MAKING AN IMPACT

CAPITALAND COMMERCIAL TRUST
ANNUAL REPORT
2019

MAKING AN IMPACT

CapitaLand Commercial Trust continues to make an impact in the way we grow our portfolio, curate our environment, build communities, nurture our people and shape our future. We pursue professional excellence and value creation to make a difference to our stakeholders, including creating delightful experiences for our customers and generating long-term sustainable returns for our Unitholders.

The radial pattern on the report reflects our continuous focus and the dynamic relationship between our people, our community and the environment, while responding to the evolving trends around us. The results of our focus radiate from our vibrant workplace communities, resilient asset performance, timely investments, divestments and capital recycling, robust balance sheet as well as our efficient property operating platform.

CORPORATE PROFILE

CapitaLand Commercial Trust (CCT or the Trust) was the first commercial (office) REIT listed on Singapore Exchange Securities Trading Limited (SGX-ST) with a market capitalisation of S$7.7 billion as at 31 December 2019. CCT aims to own and invest in quality, income producing commercial real estate and real estate-related assets, to secure stable earnings and ensure sustainable returns to unitholders of CCT (Unitholders). CCT remains predominantly focused in Singapore and the Manager has guided that CCT will look to invest in key gateway cities in other developed markets over time. CCT's overseas exposure is currently in Germany and accounts for 8% of its portfolio property value. The total deposited properties of CCT was S$11.8 billion as at 31 December 2019, comprising a portfolio of 10 prime commercial properties in Singapore and Germany, including joint ventures.

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

The Trust is managed by CapitaLand Commercial Trust Management Limited (CCTML, or the Manager), which is a wholly owned subsidiary of CapitaLand, one of Asia's largest diversified real estate groups.

About the Report
CCT Annual Report 2019 has been prepared in accordance with the International Integrated Reporting Council (IIRC) Framework and the Global Reporting Initiative (GRI) Standards: Core option. CCT welcomes stakeholders to send comments concerning our disclosures to ask-us@cct.com.sg.

OUR VISION

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

OUR MISSION

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

OUR VALUES

- Winning Mindset
- Integrity
- Respect
- Enterprising

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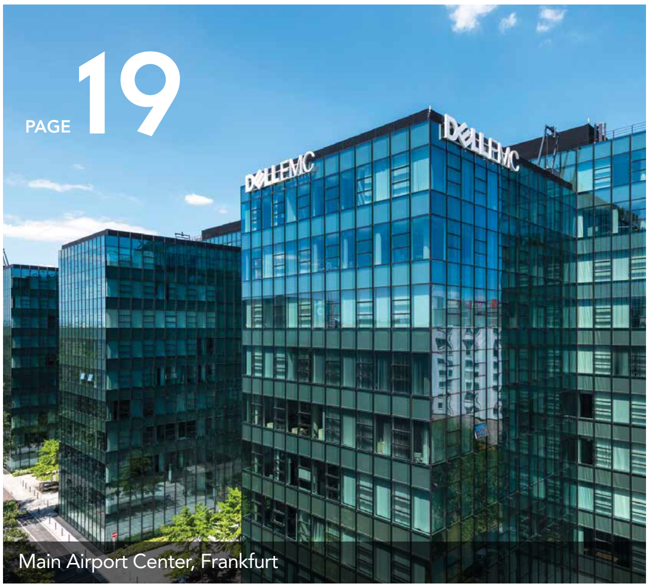
FEATURES



Main Airport Center, Frankfurt

CCT Live It Up! 2019

MESSAGE TO UNITHOLDERS

FY 2019 was a positive year for CCT as we continued to deliver strong total returns achieved through unit price appreciation and growth in DPU.


Artist's impression of Six Battery Road AEI

PROPERTIES

With the expiries of anchor tenants at Six Battery Road and 21 Collyer Quay, we plan to embark on AEIs for the two assets to prepare our portfolio for longer term growth.

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FINANCIAL REVIEW

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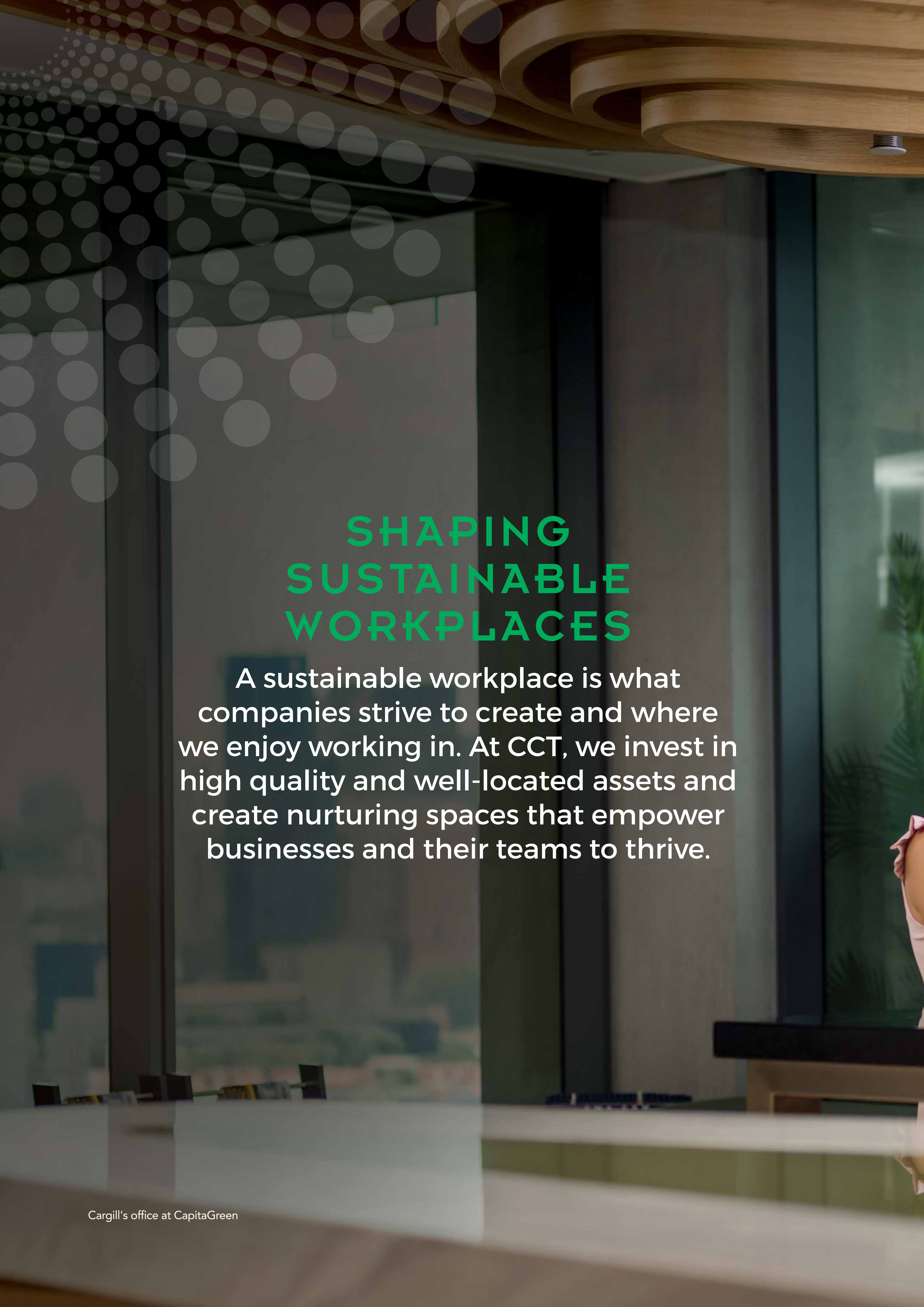
CCT established a Sustainability Financing Framework and issued our first green bond.

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



SHAPING SUSTAINABLE WORKPLACES

A sustainable workplace is what companies strive to create and where we enjoy working in. At CCT, we invest in high quality and well-located assets and create nurturing spaces that empower businesses and their teams to thrive.

Cargill's office at CapitaGreen

"Nourishing the world while preserving the environment is at the heart of what we do at Cargill We focus on three areas where we can make an impact in the right direction: Trade, nutrition and farmers' prosperity."

JITESH AVLANI

Former Country Head for Singapore at Cargill, shares what keeps him grounded and how the company is working towards a sustainable future.

A tenant at CapitaGreen.

"We believe in designing, building and implementing in a faster, bigger, stronger way. Our pace of work and change is so fast that you can never get bored.

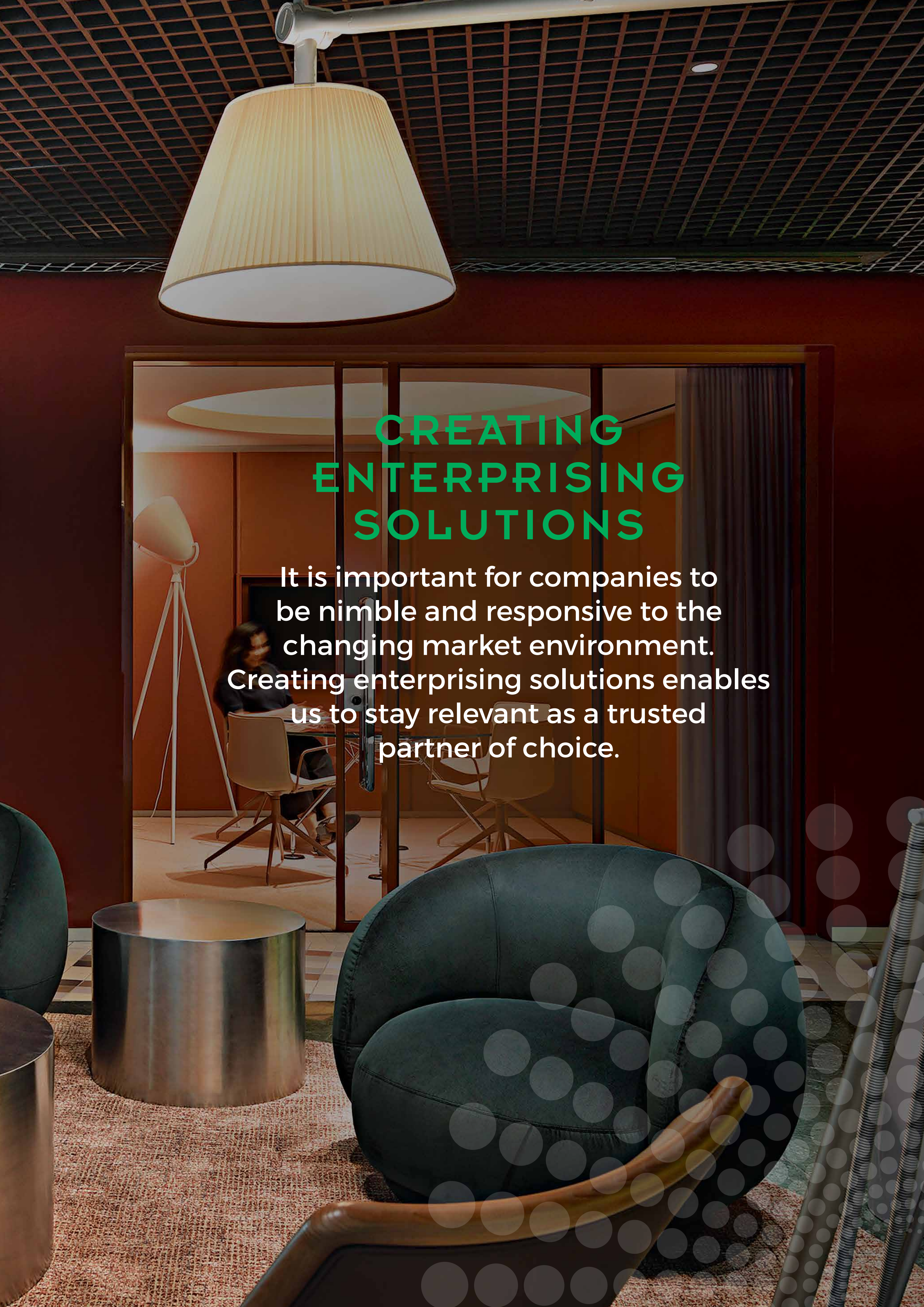
Being an entrepreneur is like being a tightrope walker – you're always on the edge."

CHRISTOPHER MUFFAT

Founder and CEO of artificial intelligence (AI) and data protection startup Dathena, shares his passion in what he does.

A tenant at One George Street.

The Work Project, Asia Square Tower 2



CREATING ENTERPRISING SOLUTIONS

It is important for companies to be nimble and responsive to the changing market environment. Creating enterprising solutions enables us to stay relevant as a trusted partner of choice.

BUILDING ENGAGING COMMUNITIES

We generate vibrancy by building engaging communities and developing secure environments for all to learn and grow. Through activities, we shape communities and facilitate connections; with technology, we enhance security and increase efficiency.

CCT Gifts of Joy 2019: Outing to the Children's Biennale at the National Gallery

> I believe in fostering an environment where our people can thrive and grow.

ROB BRYSON

Managing Director at recruitment firm Robert Walters, shares his guiding principles in leading a team.

A tenant at Six Battery Road, Robert Walters has been an active supporter of Gifts of Joy over the years.

LASTING IMPACT

We foster a positive community that enables businesses to thrive, win-win partnerships to flourish and strong relationships to grow. This is how we make meaningful impact and create lasting impressions.

Analyst

We value the CCT team who consistently demonstrates a strong commitment towards building lasting relationships with the analyst and investor community based on trust. There were constructive comments and clear guidance on the dynamic office operational environment, and we appreciate management's execution on its strategy of expanding to new geographies, especially management's abilities to anticipate questions well and answer them with candour, transparency and timeliness.

DEREK TAN WEI XIANG
Equity Analyst,
DBS Bank

Customer

Our office named Crimson House Singapore within CapitaGreen offers us with bright workspaces, green areas to relax, great views of Singapore and is conveniently located. We highly value the strong support from the building management team as well as close consulting with tenants. We are thrilled to collaborate with a partner that is aligned with our vision of empowering people and communities and is committed to operating responsibly. Rakuten Asia values this relationship with CapitaLand and we look forward to work with CapitaLand in strategizing our space requirements for the next few years.

TAKASHI WATANABE
Chief Operation Officer,
Rakuten Asia
Tenant at CapitaGreen

Partner

We partnered CapitaLand, a forerunner in promoting workplace health and wellness, to make healthy lifestyle a default in the CapitaLand office community. The strong collaboration between Health Promotion Board and CCT had seen more than 3,500 participation in Healthy Workplace Ecosystem activities in 2019. Besides having physical activities readily accessible, a whole range of holistic health activities, such as nutrition and mental well-being workshops, were also conducted. We look forward to strengthening this partnership to impact workers' health and well-being.

SIMON LIM
Director,
Workplace Health & Outreach Division,
Health Promotion Board

Investor

I value the forward-looking attitude exemplified by CCT through its tenant engagements to make relationships more "sticky" and offering more than office space solutions. This makes CCT more resilient to upcoming disruptions. Management also delivered strong execution of strategy in a timely manner, creating value for Unitholders. CCT has given me stable income and a total return of 128.9% over a 10-year period.

VINCENT TAN
Retail Investor

Customer

Thank you CapitaLand for your continuous efforts in engaging with tenants and providing us with informative seminars and healthy treats. Thanks for being the leader to promote a healthy work environment and initiatives in the workplace for all tenants. Appreciate this greatly!

CHEN MEI RU
Staff of IINO Singapore Pte Ltd at Capital Tower

Customer

Great initiative; thank you for organising Tenants' Treats. I think such initiatives might also be an opportunity to promote some interaction amongst tenants in the building to create an even better work environment.

KENNETH CHUE
Staff of Nordea Bank at CapitaGreen

Employee

I am proud to be part of CapitaLand and CCT's transformation journey and growth over the years, contributing through my various roles in the commercial portfolio.

Working across different functions and with business partners, architects, local authorities, consultants and construction companies has taught me to approach challenges from different perspectives that enable me to make more informed decisions. These experiences have also helped me gain a comprehensive perspective of the real estate business and value chain.

Through this journey, I have forged lifelong friendships and I will remain grateful for the team spirit and camaraderie, as we continue building inspired workspaces for our customers.

LEE YI ZHUAN
Vice President,
Investment and Asset Management,
Employee since 2008


Engagement with retail investors at CCT's Extraordinary General Meeting on 6 September 2019

Investor

From CCT's past actions and my conversations with the directors and management, I believe CCT is building a resilient and diverse portfolio of premium office properties in Singapore and other similar markets. This strategy should offer REIT investors an investment with stable distributions over the long run.

STEPHEN CHEN
Retail Investor

Employee

In my years with the company, I have gained a broad spectrum of experiences, having gone through the journeys of three office developments from construction stage to completion, namely, Wilkie Edge, CapitaGreen and currently CapitaSpring. I am glad for the opportunities as they taught me things and make me do better.

LIM TZE LING
Assistant Vice President,
Leasing (Commercial),
Employee since 2004

2019 HIGHLIGHTS

FINANCIALS

DISTRIBUTABLE INCOME
S$337.6million
FY 2018
S$321.7 million

DISTRIBUTION PER UNIT (DPU)
8.88cents
FY 2018
8.70 cents

AGGREGATE LEVERAGE
35.1%
As at 31 December 2018
34.9%

PROPERTIES

PORTFOLIO PROPERTY VALUE
S$11.1billion
As at 31 December 2018
S$10.6 billion

PORTFOLIO COMMITTED OCCUPANCY RATE
98.0%
As at 31 December 2018
99.4%

PORTFOLIO WEIGHTED AVERAGE LEASE TERM TO EXPIRY
5.7years
As at 31 December 2018
5.8 years

SUSTAINABILITY

CARBON EMISSION INTENSITY REDUCTION FROM BASE YEAR 2008
47.3%
FY 2018
46.0%

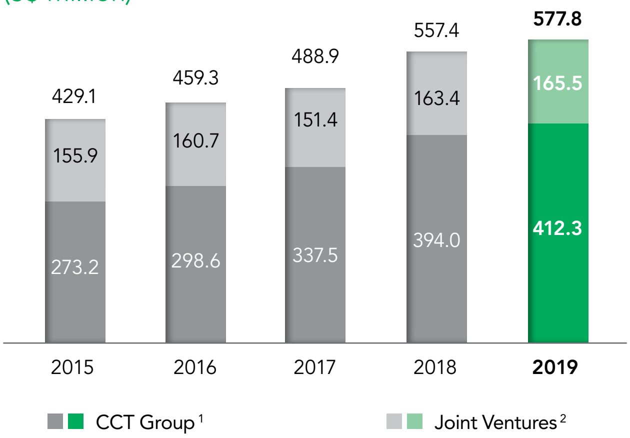
WATER INTENSITY REDUCTION FROM BASE YEAR 2008
32.2%
FY 2018
26.9%

ELIGIBLE PROPERTIES IN SINGAPORE WITH GREEN MARK GOLD PLUS AND ABOVE
85.7%
FY 2018
85.7%

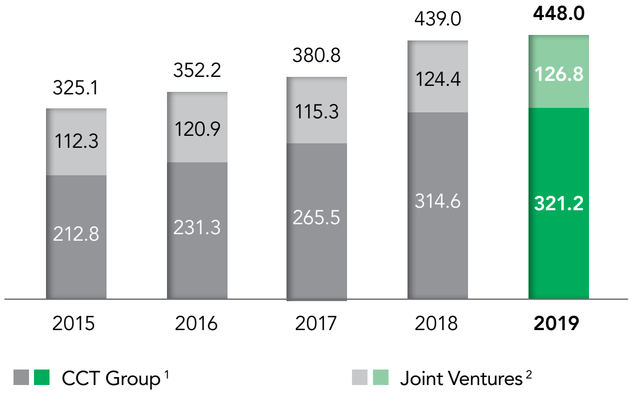
Information as at 31 December 2019 or for FY 2019.

FINANCIAL HIGHLIGHTS

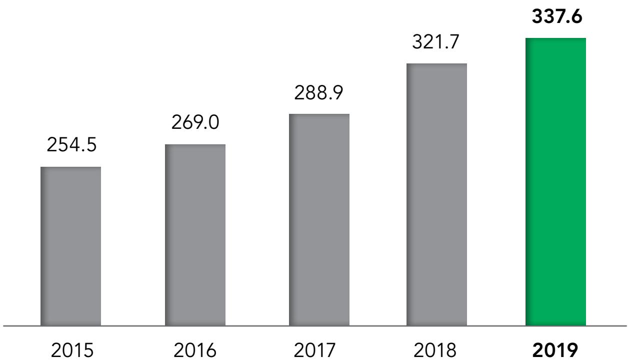
Gross Revenue
(S$ million)



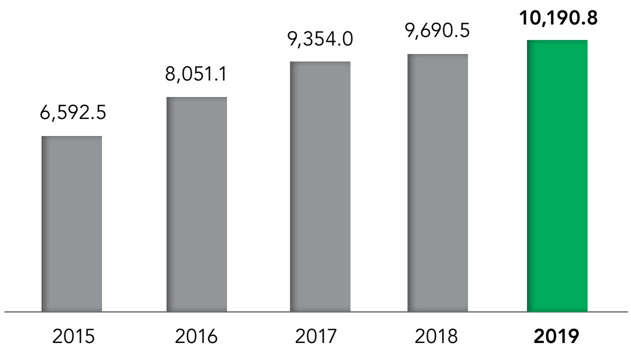
Net Property Income
(S$ million)



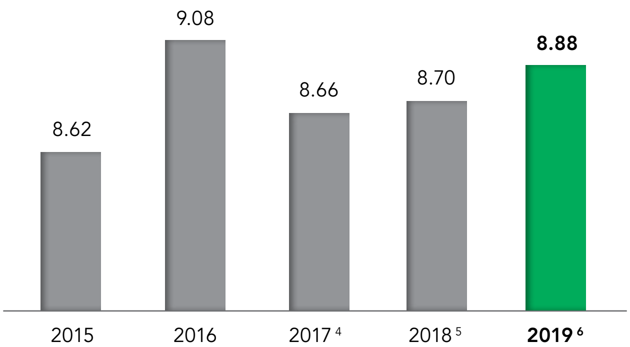
Distributable Income
(S$ million)



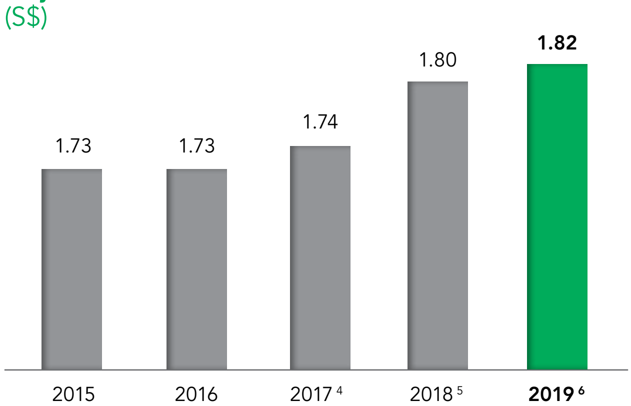
Total Assets
(S$ million)



Distribution Per Unit
(cents)



Adjusted Net Asset Value Per Unit[3]
(S$)



1 "CCT Group" refers to CCT and its subsidiaries.
2 Joint ventures refer to CCT's 60.0% interest in RCS Trust, 50.0% interest in OGS LLP (with effect from 20 June 2017) and 40.0% interest in MSO Trust (up to 31 August 2016).
3 Adjusted Net Asset Value refers to Net Asset Value excluding the distributable income to Unitholders.
4 Total Units in issue included 513.5 million new CCT Units issued on 26 October 2017 pursuant to a rights issue.
5 Total Units in issue included 130.0 million new CCT Units issued on 28 May 2018 pursuant to a private placement.
6 Total Units in issue included 105.0 million new CCT Units issued on 29 July 2019 pursuant to a private placement.

FINANCIAL HIGHLIGHTS

Selected Balance Sheet Data
(S$ million)

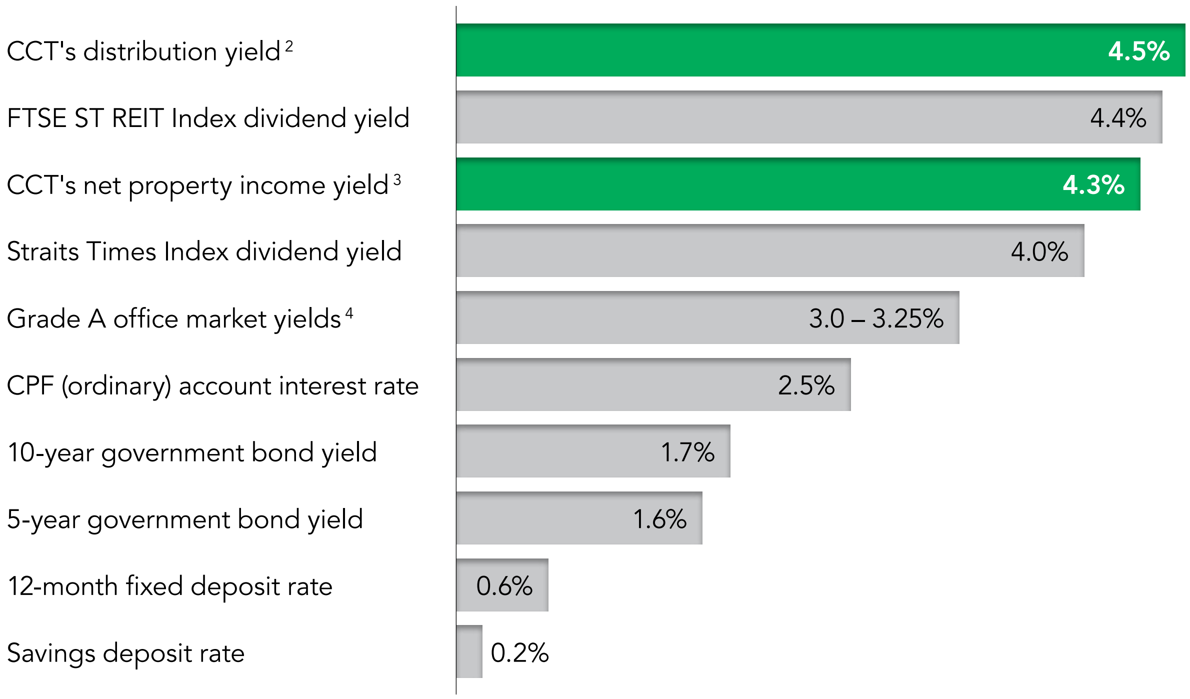
As at 31 December	2015	2016	2017	2018	2019
Portfolio Property Value [1]	7,478.1	8,491.9	10,394.6	10,620.1	**11,123.3**
Unitholders' Funds	5,234.1	5,278.5	6,416.9	6,892.0	**7,185.1**
Total Borrowings [1]	2,234.8	3,289.1	3,976.6	3,881.9	**4,156.7**
Market Capitalisation	3,986.5	4,386.0	6,963.7	6,552.8	**7,676.8**

Key Financial Indicators

As at 31 December	2015	2016	2017	2018	2019
Distribution Per Unit (cents)	8.62	9.08	8.66	8.70	**8.88**
Earnings Per Unit (cents)	10.42	8.81	18.53	14.15	**11.44**
Aggregate Leverage (%)	29.5	37.8	37.3	34.9	**35.1**
Average Term to Maturity (years)	4.2	3.2	2.4	3.9	**3.8**
Average Cost of Debt (%)	2.5	2.6	2.6	2.6	**2.4**
Interest Cover (times)	7.4	5.8	4.9	5.4	**5.6**
Management Expense Ratio (%)	0.34	0.34	0.33	0.37	**0.38**

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

The Trust Offers an Attractive Yield Compared to Other Investments
As at 31 December 2019

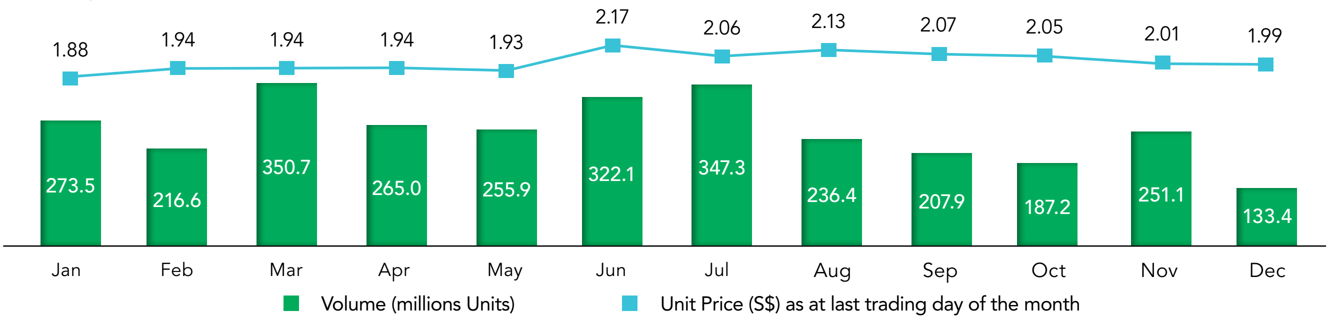


1 Includes CCT's 60.0% interest in Raffles City Singapore, 50.0% interest in One George Street and 45.0% interest in CapitaSpring from FY 2017, 40.0% interest in CapitaGreen for FY 2015 and 94.9% interest each in Gallileo from FY 2018 and Main Airport Center from FY 2019.
2 CCT's distribution yield is based on FY 2019 DPU of 8.88 cents over closing price of S$1.99 on 31 December 2019.
3 CCT's net property yield is based on FY 2019 net property income including joint ventures over December 2019 valuation.
4 Based on CBRE Research 4Q 2019.

TRADING PERFORMANCE

In 2019, CCT units traded in the price range of S$1.75 to S$2.30. Total trading volume for the year reached 3.0 billion Units, translating to an average daily trading volume of approximately 12.2 million Units. CCT delivered capital appreciation of +13.7% in 2019, registering amongst the top five performing Singapore REITs. The Straits Times Index (STI), FTSE ST Real Estate Investment Trusts (REIT) Index and FTSE ST Real Estate Index delivered a one-year trading performance of +5.0%, +18.8% and +16.3% respectively.

Trading Performance for 2019



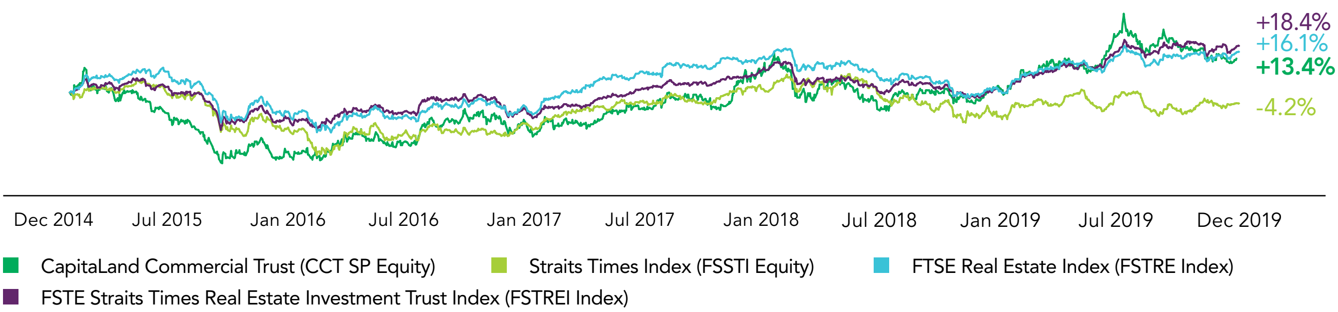
Total Unitholder Return

	1-year (from 1 Jan 2019 to 31 Dec 2019)	3-year (from 1 Jan 2017 to 31 Dec 2019)	5-year (from 1 Jan 2015 to 31 Dec 2019)
Closing unit price on the last trading day prior to the commencement of the period (S$)	1.75	1.48	1.76
Capital appreciation [1] (%)	13.7	36.0	17.1
Distribution yield [1] (%)	5.1	17.5	24.0
Total return [1] (%)	18.8	53.5	41.1
Total return (assuming dividends reinvested) [2] (%)	19.2	60.9	52.1

CCT Unit Price Performance

	2015	2016	2017	2018	2019
Opening price on first trading day of the year (S$)	1.75	1.36	1.49	1.94	**1.75**
Closing price on last trading day of the year (S$)	1.35	1.48	1.93	1.75	**1.99**
Highest closing price (S$)	1.93	1.64	1.96	2.03	**2.30**
Lowest closing price (S$)	1.27	1.29	1.49	1.63	**1.75**
Trading Volume (million units)	2,306.3	2,116.1	2,406.8	2,952.5	**3,047.1**

Five-year Comparative Trading Performance from 2015-2019 [2]



1 Three-year and five-year total return assumed participation of rights issue in 2017.
2 Based on Bloomberg data.

PROPERTY PORTFOLIO

PORTFOLIO STATISTICS [1,2]

As at 31 December	2018	2019
Number of Properties [3]	10	**10**
Total Net Lettable Area (sq m) / (sq ft)	438,776 / 4,772,984	**487,477 / 5,247,164**
Total Attributable Net Lettable Area (sq m) / (sq ft)	385,950 / 4,154,372	**431,575 / 4,645,443**
Portfolio property value [3] based on proportionate interests (S$ million)	10,620.1	**11,123.3** [4]
Number of Tenants [5]	622	**579**
Portfolio Committed Occupancy (%)	99.4	**98.0**

1 Portfolio statistics exclude CapitaSpring unless otherwise stated.
2 Bugis Village was included in 2018 portfolio statistics except for portfolio property value and excluded from all 2019 portfolio statistics.
3 Includes CapitaSpring.
4 The change in portfolio property value was mainly due to the inclusion of Main Airport Center and an increase in the value of Singapore properties.
5 Tenants are accounted for on a 100.0% interest basis.

1 CAPITAL TOWER

2 ASIA SQUARE TOWER 2

3 CAPITAGREEN

4 SIX BATTERY ROAD

5 ONE GEORGE STREET

6 RAFFLES CITY SINGAPORE

7 21 COLLYER QUAY

8 CAPITASPRING (Artist's Impression)

SINGAPORE

1 Capital Tower
2 Asia Square Tower 2
3 CapitaGreen
4 Six Battery Road
5 One George Street (50.0% interest)
6 Raffles City Singapore (60.0% interest)
7 21 Collyer Quay
8 CapitaSpring (45.0% interest)
under development completing in 1H 2021

PROPERTY PORTFOLIO

FRANKFURT, GERMANY

Close proximity between Frankfurt airport and city centre

20 MINS BY CAR

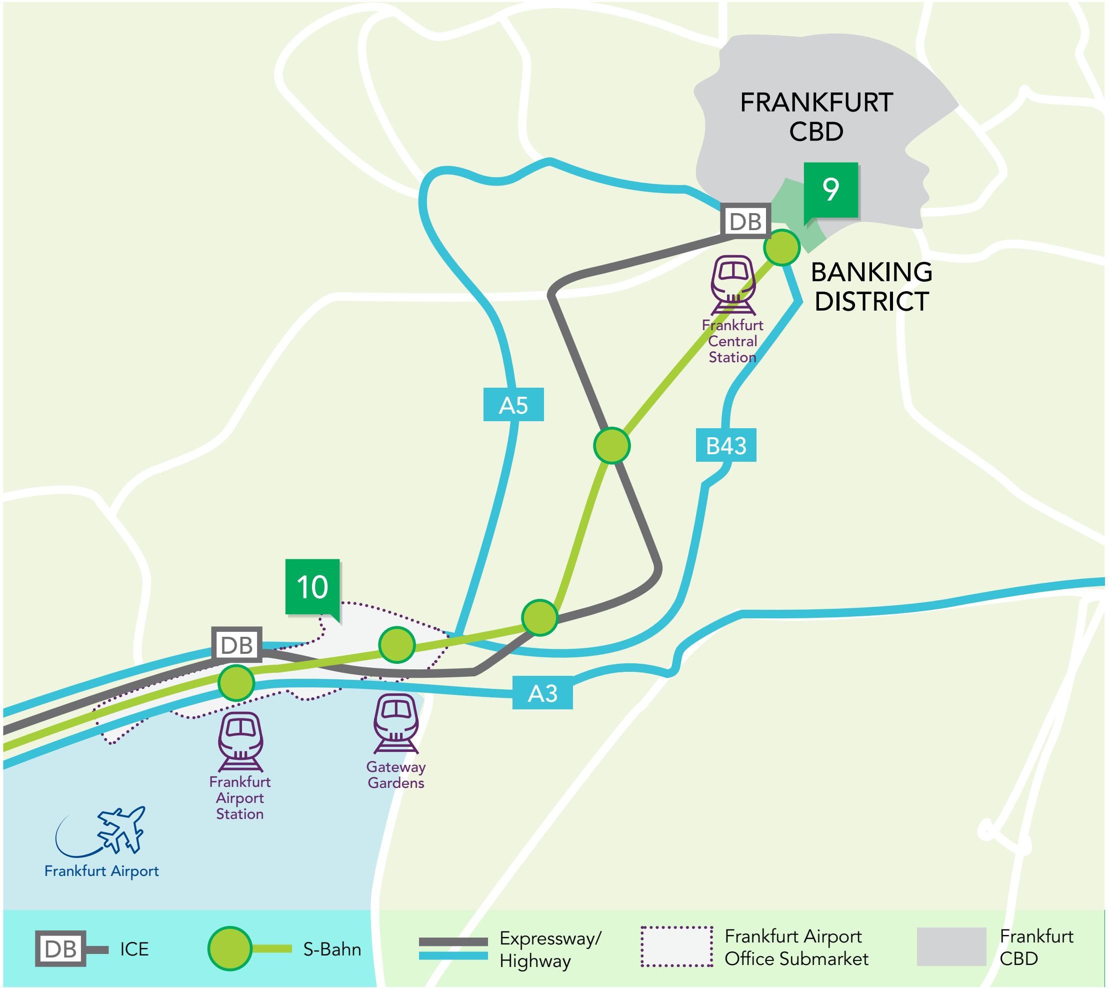
Via A3 / A5 motorways

11 MINS BY TRAIN

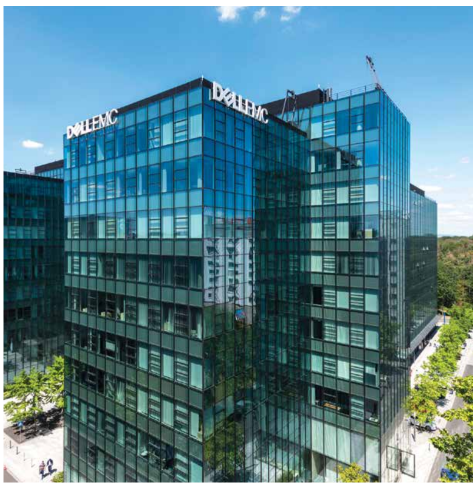
Inter City Express (ICE) high speed trains offer 204 domestic and regional connections

15 MINS BY S-BAHN COMMUTER RAILWAY

4 stops to city centre (Frankfurt central station)



9 GALLILEO



10 MAIN AIRPORT CENTER

GLOBAL TRENDS

We strive to understand and keep pace with trends and industry disruptors, such as increasing global connectivity and rapid advancements in technology and artificial intelligence, as well as their evolving influence on human-building interactions and other aspects of the built environment. In doing so, our goal is to mitigate the risks and embrace the opportunities that they present over time to our business, workforce and customers.

SUSTAINABILITY

Trend Description

Sustainability or Environmental, Social and Governance (ESG) is a growing focus of our stakeholders. The financial impact of climate change, coupled with increasing occurrences of extreme weather events, presents palpable business risks. Emergency preparedness and business continuity plans are essential to ensure the sustainability of our business.

Our Response

> Committed to reducing our environmental footprint by improving energy and water efficiency across our properties and reducing carbon emissions

> Obtained GRESB 4-star Rating

> Integrated sustainability focus into our operations

> Put in place emergency protocols for our properties and business continuity plans for our employees

EVOLVING WORKSPACES

Trend Description

The rise of the millennial workforce has transformed the work environment. Workplaces are now expected to offer seamless connection with lifestyle experiences, while enabling collaboration and providing the flexibility to work and meet anywhere at any time.

Demand for agile spaces has expanded rapidly in recent years. Flexible business space provides startups, entrepreneurs and corporates with an effective solution for managing occupancy costs.

Our Response

> Repositioned and introduced new product offerings such as revamping the space at Level 9 of Capital Tower into a multi functional space for events, talks, bazaars and movie screenings

> Leveraging CapitaLand Group's joint venture with The Work Project to offer flexible space solutions to our tenants

TECHNOLOGY

Trend Description

New technologies are transforming the way we live, work and play. This creates opportunities for us to innovate and support our customers in their growth, while tailoring delightful customer experiences.

Our Response

> Investing in systems and processes to improve resource efficiency, connectivity across different spaces and flexibility in workplace locations

> Creating safe and secure work environments and enhancing digital security

Sky Garden at CapitaGreen

YEAR IN BRIEF

JANUARY 2019

24 Jan Reported FY 2018 distributable income of S$321.7 million and DPU of 8.70 cents.

MARCH 2019

31 Mar Returned Bugis Village to the State and received compensation sum of S$40.7 million. Signed a one-year lease with the State ending March 2020.

APRIL 2019

10 Apr CCT AGM held at The Star Gallery.

18 Apr Reported 1Q 2019 distributable income of S$82.7 million.

JULY 2019

17 Jul Reported 1H 2019 distributable income of S$165.2 million and DPU of 4.40 cents.

17 Jul Announced a lease agreement with WeWork Singapore Pte. Ltd. at 21 Collyer Quay.

17 Jul Announced upgrading works at Six Battery Road podium from 1Q 2020 and 21 Collyer Quay from 2Q 2020.

17 Jul Announced proposed acquisition of 94.9% interest in Main Airport Center, Frankfurt for EUR251.5 million subject to Unitholders' approval.

17 – 18 Jul Raised gross proceeds of approximately S$220 million through a private placement of 105.0 million new CCT units at an issue price of S$2.095 per new Unit. Private placement was 5.0 times covered.

AUGUST 2019

1 Aug CCT ranked tenth place with a total score of 77 under the Governance Index for Trusts (GIFT) 2019.

7 Aug CCT ranked first with a score of 100.5 under the REIT and Business Trust category for the annual Singapore Governance and Transparency Index 2019.

13 – 31 Aug Three weeks of wellness and health activities attracted over 460 tenant participants. Topped off with a signature event, Live It Up! Race where a total of 60 teams participated. CapitaLand Hope Foundation and CCT raised over S$20,000 for Rainbow Centre Singapore, our adopted beneficiary for 2019.

SEPTEMBER 2019

6 Sep Unitholders approved acquisition of 94.9% interest in Main Airport Center at an Extraordinary General Meeting held at Raffles City Convention Centre.

17 Sep Completed acquisition of 94.9% interest in Main Airport Center.

17 Sep CCT ranked third for the Most Organised Investor Relations, Strongest Adherence to Corporate Governance and Best Strategic Corporate Social Responsibility at the Alpha Southeast Asia's 9th Annual Institutional Investor Awards for Corporates.

26 Sep CCT won runner-up for Shareholder Communications Excellence Award under REITs and Business Trust and Sustainability Award by Securities Investors Association of Singapore (SIAS) Investors' Choice Awards 2019.

OCTOBER 2019

1 Oct Received Best FM Building Owner/Facility Occupier of the Year Award 2019 for CapitaGreen.

7 Oct CCT drew down a 7-year fixed rate bank loan for Main Airport Center due 2026.

9 Oct Announced that Mr Lee Chee Koon relinquished his role as Non-Executive Non-Independent Director, and Chairman of the Executive Committee (EC). Appointment of Mr Jonathan Yap Neng Tong as Chairman of the EC.

11 Oct CCT ranked second for Most Honoured Company at the Institutional Investor 2019 All-Asia Executive Team Rankings for Developed Markets (Small and Midcap) (Singapore) for winning multiple awards: achieved second ranking for Best Investor Relations Programme, Best ESG/SRI Metrics and Best Corporate Governance, and ranked third for Best CEO and Best CFO Awards.

23 Oct Reported 3Q 2019 distributable income of S$84.8 million.

NOVEMBER 2019

7 Oct – 14 Nov CCT Gifts of Joy 2019 partnered Rainbow Centre Singapore and fulfilled 781 gift wishes of students. Excursions were also organised for more than 150 students to the Children's Biennale at National Gallery over four days.

DECEMBER 2019

16 Dec Established Sustainability Financing Framework to facilitate future issuance of sustainable debt to fund investments that meet environmental and social objectives.

16 Dec Issued first green bond comprising JPY10 billion at 0.729% p.a. bonds due 2027; proceeds swapped to S$124.7 million at 2.84% p.a.

JANUARY 2020

22 Jan Reported FY 2019 distributable income of S$337.6 million and DPU of 8.88 cents.

22 Jan Announced proposed merger with CapitaLand Mall Trust, subject to Unitholders' approval at an EGM and Scheme meeting.

FEBRUARY 2020

26 Feb Announced CCT will continue with quarterly reporting and semi-annual distribution notwithstanding SGX-ST's introduction of half-yearly financial results reporting, which was effective from 7 February 2020.

MESSAGE TO UNITHOLDERS

SOO KOK LENG
Chairman

KEVIN CHEE TIEN JIN
Chief Executive Officer

With the addition of Main Airport Center, the independent appraisals of the Trust's investment properties and proportionate interest in investment properties held through joint ventures, aggregated to a portfolio property value of S$11.1 billion as at 31 December 2019, up 4.7% year-on-year.

Dear Unitholders,

FY 2019 was a positive year for CCT as we continued to deliver strong total returns achieved through unit price appreciation and growth in distribution per Unit (DPU). Our DPU growth was the result of high portfolio occupancy, higher rents, a new acquisition and underpinned by prudent capital management. With your resounding support, we successfully acquired a 94.9% interest in Main Airport Center, a freehold office property located close to Frankfurt International Airport. We also established a Sustainability Financing Framework and issued our first green bond, further reinforcing our commitment to sustainability.

Sustainability has always been at the core of our multi-pronged strategy for managing, investing and growing our resources. We have integrated our sustainability reporting into this annual report to provide a more comprehensive account of how CCT creates long-term sustainable value for stakeholders and the environment. This report has been prepared in accordance with the Global Reporting Initiative (GRI) standards: Core Option to convey our financial results alongside our environmental, social and governance scorecard. This is aligned with CCT's continued drive at "**Making An Impact**" as one of Singapore's largest commercial REITs.

STRONG FINANCIAL RESULTS

CCT's gross revenue and net property income for FY 2019 increased by 4.7% and 2.1% to S$412.3 million and S$321.2 million respectively. The higher net property income, lower costs of borrowing and higher distribution of tax-exempt income (comprising income largely from Gallileo and Main Airport Center) drove CCT's FY 2019 distributable income to rise by 4.9% year-on-year to S$337.6 million. DPU was 8.88 cents or 2.1% higher than 8.70 cents a year ago. Combining DPU and capital appreciation, CCT delivered a total return of 18.8%[1] in 2019 and 53.5% over a three-year period from 2017 to 2019.

With the addition of Main Airport Center, the independent appraisals of the Trust's investment properties and proportionate interest in investment properties held through joint ventures aggregated to a portfolio property value of S$11.1 billion as at 31 December 2019, up 4.7% year-on-year. The adjusted net asset value per unit of S$1.82 was up 1.1% year-on-year, after excluding 2H FY 2019 distributable income to Unitholders.

PURSUING SUSTAINABLE GROWTH

Supported by a strong mandate from Unitholders for the transaction, the acquisition of the DPU-accretive Main Airport Center in September 2019 underscores our strategy to expand the portfolio with quality assets that demonstrate strategic fit and long-term growth potential. It marked our second asset acquisition in Frankfurt after Gallileo, a move that will enable us to seize opportunities in the city's airport office submarket, where the vacancy rate is currently at a 10-year low. CCT's 94.9% interest in Main Airport Center translated to an agreed property value of EUR251.5 million (about S$387.1 million), and an initial net property income yield of 4%. CCT's interest was funded through a combination of equity and debt comprising private placement proceeds of approximately S$203 million (subject to post-completion adjustments) and a seven-year secured bank loan of EUR115.7 million due 2026 at a fixed interest rate of 0.75% per annum.

CapitaSpring, the upcoming integrated development at Market Street, is on track for completion in 1H 2021. As at 31 December 2019, pre-committed occupancy rate has climbed to 34.8% with The Work Project leasing an entire floor to offer flexible office solutions to tenants, and two other tenants from the real estate and property services and financial services sectors respectively.

CCT's eight Singapore properties now account for 92% of the Trust's portfolio property value, while the two German properties make up the remaining 8%. This geographical composition aligns with our guidance on allocating up to 20% of the portfolio property value to overseas growth.

STRENGTHENING PORTFOLIO PERFORMANCE

During the year, we entered into an agreement to lease 21 Collyer Quay to coworking space operator, WeWork Singapore Pte. Ltd.. The lease will commence in 2Q 2021 for a period of seven years. We will make use of the transitional occupancy downtime, after the current lease with The Hongkong and Shanghai Banking Corporation Limited expires in April 2020, to upgrade 21 Collyer Quay's essential building systems, common and lettable areas to meet BCA's Green Mark Gold^{PLUS} rating. The expected return on investment is approximately 9% on an estimated cost of S$45 million to upgrade the property.

The planned refresh of the Six Battery Road podium, to be completed in phases between 1Q 2020 and 3Q 2021, is another asset enhancement initiative (AEI) aimed at long-term growth. The office tower will remain operational during this period, while the transformed podium will feature a new façade and a linkway connecting Raffles Place to Singapore River, complete with lifestyle and F&B offerings. Standard Chartered Bank will continue

1 Based on an aggregate of CCT's FY 2019 DPU of S$0.0888 and capital appreciation of S$0.24 per unit (difference of closing price on 31 December 2019 and 31 December 2018), over the closing price of S$1.75 per unit on 31 December 2018.

to remain the anchor tenant with over 30,000 sq ft of committed space. The targeted return on investment is approximately 8% on an estimated cost of S$35 million to upgrade the property.

As at end 2019, the committed occupancy rate for CCT's portfolio was 98.0%. The committed occupancy for the Singapore portfolio was 98.6%, above the Singapore CBD Core occupancy of 95.8%, while the occupancy rate for the Germany portfolio was 95.9%, above the Frankfurt office market occupancy of 93.2%. We attribute these consistent outcomes to a proactive leasing strategy. In FY 2019, approximately 1.3 million sq ft of new and renewal leases were signed, of which 34% were new. Positive rental reversions were achieved for the majority of leases committed in 2019 and the tenant retention rate was 82%.

PROACTIVE CAPITAL MANAGEMENT

The Trust's proactive and prudent approach to capital management drives us to diversify funding sources, lower interest expenses, as well as manage the cost and tenure of borrowings to support our portfolio initiatives.

We have widened our sustainability focus and established a Sustainability Financing Framework in December 2019. This would allow CCT to secure funding from like-minded investors to meet our environmental and social objectives, including select United Nations' Sustainable Development Goals. Under the Framework, CCT issued its first green bond comprising JPY 10.0 billion of unsecured bonds due in November 2027, which were swapped into approximately S$124.7 million at a fixed interest rate of 2.84% per annum.

As at 31 December 2019, the Trust's aggregate leverage of 35.1% remains comfortably below the regulatory limit of 45.0%. The weighted average cost of debt remained low at 2.4% per annum.

WIDENING OUR SUSTAINABILITY EFFORTS

We have continued to drive our sustainability journey by upholding high standards of corporate governance, managing our environmental footprint, leveraging technology and engaging with stakeholders that include employees, tenants and our communities.

Even as CCT's portfolio expanded over the years, we have continued to track the energy and water consumption and carbon footprint of our properties using 2008 as the base year. For FY 2019, our Singapore portfolio achieved a reduction of 29.6% and 32.2% compared to the base year for energy intensity measured in kWh per m^2, and water intensity measured in m^3 per m^2, respectively.

On the technology front, we incorporated facial recognition with the security turnstiles at Capital Tower to improve convenience and heighten building security for our tenants. The intelligent building platform (IBP), which collects and analyses operational data to enhance the building's chilled water air-conditioning system and air-handling unit efficiency, is now implemented in four out of seven operating properties in Singapore. The CapitaStar@Work mobile application, a growing platform for connecting our tenant communities, continues to be updated regularly with improvements to functionality and user experience.

Supporting the creation of vibrant communities are signature CCT events and activities that allow us to bring tenants together. These included a three-week programme focusing on health and well-being, which attracted over 460 tenants and like-minded partners. The highlight of the programme was the CCT Live It Up! Race, which drew participation from 60 teams, including seven teams from Rainbow Centre Singapore, CCT's adopted beneficiary for the year.

Another anticipated event was CCT's Gifts of Joy, an annual community outreach programme involving both staff and tenants. In 2019, over 200 volunteers from CapitaLand and 34 tenant companies came together to wrap and distribute presents to fulfil the wishes of 781 students from Rainbow Centre. The volunteers also led 150 students on excursions to the Children's Biennale at the National Gallery over four days.

Having deepened our engagements with Rainbow Centre, our communities are able to have better understanding of the children and their needs. With support from CapitaLand Hope Foundation, through CCT Live It Up! Race and CCT Gifts of Joy, CCT raised an aggregate of S$28,120 for Rainbow Centre. We urge you to learn more about the programmes and initiatives underlying CCT's approach to its Environment, Stakeholders and Communities at pages 110 to 131.

MESSAGE TO UNITHOLDERS

LOOKING AHEAD

Singapore's average Grade A office rentals had risen by 6.9% to S$11.55 per sq ft in 2019 according to CBRE Research. Between 2020 and 2021, new office supply in Singapore's CBD Core will be limited, with good levels of pre-commitments secured for the few upcoming projects. As such, Grade A office rents are expected to remain stable in 2020. While demand for office space is likely to be more cautious amidst the current global uncertainties, we expect leasing enquiries to remain healthy.

Over in Frankfurt, the office market is expected to remain resilient, due to healthy demand, lower vacancy rates and ongoing pre-commitment for new supply.

On 22 January 2020, we announced a proposed merger of CCT and CapitaLand Mall Trust to create a merged entity, CapitaLand Integrated Commercial Trust (CICT), that will focus on growth through investing, managing and owning office, retail and integrated commercial developments in Singapore and developed markets overseas. Expected to be the largest Singapore REIT and the proxy for the Singapore commercial real estate market, CICT will propel both REITs to the next phase of growth with its robust best-in-class platform. We look forward to your support for CICT and will continue our engagement with you on the proposed merger in the subsequent months. Meanwhile, CCT will continue with quarterly reporting and semi-annual distribution [1].

Singapore Ministry of Health (MOH) raised Singapore's Disease Outbreak Response System Condition (DORSCON) to Orange in light of the 2019 Novel Coronavirus (COVID-19) situation on Friday, 7 February 2020. In line with the MOH guidelines, we have since put in precautionary measures at our properties and development site of CapitaSpring and will closely monitor the situation and possible impact.

AWARDS AND RECOGNITION

It takes a strong and dedicated team to be able to deliver consistent results, and we are proud that CCT's achievements continue to be honoured by the industry, year after year. Among others, CCT's corporate governance and investor communications practices garnered the following accolades in FY 2019:

Institutional Investor 2019 All-Asia (ex-Japan) Executive Team rankings for Developed Markets (Small and Midcap) (Singapore)

- Ranked 2nd for Most Honoured Companies
- Ranked 3rd for Best CEO
- Ranked 3rd for Best CFO
- Ranked 2nd for Best IR program
- Ranked 2nd for Best ESG/SRI Metrics
- Ranked 2nd for Best Corporate Governance

Singapore Governance and Transparency Index 2019 (REIT and Business Trust Category)

Ranked 1st with overall score of 100.5, up from 95.7 in 2018

A full listing of CCT's awards in 2019 can be found at www.cct.com.sg.

ACKNOWLEDGEMENTS

We take this opportunity to thank our fellow Directors for their leadership and active contributions during the year. Our special thanks to Mr Lee Chee Koon, our Non-Executive Non-Independent Director who relinquished his role on 10 October 2019 after having served on the CCT Board since 1 January 2018. We extend a warm welcome Mr Jonathan Yap Neng Tong, who joined the Board on 10 October 2019 as a Non-Executive, Non-Independent Director.

Our gratitude also goes to all CCT staff, tenants and partners for their continued support, and to all Unitholders for your unwavering confidence.

Soo Kok Leng
Chairman

Kevin Chee Tien Jin
Chief Executive Officer

27 February 2020

1 If the merger of CCT and CMT is not completed, CCT will continue to make distributions on a semi-annual basis in line with its current practice. If the merger is completed, the current intention is for the merged entity to keep to CMT's current practice of making distributions on a quarterly basis. The manager of the merged entity may, at its discretion, review the frequency of the merged entity's distributions in the future, where appropriate.

致信托单位持有人之信函

尊敬的信托单位持有人，

对凯德商务产业信托（简称凯德信托）来说2019是个卓有成效的一年。在2019年凯德信托因单位价的升值和每单位派息的增长，继续实现强劲的总回报。2019每单位派息的增长来自资产组合的高出租率以及较高的租金，加上新产业收购和谨慎的资本管理等因素。在您的大力支持下，我们成功收购了靠近德国法兰克福国际机场的一项永久业权办公楼——Main Airport Center 94.9%的权益。我们还成立了一个可持续发展融资的构架，并发行了第一笔环保债券(green bond)，进一步加强了我们对可持续发展的承诺。

可持续发展一直以来都是我们管理，投资和增长资源的多管齐下战略的核心。我们将可持续发展报告纳入这份年度报告，以更全面地说明凯德信托如何为利益相关者和保护环境创造长期、可持续的价值。可持续发展报告是依据全球报告倡议组织（Global Reporting Initiative）核心选项的标准，以环境，社会和企业管治计分卡一同来评估我们的财务业绩。这与我们作为新加坡最大的商业房地产信托基金之一，持续推动"与众不同的影响"的方针保持一致。

强劲的财务业绩

凯德信托在2019年的总收入和房地产净收入同比分别上扬4.7%至4.123亿新元和2.1%至3.212亿新元。较高的房地产净收入，较低的贷款成本和更多的免税收入分配（包括主要来自Gallileo和Main Airport Center的收入）使凯德信托在2019财年的可派发收入同比增长4.9%至3.376亿新元。每单位派息为8.88分，比去年同期的8.70分高出2.1%。把年度的每单位派息和股价增值加在一起，凯德信托在2019年达到了18.8%[1] 的总回报率，以及2017年至2019年三年期间实现53.5%的总回报率。

截至2019年12月31日，凯德信托的资产以及合资企业所持有的资产的比例权益，再加上新收购的Main Airport Center，


凯德信托股东特别大会

资产组合总价值的独立评估为111亿新元，同比上扬4.7%。扣除2019财政年度下半年的可派发收入，调整后的每单位净资产价值为1.82新元，同比增长1.1%。

追求可持续增长

在单位持有人极力授权的支持下，我们于 2019年9月收购了能为每单位派息增利的Main Airport Center，显示了我们以具有战略契合性和长期增长潜力的优质资产来扩大资产组合的战略。这是我们继Gallileo之后在法兰克福进行的第二笔资产收购。资产坐落在法兰克福机场附近，而该办公楼市场目前的空置率正处于十年低位，提供了让我们进军这机场办公楼市场的机会。凯德信托拥有Main Airport Center 94.9%的权益，既是资产合约价值的2.515亿欧元（约3.871亿新元），房地产净收入率为4%。凯德信托通过私募和贷款筹集资金以进行收购。这包括2.03亿新元的私募款项（待完成收购后调整）和1.157亿欧元的七年有抵押银行贷款，固定年利率为0.75%，2026年到期。

我们在马吉街正在进行的综合开发项目凯源中心（CapitaSpring）预期会在2021年上半年竣工。截至2019年12月31日，出租率已攀升至34.8%，其中The Work Project租赁了一个楼层，提供灵活性的办公解决方案给我们的客户。其他租客包括了两个分别来自房地产和金融服务业的公司。

凯德信托在新加坡的八项资产已占资产组合总价值的92%，而在德国的两项资产则占了其余的8%。这样的地理分布符合我们计划逐渐将资产组合总价值的20%分配给海外增长的方针。

加强资产组合绩效

在2019年，我们和共享办公空间运营商WeWork新加坡达成租赁整栋哥烈码头21号办公大厦的协议。租赁将于2021年第二季度开始，为期7年。汇丰银行的租约将于2020年4月到期。我们将利用这次的转换租赁期来提升哥烈码头21号办公大厦的机械装备系统和更新公共以及可供出租的淨面積，让大厦符合建筑局的绿色建筑标志超金标准。资产翻新计划的预计成本约4500万新元，预期投资回报为9%。

百得利路6号附属建筑的更新是另一项注重于长期发展的资产增值计划，将在2020年第一季度至2021年第三季度之间逐步完成。办公楼将在此期间继续运作，而经过改造的附属建筑将具有崭新的外观，各种时尚和餐饮服务以及一条连接莱佛士坊与新加坡河的通道。渣打银行将继续是百得利路6号

1 根据凯德信托在2019年每单位派息的8.88新加坡分和每单位24新加坡分的资本增值（2019年12月31日与2018年12月31日收盘价之间的差额）的总和相对于2018年12月31日每单位1.75新元的收盘价的比率。

致信托单位持有人之信函

截至2019年12月31日，凯德信托的资产和与合资企业所持有的资产的比例权益，再加上新收购的Main Airport Center，资产组合总价值的独立评估为111亿新元，同比上扬4.7%。

的主要租户，租赁的面积超过3万平方英尺。资产增值计划的估计成本为3500万新元，而投资回报的目标约8%。

截至2019年底，凯德信托资产组合的出租率为98.0%。新加坡资产组合的出租率为98.6%，高于中央商务区的95.8%，而德国资产组合的95.9%则在法兰克福办公楼市场的93.2%之上。这些一贯的结果都归功于积极的租赁策略。在2019年，我们签署了约130万平方英尺的租约，其中34%是新租约。大部分新签租约的租金都高过到期租约的租金，租户保留率为82%。

积极的资本管理

我们以积极、审慎管理资本的方式，促使我们扩大资金来源、降低利息支出，并为资产组合减少成本和贷款期限。

我们在2019年12月扩大了我们的可持续发展重点和成立了可持续发展融资构架。这将使凯德信托能够从志趣相投的投资者中取得融资，以实现我们环境和社会目标，也包括了联合国的可持续发展目标。在构架下，凯德信托发行了第一笔环保债券。这笔2027年11月到期的100亿日元无担保债券以2.84%的固定年利率交换为约1.247亿新加坡元的资金。

截至2019年12月31日，凯德信托的资产负债比率为35.1%，低于法定限制的45.0%。加权平均债务成本保持在每年2.4%的低利息。

扩大可持续发展方面的努力

我们维持高标准的公司治理、管理我们的环境足迹，运用科技以及与利益相关者互动，包括员工、租户和社区民众，来持续的驱动凯德信托的可持续发展项目。

尽管凯德信托在过去几年中扩展了资产组合，我们仍以2008年为基准年，监测资产的能源和水的消耗量以及碳足迹。与基准年相比，在2019财年，我们在新加坡的资产组合减少了29.6%的耗电量（单位为千瓦时每平方米）和32.2%的用水量（单位为公升每平方米）。

在科技方面，我们把面部识别技术与资金大厦的安全旋转闸相结合，在提高租户便利的同时，增强办公楼的保安。还有一项用来收集和分析运营数据以提高大楼效率的智能建筑平台已经在新加坡七栋运营资产中的四栋实行。CapitaStar@Work手机应用是一个正在增长的平台，用于连接我们的租户社区。我们不断地更新应用，以改善功能和提高用户体验。

我们通过凯德信托的标志性活动把租户聚集，以创建更有活力的社区。这包括了一项为期三周的健康与保健节目，吸引了460多名租户和志趣相投的伙伴。节目的亮点是CCT Live It Up！竞赛，共吸引了60个团队参与，其中7队来自信托今年度的受益者——新加坡彩虹中心。

另一个备受期待的年度项目是员工和租户都能参与的社区外展活动Gifts of Joy。在2019年，200多名来自凯德集团的志愿者和34个租户公司聚集在一起包装和分发礼物，以实现彩虹中心的781名学生的礼物心愿。志愿者们还陪同150名学生参观在国家美术馆举行的首届儿童双年展。

这些活动加深了我们与彩虹中心的互动，让社区能够更了解彩虹中心里的孩子和他们的需求。在凯德希望基金会的支持下，我们通过CCT Live It Up！竞赛和Gifts of Joy，为新加坡彩虹中心与其基金筹集了 28,120新元。我们促您在110页至131页中详细了解凯德信托对环境，社会与人际关系以及人力资本的处理方案。

展望未来

根据世邦魏理仕研究部，新加坡的甲级办公楼平均租金在2019年增长了6.9%至每平方英尺11.55新元。从2020年到2021年，新加坡中央商务区的新办公楼供应将会有限，几个还在建设当中的新项目也已取得不错的提前租赁。因此，预计甲级办公楼租金会在2020年保持稳定。尽管当前全球不稳定的局势会使办公空间的需求变得更为谨慎，但预计租赁询问将保持强稳。

在法兰克福，办公楼市场预计将保持韧性。市场的需求强，空置率低，而且新办公室供应都逐渐被提前租赁。

2020年1月22日，我们宣布了与凯德商用新加坡信托的拟议合并，创建凯德综合商业信托。凯德综合信托将通过投资、管理和拥有在新加坡和海外市场的办公室，零售和综合商业发展项目专注于增长。凯德综合信托有望成为新加坡最大的房地产投资信托基金和商业房地产市场的代表，并推动商用和商务两个信托进入下一阶段的增长。我们期待得到您的支持，并会在接下来的几个月中继续与您进行拟议合并事项的交流。这期间，凯德信托将继续进行季度报告和半年度派发。[1]

针对2019年冠状病毒疾病的传播情况，新加坡卫生部于2020年2月7日（星期五）将新加坡的疾病爆发应对系统提升到橙色。我们已经根据卫生部准则，在各房地产和凯源中心(CapitaSpring)的发展工地采取预防措施，并会密切监视疫情的情况和对营运的潜在影响。

表彰

长期一致的业绩需要有一支强韧而敬业的团队。我们为凯德信托历年被业界的肯定感到自豪。在2019年，凯德信托的公司治理和投资者交流做法获得了以下荣誉：

企业投资者2019年全亚洲（不包括日本）发展市场（小型和中型）（新加坡）的执行团队排名

- 荣誉公司 第二名
- 最佳首席执行官 第三名
- 最佳首席财务官 第三名
- 最佳投资者关系项目 第二名
- 最佳环境、社会与公司治理/社会责任投资指标 第二名
- 最佳公司治理 第二名

2019年新加坡治理与透明度指数（房地产和商业信托组别）

- 以100.5总分排名第一，高于2018年的95.7

有关信托2019年奖项的完整列表，请阅览www.cct.com.sg.

致谢

我们借此机会感谢董事会全体在这一年中的领导和作出的积极贡献。更特别致谢非执行非独立董事 李志勤先生，他自2018年1月1日起在董事会任职后于2019年10月10日辞去董事职务。在此同时，我们欢迎叶能栋先生加入董事会，于2019年10月10日担任非执行非独立董事。

我们衷心感谢所有员工，租户和合作伙伴长期的支持，和信托单位持有人对我们坚定的信心。

司徒国玲
主席

徐添锦
首席执行官

2020年2月27日

1 如果凯德信托和凯德商用新加坡信托（CMT）的合并还没有成立，凯德信托将继续现有的惯例，实行半年度派发。如果合并已成立，合并后的综合信托，将会按照CMT的现有惯例，在每季度派发配息。综合信托的管理经理可按其判定，在未来适当的调整配息派发的次数。

SUSTAINABILITY APPROACH

Reporting Scope and Period

This report covers CCT's portfolio for the period from 1 January to 31 December 2019. CCT's portfolio comprises eight assets in Singapore and two assets in Germany. The second German property, Main Airport Center was acquired on 17 September 2019.

Our Commitment and Approach

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

As a CapitaLand-sponsored REIT, CCT's sustainability objectives and strategies are aligned with CapitaLand's. We are committed to improving the economic and social well-being of our stakeholders through management of human capital, asset, portfolio, operations and project development. In a fast-evolving business landscape, we actively embrace innovation to ensure commercial viability without compromising the environment for future generations.

Through the efforts of the teams over the years, we continue to add value to CCT by delivering long-term sustainable distribution and positive total returns to Unitholders.

As a testament to our commitment, CCT has been a constituent of several sustainability indices including FTSE4Good Index Series, FTSE4Good ASEAN 5 Index, iEdge SG ESG Transparency Index, iEdge SG ESG Leaders Index and MSCI ACWI ESG Leaders Index. CCT has been participating in the Global Real Estate Sustainability Benchmark (GRESB) survey since 2013 and was awarded GRESB 4-star, with an improved scoring of 84, up from 75 in 2018 and above peer average of 82 in 2019.

CapitaLand Core Values

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

BOARD STATEMENT

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

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

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

Top Management Support and Employee Involvement

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. CCT's CEO is the environmental, health and safety (EHS) champion and is accountable for the Trust's EHS performance. CCT's Board is updated regularly on the REIT's sustainability matters.

Sustainablity Management Structure

CapitaLand 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

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

One key avenue is the Group-wide Risk and Control Self-Assessment exercise, through which the Manager identifies, reviews and documents material risks and the related internal controls. Regular stakeholder engagements surface issues that are considered important to the Trust.

These engagements include facilitating regular dialogue/ feedback sessions with relevant government agencies through member representations in these agencies such as the Building and Construction Authority (BCA), National Environment Agency (NEA) and Ministry of Manpower (MOM); participation in public forums and conferences; customer engagements and employee engagement surveys; CCT's support of the Corporate Governance Week – an annual event by the Securities Investors Association (Singapore) (SIAS); and other engagements where relevant with SGX-ST. CCT also gains insight into potential material issues identified by industry associations, investment bodies as well as sustainability surveys and benchmarks.

Through these channels, CCT has identified key areas deemed material to our business and operations. These areas are prioritised based on the likelihood and potential impact of issues affecting business continuity and development. For external stakeholders, we give priority to issues important to the society and applicable to CCT. The material topics and boundaries are summarised on page 132.

Prioritisation of ESG Material Issues

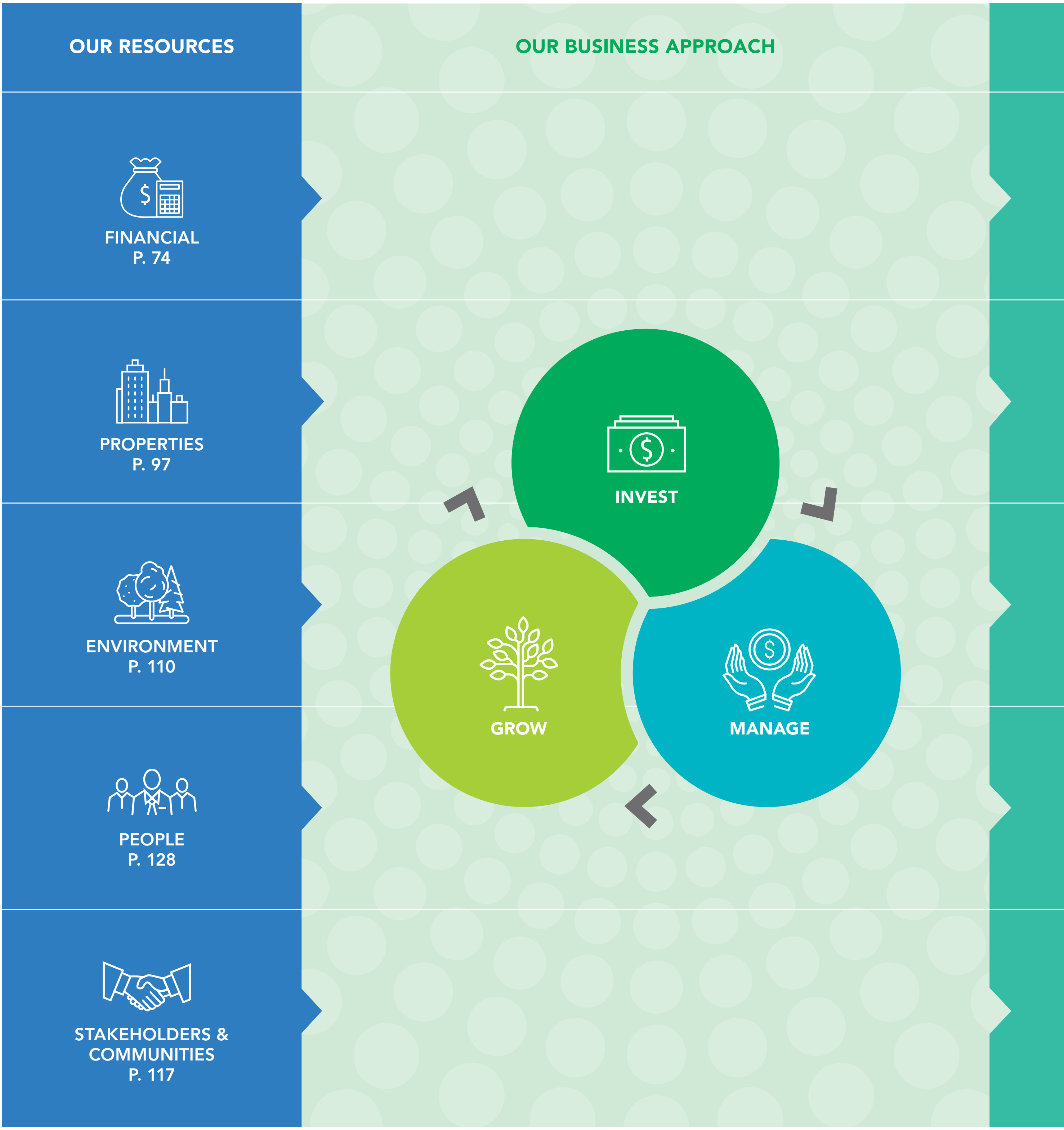
Environment	Social/Labour Practices	Governance
Critical		
> Energy efficiency > Climate change and emissions reduction > Water management	> Occupational health & safety > Employment > Stakeholder engagement > Supply chain management	> Compliance > Business ethics > Products and services*
Moderate and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

* This includes customer health and safety.

SUSTAINABILITY APPROACH

Sustainable Value Creation Model

CCT strives to create sustainable value for our stakeholders by proactively investing, managing and growing our capital resources to achieve our targets.



OUR VALUE DRIVERS	OUTCOMES
> Generate Organic Growth > Enhance/Refurbish assets > Capital recycling > Grow Portfolio > Proactive capital management	SUSTAINABLE RETURNS
> Maximise potential and enhance portfolio > Enhance accessibility (Social integration) > Embrace innovation	QUALITY ASSETS & DIFFERENTIATED OFFERINGS
> Manage resources efficiently > Upkeep green buildings (Climate resilience) > Ensure health and safety	MITIGATE CLIMATE CHANGE
> Upkeep high standards of corporate governance > Engage employees regularly > Encourage learning and development	HIGH-PERFORMANCE CULTURE
> Create delightful customer experience > Engage stakeholders regularly > Engage supply chain	LANDLORD OF CHOICE & THRIVING COMMUNITIES

INVEST

We invest in what matters: our portfolio, our people and innovation/technology that enables us to create value and drive sustainable returns. We invest strategically for portfolio reconstitution and expansion as demonstrated by our ability to rejuvenate our portfolio over the years into a set of high quality and core assets through timely investments, divestments, upgrading and capital recycling. We continue to develop talent and build a strong experienced team by investing in their training and fostering a high-performance culture. We leverage technology to innovate, improve and maintain our competitive edge with varied offerings for all our stakeholders. Our ability to invest astutely positions us well to secure opportunities and enhance future growth.

MANAGE

We manage the tangibles and intangibles: our assets and our relationships. To maintain a portfolio of quality assets and maximise their potential, we constantly seek opportunities to improve the performance of our properties through asset enhancement or reconfiguring the tenancy mix and update the properties' offerings. We are also proactive in tenant engagements to understand the needs of our stakeholders, build relationships and create vibrant communities. These engagements are through regular dialogue and stakeholders' participation in events and activities. Our proactive management of our assets and relationships allow us to form lasting partnerships and create products of value and quality to our customers and communities.

GROW

We strive to grow sustainably and enhance return. Sustainability is an integral part of our business, embedded in our operations. While we grow our portfolio through our value creation strategies, we remain committed to improving our portfolio resiliency and investing in our communities. Our efforts include upkeeping our green properties, improving resource efficiency, deepening relationships and giving back to communities. Our prudent and all-rounded approach enables us to create sustainable value for our stakeholders as we grow.

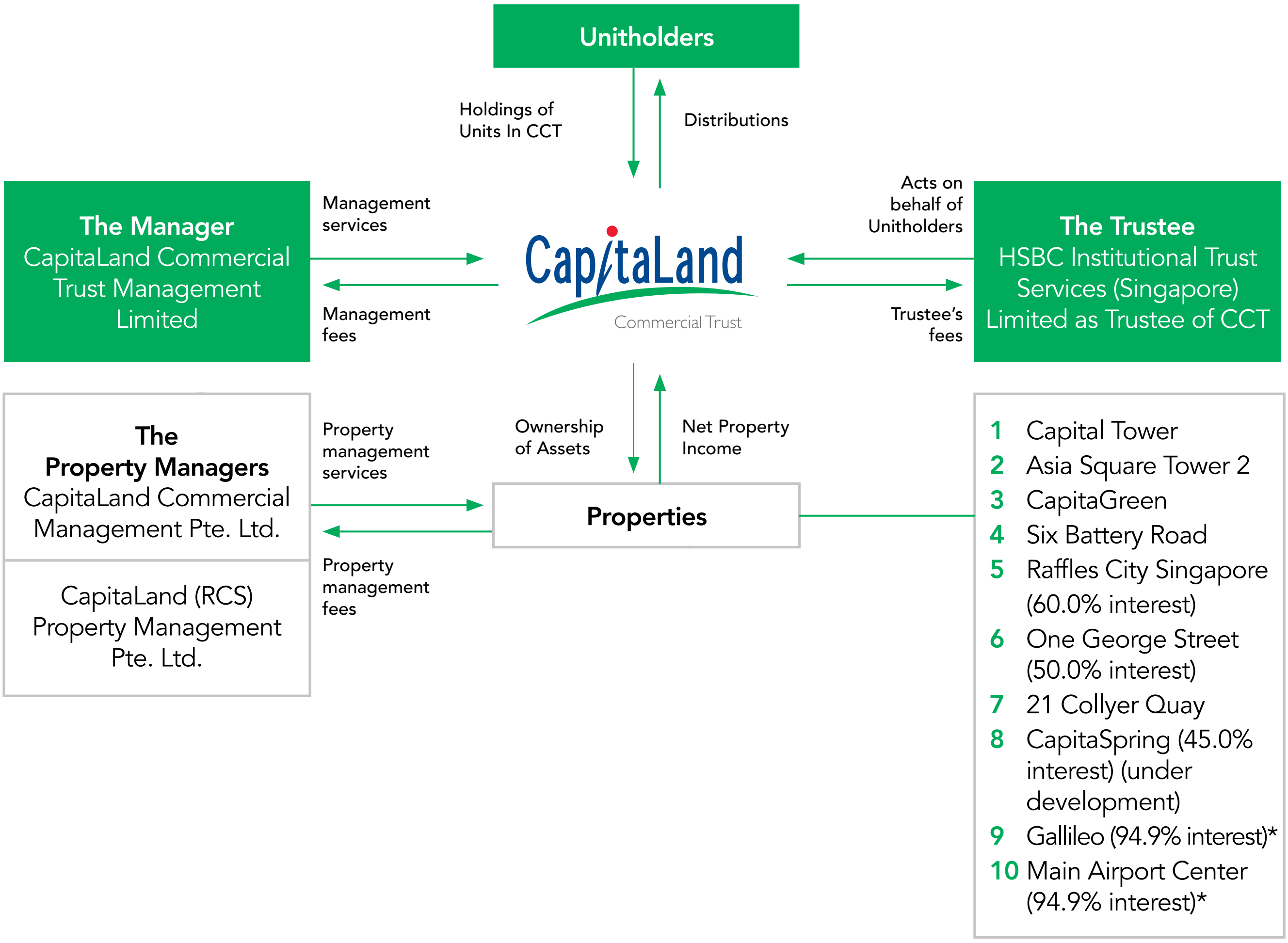
SUSTAINABILITY APPROACH

Alignment to United Nations Sustainable Development Goals (UN SDGs)

Aligned with CapitaLand's approach, we have mapped our ESG issues and main efforts in relation to the key UN SDGs below.

Our Resources		Material Issues	UN SDGs
Financial	> We generate operating income from our portfolio, leverage a mix of debt and equity to invest in our assets or grow our portfolio > We proactively manage our portfolio by disciplined execution of the various value drivers for our assets		
Properties	> We actively manage and build environmentally sustainable assets through proactive asset management and steady enhancements to create safe, accessible and quality spaces. > We leverage technology to innovate and improve processes and create new offerings for our stakeholders	> Products and services (include customer health and safety)	9 Industry, Innovation and Infrastructure 11 Sustainable Cities and Communities
Environment	> We consciously manage our portfolio and strive to achieve more efficient resource management to minimise our environment impact > We are committed to providing a safe and healthy environment at CCT properties for all stakeholders	> Energy efficiency > Climate change and emissions reduction > Water management > Building materials > Construction and operational waste > Biodiversity > Stakeholder engagement > Occupational health & safety > Supply chain management	3 Good Health and Well-Being 6 Clean Water and Sanitation 7 Affordable and Clean Energy 9 Industry, Innovation and Infrastructure 11 Sustainable Cities and Communities 13 Climate Action 15 Life on Land
People	> We uphold the highest standards of governance and accountability > We adopt consistent, equitable and fair labour policies and practices, and strive to deepen the talent pool through training and learning opportunities to develop a high performing work environment	> Compliance > Business ethics > Stakeholder engagement > Employment > Diversity > Human rights	3 Good Health and Well-Being 5 Gender Equality 8 Decent Work and Economic Growth 16 Peace, Justice and Strong Institutions
Stakeholders & Communities	> We invest in the communities we operate in, to encourage connectivity, inclusivity and build vibrant, thriving communities > We actively engage our stakeholders to build strong relationships and lasting partnerships	> Stakeholder engagement > Products and services (include customer health and safety)	1 No Poverty 2 Zero Hunger 3 Good Health and Well-Being 4 Quality Education 11 Sustainable Cities and Communities

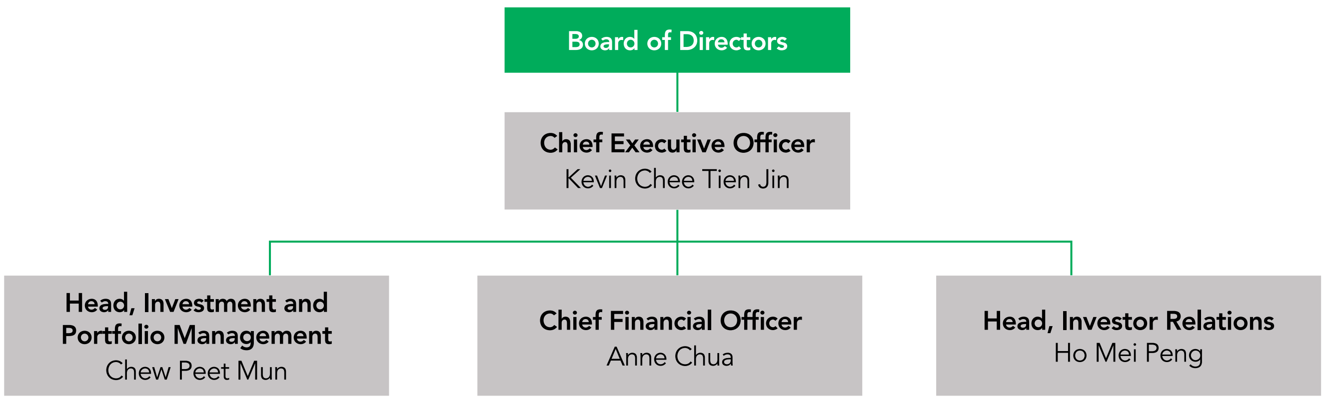
TRUST STRUCTURE



*Managed by third party service providers in Germany.

ORGANISATION STRUCTURE

THE MANAGER
CAPITALAND COMMERCIAL TRUST MANAGEMENT LIMITED



BOARD OF DIRECTORS

MR SOO KOK LENG
Chairman
Non-Executive Independent Director

MR KEVIN CHEE TIEN JIN
Chief Executive Officer
Executive Non-Independent Director

MR LAM YI YOUNG
Non-Executive Independent Director

MS TAN SOON NEO JESSICA
Non-Executive Independent Director

MRS QUEK BIN HWEE
Non-Executive Independent Director

MR NG WAI KING
Non-Executive Independent Director

MR LEE CHEE KOON
Non-Executive Non-Independent Director
(Resigned on 10 Oct 2019)

MR JONATHAN YAP NENG TONG
Non-Executive Non-Independent Director
(Appointed on 10 Oct 2019)

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

SOO KOK LENG, 68

Chairman

Non-Executive Independent Director

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

Date of first appointment as a Director
1 January 2013

Date of appointment as Chairman
22 September 2014

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

Present principal commitments
> Freelance management consulting
> Singapore Storage & Warehouse Pte Ltd (Chairman)
> SSW Logistics Pte. Ltd. (Chairman)
> Temasek Management Services Pte Ltd (Chairman)
> Trusted Services Pte. Ltd. (Chairman)

Background and working experience
> Corporate Advisor of Temasek International Advisors Pte. Ltd. (Since 2012)
> Freelance management consultancy (Since 2002)
> Adjunct Professor of National University of Singapore, Engineering School (From 2007 to 2018)
> Non-Resident Ambassador to Austria, Ministry of Foreign Affairs (From 2006 to April 2017)
> Corporate Advisor of Singapore Technologies Engineering Ltd (From 2002 to 2015)
> Corporate Advisor of Temasek Holdings (Private) Limited (From 2003 to 2012)
> CEO (Acting) of Singapore Cable Car Pte Ltd (From 2003 to 2004)
> Vice President/General Manager of 3Com Technologies (From 1997 to 2002)
> Group General Manager/Executive Director of Falmac Ltd (From 1996 to 1997)
> Engineer to Management of Hewlett Packard Pte Ltd (From 1977 to 1996)

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

KEVIN CHEE TIEN JIN, 51

Chief Executive Officer

Executive Non-Independent Director

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

Date of first appointment as a Director
1 November 2017

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

Board committee served on
> Executive Committee (Member)

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

Award
> 3rd for Best CEO Category, Institutional Investor 2019 All-Asia Executive Team Rankings, Developed Markets – Small and Midcap in 2019

BOARD OF DIRECTORS

LAM YI YOUNG, 47

Non-Executive Independent Director

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

Date of first appointment as a Director
15 June 2012

Length of service as a Director (as at 31 December 2019)
7 years 6 months

Board committee served on
- Audit Committee (Member)

Present principal commitments
- EDB Investments Pte Ltd (Director)
- JTC Corporation (Board Member)
- Mandai Park Holdings Pte. Ltd. (Director)
- Ministry of Trade and Industry (Deputy Secretary (Industry))
- Sentosa Development Corporation (Board Member)
- Singapore GP Pte. Ltd. (Director)

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

Awards
- The Long Service Medal (PBS, Pingat Bakti Setia) in 2019
- The Public Administration Medal (Silver) (PPA(P), Pingat Pentadbiran Awam (Perak)) in 2015

TAN SOON NEO JESSICA, 53

Non-Executive Independent Director

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

Date of first appointment as a Director
25 May 2017

Length of service as a Director (as at 31 December 2019)
2 years 7 months

Board committee served on
- Audit Committee (Member)

Present directorship in other listed company
- SATS Ltd.

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

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

Award
- Singapore Computer Society IT Leader Award 2015

QUEK BIN HWEE, 62

Non-Executive Independent Director

> Bachelor of Accountancy (Honours), University of Singapore
> Chartered Accountant of Singapore

Date of first appointment as a Director

1 January 2018

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

2 years

Board committee served on

> Audit Committee (Chairman)

Present principal commitments

> Certis Cisco Security Pte. Ltd. (Director and Member of Audit Committee)
> Health Promotion Board (Director and Chairman of Audit & Risk Management Committee)
> Mapletree Oakwood Holdings Pte. Ltd. (Director)
> Maritime and Port Authority of Singapore (Director, Member of Audit Review Committee, Member of Senior Personnel Board and Member of Investment Committee)
> National Heritage Board (Director and Chairman of Audit & Risk Committee)
> The Hongkong and Shanghai Banking Corporation Limited (Director and Member of Remuneration Committee)

Background and working experience

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

Awards

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

NG WAI KING, 53

Non-Executive Independent Director

> Bachelor of Laws (Honours), National University of Singapore
> Master of Laws, Columbia University, USA
> Advocate & Solicitor

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

> Singapore Exchange Limited

Present principal commitments

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

Background and working experience

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

Awards

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

BOARD OF DIRECTORS

JONATHAN YAP NENG TONG, 52

Non-Executive Non-Independent Director

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

Date of first appointment as a Director

10 October 2019

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

2 months

Board committee served on

- Executive Committee (Chairman)

Present directorships in other listed companies

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

Present principal commitments

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

Background and working experience

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

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 May 2017

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

2 years 8 months

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

THE MANAGER

KEVIN CHEE TIEN JIN
Chief Executive Officer and Executive Director

Kevin is responsible for the strategic management and growth of CCT. Reporting to the Manager's Board of Directors, he is committed to delivering sustainable investment returns to Unitholders. Together with the Board, he charts the directions of CCT, and works closely with his management team to ensure that the Trust's day-to-day finance, investment and asset management strategies are executed according to its vision, mission and environmental, social and governance (ESG) objectives. His experience is detailed in the Board of Directors' section. Kevin has been with CCTML since February 2015.

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

MS ANNE CHUA
Chief Financial Officer

Anne is responsible for CCT's financial management functions. She oversees all business matters involving treasury, accounting and capital management, ensuring full alignment with CCT's investment strategy. Anne draws on her extensive regional experience in finance and treasury with banks, locally listed and multinational companies. She holds a Bachelor of Business Administration from the National University of Singapore, a Master of Applied Finance from Macquarie University of Australia and a Master of Professional Accounting from the Singapore Management University. Anne has been with CCTML since January 2009.

INVESTMENT AND PORTFOLIO MANAGEMENT
The Investment and Portfolio Management team expands and optimises CCT's property portfolio mix through strategic acquisitions and undertakes asset enhancement and environmentally sustainable initiatives to realise CCT's portfolio value potential. It identifies and analyses potential investment targets, and evaluates alternative investment and asset holding structures to enhance the Trust's total investment returns. It also identifies potential divestment targets to enhance the value of the Trust and directs asset enhancement exercises to maximise rental income, and fosters close ties with tenants to understand and meet their needs. The team also works with the Property Managers to execute asset strategies, boost rental and non-rental incomes and manage operating expenses.

MR CHEW PEET MUN
Head, Investment and Portfolio Management

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

INVESTOR RELATIONS
The Investor Relations team ensures clear and timely communications with Unitholders and stakeholders through various communication channels. The team engages investors and analysts through regular meetings, conferences and events, and produces communication collaterals such as results news releases, annual reports and presentations. It is also responsible for CCT's website and the "live" webcast of briefing sessions.

MS HO MEI PENG
Head, Investor Relations

Mei Peng brings more than 15 years of experience in managing investor relations and communications. She has been instrumental to the Trust's communication and liaison activities, and is responsible for the delivery of timely and updated information to the investing community. Mei Peng graduated with an Honours degree in Japanese Studies from the National University of Singapore. Mei Peng has been with CCTML since March 2006.

CORPORATE GOVERNANCE

OUR ROLE

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

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

Our other functions and responsibilities as the Manager include:

(a) using our best endeavours to conduct CCT's business in a proper and efficient manner;
(b) preparing annual business plans for review by the directors of the Manager (Directors), including forecasts on revenue, net income, 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, the tax rulings issued by the Inland Revenue Authority of Singapore on the taxation of CCT and Unitholders and the Alternative Investment Fund Managers Directive (AIFMD);
(d) attending to all regular communications with Unitholders; and
(e) supervising CapitaLand Commercial Management Pte. Ltd. (Property Manager) and other third party property managers, which perform the day-to-day property management functions (including leasing, marketing, promotion, operations coordination and other property management activities) for CCT's properties; with regard to Raffles City Singapore (RCS), which is held by CCT and CapitaLand Mall Trust (CMT) in the proportions of 60.00% and 40.00% respectively, the Property Manager holds 60.00% interest in CapitaLand (RCS) Property Management Pte. Ltd. which provides property management services to RCS with CapitaLand Retail Management Pte Ltd, the property manager of the properties owned by CMT, holding the other 40.00%. As a result of its interest in CapitaLand (RCS) Property Management Pte. Ltd., the Property Manager is able to play a key role in directing the property management function for RCS.

The Manager also places importance on sustainability issues (including environmental and social factors) as part of its responsibilities. CCT's environmental sustainability and community outreach programmes are set out on pages 110 to 131 of this Annual Report.

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

The Manager was appointed in accordance with the terms of the trust deed constituting CCT dated 6 February 2004 (as amended, varied or supplemented from time to time) (Trust Deed).

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

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

OUR CORPORATE GOVERNANCE FRAMEWORK AND CULTURE

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

Our corporate governance framework is set out below:

Board of Directors

5 Independent Directors (ID) and
3 Non-Independent Directors (Non-ID)
Led by ID, Mr Soo Kok Leng, Chairman

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

Audit Committee (AC)

3 IDs and 1 Non-ID
Led by ID, Mrs Quek Bin Hwee, 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 (EC)

3 Non-IDs
Led by Mr Jonathan Yap Neng Tong, EC chairman

Key Responsibility: Assist the Board in its oversight of the day-to-day activities of the Manager and CCT

The Board of Directors (Board) sets the tone from the top and is responsible for the Manager's corporate governance standards and policies which underscore their importance to the CCT 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).

CORPORATE GOVERNANCE

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.

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

- Third for Most Organised Investor Relations, Strongest Adherence to Corporate Governance and Best Strategic Corporate Social Responsibility at Alpha Southeast Asia's 9th Annual Institutional Investor Awards for Corporates
- Second for Most Honoured Company – Singapore at the Institutional Investor 2019 All-Asia Executive Team Rankings, Developed Markets – Small and Midcap for winning multiple awards:
  - Third for Best CEO
  - Third for Best CFO
  - Second for Best Investor Relations Programme
  - Second for Best ESG/SRI Metrics
  - Second for Best Corporate Governance
- Runner-up for Shareholder Communications Excellence Award (REITs and Business Trust category) and Sustainability Award by Securities Investors Association of Singapore (SIAS) 20th Investors' Choice Awards 2019
- First in the Singapore Governance and Transparency Index (REIT and Business Trust category)
- Tenth place in the Governance Index for Trusts (GIFT)
- Winner of Best Corporate Governance – Asia and Australasia (REITs category) by Ethical Boardroom

CCT was ranked first on the Singapore Governance and Transparency Index (SGTI) in FY 2019. As testament to our commitment to corporate governance, CCT has been included by SGX in the Fast Track Programme list. The scheme recognises listed companies with good governance standards and compliance practices, and accords prioritised clearance for selected corporate-action submissions.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

Board's Duties and Responsibilities

The Board oversees the strategic direction, performance and affairs of the Manager, in furtherance of the Manager's primary responsibility to foster the success of CCT so as to deliver sustainable value creation over the long term to Unitholders. It provides overall guidance to the management team (Management), led by the Chief Executive Officer (CEO). The Board works with Management to achieve CCT'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 CCT and the day-to-day operations of CCT'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 CCT 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 CCT (Units);
(c) income distributions and other returns to Unitholders; and
(d) matters which involve a conflict of interest for a controlling Unitholder or a Director.

Apart from matters that specifically require the Board's approval, the Board delegates authority for transactions below those 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 CCT. 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 CCT 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 CCT and the environment in which CCT 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 CCT'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 CCT 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 66 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 CCT's periodic and year-end financial results following AC's review of the same;
(c) decisions made by Board Committees in the period under review;
(d) updates on the CCT 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 CCT'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 CCT Group's business as well as the issues and challenges faced by CCT, and also promotes active engagement with Management.

The Manager adopts and practices 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 chairpersons of the respective Board Committees. This provides assurance that there is time to cover all relevant matters during the meetings.

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

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

A record of the Directors' attendance at Board and Board Committee meetings for FY 2019 is set out on page 66 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 keeps herself abreast of relevant developments. She has oversight of corporate secretarial administration matters and advises the Board and Management on corporate governance matters. The Company Secretary attends Board meetings and assists the Chairman in ensuring that Board procedures are followed. The Company Secretary also facilitates the induction programme for new Directors and oversees professional development administration for the Directors. The appointment and the removal of the Company Secretary is subject to the Board's approval.

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

Principle 2: Board Composition and Guidance

Board Independence

The Board has a strong independent element as five out of eight Directors, including the Chairman, are non-executive IDs. Other than the CEO who is the only executive Director on the Board, non-executive Directors make up the rest of the Board. None of the IDs had served on the Board for nine years or longer. No lead ID is appointed as the Chairman is an ID. Profiles of the Directors, their respective Board Committee memberships and roles are set out on pages 32 to 36 of this Annual Report. Key information on the Directors is also available on CCT's website at www.cct.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 ensure that the size is appropriate in facilitating effective decision-making, and the composition reflects a strong independent element as well as balance and diversity of thought and background. The review takes into account the scope and nature of the CCT Group's operations, and the competition that the CCT 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, CCT's substantial Unitholders (being Unitholders who have interests in voting Units with 5% or more of the total votes attached to all voting Units) or the Manager's officers that could interfere, or be reasonably perceived to interfere with the exercise of his or her independent business judgement in the best interests of CCT;
(b) is independent from the management of the Manager and CCT, from any business relationship with the Manager and CCT, and from every substantial shareholder of the Manager and every substantial Unitholder of CCT;
(c) is not a substantial shareholder of the Manager or a substantial Unitholder of CCT;
(d) is not employed and has not been employed by the Manager or CCT 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 CCT 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 Soo Kok Leng
Mr Soo is a corporate advisor of Temasek International Advisors Pte Ltd and a non-executive Director of some related corporations of Temasek Holdings (Private) Limited (Temasek). Temasek is deemed to be a substantial Unitholder through its direct and indirect interest in CL, which is a substantial Unitholder of CCT. Mr Soo's role in these corporations is non-executive in nature and he is not involved in the day-to-day conduct of the business of these corporations which are non-real estate in nature. Mr Soo also serves as Chairman and non-executive Director of Trusted Services Pte. Ltd. (TS) which provides consultancy services to CL and its subsidiaries (CL Group). These services were provided in the ordinary course of business, on an arm's length basis and based on normal commercial terms, and the Manager was not involved in such negotiations. The engagement of TS

by the CL Group for the provision of these services had been entered into prior to Mr Soo's appointment to the Board of TS. Mr Soo's role in TS is non-executive in nature and he is not involved in the day-to-day conduct of the business of TS or the process or negotiations relating to the provision of these services to the CL Group. The Board therefore considers that the relationships set out above did not impair his independence and objectivity.

The Board has considered the conduct of Mr Soo 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 Soo has exercised independent judgement in the discharge of his duties and responsibilities. Based on the above, the Board arrived at the determination that Mr Soo is an independent Director.

Mr Lam Yi Young

Mr Lam is a Board member of JTC Corporation (JTC), a statutory board under the Ministry of Trade and Industry. CL Group made payments to JTC for JTC leases and subletting thereof. The lease arrangements were in the ordinary course of business, on an arm's length basis and based on normal commercial terms. Mr Lam is not involved in the day-to-day conduct of the business of JTC. The Board therefore considers that the relationship set out above did not impair his independence and objectivity.

The Board has considered the conduct of Mr Lam 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 Mr Lam has exercised independent judgement in the discharge of his duties and responsibilities. Based on the above, the Board arrived at the determination that Mr Lam is an independent Director.

Ms Tan Soon Neo Jessica

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

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

Mrs Quek Bin Hwee

Mrs Quek serves as a non-executive Director of The Hongkong and Shanghai Banking Corporation Limited (HSBC) which provides banking services to the CCT Group and CL Group; HSBC's wholly owned subsidiary, the Trustee, provides trustee services to the CCT Group. In FY 2019, HSBC was also the sole tenant of HSBC Building, which is a property in CCT's portfolio. The transactions with HSBC and the Trustee, were carried out in the ordinary course of business, on an arm's length basis and based on normal commercial terms. Mrs Quek's role in HSBC is non-executive in nature and she is not involved in the day-to-day conduct of the business of HSBC and the Trustee. Mrs Quek is also a non-executive Director of Mapletree Oakwood Holdings Pte Ltd (MOH) and Certis Cisco Security Pte. Ltd. (CSS), subsidiaries of Temasek. Mrs Quek's role in MOH and CSS is non-executive in nature and she is not involved in the day-to-day conduct of the business of MOH and CSS. MOH invests in a different asset class from CCT and so this role does not pose any conflict of interest issues for Mrs Quek. The services provided by CSS are in the ordinary course of business, on arm's length basis and based on normal commercial terms. The Board therefore considers that the relationships set out above did not impair her independence and objectivity.

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

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

The Board has considered the conduct of Mr Ng 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 Mr Ng has exercised independent judgement in the discharge of his duties and responsibilities. Based on the above, the Board arrived at the determination that Mr Ng is an independent Director.

The Board is of the view that as at the last day of FY 2019, each of Mr Soo, Mr Lam, Ms Tan, Mrs Quek and Mr Ng was able to act in the best interests of all the Unitholders in respect of FY 2019.

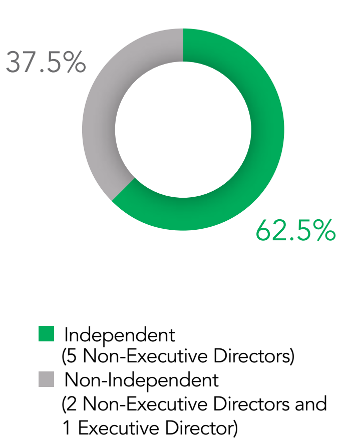
The remaining Directors, namely, Mr Kevin Chee Tien Jin, Mr Jonathan Yap Neng Tong and Mr Lim Cho Pin Andrew Geoffrey, are all employees of CL Group and are not considered to be independent.

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.

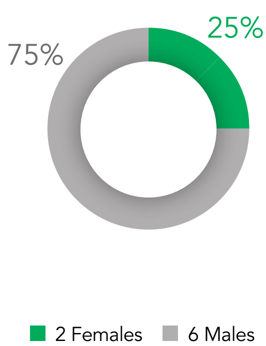
The Board believes in diversity and values the benefits that diversity can bring to the Board in its deliberations. Diversity enhances the Board's decision-making capability and ensures that the Manager has the opportunity to benefit from all available talent and perspectives.

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 eight members who are corporate and business leaders, and are professionals with varied backgrounds, expertise and experience including in finance, banking, fund management, real estate, legal, investment, accounting and general management. The current Board has two female members, one of whom is Chairman of the Audit Committee. For further information on the Board's work in this regard, please refer to "Board Membership" under Principle 4 in this Report.

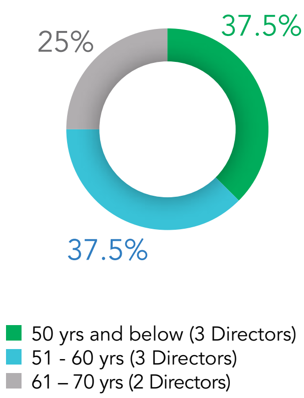
Board Independence



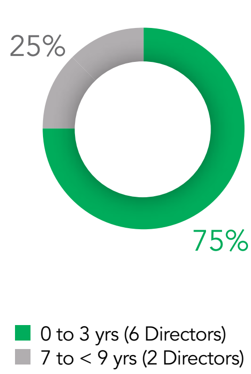
Board Gender Diversity



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

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

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 plan 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 CCT 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 CCT Group. The Board has a few members who have prior working experience in the sector that CCT 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 CCT'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 CCT Group's business.

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

The Board may retain external consultants from time to time to assist the Board in identifying suitable candidates for appointment to the Board. Candidates are identified based on the needs of CCT 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 CCT. In addition, the Board assesses the candidates' ability to commit time to the affairs of CCT, taking into consideration their other current appointments.

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

Board Changes During FY 2019

On 10 October 2019, Mr Jonathan Yap Neng Tong 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. IDs are also required to consult the Chairman before accepting any invitation for appointment as a Director of another entity or offer of a full time executive appointment.

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

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 33 to 36 of this Annual Report and their attendance record for FY 2019 is set out on page 66 of this Annual Report. In particular, CEO does not serve on any listed company board outside of the CCT 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 CCT 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 CCT.

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 and 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 CCT in the appropriate direction, as well as the long-term performance of CCT 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 CCT and the sub-trusts in which CCT holds interests. In general, REITs (including CCT) have a more focused scope and scale of business compared to those of listed companies. For this reason, the Board's capacity would not be unduly stretched by reason of it undertaking the responsibilities of a remuneration committee and the Board would be able to give adequate attention to 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 CCT 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 CCT. 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 CCT. The association with the CL Group puts the Manager in a better position to attract and retain better qualified management talent; it provides an intangible benefit to the Manager such that it allows its employees to associate themselves with an established corporate group which can offer them the depth and breadth of experience and enhanced career development opportunities.

In FY 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 CCT Group's strategy and deliver sustainable Unitholder value creation. 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 between reward 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 CCT Group
Significant and appropriate portion of performance-based pay, taking into account risk policies of the CCT Group, symmetrical with risk outcomes and sensitive to the risk time horizon

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

Remuneration for Key Management Personnel

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 through 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 or equivalent.

B. Variable Cash Components:

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 with the Board at the beginning of the financial year.

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

Financial	This includes targets relating to profitability, distributions and capital management;
Execution	This includes targets relating to tenants and occupancy, operational efficiency and stakeholder engagement;
Future Growth	This includes targets relating to portfolio management and key projects; and
Sustainability	This includes targets relating to talent management, competency development and sustainability.

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

After the close of each financial year, the Board reviews the CCT Group's achievements against the targets set in the Balanced Scorecard and determines the overall performance taking into consideration qualitative factors such as the 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 of the Manager.

C. Unit-based Components:

Unit awards were granted in FY 2019 pursuant to the CapitaLand Commercial Trust Management Limited Performance Unit Plan (PUP) and the CapitaLand Commercial 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 CCT's long-term growth and value.

The obligation to deliver the Units will 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 CCT Group. Under these guidelines, senior members of Management are required to retain a prescribed proportion of the Units received under the Unit Plans.

CapitaLand Commercial Trust Management Limited Performance Unit Plan

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

The above performance measure has been selected as a key measurement of wealth creation for Unitholders. The final number of Units to be released will depend on the CCT 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 CCT 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 CCT Group has met the pre-determined performance target for such performance period, the resulting number of Units released has been adjusted accordingly to reflect the performance level.

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

CapitaLand Commercial 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 CCT Group; and
(b) Distribution per Unit of the CCT Group.

The above performance measures have been selected as they are the key drivers of business performance and are aligned to Unitholder value. The final number of Units to be released will depend on the CCT 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 CCT 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:

At present, there are three 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 CCT 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 67 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 67 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 CCT's performance and the remuneration of the key management personnel. In addition, the remuneration of the key management personnel is not borne by CCT 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 CCT from time to time, as well as to leverage on economies of scale and tap on the management talent of an established corporate group which can offer enhanced depth and breadth of experience. However, notwithstanding the outsourcing arrangement, the responsibility for due diligence, oversight and accountability continues to reside with the Board and Management. In this regard, the remuneration of such Outsourced Personnel, being employees of the CL Subsidiary 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 CCT or immediate family members of a Director, the CEO, any substantial shareholder of the Manager or any substantial Unitholder of CCT. "Immediate family member" refers to the spouse, child, adopted child, step-child, sibling or parent of the individual.

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

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

The aggregate amount of remuneration awarded by the Manager to its staff (including CEO and non-executive independent Directors) in respect of FY 2019 was approximately S$3.13 million. This figure comprised of fixed pay of S$1.52 million, variable pay of S$1.43 million (including Units issued under the Unit Plans, where applicable) and allowances and benefits-in-kind of S$0.18 million. There was a total of 11 beneficiaries of the remuneration described above. In respect of FY 2019, the aggregate amount of remuneration awarded by the Manager to its senior management (which are also members of staff whose actions have a material impact on the risk profile of CCT) was approximately S$2.41 million, comprising 4 individuals identified having considered, among others, their roles and decision making powers.

Remuneration for Non-Executive Directors
The non-executive Directors' fees for FY 2019, together with a breakdown of the components, are set out in the Non-Executive Directors' Remuneration Table on page 67 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 market-benchmarked, 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 CCT Group's business. The remuneration of non-executive Directors is reviewed from time to time to ensure that it is appropriate to attract, retain and motivate the non-executive Directors to provide good stewardship of the Manager.

The non-executive Directors' fees are paid in cash (about 80%) and in the form of Units (about 20%), save that (i) a non-executive Director (not being an employee of CL Group) who steps down from the Board during a financial year will be paid fees fully in cash, and (ii) Mr Lam Yi Young's fees are paid fully in cash to a government agency, The Directorship & Consultancy Appointments Council. The Manager believes that the payment of a portion of the non-executive Directors' fees in Units will serve to align the interests of non-executive Directors with the interests of Unitholders and CCT'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 CCT Group's assets.

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

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

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

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

The CCT Group's RAS, incorporating the risk limits, addresses the management of material risks faced by the CCT Group. Alignment of the CCT Group's risk profile to the RAS is achieved through various communication and monitoring mechanisms put in place across the various functions within the Manager.

More information on the Manager's ERM Framework including the material risks identified can be found in the ERM section on pages 68 to 73 of this Annual Report.

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

The Board has received assurance from the CEO and the Chief Financial Officer of the Manager (CFO) that:
(a) the financial records of the CCT Group have been properly maintained and the financial statements for FY 2019 give a true and fair view of the CCT Group's operations and finances; and

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

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 members bring with them invaluable recent and relevant managerial and professional expertise in accounting and related financial management domains.

The AC does not comprise former partners of CCT's incumbent external auditors, KPMG LLP or persons 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 is as follows:
(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the CCT Group and any announcements relating to the CCT Group's financial performance;
(b) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the internal controls (including financial, operational, compliance and IT controls) and risk management systems;
(c) reviewing the scope and results of the external audit and the independence and objectivity of the external auditors;
(d) reviewing the adequacy and effectiveness of the Manager's internal audit and compliance functions;
(e) making recommendations to the Board on the proposals to Unitholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration of the external auditors;
(f) reviewing and approving processes to regulate transactions between an interested person (as defined in Chapter 9 of the Listing Manual) and/or interested party (as defined in the Property Funds Appendix) (each, an Interested Person) and CCT 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 CCT and its minority Unitholders. In respect of any property management agreement which is an Interested Person Transaction, the AC also carries out reviews at appropriate intervals to satisfy itself that the Manager has reviewed the Property Manager's compliance with the terms of the property management agreement and has taken remedial actions where necessary; and

(g) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

The AC undertook a review of the independence of the external auditors, taking into consideration, among other factors, CCT'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 total audit and non-audit fees paid to the external auditors for FY 2019 amounted to S$527,058, comprising audit fees of S$497,058 and non-audit fees of S$30,000. The AC has reviewed all of the non-audit services provided by the external auditors and is of the opinion that the independence of the external auditors is not affected.

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

The AC also meets with the external auditors, and with the internal auditors, without the presence of Management, at least once a year. In FY 2019, the AC met with the external auditors and internal auditors once, 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 Matters

In its review of the financial statements of the CCT Group for FY 2019, the AC had discussed with Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements and also considered the clarity of key disclosures in the financial statements. The AC reviewed, among other matters, the valuation of investment properties, being the key audit matter identified by external auditors for FY 2019.

The AC reviewed the outputs from the valuation process of the investment properties and held discussions with Management and the external auditors to review the valuation methodologies, focusing on significant changes in fair value measurement and key drivers of the changes. 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, methodologies used and 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 CCT, that CCT 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 the CCT Group is to the AC. CL IA has unfettered access to the CCT 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 CCT Group and its minority Unitholders. In FY 2019, there was an Interested Person Transaction, viz, the acquisition of 94.9% of the shares in the companies which hold Main Airport Center which was subject to the approval of Unitholders. An Extraordinary General Meeting was convened on 6 September 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 Singapore branch of the Institute of Internal Auditors Inc. (IIA), which has its headquarters in the United States of America (U.S.A.). 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 U.S.A. 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 CCT.

CCT supports the principle of encouraging Unitholder participation and voting at general meetings. CCT's Annual Report is provided to Unitholders within 120 days from the end of CCT'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 CCT'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 CCT. Representatives of the Trustee, Directors (including the chairman of the respective Board Committees), key management personnel and the external auditors of CCT, are present for the entire duration of the AGMs to address any queries that the Unitholders may have, including queries about the conduct of CCT'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 66 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, CCT 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. CCT'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 CCT'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 CCT 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

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

Timely Disclosure of Information

The Manager is committed to keeping all Unitholders, other stakeholders, analysts and the media informed of CCT's performance and any changes in the CCT 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 CCT and the CCT Group's performance, position and prospects.

In addition to the release of financial statements, the Manager also keeps CCT's Unitholders, stakeholders and analysts informed of the performance and changes in the CCT 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 CCT 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 CCT in ways that seek to deliver sustainable value to Unitholders. Best practices are promoted as a means to build an excellent business for CCT and the Manager's accountability to Unitholders for CCT'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 team which facilitates effective communication with Unitholders and analysts. The Manager also maintains the Website which contains information on CCT 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 via the Manager Contacts on the Website.

More information on the Manager's investor and media relations efforts can be found in the Investors section on pages 126 to 127 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 CCT'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 CCT by considering and balancing the needs and interests of material stakeholders, as part of the overall strategy to ensure that the best interests of CCT are served. The Manager is committed to sustainability and incorporates the key principles of environmental and social responsibility, and corporate governance in CCT'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 CCT's stakeholders. More details of CCT's sustainability strategy and stakeholder engagement can be found on pages 26 to 30 and 117 to 131 of this Annual Report respectively.

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 CCT, on behalf of the Board. The EC is guided by its terms of reference, in particular, the EC:

(a) reviews, endorses and recommends to the Board strategic directions and management policies of the Manager in respect of CCT;
(b) oversees operational, investment and divestment matters within 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 CCT and Unitholders. In respect of such transactions, the Manager would have to demonstrate to the AC that such transactions are undertaken on normal commercial terms and are not prejudicial to the interests of CCT and Unitholders which may include obtaining (where practicable) third party quotations or obtaining valuations from independent valuers (in accordance with applicable provisions of the Listing Manual and the Property Funds Appendix). The internal control procedures also ensure compliance with Chapter 9 of the Listing Manual and the Property Funds Appendix.

In particular, the procedures in place include the following:

Interested Person Transactions[1]	Approving Authority, Procedures and Disclosure
Below S$100,000 per transaction	- Trustee
S$100,000 and above per transaction (which singly, or when aggregated with other transactions[2] with the same Interested Person in the same financial year is less than 3.0% of CCT's latest audited net tangible assets/net asset value)	- Trustee - Audit Committee
A transaction[2] which: (a) is equal to or exceeds 3.0% of CCT's latest audited net tangible assets/net asset value; or (b) when aggregated with other transactions[2] with the same Interested Person in the same financial year is equal to or exceeds 3.0% of CCT's latest audited net tangible assets/net asset value	- Trustee - Audit Committee - Immediate Announcement
A transaction[2] which: (a) is equal to or exceeds 5.0% of CCT's latest audited net tangible assets/net asset value; or (b) when aggregated with other transactions[2,3] with the same Interested Person in the same financial year is equal to or exceeds 5.0% of CCT's latest audited net tangible assets/net asset value	- Trustee - Audit Committee - 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 CCT's latest audited net tangible assets/net asset value (whether singly or aggregated), any transaction which has been approved by Unitholders, or is the subject of aggregation with another transaction that has been approved by Unitholders, need not be included in any subsequent aggregation.

Role of the Audit Committee for Interested Person Transactions

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

The Manager maintains a register to record all Interested Person Transactions which are entered into by CCT (and the basis on which they are entered into, including the quotations obtained to support such basis). All Interested Person Transactions are subject to regular periodic reviews by the AC, which in turn obtains advice from CL IA, to ascertain that the guidelines and procedures established to monitor Interested Person Transactions, including the relevant provisions of the Listing Manual and the Property Funds Appendix, as well as any other guidelines which may from time to time be prescribed by the SGX-ST, MAS or other relevant authorities, have been complied with. The review includes an examination of the nature of the transaction and its supporting documents or such other information deemed necessary by the AC. If a member of the AC has an interest in a transaction, he is to abstain from participating in the review and approval process in relation to that transaction. In addition, the Trustee also reviews such audit reports to ascertain that the Listing Manual and the Property Funds Appendix have been complied with.

Details of all Interested Person Transactions (equal to or exceeding S$100,000 each in value) entered into by CCT in FY 2019 are disclosed on pages 233 to 234 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 CCT:

(a) the Manager is a dedicated manager to CCT and will not manage any other REIT or be involved in any other real property business;

(b) all resolutions at meetings of the Board in relation to matters concerning CCT must be decided by a majority vote of the Directors, including at least one ID;

(c) in respect of matters in which CL and/or its subsidiaries have an interest, whether direct or indirect, any nominees appointed by CL and/or its subsidiaries to the Board will abstain from voting. In such matters, the quorum must comprise a majority of 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 CCT with an affiliate of the Manager, the Manager is obliged to consult with a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of CCT, has a prima facie case against the party allegedly in breach under such agreement, the Manager is obliged to pursue the appropriate remedies under such agreement; and

(f) at least one-third of the Board shall comprise IDs.

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

Dealings in Securities

The Manager has 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, Relevant Persons) are required to refrain from dealing in CCT'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 CCT's financial statements during a financial year. Prior to the commencement of each Black-out Period, an email would be sent to all Relevant Persons to inform them of the duration of the Black-out Period. The Manager also does not deal in CCT'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 CCT's securities.

The policy also provides for the Manager to maintain a list of persons who are privy to price sensitive information relating to the CCT 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 CCT's securities if they are in possession of unpublished price-sensitive information of CCT 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 CCT'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 CCT'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 CCT's securities. A Director is also required to notify the Manager of any change in his or her interests in CCT'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 CCT'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 CCT 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 desktop exercises and drills, simulating different scenarios, are carried out to stress-test the effectiveness of processes, procedures and escalation protocols. This holistic approach under the BCP serves to ensure organisational and staff preparedness and readiness to deal with adverse business disruptions such as acts of terrorism, cyber attacks, data breaches and epidemics. This approach aims to minimise financial loss to CCT, allow the Manager to continue to function as the manager of CCT 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 CCT 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 CCT 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

Director	Audit Committee	Executive Committee
Soo Kok Leng	–	–
Kevin Chee Tien Jin	–	M
Lam Yi Young	M	–
Tan Soon Neo Jessica	M	–
Quek Bin Hwee	C	–
Ng Wai King	–	–
Jonathan Yap Neng Tong [1]	–	C
Lee Chee Koon [2]	–	C
Lim Cho Pin Andrew Geoffrey	M	M

Denotes: C – Chairman M – Member

Notes:

1 Mr Jonathan Yap Neng Tong was appointed as Non-Executive Non-ID and Chairman of the EC with effect from 10 October 2019.

2 Mr Lee Chee Koon stepped down as Non-Executive Non-ID and Chairman of the EC with effect from 10 October 2019.

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

Director	Board [4]	Audit Committee	AGM	EGM
No. of Meetings Held	**6**	**4**	**1**	**1**
Board Members				
Soo Kok Leng	100%	N.A.	100%	100%
Kevin Chee Tien Jin	100%	N.A.	100%	100%
Lam Yi Young	100%	100%	100%	100%
Tan Soon Neo Jessica	100%	100%	100%	100%
Quek Bin Hwee	100%	100%	100%	100%
Ng Wai King	100%	N.A.	100%	100%
Jonathan Yap Neng Tong [2]	100%	N.A.	N.A.	N.A.
Lee Chee Koon [3]	75%	N.A.	100%	100%
Lim Cho Pin Andrew Geoffrey	100%	100%	100%	100%

N.A.: Not Applicable.

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

2 Mr Jonathan Yap Neng Tong was appointed as Non-Executive Non-ID and Chairman of the EC with effect from 10 October 2019.

3 Mr Lee Chee Koon stepped down as Non-Executive Non-ID and Chairman of the EC with effect from 10 October 2019.

4 Included two ad-hoc Board meetings.

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				
Kevin Chee Tien Jin	31%	31%	38%	100%
Remuneration band for CEO: Above S$1,250,000 to S$1,500,000				
Key Management Personnel (excluding CEO)				
Anne Chua Tai Hua Ho Mei Peng	52%	35%	13%	100%
Aggregate of total remuneration for Key Management Personnel (excluding CEO): S$1,084,945				

1 The amounts disclosed include bonuses earned which have been accrued for in FY 2019.
2 The proportion of value of the Unit awards is based on the fair value of the Units comprised in the contingent awards under the CapitaLand Commercial Trust Management Limited Restricted Unit Plan (RUP) and the CapitaLand Commercial Trust Management Limited Performance Unit Plan (PUP) at the time of grant in FY 2019. The final number of Units released under the contingent awards of Units for the RUP and PUP will depend on the achievement of pre-determined targets and subject to the respective vesting period under the RUP and PUP.
3 The remuneration of Mr Chew Peet Mun, the Head of Investment and Asset Management, was borne by CL and/or its subsidiaries (other than the Manager), to which the Manager outsources the Investment and Asset Management functions, among others.

Non-Executive Directors' Remuneration Table for FY 2019

	Components of Directors' fees [1] (S$)		Total (S$)
	Cash component	Unit component [2]	
Non-Executive Directors			
Soo Kok Leng	104,662.40	26,165.60	130,828
Lam Yi Young	83,000 [3]	-	83,000
Tan Soon Neo Jessica	66,400	16,600	83,000
Quek Bin Hwee	78,160	19,540	97,700
Ng Wai King	48,000	12,000	60,000
Jonathan Yap Neng Tong [4]	N.A. [6]	N.A. [6]	N.A.
Lee Chee Koon [5]	N.A. [6]	N.A. [6]	N.A.
Lim Cho Pin Andrew Geoffrey	N.A. [6]	N.A. [6]	N.A.
Aggregate of remuneration for Non-Executive Directors: S$454,528			

1 Inclusive of attendance fees of (a) S$2,000 (local meeting) and S$5,000 (overseas meeting) per meeting attendance in person; (b) S$1,700 per meeting attendance via audio or video conference; (c) S$1,000 per meeting attendance in person at project and verification meetings; and (d) S$500 per meeting attendance via audio or video conference at project and verification meetings. Attendance fees at project and verification meetings are subject to a maximum of S$10,000 per Director per annum.
2 Each non-executive Director (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 All Director's fees payable to Mr Lam Yi Young, a public officer, will be paid in cash to a government agency, The Directorship & Consultancy Appointments Council.
4 Mr Jonathan Yap Neng Tong was appointed as Non-Executive Non-ID and Chairman of the EC with effect from 10 October 2019.
5 Mr Lee Chee Koon stepped down as Non-Executive Non-ID and Chairman of the EC with effect from 10 October 2019.
6 Non-executive Directors who are employees of CL Group do not receive Directors' fees.

ENTERPRISE RISK MANAGEMENT

CapitaLand Commercial Trust and its subsidiaries (CCT Group) take a proactive approach to risk management. It is an integral part of our business, both strategically and operationally. Risk management is about optimising the risk-reward relationship within 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 and remain disciplined in the pursuit of opportunities.

GOVERNANCE

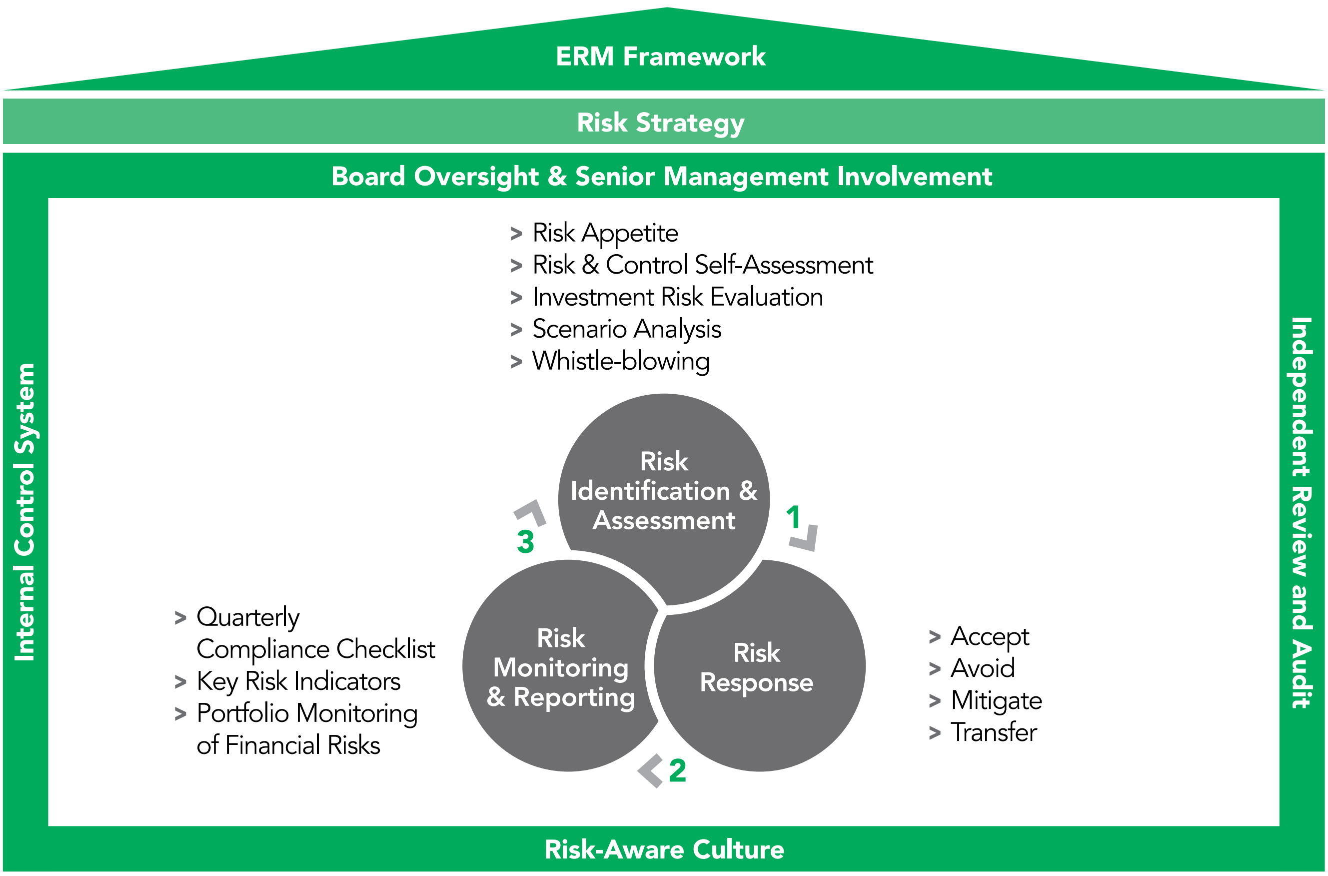
The Board of Directors of the Manager (Board) is responsible for the governance of risk across CCT Group. It falls on them to determine CCT Group's risk appetite; oversee CCT Group's Enterprise Risk Management (ERM) Framework; regularly review CCT Group's risk profile, material risks and mitigation strategies;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

The AC, made up of four Board members, meets at least quarterly. The meetings are attended by the Chief Executive Officer (CEO) as well as other key management staff.

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

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

ENTERPRISE RISK MANAGEMENT FRAMEWORK



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

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

CCT Group's successful ERM program is based on fostering the right risk culture. The Manager works closely with CapitaLand Group Risk Management (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 CCT Group Risk and Control Self-Assessment (RCSA) exercise. This requires the respective risk and control owners to identify, assess and document material risks which includes Environment, Social and Governance (ESG) related risks; along with their key controls and mitigating measures. Material risks and their associated controls are consolidated and reviewed by the Manager before they are presented to the AC and the Board.

MANAGING MATERIAL RISKS

The Manager takes a comprehensive, iterative approach in identifying, managing, monitoring and reporting material risks across the Group. Refer to the table below for the material risks.

Material Risk	Details	Key Mitigating Action
Business Interruption	> Risks arising from sudden and major disaster events such as fire, prolonged power outages or other major infrastructure or equipment failures which may significantly disrupt operations at our properties or data centres.	> Active facilities management including routine inspection, scheduled maintenance, replacement and upgrading of equipment and building systems. > Crisis management procedures in place for each property. > The outsourced Information Technology (IT) team from CapitaLand has a defined disaster recovery plan which is reviewed and tested annually.
Climate Change	> 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.	> CCT Group works in conjunction with CapitaLand to regularly review 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 the Environment section on pages 110 to 114, or 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 and new real estate players who are able to capture our customers by meeting their demands	> Constantly strive to differentiate ourselves from our peers by delivering exceptional products and services with ongoing brand building in the marketplace together with right pricing, effective cost management and proactive asset enhancement. > Regularly review asset and portfolio plans, and work with partners such as CapitaLand to leverage its whole suite of real estate platforms and resources, embark on joint developments and explore innovative flexible workplace solutions to enhance our competitive edge. > Leverage CapitaLand's in-house team of analysts to keep CCT Group on top of latest market trends. > Actively monitor relevant leasing transactions in the market to ensure rental competitiveness of CCT Group's properties. > Achieve tenant retention through tenant-centric management and engagements.
Economic	> Exposure to event risks, such as political leadership uncertainty, trade wars, economic downturns and sudden changes in property-related regulations, in major economies and key financial and property markets. > These events may reduce revenue, increase costs and result in downward valuation of our assets. > Market illiquidity during a financial crisis makes asset investment and divestment challenging and can affect CCT Group's investment and strategic objectives.	> Disciplined approach to financial management and a well-balanced portfolio across Singapore and Germany. > Active monitoring of macroeconomic trends, policies and regulatory changes in key markets.
Financial	> Exposure to financial risks relating to liquidity constraints, foreign currencies and interest rates volatility resulting in realised/unrealised losses, and/or funding gaps which may lead to financial losses and defaults, delays in project completion, and negative reputational impact.	> Measure and evaluate financial risks and focus on instilling financial discipline, deploying capital to earn optimal risk-adjusted returns and maintaining strong balance sheet to invest in suitable opportunities. > Actively monitor CCT 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 CCT Group's operations. > Maintain access to various sources of funds from both banks and capital markets to minimise over-reliance on a single source of funds for any funding or refinancing requirements. > Adopt natural hedging, where possible, by borrowing in the same currency as the revenue stream generated from our investments. > 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. > Please refer to the Financial Statements section on pages 202 to 224 for more information.

Material Risk	Details	Key Mitigating Action
Fraud, Bribery & Corruption	> Any form 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 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 CapitaLand through policies in place, such as Fraud, Bribery & Corruption (FBC) Risk Management Policy, Whistle-blowing Policy and Ethics and Code of Business Conduct Policies. > All employees to sign the CapitaLand Pledge to renew their commitment to uphold the Group's core values annually. > Rolled out online FBC Quiz in 2019 to heighten staff awareness.
Information Technology/ Cyber Security	> Ongoing business digitalisation exposes the business to IT related threats that may compromise the confidentiality, integrity and availability of CCT Group's information assets and/or systems. > This may have significant negative impact to customer experience, financials and/or regulatory compliance.	> The outsourced IT team from CapitaLand executes its Cyber Security Strategy through ongoing review against existing/ evolving threat landscapes and institute measures to minimise vulnerability exposure and manage threat vectors. > Roll out ongoing staff IT Security Awareness Training to counter human intervention in the information security chain. > Periodically review and update Group-wide IT Security Policy and Data Protection Framework to ensure relevancy. > Maintain and test IT Security Incident Management Procedure to ensure prompt response and timely remediation to cyber security incident. > Conduct annual Disaster Recovery Plan (DRP) exercise to ensure timely recoverability of business critical IT systems.
Investment & Divestment	> Deployment of capital into loss making or below targeted return investments such as asset enhancement initiatives, property acquisition or redevelopment, and greenfield developments	> Evaluate all investments against a rigorous set of investment criteria which includes rental sustainability, potential for value creation and DPU accretion. > Board reviews and approves all major investment and divestment decisions. > Each major investment or divestment proposal must also include a risk assessment, sensitivity analysis and mitigation measures or control strategies, where appropriate. > Conduct rigorous due diligence reviews on all investment or divestment proposals, and where necessary, enlists the Property Manager and third-party consultants with the requisite expertise to assist in the due diligence review.

ENTERPRISE RISK MANAGEMENT

Material Risk	Details	Key Mitigating Action
Leasing	> Strong competition, poor economic and market conditions resulting in key tenants not renewing their leases, adversely affecting the performance of CCT Group's properties	> Establish and maintain a diversified tenant base and sustainable trade mix. > Proactive tenant management strategies to understand and address customers' changing workspace and employee needs, explore operational synergies, and work on collaborative opportunities. > Plan AEIs to maintain relevance and appeal of CCT Group's assets.
Physical Security	> Exposure to risks of terrorism or sabotages such as terrorist activities, violent demonstrations or riots, theft, burglary, vandalism that will adversely affect CCT Group's properties.	> Ensure there are standard operating procedures in place in each property. > Conduct twice yearly evacuation drills at each property to familiarise tenants and staff with emergency response plan. > Participate in anti-terror exercise led by Singapore Police Force. > Equip all properties with automated external defibrillators (AED). > All property managers undergo mandatory accredited trainings in the use of AED, cardio pulmonary resuscitation and first aid every two years. > Emergency Response Teams undergo certified refresher trainings to prepare themselves adequately in times of emergency.
Political & Policy	> Exposure to political leadership uncertainty, inconsistent public policies, social unrest, change in property-related events and others > Such risks may have a direct impact to the economic and sociopolitical environment, which may in turn affect the financial viability of CCT Group's investments	> Focus on investments in developed markets such as Singapore and other key gateway cities, with the latter comprising up to 20% of CCT's portfolio property value. > Operations are managed by experienced managers and teams familiar with local conditions and cultures.
Project Management	> Inability to meet a project's key deliverables in relation to cost, quality and time to completion which may adversely impact the profitability of CCT Group.	> The outsourced Project Management team from CapitaLand comprises of experienced technical staff with various expertise in architectural design, mechanical and electrical engineering detailing and safety. > Adopts a rigorous project management process to ensure project cost, quality and time objectives are met. > Conduct regular site visits to closely monitor progress of development projects. > Appoint vendors through a stringent pre-qualification procedure to assess key critieria such as vendors' track records and financial performances.

Material Risk	Details	Key Mitigating Action
Regulatory & Compliance	> Changes to applicable and relevant legislation and regulations in the markets in which CCT Group operates such as SGX-ST Listing Rules, the Securities and Futures Act (Chapter 289 of Singapore), the Alternate Investment Fund Managers Directive, the Code of Corporate Governance, the Code on Collective Investment Schemes issued by MAS and tax rulings issued by the Inland Revenue Authority of Singapore. > Breaches of laws and regulations may lead to penalties, fines and/or negative publicity	> Maintain a framework that proactively identifies applicable laws and regulations, and embed compliance into the day-to-day operations. > Leverage CapitaLand's in-house specialised teams such as compliance and tax which 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 environments that promote well-being in our assets	> CCT Group works in conjunction with CapitaLand to regularly review its mitigation efforts which includes work-related safety targets and has in place a global environment, health and safety management system which is externally certified to OHSAS 18001. > For more information, please refer to the Environment section on pages 114 to 116, or CapitaLand Global Sustainability Report 2019 to be published by 31 May 2020.

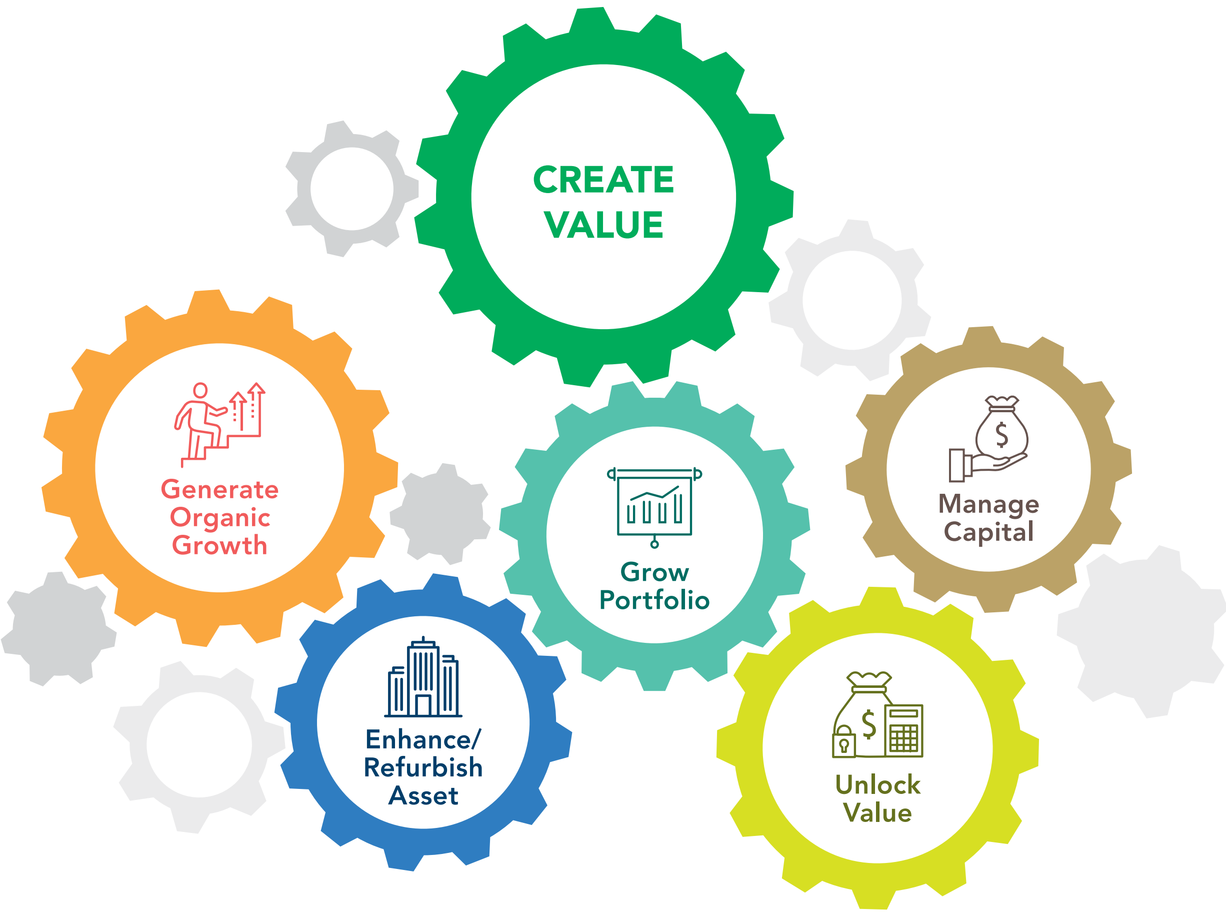
VALUE CREATION

FINANCIAL

CCT drives financial performance, portfolio growth and consistent value creation through our value drivers. In line with this, we continually engage in proactive portfolio management with the aim of growing, developing, enhancing and unlocking value from our properties, underpinned by proactive capital management. We strive to grow our portfolio and secure sustainable returns for Unitholders in the long run.

Our Resources	Our Value Drivers	2019 Value Created
Financial	> Generate organic growth > Enhance and refurbish assets > Grow portfolio > Unlock value > Manage capital	> 4.9% increase in Distributable Income > 2.1% increase in DPU > Embarking on asset enhancement initiative for Six Battery Road and upgrading of 21 Collyer Quay with target return on investment of approximately 8% and 9% respectively > Acquired 94.9% interest in Main Airport Center, a DPU-accretive transaction > Maintained a healthy aggregate leverage of 35.1% and lowered average cost of debt to 2.4% p.a.

Our Value Drivers



Generate Organic Growth via increasing occupancy, rent and managing operating expenses	> Optimise financial performance, asset value and ensure the long term stability of the portfolio	**Proactive Asset Management** > Adopt proactive marketing and leasing strategies to increase occupancies and drive rental growth > Provide differentiated service quality and convenience to tenants > Ensure operational efficiency to manage costs
Enhance / Refurbish Asset	> Add value and enhance positioning of an asset to remain relevant and competitive	**Asset Enhancements** > Regularly evaluate the plan for each asset and execute asset enhancement initiatives (AEIs) to improve asset relevance and create value > Achieve good returns on investment from AEIs
Grow Portfolio	> Identify quality assets with growth potential > Seize growth opportunities in identified markets	**Acquisitions / Development** > Acquire assets that are DPU-accretive and strengthen portfolio's performance > Transform value through development
Unlock Value at optimal stage of property's life cycle	> Maximise the value of an asset at optimal stage of its life cycle and recycle proceeds into other growth opportunities	**Divestments** > Evaluate performance of assets and divest where appropriate, to yield higher returns > Recycle sale proceeds to grow portfolio through acquisitions, developments or AEIs
Manage Capital	> Manage capital to enhance financial flexibility	**Proactive Capital Management** > Diversify funding sources > Optimise tenure and manage funding cost

OBJECTIVES FOR CONTINUED SUCCESS

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

With its Grade A office buildings, the Trust aims to drive financial performance and consolidate the standing of these properties as the preferred office locations in the CBD. This is achieved by focusing on customer experience and managing our properties in an efficient and environmentally sustainable manner.

For its prime office properties, the Trust aims to optimise financial performance and asset value, and capitalise on their strategic locations to ensure the long-term income stability of the portfolio.

Likewise, the Trust aims to enhance the financial returns from its integrated developments while enhancing their positioning as unique office and shopping destinations.

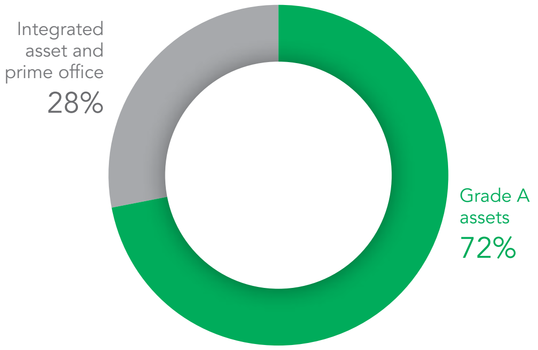
OPERATIONS REVIEW

CCT is guided by our portfolio reconstitution strategy to capture market opportunities and optimise Unitholder returns. We pursue accretive acquisitions and value creation opportunities as well as timely divestments while our prudent capital management ensures financial flexibility.

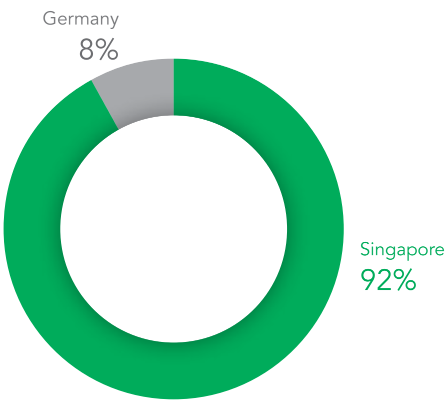
We aim to augment our portfolio's competitiveness and relevance through timely investments at different stages of our properties' life cycle. These include asset enhancements, refurbishments and development that will enhance the long-term rental yields and generate or unlock value.

As at 31 December 2019, CCT's portfolio comprises eight properties in Singapore including one under development, and two properties in Germany. Proactive portfolio reconstitution over the years has increased CCT's composition of high-quality Grade A office space, which represents about 72% of the portfolio's attributable net lettable area (NLA) of 4.6 million sq ft.

72% of CCT's portfolio NLA are Grade A assets



In FY 2019, CCT acquired a second property in Frankfurt with Unitholders' approval, expanding its footprint in Germany. A 94.9% interest in Main Airport Center was acquired from CapitaLand Limited at the agreed property value of EUR251.5 million[1]. With this acquisition, CCT's geographical exposure to Germany now makes up about 8% of our portfolio property value of S$11.1 billion.



ACQUISITION OF MAIN AIRPORT CENTER

> A high quality multi-tenanted office building that is well connected via comprehensive transportation network

Location:
Vicinity of Frankfurt Airport, Germany

Building Completion:
2004

Tenure:
Freehold

Net Lettable Area:
~60,200 sqm

Car Park Lots:
1,510

Weighted Average Lease Term to Expiry (by NLA):
5.8 years

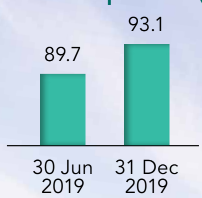
Net Property Yield:
4%

Agreed Property Value (94.9% interest):
EUR251.5 million

Funded by a combination of equity and debt comprising:

- private placement proceeds of approximately S$203 million (subject to post-completion adjustments); and
- 7-year secured bank loan of EUR115.7 million (94.9% CCT interest) due 2026 at a fixed interest rate of 0.75% p.a.

Ramped Up Committed Occupancy since Acquisition (%)



1 Agreed property value was in line with the appraisal by CBRE GmbH. Appraisal was based on the discounted cash flow method.

ENHANCED PORTFOLIO PROPERTY VALUE FOLLOWING PORTFOLIO RECONSTITUTION

CCT's portfolio property value as at 31 December 2019 was $11.1 billion, up 4.7% from S$10.6 billion a year ago. This change was mainly due to the inclusion of Main Airport Center in the portfolio, and an increase in the value of the Singapore properties. The independent valuers adopted capitalisation rates ranging from 3.45% to 4.25% in the valuation of CCT's office portfolio.

Investment Properties	31 Dec 2018	31 Dec 2019	Variance	31 Dec 2019	Cap Rate	Discount Rate Per Annum
	$m	$m	%	$ per sq ft	%	%
Asia Square Tower 2	2,143.0	2,186.0	2.0	2,812	3.45	6.75
CapitaGreen	1,638.0	1,646.0	0.5	2,348	3.95	6.75
Capital Tower	1,387.0	1,394.0	0.5	1,897	3.55	6.75
Six Battery Road	1,420.0	1,438.0	1.3	2,912	3.45	6.75
21 Collyer Quay	461.7	466.1	1.0	2,325	3.45	6.75
Raffles City Singapore (60.0% interest)	1,993.2	2,030.4	1.9	NM[1]		
> Hotel					4.75	7.00
> Office					3.95	6.75
> Retail					4.70	7.00
One George Street (50.0% interest)	569.5	572.0	0.4	2,566	3.55	6.75
CapitaSpring[2] (45.0% interest)	472.5	477.9	1.1	NM[1]	–	–
Singapore Portfolio	**10,084.9**	**10,210.4**	**1.2**	–	–	–
Gallileo[3] (94.9% interest)	535.2	527.6	-1.4	1,275	3.90[5]	2.93
Main Airport Center[4] (94.9% interest)	–	385.2	–	626	4.25[5]	3.50
Total Portfolio	**10,620.1**	**11,123.3**	**4.7**	–	–	–

1 NM means "Not Meaningful"
2 Based on land value including the differential premium paid for the change of use and increase in plot ratio.
3 Valuation as at 31 December 2018 and 31 December 2019 for 100.0% interest in Gallileo was EUR 361.2 million and EUR369.8 million respectively. The conversion rates used for the 31 December 2018 and 31 December 2019 valuations were EUR1 = S$1.561 and EUR1 = S$1.504 respectively.
4 Valuation for 100.0% interest in Main Airport Center was EUR270.0 million and converted to Singapore dollar based on exchange rate of EUR1 to S$1.504.
5 Exit capitalisation rate at the end of discounted cash flow period.

OPERATIONS REVIEW

VALUE CREATION THROUGH ASSET ENHANCEMENT AND DEVELOPMENT

When the leases of anchor tenants at Six Battery Road and 21 Collyer Quay expire, CCT plans to capitalise on the opportunity to embark on asset enhancement initiatives (AEIs) for the two assets as we position our portfolio for longer term growth. The two AEIs will commence in 2020.

Aimed at reinforcing Six Battery Road's position as a landmark office tower in Raffles Place, the property will be undergoing an approximately S$35 million rejuvenation to its podium block, featuring a new façade and linkway connecting Raffles Place to Singapore River, complete with lifestyle and F&B offerings. The AEI will be completed in phases from 1Q 2020 to 3Q 2021 while the office tower remains in operation.

CCT will also be undertaking an estimated S$45 million refurbishment at 21 Collyer Quay that will commence from 2Q 2020.

REFRESHING SIX BATTERY ROAD'S PODIUM

Enhance/ Refurbish Asset

> Introducing new F&B offerings and Standard Chartered Bank's new flagship branch

~S$35 million

AEI to be completed in phases from 1Q 2020 to 3Q 2021 while office tower remains in operation

Target return on investment of **~8%**

UPGRADING 21 COLLYER QUAY

Enhance/ Refurbish Asset

~S$45 million

upgrading works

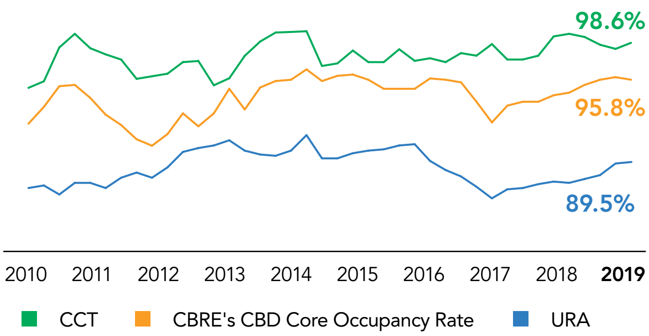
Target return on investment of **~9%**

STRENGTHENED PORTFOLIO PERFORMANCE

High Committed Occupancy

As a result of our proactive tenant management and a focused leasing approach, CCT's Singapore portfolio committed occupancy of 98.6% surpassed CBRE's CBD Core market occupancy rate of 95.8% as at 31 December 2019. CCT portfolio committed occupancy stands at a high rate of 98.0%. Notably, as a result of active marketing, the committed occupancy of Main Airport Center has increased to 93.1%.

CCT Singapore Properties Achieved Higher Committed Occupancy than Market Levels



Expected to be completed in 1H 2021, CapitaSpring has attracted steady interest and already secured a number of tenants. These tenants include J.P. Morgan and The Work Project, taking up 34.8% of net lettable office space in the development.

CAPITASPRING

Enhance/ Refurbish Asset

Generate Organic Growth


CapitaSpring (Artist's Impression)

> 51-storey integrated development comprising Grade A office, serviced residence, ancillary retail and food centre.

Leasing - committed occupancy of **34.8%**

Active Leasing Contributed to Higher Occupancy

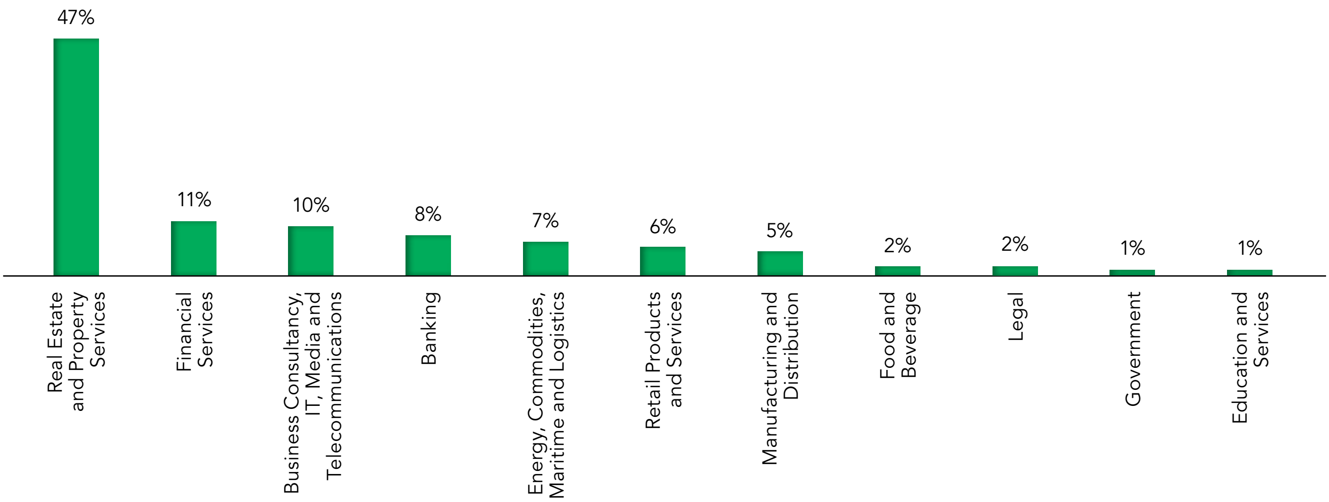
Leasing activities remained healthy in FY 2019. Over 1,360,000 square feet of new and renewal leases were signed. The Trust achieved a higher tenant retention rate of 82%, compared to 77% in FY 2018. Retained tenants include Credit Agricole Corporate and Investment Bank, General Mills Singapore Pte Ltd and Miles & More.

CCT continued to attract new tenants from diverse trade sectors, of which the three largest sectors are 1) Real Estate and Property Services, 2) Financial Services and 3) Business Consultancy, IT, Media and Telecommunications. New tenants include Bank of Suzhou Co., Ltd (Representative Office), CA Indosuez (Switzerland) SA and Splunk Services Singapore Pte. Ltd..

The weighted average lease term to expiry of office leases signed in 2019 is 4.4 years. The proportion of revenue attributed to these leases stands at approximately 28% of the portfolio's committed monthly gross rental income as at 31 December 2019, and includes the proportionate interest in the revenue of JVs and the German assets while excluding the retail and hotel turnover rent.

Business Sectors of New Leases Signed in 2019

(Based on NLA of new leases; approximately 459,000 sq ft)

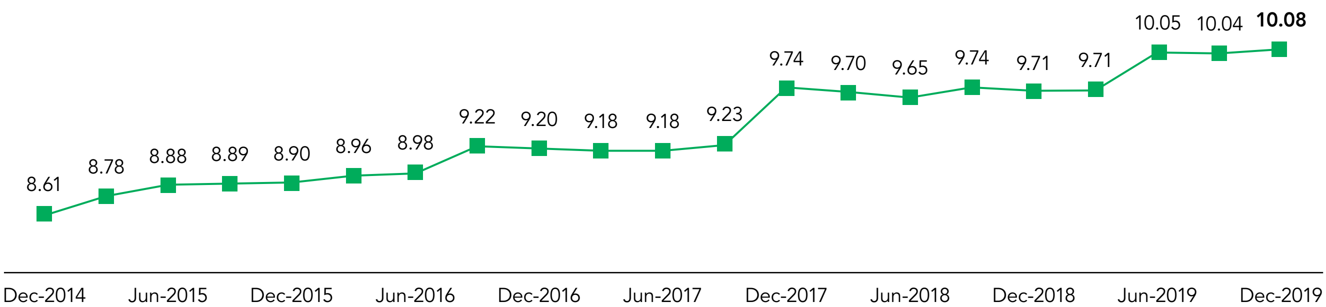


Steady Average Office Gross Rent

CCT has consistently achieved rents above market rental rates reported by property consultants for renewals and new leases. During the year, average monthly rent for CCT's office portfolio continued on an upward trajectory, from S$9.71 psf as at 31 December 2018 to S$10.08 psf as at 31 December 2019. The uplift was largely due to higher rent from The Hongkong and Shanghai Banking Corporation Limited's one-year extension and the exclusion of Bugis Village.

Steady Growth in the Average Office Rent of CCT's Singapore Properties

Average monthly gross rent for office portfolio (S$ psf)



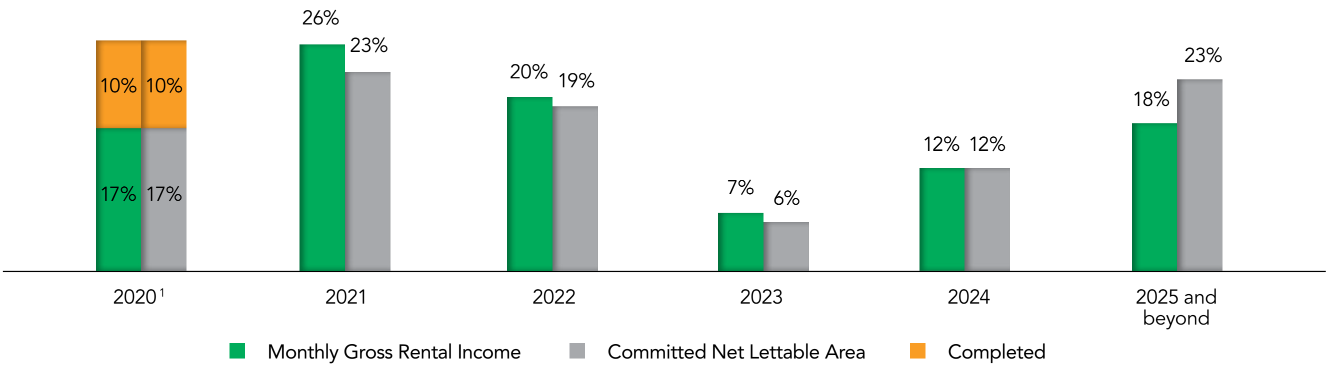
OPERATIONS REVIEW

Well Spread Lease Expiry Profile

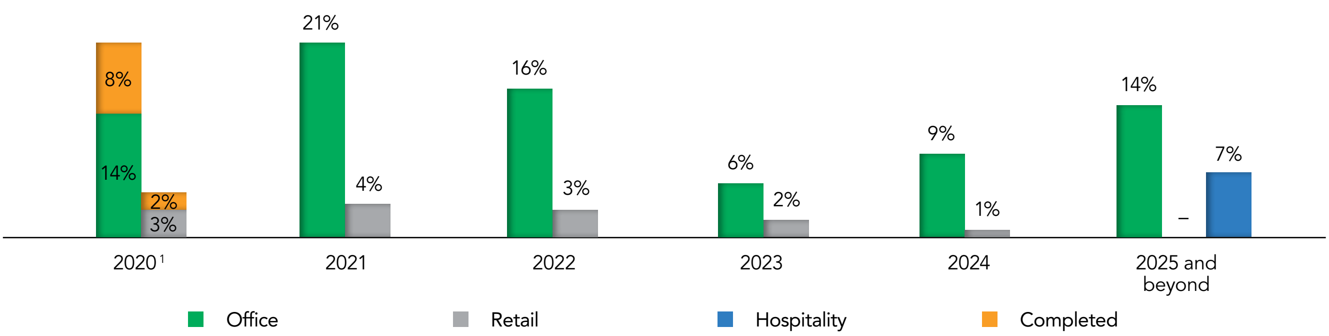
CCT's portfolio, comprising office, retail and hotel leases, has a weighted average lease term to expiry of 5.7 years as at end December 2019. This is attributed to CCT's proactive leasing strategy, which includes active tenant engagement, forward lease renewals and managing the portfolio lease expiry profile.

As at 31 December 2019, about 10% of the office leases expiring in 2020 have been successfully committed.

Office Lease Expiry Profile as at 31 December 2019
(Based on attributable committed monthly gross rental income and NLA)



Portfolio Lease Expiry Profile as at 31 December 2019
(Based on attributable committed monthly gross rental income excluding retail and hotel turnover rent)



CCT's key buildings' expiry profiles as a percentage of office portfolio committed monthly gross rental income

	2020		2021		2022	
	% of Expiring Leases	Average Gross Rental (psf)	% of Expiring Leases	Average Gross Rental (psf)	% of Expiring Leases	Average Gross Rental (psf)
Asia Square Tower 2	2.8	$9.00	5.1	$13.74	5.5	$10.88
Capital Tower	0.5	$8.83	4.8	$8.25	4.9	$6.11
CapitaGreen	4.7	$9.27	8.1	$11.50	2.7	$11.47
Six Battery Road	5.0	$10.12	4.4	$11.24	3.5	$12.22
Raffles City Tower	1.4	$8.77	2.1	$8.47	1.0	$9.05
Total	**14.4**	**$9.43**	**24.5**	**$10.67**	**17.6**	**$9.07**

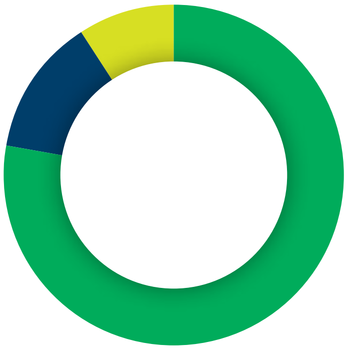
1 2020 lease expiry profiles included leases of Bugis Village, a property leased from the State from 1 April 2019 to 31 March 2020. Bugis Village's leases contributed 1.6% to overall portfolio lease expiry profile and 0.5% of office portfolio lease expiry profile by gross rental income as well as 1.3% by net lettable area.

Diversification in Income Streams

In FY 2019, CCT's gross rental income contribution was approximately 78% from the office component (2018: 78%), 13% from retail component (2018: 13%) and 9% from hotels and convention centre component (2018: 9%).

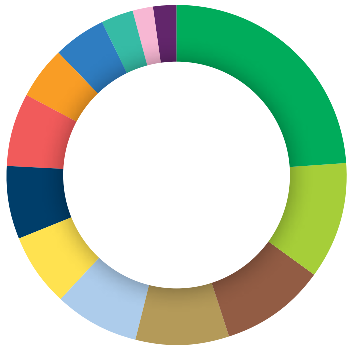
About 45% of the Trust's gross rental income came from its top three trade sectors, with 24% from Banking (2018: 23%), 11% from Financial Services sector (2018: 11%) and 10% from the Travel and Hospitality sector (2018: 9%).

CCT's Income Contribution by Sector (%)
(Based on attributable FY 2019 gross rental income excluding retail turnover rent)



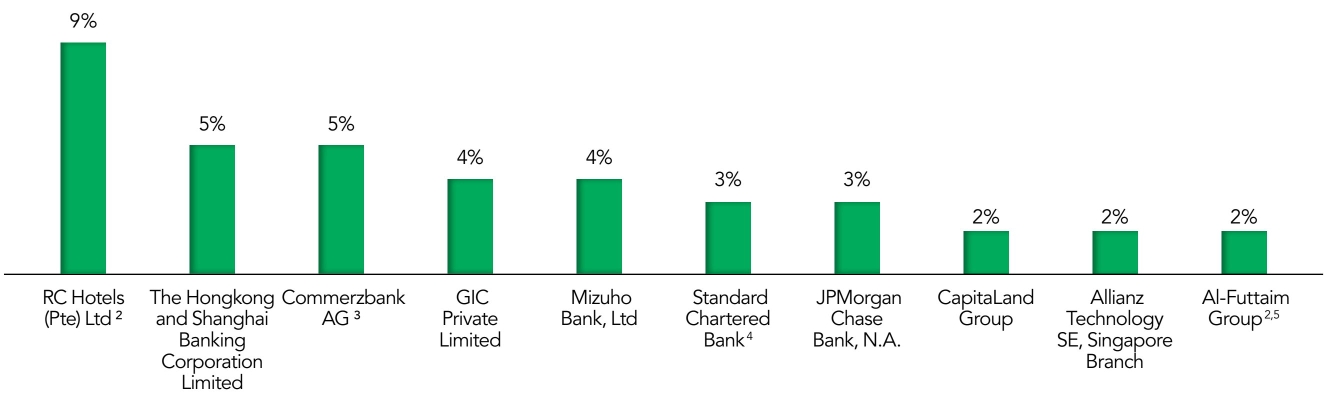
Office	78
Retail	13
Hotels and Convention Centre	9

Diverse Tenant Mix in CCT's Portfolio[1] (%)
(Based on attributable committed monthly gross rental income excluding retail turnover rent as at 31 December 2019)



Banking	24
Financial Services	11
Travel and Hospitality	10
Business Consultancy, IT, Media and Telecommunications	9
Energy, Commodities, Maritime and Logistics	8
Retail Products and Services	7
Real Estate and Property Services	7
Insurance	7
Food and Beverage	5
Manufacturing and Distribution	5
Legal	3
Education and Services	2
Government	2

Top 10 Tenants Contributed Approximately 37% of CCT's Monthly Gross Rental Income
(Based on attributable monthly gross rental income for December 2019 excluding retail turnover rent)



The top three tenants for FY 2019 in terms of monthly gross rental income were RC Hotels (Pte) Ltd, The Hongkong and Shanghai Banking Corporation Limited and Commerzbank AG.

1 Excludes WeWork Singapore as lease expected to commence in 2Q 2021.
2 Based on 60.0% interest in Raffles City Singapore
3 Based on 94.9% interest in Gallileo, Frankfurt
4 Standard Chartered Bank's lease expired in early January 2020; after which Mitsui Group is one of the top 10 tenants (approximately 2%).
5 Al-Futtaim Group owns Robinsons and other brands at Raffles City Singapore.

FINANCIAL REVIEW

GROSS REVENUE

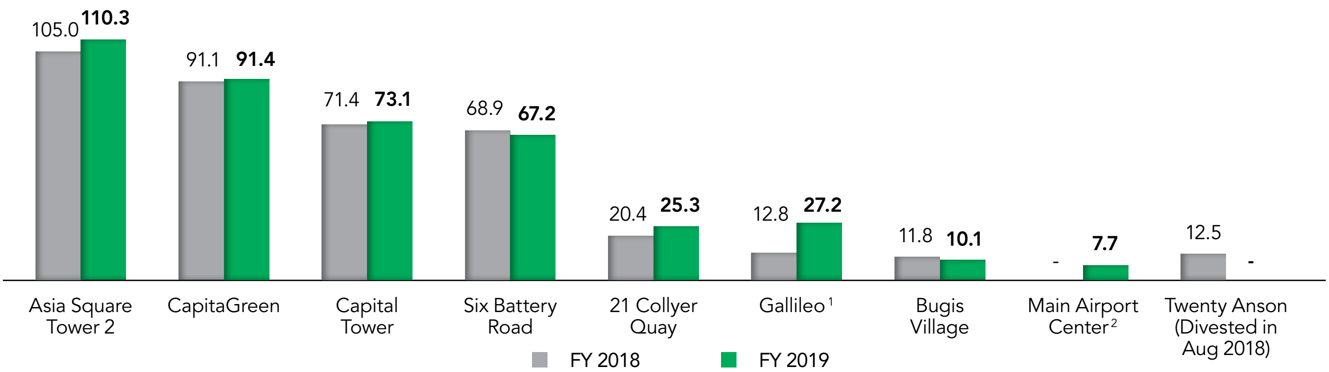
Gross revenue for CCT Group in FY 2019 was S$412.3 million, an increase of S$18.4 million or 4.7% from FY 2018. The increase was mainly attributed to the acquisition of Main Airport Center on 17 September 2019, full year contribution from Gallileo (acquired on 18 June 2018) and higher revenue from 21 Collyer Quay, Asia Square Tower 2 (AST2) and Capital Tower, which altogether offset the loss in gross revenue due to divestment of Twenty Anson and lower revenue from Six Battery Road and Bugis Village.

NET PROPERTY INCOME

Due to higher gross revenue, CCT's net property income (NPI) for FY 2019 of S$321.2 million was S$6.6 million or 2.1% above FY 2018.

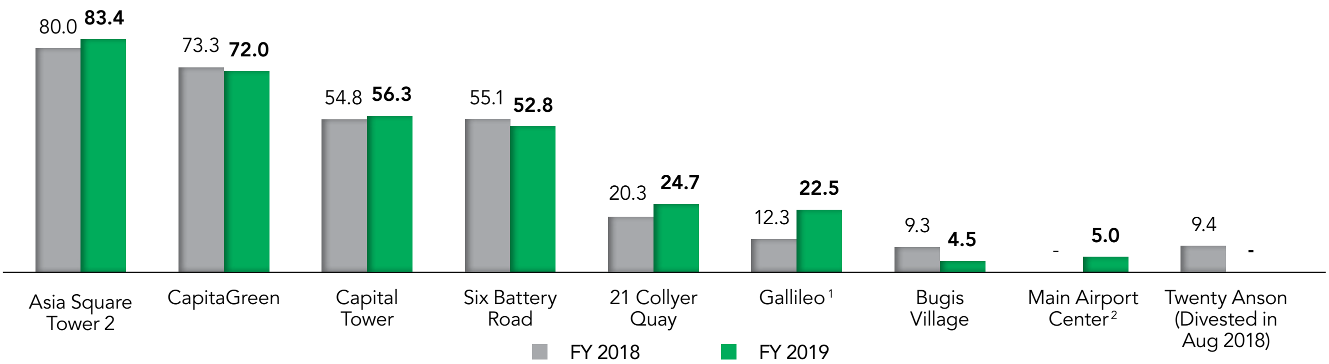
FY 2019 Gross Revenue by Property

(S$ million)



FY 2019 Net Property Income by Property

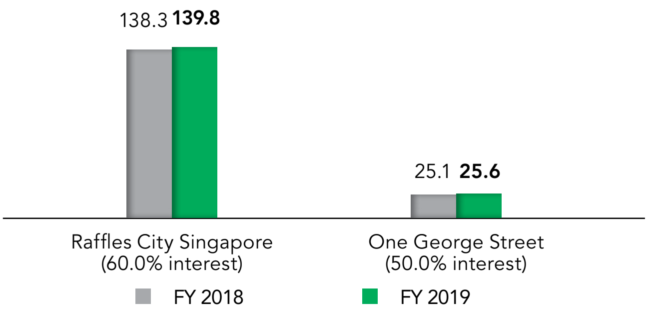
(S$ million)



CCT's proportionate interest in joint ventures' gross revenue and NPI is shown below for information.

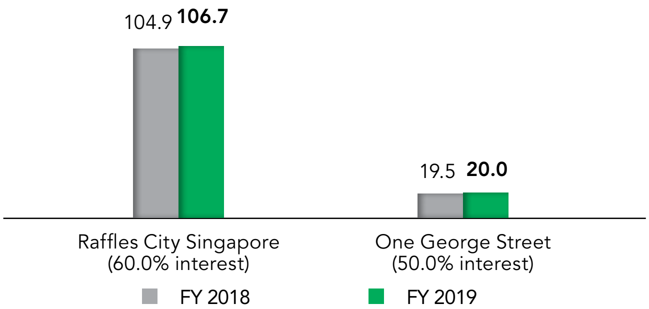
CCT's Interest in Joint Ventures' Gross Revenue

(S$ million)



CCT's Interest in Joint Ventures' Net Property Income

(S$ million)



1 CCT owns 94.9% interest in Gallileo. The reported figure is on 100.0% basis.
2 CCT owns 94.9% interest in Main Airport Center which contributed revenue and income from 18 September 2019. The reported figure is on 100.0% basis.

FINANCE COSTS

Finance costs for FY 2019 were S$69.2 million, a decrease of S$15.3 million or 18.1% lower from FY 2018. The decrease was mainly due to lower cost of debt and lower one-off fees and expenses paid by MSO Trust for the pre-termination of interest rate swaps and loans.

SHARE OF PROFITS/LOSSES OF JOINT VENTURES

Share of profit of joint ventures for FY 2019 and FY 2018 comprised 60.0% interest in RCS Trust, 50.0% interest in OGS LLP and 45.0% interest in Glory Office Trust (GOT) and Glory SR Trust (GSRT).

Share of profits / (losses) of joint ventures (S$ million)	2018	2019
RCS Trust (60.0% interest)	97.0	**98.8**
OGS LLP (50.0% interest)	22.7	**11.9**
Glory Office Trust and Glory SR Trust (45.0% interest)	(1.6)	**4.9**

The higher share of profits from RCS Trust, GOT and GSRT in FY 2019 was mainly due to higher revaluation gains.

The lower share of profits from OGS LLP in FY 2019 was mainly due to a lower revaluation gain compared with FY 2018.

DISTRIBUTIONS

Distributable income in FY 2019 was S$337.6 million, an increase of S$15.9 million or 4.9% higher than S$321.7 million in FY 2018. The increase was mainly due to higher net property income, lower cost of borrowings and higher distribution of tax-exempt income, attributed to full year operations of Gallileo and the acquisition of Main Airport Center (MAC).

A breakdown of Unitholders' distribution per Unit (DPU) for FY 2019 as compared to FY 2018 is as follows:

Year (cents)	1 Jan to 30 Jun	1 Jul to 31 Dec	1 Jan to 31 Dec
2019	**4.40**	**4.48** [1]	**8.88**
2018	4.28 [2]	4.42	8.70

MANAGEMENT FEES IN UNITS

Management fees paid in Units	2018	2019
CCT Properties	1,653,482	**2,828,492**
RCS Trust	4,630,217	**3,628,744**

Asset management fees comprise base and performance components and payable in cash or Units.

CCT properties' management fees in Units in FY 2018 and FY 2019 had included base component fees of AST2, a property acquired on 1 November 2017. FY 2019 had included FY 2018 performance component fee of AST2. On the other hand, the management fees in Units for FY 2018 had included the performance component fee of Wilkie Edge and One George Street which were divested on 1 September 2017 and 19 June 2017 respectively. This explained the higher number of management fees in Units in FY 2019 compared to FY 2018.

For RCS Trust, since 3Q 2018, the Manager elected to receive 50% of RCS Trust's base component fees in Units and the balance 50% in cash. This resulted in a lower number of RCS Trust management fees in Units issued for FY 2019.

FINANCIAL PERFORMANCE FOR 2016 TO 2018

2018

Gross revenue for CCT Group in FY 2018 was S$394.0 million, an increase of S$56.5 million or 16.7% from FY 2017. The increase was mainly due to contribution from AST2 acquired on 1 November 2017 and Gallileo acquired on 18 June 2018, which together offset the loss in gross revenue due to the divestments of One George Street (50.0% interest), Golden Shoe Car Park and Wilkie Edge in 2017 and Twenty Anson on 29 August 2018.

Due to higher gross revenue, CCT's NPI for FY 2018 of S$314.6 million was S$49.1 million or 18.5% above FY 2017.

Finance costs for FY 2018 were S$84.5 million, an increase of S$15.5 million or 22.5% higher than last year. The increase was mainly due to borrowings drawn down for the acquisitions of AST2 and Gallileo, as well as one-off fees and expenses paid by MSO Trust that holds CapitaGreen for the prepayment of S$710.0 million of bank borrowings and pre-termination of interest rate swaps.

1 2H 2019 DPU comprised (a) 0.62 cents advanced distribution from 1 July 2019 to 28 July 2019 and (b) 3.86 cents from 29 July 2019 to 31 December 2019.
2 1H 2018 DPU comprised (a) 3.49 cents advanced distribution from 1 January 2018 to 27 May 2018 and (b) 0.79 cents from 28 May 2018 to 30 June 2018.

Distributable income in FY 2018 was S$321.7 million, an increase of S$32.8 million or 11.4% higher than S$288.9 million in FY 2017. The increase was mainly attributable to contributions from AST2 and Gallileo.

2017

Gross revenue for CCT Group in FY 2017 was S$337.5 million, an increase of S$38.9 million or 13.0% from FY 2016. CCT Group achieved higher gross revenue in FY 2017 notwithstanding the loss of revenue from the divestments of One George Street, Golden Shoe Car Park and Wilkie Edge. The increase was mainly due to contributions following the acquisition of AST2 on 1 November 2017 and from MSO Trust that holds CapitaGreen for the full financial year of 2017 compared to only four months in 2016.

As a result of the higher gross revenue, NPI of S$265.5 million was S$34.2 million or 14.8% higher than FY 2016. NPI from all properties were higher or the same in FY 2017 vis-à-vis FY 2016 except for Twenty Anson and Bugis Village due to lower occupancies and absence of yield stabilisation sum for Twenty Anson.

Distributable income in FY 2017 was S$288.9 million, an increase of S$19.9 million or 7.4% higher than S$269.0 million in FY 2016. The increase was mainly attributable to contributions from AST2 as well as higher distribution from RCS Trust and MSO Trust that hold Raffles City Singapore and CapitaGreen respectively.

2016

Gross revenue for FY 2016 was S$298.6 million, an increase of S$25.4 million or 9.3% from S$273.2 million in FY 2015, mainly contributed by CapitaGreen.

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

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

ASSETS

As at 31 December 2019, total assets for CCT Group were S$10,190.8 million, S$500.2 million or 5.2% higher compared to S$9,690.5 million as at 31 December 2018. The increase was due to the acquisition of MAC and higher valuation of investment properties and cash balance.

NET ASSET VALUE

As at 31 December 2019, CCT's adjusted net asset value (NAV) was S$1.82 per Unit, after excluding the distributable income to be paid on 28 February 2020.

Prudent Capital Management

As at 31 December	Note	2018	2019
Aggregate Leverage (%)	1	34.9	**35.1**
Interest Coverage (times)	2	5.4	**5.6**
Average Term to Maturity (years)	3	3.9	**3.8**
Average Cost of Debt (%)	4	2.6	**2.4**
Unencumbered Assets as % of Total Assets (%)	5	78	**91**
CCT's Issuer Rating	6	BBB+	**BBB+**

1 In accordance with Property Funds Appendix, CCT's proportionate share of its joint ventures' borrowings and deposited property values are included when computing the aggregate leverage. The ratio of total gross borrowings to total net assets is 57.3%.

2 Interest coverage is the ratio of EBITDA over finance costs includes amortization of transaction costs except for one-off fees and expenses relating to pre-payment of bank loans and pre-termination of interest rate swaps (excludes borrowings of joint ventures).

3 Excludes borrowings of joint ventures.

4 Ratio of interest expense over weighted average borrowings (exclude borrowings of joint ventures).

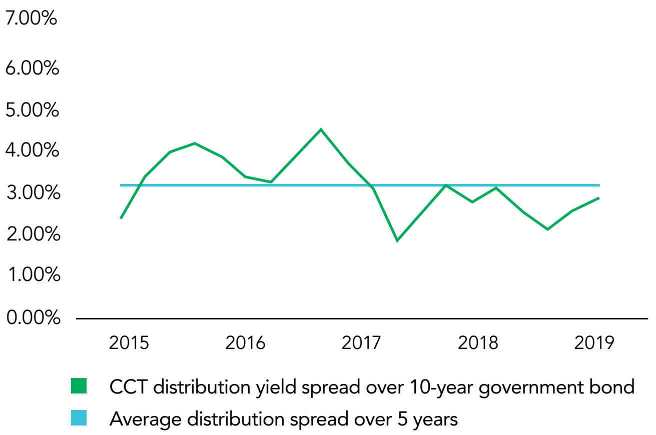
5 Investment properties of CCT (exclude joint ventures) are all unencumbered except for Gallileo and MAC in 2019, and CapitaGreen and Gallileo in 2018.

6 Standard & Poor's has assigned a rating of BBB+ with stable outlook as at 31 December 2019.

DISTRIBUTION YIELD

CCT's distribution yield as at 31 December 2019 was 4.5%. CCT has been consistently delivering a yield higher than the 10-year SGD government bond rate. The adjacent chart shows CCT's distribution yield spread over the 10-year SGD government bond rate. The average distribution spread over five years was 3.1%.

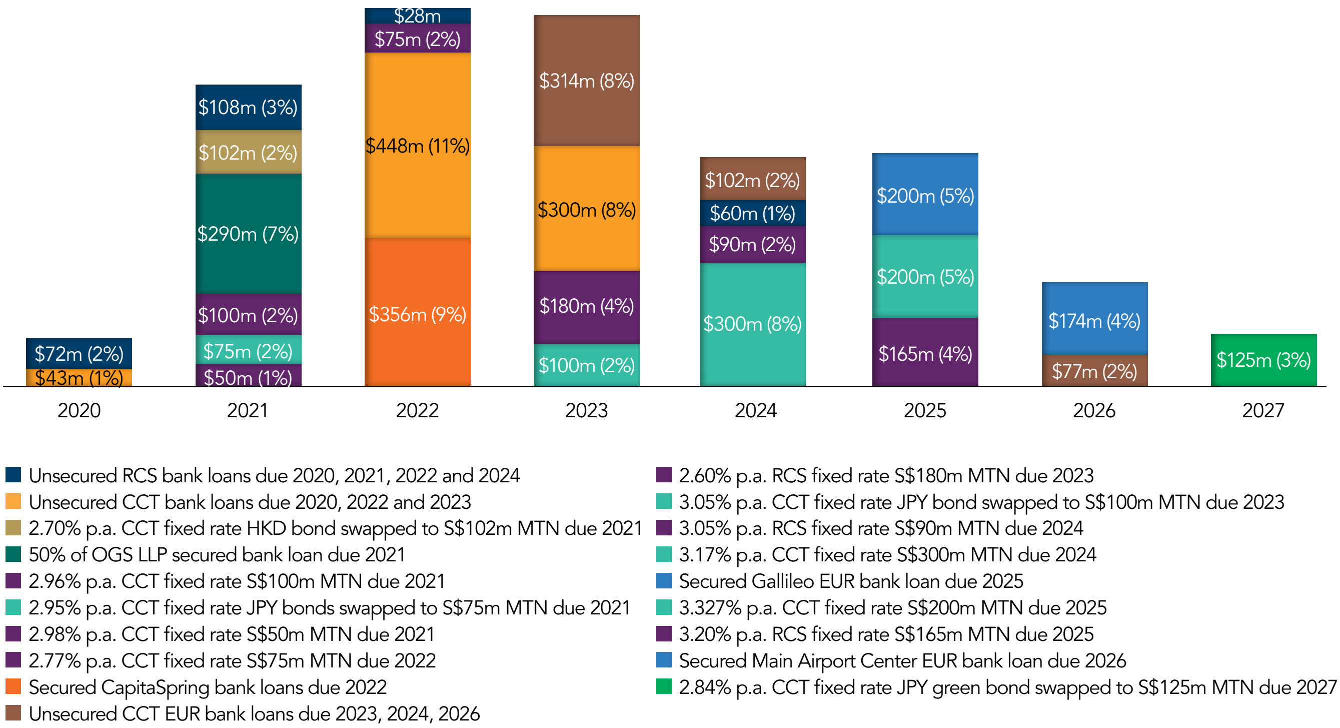
CCT Distribution Yield Spread over 10-Year Government Bond



CCT GROUP'S DEBT MATURITY PROFILE (INCLUDING SHARE OF JOINT VENTURES' BORROWINGS)

Debt Maturity Profile

As at 31 December 2019



FINANCIAL REVIEW

CAPITAL MANAGEMENT

In 3Q 2019, CCT raised equity amounting to gross proceeds of approximately S$220 million through a private placement with an issuance of 105.0 million new CCT Units and 92.3% of the gross proceeds or approximately S$203 million (subject to post-completion adjustments) was used to partially fund the acquisition of MAC. Approximately S$3.3 million or 1.5% of gross proceeds was used for transaction related expenses. The Manager will announce when the balance of the gross proceeds are utilised. In addition, CCT Group obtained banking facilities totaling EUR 235.0 million (S$353.4 million [1]) which were used to partially fund the acquisition as well as refinance existing CCT Group bank borrowings.

Enhancing its focus on sustainability, CCT established a Sustainability Financing Framework (Framework) to facilitate the future issuance of sustainable debt to fund investments that meet its environmental and social objectives, that include select United Nations' Sustainable Development Goals. Under this Framework, CCT issued its first green bond in December 2019 comprising JPY10.0 billion 0.729% per annum green bond due November 2027 (Green Bond). The Japanese Yen Green Bond has been swapped into approximately S$124.7 million at an all-in fixed interest rate of 2.84% per annum. Proceeds from the Green Bond were used to fund green buildings in CCT's portfolio under the "Eligible Projects Categories" as set out in the "Use of Proceeds" section of the Framework.

Resulting from proactive capital management efforts to refinance borrowings ahead of maturity, CCT Group has only S$115.1 million of debt due in 2020. With the repayment of CapitaGreen's borrowings of S$180.0 million in October 2019, unencumbered assets over total assets increased from 77.6% in FY 2018 to 91.0% in FY 2019. The refinancings done in 2019 maintained CCT's debt portfolio's term to maturity at more than 3 years and average cost of debt reducing from 2.6% per annum as at 31 December 2018 to 2.4% per annum as at 31 December 2019.

CCT's Joint Ventures Borrowings

As at 31 December 2019, RCS Trust had an aggregate of S$1,171.5 million borrowings comprising S$446.5 million of unsecured bank borrowings and S$725.0 million of unsecured MTNs. CCT's 60.0% interest was S$702.9 million.

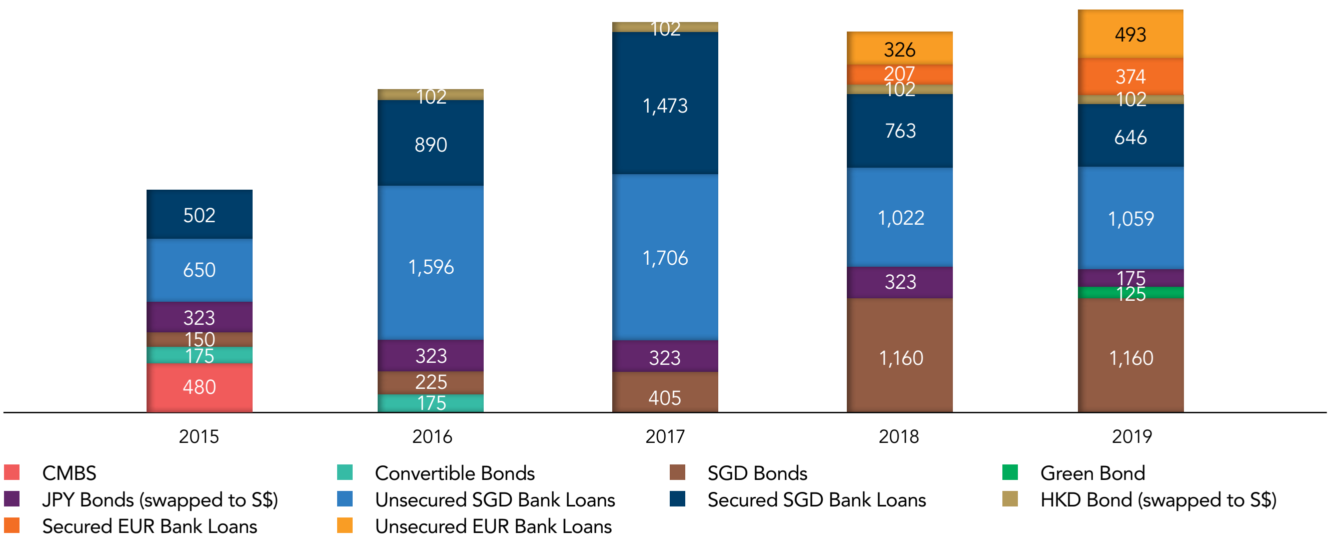
As at 31 December 2019, OGS LLP had secured bank borrowings of S$580.0 million and CCT's 50.0% interest was S$290.0 million.

As at 31 December 2019, GOT and GSRT had secured bank borrowings of S$792.0 million. CCT's 45.0% interest was S$356.4 million.

Diversify Funding Sources

CCT is committed to diversifying its sources of funding by tapping different debt markets. As at 31 December 2019, our funding sources comprised 26% unsecured SGD bank loans, 16% secured SGD bank loans, 12% unsecured EUR bank loans, 9% secured EUR bank loans, 4% JPY bonds, 3% Green Bond, 2% HKD bond and 28% SGD bonds.

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



1 Based on 31 December 2019 exchange rate of EUR 1 = S$1.504.

ISSUANCE OF FIRST GREEN BOND

Manage Capital

Established Sustainability Financing Framework (Framework)

Aligned with:
> 2018 Green Bond Principles
> 2018 Social Bond Principle
> 2018 Sustainability Bond Guidelines

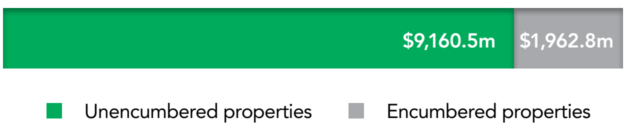
Framework facilitates issuance of sustainable debt to fund investments that meet environmental and social objectives, including select United Nations' Sustainable Development Goals

Issued first green bond of JPY10.0 billion due 2027 swapped into approximately S$124.7 million

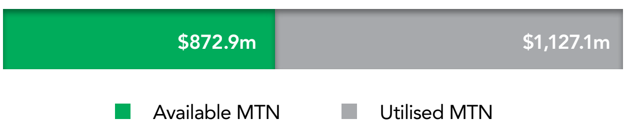
Enhanced Financial Flexibility

CCT Group's unencumbered assets were valued at S$9.2 billion as at 31 December 2019. CCT also has an untapped balance of S$872.9 million from its MTN programme as well as available bank credit facilities amounting to S$431.5 million which can be utilised for working capital or future financial obligations.

Total Investment Properties S$11,123.3 million

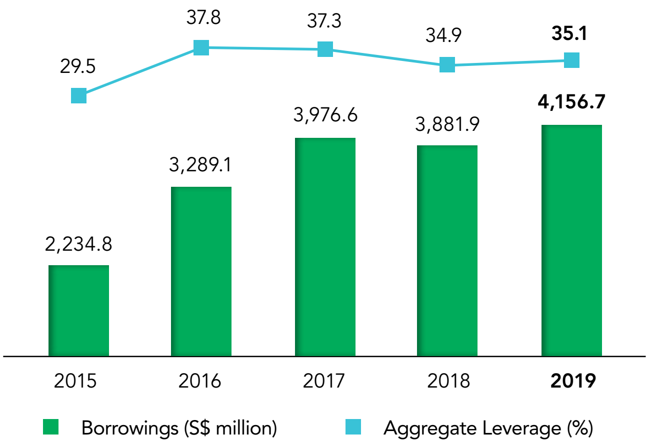


Total MTN Facilities S$2,000 million



Prudent Capital Structure with Aggregate Leverage Below Regulatory Limit

CCT ended the financial year with an aggregate leverage ratio of 35.1%, below the regulatory limit of 45.0%. CCT expects aggregate leverage to range between 30.0% to 40.0% through property market cycles.



Stable Cost of Debt

CCT's average cost of debt remained low at 2.4% per annum. With approximately 91% of its total borrowings on fixed interest rates, the level of interest expense is certain.

Cash Flows and Liquidity

As at 31 December 2019, CCT's cash and cash equivalents amounted to S$205.5 million, as compared with S$174.9 million as at 31 December 2018.

Net cash generated from operating activities for FY 2019 was S$306.8 million. This was an increase of S$24.7 million generated in the preceding year, a result of improved operational performance.

Net cash used in investing activities for FY 2019 was S$248.5 million, as compared to net cash generated from investing activities for FY 2018 of S$58.7 million, largely attributed to the proceeds from divestment of Twenty Anson.

In FY 2019, net cash used in financing activities was S$27.7 million compared to S$288.4 million in FY 2018 mainly due to lower repayment of loans in FY 2019.

Foreign Exchange Risk Management

CCT manages foreign exchange risks through natural and forward hedges. For CCT's German properties, EUR denominated borrowings were obtained as a hedge for CCT's net investment value. In addition, anticipated net dividends from the German properties were hedged with forward foreign exchange contracts.

Credit Rating

Standard & Poor's (S&P) affirmed CCT's long-term corporate credit rating "BBB+" with stable outlook. S&P expects CCT to continue to progressively upgrade its portfolio by repositioning and enhancing assets as well as maintaining its consistent record of stable operating metrics throughout property market cycles. CCT's high quality and well-located assets puts the Trust in a good position to benefit from improving market fundamentals. S&P also maintained that CCT has undertaken and demonstrated ability to improve the quality of its asset portfolio. The acquisitions of Gallileo and MAC have enhanced the Trust's geographic diversification.

Sensitivity Analysis

Estimated DPU impact per annum	
0.1% increase in interest rate	-0.11%
0.1% decrease in interest rate	0.11%

As at 31 December 2019, 91% of the Trust's borrowings are on fixed interest rates, thereby minimising the impact due to changes in interest rates. It is estimated that a 0.1% increase or decrease in interest rate would have a 0.11% negative or positive impact on DPU per annum.

Estimated aggregate leverage impact per annum	
0.25% increase in valuation of investment properties	-0.08%
0.25% decrease in valuation of investment properties	0.08%

The Trust reported an aggregate leverage of 35.1% as at 31 December 2019. It is estimated that a 0.25% increase or decrease in valuation would decrease or increase the Trust's aggregate leverage by 0.08% per annum.

Estimated rental income impact per annum	
0.5% increase in occupancy	S$2.5m
0.5% decrease in occupancy	-S$2.5m
10.0% increase in committed rental rates	S$3.0m
10.0% decrease in committed rental rates	-S$3.0m

CCT's rental income could be impacted by changes in its properties' occupancies and rental rates achieved. Assuming that the monthly average rental rate is maintained for each month in 2019, it is estimated that 0.5% increase or decrease in occupancy in each month of 2019 would correspondingly result in S$2.5 million increase or decrease in rental income for FY 2019.

The impact on rental income for every 10.0% increase or decrease in rental rates for leases committed in 2019 for renewals, rent reviews and vacant units would be a variance of approximately S$3.0 million for FY 2019.

ACCOUNTING POLICIES

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

The Group had adopted new Financial Reporting Standards in Singapore ("FRSs") for the financial period beginning 1 January 2019. The new FRSs adopted are FRS 116 Leases, Amendments to FRS109, FRS 39 and FRS 107 Interest Rate Benchmark Reform.

CCT holds derivative financial instruments to hedge its currency and interest rate risk exposures. The fair values of financial derivatives assets and financial derivatives liabilities, were S$5.0 million and S$6.4 million respectively. The net amount represented 0.02% of the net assets of CCT Group as at 31 December 2019.

INDEPENDENT MARKET REVIEW

THE SINGAPORE MARKET

According to the data released by the Ministry of Trade and Industry, the Singapore economy grew by 0.7% over 2019, a slowdown from 3.4% in 2018. The manufacturing sector shrank by 1.4%, a reversal from 2018's 7.0% growth. This was due to output declines in the electronics, chemicals, precision engineering and transport engineering clusters. Conversely, the construction sector grew by 2.8%, a reversal from the 3.5% decline in 2018, on the back of construction activities in both public and private sector. Similarly, the service producing industries expanded by 1.1%, albeit a slight moderation from the 3.4% growth back in 2018. This was mainly driven by finance and insurance (+4.1%), other services (+2.6%) and business service sectors (+1.4%).

SINGAPORE OFFICE MARKET

Existing Supply

In 2019, islandwide office stock rose 0.5% y-o-y to 61.3 million sq ft, with the completion of several office developments such as 9 Penang Road (381,000 sq ft), the office component of Funan (214,000 sq ft) and 18 Robinson (145,000 sq ft).

The Central Business District (CBD) Core[1] remains a choice location for business headquarters, or for corporates looking to house their front offices. This includes buildings such as Capital Tower, Asia Square Tower 2, Six Battery Road, CapitaGreen, One George Street, One Raffles Quay, and Marina Bay Financial Centre. By and large, firms located in the CBD Core include those from the financial and insurance, information technology, legal services and other business services sectors.

Majority of office stock is located within the CBD Core that comprises four submarkets – Marina Bay, Raffles Place, Shenton Way and Marina Centre. The CBD Core office stock accounts for 49.3% of the islandwide office stock, which is equivalent to 30.2 million sq ft. In 2019, office stock in the CBD Core contracted 0.6% y-o-y due to removal of some stock for redevelopment. Out of the 61.3 million sq ft of islandwide office stock, 13.6 million sq ft (representing 22.2% of islandwide office stock) is classified as Grade A (CBD Core)[2] office space.

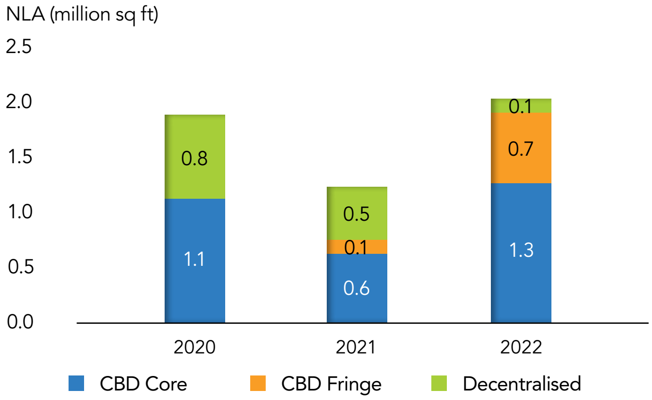
Future Supply

From 2020 to 2022, islandwide new office supply is projected at 5.1 million sq ft. The CBD Core market accounts for 59.1% of the pipeline supply, while the Decentralised[3] market and CBD Fringe[4] markets account for the remaining 25.6% and 15.2% of future supply respectively.

Approximately 1.9 million sq ft of office supply is estimated to complete in 2020. In the CBD Core, projects in the pipeline include HD 139 (84,000 sq ft), 79 Robinson Road (514,000 sq ft), 30 Raffles Place (312,900 sq ft), Afro-asia i-Mark (140,000 sq ft), and post-AEI works at 55 Market Street (76,200 sq ft). Further, the completion of Woods Square (534,400 sq ft), St James Power Station (118,400 sq ft), and Centrium Square (107,000 sq ft) will contribute approximately 0.8 million sq ft of office supply to the Decentralised market.

In 2021, about 1.2 million sq ft of supply is expected to come onstream. In the pipeline, there are developments such as CapitaSpring (635,000 sq ft) in the CBD Core, the redevelopment of Hub Synergy Point (128,500 sq ft) in the CBD Fringe, Rochester Commons (264,800 sq ft) and Surbana Jurong Campus (216,100 sq ft) in the Decentralised market.

Islandwide Future Office Supply



Source: CBRE Singapore, 4Q 2019

Another 2.0 million sq ft of supply is likely to complete in 2022. A major development expected to complete is Central Boulevard Towers (1,258,000 sq ft). Other developments in the pipeline are Guoco Midtown (650,000 sq ft) and One Holland Village (68,600 sq ft) from the CBD Fringe and the Decentralised market respectively.

1 The CBD Core area comprises the four micro-markets: Raffles Place, Shenton Way, Marina Bay and Marina Bay Centre.
2 A revision of CBRE's basket was conducted in 1Q 2019 with figures from 1Q 2019 onwards reflecting the revision of numbers. Historical figures are unchanged.
3 The Decentralised markets are anchored mainly by clusters of office in Alexandra/HarbourFront, Western Suburban area and Eastern Suburban area.
4 The CBD Fringe area includes Tanjong Pagar, Beach Road/City Hall as well as Orchard Road.

INDEPENDENT MARKET REVIEW

Increasingly, landlords are embracing the concept of mixed-use developments as seen by the number of mixed-use projects in the pipeline, such as Woods Square and One Holland Village. This is line with URA plans where mixed-use developments continue to be an important feature in Singapore's urban development. Other than introducing more mixed-use sites via the Government Land Sale (GLS) Programme, the state also rolled out the CBD Incentive Scheme and Strategic Development Incentive Scheme in 2019. An attempt to rejuvenate the CBD, this incentive scheme encourages developers to convert existing CBD office developments to mixed-use.

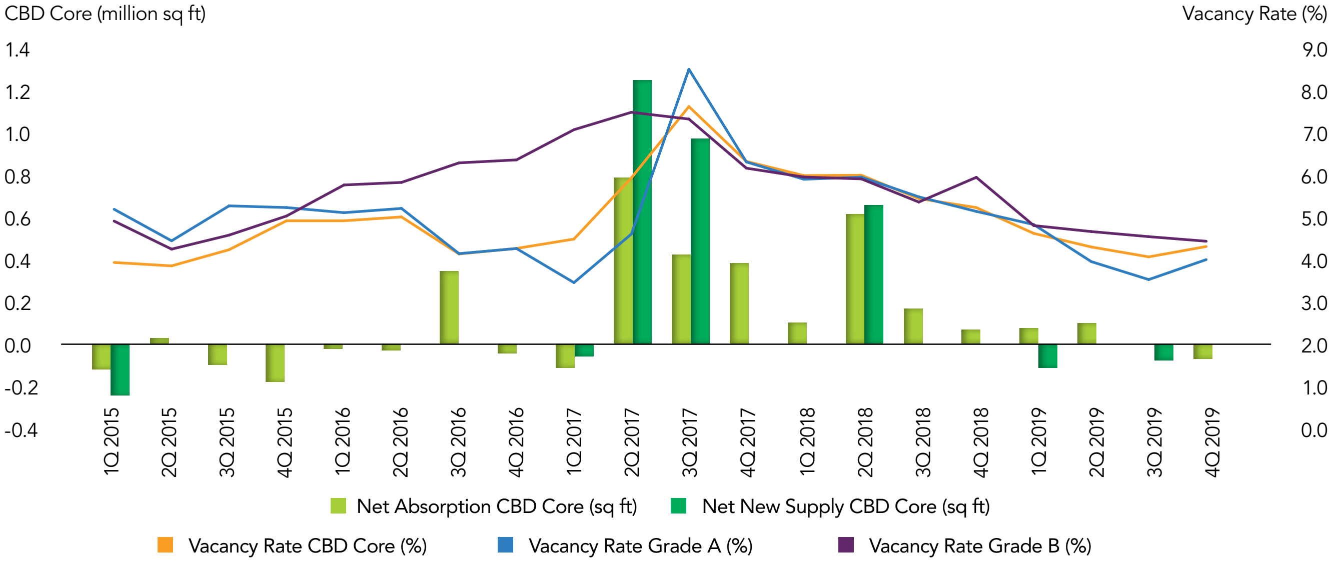
In 2019, islandwide office net absorption remained positive, with 0.1 million sq ft of net absorption registered in the CBD Core office market. Towards the end of 2019, the agile space and technology sectors continued to be major drivers for office demand in the CBD Core. However, it should be noted that demand from the agile space sector has slowed notably following its rapid expansion in 2018.

Vacancy rates in Singapore's office market tightened further in 4Q 2019; vacancy in the CBD Core market dipped by 0.9 percentage points y-o-y to 4.2%.

Rental Values

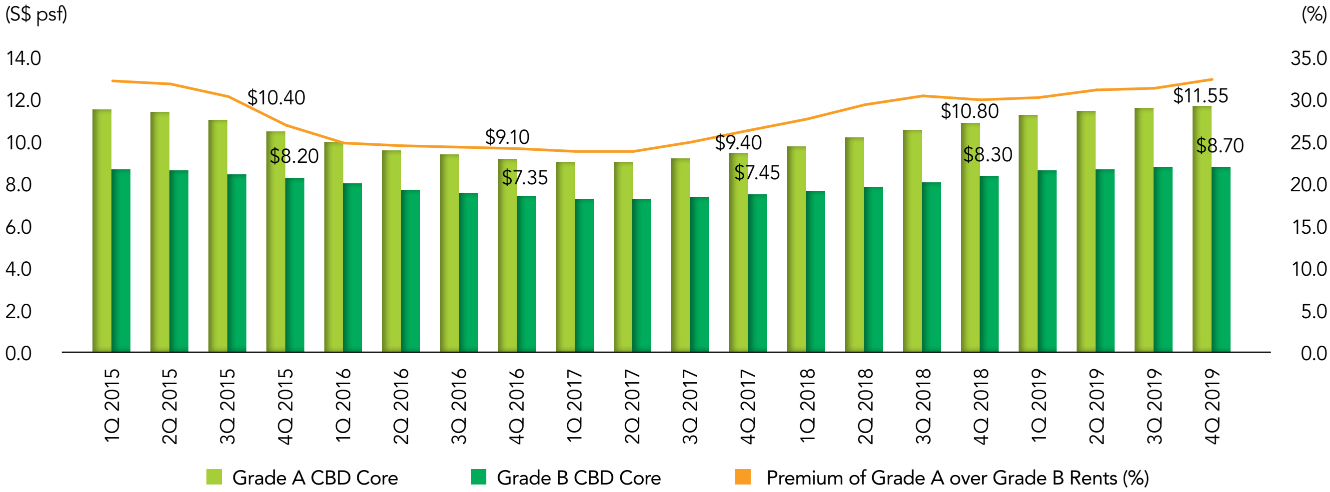
Amidst tightening vacancy and limited new completions, Grade A CBD Core rents rose 6.9% y-o-y to $11.55 psf and Grade B CBD Core rents increased 4.8% y-o-y to $8.70 psf in 4Q 2019. Since the last trough in 2Q 2017, this marked ten and nine consecutive quarters of growth for Grade A CBD Core and Grade B office rents respectively. This was equivalent to a 29.1% and 20.0% rental growth in the Grade A CBD Core and Grade B CBD Core office space respectively.

CBD Core Office Supply and Demand



Source: CBRE Singapore, 4Q 2019

CBD Core Monthly Rental Values



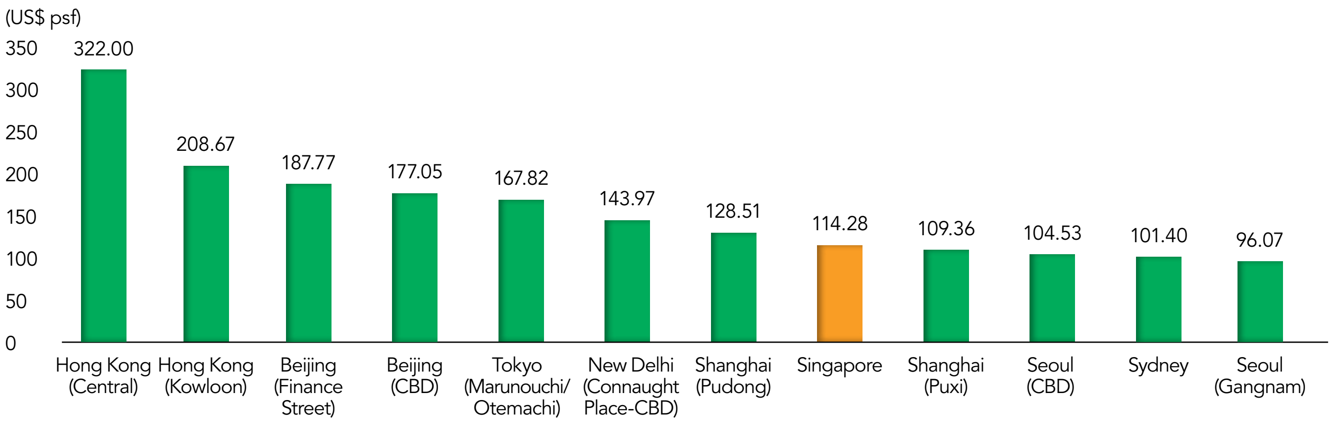
Source: CBRE Singapore, 4Q 2019

CBRE Prime Office Occupancy Costs

Notwithstanding increased economic uncertainties, global prime office occupancy costs [1] rose by 3.6% y-o-y, accelerating from the previous year. Specifically, the Americas, Asia Pacific and the Europe, Middle East and Africa (EMEA) registered y-o-y increases of 3.7%, 3.3% and 3.5% respectively. Hong Kong (Central) (US$322.00 psf) and London (West End) (US$222.70 psf) continued to be the world's first and second most expensive office markets. Compared to a year ago, occupancy costs for Hong Kong (Central) and London (West End) increased by 5.1% and 2.1% respectively. At the same time, occupancy cost in Hong Kong (Kowloon) (US$208.67 psf) rose 10.1% y-o-y, which ranked it at third position. This resulted in the displacement of Beijing (Finance Street) (US$187.77 psf) to the fifth position as the market's occupancy cost held steady y-o-y.

Singapore ranked 8th and 14th on the Asia Pacific and Global indices of most expensive prime office markets in 2019. Compared to the 2018 survey, Singapore moved up by four and eight places on the Asia Pacific and Global indices respectively. With an occupancy cost of US$114.28 psf per annum as of 1Q 2019, Singapore's occupancy cost had risen 17.3% y-o-y. Frankfurt ranked 18th and 50th on the EMEA and Global indices with an annual occupancy cost of US$61.77 as of 1Q 2019. This was equivalent to a decline of 4.7% y-o-y in occupancy cost.

Prime Occupancy Costs Index (Asia Pacific Top 12 Cities)



Source: CBRE, 1Q 2019

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

INDEPENDENT MARKET REVIEW

In Asia Pacific, most markets saw an increase in occupancy costs with Singapore witnessing the largest increase of 17.3% y-o-y. Despite this large increase, Singapore's occupancy costs are still competitive vis-à-vis other Asian gateway markets. In the 2019 survey, there are 7 markets ranked ahead of Singapore in terms of occupancy costs which include Hong Kong (Central), Hong Kong (Kowloon), Beijing (Finance Street), Beijing (CBD), Tokyo (Marunouchi/Otemachi), New Delhi (Connaught Place -CBD) and Shanghai (Pudong). The increase in prime office occupancy costs in Singapore is in line with tightening vacancy and strong absorption amidst stable office market fundamentals. Singapore will continue to remain as an attractive location for businesses due to its strategic location as a key gateway city within the Asia Pacific region.

The Office Investment Market and Capital Values

For 2019, the market witnessed several big-ticket office investment deals which included the sale of the office and retail components of DUO by M+S Pte Ltd to Allianz Real Estate and Gaw Capital Partners for S$1.6 billion (S$2,522 psf), 30 Raffles Place by Oxley Beryl Pte Ltd to Golden Compass (BVI) Limited for S$1.0 billion (S$2,832 psf) and 71 Robinson Road by COMMERZ Real to SV Robinson for S$655 million (S$2,756 psf).

In 4Q 2019, Grade A CBD Core capital values increased by 1.7% y-o-y to $3,000 psf. At the same time, implied Grade A CBD Core yields expanded by 21 bps to 3.69%. Although rental growth has slowed, Singapore's office assets remains well sought-after.

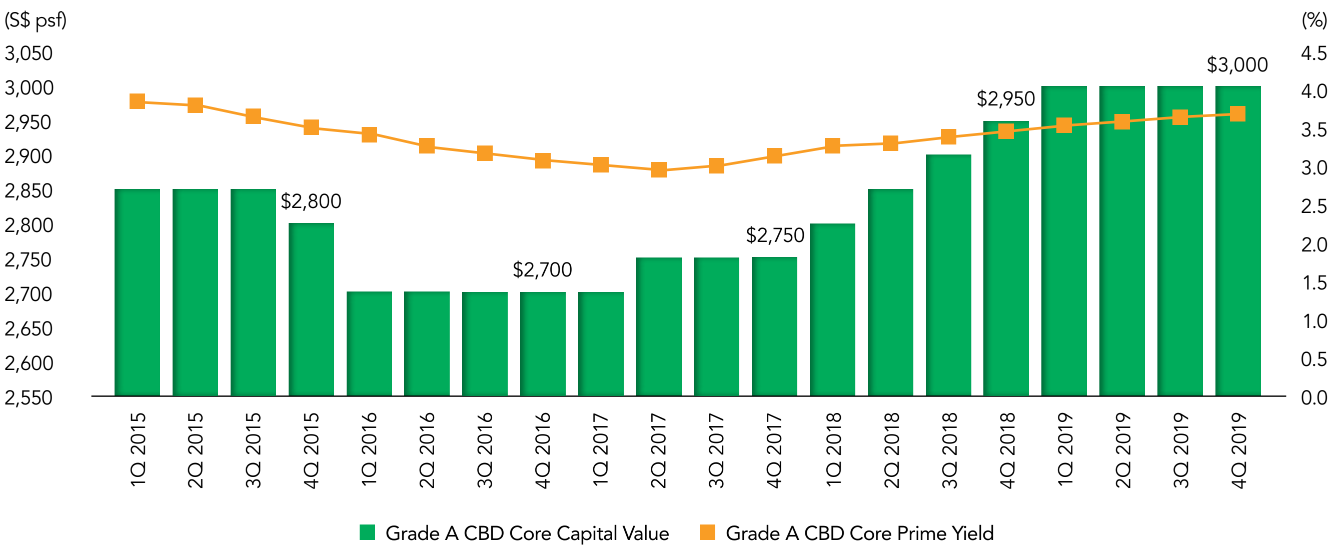
Singapore Office Market Outlook

Overall, global market uncertainties are expected to persist. Depending on the extent and severity of the COVID-19 outbreak, this may result in a fall in global consumption and continued disruptions to global supply chains and production, amidst manpower shortages. The weaker growth outlook in China may affect outward-oriented sectors. In addition, despite the Phase 1 trade deal, US-China trade relations remain unsettled. Furthermore, geopolitical tensions in the Middle East may implicit financial and commodity markets, which in turn, will have a negative impact on the region and Singapore.

Locally, the COVID-19 outbreak has led to a fall in tourist arrivals, especially from China to Singapore, affecting Singapore's tourism, transport and the retail and food services industries.

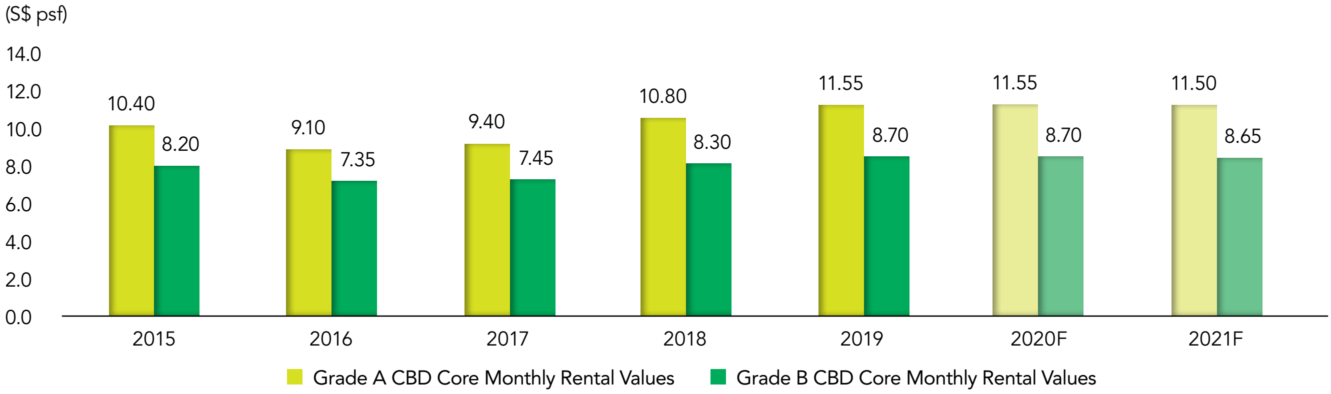
Despite the uncertainties, the construction sector is forecasted to post steady growth, given a recovery in construction demand since 2018. The information and communications sector is also expected to remain positive backed by sustained enterprise demand for IT solutions.

Grade A CBD Core Office Capital Value and Net Yield



Source: CBRE Singapore, 4Q 2019

Projected CBD Core Monthly Rental



Source: CBRE Singapore, 4Q 2019

Considering the above circumstances, the Singapore economy is expected to exhibit modest growth in 2020. As such, the Singapore Ministry of Trade and Industry reviewed Singapore's GDP growth in 2020 and expected it to be at the mid-point of their forecast of -0.5% to 1.5%. Office demand over the next 12 months may commensurate with the economic performance. Nevertheless, sectors that are likely to feature in leasing activity include technology firms, private equity firms, family offices and professional services.

The agile space sector saw rapid expansion in recent years, but demand from this sector is slowing. From 2013 to 2019, the agile space sector has grown tremendously; the number of agile space locations has more than doubled and market size tripled. As tracked by CBRE, approximately two out of five office buildings have an agile space component as of end 2019. The growth in the agile space market was fuelled by both start-ups and corporates, while corporates are increasingly viewing this as part of their workplace strategy to reduce occupancy costs.

Underpinned by a pipeline of limited new Grade A office supply in the immediate future, office vacancy is projected to remain stable over the next 12 months. As such, CBRE expects average Grade A CBD Core rents to remain stable in 2020.

Singapore REITs and Business Trusts Market Overview

Singapore REITs (S-REITs) are managed by REIT managers who invest in income generating real estate. This allows individual unitholders to invest and access real estate and share the benefits and risks of owning a portfolio of properties. The investment vehicle is attractive to investors due to the high level of distributable income of at least 90% of taxable income and the favourable tax exemption environment.

The REIT regime in Singapore was established with the objective of providing investors with a platform to gain exposure to real estate assets that allows for diversification of risks through pooling of capital. The S-REITs market now comprises REITs with portfolios of office, retail, industrial space as well as other non-traditional REIT assets including hospitals, hotel/serviced apartments, residential and data centres. Since the listing of the first REIT in 2002, the number of S-REITs which have launched over the years has grown significantly, indicating its popularity as an investment asset class due to its high yielding and recurring passive income.

The United States Federal Reserve Bank slashed interest rates thrice in 2019, in a bid to sustain the current economic expansion. As of 4Q 2019, the US federal funds rate stood at a range of 1.50% - 1.75%. Loans and mortgages in Singapore are priced based on the Singapore Interbank Offered Rate (SIBOR) and Swap Offer Rate (SOR), which typically tracks the US Federal Reserve rate. As a result, both SIBOR and SOR rates have remained low. Lower interest rates generally lead to lower borrowing and financing costs, encouraging businesses to borrow, invest and incur capital expenditures. This would in turn, translate to greater demand for real estate and improve occupancy rates, driving the growth for office space. That said, more REITs have restructured more of their loan terms from floating to fixed interest rates, mitigating against fluctuations in the interest rate environment.

Attractive long term returns, liquidity, steady dividend yields, and its capacity to hedge against inflation will continue to deem REITs as a popular investment vehicle. S-REITs are expected to perform well going forward.

INDEPENDENT MARKET REVIEW

FRANKFURT OFFICE MARKET

Frankfurt Office Market Outlook

4Q 2019, the take-up for the office market was 183,100 sq m, 6% higher than the previous year. Consequently, total take-up rate for the office leasing market in the financial metropolis Frankfurt am Main was 552,500 sq m in 2019, a decline of 11% y-o-y. Nonetheless, total take-up in 2019 exceeded the long term 10-year average of 487,100 sq m by 13.0%.

With larger volumes of office transactions in comparison to previous years, non-CBD submarkets have had a high share of total take-up in 2019. Office Location / Niederrad was the submarket with the highest take-up amongst Frankfurt's 20 submarkets, with a take-up of 80,500 sq m, representing a 15% share. This is followed by City West with 77,600 sq m (14%) and the Banking District with 74,900 sq m (14%). The CBD submarkets, which comprises Frankfurt City as well as the Banking District and Westend registered a total take-up of 155,400 sq m, representing a share of 28%.

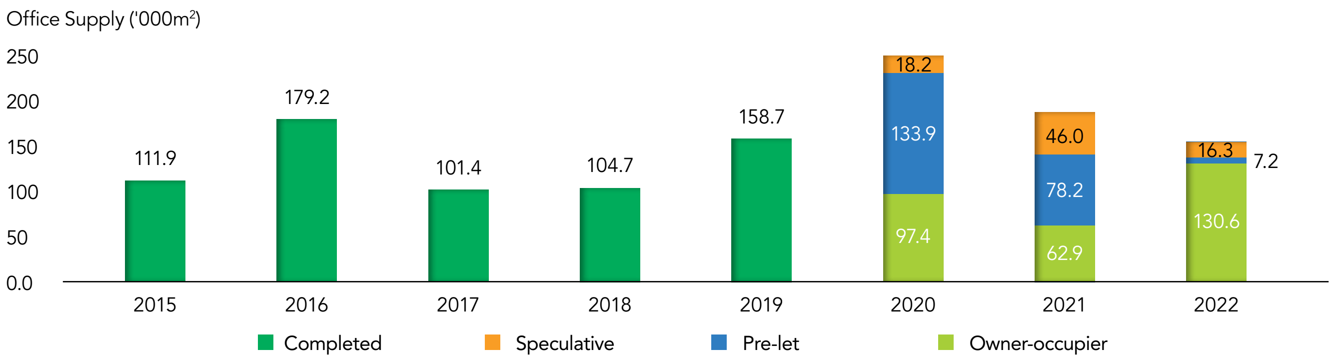
Banks and financial services had strong demand for office spaces in 2019, representing a 25% share of total take-up. This was followed by legal advisors and chartered accountants with a share of 13%. Companies from the real estate sector, some of which are also active in the co-working business followed in third place with 12% of the total take-up. Due to Frankfurt's importance as a financial centre, high demand from banks and financial services as well as legal advisors and chartered accountants will likely continue in 2020. Other services affecting the banking and financial sector will also become an increasingly important source of take-up due to consolidation plans of several banks

Demand in the Frankfurt office market remains high. This is reflected in the falling vacancy rate, which compressed 1 percentage point y-o-y to 6.8% as of 4Q 2019. With rents increasing by 7% to €44.00/sq m/month as of 4Q 2019, Frankfurt is still achieving the highest prime office rents in Germany. Occupiers are therefore increasingly movin to submarkets outside the CBD, where larger, connected office spaces are still available.

In 2019, a total of 158,700 sq m of new or refurbished office spaces have been completed, of which 120,900 sq m have come into the market in the Banking District alone with the completion of Omniturm, Marienturm and Maintor WinX. From 2020 to the end-2022 there are approximately 590,700 sq m of office space in the development pipeline, of which around 50% has been pre-let. In the Airport District, forecast new office supply until 2022 is approximately 61,900 sq m. Of which, 78% are built on speculative basis and includes Europa-Center with around 32,000 sq m of office space. The early-stage leasing of office space in project developments will lead to a further reduction of available space for leasing over time. In the pipeline, there are major developments such as the Global Tower with around 30,000 sq m and Junghof Plaza with around 21,000 sq m which are estimated to be completed in 2020 and 2021 respectively. Due to the continuing high demand and low supply of modern office space in Frankfurt, a take-up of approximately 500,000 sq m can be expected in 2020, potentially leading to further rent increase through the year.

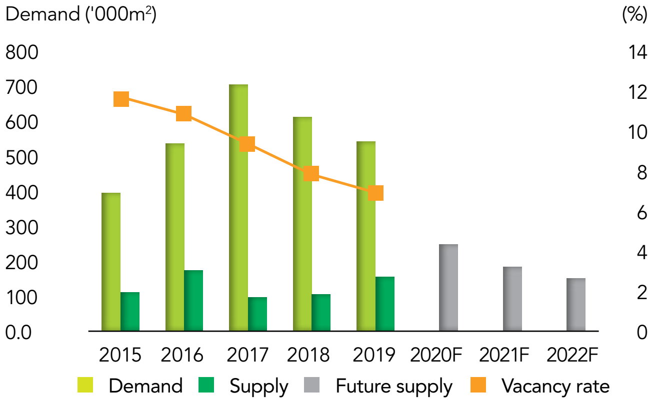
The Frankfurt investment market achieved a transaction volume of €9.0 bn in 2019, of which €4.5 bn were registered in the final quarter alone. Due to the positive result at Frankfurt´s office leasing market, Frankfurt continues to be a clear focus for German and international investors. Half of the total transaction volume was attributable to foreign investors. In 2020, the Frankfurt investment market is expected to achieve positive results, although it could be affected by limited space supply. Accordingly, a continuation of yield compression is expected albeit at a slower rate.

Frankfurt Completions and Office Space Future Supply (Overall Market)



Source: CBRE Germany Research, 4Q 2019

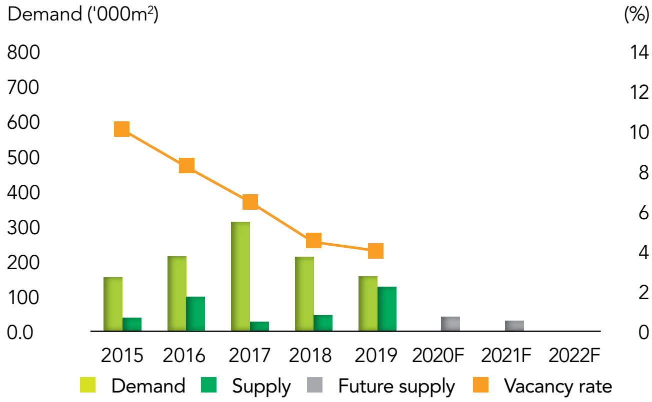
Frankfurt Overall



Source: CBRE Germany Research, 4Q 2019

	2015	2016	2017	2018	2019	2020F	2021F	2022F
Vacancy rate (%)	12.1	11.1	9.5	7.8	6.8	-	-	-
Demand ('000m²)	401.1	546.4	716.6	620.2	552.5	-	-	-
Supply ('000m²)	111.9	179.2	101.4	104.7	158.7	249.5	187.1	154.1

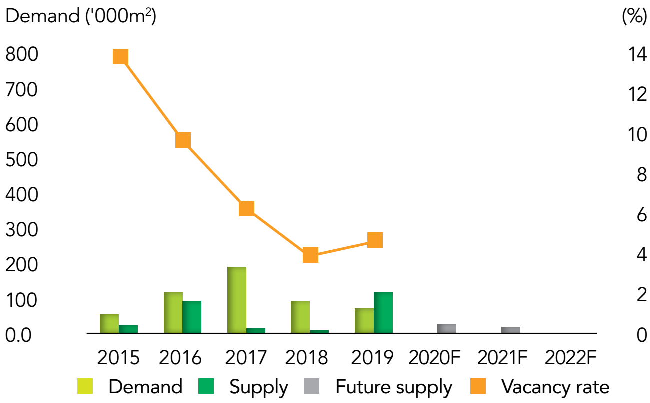
CBD



Source: CBRE Germany Research, 4Q 2019

	2015	2016	2017	2018	2019	2020F	2021F	2022F
Vacancy rate (%)	11.6	9.5	7.5	5.2	4.7	-	-	-
Demand ('000m²)	151.9	212.0	311.1	211.3	155.4	-	-	-
Supply ('000m²)	35.4	96.7	25	43.2	125.2	38.9	27.9	0

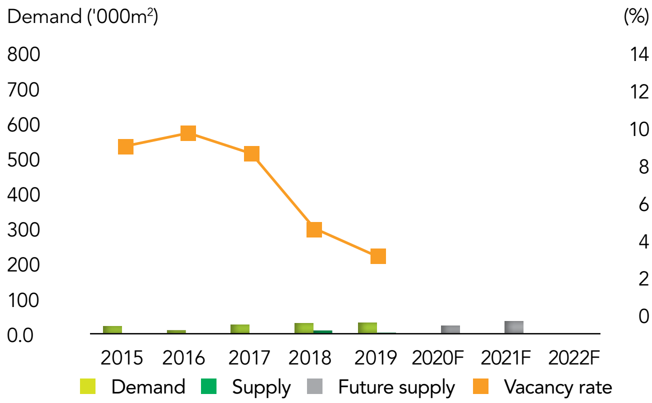
Banking District



Source: CBRE Germany Research, 4Q 2019

	2015	2016	2017	2018	2019	2020F	2021F	2022F
Vacancy rate (%)	14.0	9.7	6.3	3.9	4.6	-	-	-
Demand ('000m²)	57.2	121.2	193.8	96.5	74.9	-	-	-
Supply ('000m²)	24.4	95.4	16.9	11.9	120.9	29.7	20.9	0

Airport District

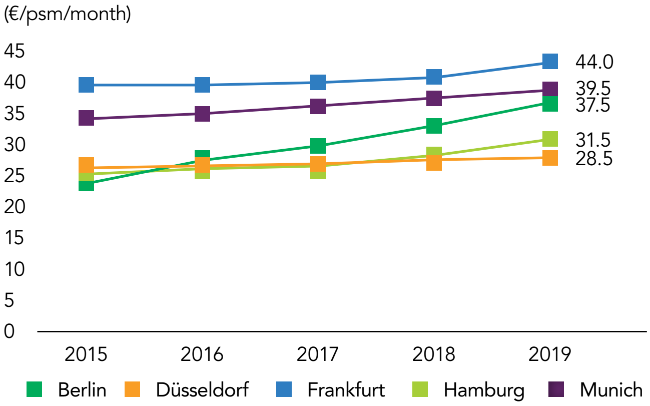


Source: CBRE Germany Research, 4Q 2019

	2015	2016	2017	2018	2019	2020F	2021F	2022F
Vacancy rate (%)	9.1	9.8	8.7	4.7	3.2	-	-	-
Demand ('000m²)	23.8	11.5	27.7	31.0	32.1	-	-	-
Supply ('000m²)	0	0	0	11.8	2.7	24.6	37.3	0

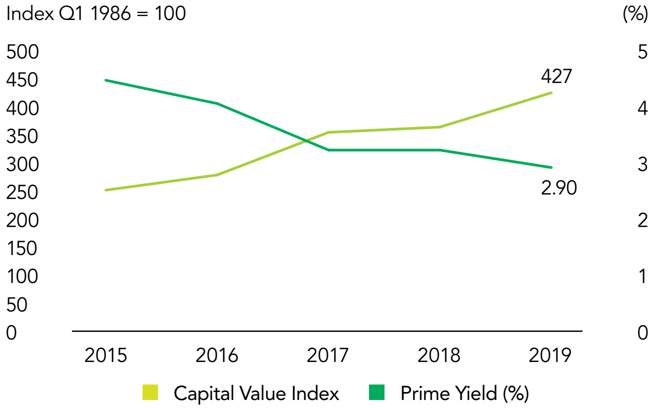
INDEPENDENT MARKET REVIEW

Germany Prime Office Rents



Source: CBRE Germany Research, 4Q 2019

Frankfurt Prime Yields / Capital Values Index



Source: CBRE Germany Research, 4Q 2019

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PROPERTIES

One of our key resources is our portfolio of quality office buildings that provides sustainable income to the Trust. We create long-term value for our stakeholders by building on our competitive advantages, investing in timely asset enhancements, and by providing quality spaces and differentiated offerings to our tenants. Through proactive and long-term planning for each asset, we ensure that our properties continue to remain relevant and future ready.

Our Resources	Our Value Drivers	2019 Value Created
Properties	> Maximise potential and enhance portfolio > Enhance accessibility (Social integration) > Embrace innovation	> Maintained three properties with BCA Universal Design awards > Improved mobile app CapitaStar@Work > Introduced facial recognition system at Capital Tower

ENHANCING OUR PORTFOLIO

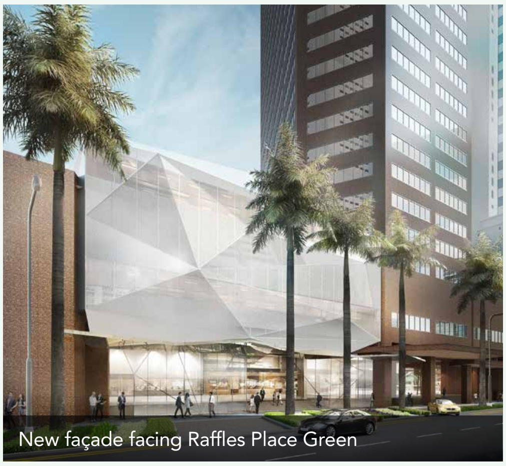
CCT has a dedicated portfolio management strategy to upkeep and upgrade each office building. Our goal is to maximise the value and enhance the offerings of each asset throughout its property life cycle. Over the years, we have successfully rejuvenated our properties through various asset enhancement initiatives (AEIs).

Following the completion of the rejuvenation works at Raffles City Singapore, the phased refurbishment of rooms by RC Hotels at Swissôtel The Stamford and Fairmont Singapore was also completed in 2019.

In 2020, CCT will be working on AEIs at Six Battery Road and 21 Collyer Quay.

REFRESHING SIX BATTERY ROAD

- New façade at podium block to revitalise the property
- New 24/7 linkway connecting Raffles Place to Singapore River
- New food and beverage offerings including a rooftop restaurant at the podium block
- Standard Chartered Bank's new flagship branch


New façade facing Raffles Place Green

UPGRADING 21 COLLYER QUAY

21 Collyer Quay

21 Collyer Quay to be closed for upgrading

2Q 2020 — 4Q 2020

- Enhancements to essential equipment and common and lettable areas
- Upgrade green building rating from Green Mark Certified to Green Mark Gold[PLUS]

WELLNESS IN CAPITASPRING

Awards

- BCA Green Mark Platinum
- BCA Universal Design Mark Gold[PLUS]

End of Trip Facilities

Secured parking and repair stations for bicycles, shower rooms and locker facilities are among the tenant amenities offered in support of the Central Area Cycling Network.

Cultural Heritage

Stalls from the iconic Market Street Hawker Centre will be brought back into the development as part of an effort to preserve local heritage.

Biophilic Design

At 100 metres above ground, the Green Oasis is a 35 metre-tall botanical promenade that houses a variety of activity spaces, where users can plug-and-play and integrate nature into their everyday life.

Green Oasis (Artist's Impression)

Social Spaces

A yoga deck, amphitheatre, roof garden with urban farm, jungle gym and inviting alcoves that blend seamlessly into public walkways are just some of the flexible options for placemaking activities.

Pedestrianised Public Park (Artist's Impression)

CCT takes a proactive approach to future proof its properties by ensuring that the design, architecture and functional aspects of its assets are enhanced over time.

The development of CapitaSpring is a recent example. CapitaSpring is designed with the health and well-being of tenants and communities in mind. Its architecture and building features were designed to accommodate a sustainable lifestyle that incorporates social and wellness elements.

CapitaLand's "office of the future" ecosystem provides a blueprint for CCT's response to evolving office trends. By providing a choice for conventional (core) and flexible (flex) workspaces, we are able to offer agile spaces and leasing solutions that can adapt to tenants' growing business needs. The provision of core+flex offerings was initially introduced at Capital Tower and Asia Square Tower 2 through CapitaLand's joint venture, The Work Project (TWP). TWP has leased and will also be providing a variety of alternative workspaces at CapitaSpring.

The "office of the future" ecosystem is being achieved in tandem with the development of community-driven and tech-enabled workplace solutions. This dovetails well with CCT's ongoing efforts to enhance the relevance and attractiveness of its properties for evolving business requirements and to encourage tenant retention.

INNOVATION & TECHNOLOGY

We leverage technology to innovate and improve processes, and create new offerings for our stakeholders.

CAPITASTAR @WORK

CapitaStar@Work allows users on the app to enjoy deals and other offerings.

CapitaStar@Work is a tenant experience mobile application that supports our aspiration to build a vibrant vertical community within our buildings. After a successful pilot at Capital tower in 2019, CapitaStar@Work will be progressively rolled out to other buildings in the portfolio over time.

With CapitaStar@Work, the office community can access over 10 different functionalities such as:

- Browse and register for events and classes
- Browse and redeem exclusive deals and promotions
- Book event spaces and meeting rooms across the portfolio
- Connect and collaborate over shared interests
- Stay informed of the latest happenings and news

New and exciting features will be continuously released into CapitaStar@Work to engage users and provide meaningful functionalities that users ask for.

FACIAL RECOGNITION AT CAPITAL TOWER

Facial Recognition is one example of our technology implementation to ensure that our portfolio continue to stay ahead of the game and enhance tenant experience. We incorporated facial recognition with the security turnstiles as a pilot to introduce a new mode of building access at Capital Tower. The pilot at Capital Tower was concluded in December 2019 with strong endorsement from tenants and the system was rolled out in January 2020 with plans to extend to other buildings over time.


Turnstiles at Capital Tower installed with facial recognition programme

Engagement with Tenants

Active engagement with tenants to familiarise and raise awareness of facial recognition:

- Get FRED! (Get Facially Recognised) Campaign with Tenants and Corporates
- Enrollment roadshows

Benefits

Facial recognition provides users with access that is:

Fast > Reduce physical interaction at turnstiles
Secured > Enhanced security as facial metadata is unique to the individual
Convenient > Handsfree access to enter the building

SOCIAL INTEGRATION

All CCT developments comply fully with CapitaLand's universal design principles and Sustainable Building Guidelines. The Trust is also committed to building safe, accessible, vibrant and quality properties that meet the following social integration criteria:

1) easy accessibility in the built environment for people of varying age groups and mobility;
2) seamless connectivity to public transport, roads, amenities and between buildings; and
3) open community spaces as public gathering points.

The Trust's Singapore portfolio comprises seven operating commercial buildings, most of which are within Singapore's CBD. The properties offer either direct access to public transport hubs, or are close to MRT stations, bus stops and taxi stands.

Facilities with disability access, such as sheltered linkways to drop-off areas, parking lots and underground pedestrian networks, are available at most of the properties. Community spaces, such as The Cube at Asia Square Tower 2 and Urban Plaza at Capital Tower, are a standard feature within the portfolio. To encourage greener transportation modes, the Trust has allocated 245 bicycle bays and green parking lots with charging stations at five properties. For tenants who cycle to work, shower facilities are available in most CCT buildings.

Type of Amenities	No of Singapore Operating Properties
Facilities with disability access	7 out of 7
Guide dog friendly policy	7 out of 7
Family / nursing rooms	3 out of 7
Shower facilities	6 out of 7
Accessible public toilets	6 out of 7
Bicycle lots	7 out of 7
Bicycle-sharing parking zones	2 out of 7
EV charging stations	5 out of 7

Properties	Building and Construction Authority Award
Capital Tower	Universal Design Mark Gold
CapitaGreen	Universal Design Mark Platinum
CapitaSpring (under construction)	Universal Design Mark Gold[PLUS]

PROPERTY DETAILS

CAPITAL TOWER

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

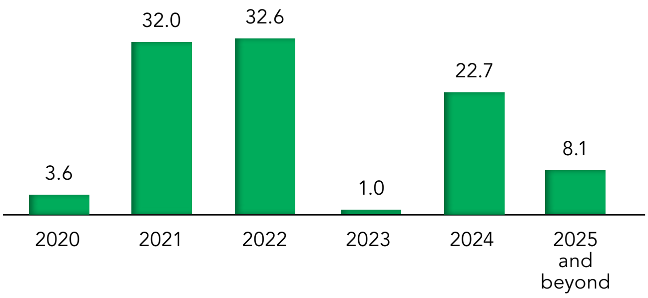
Property Information

Location	168 Robinson Road
Title	Leasehold estate expiring 31 December 2094
Purchase Price in 2004 (S$ million)	793.9
Car Park Lots	415
Bicycle Lots	35
Awards	> BCA Green Mark Pearl > BCA Green Mark Platinum > BCA Universal Design Mark Gold

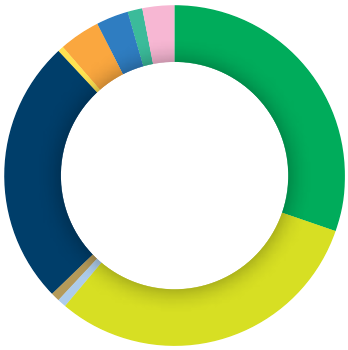
As at 31 December	2018	2019
Valuation (S$ million)	1,387.0	**1,394.0**
Net Lettable Area (sq m)	68,362	**68,256**
Net Lettable Area (sq ft)	735,848	**734,696**
Number of Tenants	26	**30**
Committed Occupancy (%)	99.7	**100.0**
Gross Rental Income (S$ million)	64.8	**65.8**
Gross Revenue (S$ million)	71.4	**73.1**
Net Property Income (S$ million)	54.8	**56.3**

Top 3 Tenants' Contribution to Portfolio Gross Rental Income for December 2019	%
GIC Private Limited	3.7
JP Morgan Chase Bank, N.A.	2.7
CapitaLand Group	2.3

Lease Expiry Profile[1] (%)
As at 31 December 2019



Tenant Mix[1] (%)
As at 31 December 2019



Banking	30.5
Financial Services	30.7
Energy, Commodities, Maritime and Logistics	0.8
Business Consultancy, IT, Media and Telecommunications	0.8
Real Estate and Property Services	25.4
Retail Products and Services	0.6
Food and Beverage	3.8
Manufacturing and Distribution	3.1
Legal	1.3
Education and Services	3.0

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

PROPERTY DETAILS

ASIA SQUARE TOWER 2

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

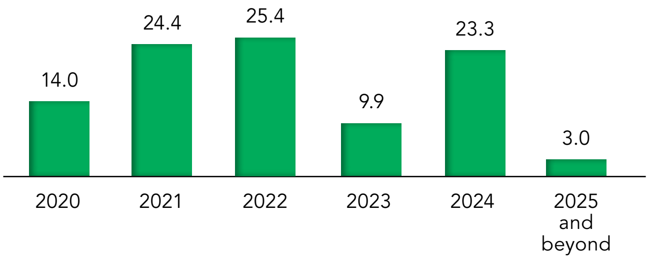
Property Information

Location	12 Marina View
Title	Leasehold estate expiring 2 March 2107 (land lot only)
Purchase Price in 2017 (S$ million)	2,094.0
Car Park Lots	266
Bicycle Lots	87
Awards	> BCA Green Mark Platinum > LEED Shell & Core Platinum

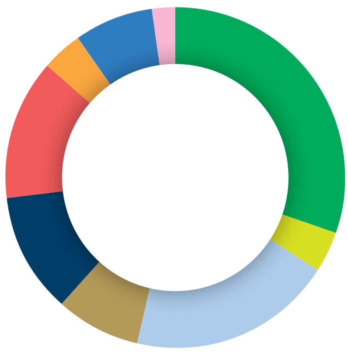
As at 31 December	2018	2019
Valuation (S$ million)	2,143.0	**2,186.0**
Net Lettable Area (sq m)	72,334	**72,224**
Net Lettable Area (sq ft)	778,604	**777,413**
Number of Tenants	66	**65**
Committed Occupancy (%)	98.1	**95.4**
Gross Rental Income (S$ million)	101.0	**103.7**
Gross Revenue (S$ million)	105.0	**110.3**
Net Property Income (S$ million)	80.0	**83.4**

Top 3 Tenants' Contribution to Portfolio Gross Rental Income for December 2019	%
Mizuho Bank, Ltd	3.5
Allianz Technology SE, Singapore Branch	2.0
Mitsui Group	1.6

Lease Expiry Profile [1] (%)
As at 31 December 2019



Tenant Mix [1] (%)
As at 31 December 2019



Banking	30.5
Financial Services	3.8
Energy, Commodities, Maritime and Logistics	19.5
Business Consultancy, IT, Media and Telecommunications	7.9
Real Estate and Property Services	11.6
Insurance	13.1
Food and Beverage	4.1
Manufacturing and Distribution	7.4
Education and Services	2.1

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

CAPITAGREEN

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

CCT owns 40.0% interest of CapitaGreen when it was under development and acquired the remaining 60.0% interest from the JV partners on 31 August 2016.

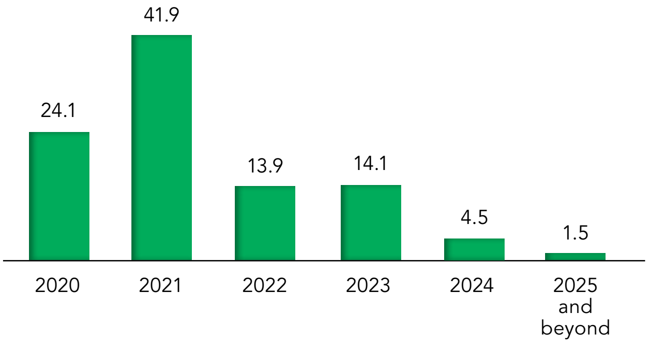
Property Information

Location	138 Market Street
Title	Leasehold estate expiring 31 March 2073
Development cost (S$ million)	1,266.0
Purchase Price in 2016 (S$ million)	1,600.5
Car Park Lots	184
Bicycle Lots	75
Awards	> BCA Green Mark Platinum > BCA Universal Design Mark Platinum

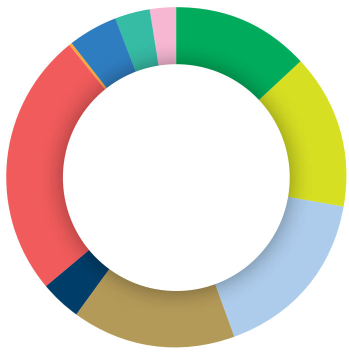
As at 31 December	2018	2019
Valuation (S$ million)	1,638.0	**1,646.0**
Net Lettable Area (sq m)	65,129	**65,130**
Net Lettable Area (sq ft)	701,048	**701,048**
Number of Tenants	46	**48**
Committed Occupancy (%)	99.7	**100.0**
Gross Rental Income (S$ million)	86.4	**86.1**
Gross Revenue (S$ million)	91.1	**91.4**
Net Property Income (S$ million)	73.3	**72.0**

Top 3 Tenants' Contribution to Portfolio Gross Rental Income for December 2019	%
Lloyd's of London (Asia) Pte Ltd	1.6
Cargill International Trading Pte Ltd	1.0
South32 Marketing Pte. Ltd.	0.9

Lease Expiry Profile [1] (%)
As at 31 December 2019



Tenant Mix [1] (%)
As at 31 December 2019



Banking	13.3
Financial Services	14.6
Energy, Commodities, Maritime and Logistics	16.8
Business Consultancy, IT, Media and Telecommunications	15.5
Real Estate and Property Services	3.8
Insurance	25.2
Food and Beverage	0.5
Manufacturing and Distribution	4.5
Legal	3.3
Education and Services	2.5

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

PROPERTY DETAILS

SIX BATTERY ROAD

Six Battery Road is a 42-storey Grade A office building and a Raffles Place landmark. Combining prime location with towering views, excellent amenities and revitalised interiors, it is the first operating CBD office building to attain the Green Mark Platinum accolade. Six Battery Road is well connected to other developments within the Raffles Place precinct and the Raffles Place MRT interchange station. It also boasts the first vertical indoor garden in Singapore.

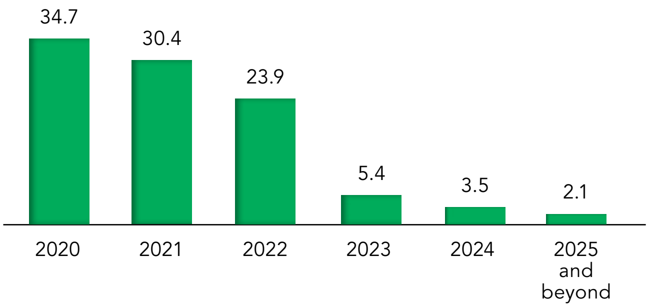
Property Information

Location	6 Battery Road
Title	Leasehold estate expiring 19 April 2825
Purchase Price in 2004 (S$ million)	675.2
Car Park Lots	191
Bicycle Lots	18
Award	BCA Green Mark Platinum

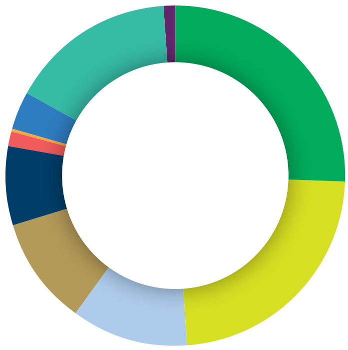
As at 31 December	2018	2019
Valuation (S$ million)	1,420.0	**1,438.0**
Net Lettable Area (sq m)	46,004	**45,925**
Net Lettable Area (sq ft)	495,189	**494,341**
Number of Tenants	92	**98**
Committed Occupancy (%)	100.0	**98.7**
Gross Rental Income (S$ million)	65.3	**63.3**
Gross Revenue (S$ million)	68.9	**67.2**
Net Property Income (S$ million)	55.1	**52.8**

Top 3 Tenants' Contribution to Portfolio Gross Rental Income for December 2019	%
Standard Chartered Bank	2.8
Watson, Farley & Williams LLP	0.4
D'Amico Group	0.3

Lease Expiry Profile [1] (%)
As at 31 December 2019



Tenant Mix [1] (%)
As at 31 December 2019



Banking	25.7
Financial Services	23.2
Energy, Commodities, Maritime and Logistics	11.2
Business Consultancy, IT, Media and Telecommunications	10.4
Real Estate and Property Services	7.4
Insurance	1.4
Food and Beverage	0.3
Manufacturing and Distribution	3.7
Legal	15.7
Government	1.0

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

ONE GEORGE STREET

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

CCT sold One George Street to OGS LLP and accounts for 50.0% of share of OGS LLP with effect from 20 June 2017.

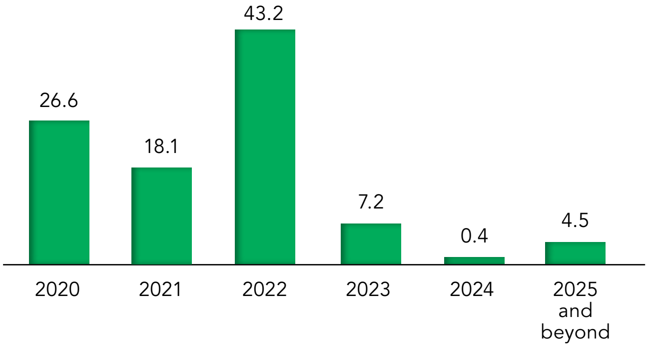
Property Information

Location	1 George Street
Title	Leasehold estate expiring 21 January 2102
Purchase Price in 2008 (S$ million)	1,165.0
Divestment Price in 2017 (S$ million)	1,183.2
Joint Venture Partners (% interest)	CCT – 50.0 OGS (II) Limited – 50.0
Car Park Lots	178
Bicycle Lots	10
Award	BCA Green Mark Gold[PLUS]

As at 31 December	2018	2019
Valuation (S$ million)	1,139.0	**1,144.0**
Net Lettable Area (sq m)	41,401	**41,419**
Net Lettable Area (sq ft)	445,640	**445,835**
Number of Tenants	51	**52**
Committed Occupancy (%)	97.8	**100.0**
Gross Rental Income (S$ million)	47.1	**47.7**
Gross Revenue (S$ million)	50.2	**51.3**
Net Property Income (S$ million)	39.0	**40.0**

Top 3 Tenants' Contribution to Portfolio Gross Rental Income for December 2019	%
Amazon Asia-Pacific Resources Private Limited	0.4
Borouge Pte. Ltd.	0.4
L'Oreal Singapore Pte. Ltd.	0.3

Lease Expiry Profile [1] (%)
As at 31 December 2019



Tenant Mix [1] (%)
As at 31 December 2019

Banking	4.9
Financial Services	22.9
Energy, Commodities, Maritime and Logistics	7.9
Business Consultancy, IT, Media and Telecommunications	17.9
Real Estate and Property Services	6.3
Food and Beverage	0.5
Manufacturing and Distribution	19.8
Legal	7.1
Education and Services	3.5
Government	9.2

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

PROPERTY DETAILS

RAFFLES CITY SINGAPORE

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

The breakdown of major usage mix[1] is 18.8%, 48.1% and 33.1% for the office, retail and hotels & convention centre respectively.

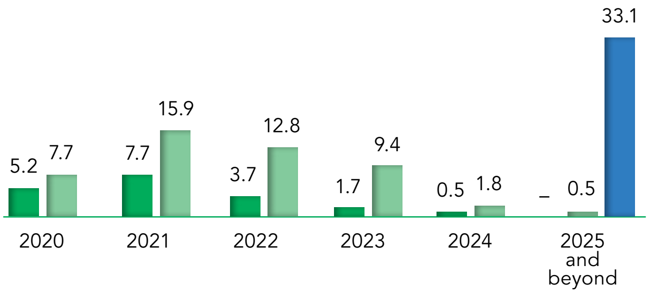
Property Information

Location	250 & 252 North Bridge Road, 2 Stamford Road and 80 Bras Basah Road
Title	Leasehold estate expiring 15 July 2078
Purchase Price in 2006 (S$ million)	2,166.0
Joint Venture Partners (% interest)	CCT – 60.0 CapitaLand Mall Trust – 40.0
Car Park Lots	1,051
Bicycle Lots	10
Award	BCA Green Mark Gold[PLUS]

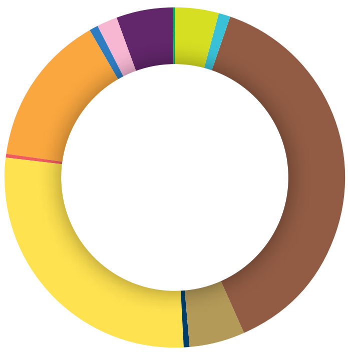
As at 31 December	2018	2019
Valuation (S$ million)	3,322.0	**3,384.0**
Net Lettable Area (sq m)	75,146	**75,132**
Net Lettable Area (sq ft)	808,867	**808,717**
Number of Tenants	254	**245**
Committed Occupancy (%)	99.6	**98.1**
Gross Rental Income (S$ million)	219.2	**221.7**
Gross Revenue (S$ million)	230.5	**233.1**
Net Property Income (S$ million)	174.9	**177.9**
Annual Shopper Traffic (million)	30.1	**30.1**

Top 3 Tenants' Contribution to Portfolio Gross Rental Income for December 2019	%
RC Hotels (Pte) Ltd	9.0
Al-Futtaim Group[2]	1.9
Economic Development Board	1.0

Lease Expiry Profile[1] (%)
As at 31 December 2019



Tenant Mix[1] (%)
As at 31 December 2019



Banking	0.1
Financial Services	4.2
Energy, Commodities, Maritime and Logistics	1.1
Travel and Hospitality	38.2
Business Consultancy, IT, Media and Telecommunications	5.2
Real Estate and Property Services	0.5
Retail Products and Services	28.0
Insurance	0.2
Food and Beverage	14.3
Manufacturing and Distribution	0.9
Education and Services	1.9
Government	5.4

1 Based on building's committed monthly gross rental income, excluding retail and hotel turnover rent.
2 Al-Futtaim Group owns Robinsons and other brands at Raffles City Singapore.

21 COLLYER QUAY

21 Collyer Quay is a 21-storey office tower with views of Marina Bay and proximity to Raffles Place MRT station. The lease with The Hongkong and Shanghai Banking Corporation Limited (HSBC) will expire in April 2020. A new 7-year lease commencing 2Q 2021 was signed with WeWork Singapore Pte. Ltd..

Property Information

Location	21 Collyer Quay
Title	Leasehold estate expiring 18 December 2849
Purchase Price in 2005 (S$ million)	153.9
Car Park Lots	55
Bicycle Lots	10
Award	BCA Green Mark Certified

As at 31 December	2018	2019
Valuation (S$ million)	461.7	**466.1**
Net Lettable Area (sq m)	18,624	**18,624**
Net Lettable Area (sq ft)	200,469	**200,469**
Number of Tenants	1	**1**
Committed Occupancy (%)	100.0	**100.0**
Gross Rental Income (S$ million)	20.4	**25.3**
Gross Revenue (S$ million)	20.4	**25.3**
Net Property Income (S$ million)	20.3	**24.7**

CAPITASPRING

The new 280-metre integrated development will offer work, live, play spaces in a vertically connected environment. Between the premium Grade A office floors and the modern serviced residences is a Green Oasis with a height of more than 35 metres. Designed with social and activity spaces spread out over four storeys of lush greenery and trees, the Green Oasis offers a re-connection with nature in the middle of the city. Featuring an iconic façade and harnessing the latest workplace and lifestyle innovations, the new integrated development will redefine Singapore's city skyline. In support of the government's drive toward a car-lite society and to promote healthy living, a cycling path, 165 bicycle lots and end-of-trip facilities will be included in the development.

Property Information

Location	86 & 88 Market Street
Joint Venture Partners (% interest)	CCT – 45.0 CapitaLand – 45.0 Mitsubishi Estate Co., Ltd. – 10.0
Title	Leasehold estate expiring 31 January 2081
Project Development Estimate (S$ million)	1,820.0
Valuation (S$ million)	1,062.0[1]
Concept Architect	Bjarke Ingels Group (BIG) and Carlo Ratti Associati (CRA)
Site Area (sq ft)	65,700
Gross Floor Area (sq ft)	1,005,000
Estimated Net Lettable Area (sq ft)	647,000
Typical Floor Plate (sq ft)	22,000
Car Park Lots	350
Bicycle Lots	165
No of Storeys	51
Target Completion	1H 2021

1 Based on land value including the differential premium paid for the change of use and increase in plot ratio

PROPERTY DETAILS

GALLILEO

Gallileo is a 38-storey Grade A commercial building with ancillary retail and a 4-storey heritage building for office use. It is strategically located in the Banking District of Frankfurt's CBD.

Property Information

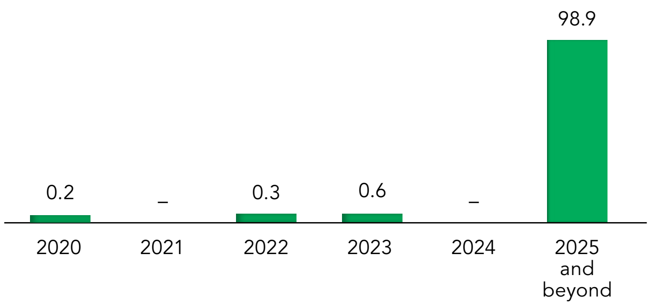
Location	Gallusanlage 7/ Neckarstrasse 5, 60329 Frankfurt am Main, Germany
Title	Freehold
Agreed Property Value in 2018 (EUR million)	356.0
Joint Venture Partners (% interest)	CCT – 94.9 CapitaLand – 5.1
Car Park Lots	43
Award	LEED Platinum

As at 31 December	2018	2019
Valuation (EUR million)	361.2	**369.8**
Valuation (S$ million)	563.9 [1]	**556.0** [2]
Net Lettable Area (sq m)	40,522	**40,522**
Net Lettable Area (sq ft)	436,179	**436,179**
Number of Tenants	7	**7**
Committed Occupancy (%)	100.0	**100.0**
Gross Rental Income (S$ million)	12.6 [3]	**26.9**
Gross Revenue (S$ million)	12.8 [3]	**27.2**
Net Property Income (S$ million)	12.3 [3]	**22.5**

Top 3 Tenants' Contribution to Portfolio Gross Rental Income for December 2019	%
Commerzbank AG [4]	4.6
Naseem Hasan Chaudhary	0.03
Main Mobility GmbH	0.01

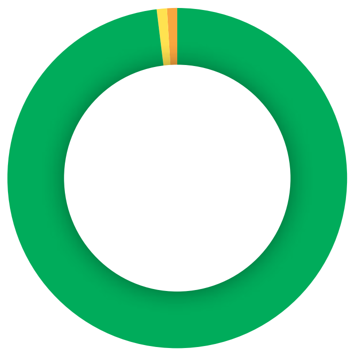
Lease Expiry Profile [5] (%)

As at 31 December 2019



Tenant Mix [5] (%)

As at 31 December 2019



Banking	98.2
Retail Products and Services	0.9
Food and Beverage	0.9

1 Based on an exchange rate of EUR1 to S$1.561 in December 2018.
2 Based on an exchange rate of EUR1 to S$1.504 in December 2019.
3 For the period from completion of acquisition on 19 June 2018 to 31 December 2018 based on 100.0% interest.
4 The bank's lease expires in 2029 and the rent is adjusted based on an inflation index every two years. It has an option to terminate the lease in 2024 with 24-months' notice.
5 Based on building's committed monthly gross rental income.

MAIN AIRPORT CENTER

Main Airport Center (MAC) is a freehold multi-tenanted office building comprising 11 storeys and two basement levels located in the vicinity of Frankfurt airport, Germany. MAC was well designed such that all parts of the building have direct views of the neighbouring Frankfurt airport, the adjacent Stadtwald forest or the Frankfurt skyline. Located approximately 800 metres north of Frankfurt airport terminal 2 and forming part of the Frankfurt airport office submarket, it is well served by comprehensive transportation infrastructure. Frankfurt's city centre is a 20-minute drive via motorways A5 and A3, a 15-minute journey via commuter railway (S-Bahn) or an 11-minute journey by the intercity express (ICE).

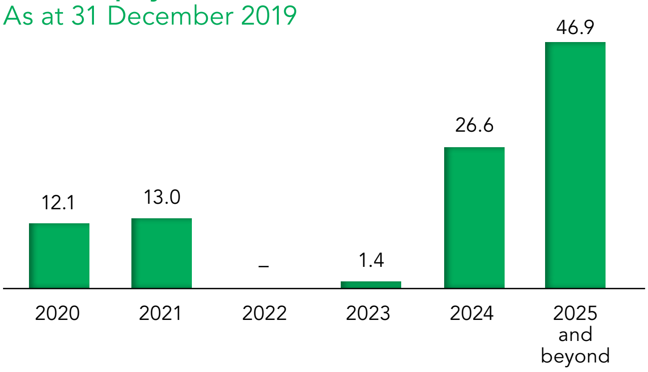
Property Information

Location	Main Airport Center, Unterschweinstiege 2-14, 60549 Frankfurt, Germany
Title	Freehold
Agreed Property Value in 2019 (EUR million)	265.0
Joint Venture Partners (% interest)	CCT – 94.9 CapitaLand – 5.1
Car Park Lots	1,510

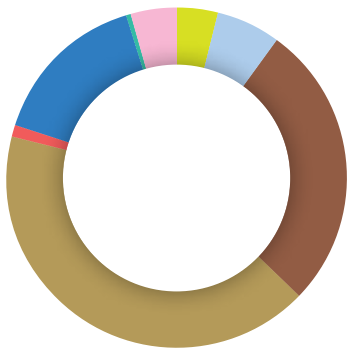
As at 31 December	2019
Valuation (EUR million)	**270.0**
Valuation (S$ million)	**406.0** [1]
Net Lettable Area (sq m)	**60,244**
Net Lettable Area (sq ft)	**648,466**
Number of Tenants	**33**
Committed Occupancy (%)	**93.1**
Gross Rental Income (S$ million)	**6.6** [2]
Gross Revenue (S$ million)	**7.7** [2]
Net Property Income (S$ million)	**5.0** [2]

Top 3 Tenants' Contribution to Portfolio Gross Rental Income for December 2019	%
Quintilesims	0.6
Dell GmbH	0.6
Miles & More	0.5

Lease Expiry Profile [3] (%)
As at 31 December 2019



Tenant Mix [3] (%)
As at 31 December 2019



Financial Services	4.0
Energy, Commodities, Maritime and Logistics	6.2
Travel and Hospitality	27.0
Business Consultancy, IT, Media and Telecommunications	41.8
Insurance	1.1
Manufacturing and Distribution	15.1
Legal	0.3
Education and Services	4.4

1 Based on an exchange rate of EUR1 to S$1.504 in December 2019.
2 For the period from completion of acquisition on 18 September 2019 to 31 December 2019 based on 100.0% interest.
3 Based on building's committed monthly gross rental income.

ENVIRONMENT

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

Our Resources	Our Value Drivers	2019 Value Created
Environment	> Manage resources efficiently > Upkeep green buildings (climate resilience) > Ensure health & safety	> 47.3% reduction in carbon emission intensity > 29.6% reduction in energy intensity > 32.2% reduction in water intensity > 100% of CCT's eligible properties in Singapore achieved Green Mark certification and 85.7% achieved Green Mark Gold^{PLUS} and above. > Refer to OHS Performance on pages 115-116

Policy & Objectives

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

Approach and Implementation

- Compliances with local environmental laws and regulations.
- Identification of significant environmental aspects and management of impact.
- Implementation of Sustainable Building Guidelines (SBG), an in-house guide that ensures holistic incorporation of environmental considerations throughout all stages of our properties' life cycles.
- Appointment of ISO 14001-certified main contractors or conduct EMS legal compliance on site

Accountability

- BU CEOs are Environment, Health and Safety (EHS) Champions
- Setting performance targets linked to remuneration for staff, and monitoring energy and water usage, waste generation and carbon emissions performance through the Environmental Tracking System (ETS)
- Use of the ISO 14001-certified Environmental Management System (EMS) ensures accountability of relevant managers and all staff

MANAGING OUR ENVIRONMENTAL FOOTPRINT

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

Risk Management of Environmental Aspects and Impact

Risk management of environmental aspects and impacts involves identifying and managing significant environmental aspects of our business operations that can potentially have a negative impact on the environment. The EMS provides a systematic approach to assess the significance of each environmental aspect and impact based on factors such as the likelihood of the occurrence, severity of the impact and control measures implemented. Climate change risks and opportunities are also identified and mitigated through CCT's ERM framework and the externally certified ISO14001 Environmental Management System.

CapitaLand Sustainable Building Guidelines

CCT refers to CapitaLand's Sustainable Building Guidelines, for guidance on incorporating environmental considerations throughout all stages of its properties' life cycles. Specifically, the Guidelines emphasise four main goals – reducing carbon footprint and energy consumption, enhancing water management, minimising waste generation and promoting biodiversity – and offer a structured process where the respective persons-in-charge are accountable.

A key component of the guidelines is the Environmental Impact Assessment (EIA) which is conducted during the feasibility stage of a development project. It identifies environmental threats and opportunities related to the project site and its surroundings, covering areas such as floods, biodiversity, air quality, noise, connectivity, heritage and resources. There are no properties in the portfolio located within protected areas and no material biodiversity risk has been identified.

Training and Awareness Programmes

Employees attend training and awareness programmes to facilitate effective implementation of CapitaLand's EHSMS. In 2019, 36.3% of employees attended EHS-related training. New employees are introduced to CapitaLand's EHS policy and EHSMS.

Our efforts in addressing environmental issues extend beyond the Trust to our stakeholders. To drive greater awareness on sustainability, we engage with our tenants, service providers and the authorities as partners to foster a strong culture of sustainability aimed at benefiting the environment and the economy.

EMBEDDING INTELLIGENCE IN OUR PORTFOLIO

The Intelligent Building Platform (IBP) has been rolled out to four of CCT's seven operating properties in Singapore since 2018. The IBP offers a data-driven approach to enhancing building efficiency. It monitors the operational data collected from chilled water air-conditioning system and air-handling unit, and uses data analytics to drive building performance and operational savings.

Through smart features like automated fault detection, diagnostics and notification, as well as real-time visualisation of operational statistics, the IBP ensures an effective preventive maintenance programme while generating reports on energy consumption, operational anomalies and other key performance indicators.

OPERATIONAL EFFICIENCY

At CCT, the usage of environmental resources is closely monitored as part of our eco-efficiency objectives and long-term sustainability. Energy and water consumption, waste generation and carbon emissions at our properties are monitored via CapitaLand's Environmental Tracking System (ETS). All CCT Property Managers are required to submit monthly reports with supporting documentary evidence through the ETS. The system's control and monitoring tool allows the Property Managers to conduct analysis against set targets and past trends to better gauge consumption patterns and uncover potential areas for improvement.

CCT is aligned to CapitaLand's commitment to reduce:
(using 2008 as base year)

	2020	2030
Carbon Emission Intensity	▼23%	▼30%
Energy Intensity	▼20%	▼25%
Water Intensity	▼20%	▼30%

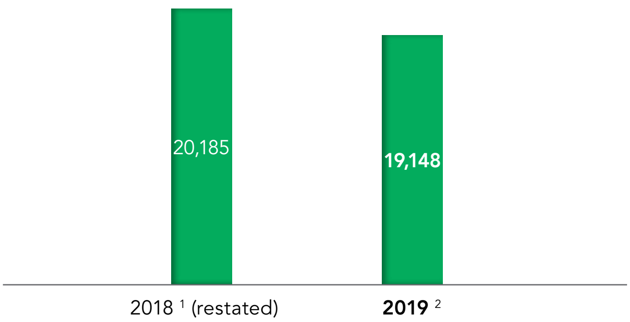
Reporting Scope

CCT's operating assets in Singapore comprises Asia Square Tower 2, Capital Tower, CapitaGreen, Six Battery Road, One George Street, Raffles City Tower (Office) and Bugis Village (a property leased from the State). CCT also reported energy and water consumption for our project under development, CapitaSpring. 21 Collyer Quay, a building entirely leased to HSBC, did not report any data as it was managed by a third party.

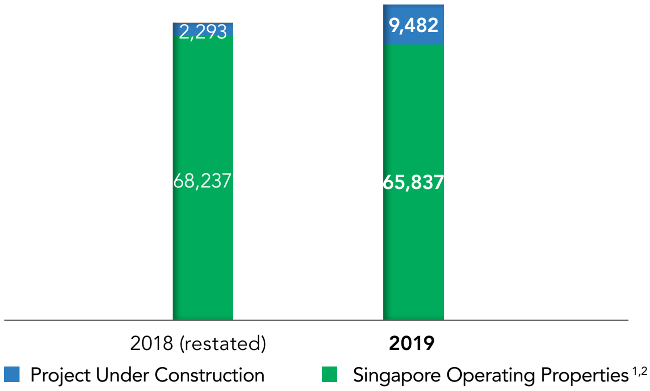
For our operating assets in Germany, Gallileo reported water consumption and waste data while Main Airport Center, which was acquired in September 2019 did not report any consumption data to-date.

ENVIRONMENT

Carbon Emission (tonnes CO_2e)



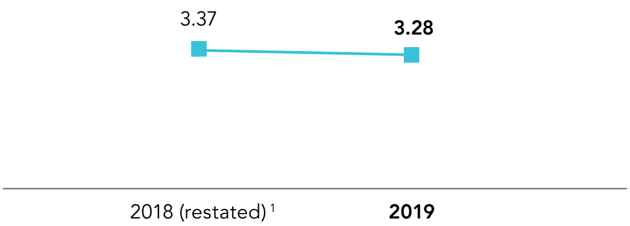
Energy Usage ('000kWh)



Carbon Emissions

CCT seeks to address the challenges of climate change by reducing our energy usage and carbon footprint across our business operations. Our focus is on minimising greenhouse gas emissions (GHG) from our properties. Scope 2 emissions in 2019 from purchased energy consumption was 19,148 tonnes. This is a 5.1% reduction from 2018 based on the restated data which includes district cooling energy and renewable energy consumption by Asia Square Tower 2. Scope 3 emissions from a project under construction and business travel by air by CCT board and employees was 2,388 tonnes, contributing about 11.1% of total emissions.

Carbon Intensity ($kgCO_2e/m^2/month$)



Monthly carbon emission intensity for the reported operating properties (excluding district cooling energy consumption from Asia Square Tower 2) declined to 3.28 $kgCO_2e/m^2$ in 2019, and a 47.3% reduction was achieved compared to base year 2008.

Energy

The energy data reported included the consumption of seven [2] operating properties and one project under construction in Singapore. CapitaSpring, a project under construction used diesel and generator sets for its needs in 2019. Consumption data was restated for 2018 to include district cooling energy and renewable energy consumption by Asia Square Tower 2.

In 2019, 75,318,548 kilowatt hours (kWh) was consumed across the Singapore portfolio[2], including CapitaSpring. The higher energy usage by 6.8% YoY was largely attributable to the increased construction activities at CapitaSpring.

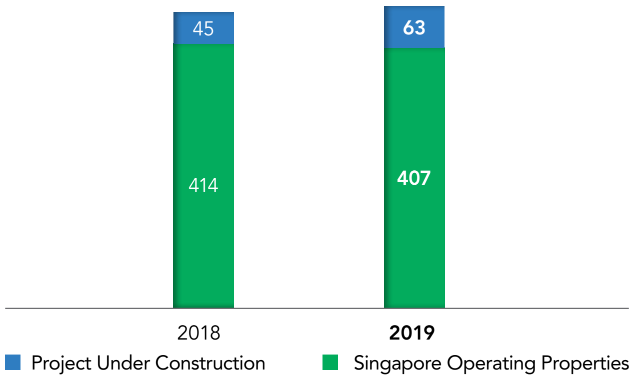
We achieved an energy intensity reduction of 3.5% YoY for the operating properties [2] and 29.6% compared to base year 2008 (excluding Asia Square Tower 2's district cooling energy consumption and CapitaSpring's usage).

The energy consumption for our German asset, Gallileo is directly managed by the tenants. As such, no energy consumption data is collected.

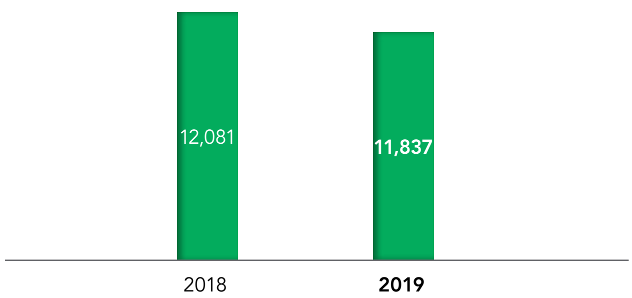
We recognise that as buildings become more energy efficient, the reduction in energy intensity inevitably becomes less significant. Collaboration with tenants becomes all the more important. A green fit-out guide, along with other materials are included in the handover kit which are given to new tenants. This is to encourage tenants to adopt green office fit out and promote green practices and behaviour in workplaces. We remain on track to attaining CapitaLand's eco-efficiency goal.

1 Operating properties for 2018 include Asia Square Tower 2, Capital Tower, CapitaGreen, Six Battery Road, One George Street, Raffles City Tower (office), Twenty Anson (up to completion of divestment) and Bugis Village.
2 Operating properties for 2019 include Asia Square Tower 2, Capital Tower, CapitaGreen, Six Battery Road, One George Street, Raffles City Tower (office) and Bugis Village.

Water Usage ('000 m^3)



Collection of Electronic Waste (kg)



Water

The main water source for CCT's portfolio is from PUB, Singapore's national water agency. In 2019, CCT's total water consumption (including recycled water) amounted to 469,622 m^3 from seven[2] of our properties in Singapore and CapitaSpring, a project under construction. The 2.2% rise YoY was largely attributable to increased frequency of façade cleaning at Capital Tower due to ongoing construction around Tanjong Pagar area. As a result, CCT's operating properties reported higher water intensity, measured in m^3 per m^2 of 1.7% YoY in 2019. However, for CCT's properties owned since 2008, there was an improvement in water intensity. Asia Square Tower 2 acquired in 2017, tapped on a centralised district cooling system for its air-conditioning needs, and this consumption data is not collected. As such, CCT achieved a 32.2% savings in water intensity compared to the base year 2008.

To reduce water consumption, we also utilise recycled water (NEWater[3]) in the cooling towers and sprinkler systems at five properties (Capital Tower, Six Battery Road, One George Street, CapitaGreen, Raffles City Tower) in Singapore, which accounted for 196,160 m^3 or about 42% of the total amount of water used in 2019. For properties with storage tanks, rainwater is harvested for plant irrigation and hi-jetting of car park decks and ramps, amongst other uses. We adopt stringent monitoring of the consumption and water intensity to ensure that fluctuations are duly accounted for and issues promptly addressed.

For Gallileo, 32,983 m^3 of water consumption was reported for 2019.

Waste Management

CCT is committed to the proper disposal of waste generated at our properties. We consolidated waste data for six Singapore operating properties in 2019 comprising Capital Tower, Asia Square Tower 2, CapitaGreen, Six Battery Road, Raffles City Tower, One George Road. The collection and disposal of waste at these properties are being carried out by licensed contractors for recyclable waste.

2019 recorded 3,706 tonnes of non-recyclable waste and 104 tonnes of recyclable waste collected. Recyclable waste comprised 92.0 tonnes of paper, 5.4 tonnes of plastic, 2.6 tonnes of metal and 4.1 tonnes of other materials. At CCT, we encourage and support our stakeholders' waste recycling efforts, by placing recycling bins in our operational properties.

In our continuing partnership with Cimelia Resource Recovery for the collection and management of electronic-waste, a total of 11,837 kilogrammes was collected from January to December 2019 (April to December 2018: 12,081 kilogrammes) from six of our Singapore operating properties.

In Germany, Gallileo recorded 157.6 tonnes of renewable waste. Recyclable waste comprised 10.5 tonnes of paper and 21.1 tonnes of glass.

1 Operating properties for 2018 include Asia Square Tower 2, Capital Tower, CapitaGreen, Six Battery Road, One George Street, Raffles City Tower (office), Twenty Anson (up to completion of divestment) and Bugis Village.
2 Operating properties for 2019 include Asia Square Tower 2, Capital Tower, CapitaGreen, Six Battery Road, One George Street, Raffles City Tower (office) and Bugis Village.
3 Treated waste water produced by PUB which has been purified using advanced membrane technologies and ultraviolet disinfection.

Green Building Rating

The target ratings for all new CCT developments are determined from the design stage. This is because the adoption of sustainable design and material contributes to a lower lifecycle carbon footprint. CCT aims to support CapitaLand's green buildings target by achieving green certification for its existing properties by 2030, and actively renew and maintain our green certifications.

Properties/Tenant Service Centres	Green Rating	Year of Award / Renewal
Capital Tower	> BCA Green Mark Pearl > BCA Green Mark Platinum	2018 2017
Capital Tower Tenant Service Centre	> BCA Green Mark Platinum (Office Interior)	2018
Asia Square Tower 2	> BCA Green Mark Platinum > LEED Shell & Core Platinum	2017 2014
CapitaGreen	> BCA Green Mark Platinum	2018
CapitaGreen Tenant Service Centre	> BCA Green Mark Platinum (Office Interior)	2016
Six Battery Road	> BCA Green Mark Platinum	2017
Six Battery Road Tenant Service Centre	> BCA Green Mark Platinum (Office Interior)	2016
One George Street	> BCA Green Mark Gold^{PLUS}	2018
One George Street Tenant Service Centre	> BCA Green Mark Gold^{PLUS} (Office Interior)	2018
Raffles City Singapore	> BCA Green Mark Gold^{PLUS}	2017
21 Collyer Quay	> BCA Green Mark Certified	2018
CapitaSpring (Under Construction)	> BCA Green Mark Platinum	2018
Gallileo, Germany	> LEED Platinum	2014

Property under construction	Green Rating	Year of Award
CapitaSpring	> BCA Green Mark Platinum	2018

ENVIRONMENTAL, HEALTH AND SAFETY POLICY

CCT is committed to protecting the environment and upholding the occupational health and safety of everyone in the workplace, and will:

- Carry out exemplary Environmental, Health and Safety practices to minimise pollution and health and safety risks
- Seek continual improvement on its Environmental, Health and Safety performance
- Comply with pertinent legislations and other requirements
- Implement the CapitaLand Sustainable Building Guidelines and Occupational Health and Safety programmes

This policy is readily available to all employees, tenants, suppliers, service providers and partners.

Occupational Health and Safety

Occupational health and safety (OHS) of our stakeholders who occupies our properties are of utmost importance. An effective OHS management system is part of risk management and is deemed to enhance productivity, morale and well-being.

CCT adopts CapitaLand's Occupational Health and Safety Management System (OHSMS) which is accredited to the international OHSAS 18001 OHS Management System. The framework involves identifying and reviewing OHS hazards, assessing their risks, establishing policies, ensuring accountability, developing action plans and engaging stakeholders.

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

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

Approach and Implementation
The OHS Management System is audited annually and sets out to achieve the following: > Provides assurance to top management and external investors about its legal compliance and alignment with the firm's best practices > Covers various business functions such as property management, property development, operations and corporate management > Employs Hazards, Identification and Risk Assessments (HIRA) to identify OHS hazards and secure the administration, development and operational functions of CapitaLand's businesses > Adopts various standard operating procedures (SOPs) to minimise the incidence of hazards such as falling from height > Adheres to CapitaLand's Sustainable Building Guidelines – Design for Safety (DfS) to manage health and safety risks throughout the early stages of its buildings' life cycles; thus, improving safety for the buildings' contractors, maintenance teams, occupants and demolition workers > Involves training and awareness programmes for employees to facilitate effective implementation and partnerships with stakeholders to create a safe work environment

OHS Performance

Stakeholder	Engagement Channels	Safety Performance
Employees	> OHS key performance indicators are linked to the remuneration of all employees, including top management. > All employees are encouraged to take ownership of OHS issues and be proactive in reporting all OHS-related incidences alongside non-compliance and non-conformities. > The Manager and Property Managers have instituted a series of SOPs to respond to an epidemic outbreak, including a 24 hours emergency response team. The HR department regularly updates employees about medical advice and travel alerts where necessary	> Absentee rate of 5.5 days. > There was one reported work-related injuries in 2019. Remedial actions were taken to ensure precautionary measures are in place to prevent future incidents. Employee has recovered and returned to work. > No work-related fatalities were reported. > Attendance rate of 36.3% by employees at EHS-related training > No breach of local OHS laws and regulations.

OHS Performance

Stakeholder	Engagement Channels	Safety Performance
Supply chain – vendors, suppliers and service providers	> CapitaLand's contractor management guidelines require the supply chain vendors to comply with local government and other legal requirements. > Risk assessments are to be submitted if activities contain OHS hazards that may affect employees, tenants or visitors to the buildings. > CapitaLand EHS Policy and House Rules are shared with the supply chain vendors to familiarise them with the safety requirements while working in CCT properties. > CapitaLand Supply Chain Code of Conduct initiative sets out the requirements for its supply chain vendors in the areas of legal compliance, anti-corruption, human rights, health and safety, as well as environmental management.	> Preference is given to OHSAS 18001-certified vendors, suppliers and service providers. > Non-OHSAS 18001-certified vendors, suppliers and service providers are encouraged to achieve bizSAFE Level 3 certification and above. > All cleaning contractors at our properties are OHSAS 18001-certified. > 94.2% of CCT's term contractors is minimally bizSAFE Level 3 and above. > Worked with term contractors to use green-labelled cleaning and servicing products across CCT properties.
Customers – tenants and visitors	> Emergency response procedures are in place to manage OHS risks. > Periodic briefings such as safety talks and emergency evacuation drills are conducted to familiarise tenants with the emergency response plan. > Timely circulars serve as an effective communication tool to disseminate vital information.	> Conducted biannual evacuation drills to familiarise tenants on the emergency response plan.

SAFEGUARDING OUR STAKEHOLDERS

> To safeguard all tenants and visitors to our properties, CCT has put in place a set of precautionary measures for haze management. These measures were put to good use during the haze season in September 2019.

- All Air Handling Units in our office buildings are installed with MERV 14 filters to ensure good air quality
- Air filters installed in fresh air intake ducts for common areas such as basement car parks, lift shafts and staircases where applicable
- Inflow of unfiltered air minimised when haze reading exceed 1-hour $PM_{2.5}$ of 100
- Access to outdoor sky gardens and terraces will be closed when haze reading exceeds 1-hour $PM_{2.5}$ of 150
- Haze kits (including N95 masks) given out upon request by tenants and visitors
- Outdoor work minimised during elevated haze conditions

STAKEHOLDERS & COMMUNITIES

A key pillar in CCT's sustainability focus is our ability to create value for our stakeholders. We endeavour to develop strong stakeholder relationships by actively engaging with our customers, communities, investors, suppliers and employees, and by being attuned to the issues that matter to each group. Our ultimate goal is to work with relevant stakeholder groups to address issues and/or derive solutions that benefit stakeholders in our community.

Our Resources	Our Value Drivers	2019 Value Created
Stakeholders & Communities	> Create delightful customer experience > Engage stakeholders regularly > Engage supply chain	> Regular tenant engagement activities such as CCT Gifts of Joy, CCT Live It Up! and Tenants' Treats > Collaboration with CapitaLand Hope Foundation (CHF) to raise a total of S$28,120 for the adopted beneficiary, Rainbow Centre Singapore > 138 volunteer hours clocked in 2019 > Partnerships with Health Promotion Board, social enterprises for various product offerings

STAKEHOLDERS' ISSUES OF INTEREST

Customers (Tenants)

> To attract new and retain existing tenants, and be a landlord of choice

Engagement Channels
- Engagement programmes/ activities
- Post event feedback
- Meetings with key existing and new tenants
- Tenant Relations Specialists (TRS) serve as regular contact points for tenants
- Fortnightly communication via e-newsletter – your M.I.X
- Quarterly communication via newsletter – yourCAPITALETTER
- Social media platforms

Issues
- Quality and well-managed office buildings
- Safe working environment
- Positive customer experience
- Vibrant communities

Response
- Preserve efficient Green Mark-certified buildings
- Keep buildings relevant through an active portfolio reconstitution strategy
- Leverage technology to enhance product and service offerings and build tenant loyalty
- Regular tenant engagement to build relationships and ensure prompt responses to tenants' needs
- Pilot of CapitaStar@Work mobile app to foster vibrant vertical communities

Community (Government, national agencies, non-governmental organisations)

> To be a responsible corporate citizen and contribute to the community we are in

Engagement Channels
- Senior management of CapitaLand is represented on various boards
- Head of Commercial Management Singapore is a member of various taskforce teams and committees in the Building and Construction Authority and Ministry of Manpower
- Partnerships with government, national agencies and non-governmental organisations

Issues
- Sustainable buildings
- Community programmes to generate wider awareness of sustainability, health and wellness

Response
- Commitment to pursue Green Mark certification for portfolio
- Each employee has three days of volunteer leave
- Customers and employees participate in community engagement events such as CCT Gifts of Joy to donate gifts to beneficiaries and contribute funds to CCT's adopted beneficiary, Rainbow Centre
- Partnered CHF and contributed S$28,120 to Rainbow Centre through CCT Gifts of Joy and CCT Live It Up!
- Partnered government/ national agencies and tenants to promote sustainability and healthy living through CCT Live It Up!

STAKEHOLDERS & COMMUNITIES

Investors

> To provide timely and consistent communication to investors, and be a choice investment

Engagement Channels
- Announcements on SGXNET, CCT website (www.cct.com.sg) and results webcasts
- Biannual media and analysts results briefings
- Annual General Meeting, meetings and teleconferences with investors and analysts
- Visits to CCT properties

Issues
- Long-term sustainable distribution and total returns
- Business performance, expectations and strategies
- ESG risks and opportunities

Response
- Proactive portfolio and asset management
- Proactive capital management
- Strong corporate governance
- Disciplined approach to acquisitions and divestments for value creation
- Investor feedback from investor meetings and teleconferences
- Committed to annual sustainability reporting Participate in GRESB's annual sustainability survey
- Build win-win partnerships

Employees

> To build a high-performance culture that embraces diversity, innovation and teamwork

Engagement Channels
- Regular communication sessions by senior management
- CapitaLand's Employee Engagement Survey 2019
- Employee engagement programmes - volunteer and recreation club activities
- Staff participation in strategy workshops for developmental exposure
- Teambuilding workshops

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

Response
- Financial performance, target performance indicators, business strategy and employee engagement plan are shared at communication sessions
- Annual performance assessment for managers and direct reports to review performance and identify training and development goals
- Monitor occupational health and safety issues
- Identify action plans to improve employee welfare and well-being

Suppliers (Vendors, service providers)

> To be a fair and reasonable employer for goods and services and share industry best practices

Engagement Channels

Sharing of the following information with supply chain:
- CapitaLand's EHS Policy
- Contractor management guidelines and house rules
- Standard Operating Procedures

Issues
- Fair and reasonable treatment
- OHS practices
- Environmental compliance

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

CUSTOMERS & COMMUNITIES

Stakeholder engagement programmes: Building Relationships, Creating Vibrancy

In 2019, a number of community programmes and activities were organised to engage our stakeholder groups. The activities helped to promote knowledge sharing and best practices on a variety of themes, ranging from health and well-being, to greener lifestyles and charitable causes.

Initiatives	Stakeholders Involved				Objectives Met			
	Employees	Customers (tenants)	Supply chain	Community, government/ national agencies/ NGOs	Promoting awareness & knowledge sharing	Healthy living & Wellness	Charity	Enhanced customer experience
Community								
CCT Gifts of Joy	●	●		●	●		●	●
Tenants' Treats	●	●	●			●	●	●
Movie screenings	●	●	●					●
Leadership Series	●	●			●			●
Lease Anniversary Gifts		●	●					●
CapitaLand Giving Marketplace	●		●	●	●		●	●
CapitaLand Volunteer Day	●			●	●		●	
Health & Wellness								
CCT Live It Up!	●	●	●	●	●	●	●	●
HPB Healthy Workplace Ecosystem	●	●		●	●	●		●
Health & Nutrition Talks	●	●			●	●		●
Flu Vaccination Clinic	●	●				●		●
Financial/ Investment Talks	●	●			●	●		●
Chiropractic Pop-up Clinics	●	●			●	●		●
National Steps Challenge™ Season 5	●	●		●	●	●		●
CapitaLand Wellness Wednesday	●					●		
CL Starter Series	●	●	●		●	●		●
Green & Sustainability								
Earth Hour		●			●			
PUB Roadshow	●	●			●			●
Environmental Sustainability Talks and Workshops	●	●			●			●
E-waste Collection and Management	●	●	●		●			●

STAKEHOLDERS & COMMUNITIES

Engaging Our Community

CCT's community and stakeholder activities, including our philanthropic efforts and environment, health and safety programmes, are aligned with the guidelines set by CapitaLand.

The Trust collaborates with CHF, the philanthropic arm of CapitaLand to support the social growth and development of vulnerable children through education, healthcare and proper shelter.

The Foundation also strives to improve the quality of life for the vulnerable elderly in Singapore through healthcare, deeper social integration and better living conditions.

The Trust communicates its community and sustainability initiatives to its tenants and stakeholders and invites them to participate in various activities. Our tenants and employees may also serve as volunteers in such activities, while their contributions-in-kind are given directly to the specific beneficiaries involved.

CCT GIFTS OF JOY

CCT Gifts of Joy is a community outreach programme that enables staff and tenants to contribute to the community by fulfilling the wishes of underprivileged children or serving as volunteers to engage with the children. The highlight for 2019 was an outing to the Children's Biennale at the National Gallery where our staff and tenant volunteers had the opportunity to spend time with the students of Rainbow Centre.

Thank you, CapitaLand Commercial Trust, for your commitment over the years in partnering Rainbow Centre to build communities that are more inclusive for persons with disabilities.

We have shared a rich year of activities together. At your CCT Live it Up! Race held in the CBD area in August, it was heartwarming to see your tenants encouraging our young clients and their families to take part in the challenges and finish the course by forming teams with them.

You also played good chaperones to our students on their visits to the Children's Biennale at the National Gallery Singapore.

Through your CCT Gifts of Joy initiative in November, your tenants bought and wrapped nearly 800 gifts that were customised to our clients' requests and presented each gift in person. All your time, effort and interaction has brought so much joy to them. Thank you for giving so generously and inspiring others to do the same!

TAN SZE WEE
Executive Director, Rainbow Centre Singapore


Staff and tenants volunteered their time to wrap and deliver gifts to the students at Rainbow Centre Yishun Park School

Volunteerism and Donations

CapitaLand employees are granted Volunteer Service Leave (VSL) of up to three days, as well as special schemes like Volunteer No Pay Leave and Volunteer Part-Time Work Arrangement, to encourage volunteerism in community service projects. The latter two allow employees engaged in CapitaLand's community development projects to spend longer periods away from the office. CHF acknowledges the efforts of each employee who fully utilises the three days of VSL by donating S$500 to a registered Singapore-based children's charity of their choice.

Over the years, employees have continued to volunteer generously towards various social and community causes. In 2019, 4.8% of employees engaged in community development projects such as CCT Gifts of Joy, putting in a total of 138 volunteer hours. The commitment level varies with the number of activities held each year, the length of time involved for each event and when they are held. Employees are also encouraged to utilise their VSL and to support social and community causes whenever opportunities arise.

781 gifts
(2018: 779)

206
tenant volunteers
(2018: 293)

150
beneficiaries for the outing to the Children's Biennale

S$7,810
raised for Rainbow Centre Singapore to contribute towards their Empowerment, Development and Innovation (EDI) Fund

The Singapore Institute of Directors was delighted to participate in Gifts of Joy by fielding 13 volunteers to bring the students for an outing to the Children's Biennale. Through Gifts of Joy, we gained the opportunity to bond as a team and a chance to learn from a new experience while interacting with the children. We would like to thank CCT for organising this meaningful activity and look forward to partnering them for other activities that seek to give back to the community.

EDWIN LEE
Head, Membership & Board Services,
Singapore Institute of Directors

Gifts of Joy gives me the opportunity to do my part in making a difference to those who are really in need even for basic stuff like school shoes, diapers.

SARAH HAN
Linklaters


Volunteers interacting with a student at the National Gallery


Distribution of gifts to the students at Rainbow Centre Margaret Drive School

STAKEHOLDERS & COMMUNITIES

Tenant Engagement Programmes

Tenants' Treats
CCT regularly shows appreciation to the office community by distributing delightful treats. In 2019, we distributed granola snacks from Amazin' Graze, tea from Haus Brew and cookies from APSN, a social enterprise. We also collaborated with our tenant, Cargill, to give away crispy rice wafers. Adding vibrancy during the festive season, Christmas carolling was also organised at our properties.

Tenants' Treats at CapitaGreen

Lease Anniversary Gifts
The distribution of lease anniversary gifts creates an opportunity for our CEO and senior officers to connect and strengthen relationships with the key decision makers from our tenant companies. In 2017, we started a three-year gift series featuring CapitaLand Orchids. This year, we presented a hand-painted gold-foiled lacquer frame and lacquer box to loyal tenants.

Three-year gift series featuring CapitaLand Orchids

Partnerships with Tenants
CCT has been partnering with a growing number of tenants to organise the year-round activities for our community. In 2019, a mid-week movie night and a lunch-time movie screening was co-organised with Salt Media and Entertainment at the Big Picture theatre, Capital Tower. We also worked with Rakuten to organise a mason jar floral arrangement workshop in their office at CapitaGreen. In collaboration with Total Health Chiropractic, we brought chiropractic pop-up clinics to The Work Project in Asia Square Tower 2 and Servcorp at Six Battery Road.

Movie screenings at Big Picture by Salt Media and Entertainment

Mason jar floral arrangement workshop at Rakuten

Chiropractic pop-up clinics and talk by Total Health Chiropractic

Leadership Series Talk

"Think Wits Win" was organised as part of the CCT Leadership Series, which brings informative talks to the CCT community. Using Sun Tzu's Art of War for Success, book author of "Think Wits Win", Mr Soo Kok Leng shared personal anecdotes from his experiences during the different phases of his career, tying them in with the ideas in his book, which illustrates Sun Tzu's dialectical thinking and ambidextrous leadership, and how these approaches can help build and sustain a winning business in a fast and everchanging marketplace.

CL STARTER SERIES

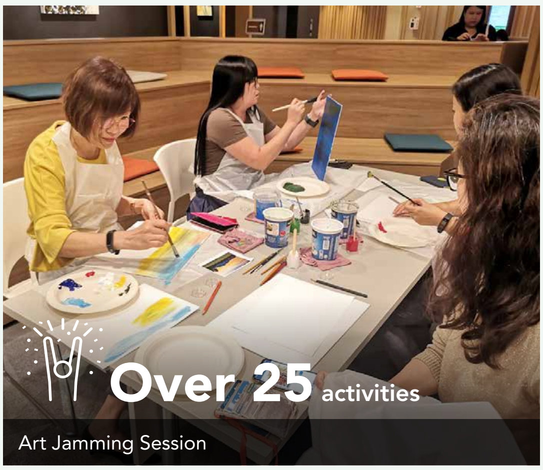
The CL Starter Series was launched in September 2019 to promote the new Learning, Lifestyle and Wellness Hub occupying Level 9 at Capital Tower. As the name implies, the CL Starter Series is aimed at encouraging tenants to start a new hobby and to take care of their mental and physical well-being.

To date, CCT has partnered with well-known brands, Benefit and Eu Yan Sang, and social enterprises promoting fair-trade goods, sustainable behaviours and the causes of persons with special needs, to organise various activities as part of the series.

Such events add vibrancy to the community, while providing interesting platforms for tenant engagement. They also draw attention to the amenities and flexible spaces available in the property, improve the utilisation of rooms and common spaces, and generate additional revenue.

Wide range of activities:

- fitness workouts
- foreign language lessons
- cooking classes
- art jamming
- talks and workshops



Art Jamming Session

Piloxing Fitness Workout

STAKEHOLDERS & COMMUNITIES

Promoting Wellness and Sustainability

CCT LIVE IT UP!

CCT Live It Up! is a signature tenant engagement programme aimed at promoting a holistic approach to health, well-being and environmental conscientiousness. Inaugurated in August 2019, the programme featured three weeks of wellness and environmental sustainability events, culminating in a CCT Live It Up! Race.

The race drew strong support across our office community and garnered 60 registered teams. This included seven teams comprising CCT tenants and students from Rainbow Centre and their families. CapitaLand Hope Foundation supported the programme by donating $10 for every person who took part in an activity.

ENGAGED	ORGANISED	RAISED
703 participants	More than **50** activities	**S$20,310** for Rainbow Centre Singapore


Sand art workshop held during the three-week Live It Up! event


Active participants at CCT LIve It Up! Race

> We appreciate our building landlord for these fabulous efforts in organising such wholesome and novel activities for tenants. In fact, a few of my colleagues have requested to be added to your mailing list after seeing me attend those interesting activities. I think in future the classroom size would have to expand to accommodate for more signups. Thanks

ANGIE NG
Tenant employee at Capital Tower

> Thank you for having organized the fun activities, which allow us to also interact with other people working in the building. Looking forward to more activities to come.

MEAH TZE YUN
Indosuez Wealth Management, Capital Tower

> Thank you for your continuing effort to build a community - I really appreciate all your work. Great initiatives for great causes!

ASKA KUWABARA
Rakuten Asia, CapitaGreen

Partnership with Health Promotion Board (HPB)

To encourage an all-rounded wellness approach to health and well-being, Body Combat, Zumba and Yoga sessions and other fitness workouts, talks and workshops were organised regularly at Capital Tower, CapitaGreen and Asia Square Tower 2 under HPB's Healthy Workplace Ecosystem programme. In addition, we also partnered HPB during the launch of National Steps Challenge™ Season 5 to register participants and distribute fitness trackers at our properties.

Flu Vaccination Clinic at Six Battery Road

A flu vaccination drive was held on 29 May 2019 for the tenants and their family members. The event was jointly organised with Servcorp, a tenant at Six Battery Road.

Encouraging Green and Sustainable Habits

Earth Hour

To create awareness on climate change and energy conservation, CCT continues to support the annual WWF Earth Hour initiative by turning off the façade and non-essential lights across our properties through the night on 28 March 2019.

CapitaLand Earth Hour 2019

PUB Water Saving Exhibit

An exhibition was held at Asia Square Tower 2, Capital Tower, CapitaGreen, One George Street and Six Battery Road in collaboration with the Public Utilities Board to raise awareness of the importance of water conservation.

PUB Water Exhibit at One George Street

Environmental Sustainability Talks and Workshops

A lunchtime workshop on "How to start your own edible garden" by Edible Garden City was organised as part of CCT Live It Up! 2019. Held at The Work Project at Asia Square Tower 2, the session equipped participants with the basics for growing their own edible garden, and included a hands-on practice on how to propagate plant cuttings.


Urban Farming Workshop

STAKEHOLDERS & COMMUNITIES

INVESTORS

CCT's investor relations programmes are aimed at Unitholders, potential retail and institutional investors, as well as the analysts and media who report on CCT's financial performance. CCT is committed to engaging these stakeholders in a timely and unbiased manner through proactive and transparent communications. By communicating material information concerning our strategies, business developments and market environment, we enable current and potential Unitholders to make informed investment decisions about their investments in CCT.

CCT's financial results, presentations for conferences and non-deal roadshows, annual reports, minutes of annual general meetings (AGMs) as well as historical financial information are published at www.cct.com.sg. In addition, year-round investor relations activities provide the respective stakeholders with access to our senior management and investor relations team. These include regular business update meetings and the biannual financial results briefings for the media and analysts hosted by the CEO in January and July. The briefings as well as the question-and-answer sessions are broadcasted "live" via www.cct.com.sg, and may be viewed on demand for up to a year.

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

In September 2019, an Extraordinary General Meeting (EGM) was held to seek Unitholders' approval to acquire a 94.9% interest in Main Airport Center from CapitaLand. The resolution was passed with strong support from Unitholders, marking CCT's second acquisition in Frankfurt, Germany.

Throughout 2019, CCT successfully reached out to over 300 private and institutional investors from about 200 companies in Singapore and globally through post-results meetings, conference calls, local conferences, non-deal roadshows and property visits. CCT also held investor meetings in Singapore, Thailand, Hong Kong, Japan, UK, Europe and the USA.

To support investor education, CCT took part in the REITs Symposium for the fifth year. The team also participated in activities targeting retail investors, including pre-engagements with Unitholders before the AGM, EGM as well as CEO presentations at seminars.

During the year, CCT was recognised for good investor relations and corporate governance practices through the following awards:

- Third for Most Organised Investor Relations, Strongest Adherence to Corporate Governance and Best Strategic Corporate Social Responsibility at Alpha Southeast Asia's 9th Annual Institutional Investor Awards for Corporates
- Second for Most Honoured Company – Singapore at the Institutional Investor 2019 All-Asia Executive Team Rankings, Developed Markets – Small and Midcap for winning multiple awards:
  - Third for Best CEO
  - Third for Best CFO
  - Second for Best Investor Relations Programme
  - Second for Best ESG/SRI Metrics
  - Second for Best Corporate Governance
- Runner-up for Shareholder Communications Excellence Award (REITs and Business Trust category) and Sustainability Award by Securities Investors Association of Singapore (SIAS) 20th Investors' Choice Awards 2019
- First in the Singapore Governance and Transparency Index (REIT and Business Trust category)
- Tenth place in the Governance Index for Trusts (GIFT)
- Winner of Best Corporate Governance – Asia and Australasia (REITs category) by Ethical Boardroom

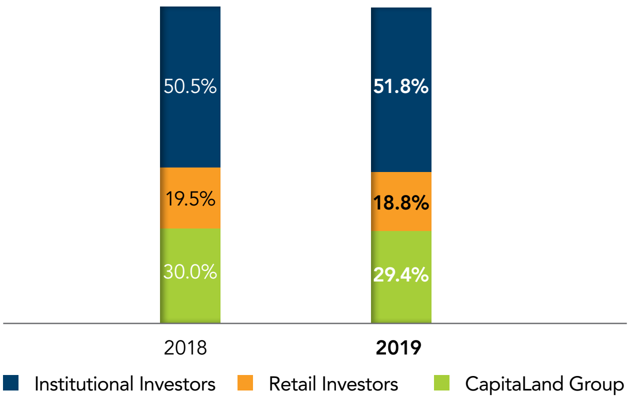
CCT remains in the FTSE Straits Times Index, FTSE4Good Index Series, MSCI Global Standard Indices among other indices.

Calendar of Financial Events 2020/2021

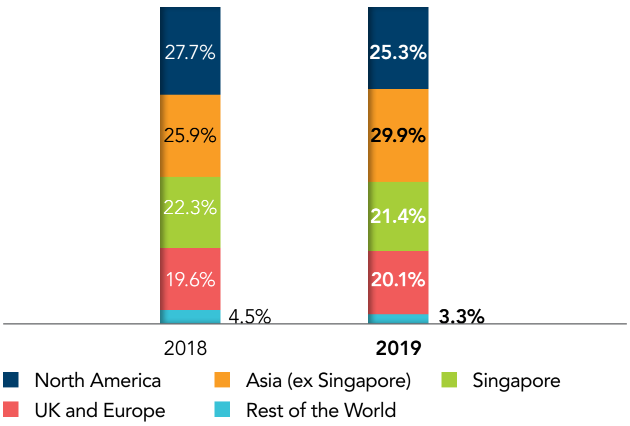
Subject to changes by the Manager without prior notice

Apr 2020	> Release of First Quarter 2020 Results > Annual General Meeting
Jul 2020	> Release of Half Year 2020 Result > Books closure to determine entitlement to distribution
Aug 2020	> Payment of distribution to Unitholders (six months ending 30 June 2020)
Oct 2020	> Release of Third Quarter 2020 Results
Jan 2021	> Release of Financial Year 2020 Results > Books closure to determine entitlement to distribution
Feb 2021	> Payment of distribution to Unitholders (six months ending 31 December 2020)

Profile of CCT Unitholdings by Unitholder Type



Profile of CCT Unitholdings by Geography



FY 2019 Distributions

Period	Distribution Per Unit (cents)		Payment Date
	Taxable [1]	Tax-exempt [2]	
1 January 2019 to 30 June 2019	4.21	0.19	29 August 2019
1 July 2019 to 28 July 2019	0.62	-	29 August 2019
29 July 2019 to 31 December 2019	3.57	0.29	28 February 2020

Investor Relations Activities

1Q 2019	> FY 2018 post-results investor meetings in Singapore and Hong Kong
2Q 2019	> Pre-AGM unitholders engagement session in Singapore > CCT's AGM held at The Star Gallery > 1Q 2019 post-results investor meeting in Singapore > Singapore's 5th Annual REITs Symposium by REITAS and ShareInvestor > Deutsche Bank Access Asia Conference 2019 in Singapore > Nomura Asia Equity Investment Forum 2019 in Singapore
3Q 2019	> 2Q 2019 post-results investor meetings in Singapore and Hong Kong > CapitaLand and REITs Day in Bangkok > Citi-REITAS-SGX C-Suite Singapore REITs and Sponsors Corporate Day 2019 > Macquarie ASEAN Conference 2019 in Singapore > Pre-EGM unitholders engagement session in Singapore > CCT's EGM held at Raffles City Convention Centre > Bank of America Merrill Lynch Global Real Estate Conference 2019 in USA
4Q 2019	> SGX-Credit Suisse Real Estate Corporate Day 2019 in Singapore > 3Q 2019 post-results investor meeting in Singapore > Morgan Stanley 18th Annual Asia Pacific Summit in Singapore > CEO Panel discussion at Bank of America Merrill Lynch Property Week 2019

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Direct: +65 6713 1379

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

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

STAKEHOLDERS & COMMUNITIES

EMPLOYEES

The employees of CCT comprises the Manager and Property Managers who manage the property and portfolio operations in Singapore. Leveraging CapitaLand's integrated human capital strategy, CCT recruits, develops and motivates employees and has in place, aligned key performance indicators for both employees and the business. The total headcount for 2019 is 124 (2018:130).

Anti-child Labour and Anti-forced Labour

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

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

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

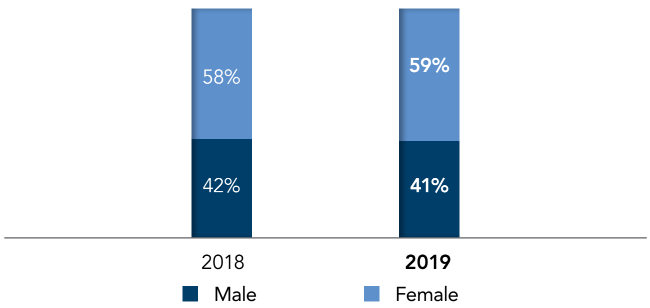
In 2019, there was no reported incident relating to child labour or forced labour in CCT and no employee was below the age of 16.

Fairness and Diversity

CCT has a performance-oriented work culture that values diversity and teamwork while upholding CapitaLand's commitment to be a workplace of choice. Employees can make strong contributions based solely on their talent, expertise and experience, regardless of gender, ethnicity, culture, nationality and family status. To draw high-calibre talent, job opportunities with the Manager and Property Managers are advertised publicly via online job portals, with selections based on individual merit, in line with CapitaLand's non-discriminatory employment practices.

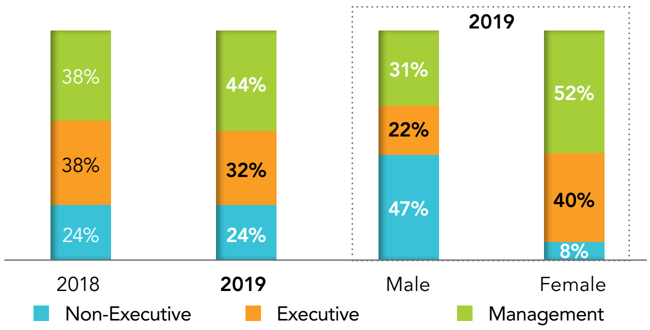
Most employees under CCT are Singapore citizens and Singapore permanent residents. Employees who are resigning are required to give a minimum of one to three months' notice, depending on the job grade.

Employee by Gender



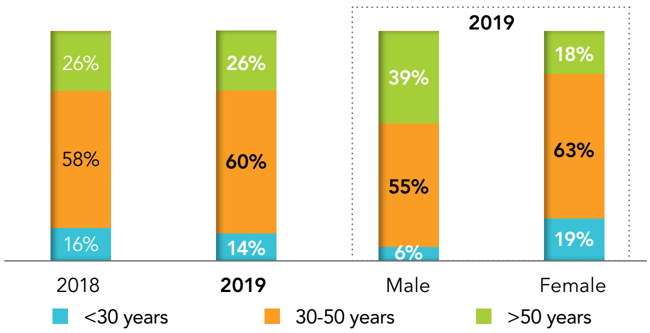
In 2019, the male-to-female employee ratio was 41:59.

Employee Profile by Seniority and Gender



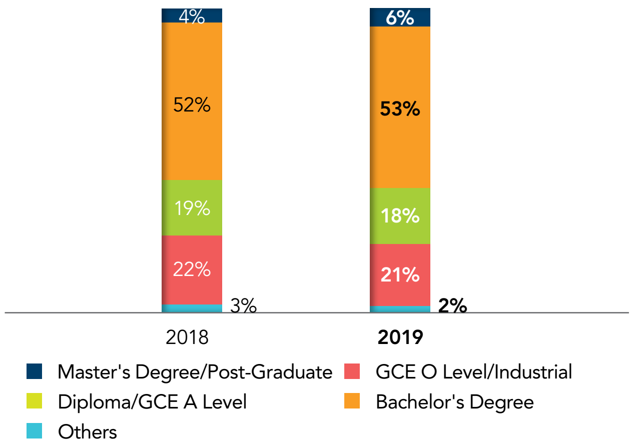
In 2019, about 52% of female employees are represented in the management level (manager & above). 100% of the senior management (C-suite & Department Heads) are locals.

Employee Profile by Age and Gender



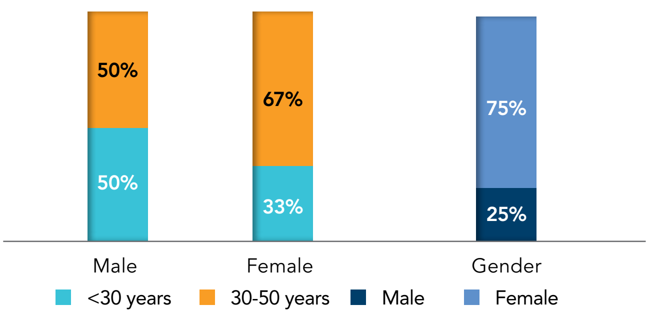
Employees between the ages of 30 to 50 accounted for 60% of the workforce, while those below the age of 30 was around 14%.

Employee Profile by Educational Qualifications



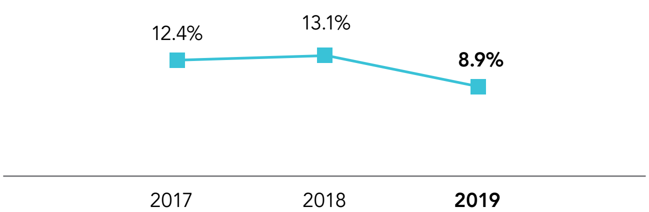
About 59% of the workforce possess tertiary qualifications and above.

New Hires by Age and Gender (2019)



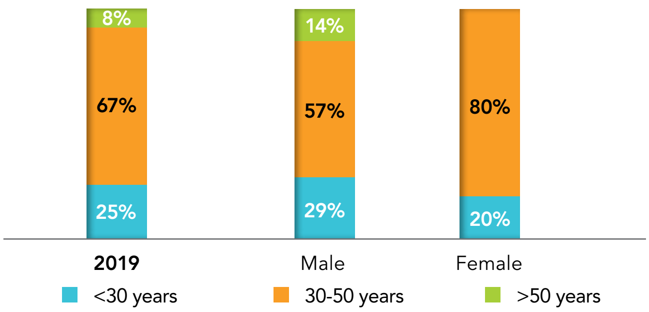
New hires represented 6.5% of the total headcount of 124 in 2019.

Employee Turnover Rate



The employee turnover rate for 2019 was lower at 8.9% compared to 13.1% for 2018.

Voluntary Turnover by Age and Gender (2019)



Re-employment Opportunities

Employees who are able and willing can continue their employment with CCT beyond the statutory retirement age of 62. CCT continues to employ these individuals at their last drawn salary if their work scope and responsibilities remain unchanged under its re-employment policy. Three employees above the retirement age in 2019 were re-employed.

Respect for Freedom of Association

CCT upholds employees' rights to freedom of association and adheres to the Industrial Relations Act by permitting employees to be represented by trade unions for collective bargaining. About 35% of the employees at CCT are union members. The Trust and the union work together cordially, seeking to foster positive work environments and raise productivity for the mutual benefit of the staff and the firm. No employee health and safety concerns were raised by the union in 2019.

Positive Work Environment

A positive work environment is essential to attract, motivate and retain talent. CCT drives high employee performance by championing their personal development healthcare needs and work-life balance. The compensation and benefits programmes include group medical insurance, personal accident insurance, health screenings, employee engagement initiatives, flexible work arrangements, flexible medical benefits, complimentary flu vaccinations and subsidised rates at Ascott's serviced residences. Part-time workers enjoy the same benefits as full-time employees, on a pro-rated basis.

There were three employees who took maternity leave in 2019, and three of them returned to work in the same year. Paid paternity leave is also granted to male employees. Two male employees took paternity leave in 2019.

Fair Remuneration

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

The Singapore Central Provident Fund (CPF) enables all working Singaporeans and Permanent Residents to set aside for retirement. In line with prevailing regulations, both CapitaLand and its employees make monthly contributions to employees' CPF accounts. The monthly CPF contributions by CapitaLand form part of the employees' compensation.

Employment contracts with clearly-stated terms and conditions are signed with all employees. Performance reviews involving an open discussion on the employee's performance, developmental needs, areas for improvement and career planning are conducted annually. Supervisors are encouraged to provide regular feedback on employee performance. Key performance indicators are set to drive employee performance. Employees participate in the setting of team and individual goals to clearly define performance and compensation expectations.

Learning and Development

Employees are provided appropriate training to have the knowledge and expertise to contribute meaningfully and effectively to the Trust's performance. Employees' training and development needs are discussed at the annual performance reviews with their immediate superior and updated along the course of a year.

CapitaLand channels up to 3% of its annual wage bill towards learning and development programmes for employees. Employees can participate in certified skills training programmes, personal development courses as well as industry seminars and conferences. They may apply for a maximum of 10 days of paid leave annually for examinations supported by the company.

CapitaLand's in-house training hub, CapitaLand Institute of Management and Business (CLIMB), promotes continuous professional and personal development of CapitaLand employees.

100% of employees completed at least one learning session during the year. The average number of training hours per employee was 24.3 hours in 2019. CCT's employees who are also the licensed representatives under Monetary Authority of Singapore (MAS) recorded 36.1 training hours per employee, which was above the minimum requirement by MAS.

DEVELOPING OUR EMPLOYEES

Automation and digitalisaton are rapidly changing the way we work and the skills required to thrive in our jobs. To promote continual learning and develop a talented workforce, CapitaLand launched the Building Capitability Framework – Industry 4.0 initiative in 2019. Through this framework, all CapitaLand employees in Singapore will complete at least one digital-related training by 2020.

110
employees have attended at least one digital course in 2019

Our employees in Singapore can participate in curated digital learning programmes on topics such as data analytics, cloud computing, artificial intelligence, blockchain and cybersecurity, to deepen their competencies and keep up to date with the latest knowledge and skills needed to excel in the future workplace.


Staff attending an introduction class to blockchain

Employee Engagement

CCT supports opportunities for management-employee engagements to foster a vibrant and productive workforce. Employees can highlight issues and other feedback to HR or management through various communication channels. These include the staff communication session, which allows BUs and CCT's CEO and management team to update employees on the Trust's business results and operational performance and to address any work concerns.

Another platform is the CapitaLand intranet, which updates employees on the Group's latest developments, employment policies, benefits, corporate governance and ethics.

Employee engagement activities for the year ranged from staff communication sessions, CEO chat sessions, team building activities and events organised by the CapitaLand Recreation Club such as lunchtime talks and after-work workout sessions on "Wellness Wednesday", which were well received by employees.

The Employee Engagement Survey conducted in 2019 received positive feedback. Through the survey, the Group will be identifying key areas for enhancement and roll out an action plan in 2020.

97%
PARTICIPATION RATE FOR EMPLOYEE ENGAGEMENT SURVEY

SUPPLIERS

Supply Chain Management

We work closely with our contractors and suppliers who are committed to high quality, environmental, health and safety standards. Contractors are only appointed for CCT's projects upon meeting the Group's stringent selection criteria, including safety requirements.

CCT adopts the CapitaLand Supply Chain Code of Conduct to influence its supply chain to operate responsibly in the areas of anti-corruption, human rights, health and safety, as well as environmental management.

For building operations, CCT's practices are aligned with CapitaLand's contractor management guidelines which require all contractors to comply with local government and other legal requirements. For more information on our occupational health and safety performance, please refer to the Environment section on pages 115.

ENSURING SITE SAFETY AT CAPITASPRING

Site safety has been of paramount importance throughout the development of CapitaSpring. To ensure that all our contractors and suppliers abide by CapitaLand's contractor management guidelines, CCT is committed to forging strong relationships with all its builders and business partners. Regular briefings on effective safety measures and standard operating procedures are part of the CCT site-safety mandate.

During the CapitaSpring Safety Day event on 23 November 2019, we celebrated four million safe manhours without any reportable incident throughout the construction period for CapitaSpring so far. Best Environment, Health and Safety (EHS) Awards were also given out in recognition of the EHS achievements by our workers, supervisors and teams.


CapitaSpring Safety Day

REFERENCES

UNITED NATIONS GLOBAL COMPACT

10 Principles of the UN Global Compact

Principles		Page Reference
Human Rights		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	Employees (pg 126)
Principle 2	Make sure that they are not complicit in human rights abuses	Employees (pg 126)
Labour		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Employees (pg 127)
Principle 4	Elimination of all forms of forced and compulsory labour	Employees (pg 126)
Principle 5	Effective abolition of child labour	Employees (pg 126)
Principle 6	Elimination of discrimination in respect of employment and occupation	Employees (pg 126-129)
Environment		
Principle 7	Businesses should support a precautionary approach to environmental challenges	Environment (pg 110-114)
Principle 8	Undertake initiatives to promote greater environmental responsibility	Environment (pg 110-114) Stakeholders & Communities (pg 119, 125)
Principle 9	Encourage the development and diffusion of environmentally friendly technologies	Environment (pg 111)
Anti-corruption		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery	Corporate Governance (pg 64) Enterprise Risk Management (pg 71)

MATERIAL TOPICS AND BOUNDARIES

Material topics (GRI 102-47)	Topics Boundary Internal and External	Management Approach References (GRI 103)
Economic Performance		
Economic Performance	CCT	Financial Highlights (pg 11-13) Financial Review (pg 82-88)
Indirect Economic Impacts	CCT, Community	Properties (pg 97-100) Stakeholders & Communities (pg 117-131)
Anti-corruption	CL, Investors, Customers, Community	Corporate Governance (pg 64)
Environmental		
Energy	CCT, Supply Chain	Environment (pg 110-116)
Water	CCT, Supply Chain	
Biodiversity	CCT, Supply Chain	
Emissions	CCT, Supply Chain	
Effluents and Waste	CCT, Supply Chain	
Environmental Compliance	CCT, Investors	
Supplier Environmental Assessment	CCT, Supply Chain	
Social		
Employment	CCT	Employees (pg 126-129)
Labour/Management Relations	CCT	Employees (pg 126-129)
Occupational/Health and Safety	CCT	Environment – OHS (pg 114-116)

MATERIAL TOPICS AND BOUNDARIES

Material topics (GRI 102-47)	Topics Boundary Internal and External	Management Approach References (GRI 103)
Social		
Training and Education	CCT	Employees (pg 126-129)
Diversity and Equal Opportunity	CCT	Employees (pg 126-129)
Non-discrimination	CCT	Employees (pg 126-129)
Child Labour	CCT	Employees (pg 126-129)
Forced or Compulsory Labour	CCT	Employees (pg 126-129)
Human Rights Assessment	CCT, Supply Chain	Environment – OHS (pg 114-116) Suppliers (pg 129)
Local Communities	CCT	Environment (pg 110-116) Properties – Social Integration (pg 100) Stakeholders & Communities (pg 117-131)
Supplier Social Assessment	CCT, Supply Chain	Environment – OHS (pg 114-116)
Customer Health and Safety	CCT, Customers (Tenants), Supply Chain, and Community	Environment – OHS (pg 114-116)
Marketing and Labelling	CCT, Customers	Corporate Governance (pg 38-67) Environment (pg 110-116) Properties (pg 97-100)
Customer Privacy	CCT, Customers, Investors	Corporate Governance (pg 38-67)
Socioeconomic Compliance	CCT, Investors	Corporate Governance (pg 38-67) Employees (pg 126)

GRI STANDARDS CONTENTS INDEX

Disclosure Number	Title	Page Reference and Remarks
General Disclosures		
102-1	Organisation's name	Corporate Profile (Inside front cover)
102-2	Primary brands, products, and services	Corporate Profile (Inside front cover)
102-3	Location of headquarters	Corporate Information (inside back cover)
102-4	Location of operations	Corporate Profile (Inside front cover)
102-5	Nature of ownership and legal form	Corporate Profile (Inside front cover)
102-6	Markets served	Corporate Profile (Inside front cover)
102-7	Scale of the organisation	Corporate Profile (Inside front cover)
102-8	Workforce figures	Employees (pg 126-129)
102-9	Organisation's supply chain	Environment (pg 110-116) Stakeholders & Communities (pg 117-131)
102-10	Significant changes during the reporting period	About the Report (Inside front cover) Message to Unitholders (pg 19-25)
102-11	Report whether and how the precautionary approach or principle is addressed by the organisation	Sustainability Approach (pg 26-30) Environment (pg 110-116)
102-12	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes	About the Report (Inside front cover) Sustainability Approach (pg 26-30) Corporate Governance (pg 38-67) Environment – OHS (pg 114-116)

REFERENCES

GRI STANDARDS CONTENTS INDEX

Disclosure Number	Title	Page Reference and Remarks
General Disclosures		
102-13	Memberships of associations and national or international advocacy organisations	Sustainability Approach (pg 26-30)
102-14	Statement from senior decision-maker	Message to Unitholders (pg 19-25)
102-15	Description of key impacts, risks, and opportunities	Corporate Governance (pg 38-67) Environment (pg 110-116) Enterprise Risk Management (pg 68-73) Stakeholders & Communities (pg 117-118)
102-16	Organisation's values, principles, standards and norms of behaviour	Corporate Profile (Inside front cover) Sustainability Approach (pg 26-30) Corporate Governance (pg 38-67) Enterprise Risk Management (pg 68-73)
102-18	Governance structure	Corporate Governance (pg 38-67)
102-40	List of stakeholder groups	Stakeholders & Communities (pg 117-118) Environment – OHS (pg 114-116)
102-41	Collective bargaining agreements	Employees (pg 126-129)
102-42	Identification and selection of stakeholders	Stakeholders & Communities (pg 117-118) Environment – OHS (pg 114-116)
102-43	Approaches to stakeholder engagement	Sustainability Approach (pg 26-30) Environment (pg 110-116) Stakeholders & Communities (pg 117-118)
102-44	Key topics and concerns raised through stakeholder engagement	Sustainability Approach (pg 26-30) Environment – OHS (pg 114-116) Stakeholders & Communities (pg 117-118)
102-45	Entities included in the organisation's consolidated financial statements	Sustainability Approach (pg 26)
102-46	Defining the report content and the aspect boundaries	Sustainability Approach (pg 26-30)
102-47	List of material topics	Material Aspects and Boundaries (pg 132-133)
102-48	Effect of any restatements of information provided in previous reports	Restatement of energy consumption for 2018 to include Asia Square Tower 2 renewable energy and district cooling energy consumption. (pg 112)
102-49	Significant changes from previous reports in the scope and aspect boundaries	There are no significant changes from previous reports.
102-50	Reporting period	Sustainability Approach (pg 26)
102-51	Date of previous report	1 January to 31 December 2018
102-52	Reporting cycle	Sustainability Approach (pg 26)
102-53	Contact point	About the Report (Inside front cover)
102-54	Claims of reporting in accordance with GRI Standards	About the Report (Inside front cover)
102-55	GRI Content Index	GRI Index (pg 133-136)
102-56	Assurance	No external assurance

Disclosure Number		Title	Page Reference and Remarks
Topic-Specific Standards			
Economic			
Economic Performance	201-1	Direct economic value generated and distributed	Financial Highlights (pg 3-5) Financial Review (pg 82-88) Financial Statements (pg139-242)
	201-2	Financial implications, risk and opportunities due to climate change	Enterprise Risk Management (pg 69) Environment (pg 110-114)
Market Presence	202-2	Proportion of senior management hired from local community	Employees (pg 126-129)
Indirect Economic Impacts	203-1	Development and impact of infrastructure investments and services supported	Environment (pg 110-116) Properties – Social Integration (pg 100)
Anti-corruption	205-1	Risk assessment for corruption	Corporate Governance (pg 64-65) Enterprise Risk Management (pg 71)
	205-2	Communication and training on anti-corruption policies and procedures	Corporate Governance (pg 64-65) Employees (pg 126-129)
	205-3	Incidents and action taken	Corporate Governance (pg 64-65)
Environment			
Energy	302-1	Energy consumption within the organisation	Environment (pg 112)
	302-2	Energy consumption outside of the organisation	None reported during the reporting period.
	302-3	Energy intensity	Environment (pg 112)
	302-4	Reduction of energy consumption	Environment (pg 112)
	302-5	Reductions in energy requirements of products and services	Environment (pg 110-116)
Water	303-1	Total water consumption	Environment (pg 113)
	303-2	Water sources significantly affected by withdrawal of water	None during the reporting period.
	303-3	Water recycled and reused	Environment (pg 113)
Biodiversity	304-1	Protected areas or areas of high biodiversity	None during the reporting period. Environment (pg 110)
	304-2	Impact on biodiversity	
	304-3	Endangered species effected	
Emissions	305-1	Direct (Scope 1) greenhouse gas (GHG) emissions	Does not report Scope 1 GHG emissions.
	305-2	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Environment (pg 112)
	305-3	Other indirect (Scope 3) GHG emsisions	Environment (pg 112)
	305-4	Greenhouse gas (GHG) emissions intensity	Environment (pg 112)
	305-5	Reduction of greenhouse gas (GHG) emissions	Environment (pg 112)
Effluents and Waste	306-1	Total water discharge by quality and destination	Wastewater is discharged into the public sewerage system or sewage treatment plant.
	305-2	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Environment (pg 112)
	306-3	Significant spills	None during the reporting period.
	306-5	Discharge and runoffs affecting protected water bodies	Waste water is discharged into the public sewerage system or sewage treatment plant.

REFERENCES

GRI STANDARDS CONTENTS INDEX

Disclosure Number		Title	Page Reference and Remarks
Topic-Specific Standards			
Environment			
Environmental Compliance	307-1	Fines and non-monetary sanctions for non-compliance with environmental laws and regulations	None during the reporting period.
Supplier Environmental Assessment	308-1	% of new suppliers screened using environmental criteria	Environment – OHS (pg 114-116)
Social			
Labour Practices and Decent Work			
Employment	401-1	New hires and Employee turnover	Employees (pg 127)
	401-3	Parental leave	Employees (pg 127)
Labour/ Management Relations	402-1	Notice period regarding operation changes	Employees (pg 126-129)
Occupational/ Health and Safety	403-1	% of staff represented in OHS committee	Environment – OHS (pg 114-116)
	403-2	Occupational injury	Environment – OHS (pg 114-116)
Training and Education	404-1	Average hours of training	Employees (pg 128)
	404-2	Skills management and lifelong learning	Employees (pg 128)
	404-3	Performance and career development reviews	Employees (pg 128)
Non-discrimination	406-1	Incidents of discrimination and corrective action taken	Employees (pg 126-129)
Child Labour	408-1	Operations and suppliers identified as having significant risk for incidents of child labour and measures taken to the effective abolition of child labour	Employees (pg 126)
Forced or Compulsory Labour	409-1	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures taken to eliminate it	Employees (pg 126)
Human Rights Assessment	412-1	% of operations subjected to human rights reviews	Environment – OHS (pg 114-116)
Local Communities	413-1	Operations with local community engagement, impact assessments and development programmes	Environment (pg 110-116) Stakeholders & Communities (pg 117-131) Properties – Social Integration (pg 100)
Supplier Social Assessment	414-1	% of suppliers screened using social criteria	Environment - OHS (pg 114-116)
Customer Health and Safety	416-1	Health and safety impacts assessment of products and services	Environment – OHS (pg 114-116) Properties – Social Integration (pg 100)
	416-2	Incidents of non-compliance	Environment – OHS (pg 114-116)
Marketing Communications	417-1	Incidents of non-compliance with regulations and voluntary codes marketing communications	No incidents in CCT of non-compliance regulations and voluntary codes concerning marketing communications.
Customer Privacy	418-1	Substantiated complaints regarding breaches of customer privacy and losses of customer data	There were no known complaints during the reporting period.
Socioeconomic Compliance	419-1	Fines and non-monetary sanctions for non-compliance with laws and regulations	There were no fines or non-monetary sanctions for non-compliance with laws and regulations.

GLOSSARY

AEI	Asset enhancement initiative
CapitaLand	CapitaLand Limited
CapitaLand Group	CapitaLand and its subsidiaries (including the Manager)
CBD	Central Business District
CDP	The Central Depository (Pte) Limited
CIS Code	Code on Collective Investment Schemes
CMBS	Commercial Mortgage Backed Securities
CMS	Capital Markets Services
Committed Occupancy	Occupancy rate based on committed leases
CPI	Consumer price index
Capitalisation Approach	A valuation method appraisers use to estimate the value of income producing real estate where the net income of the property is capitalised for the remaining unexpired term of the lease period. An appropriate capitalisation rate derived from the relevant sales evidence, is then applied to the net income.
Discounted Cashflow Method	A valuation method appraisers use to estimate the value of income producing real estate, where net operating income is discounted at an appropriate discount rate to derive the market value. The capital value of the property considers the 10-year discounted income stream and the present value of its adopted terminal value.
EUR	Euro
GDP	Gross domestic product
GFA	Gross floor area
Gross Rental Income	Comprises base rent (after rent rebates, where applicable), turnover rent, advertising and promotion levy, where applicable and tenant service charge, which is a contribution paid by tenants towards property operating expenses.
Gross Revenue	Comprises gross rental income, car park income and other income
kg	Kilogram
kWh	Kilowatt-hour
LHS	Left-hand side
Listing Manual	Listing Manual of Singapore Exchange Securities Trading Limited (SGX-ST)
Management Expense Ratio	Refers to the expenses of the Group excluding property expenses, borrowing costs and income tax expense as a percentage of weighted average net assets.
Manager	CapitaLand Commercial Trust Management Limited, in its capacity as manager of CCT
MAS	Monetary Authority of Singapore
MRT	Mass rapid transit
MTN	Medium term note
m^3	Cubic metres
NLA	Net lettable area
NPI	Net property income. Comprises gross revenue less property operating expenses.
%	Per centum or Percentage

GLOSSARY

psf	Per square foot
psm	Per square metre
Property Funds Appendix	The Property Funds Appendix of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore
Property Managers	CapitaLand Commercial Management Pte. Ltd. and CapitaLand (RCS) Property Management Pte. Ltd.
Property Operating Expenses	Comprises property tax, property management fee and other property operating expenses (comprising utility expenses, reimbursement of salaries and related expenses, marketing expenses, repairs and maintenance expenses, general and administrative expenses as well as other miscellaneous expenses).
Property Yield	Net property income as a percentage of the asset value
QoQ	Quarter-on-quarter
REIT / S-REITs	Real Estate Investment Trust / Singapore Real Estate Investment Trusts
RHS	Right-hand side
SFA	Securities and Futures Act, Chapter 289
S$	Singapore dollar
sq ft	Square feet/foot
sq m	Square metre
Trust	CapitaLand Commercial Trust or CCT
Trustee	HSBC Institutional Trust Services (Singapore) Limited, as trustee of CCT
Unit	A unit representing an undivided interest in CCT
Unitholder	The registered holder for the time being of a Unit, including person so registered as a joint holder, except where the registered holder is CDP, the term "Unitholder" shall, in relation to Units registered in the name of CDP, meaning where the context requires, the Depositor whose Securities Account with CDP is credited with Units.
US$	United States dollar
YoY	Year-on-year

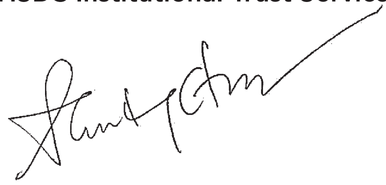
FINANCIAL STATEMENTS

REPORT OF THE TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of CapitaLand Commercial Trust (the "Trust") and its subsidiaries (the "Group") in trust for the Unitholders. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of CapitaLand Commercial Trust Management Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the deed of trust dated 6 February 2004 constituting the Trust, as amended, restated and supplemented by the first supplemental deed dated 15 July 2005, the second supplemental deed dated 20 April 2006, the third supplemental deed dated 11 August 2006, the fourth supplemental deed dated 31 October 2007, the first amending and restating deed dated 26 March 2008, the sixth supplemental deed dated 24 August 2010, the seventh supplemental deed dated 27 April 2012, the eighth supplemental deed dated 13 August 2012, the ninth supplemental deed dated 8 March 2013, the tenth supplemental deed dated 6 May 2015, the eleventh supplemental deed dated 10 April 2016 and the second amending and restating deed dated 27 July 2018 and the thirteen supplemental deed dated 23 July 2019 between the Manager and the Trustee (the "Trust Deed") in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Group during the period covered by these financial statements, set out on pages 146 to 232 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

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



Tan Ling Cher
Senior Manager

Singapore
27 February 2020

STATEMENT BY THE MANAGER

In the opinion of the directors of CapitaLand Commercial Trust Management Limited, the accompanying financial statements set out on pages 146 to 232 comprising the Statements of Financial Position, Statement of Total Return, Distribution Statement, Statement of Movements in Unitholders' Funds, Portfolio Statement, Statement of Cash Flows and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of CapitaLand Commercial Trust (the "Trust") and its subsidiaries (the "Group") and of the Trust as at 31 December 2019, and the total return, distributable income, movements in Unitholders' funds and cash flows of the Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet its financial obligations as and when they materialise.

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

Chee Tien Jin Kevin
Director

Singapore
27 February 2020

INDEPENDENT AUDITORS' REPORT

UNITHOLDERS
CAPITALAND COMMERCIAL TRUST
(Constituted under a Trust Deed in the Republic of Singapore)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of CapitaLand Commercial Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the Statement of Financial Position and Portfolio Statement of the Group and the Statement of Financial Position of the Trust as at 31 December 2019, the Statement of Total Return, Distribution Statement, Statement of Movements in Unitholders' Funds and Statement of Cash Flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 146 to 232.

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

Basis for opinion

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

Key audit matters

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

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

The key audit matter

Investment portfolios comprise commercial properties located in Singapore and Germany.

In accordance with the Group's accounting policy, investment properties are stated at fair values based on independent external valuations.

The valuation of investment properties involves significant judgement in determining the appropriate valuation methodology to be used and the underlying assumptions to be applied. The valuation methodologies applied are the capitalisation method and discounted cash flows method. The valuations are sensitive to key assumptions and estimations applied, including the projected cashflows, and the capitalisation, discount and terminal yield rates.

How the matter was addressed in our audit

We assessed the process for the selection of the external valuers, the determination of the scope of work of the valuers, and the review and assessment of the valuations.

We evaluated the qualifications and competence of the external valuers. We also read the terms of engagement of the valuers to assess if there are any matters that could affect their objectivity.

We discussed with the valuers the valuation approach. We considered the valuation methodologies used against those applied by other valuers on similar properties. We challenged the projected cashflows used against current and historical lease rates. We benchmarked the capitalisation, discount and terminal yield rates against industry data, taking into consideration comparability and market factors. Where the inputs and estimates were beyond the expected range, we performed procedures to understand the reasons and therefore the validity of these inputs and estimates.

We also considered the adequacy of the disclosures in the financial statements in describing the inherent degree of subjectivity and the key assumptions in the valuations. This includes the relationships between the key unobservable inputs and fair values.

Our findings

There is a structured process in appointing external valuers and in reviewing, assessing and adopting the valuations. The valuers are members of recognised professional bodies and have considered their own independence in carrying out the work.

The valuation methodologies used are in line with generally accepted market practices and the key assumptions are within the range used by valuers of similar investment properties. The disclosures in the financial statements are proportionate to the degree of subjectivity inherent in the valuations.

INDEPENDENT AUDITORS' REPORT

Other information

CapitaLand Commercial 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.

Responsibilities of the Manager for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Leong Kok Keong.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
27 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					
Plant and equipment	4	**2,134**	793	**723**	790
Investment properties	5	**8,092,052**	7,613,634	**3,609,100**	3,605,700
Intangible assets	6	**30**	–	**21**	–
Subsidiaries	7	**–**	–	**4,076,277**	3,707,905
Joint ventures	8	**1,786,105**	1,763,086	**1,435,526**	1,428,818
Equity investment	9	**38,156**	40,632	**38,156**	40,632
Financial derivatives	10	**4,745**	7,348	**4,745**	7,050
		9,923,222	9,425,493	**9,164,548**	8,790,895
Current assets					
Financial derivatives	10	**269**	–	**269**	–
Asset held for sale	11	**–**	40,746	**–**	40,746
Trade and other receivables	12	**61,793**	49,355	**73,847**	70,163
Cash and cash equivalents	13	**205,467**	174,913	**162,038**	144,106
		267,529	265,014	**236,154**	255,015
Total assets		**10,190,751**	**9,690,507**	**9,400,702**	**9,045,910**
Current liabilities					
Loans and borrowings	14	**42,746**	120,800	**42,746**	120,800
Lease liabilities	15	**–**	–	**3,809**	3,585
Current tax payable		**4,533**	5,401	**75**	194
Trade and other payables	16	**75,032**	63,663	**61,242**	59,808
Security deposits		**17,776**	10,708	**10,145**	8,173
Financial derivatives	10	**782**	24,197	**782**	24,197
		140,869	224,769	**118,799**	216,757
Non-current liabilities					
Loans and borrowings	14	**2,767,764**	2,493,182	**2,375,214**	2,095,736
Lease liabilities	15	**–**	–	**127,750**	131,559
Security deposits		**53,425**	57,302	**35,686**	36,315
Other payables	16	**2,890**	430	**–**	–
Financial derivatives	10	**5,589**	3,725	**5,589**	2,771
Deferred tax liabilities	17	**5,809**	1,938	**–**	–
		2,835,477	2,556,577	**2,544,239**	2,266,381
Total liabilities		**2,976,346**	**2,781,346**	**2,663,038**	**2,483,138**
Net assets		**7,214,405**	**6,909,161**	**6,737,664**	**6,562,772**
Represented by:					
Unitholders' funds	18	**7,185,098**	6,892,018	**6,737,664**	6,562,772
Non-controlling interests	19	**29,307**	17,143	**–**	–
		7,214,405	6,909,161	**6,737,664**	6,562,772
Units issued and issuable ('000)	20	**3,859,379**	**3,746,465**	**3,859,379**	**3,746,465**
Net asset value per Unit attributable to Unitholders ($)		**1.86**	1.84	**1.75**	1.75

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

STATEMENT OF TOTAL RETURN

Year ended 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000
Gross revenue	21	**412,348**	393,968
Property operating expenses	22	**(91,125)**	(79,358)
Net property income		**321,223**	**314,610**
Investment income	23	**2,816**	3,293
Interest income		**5,761**	4,781
Asset management fees	24		
– Base component		**(8,103)**	(8,125)
– Performance component		**(13,201)**	(12,127)
Audit fees		**(497)**	(333)
Finance costs	25	**(69,225)**	(84,516)
Other expenses		**(3,594)**	(3,039)
Trustee's fees		**(1,059)**	(1,061)
Valuation fees		**(194)**	(233)
Net income before share of results of joint ventures		**233,927**	**213,250**
Share of results (net of tax) of joint ventures	8	**115,645**	118,097
Net income		**349,572**	**331,347**
Net increase in fair value of investment properties	5	**94,652**	197,843
Total return for the year before tax		**444,224**	**529,190**
Tax expense	26	**(8,338)**	(6,332)
Total return for the year		**435,886**	**522,858**
Total return attributable to:			
Unitholders		**433,907**	522,047
Non-controlling interest		**1,979**	811
Total return for the year		**435,886**	**522,858**
Earnings per Unit (cents)			
Basic	27	**11.44**	14.15
Diluted	27	**11.42**	14.13

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

DISTRIBUTION STATEMENT

Year ended 31 December 2019

	Group	
	2019 $'000	2018 $'000
Amount available for distribution to Unitholders at 1 January	**170,634**	152,487
Total return attributable to Unitholders	**433,907**	522,047
Net tax and other adjustments (Note A)	**(210,573)**	(305,757)
Tax-exempt income distribution	**18,622**	8,450
Distributions from joint ventures	**95,666**	96,991
Income available for distribution to Unitholders	**337,622**	321,731
Amount available for distribution to Unitholders	**508,256**	474,218
Distributions to Unitholders:		
Distribution of 4.10 cents per Unit for the period from 1/7/2017 to 31/12/2017	**–**	(147,934)
Distribution of 3.49 cents per Unit for the period from 1/1/2018 to 27/5/2018	**–**	(126,083)
Distribution of 0.79 cents per Unit for the period from 28/5/2018 to 30/6/2018	**–**	(29,567)
Distribution of 4.42 cents per Unit for the period from 1/7/2018 to 31/12/2018	**(165,505)**	–
Distribution of 4.40 cents per Unit for the period from 1/1/2019 to 30/6/2019	**(164,990)**	–
Distribution of 0.62 cents per Unit for the period from 1/7/2019 to 28/7/2019	**(23,249)**	–
	(353,744)	(303,584)
Amount available for distribution to Unitholders at 31 December	**154,512**	**170,634**
Distribution per Unit (cents)[1]	**8.88**	8.70

[1] The Distribution per Unit relates to the distributions in respect of the relevant financial year. The distribution relating to the period 29/7/2019 to 31/12/2019 will be paid after 31 December 2019.

Note A – Net tax and other adjustments comprise:

	Group	
	2019 $'000	2018 $'000
Non-taxable and non-tax deductible items:		
– Amortisation of transaction costs on borrowings	**3,480**	11,091
– Amortisation of lease incentives	**4,800**	4,964
– Asset management fees paid and payable in Units	**4,961**	5,213
– Depreciation of plant and equipment and amortisation of intangible asset	**230**	183
– Share of profit of joint ventures	**(115,645)**	(118,097)
– Net increase in fair value of investment properties[(1)]	**(93,585)**	(197,766)
– Trustee's fees	**1,059**	1,061
– Other items	**(15,873)**	(12,406)
Net tax and other adjustments	**(210,573)**	(305,757)

[(1)] Excludes non-controlling interest's share

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

STATEMENT OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000
Net assets attributable to Unitholders at 1 January		**6,892,018**	6,416,923
Operations			
Total return attributable to Unitholders for the year		**433,907**	522,047
Unitholders' transactions			
Creation of Units:			
– Units issued in respect of RCS Trust's asset management fees		**6,708**	8,529
– Asset management fees paid and payable in Units		**4,961**	5,213
– Equity placement		**220,000**	217,880
– Acquisition fees paid in Units		**3,816**	–
		235,485	231,622
Issue expenses		**(3,360)**	(1,273)
Distributions to Unitholders		**(353,744)**	(303,584)
Net decrease in net assets resulting from Unitholders' transactions		**(121,619)**	(73,235)
Hedging reserve	18		
Effective portion of change in fair value of cash flow hedges		**(21,457)**	18,511
Net change in fair value of cash flow hedge reclassified to Statement of Total Return		**7,136**	13,398
Share of hedging reserves of joint ventures		**(3,668)**	1,311
		(17,989)	33,220
Fair value reserve	18	**(2,475)**	(6,901)
Foreign currency translation reserve	18	**1,256**	(36)
		(19,208)	26,283
Net assets attributable to Unitholders at 31 December		**7,185,098**	**6,892,018**
Non-controlling interests			
At 1 January		**17,143**	–
Total return attributable to non-controlling interests		**1,979**	811
Distributions to non-controlling interests		**(77)**	(659)
Acquisition of subsidiary	31	**11,233**	16,978
Translation differences from financial statements of foreign operations		**(971)**	13
At 31 December		**29,307**	17,143

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

PORTFOLIO STATEMENT

As at 31 December 2019

Group

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing Use	Carrying Value[1] 2019 $'000	Carrying Value[1] 2018 $'000	Percentage of Net Assets attributable to Unitholders 2019 %	Percentage of Net Assets attributable to Unitholders 2018 %
Investment properties – Office buildings									
Singapore									
Six Battery Road	Leasehold	999 years	805 years	6 Battery Road	Commercial	**1,438,000**	1,420,000	**20.0**	20.6
Capital Tower	Leasehold	99 years	75 years	168 Robinson Road	Commercial	**1,394,000**	1,387,000	**19.4**	20.1
21 Collyer Quay	Leasehold	999 years	830 years	21 Collyer Quay	Commercial	**466,100**	461,700	**6.5**	6.7
CapitaGreen[2]	Leasehold	99 years	53 years	138 Market Street	Commercial	**1,646,000**	1,638,000	**22.9**	23.8
Asia Square Tower 2[3]	Leasehold	99 years	87 years	12 Marina View	Commercial	**2,186,000**	2,143,000	**30.4**	31.1
Subtotal - Singapore						**7,130,100**	7,049,700	**99.2**	102.3
Frankfurt, Germany									
Gallileo[4]	Freehold	N/A	N/A	Gallusanlage 7	Commercial	**556,002**	563,934	**7.7**	8.2
Main Airport Center[5]	Freehold	N/A	N/A	Unterschweinstiege 2-14	Commercial	**405,950**	–	**5.6**	–
Subtotal - Germany						**961,952**	563,934	**13.3**	8.2
Investment properties, at valuation (Note 5)						**8,092,052**	7,613,634	**112.5**	110.5
Joint ventures (Note 8)						**1,786,105**	1,763,086	**24.8**	25.5
Equity investment (Note 9)						**38,156**	40,632	**0.5**	0.6
Asset held for sale (Note 11)						**–**	40,746	**–**	0.6
Other assets and liabilities (net)						**(2,701,908)**	(2,548,937)	**(37.4)**	(37.0)
Net assets of the Group						**7,214,405**	6,909,161	**100.4**	100.2
Non-controlling interests						**(29,307)**	(17,143)	**(0.4)**	(0.2)
Net assets attributable to Unitholders						**7,185,098**	6,892,018	**100.0**	100.0

1 The carrying value of investment properties are based on latest valuations.
2 CapitaGreen is held by MSO Trust, a wholly owned subsidiary of the Trust.
3 Asia Square Tower 2 is held by Asia Square Tower 2 Pte. Ltd. ("AST2 Co."), which is in turn held through MVKimi (BVI) Limited, (collectively referred to as "AST2 Group").
4 Gallileo is held by Gallileo Property S.a.r.l. ("Gallileo Co.") which the Group acquired on 18 June 2018.
5 Main Airport Center is held by MAC Property Company B.V., which the Group acquired on 17 September 2019.

N/A Not applicable

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

PORTFOLIO STATEMENT

As at 31 December 2019

INVESTMENT PROPERTIES

On 31 December 2019, independent valuations of Six Battery Road, Asia Square Tower 2 and CapitaGreen were undertaken by CBRE Pte. Ltd. ("CBRE"), independent valuations of Capital Tower and 21 Collyer Quay were undertaken by Cushman & Wakefield VHS Pte. Ltd. ("C&W"), independent valuation of Gallileo and Main Airport Center was undertaken by C&W (U.K.) LLP German Branch.

On 31 December 2018, independent valuations of Capital Tower, Six Battery Road, and CapitaGreen were undertaken by CBRE Pte. Ltd. ("CBRE"), independent valuation of 21 Collyer Quay ("HSBC Building") was undertaken by Cushman & Wakefield VHS Pte. Ltd. ("C&W"), independent valuation of Asia Square Tower 2 was undertaken by Knight Frank Pte. Ltd. ("Knight Frank"), while independent valuation of Gallileo was undertaken by C&W (U.K.) LLP German Branch.

The Manager believes that the independent valuers possessed appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuations were based on direct capitalisation method and/or discounted cash flow analysis. The valuations were performed on a similar basis in 2018.

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

Investment properties comprise mainly commercial properties that are leased to external customers. Generally, the leases contain an initial non-cancellable period of three years. Subsequent renewals are negotiated with the lessee. Contingent rents recognised in the Statement of Total Return of the Group amounted to $492,000 (2018: $450,000).

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

STATEMENT OF CASH FLOWS

Year ended 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000
Cash flows from operating activities			
Total return for the year before tax		**444,224**	529,190
Adjustments for:			
Amortisation of lease incentives		**4,800**	4,964
Asset management fees paid and payable in Units		**4,961**	5,213
Depreciation of plant and equipment and amortisation of intangible asset		**230**	183
Finance costs		**69,225**	84,516
Impairment losses on trade receivables		**–**	7
Interest income		**(5,761)**	(4,781)
Investment income		**(2,816)**	(3,293)
Loss on disposal of plant and equipment		**2**	130
Net increase in fair value of investment properties		**(94,652)**	(197,843)
Share of results of joint ventures		**(115,645)**	(118,097)
Operating income before working capital changes		**304,568**	300,189
Changes in working capital:			
Trade and other receivables		**(12,055)**	(5,675)
Trade and other payables		**16,832**	(8,397)
Security deposits		**2,789**	(2,396)
Cash generated from operating activities		**312,134**	283,721
Tax paid		**(5,361)**	(1,686)
Net cash from operating activities		**306,773**	**282,035**
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	31	**(386,296)**	(548,894)
Capital expenditure on investment properties		**(8,380)**	(9,626)
Compensation received on investment property	11	**40,746**	–
Distributions from equity instrument		**2,816**	3,293
Distributions from joint ventures		**96,823**	98,032
Interest income received		**5,833**	4,709
Net proceeds from divestment of investment property	32	**–**	511,257
Purchase of plant and equipment		**(45)**	(104)
Purchase of intangible asset		**(35)**	–
Net cash (used in)/from investing activities		**(248,538)**	**58,667**

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

STATEMENT OF CASH FLOWS

Year ended 31 December 2019

	Note	Group 2019 $'000	2018 $'000
Cash flows from financing activities			
Distributions to Unitholders		**(353,744)**	(303,584)
Distributions to non-controlling interest		**(77)**	(659)
Interest paid		**(65,899)**	(71,162)
Net proceeds from equity placement		**216,640**	214,331
Payment of transaction costs related to borrowings		**(2,269)**	(12,089)
Proceeds from loans and borrowings		**515,559**	2,024,919
Repayment of loans and borrowings		**(328,300)**	(2,128,756)
Repayment of loans and borrowings from NCI		**(9,591)**	(11,370)
Net cash used in financing activities		**(27,681)**	**(288,370)**
Net increase in cash and cash equivalents		**30,554**	52,332
Cash and cash equivalents at 1 January		**174,913**	122,581
Cash and cash equivalents at 31 December	13	**205,467**	174,913

Significant non-cash transactions

During the financial year ended 31 December 2019:

- 3,628,744 (2018: 4,630,217) Units were issued as payments of asset management fees in relation to the Group's 60% interest in RCS Trust, which is payable in Units to the Manager, amounting to a value of $6,708,000 (2018: $8,529,000);

- 2,828,492 (2018: 1,653,482) Units were issued as payments of asset management fees in relation to Asia Square Tower 2 (2018: One George Street, Wilkie Edge and Asia Square Tower 2) which is payable in Units to the Manager, amounting to a value of $4,961,000 (2018: $5,213,000); and

- 1,787,384 (2018: Nil) Units were issued as acquisition fees to the Manager in relation to the acquisition of MAC Property Company B.V. and MAC Car Park Company B.V..

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

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 27 February 2020.

1 GENERAL

CapitaLand Commercial Trust (the "Trust") is a Singapore-domiciled unit trust established pursuant to the trust deed dated 6 February 2004 (as amended) (the "Trust Deed") between CapitaLand Commercial Trust Management Limited (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of Units in the Trust (the "Units").

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 11 May 2004 and was included under the Central Provident Fund ("CPF") Investment Scheme on 11 May 2004.

The consolidated financial statements of the Group as at and for the year ended 31 December 2019 comprise the Trust and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in its joint ventures.

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

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

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

(i) *Property management fees*

Under the property management agreements, property management fees are charged at 3.00% per annum of the net property income of the properties except for 21 Collyer Quay which is charged at 0.25% per annum of the net property income, for as long as the Hongkong and Shanghai banking Corporation Limited is the sole tenant and is responsible for the property maintenance of the said property.

The property management fees are payable monthly in arrears.

(ii) *Asset management fees*

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

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

1 GENERAL (continued)

(ii) Asset management fees (continued)

"Deposited Property" refers to all the assets of the Trust, including all its authorised investments for the time being held or deemed to be held upon the trusts of the Trust Deed.

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

(iii) Acquisition fee and divestment fee

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

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

(iv) Trustee's fees

Pursuant to Clause 15.3 of the Trust Deed, the Trustee's fees shall not exceed 0.10% per annum of the value of Deposited Property, subject to a minimum sum of $8,000 per month payable out of the Deposited Property of the Trust. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

The Trustee's fees are payable quarterly in arrears.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants ("ISCA"), the applicable requirements of the Code on Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires that accounting policies adopted should generally comply with the principles relating to recognition and measurement in the Singapore Financial Reporting Standards ("FRS").

2.2 Basis of measurement

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

2 BASIS OF PREPARATION (continued)

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Trust's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of the financial statements in conformity with RAP 7 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

- Note 5 – Valuation of investment properties

Measurement of fair values

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

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

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

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

- Note 5 – Valuation of investment properties
- Note 28 – Valuation of financial instruments

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (continued)

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the recognition and measurement principles of the following FRS and amendments to FRS for the annual period beginning on 1 January 2019:

- FRS 116 *Leases*
- Amendments to FRS 109, FRS 39 and FRS 107 *Interest Rate Benchmark Reform*

(a) FRS 116 *Leases*

The Group applied the principles of FRS 116 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under the principles of FRS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in FRS 116 have not generally been applied to comparative information.

Definition of a lease

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

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

As a lessee

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 FRS 116, the Group recognises right-of-use assets and lease liabilities – i.e. these leases are on-balance sheet.

Leases classified as operating leases under FRS 17

The Trust leases a property from its subsidiary. The property interest held under an operating lease was previously accounted for as investment property using the fair value model in FRS 40 by applying the principle under FRS 17. For this lease, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amounts of the lease asset and lease liability under FRS 40 immediately before that date.

2 BASIS OF PREPARATION (continued)

2.5 Changes in accounting policies (continued)

(a) FRS 116 *Leases* *(continued)*

As a lessor

The Group leases out its investment properties. 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.

The adoption of FRS 116 did not have a material effect on the Group's and the Trust's financial statements.

(b) Amendments to FRS 109, FRS 39 and FRS 107 *Interest Rate Benchmark Reform*

The Group applied the interest rate benchmark reform amendments retrospectively to hedging relationship that existed at 1 January 2019 or were designated thereafter and that are directly affected by interest rate benchmark reform. These amendments also apply to the gain or loss recognised in the Statements of Unitholders Funds that existed at 1 January 2019. The details of the accounting policies are disclosed in Note 3.7. Refer to Note 28 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 2.5, which addresses the changes in accounting policies.

3.1 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:

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

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

When the excess is negative, a bargain purchase gain is recognised immediately in the Statement of Total Return.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

***Business combinations** (continued)*

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the Statement of Total Return.

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

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

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

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in the Statement of Total Return. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Business combinations and property acquisitions

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

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

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

Subsidiaries

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

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI 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.

Investments in joint ventures

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transactions costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Transactions eliminated on consolidation

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

Accounting for subsidiaries and joint ventures by the Trust

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

3.2 Plant and equipment

Recognition and measurement

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Plant and equipment (continued)

Recognition and measurement *(continued)*

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

Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in the Statement of Total Return as incurred.

Depreciation

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

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

- Furniture, fittings and equipment 2 to 5 years

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

3.3 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in the Statement of Total Return.

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Intangible asset

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

3.5 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 FRS 17 and INT FRS 104 are disclosed separately.

Policy applicable from 1 January 2019

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

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

(i) As a lessee

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

The Group recognises a right-of-use asset 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 remeasurement of the lease liability.

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Leases (continued)

Policy applicable from 1 January 2019 (continued)

(i) As a lessee (continued)

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

Lease payments included in the measurement of the lease liability comprise inter alia 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.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured inter alia when there is a change in future lease payments arising from a change in an index or rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in Statement of Total Return if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'plant and equipment' in the Statement of Financial Position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. 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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Leases (continued)

Policy applicable from 1 January 2019 (continued)

(ii) As a lessor (continued)

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.

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.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from FRS 116.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(i) As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

In respect of a property interest held by the Group under an operating lease, and for which the property interest meets the definition of an investment property, the Group has an accounting policy choice whether to account for such property interest as if it were a finance lease.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Leases (continued)

Policy applicable before 1 January 2019 (continued)

(i) As a lessee (continued)

Except for the above, assets held under other leases were classified as operating leases and were not recognised in the Group's Statements of Financial Position. Payments made under operating leases were recognised in Statement of Total Return on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(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.

3.6 Foreign currency

Foreign currency transactions

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).

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in the Statement of Total Return, except for differences arising on the translation of monetary items that in substance form part of the Group's net investment in a foreign operation (Note 3.6) or qualifying cash flow hedges to the extent that the hedge is effective.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Foreign currency (continued)

Foreign operations

The assets and liabilities of foreign operations 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 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 NCI. When a foreign operation is disposed of such that control, significant influence 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 an associate or joint venture that includes a foreign operation while retaining significant influence or 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 to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in Unitholders' funds and are presented in the foreign currency translation reserve.

Hedge of net investment in foreign operation

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the Trust's functional currency (Singapore Dollars) for certain foreign investments.

In the Trust's financial statements, foreign currency differences arising from the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in the Statement of Total Return. On consolidation, such differences are recognised in the foreign currency translation reserve in Unitholders' funds, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in the Statement of Total Return. When the hedged net investment is disposed of, the cumulative amount in the foreign currency translation reserve is transferred to the Statement of Total Return as part of the gain or loss on disposal.

3.7 Financial instruments

(i) Initial recognition

Non-derivative financial assets and financial liabilities

Trade receivables issued 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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Financial instruments (continued)

(ii) Classification and subsequent measurement

Non-derivative financial assets

The Group classifies its non-derivative financial assets into the following measurement categories:

- amortised cost; or
- fair value through other comprehensive income ("FVOCI").

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

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

Financial assets at amortised cost

Initial measurement

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

Subsequent measurement

Financial assets at amortised cost are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest rate are subsequently measured at amortised cost. Interest income, foreign exchange gains and losses and impairment are recognised in the Statement of Total Return. Any gain or loss on derecognition is recognised in the Statement of Total Return.

Equity investments at FVOCI

Initial measurement

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in Unitholders' funds. This election is made on an investment-by-investment basis.

Subsequent measurement

These assets are subsequently measured at fair value. Dividends are recognised as income in the Statement of Total Return unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in Unitholders' funds and are never reclassified to the Statement of Total Return.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

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.

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Financial instruments (continued)

(v) Derivative financial instruments and hedge accounting

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

Derivatives are 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, unless it is designated in a hedge relationship that qualified for hedge accounting.

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.

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 foreign exchange rates and interest rates.

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

For all hedged transactions, the amount accumulated in the hedging reserve reclassified to the Statement of Total Return in the same period or periods during which the hedged expected future cash flows affect the Statement of Total Return.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in Unitholders' funds until it is reclassified to the Statement of Total Return in the same period or periods as the hedged expected future cash flows affect the Statement of Total Return.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve are immediately reclassified to the Statement of Total Return.

The Group early adopted the principles of the amendments to FRS 109, FRS 39 and FRS 107 issued in December 2019 in relation to the project on interest rate benchmark reform ("the amendments").

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Financial instruments (continued)

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

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

A hedging relationship is directly affected by the uncertainties arising from the IBOR reform with respect to the hedged risk and the timing and the amount of the interest rate benchmark-based cash flows of the hedged item and hedging instrument. For the purpose of evaluating whether the hedging relationship meets the hedge effectiveness requirements, 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 prospectively when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the hedged risk and the timing and the amount of the interest rate benchmark-based cash flows of the hedged item and hedging instrument, or when the hedging relationship is discontinued.

Net investment hedges

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

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 in Unitholders' funds and presented in the foreign currency translation reserve within Unitholders' funds. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in the Statement of Total Return. The amount recognised in Unitholders' funds is reclassified to the Statement of Total Return as a reclassification adjustment on disposal of the foreign operation.

3.8 Impairment

Non-derivative financial assets

The Group recognises loss allowance for expected credit losses ("ECLs") on its financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument; or
- 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).

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Impairment (continued)

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Impairment (continued)

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; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the Statements of Financial Position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsidiaries and joint ventures

An impairment loss in respect of a subsidiary or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in the Statement of Total Return. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amounts are estimated. An impairment loss is recognised 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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Impairment (continued)

Non-financial assets *(continued)*

Impairment losses are recognised in the Statement of Total Return. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 Unitholders' funds

Unitholders' funds represent the Unitholders' residual interest in the Group's net assets upon termination and is classified as equity.

Incremental costs directly attributable to the issue of Units are recognised as a deduction from equity.

3.10 Revenue recognition

Rental income

Rental income from investment properties is recognised in the Statement of Total Return on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rentals, which include gross turnover rental, are recognised as income in the accounting period on a receipt basis. No contingent rentals are recognised if there are uncertainties due to the possible return of amounts received.

Car park income

Car park income is recognised in the Statement of Total Return on an accrual basis.

Interest income

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Revenue recognition (continued)

Investment income

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

Other income

Other income is recognised in the Statement of Total Return on an accrual basis.

3.11 Government grants

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

3.12 Expenses

Property operating expenses

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

Property operating expenses are recognised on an accrual basis.

Asset management fees

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

Trustee's fees

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

3.13 Tax

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

Current tax is the expected tax payable on the taxable income or loss 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 also includes any tax arising from dividends.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Tax (continued)

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.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Tax (continued)

Individuals and Qualifying Unitholders are entitled to receive taxable income distributions at gross from the Trust. For other types of Unitholders (other than qualifying foreign non-individual Unitholders, including, for distributions made on or after 1 July 2019, qualifying non-resident funds), the Trust is required to withhold tax at the prevailing corporate tax rate (currently 17%) on the taxable income distributions made by the Trust. Such Unitholders are subject to tax on the regrossed amounts of the distributions received but may claim a credit for the tax deducted at source at the prevailing corporate tax rate (currently 17%) by the Trust. Qualifying foreign non-individual Unitholders, including, for distributions made on or after 1 July 2019, qualifying non-resident funds, are entitled to receive taxable income distributions net of withholding tax at a reduced rate of 10% for distributions made on or before 31 December 2025.

A Qualifying Unitholder is a Unitholder who is:

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

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

(c) a Singapore branch of a foreign company;

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

(e) an international organisation that is exempt from tax on such distributions by virtue of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145);

(f) real estate investment trust exchange-traded funds which have been accorded the tax transparency treatment (in respect of distributions made on or before 31 December 2025); or

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

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

3.14 Finance costs

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

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset, or the amortised cost of the financial liability.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Finance costs (continued)

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the Statement of Total Return using the effective interest method.

3.15 Earnings per unit

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

3.16 Segment reporting

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

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

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

3.17 New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group and the Trust has not early applied the principles under the following new or amended standards in preparing these 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*

The Group has performed a preliminary impact assessment of adoption the new standards based on currently available information and the Group does not expect the adoption of new standards to have a significant impact on the Group's and the Trust's financial statements. This assessment may be subject to changes arising from ongoing analysis, until the Group adopts the new standards.

4 PLANT AND EQUIPMENT

		Group		Trust	
	Note	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Furniture, fittings, and equipment					
Cost					
At 1 January		**1,722**	1,912	**1,648**	1,838
Acquisition of subsidiaries	31	**1,416**	–	**–**	–
Additions		**189**	104	**41**	102
Disposals		**(74)**	(294)	**(72)**	(292)
Translation difference		**(39)**	–	**–**	–
At 31 December		**3,214**	1,722	**1,617**	1,648
Accumulated depreciation					
At 1 January		**929**	910	**858**	858
Charge for the year		**225**	183	**106**	163
Disposals		**(72)**	(164)	**(70)**	(163)
Translation difference		**(2)**	–	**–**	–
At 31 December		**1,080**	929	**894**	858
Carrying amounts					
At 1 January		**793**	1,002	**790**	980
At 31 December		**2,134**	793	**723**	790

5 INVESTMENT PROPERTIES

		Group		Trust	
	Note	2019 $'000	2018 $'000	2019 $'000	2018 $'000
At 1 January		**7,613,634**	7,408,000	**3,605,700**	3,698,000
Acquisition of investment property	31	**407,405**	556,083	**–**	–
Capital expenditure		**11,622**	12,998	**6,847**	10,987
Disposal of investment properties		**–**	(516,000)	**–**	(516,000)
Effect of lease incentives amortisation		**(3,855)**	(4,114)	**–**	–
Inception of master lease		**–**	–	**–**	138,520
Net change in fair value of investment properties		**94,652**	197,843	**(3,447)**	314,939
Reclassification to asset held for sale	11	**–**	(40,746)	**–**	(40,746)
Translation difference		**(31,406)**	(430)	**–**	–
At 31 December		**8,092,052**	7,613,634	**3,609,100**	3,605,700

5 INVESTMENT PROPERTIES (continued)

Investment properties held by the Group and the Trust were stated at fair value based on valuations performed by independent professional valuers.

As at 31 December 2019, the Group's investment properties with carrying amount of $962 million (2018: $2,202 million) was pledged as security to banks to secure bank facilities (refer to Note 14).

As at 31 December 2019 and 2018, all investment properties held by the Trust were unencumbered.

On 1 January 2018, the Trust entered into a Master Lease Arrangement ("MLA") with a subsidiary, AST2 Co. to lease Asia Square Tower 2 ("AST2") for a period of 21 years, in line with the Trust's principal activity to invest in and hold commercial properties to earn rental income and capital appreciation. Consequently, the Trust had elected to classify and account for its property interest in Asia Square Tower 2 held under an operating lease as an investment property.

Fair value hierarchy

The fair value of investment properties was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

The fair value measurement for investment properties for the Group and Trust have been categorised as level 3 fair values based on inputs to the valuation techniques used.

Level 3 fair value

There were no transfers between levels during the year (2018: Nil).

Valuation technique

Investment properties are stated at fair value based on valuations performed by independent professional valuers. In determining the fair value, the valuations adopted by the valuers includes capitalisation method and discounted cashflow method.

The capitalisation method is an investment approach whereby the estimated gross passing income (on both a passing and market rent basis) is adjusted to reflect anticipated operating costs and ongoing vacancy to produce a net income on a fully leased basis. The adopted fully leased net income is capitalised over the remaining term of the land lease from the valuation date at an appropriate capitalisation rate.

The discounted cash flow method involves the estimation and projection of a net income stream over a period and discounting the net income stream with an internal rate of return to arrive at the market value.

The above valuation methods involve estimates. The Manager reviews the key valuation parameters and underlying data including market-corroborated capitalisation, discount and terminal yield rates adopted by the valuers and is of the view that the estimates are reflective of the current market conditions as at the reporting date.

5 INVESTMENT PROPERTIES (continued)

Significant unobservable inputs

The following table shows the significant unobservable inputs used in the measurement of fair value of investment properties:

Valuation techniques	Significant unobservable inputs	Range	Inter-relationship between key unobservable inputs and fair value measurement
Group			
Discounted cashflow method	Discount rate	Singapore 6.75% (2018: 6.75%) Germany: 2.93% – 3.50% (2018: 3.15%[1])	The estimated fair value increases with a lower discount rate
	Terminal yield	Singapore 3.45% – 4.20% (2018: 3.50% – 4.25%) Germany 3.90% – 4.25% (2018: 3.90%[1])	The estimated fair value increases with a lower terminal yield
Capitalisation method	Capitalisation rate	Singapore 3.45% – 3.95% (2018: 3.50% – 4.00%)	The estimated fair value increases with a lower capitalisation rate
Trust			
Discounted cashflow method	Discount rate	6.75% – 7.05% (2018: 6.75%)	The estimated fair value increases with a lower discount rate
	Terminal yield	3.45% – 3.80% (2018: 3.5% – 3.85%)	The estimated fair value increases with a lower terminal yield
Capitalisation method	Capitalisation rate	3.45% – 3.55% (2018: 3.5% – 3.6%)	The estimated fair value increases with a lower capitalisation rate

1 Excludes Main Airport Center, which the Group acquired on 17 September 2019.

6 INTANGIBLE ASSETS

	Software $'000	Yield stabilization sum $'000	Total $'000
Group			
Cost			
At 1 January 2018	–	17,100	17,100
Write-off	–	(17,100)	(17,100)
At 31 December 2018	–	–	–
Additions	35	–	35
At 31 December 2019	**35**	**–**	**35**
Accumulated amortisation			
At 1 January 2018	–	17,100	17,100
Write-off	–	(17,100)	(17,100)
At 31 December 2018	–	–	–
Amortisation for the year	5	–	5
At 31 December 2019	**5**	**–**	**5**
Carrying amounts			
At 1 January 2018 / 31 December 2018	–	–	–
At 31 December 2019	**30**	**–**	**30**
Trust			
Cost			
At 1 January 2018	–	17,100	17,100
Write-off	–	(17,100)	(17,100)
At 31 December 2018	–	–	–
Additions	26	–	26
At 31 December 2019	**26**	**–**	**26**
Accumulated amortisation			
At 1 January 2018	–	17,100	17,100
Write-off	–	(17,100)	(17,100)
At 31 December 2018	–	–	–
Amortisation for the year	5	–	5
At 31 December 2019	**5**	**–**	**5**
Carrying amounts			
At 1 January 2018 / 31 December 2018	–	–	–
At 31 December 2019	**21**	**–**	**21**

The yield stabilization sum received by the Group in relation to Twenty Anson, an investment property previously held by the Group, was to top up any shortfall in the property income. In 2018, Twenty Anson was divested, and accordingly the balance was written off.

7 SUBSIDIARIES

	Trust 2019 $'000	2018 $'000
Unquoted equity investments, at cost	**1,884,811**	1,269,811
Loans to subsidiaries		
– Interest-bearing	**1,232,444**	1,671,783
– Non-interest-bearing	**959,022**	766,311
	4,076,277	3,707,905

Loans to subsidiaries are unsecured and repayable on demand with a notice period of twelve months. The loans to subsidiaries are not expected to be repaid in the next twelve months. The interest-bearing loans bear an effective interest rate of 1.095% – 3.327% (2018: 1.095% – 4.2%) per annum.

Details of the subsidiaries are as follows:

Name of subsidiaries	Place of incorporation/ business	Ownership interest 2019 %	2018 %
CCT MTN Pte. Ltd. ("CCT MTN")[1]	Singapore	**100**	100
MSO Trust[1]	Singapore	**100**	100
Asia Square Tower 2 Pte. Ltd. ("AST2 Co.")[1, 2]	Singapore	**100**	100
MVKimi (BVI) Limited[3]	British Virgin Islands/Singapore	**100**	100
Gallileo Property S.a.r.l. ("Gallileo Co.")[4]	Luxembourg/Germany	**94.9**	94.9
CCT Galaxy One Pte. Ltd.[1]	Singapore	**100**	100
CCT Galaxy Two Pte. Ltd.[1]	Singapore	**100**	100
MAC Property Company B.V.[3]	Netherlands/Germany	**94.9**	–
MAC Car Park Company B.V.[3]	Netherlands/Germany	**94.9**	–
CCT Mercury One Pte. Ltd.[1]	Singapore	**100**	–

1 Audited by KPMG LLP Singapore
2 Indirectly held through MVKimi (BVI) Limited
3 These are non-significant entities and are not subject to audit by laws of countries of incorporation
4 Audited by KPMG Luxembourg, Société cooperative

MSO Trust

MSO Trust is an unlisted special purpose trust constituted under a trust deed ("Trust Deed of MSO Trust") dated 15 June 2011 (as amended). HSBC Institutional Trust Services (Singapore) Limited and CapitaLand Commercial Trust Management Limited is the Trustee and Trust Manager of MSO Trust respectively. MSO Trust holds CapitaGreen, a Grade A office tower.

Based on the unitholder's loan agreements dated 31 August 2016 and 31 August 2018 between the Trust and MSO Trust, the Trust agreed to make available to MSO Trust one or more loans up to an aggregate principal of $794.0 million and $404.0 million respectively, for the purpose of refinancing its bank loan and working capital needs or general corporate funding purpose. At 31 December 2019, the Trust had provided a total of $404.0 million (2018: $839.0 million) as unitholder's loan to MSO Trust.

7 SUBSIDIARIES (continued)

MSO Trust (continued)

As at 31 December 2018, the Trust has also provided undertakings on security margin, in respect of its 100.0% interest on the $300.0 million bank facility granted to MSO Trust. At 31 December 2018, $180.0 million had been drawn down under the bank facility.

On 7 October 2019, MSO Trust has settled its bank loans in full through issuance of units to the Trust. Accordingly, the full secured loan facilities were terminated and all security on MSO Trust on the bank facility were fully discharged and released and the undertakings from the Trust has ceased.

8 JOINT VENTURES

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Investments in joint ventures	**1,627,255**	1,604,236	**1,276,676**	1,269,968
Loans to joint ventures	**158,850**	158,850	**158,850**	158,850
	1,786,105	1,763,086	**1,435,526**	1,428,818

Loans to joint ventures are unsecured and bear an average effective interest rate of 2.5% (2018: 2.5%) per annum. The loans have no fixed terms of repayment and are not expected to be repaid in the next twelve months from the reporting date.

Details of the joint ventures are as follows:

Name of joint ventures	Place of incorporation/ business	Ownership interest 2019 %	2018 %
RCS Trust[1]	Singapore	**60**	60
One George Street LLP[1]	Singapore	**50**	50
Glory Office Trust[1]	Singapore	**45**	45
Glory SR Trust[1]	Singapore	**45**	45

1 Audited by KPMG LLP Singapore

RCS Trust

RCS Trust is an unlisted special purpose trust constituted under a trust deed ("Trust Deed of RCS Trust") dated 18 July 2006 (as amended) entered into between HSBC Institutional Trust Services (Singapore) Limited as trustee-manager ("Trustee-Manager") of RCS Trust, HSBC Institutional Trust Services (Singapore) Limited as trustee of CapitaLand Mall Trust ("CMT"), the Trustee, CapitaLand Mall Trust Management Limited as Manager of CMT, and the Manager. RCS Trust is 60% owned by the Trust and 40% owned by CMT. RCS Trust holds Raffles City Singapore, an integrated development which comprise retail, hotel, convention centre and office.

8 JOINT VENTURES (continued)

One George Street LLP

One George Street LLP ("OGS LLP") is a limited liability partnership formed on 28 April 2017 between HSBC Institutional Trust Services (Singapore) Limited as Trustee of CapitaLand Commercial Trust ("the Trust") and OGS (II) Limited (the "JV Partner"), a special purpose vehicle owned by insurer FWD Group (which is unrelated to the Trust). OGS LLP is 50% owned by the Trust and the JV Partner respectively. OGS LLP holds One George Street, a Grade A office tower.

Glory Office Trust and Glory SR Trust

Glory Office Trust ("GOT") and Glory SR Trust ("GSRT") are unlisted special purpose trusts constituted under trust deed dated 28 February 2017, entered between CL Office Trustee Pte. Ltd. and Glory SR Trustee Pte. Ltd. as trustee-manager of GOT and GSRT respectively, the Trustee and the Manager.

On 12 July 2017, the Trustee and the Manager entered into a joint venture agreement with CapitaLand Singapore Limited ("CLS") and Mitsubishi Estate Asia Pte. Ltd. ("MEA"). Under the agreement, the Trust, CLS and MEA own 45%, 45% and 10% equity interest respectively in GOT and GSRT respectively.

The special purpose trusts will carry out the re-development of the former Golden Shoe Car Park to an integrated commercial and serviced residence development, CapitaSpring.

Based on the unitholder's loan agreements dated 22 September 2017 between the Trust and GOT and GSRT respectively, the Trust agreed to make available to GOT and GSRT one or more loans up to an aggregate principal amount of $536.0 million, for the purpose of joint re-development. As at 31 December 2019, the Trust had provided a total of $158.9 million (2018: $158.9 million) as unitholder's loan to GOT and GSRT.

The Trust has also provided sponsors' undertakings on cost overrun, interest shortfall, security margin and project completion, in respect of its 45% interest in each of GOT and GSRT, on the $1,180.0 million bank facility granted to GOT and GSRT. As at 31 December 2019, the amount drawn down under the bank facility was $792.0 million (2018: $650.0 million).

8 JOINT VENTURES (continued)

The following table summarises the financial information of joint ventures, based on the financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition, not adjusted for the percentage ownership held by the Group.

	RCS Trust $'000	OGS LLP $'000	GOT $'000	GSRT $'000
2019				
Gross revenue	233,068	51,290	–	–
Expenses[1]	(107,083)	(30,464)	(1,468)	(298)
Net increase in fair value of investment property	38,743	2,939	8,218	4,493
Total return for the year	164,728	23,765	6,750	4,195
[1] Include:				
– depreciation	(49)	(12)	–	–
– interest income	59	–	–	–
– interest expense	(33,912)	(14,017)	–	–
– income tax expense	–	–	–	–
Non-current assets[2, 3]	3,384,763	1,144,031	1,171,074	211,174
Current assets[4]	13,268	22,888	12,910	1,318
Current liabilities[5]	(216,649)	(22,398)	(31,432)	(5,662)
Non-current liabilities[6]	(1,071,247)	(587,185)	(990,230)	(174,891)
Net assets	2,110,135	557,336	162,322	31,939
[2] Include investment properties	3,384,000	1,144,000	–	–
[3] Include investment properties under development	–	–	1,171,074	211,174
[4] Include cash and cash equivalents	11,712	22,162	8,333	1,302
[5] Include current financial liabilities (excluding trade and other payables and provisions)	(120,107)	–	–	–
[6] Include non-current financial liabilities (excluding trade and other payables and provisions)	(1,053,201)	(578,314)	(990,230)	(174,891)

	RCS Trust $'000	OGS LLP $'000	GOT $'000	GSRT $'000	Total $'000
Group's interest in net assets of investee at 1 January	1,241,115	278,455	71,865	12,801	1,604,236
Increase in investment in joint venture with no change in effective interest[7]	6,708	–	–	–	6,708
Share of total return for the year	98,836	11,882	3,039	1,888	115,645
Share of movement in hedging reserves for the year	(1,493)	–	(1,859)	(316)	(3,668)
Distributions received and receivable during the year	(83,997)	(11,669)	–	–	(95,666)
Carrying amount of interest in investee at 31 December	1,261,169	278,668	73,045	14,373	1,627,255
Group's share of joint ventures' capital commitment	4,932	1,653	116,395	16,330	139,310

[7] Increase in investment by way of issuance of units

8 JOINT VENTURES (continued)

	RCS Trust $'000	OGS LLP $'000	GOT $'000	GSRT $'000
2018				
Gross revenue	230,547	50,197	–	–
Expenses[1]	(102,659)	(26,783)	(3,053)	(498)
Net increase in fair value of investment property	33,751	22,010	–	–
Total return for the year	161,639	45,424	(3,053)	(498)
[1] Include:				
– depreciation	(81)	(3)	–	–
– interest income	28	–	–	–
– interest expense	(29,657)	(12,070)	–	–
– income tax expense	–	–	–	–
Non-current assets[2, 3]	3,322,747	1,139,006	1,041,955	174,268
Current assets[4]	16,356	19,135	13,838	761
Current liabilities[5]	(102,211)	(14,721)	(29,202)	(4,741)
Non-current liabilities[6]	(1,160,320)	(586,511)	(866,891)	(141,842)
Net assets	2,076,572	556,909	159,700	28,446
[2] Include investment properties	3,322,000	1,139,000	–	–
[3] Include investment properties under development	–	–	1,041,571	174,205
[4] Include cash and cash equivalents	14,331	17,605	11,414	735
[5] Include current financial liabilities (excluding trade and other payables and provisions)	–	–	–	–
[6] Include non-current financial liabilities (excluding trade and other payables and provisions)	(1,148,048)	(577,176)	(866,891)	(141,841)

	RCS Trust $'000	OGS LLP $'000	GOT $'000	GSRT $'000	Total $'000
Group's interest in net assets of investee at 1 January	1,220,012	267,894	72,482	12,902	1,573,290
Increase in investment in joint venture with no change in effective interest[7]	8,529	–	–	–	8,529
Share of total return for the year	96,984	22,712	(1,375)	(224)	118,097
Share of movement in hedging reserves for the year	430	–	758	123	1,311
Distributions received and receivable during the year	(84,840)	(12,151)	–	–	(96,991)
Carrying amount of interest in investee at 31 December	1,241,115	278,455	71,865	12,801	1,604,236
Group's share of joint ventures' capital commitment	21,608	576	153,326	26,842	202,352

[7] Increase in investment by way of issuance of units

9 EQUITY INVESTMENT

	Group and Trust	
	2019	2018
	$'000	$'000
Quoted investment at FVOCI	**38,156**	40,632

Quoted investment represents the Group's and Trust's 10.9% (2018: 10.9%) interest in MRCB-Quill REIT ("MQREIT").

The principal activity of MQREIT is to own and invest in commercial properties, primarily in Malaysia.

10 FINANCIAL DERIVATIVES

	Group		Trust	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Non-current assets				
Interest rate swaps	**–**	1,280	**–**	982
Cross currency swaps	**4,745**	6,068	**4,745**	6,068
	4,745	7,348	**4,745**	7,050
Current assets				
Forward exchange contracts	**269**	–	**269**	–
Current liabilities				
Forward exchange contracts	**22**	–	**22**	–
Interest rate swaps	**760**	–	**760**	–
Cross currency swaps	**–**	24,197	**–**	24,197
	782	24,197	**782**	24,197
Non-current liabilities				
Interest rate swaps	**2,060**	1,141	**2,060**	187
Cross currency swaps	**3,529**	2,584	**3,529**	2,584
	5,589	3,725	**5,589**	2,771

At the reporting date, the notional principal amounts of the financial derivatives were as follows:

	Group		Trust	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Interest rate swaps	**747,600**	927,600	**747,600**	747,600
Cross currency swaps	**402,115**	425,750	**402,115**	425,750
Forward exchange contracts	**15,715**	–	**15,715**	–
	1,165,430	1,353,350	**1,165,430**	1,173,350

The hedge relationships for which hedge accounting have been adopted are effective in the financial years ended 31 December 2019 and 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

10 FINANCIAL DERIVATIVES (continued)

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the Statements of Financial Position.

The Group entered into International Swaps and Derivatives Association ("ISDA") Master Agreements with various bank counterparties ("ISDA Master Agreement"). In certain circumstances following the occurrence of a termination event as set out in an ISDA Master Agreement, all outstanding transactions under such ISDA Master Agreement may be terminated and the early termination amount payable to one party under such agreements may be offset against amounts payable to the other party such that only a single net amount is due or payable in settlement of all transactions.

In accordance with accounting standards, the swaps presented below are not offset in the Statements of Financial Position as the right of set-off of recognised amounts is enforceable only following the occurrence of a termination event as set out in such ISDA Master Agreement. In addition the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Financial instruments that are subject to an enforceable master netting arrangements

	Gross amounts of recognised financial instruments $'000	Gross amounts of recognised financial instruments offset in the Statement of Financial Position $'000	Net amounts of financial instruments included in the Statement of Financial Position $'000	Related financial instruments that are not offset $'000	Net amount $'000
Group					
31 December 2019					
Financial assets					
Forward exchange contracts	**269**	**–**	**269**	**(22)**	**247**
Cross currency swaps	**4,745**	**–**	**4,745**	**(1,180)**	**3,565**
Financial liabilities					
Interest rate swaps	**2,820**	**–**	**2,820**	**–**	**2,820**
Cross currency swaps	**3,529**	**–**	**3,529**	**(1,180)**	**2,349**
Forward exchange contracts	**22**	**–**	**22**	**(22)**	**–**
31 December 2018					
Financial assets					
Interest rate swaps	1,280	–	1,280	(484)	796
Cross currency swaps	6,068	–	6,068	(6,068)	–
Financial liabilities					
Interest rate swaps	1,141	–	1,141	(484)	657
Cross currency swaps	26,781	–	26,781	(6,068)	20,713

10 FINANCIAL DERIVATIVES (continued)

Financial instruments that are subject to an enforceable master netting arrangements *(continued)*

	Gross amounts of recognised financial instruments $'000	Gross amounts of recognised financial instruments offset in the Statement of Financial Position $'000	Net amounts of financial instruments included in the Statement of Financial Position $'000	Related financial instruments that are not offset $'000	Net amount $'000
Trust					
31 December 2019					
Financial assets					
Forward exchange contracts	**269**	**–**	**269**	**(22)**	**247**
Cross currency swaps	**4,745**	**–**	**4,745**	**(1,180)**	**3,565**
Financial liabilities					
Interest rate swaps	**2,820**	**–**	**2,820**	**–**	**2,820**
Cross currency swaps	**3,529**	**–**	**3,529**	**(1,180)**	**2,349**
Forward exchange contracts	**22**	**–**	**22**	**(22)**	**–**
31 December 2018					
Financial assets					
Interest rate swaps	982	–	982	(187)	795
Cross currency swaps	6,068	–	6,068	(6,068)	–
Financial liabilities					
Interest rate swaps	187	–	187	(187)	–
Cross currency swaps	26,781	–	26,781	(6,068)	20,713

11 ASSET HELD FOR SALE

At 31 December 2018, asset held for sale relates to Bugis Village, which was returned to the lessor on 1 April 2019. The fair value of Bugis Village at 31 December 2018 was based on the agreed sum payable by the lessor of $40,746,000.

12 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Trade receivables	**1,210**	1,555	**860**	1,448
Amounts due from related parties (trade)	**13**	–	**13**	–
Amounts due from subsidiaries (non-trade)	**–**	–	**30,552**	30,276
Amounts due from joint ventures (non-trade)	**32,731**	29,917	**32,731**	29,917
Deposit	**592**	207	**31**	37
Other receivables	**8,641**	5,887	**5,846**	5,022
	43,187	37,566	**70,033**	66,700
Net VAT receivable	**2,502**	–	**–**	–
Prepayments	**16,104**	11,789	**3,814**	3,463
	61,793	49,355	**73,847**	70,163

Amounts due from subsidiaries, joint ventures and related parties

Outstanding balances with subsidiaries and related parties are unsecured. There is no allowance for credit losses arising from these outstanding balances as the ECL is not material (2018: Nil).

Credit risks and impairment losses

The Group's and the Trust's exposure to credit risks and impairment losses for trade and other receivables are disclosed in Note 28.

13 CASH AND CASH EQUIVALENTS

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Cash at bank and in hand	**205,467**	124,913	**162,038**	94,106
Fixed deposits with financial institutions	**–**	50,000	**–**	50,000
Cash and cash equivalents in the statement of cash flows	**205,467**	174,913	**162,038**	144,106

The weighted average effective interest rates relating to cash and cash equivalents at the reporting date for the Group and Trust were 0.44% (2018: 0.21%) and 0.51% (2018: 0.24%) per annum respectively.

14 LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's and the Trust's loans and borrowings.

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Current liabilities				
Revolving credit facilities (unsecured)	**42,746**	–	**42,746**	–
Medium term note (unsecured)	**–**	120,800	**–**	–
Amounts due to a subsidiary (unsecured)	**–**	–	**–**	120,800
	42,746	120,800	**42,746**	120,800
Non-current liabilities				
Term loans (secured)	**392,550**	317,446	**–**	–
Term loans (unsecured)	**1,090,686**	923,351	**1,090,686**	923,351
Revolving credit facilities (secured)	**–**	80,000	**–**	–
Revolving credit facilities (unsecured)	**147,457**	165,992	**147,457**	165,992
Medium term notes (unsecured)	**1,137,071**	1,006,393	**–**	–
Amounts due to a subsidiary (unsecured)	**–**	–	**1,137,071**	1,006,393
	2,767,764	2,493,182	**2,375,214**	2,095,736

14 LOANS AND BORROWINGS (continued)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate	Year of maturity	2019 Face value $'000	2019 Carrying amount $'000	2018 Face value $'000	2018 Carrying amount $'000
Group						
Secured						
Floating rates						
SGD bank loans	SOR[1] + margin	2020	**–**	**–**	180,000	179,652
Fixed rates						
EUR bank loans	0.75% to 1.33%	2025 to 2026	**393,781**	**392,550**	218,579	217,794
Unsecured						
Floating rates						
SGD bank loans	SOR[1] + margin	2020 to 2023	**790,735**	**789,322**	767,100	764,790
JPY Medium Term Notes	3M LIBOR[2] + margin	2021 to 2023	**175,000**	**186,399**	175,000	179,993
Fixed rates						
EUR bank loans	0.475% to 1.175%	2023 to 2026	**493,295**	**491,567**	325,917	324,552
SGD Medium Term Notes	2.77% to 3.327%	2021 to 2025	**725,000**	**724,076**	725,000	723,903
JPY Medium Term Notes	1.35875%	2019	**–**	**–**	148,300	120,800
JPY Medium Term Notes	0.729%	2027	**124,665**	**124,899**	–	–
HKD Medium Term Notes	2.27%	2021	**102,450**	**101,697**	102,450	102,498
			2,804,926	**2,810,510**	2,642,346	2,613,982
Trust						
Unsecured						
Floating rates						
SGD bank loans	SOR[1] + margin	2020 to 2023	**790,735**	**789,322**	767,100	764,790
JPY term loan from CCT MTN	3M LIBOR[2] + margin	2021 to 2023	**175,000**	**186,399**	175,000	179,993
Fixed rates						
EUR bank loans	0.475% to 1.175%	2023 to 2026	**493,295**	**491,567**	325,917	324,552
SGD term loans from CCT MTN	2.77% to 3.327%	2021 to 2025	**725,000**	**724,076**	725,000	723,903
JPY term loan from CCT MTN	1.35875%	2019	**–**	**–**	148,300	120,800
JPY term loan from CCT MTN	0.729%	2027	**124,665**	**124,899**	–	–
HKD term loan from CCT MTN	2.27%	2021	**102,450**	**101,697**	102,450	102,498
			2,411,145	**2,417,960**	2,243,767	2,216,536

1 Swap Offer Rate ("SOR").
2 3-Month London Interbank Offered Rate.

14 LOANS AND BORROWINGS (continued)

The interest-bearing liabilities comprised the following:

Secured fixed rate bank loans and facilities

EUR bank loans

a) **Loan facilities for Gallileo Co.**

Under the loan agreement between the bank and Gallileo Co., the bank has granted Gallileo Co. secured loan facilities of EUR140.0 million.

As at 31 December 2019, Gallileo Co. has drawn down EUR140.0 million (2018: EUR140.0 million), at a fixed interest rate of 1.33% (2018: 1.33%).

As security for the facilities granted to Gallileo Co., Gallileo Co. has granted in favour of the banks the following:

(i) Land charges over Gallileo;
(ii) Assignment of claims for restitution; and
(iii) Assignment of rights and claims arising from rental and lease agreements.

b) **Loan facilities for MAC Property Company B.V. and MAC Car Park Company B.V. (MAC entities)**

Under the loan agreement between the bank and the MAC entities, the bank has granted the MAC entities secured loan facilities of EUR 121.9 million.

As at 31 December 2019, MAC entities has drawn down EUR121.9 million (2018: Nil), at a fixed interest rate of 0.75% (2018: Nil).

As security for the facilities granted to MAC entities, the MAC entities have granted in favour of the banks the following:

(i) Land charges over Main Airport Center;
(ii) Assignment of claims for return of security;
(iii) Assignment of rights and claims arising under lease agreements; and
(iv) Pledge of account balances.

Secured floating rate bank loans and facilities

SGD bank loans

As at 31 December 2018, the outstanding amount under the secured loan facility of MSO Trust was $180.0 million, at an average floating interest rate of 3.00%, which contain a security covenant requiring that the ratio of Total Loans to Total Security Value will not at any time exceed 0.70 to 1 and were repayable in full on 25 November 2020.

14 LOANS AND BORROWINGS (continued)

Secured floating rate bank loans and facilities (continued)

As security for the facilities granted to MSO Trust, MSO Trust has granted in favour of the banks the following:

(i) A mortgage over the investment property, CapitaGreen;
(ii) Fixed and floating charge over all present and future assets of the MSO Trust; and
(iii) An assignment of proceeds, debentures and insurance policies.

The Trust has also provided undertakings for the facilities granted to MSO Trust (refer to Note 7).

Following the full repayment of secured bank loans on 7 October 2019 through issuance of units to the Trust, the secured loan facilities were terminated, and the security granted by MSO Trust in favour of the banks had been discharged and released and the undertakings from the Trust has ceased.

Unsecured Medium Term Notes

The Group has a $2.0 billion unsecured Multicurrency Medium Term Note Programme ("Programme") under its subsidiary, CCT MTN. Under the CCT MTN Programme, the Group may issue notes in any currency.

As at 31 December 2019, notes issued by the Group were as follows:

(i) S$725.0 million (2018: $725.0 million) fixed rate notes maturing between 2021 to 2025 (2018: 2021 to 2025);
(i) JPY14.9 billion (2018: JPY14.9 billion) floating rate notes, which comprises JPY6.3 billion and JPY8.6 billion (2018: JPY6.3 billion and JPY8.6 billion) maturing between 2021 to 2023 (2018: 2021 to 2023);
(iii) JPY10.0 billion (2018: JPY10.0 billion) fixed rate notes maturing in 2027 (2018: 2019); and
(iv) HKD585.0 million (2018: HKD585.0 million) fixed rate notes maturing in 2021 (2018: 2021).

The Group had entered into cross currency swaps to swap the abovementioned foreign currency notes to proceeds in Singapore Dollars.

Unsecured bank facilities, overdraft and guarantee facilities of the Trust

As at 31 December 2019, the Trust has an aggregate of $1,493.3 million (2018: $1,325.9 million) unsecured bank facilities, comprising a combination of $1,093.3 million (2018: $925.9 million) term loans and $400.0 million (2018: $400.0 million) revolving credit facilities with various maturities of up to 6.7 years (2018: 4.4 years) from various banks. The Trust has drawn down $1,284.0 million (2018: $1,093.0 million) of the unsecured bank facilities.

The Trust also has an omnibus line facility of up to $5.0 million. As at 31 December 2019, the Trust has utilised $1.8 million (2018: $1.8 million) from the omnibus line facility for letter of guarantees.

14 LOANS AND BORROWINGS (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Note	1 January $'000	Financing cash flows[1] $'000	Non-cash changes: Finance costs $'000	Non-cash changes: Acquisition of subsidiary $'000	Non-cash changes: Foreign exchange movement $'000	31 December $'000
Group							
2019							
Loans and borrowings	14	**2,613,982**	**185,356**[1]	**2,899**	**–**	**8,273**	**2,810,510**
Interest payable	16	**12,771**	**(65,899)**	**65,746**	**–**	**–**	**12,618**
Other payables – borrowing costs		**139**	**(366)**[1]	**580**	**–**	**–**	**353**
Loan from non-controlling interest	16	**430**	**(9,591)**	**–**	**9,591**	**(16)**	**414**
		2,627,322	**109,500**	**69,225**	**9,591**	**8,257**	**2,823,895**
2018							
Loans and borrowings	14	2,720,208	(115,565)[1]	10,591	–	(1,252)	2,613,982
Interest payable	16	10,521	(71,162)	73,425	–	(13)	12,771
Other payables – borrowing costs		–	(361)[1]	500	–	–	139
Loan from non-controlling interest	16	–	(11,370)	–	11,582	218	430
		2,730,729	(198,458)	84,516	11,582	(1,047)	2,627,322

[1] Net of proceeds from loans and borrowings, repayment of loans and borrowings and payment of transaction cost related to borrowings

15 LEASE LIABILITIES

	Trust 2019 $'000	Trust 2018 $'000
Current		
Lease liabilities	**3,809**	3,585
Non-current		
Lease liabilities	**127,750**	131,559
Total lease liabilities	**131,559**	135,144

The Trust's lease liabilities are payable to a subsidiary under the MLA (refer to Note 5).

16 TRADE AND OTHER PAYABLES

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Current				
Trade payables and accrued operating expenses	**38,723**	31,878	**16,580**	17,823
Amounts due to related parties (trade)	**13,033**	11,401	**9,353**	9,219
Amounts due to subsidiaries (non-trade)	**–**	–	**16,388**	15,366
Other deposits and advances	**10,658**	7,613	**6,623**	5,170
Interest payable	**12,618**	12,771	**12,298**	12,230
	75,032	63,663	**61,242**	59,808
Non-current				
Amount due to non-controlling interest	**414**	430	**–**	–
Deferred income	**2,476**	–	**–**	–
	2,890	430	**–**	–

Included in trade payables and accrued operating expenses was an amount due to the Trustee of $273,000 (2018: $263,000) for the Group and $220,000 (2018: $210,000) for the Trust.

Included in the amounts due to related parties (trade) were amounts due to the Manager and Property Manager of $11,963,000 (2018: $10,514,000) and $1,049,000 (2018: $865,000), respectively, for the Group and $8,541,000 (2018: $8,502,000) and $798,000 (2018: $711,000) respectively, for the Trust.

Included in interest payable of the Trust was an amount due to the subsidiary of $8,413,000 (2018: $8,442,000).

The amount due to the non-controlling interest bears a fixed interest rate of 2.7% and is repayable by 27 June 2038.

17 DEFERRED TAX LIABILITIES

	At 1 January 2018 $'000	Recognised in Statement of Total Return (Note 26) $'000	Translation differences $'000	31 December 2018 $'000	Recognised in Statement of Total Return (Note 26) $'000	Translation differences $'000	31 December 2019 $'000
Group							
Fair value changes of investment properties	–	1,979	(41)	1,938	**4,042**	**(171)**	**5,809**

Deferred tax liabilities relate to the taxable temporary differences in respect of the fair value changes of overseas investment properties held by the Group, with the fair value change only becoming taxable upon an eventual disposal of the investment properties.

18 UNITHOLDERS' FUNDS

Hedging reserve

Hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments related to hedged transactions that have yet to mature.

Fair value reserve

Fair value reserve comprises the cumulative net change in the fair value of equity instruments at fair value through other comprehensive income.

Foreign currency translation reserve ("FCTR")

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign entities, the effective portion of the hedging instrument which is used to hedge against the Group's net investment in foreign currencies as well as from the translation of foreign currency loans that are considered to form part of the Group's net investments in foreign subsidiaries.

19 NON-CONTROLLING INTERESTS

Non-controlling interests relate to 5.1% ownership interest held by NCI in MAC entities and Gallileo Co. respectively.

There is no material NCI to the Group.

20 UNITS ISSUED AND ISSUABLE

	Group and Trust	
	2019	**2018**
	'000	**'000**
Units in issue:		
At 1 January	**3,744,429**	3,608,146
Units created:		
– Asset management fees in relation to RCS Trust paid in Units[(a)]	**3,629**	4,630
– Asset management fees paid in Units[(b)]	**2,829**	1,653
– Equity placements[(c)]	**105,012**	130,000
– Acquisition fees paid in Units[(d)]	**1,787**	–
Total issued Units at 31 December	**3,857,686**	3,744,429
Units to be issued		
– Asset management fees payable in Units	**1,693**	2,036
Total issued and issuable units as at 31 December	**3,859,379**	3,746,465

20 UNITS ISSUED AND ISSUABLE (continued)

Units issued during the year were as follows:

(a) 3,628,744 (2018: 4,630,217) Units were issued at issue prices ranging from $1.7781 to $2.1332 (2018: $1.6428 to $1.9149) per Unit, amounting to $6,708,000 (2018: $8,529,000) as payment for the asset management fees in relation to the Group's 60.0% interest in RCS Trust for the period from 1 October 2018 to 30 September 2019 (2018: 1 October 2017 to 30 September 2018).

(b) 2,828,492 (2018: 1,653,482) Units were issued at issue price from $1.7781 to $2.1332 (2018: $1.6428 to $1.9149) per Unit, amounting to $5,252,000 (2018: $2,997,000) as payment for the asset management fees for the period from 1 October 2018 to 30 September 2019 (2018: 1 October 2017 to 30 September 2018).

(c) An equity placement was launched on 17 July 2019, where 105,012,000 Units were issued at an issue price of $2.095 per Unit, amounting to $220,000,000 on 29 July 2019. An equity placement was launched on 17 May 2018, where 130,000,000 Units were issued at an issue price of $1.676 per Unit, amounting to $217,880,000 on 28 May 2018.

(d) During the year, 1,787,384 Units were issued at an issue price of $2.1347 per Unit, amounting to $3,816,000 in relation to the acquisition of 94.9% interest in Main Airport Center.

The issue prices were determined based on the volume weighted average traded price for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the relevant periods in which the fees accrue.

Each Unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer of any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust;
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of the Unitholders, whichever is lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed; and
- one vote per Unit.

The restrictions of a Unitholder include the following:

- a Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request the Manager to redeem his Units while the Units are listed on SGX-ST.

20 UNITS ISSUED AND ISSUABLE (continued)

Under the Trust Deed, a Unitholder's liability is limited to the amount paid or payable for any units in the Trust. The provisions of the Trust Deed provide that no Unitholders will be personally liable for indemnifying the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

21 GROSS REVENUE

	Group	
	2019	**2018**
	$'000	**$'000**
Gross rental income	**387,606**	373,836
Car park income	**7,610**	6,083
Other income	**17,132**	14,049
	412,348	393,968

22 PROPERTY OPERATING EXPENSES

	Group	
	2019	**2018**
	$'000	**$'000**
Maintenance and others	**25,044**	17,421
Marketing expenses	**6,785**	4,733
Property management fees	**9,477**	9,088
Property management reimbursements	**9,216**	9,596
Property tax	**30,274**	30,130
Utilities	**10,329**	8,390
	91,125	79,358

23 INVESTMENT INCOME

Investment income comprise of distribution income from equity investment of $2,816,000 (2018: $3,293,000)

24 ASSET MANAGEMENT FEES

Asset management fees comprise base component and performance component. Asset management fees totalling $4,961,000 (2018: $5,213,000) were paid and payable in Units. Remaining asset management fees were paid and payable in cash.

25 FINANCE COSTS

	Group	
	2019 $'000	2018 $'000
Interest expense	**58,609**	60,027
Transaction costs	**3,480**	11,091
Cash flow hedges, reclassified from hedging reserve	**7,136**	13,398
	69,225	84,516

Transaction costs includes commitment fees for loan facilities and upfront fees for new bank borrowings.

26 TAX EXPENSE

	Group	
	2019 $'000	2018 $'000
Current tax expense		
Current year	**4,296**	4,353
Deferred tax expense		
Origination and reversal of temporary differences	**4,042**	1,979
	8,338	6,332
Reconciliation of effective tax rate		
Total return for the year before tax	**444,224**	529,190
Tax calculated using Singapore tax rate of 17% (2018: 17%)	**75,518**	89,962
Effect of tax rates in foreign jurisdictions	**(117)**	(222)
Non-deductible expenses	**9,638**	8,494
Non-taxable income	**(15,909)**	(33,620)
Effects of profit of joint ventures (net of tax)	**(3,396)**	(3,588)
Tax transparency	**(57,396)**	(54,694)
	8,338	6,332

27 EARNINGS PER UNIT

(a) Basic earnings per Unit

The calculation of basic earnings per Unit is based on the total return attributable to Unitholders and weighted average number of Units during the year, calculated as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Total return attributable to Unitholders	**433,907**	522,047

	Group	
	2019	**2018**
	'000	**'000**
Weighted average number of Units		
Issued Units at 1 January	**3,744,429**	3,608,146
Effect of creation of new Units:		
– Issued as payment of RCS Trust's asset management fees	**2,680**	3,204
– Issued as payment of asset management fees	**2,053**	986
– Issued as acquisition fees paid in Units	**475**	–
– Equity placements	**44,882**	77,644
– Issuable as payment of asset management fees	**2**	1
Weighted average number of Units in issue at 31 December	**3,794,521**	3,689,981

	Group	
	2019	**2018**
	cents	**cents**
Basic earnings per Unit	**11.44**	14.15

(b) Diluted earnings per Unit

In calculating diluted earnings per Unit, the total return attributable to Unitholders and weighted average number of Units during the year are adjusted for the effects of all dilutive potential Units, calculated as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Total return attributable to Unitholders	**433,907**	522,047

27 EARNINGS PER UNIT (continued)

(b) Diluted earnings per Unit (continued)

	Group	
	2019 '000	2018 '000
Weighted average number of Units		
Weighted average number of Units used in calculation of basic earnings per Unit	**3,794,521**	3,689,981
Effect of payment of performance fees and base fees	**4,188**	4,749
Weighted average number of Units in issue (diluted)	**3,798,709**	3,694,730

	Group	
	2019 cents	2018 cents
Diluted earnings per Unit	**11.42**	14.13

28 FINANCIAL RISK MANAGEMENT

Capital management

The Board of Directors of the Manager (the "Board") reviews the capital management policy regularly so as to optimise the funding structure. The Board also monitors the Group's exposures to various risk elements and externally imposed requirements by closely adhering to clearly established management policies and procedures.

The Group is subject to the Aggregate Leverage limit as defined in the Property Funds Appendix of the CIS Code. The CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 45% of its deposited property.

As at 31 December 2019, Standard & Poor's has assigned the Trust a long-term corporate rating of BBB+ (2018: BBB+). The Aggregate Leverage of the Group as at 31 December 2019 was 35.1% (2018: 34.9%), which complied with the Aggregate Leverage limit. There were no changes in the Group's approach to capital management during the financial year.

The Board seeks to maintain a combination of debt and equity in order to optimise its funding structure. There were no changes in the Group's approach to capital management during the year.

28 FINANCIAL RISK MANAGEMENT (continued)

Overview of risk management

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the costs of risks occurring and the cost of managing the risks. The Manager continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how the Manager monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a tenant or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Exposure to credit risk

Trade receivables

Credit evaluations of tenants are performed before the lease agreements are signed with tenants. Outstanding balances by the tenants are monitored closely on an ongoing basis.

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied tenants. These tenants are engaged in diversified businesses and are of good quality and strong credit standing. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, the Manager believes that no additional credit risks beyond amounts provided for collection losses is inherent in the Group's trade receivables.

Impairment losses on trade receivables amounting to Nil (2018: $7,000) was recognised in the Statement of Total Return during the year.

Expected credit loss assessment for individual tenants

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual tenants, which comprise a very large number of balances.

28 FINANCIAL RISK MANAGEMENT (continued)

***Credit risk** (continued)*

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 three years.

	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
2019			
Group			
Not past due	**1,076**	**–**	**No**
Past due 1 – 30 days	**57**	**–**	**No**
Past due 31 – 90 days	**5**	**–**	**No**
Past due more than 90 days	**72**	**–**	**Yes**
	1,210	**–**	
Trust			
Not past due	**687**	**–**	**No**
Past due 1 – 30 days	**89**	**–**	**No**
Past due 31 – 90 days	**5**	**–**	**No**
Past due more than 90 days	**79**	**–**	**Yes**
	860	**–**	
2018			
Group			
Not past due	1,537	–	No
Past due 1 – 30 days	10	–	No
Past due 31 – 90 days	7	–	No
Past due more than 90 days	1	–	Yes
	1,555	–	
Trust			
Not past due	1,438	–	No
Past due 1 – 30 days	9	–	No
Past due 31 – 90 days	–	–	No
Past due more than 90 days	1	–	Yes
	1,448	–	

The Manager believes that no allowance for impairment is necessary as the receivables are mainly from tenants that have a good record with the Group and have sufficient security deposits as collateral. There has been no impairment losses in respect of trade receivables during the year.

28 FINANCIAL RISK MANAGEMENT (continued)

Loans to subsidiaries and joint ventures

The Trust extended loans to its subsidiaries and joint ventures of $2,191,466,000 (2018: $2,438,094,000) and $158,850,000 (2018: $158,850,000) respectively to satisfy long-term funding requirements. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to audited financial statements, management accounts and cash flow projections, and applying experienced credit judgement), these exposures are considered to have low credit risk. Therefore impairment on these balances has been measured on the 12-month expected credit loss basis; and the amount of the allowance is insignificant.

Financial derivatives

The derivatives are entered into with bank and financial institution counterparties, which are regulated.

Cash and cash equivalents

Cash and fixed deposits are placed with financial institutions which are regulated and are rated A to AA-, based on Fitch Ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

At reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the Statement of Financial Position.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Manager monitors its liquidity risk, maintains a level of cash and cash equivalents and refinances borrowings to fund the Group's operations and to mitigate the effects of fluctuations in cash flows. In addition, the Manager also monitors and observes the CIS Code issued by MAS concerning limits on total borrowings.

28 FINANCIAL RISK MANAGEMENT (continued)

***Liquidity risk** (continued)*

Exposure to liquidity risk

The following are the expected contractual undiscounted cash outflows of financial liabilities and derivative financial instruments, including estimated interest payments/components and excluding the impact of netting agreements:

			Cash flows		
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
Group					
31 December 2019					
Non-derivative financial liabilities					
Medium Term Notes	**1,137,071**	**1,224,330**	**26,350**	**869,233**	**328,747**
Term loans and revolving credit facilities	**1,673,439**	**1,766,152**	**69,807**	**1,219,624**	**476,721**
Trade and other payables	**77,922**	**78,130**	**75,044**	**2,522**	**564**
Security deposits	**71,201**	**71,201**	**17,776**	**52,023**	**1,402**
	2,959,633	**3,139,813**	**188,977**	**2,143,402**	**807,434**
Derivative financial (assets) / liabilities					
Interest rate swaps (net-settled)	**2,820**	**2,396**	**1,495**	**901**	**–**
Cross currency swaps (gross-settled)	**(4,745)**	**–**	**–**	**–**	**–**
– Outflow	**–**	**188,607**	**5,263**	**183,344**	**–**
– (Inflow)	**–**	**(176,080)**	**(437)**	**(175,643)**	**–**
Cross currency swaps (gross-settled)	**3,529**	**–**	**–**	**–**	**–**
– Outflow	**–**	**258,364**	**6,306**	**117,218**	**134,840**
– (Inflow)	**–**	**(237,120)**	**(3,221)**	**(106,610)**	**(127,289)**
Forward exchange contracts (gross-settled)	**(269)**	**–**	**–**	**–**	**–**
– Outflow	**–**	**10,161**	**10,161**	**–**	**–**
– (Inflow)	**–**	**(10,430)**	**(10,430)**	**–**	**–**
Forward exchange contracts (gross-settled)	**22**	**–**	**–**	**–**	**–**
– Outflow	**–**	**5,307**	**5,307**	**–**	**–**
– (Inflow)	**–**	**(5,285)**	**(5,285)**	**–**	**–**
	1,357	**35,920**	**9,159**	**19,210**	**7,551**
	2,960,990	**3,175,733**	**198,136**	**2,162,614**	**814,983**
31 December 2018					
Non-derivative financial liabilities					
Medium Term Notes	1,127,194	1,267,803	175,330	582,667	509,806
Term loans and revolving credit facilities	1,486,788	1,604,020	31,234	1,349,047	223,739
Trade and other payables	64,093	64,164	63,675	46	443
Security deposits	68,010	68,010	10,708	53,462	3,840
	2,746,085	3,003,997	280,947	1,985,222	737,828

NOTES TO THE FINANCIAL STATEMENTS

28 FINANCIAL RISK MANAGEMENT (continued)

***Liquidity risk** (continued)*

Exposure to liquidity risk (continued)

	Carrying amount $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
Derivative financial (assets) / liabilities					
Interest rate swaps (net-settled)	(1,280)	(2,181)	(916)	(1,265)	–
Interest rate swaps (net-settled)	1,141	1,265	754	511	–
Cross currency swaps (gross-settled)	(6,068)	–	–	–	
– Outflow	–	193,883	5,263	188,620	
– (Inflow)	–	(176,483)	(433)	(176,050)	
Cross currency swaps (gross-settled)	26,781	–	–	–	–
– Outflow	–	261,022	155,184	105,838	–
– (Inflow)	–	(257,498)	(152,205)	(105,293)	–
	20,574	20,008	7,647	12,361	–
	2,766,659	3,024,005	288,594	1,997,583	737,828

Trust

31 December 2019

Non-derivative financial liabilities					
Medium Term Notes	**1,137,071**	**1,224,330**	**26,350**	**869,233**	**328,747**
Term loans and revolving credit facilities	**1,280,889**	**1,346,674**	**65,632**	**1,202,696**	**78,346**
Trade and other payables	**61,242**	**61,242**	**61,242**	**–**	**–**
Lease liabilities	**131,559**	**228,000**	**12,000**	**48,000**	**168,000**
Security deposits	**45,831**	**45,831**	**10,145**	**34,284**	**1,402**
	2,656,592	**2,906,077**	**175,369**	**2,154,213**	**576,495**
Derivative financial (assets) / liabilities					
Interest rate swaps (net-settled)	**2,820**	**2,396**	**1,495**	**901**	**–**
Cross currency swaps (gross-settled)	**(4,745)**	**–**	**–**	**–**	**–**
– Outflow	**–**	**188,607**	**5,263**	**183,344**	**–**
– (Inflow)	**–**	**(176,080)**	**(437)**	**(175,643)**	**–**
Cross currency swaps (gross-settled)	**3,529**	**–**	**–**	**–**	**–**
– Outflow	**–**	**258,364**	**6,306**	**117,218**	**134,840**
– (Inflow)	**–**	**(237,120)**	**(3,221)**	**(106,610)**	**(127,289)**
Forward exchange contracts (gross-settled)	**(269)**	**–**	**–**	**–**	**–**
– Outflow	**–**	**10,161**	**10,161**	**–**	**–**
– (Inflow)	**–**	**(10,430)**	**(10,430)**	**–**	**–**
Forward exchange contracts (gross-settled)	**22**	**–**	**–**	**–**	**–**
– Outflow	**–**	**5,307**	**5,307**	**–**	**–**
– (Inflow)	**–**	**(5,285)**	**(5,285)**	**–**	**–**
	1,357	**35,920**	**9,159**	**19,210**	**7,551**
	2,657,949	**2,941,997**	**184,528**	**2,173,423**	**584,046**

28 FINANCIAL RISK MANAGEMENT (continued)

***Liquidity risk** (continued)*

Exposure to liquidity risk (continued)

	Carrying amount $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
31 December 2018					
Non-derivative financial liabilities					
Medium Term Notes	1,127,194	1,267,803	175,330	582,667	509,806
Term loans and revolving credit facilities	1,089,342	1,175,266	22,888	1,152,378	–
Trade and other payables	59,808	59,808	59,808	–	–
Lease liabilities	135,144	240,000	12,000	48,000	180,000
Security deposits	44,488	44,488	8,173	32,475	3,840
	2,455,976	2,787,365	278,199	1,815,520	693,646
Derivative financial (assets) / liabilities					
Interest rate swaps (net-settled)	(982)	(2,217)	(1,062)	(1,155)	–
Interest rate swaps (net-settled)	187	17	(3)	20	
Cross currency swaps (gross-settled)	(6,068)	–	–	–	–
– Outflow	–	193,883	5,263	188,620	–
– (Inflow)	–	(176,483)	(433)	(176,050)	–
Cross currency swaps (gross-settled)	26,781	–	–	–	–
– Outflow	–	261,022	155,184	105,838	–
– (Inflow)	–	(257,498)	(152,205)	(105,293)	–
	19,918	18,724	6,744	11,980	–
	2,475,894	2,806,089	284,943	1,827,500	693,646

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or of significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Group's total return or the value of its holdings of financial instruments.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Exposure to foreign currency risk

The Group has exposure to foreign currency risk as a result of loans and borrowings and its operation in foreign country that were denominated in a currency other than the functional currency of the Group. The currencies giving rise to this risk are Euro ("EUR"), Hong Kong Dollar ("HKD") and Japanese Yen ("JPY").

28 FINANCIAL RISK MANAGEMENT (continued)

***Foreign currency risk** (continued)*

Exposure to foreign currency risk (continued)

Foreign exchange risks related to the Group's HKD and JPY notes, issued by Group entities whose functional currency is in SGD, have been fully hedged using cross currency swaps that mature on the same dates that the notes are due for repayment. These cross currency swaps are designated as cash flow hedges. The Group also used its EUR loans to hedge against the currency risk arising from the Group's net investments in the foreign subsidiaries.

The Group applies a hedge ratio of 1:1 to its cross currency swaps to hedge its currency risk. The Group's policy is to align the terms of the cross currency swaps with the hedged item.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assess whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In order to manage the foreign currency risk, the Manager adopts foreign currency risk management strategies that include:

- entering into cross currency swaps to hedge the foreign currency risks; and
- the use of certain foreign currency denominated borrowings to hedge against the currency risk arising from the Group's net investments in foreign subsidiaries.

Financial derivatives

The Group designates the cross currency swap to hedge its currency risk. The Group's policy is to align the terms of the cross currency swaps with the hedged item. The fair value of cross currency swaps as at 31 December 2019 for the Group and Trust was $1.2 million net asset (2018: $20.7 million net liability). Cross currency swaps represented 0.02% (2018: 0.3%) of the net assets of the Group and the Trust. These swaps have an average maturity of 3.5 years (2018: 2.5 years) from the reporting date.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assess whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the forward foreign exchange contracts or cross currency swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- changes in the timing of the hedged transactions.

Net investment hedge

The Group designates the loan to hedge the changes in the value of the net investment that is attributable to changes in the EUR/SGD spot rate. The Group's policy is to hedge the net investment only to the extent of the debt principal.

28 FINANCIAL RISK MANAGEMENT (continued)

***Foreign currency risk** (continued)*

Net investment hedge (continued)

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency and amount. The Group assess the effectiveness of each hedging relationship by comparing changes in the carrying amount of the debt that is due to a change in the spot rate with changes in the investment in the foreign operation due to movements in the spot rate (the offset method).

The Group's and Trust's exposure to foreign currency are as follows:

	Euro $'000	Hong Kong Dollar $'000	Japanese Yen $'000
Group			
31 December 2019			
Cash & cash equivalents	**4,579**	**–**	**–**
Loans and borrowings	**(493,295)**	**(102,450)**	**(299,665)**
Net Statement of Financial Position exposure	**(488,716)**	**(102,450)**	**(299,665)**
Add: Effect of cross currency swaps	**–**	**102,450**	**299,665**
Add: Loans designated as net investment hedge	**485,598**	**–**	**–**
Net exposure	**(3,118)**	**–**	**–**
31 December 2018			
Cash & cash equivalents	6,772	–	–
Loans and borrowings	(325,917)	(102,450)	(323,300)
Net Statement of Financial Position exposure	(319,145)	(102,450)	(323,300)
Add: Effect of cross currency swaps	–	102,450	323,300
Add: Loans designated as net investment hedge	317,924	–	–
Net exposure	(1,221)	–	–

	Euro $'000	Hong Kong Dollar $'000	Japanese Yen $'000
Trust			
31 December 2019			
Cash & cash equivalents	**4,579**	**–**	**–**
Loans to subsidiaries	**518,615**	**–**	**–**
Loans and borrowings	**(493,295)**	**(102,450)**	**(299,665)**
Net Statement of Financial Position exposure	**29,899**	**(102,450)**	**(299,665)**
Add: Effect of cross currency swaps	**–**	**102,450**	**299,665**
Net exposure	**29,899**	**–**	**–**

28 FINANCIAL RISK MANAGEMENT (continued)

***Foreign currency risk** (continued)*

	Euro $'000	Hong Kong Dollar $'000	Japanese Yen $'000
Trust			
31 December 2018			
Cash & cash equivalents	6,772	–	–
Loans to subsidiaries	325,917	–	–
Loans and borrowings	(325,917)	(102,450)	(323,300)
Net Statement of Financial Position exposure	6,772	(102,450)	(323,300)
Add: Effect of cross currency swaps	–	102,450	323,300
Net exposure	6,772	–	–

Sensitivity analysis

A 10% strengthening of the following foreign currency against Singapore Dollar at the reporting date would increase/(decrease) the Statement of Total Return and Unitholders' Funds by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and does not take into account share of non-controlling interests.

	Group		Trust	
	Statement of total return $'000	Unitholders' funds $'000	Statement of total return $'000	Unitholders' funds $'000
Group and Trust				
31 December 2019				
Euro (10% strengthening)	**(312)**	**–**	**2,990**	**–**
Hong Kong Dollar (10% strengthening)	**–**	**1,322**	**–**	**1,322**
Japanese Yen (10% strengthening)	**–**	**9,435**	**–**	**9,435**
31 December 2018				
Euro (10% strengthening)	(122)	–	677	–
Hong Kong Dollar (10% strengthening)	–	1,042	–	1,042
Japanese Yen (10% strengthening)	–	5,891	–	5,891

A 10% weakening of the above currency against Singapore Dollar at 31 December would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant. The analysis assumed that all other variables, in particular interest rates, remain constant and does not take into account the translation related risk, and share of non-controlling interests.

28 FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk *(continued)*

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-bearing financial liabilities. Interest rate risk is managed by the Manager on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates.

The Group adopts a policy that at least 80% (2018: 80%) of its interest rate risk exposure is at a fixed rate. This is achieved by entering into fixed-rate instruments or using interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk. The Group applies a hedge ratio of 1:1.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The Group's policy is for the critical terms of the interest rate swaps to align with the hedged borrowings.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Group Nominal amount		Trust Nominal amount	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Fixed rate instruments				
Loans to subsidiaries	**–**	–	**1,212,944**	1,652,283
Loans to joint ventures	**158,850**	158,850	**158,850**	158,850
Loans and borrowings	**(1,839,191)**	(1,520,246)	**(1,445,410)**	(1,301,667)
Loan from non-controlling interest	**(414)**	(430)	**–**	–
Effect of interest rate swaps and cross currency swaps	**(922,600)**	(1,102,600)	**(922,600)**	(922,600)
	(2,603,355)	(2,464,426)	**(996,214)**	(413,134)
Variable rate instruments				
Loans to subsidiaries	**–**	–	**19,500**	19,500
Loans and borrowings	**(965,735)**	(1,122,100)	**(965,735)**	(942,100)
Effect of interest rate swaps and cross currency swaps	**922,600**	1,102,600	**922,600**	922,600
	(43,135)	(19,500)	**(23,635)**	–

28 FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk *(continued)*

To manage its exposure on interest rate and foreign exchange rate volatility on its financial liabilities, the Group enters into interest rate swaps and cross currency swaps to swap floating SGD and JPY interest into fixed SGD interest.

As at 31 December 2019, the Group held interest rate swaps with a total notional amount of $747.6 million (2018: $927.6 million) to provide fixed rate funding for terms up to 1.8 years (2018: 2.8 years). The interest rate swaps have fixed interest rates ranging from 1.63% to 1.87% (2018: 1.63% to 2.49%) per annum for the Group and 1.63% to 1.87% (2018: 1.63% to 1.87%) per annum for the Trust. The fair value of interest rate swaps as at 31 December 2019 was $2.8 million net liability (2018: $139,000 net asset) for the Group and $2.8 million net liability (2018: $795,000 net asset) for the Trust. Interest rate swaps represented 0.04% (2018: 0.002%) of the net assets of the Group and 0.04% (2018: 0.01%) for the Trust.

As at 31 December 2019, the Group held cross currency swaps with a total notional amount of $175.0 million (2018: $175.0 million), to provide fixed rate funding for terms up to 3.1 years (2018: 4.1 years). The cross currency rate swaps have fixed interest rates ranging from 2.95% to 3.05% (2018: 2.95% to 3.05%) per annum for the Group and the Trust. The fair value of cross currency swaps as at 31 December 2019 for the Group and Trust was $4.7 million net asset (2018: $6.1 million net liability). Cross currency swaps represented 0.07% (2018: 0.09%) of the net assets of the Group and the Trust.

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 derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rate at the reporting date would not affect the Statement of Total Return due to change in fair value of fixed rate financial instruments.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rate at the reporting date would increase/(decrease) the Statement of Total Return and Unitholders' Funds by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant and does not take into account share of non-controlling interests.

28 FINANCIAL RISK MANAGEMENT (continued)

	Statement of Total Return		Unitholders' funds	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
Group				
31 December 2019				
Variable rate instruments	**(9,657)**	**9,657**	**–**	**–**
Interest rate swaps	**7,476**	**(7,476)**	**1,885**	**(1,885)**
Cross currency swaps	**1,750**	**(1,750)**	**463**	**(463)**
Cashflow sensitivity (net)	**(431)**	**431**	**2,348**	**(2,348)**
31 December 2018				
Variable rate instruments	(11,221)	11,221	–	–
Interest rate swaps	9,276	(9,276)	2,779	(2,779)
Cross currency swaps	1,750	(1,750)	464	(464)
Cashflow sensitivity (net)	(195)	195	3,243	(3,243)
Trust				
31 December 2019				
Variable rate instruments	**(9,462)**	**9,462**	**–**	**–**
Interest rate swaps	**7,476**	**(7,476)**	**1,885**	**(1,885)**
Cross currency swaps	**1,750**	**(1,750)**	**463**	**(463)**
Cashflow sensitivity (net)	**(431)**	**431**	**2,348**	**(2,348)**
31 December 2018				
Variable rate instruments	(9,226)	9,226	–	–
Interest rate swaps	7,476	(7,476)	1,889	(1,889)
Cross currency swaps	1,750	(1,750)	464	(464)
Cashflow sensitivity (net)	–	–	2,353	(2,353)

Equity price risk

The Group's exposures to changes in equity price relates to equity investment – at FVOCI in a quoted security listed in Malaysia.

Sensitivity analysis

As at 31 December 2019, if the price for the quoted security increased by 5% with all other variables being held constant, the increase in Unitholders' Funds would be $1.9 million (2018: $2.0 million). A similar 5% decrease in the prices would have an equal but opposite effect.

28 FINANCIAL RISK MANAGEMENT (continued)

Interest rate benchmark reform

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. The Group has exposure to IBORs on its financial instruments that will be replaced or reformed as part of this market-wide initiative. There is uncertainty over the timing and the methods of transition for replacing existing benchmark IBORs with alternative rates.

The Group uses pay fixed/receive floating interest rate and cross-currency swaps to hedge the interest rate risks in respect of the benchmark interest rate (mainly SOR and JPY LIBOR) and foreign currency risks (mainly JPY) from its floating-rate borrowings and borrowings denominated in foreign currencies, to mitigate variability in its cash flows. Hedge accounting is applied where economic hedging relationships meet the hedge accounting criteria.

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 and JPY LIBOR. The Group expects that SOR and JPY LIBOR will be replaced by other benchmark rates, but there is uncertainty over the timing and amount of the replacement rate cash flows.

The Group applies the principles of the amendments to these hedging relationships directly affected by IBOR reform, namely the hedges of SOR and JPY LIBOR, and assumes that the cash flows of the hedged item and hedging instrument will not be altered as a result of IBOR reform.

The Group's and the Trust's exposure to SOR designated in a hedging relationship is limited to a notional amount of $747,600,000 at 31 December 2019 attributable to the interest rate swaps hedging SOR cash flows on the Group's SGD floating rate bank loans maturing between 2020 to 2021.

The Group's and the Trust's exposure to JPY LIBOR designated in a hedging relationship is limited to a notional amount of $175,000,000 at 31 December 2019 attributable to the cross currency swaps hedging JPY LIBOR cash flows on the Group's JPY floating rate MTN notes maturing between 2021 to 2023.

28 FINANCIAL RISK MANAGEMENT (continued)

Cash flow hedges

At 31 December 2019, the Group and the Trust held the following instruments to hedge exposures to changes in foreign currency exchange rates and interest rates.

	Maturity Within 1 year	Within 2 to 5 years	More than 5 years
Group			
2019			
Foreign currency risk			
Cross currency swaps			
Net exposure (in $'000)	**–**	**277,450**	**124,665**
Average SGD:JPY forward contract rate	**–**	**0.012**	**0.012**
Average SGD:HKD forward contract rate	**–**	**0.18**	**–**
Interest rate risk			
Interest rate swaps			
Net exposure (in $'000)	**447,600**	**300,000**	**–**
Average fixed interest rate	**0.018**	**0.017**	**–**
2018			
Foreign currency risk			
Cross currency swaps			
Net exposure (in $'000)	148,300	277,450	–
Average SGD:JPY forward contract rate	0.015	0.012	–
Average SGD:HKD forward contract rate	–	0.18	–
Interest rate risk			
Interest rate swaps			
Net exposure (in $'000)	–	927,600	–
Average fixed interest rate	–	0.018	–

28 FINANCIAL RISK MANAGEMENT (continued)

***Cash flow hedges** (continued)*

	Maturity Within 1 year	Within 2 to 5 years	More than 5 years
Trust			
2019			
Foreign currency risk			
Cross currency swaps			
Net exposure (in $'000)	**–**	**277,450**	**124,665**
Average SGD:JPY forward contract rate	**–**	**0.012**	**0.012**
Average SGD:HKD forward contract rate	**–**	**0.18**	**–**
Interest rate risk			
Interest rate swaps			
Net exposure (in $'000)	**447,600**	**300,000**	**–**
Average fixed interest rate	**0.018**	**0.017**	**–**
2018			
Foreign currency risk			
Cross currency swaps			
Net exposure (in $'000)	148,300	277,450	–
Average SGD:JPY forward contract rate	0.015	0.012	–
Average SGD:HKD forward contract rate	–	0.18	–
Interest rate risk			
Interest rate swaps			
Net exposure (in $'000)	–	747,600	–
Average fixed interest rate	–	0.017	–

28 FINANCIAL RISK MANAGEMENT (continued)

***Cash flow hedges** (continued)*

The amounts relating to items designated as hedged items and hedging instruments (excluding share of hedging reserves of joint ventures) were as follows:

	Nominal amount $'000	Carrying amount – assets $'000	Carrying amount – liabilities $'000	Line item in the Statement of Financial Position where the hedging instrument is included	Line item in the Statement of Financial Position where the hedged item is included	Cash flow hedge reserve $'000	Changes in the fair value of the hedging instrument recognised in Unitholders Funds $'000	Amounts reclassified from Hedging Reserve to Statement of Total Return $'000	Line item in Statement of Total Return affected by the reclassification
2019									
Group									
Foreign currency risk									
Cross currency swaps	**402,115**	**4,745**	**(3,529)**	Financial derivatives	Loans and borrowings	**9,865**	**(19,450)**	**7,842**	Finance costs
Interest rate risk									
Interest rate swaps	**747,600**	**–**	**(2,820)**	Financial derivatives	Loans and borrowings	**2,820**	**(2,254)**	**(706)**	Finance costs
Trust									
Foreign currency risk									
Cross currency swaps	**402,115**	**4,745**	**(3,529)**	Financial derivatives	Loans and borrowings	**9,865**	**(19,450)**	**7,842**	Finance costs
Interest rate risk									
Interest rate swaps	**747,600**	**–**	**(2,820)**	Financial derivatives	Loans and borrowings	**2,820**	**(2,876)**	**(739)**	Finance costs
2018									
Group									
Foreign currency risk									
Cross currency swaps	425,750	6,068	(26,781)	Financial derivatives	Loans and borrowings	(1,747)	8,426	7,835	Finance costs
Interest rate risk									
Interest rate swaps	927,600	1,280	(1,141)	Financial derivatives	Loans and borrowings	(139)	10,085	5,563	Finance costs
Trust									
Foreign currency risk									
Cross currency swaps	425,750	6,068	(26,781)	Financial derivatives	Loans and borrowings	(1,747)	8,426	7,835	Finance costs
Interest rate risk									
Interest rate swaps	747,600	982	(82)	Financial derivatives	Loans and borrowings	(795)	(575)	1,453	Finance costs

28 FINANCIAL RISK MANAGEMENT (continued)

Net investment hedges

The Group has foreign currency exposures from the net investment in its foreign subsidiaries in Luxembourg and Netherlands that has EUR functional currency.

The risk arises from fluctuation in spot exchange rates between EUR and SGD that will result in a fluctuation in the carrying amount of the Group's net investment in its foreign subsidiaries in Luxembourg and Netherlands.

As at reporting date, the Group's net investment in its foreign subsidiaries is hedged by EUR-denominated unsecured bank loans of carrying amount of $483,870,000 (2018: $316,559,000), which mitigates the foreign currency risk arising from the subsidiaries' net assets. The fair value of the borrowings at 31 December 2019 is $494,488,000 (2018: $317,722,000). These loans are designated as a hedging instrument for the changes in the value of the net investment that is due to changes in the EUR/SGD spot rate.

The amounts related to items designated as hedging instruments were as follows:

	Nominal amount $'000	Carrying amount – assets $'000	Carrying amount – liabilities $'000	Line item in the Statements of Financial Position where the hedging instrument is included	Changes in the fair value of the hedging instrument recognised in Unitholders Funds $'000	Amounts reclassified from Hedging Reserve to Statement of Total Return $'000	Line item in Statement of Total Return affected by the reclassification
Group							
2019							
Foreign exchange denominated debt (EUR)	**(485,598)**	**–**	**(483,870)**	Loans and borrowings	**(16,360)**	**–**	N/A
2018							
Foreign exchange denominated debt (EUR)	(317,924)	–	(316,559)	Loans and borrowings	(1,427)	–	N/A

The amounts related to items designated as hedged items were as follows:

	Change in value used for calculating hedge ineffectiveness $'000	FCTR $'000	Balances remaining in the FCTR from hedging relationships for which hedge accounting is no longer applied $'000
Group			
2019			
EUR net investment	**16,372**	**17,460**	**–**
2018			
EUR net investment	197	208	–

N/A Not applicable

28 FINANCIAL RISK MANAGEMENT (continued)

Classification and fair value of financial instruments

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Further, for 2019 the fair value disclosure of lease liabilities is not required.

Group	Note	Carrying amount					Fair value			
		Fair value – hedging instruments $'000	Amortised cost $'000	FVOCI – equity instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2019										
Financial assets not measured at fair value										
Loans to joint ventures	8	–	158,850	–	–	158,850				
Trade and other receivables[#]	12	–	43,187	–	–	43,187				
Cash and cash equivalents	13	–	205,467	–	–	205,467				
		–	407,504	–	–	407,504				
Financial assets measured at fair value										
Financial derivatives	10	5,014	–	–	–	5,014	–	5,014	–	5,014
Equity instrument at FVOCI	9	–	–	38,156	–	38,156	38,156	–	–	38,156
		5,014	–	38,156	–	43,170				
Financial liabilities not measured at fair value										
Loans and borrowings	14	–	–	–	(2,810,510)	(2,810,510)	–	(2,848,723)	–	(2,848,723)
Trade and other payables	16	–	–	–	(77,922)	(77,922)				
Security deposits		–	–	–	(71,201)	(71,201)	–	–	(68,858)	(68,858)
		–	–	–	(2,959,633)	(2,959,633)				
Financial liabilities measured at fair value										
Financial derivatives	10	–	(6,371)	–	–	(6,371)	–	(6,371)	–	(6,371)

[#] Excludes net VAT receivables and prepayments

28 FINANCIAL RISK MANAGEMENT (continued)

Classification and fair value of financial instruments (continued)

Group	Note	Carrying amount					Fair value			
		Fair value – hedging instruments $'000	Amortised cost $'000	FVOCI – equity instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2018										
Financial assets not measured at fair value										
Loans to joint ventures	8	–	158,850	–	–	158,850				
Trade and other receivables#	12	–	37,566	–	–	37,566				
Cash and cash equivalents	13	–	174,913	–	–	174,913				
		–	371,329	–	–	371,329				
Financial assets measured at fair value										
Financial derivatives	10	7,348	–	–	–	7,348	–	7,348	–	7,348
Equity instrument at FVOCI	9	–	–	40,632	–	40,632	40,632	–	–	40,632
		7,348	–	40,632	–	47,980				
Financial liabilities not measured at fair value										
Loans and borrowings	14	–	–	–	(2,613,982)	(2,613,982)	–	(2,484,813)	–	(2,484,813)
Trade and other payables	16	–	–	–	(64,093)	(64,093)				
Security deposits		–	–	–	(68,010)	(68,010)	–	–	(64,382)	(64,382)
		–	–	–	(2,746,085)	(2,746,085)				
Financial liabilities measured at fair value										
Financial derivatives	10	–	(27,922)	–	–	(27,922)	–	(27,922)	–	(27,922)

Excludes prepayments

28 FINANCIAL RISK MANAGEMENT (continued)

Classification and fair value of financial instruments (continued)

Trust	Note	Carrying amount Fair value – hedging instruments $'000	Amortised cost $'000	FVOCI – equity instruments $'000	Other financial liabilities $'000	Total $'000	Fair value Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2019										
Financial assets not measured at fair value										
Loans to subsidiaries	7	–	2,191,466	–	–	2,191,466				
Loans to joint ventures	8	–	158,850	–	–	158,850				
Trade and other receivables#	12	–	73,847	–	–	73,847				
Cash and cash equivalents	13	–	162,038	–	–	162,038				
		–	2,586,201	–	–	2,586,201				
Financial assets measured at fair value										
Financial derivatives	10	5,014	–	–	–	5,014	–	5,014	–	5,014
Equity instrument at FVOCI	9	–	–	38,156	–	38,156	38,156	–	–	38,156
		5,014	–	38,156	–	43,170				
Financial liabilities not measured at fair value										
Loans and borrowings	14	–	–	–	(2,417,960)	(2,417,960)	–	(2,443,908)	–	(2,443,908)
Trade and other payables	16	–	–	–	(61,242)	(61,242)				
Security deposits		–	–	–	(45,831)	(45,831)	–	–	(44,228)	(44,228)
		–	–	–	(2,525,033)	(2,525,033)				
Financial liabilities measured at fair value										
Financial derivatives	10	–	(6,371)	–	–	(6,371)	–	(6,371)	–	(6,371)

Excludes prepayments

NOTES TO THE FINANCIAL STATEMENTS

28 FINANCIAL RISK MANAGEMENT (continued)

Classification and fair value of financial instruments (continued)

Trust	Note	Carrying amount: Fair value – hedging instruments $'000	Carrying amount: Amortised cost $'000	Carrying amount: FVOCI – equity instruments $'000	Carrying amount: Other financial liabilities $'000	Carrying amount: Total $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000	Fair value: Total $'000
31 December 2018										
Financial assets not measured at fair value										
Loans to subsidiaries	7	–	2,438,094	–	–	2,438,094				
Loans to joint ventures	8	–	158,850	–	–	158,850				
Trade and other receivables#	12	–	66,700	–	–	66,700				
Cash and cash equivalents	13	–	144,106	–	–	144,106				
		–	2,807,750	–	–	2,807,750				
Financial assets measured at fair value										
Financial derivatives	10	7,050	–	–	–	7,050	–	7,050	–	7,050
Equity instrument at FVOCI	9	–	–	40,632	–	40,632	40,632	–	–	40,632
		7,050	–	40,632	–	47,682				
Financial liabilities not measured at fair value										
Loans and borrowings	14	–	–	–	(2,216,536)	(2,216,536)	–	(2,097,996)	–	(2,097,996)
Lease liabilities	15	–	–	–	(135,144)	(135,144)				
Trade and other payables	16	–	–	–	(59,808)	(59,808)				
Security deposits		–	–	–	(44,488)	(44,488)	–	–	(42,361)	(42,361)
		–	–	–	(2,455,976)	(2,455,976)				
Financial liabilities measured at fair value										
Financial derivatives	10	–	(26,968)	–	–	(26,968)	–	(26,968)	–	(26,968)

Excludes prepayments

28 FINANCIAL RISK MANAGEMENT (continued)

Measurement of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and the Trust.

(i) *Financial derivatives*

The fair values of cross currency swaps and interest rate swaps are based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on terms and maturity of each contract and using market interest rates or exchange rates, where applicable, for a similar financial instrument at the measurement date.

The fair values of forward exchange contracts are determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.

(ii) *Equity investment*

The fair value of quoted securities is the quoted bid price at the reporting date.

(iii) *Other financial assets and liabilities*

The carrying amounts of loans to subsidiaries and joint ventures, financial assets and liabilities with a maturity of less than one year (including trade and other receivables (excluding net VAT receivables and prepayments), cash and cash equivalents and trade and other payables) and borrowings which reprice within three months are assumed to approximate their fair values because of the short period to maturity, effect of discounting is immaterial or reprice frequently. All other financial assets and liabilities are discounted to determine their fair value.

Interest rates used in determining fair values for disclosures

The interest rates used to discount estimated cash flows, where applicable, is computed from the market rates as follows:

	Group		Trust	
	2019	**2018**	**2019**	**2018**
	%	**%**	**%**	**%**
Security deposits	**1.80**	2.22	**1.80**	2.09
Loans and borrowings	**0.48 – 3.33**	1.10 – 3.33	**0.48 – 3.33**	1.10 – 3.33

29 RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common significant influence. Related parties may be individuals or other entities. The Manager (CapitaLand Commercial Trust Management Limited), is an indirect wholly owned subsidiary of a substantial Unitholder of the Trust.

In the normal course of the operations of the Group, the asset management fees and the Trustee's fees have been paid or are payable to the Manager and Trustee respectively.

During the financial year, other than those disclosed elsewhere in the financial statements, there were significant related party transactions, which were carried out in the normal course of business as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Acquisition fee and related expenses paid or payable to the Manager	**3,781**	5,277
Divestment fee and related expenses paid or payable to the Manager	**–**	2,580
Asset management fees paid or payables to the Manager	**21,304**	20,252
Interest received or receivable from joint ventures	**3,971**	3,971
Leasing commissions paid or payable to related companies of the Manager	**4,538**	2,180
Property management fees and reimbursables paid or payable to related company of the Manager	**17,635**	18,242
Rental income and other related income from related companies of the Manager	**25,236**	18,597

30 OPERATING SEGMENTS

For the purpose of the assessment of segment performance, the Group's CODMs focus on its investment properties comprising Capital Tower, Six Battery Road, CapitaGreen, Asia Square Tower 2, other commercial buildings in Singapore and other commercial buildings in Germany. This forms the basis of identifying the operating segments of the Group, applying the principles under FRS 108 *Operating Segments*.

This primary format is based on the Group's management and internal reporting structure for the purpose of allocating resources and assessing performance by the Group's CODMs.

Segment gross revenue represents 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 Group's CODMs for the purpose of assessment of segment performance. In addition, the Group's CODMs monitor the non-financial assets as well as financial assets attributable to each segment when monitoring segment performance.

Segment results, assets and liabilities include terms directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, loans and borrowings and expenses, related assets and expenses. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

30 OPERATING SEGMENTS (continued)

Geographical segment

The investment properties are located primarily in Singapore and Germany. The basis of presenting geographical information is based on the geographical location of the assets.

Information regarding the Group's reportable segments and geographical segment is presented in the tables below.

Group

31 December 2019

	Singapore						Germany	
	Capital Tower $'000	Six Battery Road $'000	CapitaGreen $'000	Asia Square Tower 2 $'000	Other commercial buildings[1] $'000	Total Singapore $'000	Other commercial buildings[2] $'000	Group $'000
Gross revenue	73,115	67,184	91,370	110,341	35,411	377,421	34,927	412,348
Segment net property income	56,341	52,751	71,973	83,428	29,180	293,673	27,550	321,223
Interest income								5,761
Finance costs								(69,225)
Unallocated expenses								(23,832)
Share of results of joint ventures (net of tax)								115,645
Other material non-cash item:								
– Net change in fair value of investment properties								94,652
Consolidated return for the year before tax								444,224
Tax expense								(8,338)
Consolidated return for the year after tax								435,886
Segment assets and liabilities								
Reportable segment assets	1,403,664	1,443,283	1,669,951	2,198,680	474,532	7,190,110	1,000,654	8,190,764
Equity instrument at fair value								38,156
Interests in joint ventures								1,786,105
Unallocated assets								175,726
Total assets								10,190,751
Reportable segment liabilities	10,628	19,294	457,454	48,706	7,100	543,182	942,328	1,485,510
Unallocated liabilities								1,490,836
Total liabilities								2,976,346
Other segmental information								
Depreciation and amortisation	351	182	4,000	381	1	4,915	115	5,030
Capital expenditure	4,576	1,869	21	747	–	7,213	4,409	11,622

1 Includes 21 Collyer Quay and Bugis Village.
2 Includes Gallileo and Main Airport Center. The acquisition of MAC Property Company B.V., which holds Main Airport Center, was completed on 17 September 2019.

30 OPERATING SEGMENTS (continued)

Group

31 December 2018

	Singapore						Germany	
	Capital Tower $'000	Six Battery Road $'000	CapitaGreen $'000	Asia Square Tower 2 $'000	Other commercial buildings[1] $'000	Total Singapore $'000	Gallileo[2] $'000	Group $'000
Gross revenue	71,409	68,887	91,121	104,962	44,826	381,205	12,763	393,968
Segment net property income	54,767	55,104	73,319	80,024	39,070	302,284	12,326	314,610
Interest income								4,781
Finance costs								(84,516)
Unallocated expenses								(21,625)
Share of results of joint ventures (net of tax)								118,097
Other material non-cash item:								
– Net change in fair value of investment properties	18,838	16,416	27,215	52,517	81,351	196,337	1,506	197,843
Consolidated return for the year before tax								529,190
Tax expense								(6,332)
Consolidated return for the year after tax								522,858
Segment assets and liabilities								
Reportable segment assets	1,394,720	1,426,358	1,665,757	2,155,389	505,461	7,147,685	573,394	7,721,079
Equity instrument at fair value								40,632
Interests in joint ventures								1,763,086
Unallocated assets								165,710
Total assets								9,690,507
Reportable segment liabilities	9,979	17,712	1,073,793	45,803	3,327	1,150,614	558,931	1,709,545
Unallocated liabilities								1,071,801
Total liabilities								2,781,346
Other segmental information								
Depreciation and amortisation	425	347	4,133	103	139	5,147	–	5,147
Capital expenditure	5,162	1,584	(1,101)	(3,515)	4,094	6,224	6,774	12,998

1 Includes 21 Collyer Quay, Bugis Village and Twenty Anson. The divestment of Twenty Anson was completed on 29 August 2018.
2 The acquisition of Gallileo Co., which holds Gallileo, was completed on 18 June 2018.

NOTES TO THE FINANCIAL STATEMENTS

31 ACQUISITION OF SUBSIDIARIES

The Group acquires subsidiaries that own investment properties. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of assets.

In 2019, the Group had the following acquisition:

Acquisition of MAC Property Company B.V. and MAC Car Park Company B.V.

On 17 September 2019, the Group acquired 94.9% interest in MAC Property Company B.V. and MAC Car Park Company B.V. (collectively the "MAC entities") from related parties CLI MAC (Netherlands) B.V. and CLI CP (Netherlands) B.V., a wholly-owned subsidiary and an associate of CapitaLand Limited respectively. The property is located in Frankfurt, Germany. The acquisition has been accounted for as an acquisition of assets as no integrated activities are acquired.

From the date of acquisition to 31 December 2019, MAC Companies contributed revenue of $7.7 million and net profit of $5.2 million to the Group's results. If the acquisition had occurred on 1 January 2019, the Manager estimates that the contribution to the Group's revenue and net profit from MAC Companies would have been $26.7 million and $18.2 million respectively. In determining this amount, management has assumed that the fair value adjustments, if any, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019.

The identifiable assets acquired, liabilities assumed and effect of cash flows are presented as follows:

	2019 Group $'000
Investment property	**407,405**
Property, plant and equipment	**1,416**
Trade and other receivables	**4,392**
Cash and cash equivalents	**5,166**
Trade and other payables	**(10,053)**
Loans and borrowings	**(188,067)**
Total identifiable net assets	**220,259**
Less: Non-controlling interest[1], based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	**(11,233)**
Share of identifiable net assets acquired	**209,026**
Loans to MAC Companies for repayment of amounts due to previous shareholder and banks	**178,475**
Total consideration transferred	**387,501**
Add: Acquisition fee and other related expenses	**5,082**
Total purchase consideration, including acquisition costs	**392,583**
Less: Cash and cash equivalents in subsidiary acquired	**(5,166)**
Less: Purchase consideration payable	**(3,223)**
Net cash outflow on acquisition	**384,194**

[1] Includes loan from non-controlling interest of $9,591,000.

In addition, the remaining purchase consideration of $2,102,000 for the acquisition of Gallileo Co. in 2018 was paid in 2019.

31 ACQUISITION OF SUBSIDIARY (continued)

In 2018, the Group had the following acquisition:

Acquisition of Gallileo Co.

On 18 June 2018, the Group acquired 94.9% interest in Gallileo Property S.a.r.l, ("Gallileo Co.") from an unrelated third party, which holds the property known as Gallileo. The property is located in Frankfurt, Germany. The acquisition has been accounted for as an acquisition of assets as no integrated activities are acquired.

From the date of acquisition to 31 December 2018, Gallileo Co. contributed revenue of $12.8 million and net profit of $16.4 million to the Group's results. If the acquisition had occurred on 1 January 2018, the Manager estimated that the contribution to the Group's revenue and net profit from Gallileo Co. would have been $23.8 million and $23.1 million respectively. In determining this amount, management had assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2018.

The identifiable assets acquired, liabilities assumed and effect of cash flows are presented as follows:

	2018 Group $'000
Investment property	556,083
Trade and other receivables	401
Cash and cash equivalents	6,454
Trade and other payables	(2,942)
Amount due to previous shareholder	(8,427)
Loans and borrowings	(218,684)
Total identifiable net assets	332,885
Less: Non-controlling interest[1], based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	(16,978)
Share of identifiable net assets acquired	315,907
Loans to Gallileo Co. for repayment of amounts due to previous shareholder and banks	215,529
Total consideration transferred	531,436
Add: Acquisition fee and other related expenses	6,443
Total purchase consideration, including acquisition costs	537,879
Less: Cash and cash equivalents in subsidiary acquired	(6,454)
Less: Purchase consideration payable	(1,662)
Net cash outflow on acquisition	529,763

1 Includes loan from non-controlling interest of $11,582,000.

The remaining purchase consideration of $19,131,000 for the acquisition of AST2 Group in 2017 was paid in 2018.

32 DISPOSAL OF INVESTMENT PROPERTIES

In 2019, the Group returned Bugis Village to the lessor (refer to Note 11).

In 2018, the Group divested Twenty Anson to a third party at $516.0 million. In 2018, the Group recognised an increase in fair value of investment property of $82.5 million. The net proceeds from divestment of investment property was $511.3 million.

33 COMMITMENTS

(a) Capital expenditure commitments

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Contracted but not provided for	**43,234**	6,081	**41,592**	5,678

(b) Leases as lessor

Operating lease

The Group leases out its investment properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group $'000
2019 – Operating leases under FRS 116	
Less than one year	**344,826**
One to two years	**305,345**
Two to three years	**174,707**
Three to four years	**125,646**
Four to five years	**71,224**
More than five years	**161,144**
	1,182,892
2018 – Operating leases under FRS 17	
Less than one year	354,773
Between one year to five years	583,605
More than five years	5,056
	943,434

33 COMMITMENTS (continued)

(c) Leases as lessee

The Group and the Trust leases a property ("Bugis Village") from the Government of the Republic of Singapore for a period of 1 year with effect from 1 April 2019. This lease is short-term. The Group and the Trust have elected not to recognise right-of-use asset and lease liability for this lease.

In addition, the Trust leases AST2 from its subsidiary under a MLA with a period of 21 years with effect from 1 January 2018. The lease payment comprised of an annual fixed component of $12 million and a quarterly contingent component of $8.75 million which is subject to the investment property having at least 74% of committed occupancy rates for that relevant quarter.

Information about leases for which the Group and the Trust are a lessee are presented below:

Amounts recognised in the Statement of Total Return

	Group $'000	Trust $'000
2019 – Leases under FRS 116		
Interest on lease liabilities	–	**8,415**
Expenses relating to short-term lease	–	**3,837**
Expenses relating to variable lease payments	–	**35,000**
2018 – Leases under FRS 17		
Contingent rent expense	–	35,000

34 FINANCIAL RATIOS

	Note	Group 2019 %	Group 2018 %
Expenses to weighted average net assets	A		
– expenses ratio excluding performance related fees		**0.19**	0.19
– expenses ratio including performance related fees		**0.38**	0.37
Portfolio turnover rate	B	**5.82**	7.73

Note A: The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group, excluding property operating expenses, borrowing cost and income tax expense.

Note B: The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value.

35 SUBSEQUENT EVENTS

On 22 January 2020, the respective boards of directors of the Manager and Manager of CMT, announced the proposed merger of the Trust and CMT to create a diversified commercial real estate investment trust to be named CapitaLand Integrated Commercial Trust. The proposed merger will be effected by way of a trust scheme of arrangement in accordance with the Singapore Code on Take-overs and Mergers and the Trust Deed, with CMT acquiring all of the issued and paid-up units of CCT ("CCT Units").

The consideration for each CCT Unit (the "Scheme Consideration") comprises 0.720 new units in CMT ("CMT Units") and $0.2590 in cash. Based on an issue price of S$2.59 per CMT Unit, the Scheme Consideration implies a gross exchange ratio of 0.820x, taking into consideration, amongst other factors, the respective 30-day volume weighted average prices of CMT Units and CCT Units.

The merger is expected to be completed by June 2020, subject to customary closing conditions, regulatory approvals, tax approvals, approvals from unitholders of the Trust and approvals from unitholders of CMT.

Name of Interested Person/ Interested Party	Nature of Relationship	Agggregate value of all interested person transactions during the financial year under review: excluding transactions less than S$100,000 and transactions conducted under unitholders mandate pursuant to Rule 920 S$'000	Agggregate value of all interested person transactions during the financial year under review: under unitholders mandate pursuant to Rule 920 (excluding transactions of less than S$100,000) S$'000
CapitaLand Limited and its subsidiaries and associates	**Controlling shareholder of the Manager and controlling Unitholder, and its subsidiaries or associates**		
– Acquisition fees[1]		3,816	–
– Asset management fees[1]		31,207	–
– Joint venture commitment and shareholder's loans in connection with the acquisition of Main Airport Center		563,648	–
– Leases		10,230	–
– Other marketing fees		276	–
– Property management fees and reimbursables, and leasing and marketing fees[2]		130,421	–
– Service fees		761	–
		740,359	–
Temasek Holdings (Pte) Ltd and its subsidiaries and associates	**Controlling shareholder of the Manager and controlling Unitholder, and its subsidiaries or associates**		
– Service fees		15,298	–
		15,298	–
HSBC Institutional Trust Services (Singapore) Limited and its subsidiaries or associates	**Trustee and its subsidiaries or associates**		
– Trustee's fee[1]		1,312	–
		1,312	–

Save as disclosed above, there were no additional interested person/interested party transactions (excluding transactions of less than S$100,000 each) entered into during the financial year under review.

Save as disclosed above, there were no material contracts of CCT and its subsidiaries involving the interests of the chief executive officer or each director of the Manager or the controlling Unitholder of CCT, either still subsisting at the end of FY 2019 or if not then subsisting, entered into since the end of FY 2018.

1 CCT is deemed to have obtained Unitholders approval on 12 April 2004 through the approval of the shareholders of CapitaLand Limited (as outlined in the Introductory Document dated 16 March 2004) in relation to payments of asset management fees and acquisition and divestment fees to the Manager as well as payment of Trustee fees. These payments are therefore not subject to Rules 905 and 906 of the SGX-ST Listing Manual and as such not included in the aggregate value of total interested party transactions entered into with the CapitaLand Group.

2 The property management fees and reimbursables in respect of payroll and related expenses and leasing and marketing fees are payable to the Property Manager pursuant to the property management agreement entered into between the Trustee, the Manager and the Property Manager dated 1 March 2004. The property management agreement was subsequently renewed for 5 years commencing 1 March 2014 and another 5 years commencing 1 March 2019.

The total property management fees and reimbursables for the first renewal term of 5 years had been included in the aggregate value of total interested party transactions entered into with the CapitaLand Group for FY 2014 for purposes of Rules 905 and 906 of the SGX-ST Listing Manual.

The total property management fees and reimbursables for the second renewal term of 5 years is included in the aggregate value of total interested party transactions entered into with the CapitaLand Group for FY 2019 for purposes of Rules 905 and 906 of the SGX-ST Listing Manual.

Please also see Note 29 on Related Parties in the financial statements.

ADDITIONAL INFORMATION

SUBSCRIPTION OF CCT UNITS

For the financial year ended 31 December 2019, an aggregate of 113,256,620 Units were issued and subscribed for. As at 31 December 2019, 3,857,685,908 Units were in issue and outstanding.

ASSET MANAGEMENT FEE PAID IN UNITS

A summary of Units issued for payment of the asset management fee (part payment) during or in respect of the financial year is as follows:

For Period	Issue Date	Units issued	*Issue Price S$	Total Value S$'000
Base Asset Management Fee				
1 January 2019 to 31 March 2019	6-May-19	591,739	1.9424	1,149
1 April 2019 to 30 June 2019	5-Aug-19	550,806	2.1332	1,175
1 July 2019 to 30 September 2019	1-Nov-19	563,862	2.1057	1,187
1 October 2019 to 31 December 2019	28-Feb-20	608,407	1.9667	1,197
				4,708
Performance Asset Management Fee				
1 January 2019 to 31 December 2019	28-Feb-20	3,581,821	1.9667	7,044
				7,044
				11,752

* Based on the volume weighted average traded price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the last ten business days of the relevant period in which the management fees accrued.

According to disclosure requirements under paragraph 11.1, item (i) of Appendix 6 to the Code of Collective Investment Scheme, the total operating expenses incurred by CCT and its respective proportionate interest in joint ventures in FY 2019 was S$169.0 million (FY 2018: S$156.6 million). This translates to 2.3% of CCT's net asset value as at 31 December 2019 (31 December 2018: 2.3%). Taxation incurred was S$8.3 million (FY 2018: S$6.3 million).

CBRE Pte. Ltd.

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Co. Reg. No.: 197701161R
Agency License No.: L3002163I

31 December 2019

HSBC Institutional Trust Services (Singapore) Limited
As Trustee of CapitaLand Commercial Trust
21 Collyer Quay #13-02 HSBC Building
Singapore 049320

CapitaLand Commercial Trust Management Limited
As Manager of CapitaLand Commercial Trust
168 Robinson Road
#30-01 Capital Tower
Singapore 068912

Dear Sirs

LETTER OF INDEPENDENT DECLARATION – CAPITALAND COMMERCIAL TRUST

We, CBRE Pte. Ltd., being the Valuer of CapitaLand Commercial Trust ("CCT"), hereby declare and confirm that:

1. Our valuations are independent opinions of the market values of the properties based on our reported assumptions;

2. We are independent of CCT, CapitaLand Commercial Trust Management Limited in its capacity as Manager of CCT, HSBC Institutional Trust Services (Singapore) Limited in its capacity as Trustee of CCT, each of the significant holders of CCT, adviser or other party whom CCT is contracting with;

3. We do not have any pending business transactions, contracts under negotiation or other arrangements with the Manager, adviser or other party whom the Trustee is contracting with, and there are no other factors that would interfere with our ability to give an independent and professional valuation of the properties;

4. We confirm that we are authorized under the law of the state or country where the valuation takes place to practice as a valuer and issue a valuation report;

5. We confirm that we have the necessary expertise and experience in valuing properties of the type in question and in the relevant area; and

6. All of our directors are persons of good repute and have the necessary experience for the performance of their duties.

We have no objection to include the above declaration in your Annual Report.

Yours faithfully
For and on behalf of
CBRE PTE. LTD.

SIM HWEE YAN
Executive Director
Valuation & Advisory Services

CBRE Pte. Ltd.

2 Tanjong Katong Road #06-01
Paya Lebar Quarter
Singapore 437161

T (65) 6224 8181
F (65) 6225 1987

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Co. Reg. No.: 197701161R
Agency License No.: L3002163I

31 December 2019

HSBC Institutional Trust Services (Singapore) Limited
As Trustee-Manager of RCS Trust
21 Collyer Quay #13-02 HSBC Building
Singapore 049320

CapitaLand Commercial Trust Management Limited
As Manager of CapitaLand Commercial Trust
168 Robinson Road
#30-01 Capital Tower
Singapore 068912

CapitaLand Mall Trust Management Limited
As Manager of CapitaLand Mall Trust
168 Robinson Road
#30-01 Capital Tower
Singapore 068912
Dear Sirs

LETTER OF INDEPENDENT DECLARATION – RCS TRUST

We, CBRE Pte. Ltd., being the Valuer of RCS Trust hereby declare and confirm that:

1. Our valuation is an independent opinion of the market value of the property based on our reported assumptions;

2. We are independent of RCS Trust, CapitaLand Commercial Trust Management Limited as Manager of CapitaLand Commercial Trust ("CCT"), CapitaLand Mall Trust Management Limited as Manager of CapitaLand Mall Trust ("CMT"), HSBC Institutional Trust Services (Singapore) Limited as Trustee-Manager of RCS Trust, each of the significant holders of RCS Trust, adviser or other party whom CCT, CMT or RCS Trust is contracting with;

3. We do not have any pending business transactions, contracts under negotiation or other arrangements with the manager, adviser or other party whom the REIT is contracting with, and there are no other factors that would interfere with the valuer's ability to give an independent and professional valuation of the property;

4. We confirm that we are authorized under the law of the state or country where the valuation takes place to practice as a valuer and issue a valuation report;

5. We confirm that we have the necessary expertise and experience in valuing properties of the type in question and in the relevant area; and

6. All of our directors are persons of good repute and have the necessary experience for the performance of their duties.

Yours faithfully
For and on behalf of
CBRE PTE. LTD.

SIM HWEE YAN
Executive Director
Valuation & Advisory Services

Cushman & Wakefield VHS Pte. Ltd.
3 Church Street
#09-03 Samsung Hub
Singapore 049483
Tel +65 6535 3232
Fax +65 6535 1028
cushmanwakefield.com

Company Registration No. 200709839D

31 December 2019

HSBC Institutional Trust Services (Singapore) Limited
As Trustee of CapitaLand Commercial Trust
21 Collyer Quay #10-02 HSBC Building
Singapore 049320

CapitaLand Commercial Trust Management Limited
As Manager of CapitaLand Commercial Trust
168 Robinson Road
#30-01 Capital Tower
Singapore 068912

Dear Sirs,

LETTER OF INDEPENDENT DECLARATION – CAPITALAND COMMERCIAL TRUST

We, Cushman & Wakefield VHS Pte Ltd., being the Valuer of CapitaLand Commercial Trust ("CCT"), hereby declare and confirm that:

1. Our valuations are independent opinions of the market values of the properties based on our reported assumptions;

2. We are independent of CCT, CapitaLand Commercial Trust Management Limited in its capacity as Manager of CCT, HSBC Institutional Trust Services (Singapore) Limited in its capacity as Trustee of CCT, each of the significant holders of CCT, adviser or other party whom CCT is contracting with;

3. We do not have any pending business transactions, contracts under negotiation or other arrangements with the Manager, adviser or other party whom the Trustee is contracting with, and there are no other factors that would interfere with our ability to give an independent and professional valuation of the properties;

4. We confirm that we are authorized under the law of the state or country where the valuation takes place to practice as a valuer and issue a valuation report;

5. We confirm that we have the necessary expertise and experience in valuing properties of the type in question and in the relevant area;

6. All of our directors are persons of good repute and have the necessary experience for the performance of their duties.

We have no objection to include the above declaration in your Annual Report.

Yours faithfully
For and on behalf of
Cushman & Wakefield VHS Pte. Ltd.

Chew May Yenk
Executive Director

RESTRICTED

31 December 2019

HSBC Institutional Trust Services (Singapore) Limited
As Trustee of CapitaLand Commercial Trust
21 Collyer Quay
#10-02 HSBC Building
Singapore 049320

CapitaLand Commercial Trust Management Limited
As Manager of CapitaLand Commercial Trust
168 Robinson Road
#30-01 Capital Tower
Singapore 068912

One George Street LLP
168 Robinson Road
#30-01 Capital Tower
Singapore 068912

Dear Sirs,

LETTER OF INDEPENDENT DECLARATION – CAPITALAND COMMERCIAL TRUST FOR FY2019

We, Knight Frank Pte Ltd, being the Valuer of CapitaLand Commercial Trust ("CCT") and One George Street LLP hereby declare and confirm that:

1. We are independent of CCT, CapitaLand Commercial Trust Management Limited, in its capacity as Manager of CCT, HSBC Institutional Trust Services (Singapore) Limited, in its capacity as Trustee of CCT and One George Street LLP, each of the significant holders of CCT, adviser or other party whom CCT is contracting with;

2. We do not have any pending business transactions, contracts under negotiation or other arrangements with the Manager, adviser or other party whom CCT is contracting with, and there are no other factors that would interfere with our ability to give an independent and professional valuation of the property;

3. We confirm that we are authorised under the law of the state or country where the valuation takes place to practice as a valuer and issue a valuation report;

4. We confirm that we have the necessary expertise and experience in valuing properties of the type in question and in the relevant area; and

5. All of our directors are persons of good repute and have the necessary experience for the performance of their duties.

We have no objection to include the above declaration in your Annual Report.

Yours faithfully
For and on behalf of
Knight Frank Pte Ltd

Low Kin Hon
Deputy Group Managing Director
Head, Valuation & Advisory

Knight Frank Pte Ltd 10 Collyer Quay #08-01 Ocean Financial Centre Singapore 049315
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Other Offices:

Knight Frank Property Asset Management Pte Ltd 160 Paya Lebar Road #05-05 Orion@Paya Lebar Singapore 409022
KF Property Network Pte Ltd 491B River Valley Road #07-02 Valley Point Singapore 248373

31 December 2019

CL Office Trustee Pte. Ltd.
As Trustee-Manager of Glory Office Trust
168 Robinson Road #30-01 Capital Tower
Singapore 068912

Glory SR Trustee Pte. Ltd.
As Trustee-Manager of Glory SR Trust
168 Robinson Road #30-01 Capital Tower
Singapore 068912

CapitaLand Commercial Trust Management Limited
As Manager of CapitaLand Commercial Trust
168 Robinson Road #30-01 Capital Tower
Singapore 068912

Dear Sirs,

LETTER OF INDEPENDENT DECLARATION – GLORY OFFICE TRUST AND GLORY SR TRUST

We, Knight Frank Pte Ltd, being the Valuer of Glory Office Trust and Glory SR Trust hereby declare and confirm that:

1. We are independent of Glory Office Trust, CL Office Trustee Pte. Ltd. as Trustee-Manager of Glory Office Trust, Glory SR Trust, Glory SR Trustee Pte. Ltd. as Trustee-Manager of Glory SR Trust, CapitaLand Commercial Trust Management Limited, in its capacity as Manager of CCT, HSBC Institutional Trust Services (Singapore) Limited, in its capacity as Trustee of CCT, each of the significant holders of Glory Office Trust and Glory SR Trust, adviser or other party whom Glory Office Trust or Glory SR Trust is contracting with;

2. We do not have any pending business transactions, contracts under negotiation or other arrangements with the Manager, adviser or other party whom Glory Office Trust or Glory SR Trust is contracting with, and there are no other factors that would interfere with our ability to give an independent and professional valuation of the property;

3. We confirm that we are authorised under the law of the state or country where the valuation takes place to practice as a valuer and issue a valuation report;

4. We confirm that we have the necessary expertise and experience in valuing properties of the type in question and in the relevant area; and

5. All of our directors are persons of good repute and have the necessary experience for the performance of their duties.

We have no objection to include the above declaration in your Annual Report.

Yours faithfully
For and on behalf of
Knight Frank Pte Ltd

Low Kin Hon
Deputy Group Managing Director
Head, Valuation & Advisory

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CUSHMAN & WAKEFIELD

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Telefondurchwahl: - 245
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Cushman & Wakefield | Rathenauplatz 1 | 60313 Frankfurt

HSBC Institutional Trust Services (Singapore) Limited
As Trustee of CapitaLand Commercial Trust
21 Collyer Quay #13-02 HSBC Building
Singapore 049320

CapitaLand Commercial Trust Management Limited
as Manager of CapitaLand Commercial Trust
168 Robinson Road #30-01 Capital Tower
Singapore 068912

31 December 2019

LETTER OF INDEPENDENT DECLARATION – CAPITALAND COMMERCIAL TRUST FOR FY2019

Dear Sirs,

We, C&W (U.K.) LLP German Branch, being the Valuer of CapitaLand Commercial Trust (“CCT”) hereby declare and confirm that:

1. We are independent of CCT, CapitaLand Commercial Trust Management Limited, in its capacity as manager of CCT, HSBC Institutional Trust Services (Singapore) Limited, in its capacity as Trustee of CCT, each of the significant holders of CCT, adviser or other party whom CCT is contracting with;

2. We do not have any pending business transactions, contracts under negotiation or other arrangements with the manager, adviser or other party whom CCT is contracting with, and there are no other factors that would interfere with our ability to give an independent and professional valuation of the property;

3. We confirm that we are authorized under the law of the state or country where the valuation takes place to practice as a valuer and issue a valuation report;

4. We confirm that we have the necessary expertise and experience in valuing properties of the type in question and in the relevant area; and

5. All of our directors are persons of good repute and have the necessary experience for the performance of their duties.

We have no objection to include the above declaration in your Annual Report.

Yours faithfully
For and on behalf of
C&W (U.K.) LLP German Branch

Martin Belik
International Partner
Head of Valuation Germany

STATISTICS OF UNITHOLDINGS

As at 27 February 2020

ISSUED AND FULLY PAID UNITS

3,857,685,908 Units (Voting Rights: 1 Vote per Unit)
Market capitalisation of S$7,561,064,380 based on market closing Unit price of S$1.96 on 27 February 2020

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 – 99	374	1.4	9,346	0.0
100 – 1,000	6,186	22.9	3,536,416	0.1
1,001 – 10,000	15,069	55.7	65,197,290	1.7
10,001 – 1,000,000	5,363	19.8	214,031,849	5.6
1,000,001 and above	41	0.2	3,574,911,007	92.7
Total	**27,033**	**100.0**	**3,857,685,908**	**100.0**

LOCATION OF UNITHOLDERS

	No. of Unitholders	%	No. of Units	%
Singapore	25,932	95.9	3,848,386,342	99.8
Malaysia	643	2.4	4,972,126	0.1
Others	458	1.7	4,327,440	0.1
Total	**27,033**	**100.0**	**3,857,685,908**	**100.0**

TWENTY LARGEST UNITHOLDERS

Name		No. of Units	%
1	SBR Private Limited	746,646,934	19.4
2	Citibank Nominees Singapore Pte Ltd	731,354,312	19.0
3	DBS Nominees (Private) Limited	590,908,041	15.3
4	DBSN Services Pte. Ltd.	421,100,821	10.9
5	HSBC (Singapore) Nominees Pte Ltd	366,821,481	9.5
6	E-Pavilion Pte Ltd	215,869,742	5.6
7	CapitaLand Commercial Trust Management Limited	169,899,041	4.4
8	Raffles Nominees (Pte.) Limited	141,707,174	3.7
9	BPSS Nominees Singapore (Pte.) Ltd.	53,371,477	1.4
10	United Overseas Bank Nominees (Private) Limited	17,783,818	0.5
11	DB Nominees (Singapore) Pte Ltd	13,310,787	0.4
12	Societe Generale Spore Branch	10,506,917	0.3
13	Morgan Stanley Asia (Singapore) Securities Pte Ltd	9,924,951	0.3
14	Gralf Max Hans Sieghold	8,000,000	0.2
15	UOB Kay Hian Private Limited	7,320,780	0.2
16	Pei Hwa Foundation Limited	7,055,700	0.2
17	OCBC Nominees Singapore Private Limited	6,754,525	0.2
18	Toh Ting Feng (Zhuo Tingfeng) Or Lim Bee Lian @Low Ah Moy	5,541,000	0.1
19	Phillip Securities Pte Ltd	4,824,579	0.1
20	BNP Paribas Nominees Singapore Pte. Ltd.	4,134,788	0.1
	Total	**3,532,836,868**	**91.6**

STATISTICS OF UNITHOLDINGS

As at 27 February 2020

DIRECTORS' INTERESTS IN UNITS AND CONVERTIBLE SECURITIES AS AT 21 JANUARY 2020

Based on the Register of Directors' Unitholdings, the interests of the Directors in Units and convertible securities issued by CCT are as follows:

	No. of Units		Contingent Awards of Units[1] under the Manager's	
Name of Director	**Direct Interest**	**Deemed Interest**	**Performance Unit Plan**	**Restricted Unit Plan**
Soo Kok Leng	77,409	–	–	–
Kevin Chee Tien Jin	114,348	–	0 to 375,990[2]	66,268[3,4] 0 to 214,971[2,4]
Lam Yi Young	–	–	–	–
Tan Soon Neo Jessica	13,632	–	–	–
Quek Bin Hwee	9,787	–	–	–
Ng Wai King	5,666	–	–	–
Jonathan Yap Neng Tong	–	–	–	–
Lim Cho Pin Andrew Geoffrey	15,000	–	–	–

1 This refers to the number of Units which are the subject of contingent awards granted but not released under the Manager's Performance Unit Plan (PUP) and Restricted Unit Plan (RUP). The final number of Units that will be released could range from 0% to a maximum of 200% of the baseline award under the PUP and from 0% to a maximum of 150% of the baseline award under the RUP.

2 The final number of Units to be released will depend on the achievement of pre-determined targets at the end of the respective performance periods for PUP and RUP.

3 Being the unvested Units under the RUP.

4 On the final vesting, an additional number of Units of a total value equal to the value of the accumulated distributions which are declared during each of the vesting periods and deemed foregone due to the vesting mechanism of RUP, will also be released.

STATISTICS OF UNITHOLDINGS

As at 27 February 2020

SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS AS AT 27 FEBRUARY 2020

Based on the information available to the Manager, as at 27 February 2020, the unitholdings of Substantial Unitholders of CCT are as follows:

	Direct Interest		Deemed Interest	
Name of Substantial Unitholder	**No. of Units**	**%[1]**	**No. of Units**	**%[1]**
Temasek Holdings (Private) Limited (THPL)	–	–	1,184,934,429[2]	30.71
Tembusu Capital Pte. Ltd. (Tembusu)	–	–	1,132,979,579[3]	29.36
Bartley Investments Pte. Ltd. (Bartley)	–	–	1,132,979,579[3]	29.36
Mawson Peak Holdings Pte. Ltd. (Mawson)	–	–	1,132,979,579[3]	29.36
Glenville Investments Pte. Ltd. (Glenville)	–	–	1,132,979,579[3]	29.36
TJ Holdings (III)Pte. Ltd. (TJ Holdings (III))	–	–	1,132,979,579[3]	29.36
CLA Real Estate Holdings Pte. Ltd. (CLA)	–	–	1,132,979,579[4]	29.36
CapitaLand Limited (CL)	–	–	1,132,979,579[5]	29.36
CapitaLand Singapore (R&R) Limited (CLS)	–	–	962,516,676[6]	24.95
SBR Private Limited (SBR)	746,646,934	19.35	–	–
CapitaLand (Office) Investments Pte Ltd (COI)	–	–	746,646,934[7]	19.35
E-Pavilion Pte. Ltd. (E-Pavilion)	215,869,742	5.59	–	–
CapitaLand Investments Pte Ltd (CIPL)	–	–	215,869,742[8]	5.59

1 The percentages are rounded down to the nearest 0.01%.

2 THPL is deemed to have an interest in the unitholdings in which its subsidiaries and associated companies (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.

3 THPL holds 100% of the equity interest in Tembusu, which holds 100% of the equity interest in Bartley, which holds 100% of the equity interest in Mawson, which holds 100% of the equity interest in Glenville, which holds 100% of the equity interest in TJ Holdings (III), which holds 100% of the equity interest in CLA. CLA holds approximately 50.89% of the issued shares in CL.

Each of Tembusu, Bartley, Mawson, Glenville and TJ Holdings (III) is deemed to have an interest in the unitholdings in which CLA is deemed to have an interest pursuant to Section 4 of the Securities and Futures Act, Chapter 289 of Singapore.

4 CLA is deemed to have an interest in the unitholdings that CL is deemed to have an interest pursuant to Section 4 of the Securities and Futures Act, Chapter 289 of Singapore.

5 CL is deemed to have an interest in the unitholdings of its indirect wholly owned subsidiaries namely, SBR, E-Pavilion, CapitaLand Commercial Trust Management Limited (CCTML) and Carmel Plus Pte. Ltd. (Carmel). CCTML and Carmel holds 169,899,041 Units and 563,862 Units respectively.

6 CLS is deemed to have an interest in the unitholdings of its indirect wholly owned subsidiaries namely, SBR and E-Pavilion.

7 COI is deemed to have an interest in the unitholding of its direct wholly owned subsidiary namely, SBR.

8 CIPL is deemed to have an interest in the unitholding of its direct wholly owned subsidiary namely, E-Pavilion.

PUBLIC FLOAT

Based on the information available to the Manager, as at 27 February 2020, approximately 69% of the Units were held in the hands of the public. Rule 723 of the Listing Manual of the SGX-ST has accordingly been complied with.

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CORPORATE INFORMATION

CAPITALAND COMMERCIAL TRUST

REGISTERED ADDRESS

HSBC Institutional Trust Services (Singapore) Limited
10 Marina Boulevard
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Website: www.cct.com.sg

TRUSTEE

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AUDITOR

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Public Accountants and Chartered Accountants
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Partner-in-charge: Leong Kok Keong
(With effect from financial year ended 31 December 2019)

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THE MANAGER

REGISTERED ADDRESS

CapitaLand Commercial Trust Management Limited
168 Robinson Road
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Email: ask-us@cct.com.sg
Website: www.cct.com.sg

BOARD OF DIRECTORS

Soo Kok Leng
Chairman & Non-Executive Independent Director

Kevin Chee Tien Jin
Chief Executive Officer & Executive Non-Independent Director

Lam Yi Young
Non-Executive Independent Director

Tan Soon Neo Jessica
Non-Executive Independent Director

Quek Bin Hwee
Non-Executive Independent Director

Ng Wai King
Non-Executive Independent Director

Jonathan Yap Neng Tong
Non-Executive Non-Independent Director

Lim Cho Pin Andrew Geoffrey
Non-Executive Non-Independent Director

AUDIT COMMITTEE

Quek Bin Hwee
Chairman

Lam Yi Young
Tan Soon Neo Jessica
Lim Cho Pin Andrew Geoffrey

EXECUTIVE COMMITTEE

Jonathan Yap Neng Tong
Chairman

Lim Cho Pin Andrew Geoffrey
Kevin Chee Tien Jin

COMPANY SECRETARIES

Lee Ju Lin, Audrey
Tee Leng Li

THE PROPERTY MANAGERS

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Counter Name: CapitaCom Trust
Stock Symbol: C61U

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.