changes in general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate investment opportunities, competition from other companies, shifts in customers' demands, changes in operating conditions, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current views of management on future events.

CAPITALAND RETAIL CHINA TRUST MANAGEMENT LIMITED

As Manager of CapitaLand Retail China Trust
Company Registration Number: 200611176D

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