ANOTHER DECADE OF EXCELLENCE

CapitaLand Retail China Trust

CapitaLand Retail China Trust

Annual Report 2016

Corporate Profile

First China shopping mall real estate investment trust in Singapore
CapitaLand Retail China Trust (CRCT) is the first China shopping mall real estate investment trust (REIT) in Singapore, with a portfolio of 11 income-producing shopping malls. Listed on the Singapore Exchange Securities Trading Limited (SGX-ST) on 8 December 2006, it is established with the objective of investing on a long-term basis in a diversified portfolio of income-producing real estate used primarily for retail purposes and located primarily in China, Hong Kong and Macau.

The geographically diversified portfolio of quality shopping malls is located in seven of China's cities. The malls are CapitaMall Xizhimen, CapitaMall Wangjing, CapitaMall Grand Canyon, CapitaMall Anzhen and CapitaMall Shuangjing in Beijing; CapitaMall Xinnan in Chengdu, Sichuan Province; CapitaMall Qibao in Shanghai; CapitaMall Minzhongleyuan in Wuhan, Hubei Province; CapitaMall Erqi in Zhengzhou, Henan Province; CapitaMall Saihan in Hohhot, Inner Mongolia; and CapitaMall Wuhu in Wuhu, Anhui Province.

All the malls in the portfolio are positioned as one-stop family-oriented shopping, dining and entertainment destinations for the sizeable population catchment areas in which they are located, and are accessible via major transportation routes or access points. A significant portion of the properties' tenancies consists of major international and domestic retailers such as Beijing Hualian Group (BHG), Carrefour and Wal-Mart under master leases or long-term leases, which provide CRCT's unitholders with stable and sustainable returns. The anchor tenants are complemented by popular specialty brands such as Häagen-Dazs, innisfree, KFC, Nanjing Impressions, Nike, Pandora, Sephora, Starbucks, UNIQLO, Watsons and ZARA.

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

Vision

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

Mission

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

ANOTHER DECADE OF EXCELLENCE

CapitaLand Retail China Trust (CRCT) is the first and largest China-focused retail real estate investment trust listed on Singapore Exchange Securities Trading Limited (SGX-ST), providing investors with an avenue to tap the growth of China's rising consumerism. In the first decade of our listing from 2006 to 2016, we enlarged our portfolio through strategic acquisitions and enhanced the competitiveness of our malls through proactive asset management and constant innovation. During this period, our portfolio size expanded fourfold and both annual net property income and distributable income tripled. As we enter a new decade, we will remain steadfast in our commitment to excellence and strive to continue delivering sustainable income growth for our Unitholders.

Contents

Year in Brief 2016

February

- For financial year 2015, CRCT achieved distributable income of S$89.2 million, 10.3% growth year-on-year. For the same period, distribution per unit (DPU) grew 7.9% year-on-year to 10.6 cents.

March

- Paid a DPU of 5.23 cents to Unitholders for the period 1 July to 31 December 2015.

April

- Held annual general meeting with all the resolutions duly passed.

June

- Participated in the “REITs Symposium 2016” jointly organised by REITAS (REIT Association of Singapore) and ShareInvestor to promote REIT as an investment option, for the second consecutive year.

July

- Clinched the Gold award for Best Investor Relations (REITs and Business Trusts category) at the Singapore Corporate Awards 2016.
- Completed the upgrading works of CapitaMall Qibao’s façade.

August

- Announced the proposed acquisition of CapitaMall Xinnan (formerly known as Galleria), located in south of Chengdu, Sichuan Province, China.
- Completed the upgrading works of CapitaMall Wangjing’s façade.

September

- Paid a DPU of 5.32 cents to Unitholders for the period 1 January to 30 June 2016.
- Acquisition of CapitaMall Xinnan was completed.
- Participated in the “7th Singapore Corporate Governance Week – Statement of Support” organised by Securities Investors Association (Singapore) in demonstration of CRCT’s commitment to good corporate governance.

2016 Highlights

Net Property Income (NPI)

S$139.7 million

Portfolio Occupancy Rate

95.9%

Distributable Income

S$86.7 million

Annual Shopper Traffic

92.1 million

Distribution Per Unit (DPU)

10.05 cents

Tenants' Sales

RMB1,743
per square metre

Aggregate Leverage

35.3%

Portfolio Property Valuation

RMB12.7 billion
11 properties

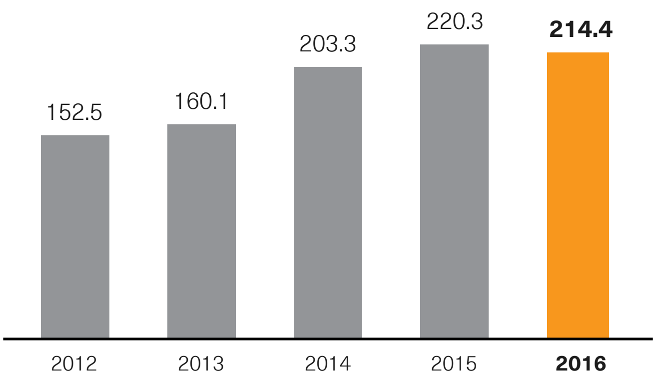
Average Cost of Borrowings

2.81%

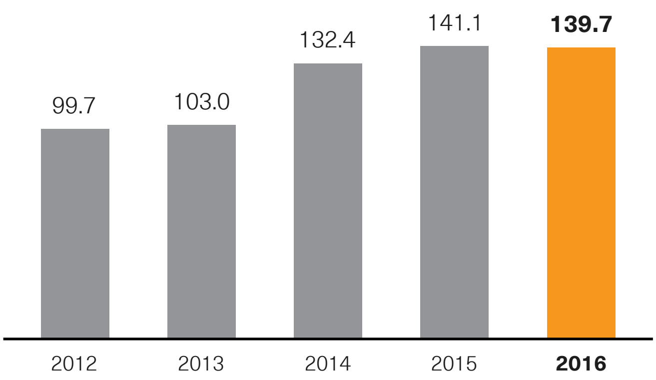
Information as at 31 December 2016 or for FY 2016

Financial Highlights

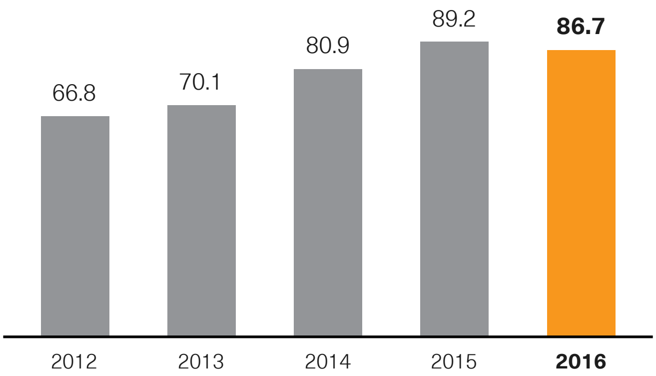
Gross Revenue
(S$ million)



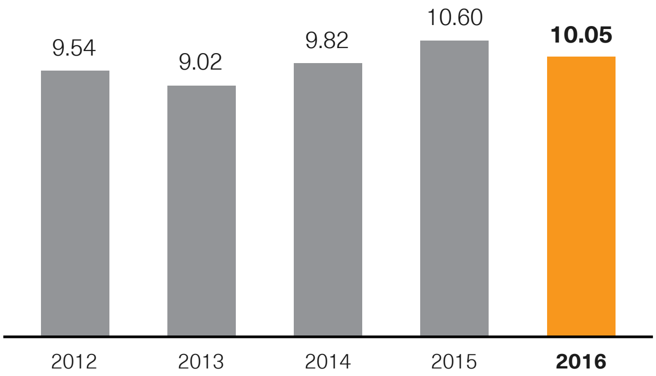
Net Property Income
(S$ million)



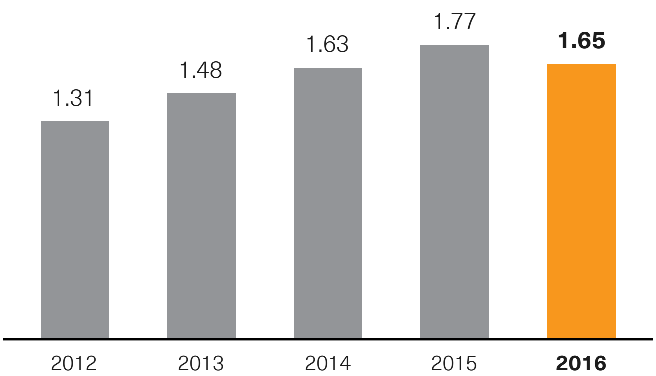
Distributable Income
(S$ million)



Distribution Per Unit
(cents)



Net Asset Value Per Unit
(S$)



5-Year Financial Highlights

As at 31 December Balance Sheet	2012[1]	2013[1]	2014[1]	2015[1]	2016[1]
Total Assets (S$'000)	1,648,791	2,184,291	2,358,062	2,570,304	**2,783,467**
Total Deposited Properties[2] (S$'000)	1,623,824	2,155,554	2,328,008	2,544,671	**2,761,930**
Net Assets Attributable to Unitholders (S$'000)	978,742	1,186,951	1,349,738	1,490,820	**1,431,811**
Total Borrowings (S$'000)	465,847	713,458	672,893	707,092	**979,246**
Market Capitalisation (S$ million)	1,232	1,068	1,337	1,256	**1,191**
Net Asset Value Per Unit (S$)	1.31	1.48	1.63	1.77	**1.65**
Portfolio Property Valuation (S$'000)	1,476,988	2,058,094	2,250,783	2,412,626	**2,628,353**[3]

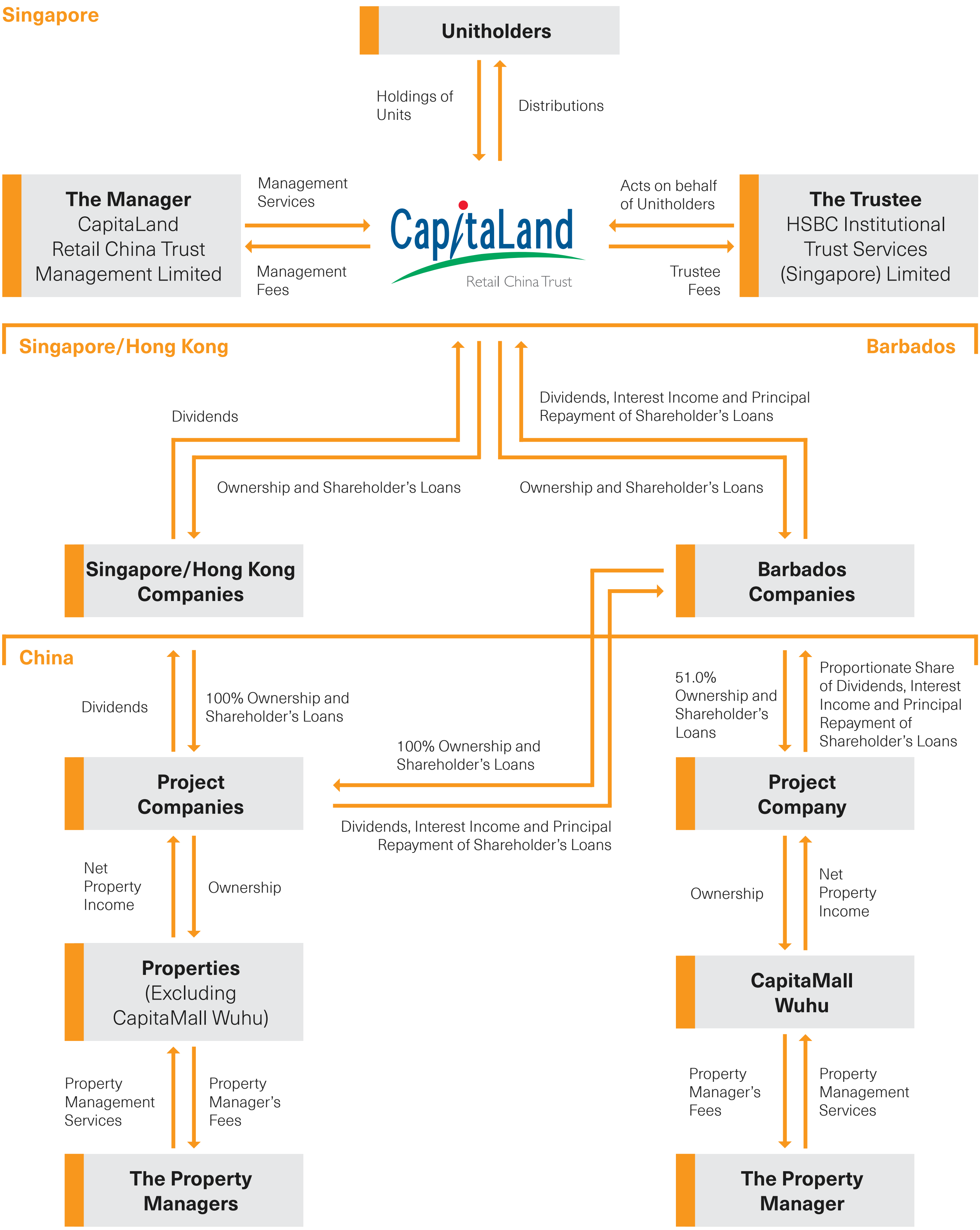
Financial Ratios					
Earnings Per Unit (¢)	19.52[4]	17.52	17.69	13.61	**12.45**
Diluted Earnings Per Unit (¢)	–	–	–	–	**12.39**
Distribution Per Unit (¢)	9.54	9.02	9.82	10.60	**10.05**
Net Tangible Assets Per Unit (S$)	1.31	1.48	1.63	1.77	**1.65**
Aggregate Leverage[5] (%)	28.0	32.6	28.7	27.7	**35.3**
Interest Cover (times)	8.5	8.5	5.6	6.3	**6.0**
Management Expense Ratio[6] (%)	1.0	0.9	1.0	0.9	**1.0**

As at 31 December 2016[1] Financial Derivatives	
Net Fair Value of Financial Derivatives[7]	**0.1**
Proportion of Financial Derivatives to Net Assets Attributable to Unitholders[9] (%)	**–**

Total Operating Expenses and Taxation	
Total Operating Expenses[8] (S$'000)	**88,689**
Total Operating Expenses as a percentage of Net Asset Value[9] (%)	**6.1**
Taxation[10] (S$'000)	**41,641**

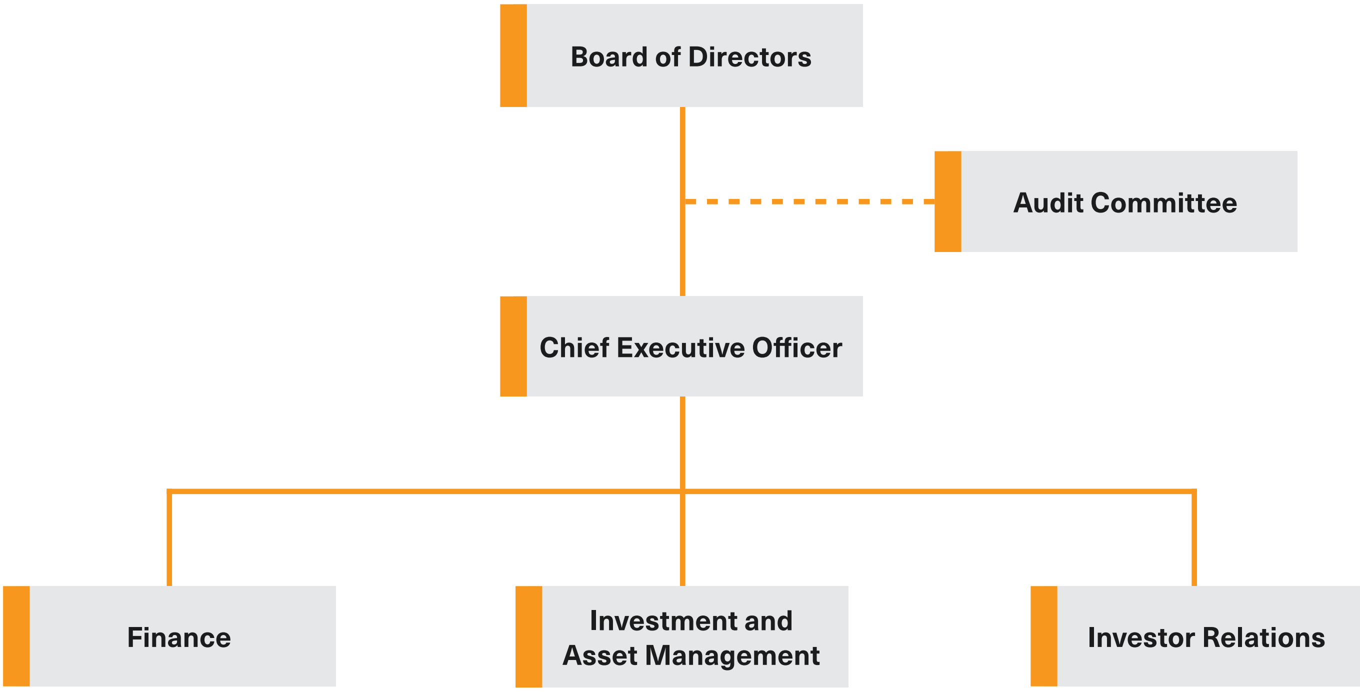
1 The financial year from 1 January to 31 December.
2 All the assets of CRCT (or proportional share if CRCT owns less than 100% of a Barbados Company as defined in the CRCT Prospectus dated 29 November 2006 (CRCT Prospectus) and/or a Project Company (as defined in the CRCT Prospectus)) including the properties and all the authorised investment of CRCT for the time being held or deemed to be held upon the trust under the trust deed dated 23 October 2006 as amended by the First Supplemental Deed dated 8 November 2006, Second Supplemental Deed dated 15 April 2010, Third Supplemental Deed dated 5 April 2012, Fourth Supplemental Deed dated 14 February 2014 and Fifth Supplemental Deed dated 6 May 2015 and a Sixth Supplemental Deed dated 29 April 2016 (collectively, the Trust Deed), and excluding undistributed income at the year end.
3 Based on valuation as at 31 December 2016. Portfolio property valuation include the valuation of the 11 malls and the carrying amount of CapitaMall Minzhongleyuan's three residential units. Refer to page 117 for the details of the valuer as at 31 December 2016.
4 The figure has been restated for the effect of preferential offering completed on 20 November 2013.
5 The aggregate leverage is calculated based on total borrowings and deferred payments over the total assets. Total assets included the hedging effects on the net assets denominated in Renminbi (RMB).
6 Refers to the expenses of CRCT excluding property expenses and interest expenses but including performance component of CRCTML's management fees, expressed as a percentage of weighted average net assets.
7 Financial derivatives include non-deliverable forwards and interest rate swaps which CRCT entered into as a form of hedging against the underlying foreign currency and interest rate risks. The net fair value derivative represented an insignificant percentage of the net assets of CRCT as at 31 December 2016.
8 Total operating expenses includes all fees and charges paid to the Manager and interested parties.
9 Net assets attributable to Unitholders and net asset value as at 31 December 2016.
10 Taxation includes corporate taxation, withholding taxation and deferred taxation.

Trust Structure

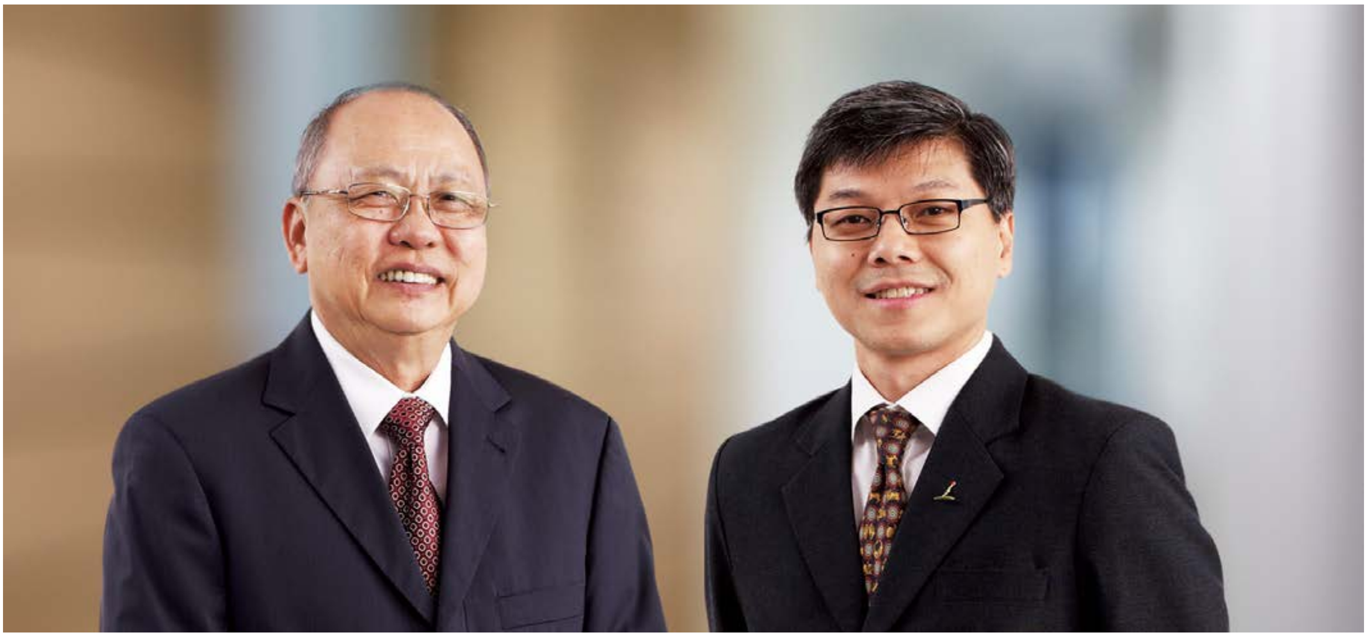


Organisation Structure

The Manager
CapitaLand Retail China Trust Management Limited



Message to Unitholders



(Left) Liew Cheng San Victor, Chairman
(Right) Tony Tan Tee Hieong, Chief Executive Officer

We are committed to delivering sustainable value to our Unitholders and looking ahead, we will focus on strengthening our portfolio through proactive mall management, while continuing to be on the lookout for strategic acquisition opportunities. Barring any unforeseen circumstances, CapitaMall Xinnan and CapitaMall Minzhongleyuan are expected to be the key growth drivers for CRCT in 2017.

Dear Unitholders,

The year in review marked the 10th year of operations for CapitaLand Retail China Trust (CRCT). On 8 December 2006, we became the first China-focused retail real estate investment trust (REIT) listed on the Singapore Exchange. Since then, we have grown our portfolio from seven properties valued at S$688.9 million to 11 properties valued at S$2,628.4 million at the close of FY 2016 – a fourfold increase in asset value. Driving our portfolio expansion was the strategic acquisition of four quality shopping malls – CapitaMall Xizhimen, CapitaMall Minzhongleyuan, CapitaMall Grand Canyon and CapitaMall Xinnan (formerly known as Galleria), as well as astute asset enhancement initiatives, such as the rejuvenation of the historic CapitaMall Minzhongleyuan and the transformation of CapitaMall Saihan from a master leased mall to a multi-tenanted mall.

The disciplined execution of a set of forward-looking strategies has enabled us to deliver robust growth to our Unitholders at the end of our first decade. From FY 2007 to FY 2016, net property income (NPI) grew at a compounded annual growth rate of 13.0% from S$46.5 million to S$139.7 million, while distribution per unit (DPU) rose from 6.72 cents to 10.05 cents. Unitholders who have invested in CRCT since our listing would have enjoyed a total return of 99.5%[1].

Delivering a Resilient Performance

FY 2016 was a volatile year for financial markets in Singapore and around the world, affected by geopolitical and economic developments. These ranged from the steep decline of China's stock market in early 2016 and Renminbi's depreciation, to the global economic slowdown and unexpected election results in the United Kingdom and the United States of America.

Amidst the macroeconomic uncertainties, CRCT delivered a resilient set of financial performance for FY 2016. Gross revenue increased 2.2% year-on-year to RMB1,027.5 million, lifted by contribution from CapitaMall Xinnan that we acquired on 30 September 2016. This was partially offset by China's value-added tax (VAT) reform that was implemented from 1 May 2016, as revenue hence forth were reported only after deducting the 5% VAT charge.

In FY 2016, NPI rose 4.1% year-on-year to RMB669.8 million. NPI had been affected by the higher tax provision for our Beijing malls, stemming from a change in the property tax basis imposed by the local tax authority that took effect on 1 July 2016. Excluding the impact of the additional property tax provision, NPI for FY 2016 would have been RMB694.8 million, representing a year-on-year increase of 8.0%. The strengthening of the Singapore dollar against the Chinese Renminbi further impacted CRCT's distributable income which registered S$86.7 million in FY 2016, 2.8% lower than FY 2015. DPU for FY 2016 was 10.05 cents, 5.2% lower than the year before.

CRCT sustained healthy operating metrics despite a challenging retail environment and intense competition from supply of new shopping malls. As at 31 December 2016, portfolio occupancy was a stable 95.9% while portfolio size rose 16.5% year-on-year to RMB12.7 billion, underpinned by the acquisition of CapitaMall Xinnan. The 620 leases signed in FY 2016 showed an average increase of 3.9% over preceeding rental rates. Tenants' sales in our multi-tenanted malls[2] grew 3.1% year-on-year.

Growing Strategically

FY 2016 marked CRCT's maiden entry into Chengdu with the acquisition of CapitaMall Xinnan, as part of our efforts to diversify our income streams and enhance the resilience of our portfolio. The acquisition was completed on 30 September 2016, and the mall started contributing income to CRCT from 1 October 2016.

CapitaMall Xinnan is strategically located within the Third Ring Road in the Xinnan Tiandi retail precinct, Chengdu's premier shopping district comprising a complementary mix of retail offerings including big box retailers, hypermart and an outlet mall. Collectively, this forms an attractive shopping destination that draws visitors from not just the surrounding vicinity but also the entire city. The Xinnan Tiandi retail precinct boasts strong connectivity and houses the Chengdu South Railway metro interchange that connects to the city's northern and southern areas via Line 1, the main metro line. By end 2017 and early 2020, the interchange will be served by Line 7 which is an inner city line, and Line 18 which links to the future Tianfu International Airport, respectively. Widely recognised as one of the most popular malls in Chengdu, CapitaMall Xinnan's tenant profile includes a wide range of well-known global brands, providing a robust platform for CRCT to strengthen its overall tenant mix. Our sponsor, CapitaLand, owns five other malls in Chengdu, namely Raffles City Chengdu, CapitaMall Tianfu, CapitaMall Jinniu, CapitaMall Meilicheng and CapitaMall Shawan. The synergy with the other CapitaLand malls will further boost the prospects of CapitaMall Xinnan and entrench its market leadership position.

In Wuhan, CapitaMall Minzhongleyuan welcomed the reopening of Zhongshan Avenue on 28 December 2016 following a 28-month closure to facilitate the construction of a new metro line. The road reopening and commencement of metro Line 6 have greatly improved the mall's accessibility. The mall stands to benefit further from the local government's plans to transform Zhongshan Avenue – a street with a rich history dating back to the early 1900s – into an iconic lifestyle destination. Work done includes widening of tree-lined pedestrian walkways, additional green landscapes, and refurbishment of old buildings. In conjunction with the revitalisation of Zhongshan Avenue, we have been refreshing the tenant mix at CapitaMall Minzhongleyuan to widen its appeal. Popular sportswear brands such as Nike, Adidas and

1 Consists all distributions and capital appreciation of CRCT's unit price from Initial Public Offering to 31 December 2016.
2 Excluding CapitaMall Xinnan which was acquired on 30 September 2016.

Message to Unitholders

Onitsuka Tiger, and new dining concepts that were introduced have been well-received by shoppers.

In addition, we engaged China's leading coworking space operator UrWork to set up its first Wuhan outfit in CapitaMall Minzhongleyuan. Targeting retail technology startups keen to interact with shoppers, UrWork is expected to draw new office crowds to the mall, further boosting shopper traffic with retail activities and innovations from its members. UrWork's facility in CapitaMall Minzhongleyuan has commenced operations in phases from December 2016. UrWork will be opening another facility in CapitaMall Wangjing in the second quarter of 2017 to anchor its leadership position in Beijing.

The enhancement of Zhongshan Avenue has also spurred UA Cinemas to add 1,000 square metres to its existing facility at CapitaMall Minzhongleyuan. Renovation works began in September 2016 and the venue is slated to open in the second quarter of 2017. Following these positive developments, CapitaMall Minzhongleyuan ended 2016 with an improved committed occupancy of 93.6%.

As part of our ongoing efforts to improve the shopping experience, we upgraded the façade of CapitaMall Wangjing, CapitaMall Qibao and CapitaMall Saihan to enhance our malls' competitiveness. The revitalisation will stand us in good stead to attract more quality, leading retailers to our malls.

Disciplined Capital Management

We adopt a prudent and flexible capital management approach to maintain a resilient financial position. In FY 2016, we refinanced two term loans amounting to S$100.0 million and extended their maturity to year 2021. Debt maturity profile remains well-staggered, with an average term to maturity of 1.84 years. A bridge term loan of S$300.0 million secured in FY 2016 was utilised to finance the purchase of CapitaMall Xinnan. This loan will be extended when due in 2017.

As at 31 December 2016, CRCT's borrowings totalled S$979.2 million, while gearing stood at 35.3%. Excluding the RMB denominated loans, short-term money market line and bridge term loan, about 87.5% of the total borrowings are hedged to fixed interest rates, providing CRCT greater certainty in light of the rising interest rate environment. Meanwhile, the overall average cost of debt declined to 2.81%. During the financial year, we hedged 50.0% of the total non-Renminbi denominated term loans using non-deliverable forwards to mitigate the impact of Renminbi's fluctuation against the Singapore dollar.

CRCT's continued deployment of the Distribution Reinvestment Plan (DRP) during the year allowed us to conserve S$37.1 million in cash on the back of our Unitholders' generous support. The cash conserved was utilised to pare down our borrowings and finance part of CapitaMall Xinnan's acquisition.

Championing Sustainability

Demonstrating our commitment to reinvest into the communities that CRCT malls operate in, we continued to support charity events and embrace green initiatives that foster sustainable development. Staff from CRCT malls participated in "My Schoolbag", one of CapitaLand's key annual corporate responsibility programmes for the seventh consecutive year. New schoolbags and stationery valued at RMB1.59 million were distributed to 17,000 underprivileged first grade students from 200 schools, of which 23 were CapitaLand Hope Schools.

During the year, our malls engaged in community initiatives that promoted various causes. CapitaMall Grand Canyon initiated a donation drive in support of Sunvillage, a non-profit organisation that provides aid to children of convicts, while CapitaMall Xizhimen held a first aid workshop in partnership with the Red Cross Society of China. To promote the benefits of maintaining good mental and physical health, CapitaMall Saihan organised a mass yoga session at its outdoor plaza on Level 4.

Our malls also expressed their firm commitment to environmental conservation by supporting various green initiatives. CapitaMall Qibao held a beach clean-up exercise in partnership with Shanghai Rendu Ocean Development Center and organised a mall exhibition to highlight the importance of maintaining a clean and healthy environment. Similarly, CapitaMall Saihan hosted a flash mob activity aimed at drawing attention to environmental concerns.

CRCT malls celebrated the 10th anniversary of the World Wide Fund for Nature's Earth Hour through various activities, including iconic ceremonies marking the switching off of the malls' façade and non-essential lights to raise awareness on climate change. To commemorate this event, shoppers at CapitaMall Xizhimen donned self-made glow-in-the-dark T-shirts created using eco-friendly fluorescent paint, while CapitaMall Minzhongleyuan featured an unplugged music performance with percussion instruments.

Looking Ahead

China's economic growth of 6.7%[1] to RMB74.4 trillion[1] in 2016 was within the target range of 6.5% to 7.0% set by the Chinese government. Retail sales recorded a healthy year-on-year increase of 10.4%[1] to RMB33.2 trillion[1], while annual urban disposable income and expenditure per capita recorded an uplift of 5.6%[1] and 5.7%[1] year-on-year respectively.

The Chinese Academy of Social Sciences predicted that China's GDP growth will moderate to 6.5% in 2017. Consumer prices and the employment situation are expected to stay stable.

China's slower growth is reflective of an economy that is undergoing transition. It is important to note that China is now expanding from a much larger base and its growth is still considerably faster than those of most other economies. CRCT's family-oriented shopping malls are well-placed to benefit from China's growing urban population and rising retail sales as domestic consumption becomes the country's new growth engine.

We are committed to delivering sustainable value to our Unitholders and looking ahead, we will focus on strengthening our portfolio through proactive mall management, while continuing to be on the lookout for strategic acquisition opportunities. Barring any unforeseen circumstances, CapitaMall Xinnan and CapitaMall Minzhongleyuan are expected to be the key growth drivers for CRCT in 2017.

Acknowledgements

We would like to express our appreciation to our shoppers, tenants, business partners, Board of Directors and staff for their contributions during the year. We also extend our sincere thanks to our Unitholders for their unwavering support and confidence in us.

Liew Cheng San Victor
Chairman

Tony Tan Tee Hieong
Chief Executive Officer

24 February 2017

1 Source: National Bureau of Statistics of China.

致信托单位持有人之信函

尊敬的信托单位持有人，

凯德商用中国信托于2016年迈入10周年。2006年12月8日，我们成为首支以中国市场为主在新加坡交易所上市的零售房地产信托。从上市至2016财年底，我们的物业数目从七项增至十一项；资产价值从6.889亿新元增长三倍至26.284亿新元。我们透过四项战略性收购扩张投资组合，即凯德MALL•西直门、凯德新民众乐园，凯德MALL•大峡谷和凯德广场•新南（前称凯丹广场），并实施精准的资产提升计划创造价值，例如改造历史悠久的凯德新民众乐园，以及将凯德MALL•赛罕从整租购物中心转型为多租户购物中心。

由于严格执行了一系列前瞻性计划，我们在第一个10年结束之际为单位持有人实现强劲的收益增长。2007至2016财年，房地产净收入从4,650万新元增至1.397亿新元，复合年增长率达13.0%；每单位派息则从6.72新分增加至10.05新分。从上市至今，我们为一直投资凯德商用中国信托的单位持有人带来99.5%[1]的总回报。

取得稳健的业绩

在地缘政治和经济发展的影响下，新加坡和世界金融市场在2016财年经历了波动的一年。年度的重大事件包括2016年初中国股市陡降、人民币贬值、全球经济放缓以及英美出现出乎意料的选举结果。

尽管宏观经济存在不确定性因素，凯德商用中国信托在2016财年仍取得稳健的财务业绩。总收入达到10.275亿人民币，同比增长2.2%，这主要归因于2016年9月30日收购的凯德广场•新南的贡献。上述的收益增长被2016年5月1日起所实施的中国增值税改革部分抵消，该税务政策要求从收入中扣除5%的增值税。

2016财年，房地产净收入同比增长4.1%，达6.698亿人民币。由于北京政府于2016年7月1日更换房地产税基，我们于北京的购物中心提高了相应的税务拨备，房地产净收入因此受到影响。若不包括额外的税务拨备，2016年房地产净收入为6.948亿人民币，同比增长8.0%。此外，新加坡对人民币汇率走强也进一步影响了凯德商用中国信托2016财年的可派发收入，数目与2015财年相比减少2.8%，达8,670万新元。2016财年的每单位派息为10.05新分，比去年减少5.2%。

尽管面对零售环境的严峻挑战和新兴购物中心的激烈竞争，凯德商用中国信托成功维持了稳健的经营指标。截至2016年12月31日，投资组合整体出租率为95.9%，表现稳定。投资组合规模同比增长了16.5%，达127亿人民币，主要归因于凯德广场•新南的成功收购。2016财年签订的620份租约平均租金比之前提高了3.9%。我们的多租户购物中心[2]的租户销售额同比增长3.1%。

战略性扩张

2016财年标志着凯德商用中国信托以收购凯德广场•新南首次进军成都，进而提升收入流多样化和提高投资组合韧性。自2016年9月30日完成收购后，该购物中心已于2016年10月1日始为凯德商用中国信托贡献收益。

凯德广场•新南坐落三环沿线，位于成都首屈一指的新南天地购物区，该地区汇集大型零售商、霸级超市和一间折扣型商场，构成魅力十足的综合购物地带，吸引周边地区乃至整个城市的消费者。新南天地购物区四通八达，交通便利，连接南北城的主要地铁1号线的成都南站就在区内。2017年底及2020年初，成都南站将分别连接市内地铁7号线和服务未来的天府国际机场的18号线。

作为成都最受欢迎的购物中心之一，凯德广场•新南的租户群涵盖众多国际知名品牌，这为凯德商用中国信托提升其整体租户组合提供了强大的平台。我们的赞助机构凯德集团在成都拥有另五家购物中心，即成都来福士广场、凯德•天府、凯德广场•金牛、凯德广场•魅力城和凯德广场•沙湾。与其他凯德购物中心的协同效应将进一步提升凯德广场 • 新南的前景，并巩固其市场领导地位。

2016年12月28日，位于武汉的凯德新民众乐园迎来中山大道重新开放。随后地铁6号线开通，更进一步改善了购物中心的交通。此前，中山大道因建设新地铁线，关闭了28个月。中山大道历史悠久，起源可追溯至20世纪初，武汉政府计划将中山大道改造成标志性休闲景点，凯德新民众乐园将获益。目前，政府已实施的改造工程包括拓宽绿荫人行道，增加绿色景观，以及翻新旧建筑物。配合中山大道的改造，凯德新民众乐园也调整了租户组合，提升自身吸引力，招来了广受欢迎的运动品牌如Nike、Adidas与Onitsuka Tiger，以及推出深受消费者欢迎的餐饮新概念。

此外，我们还与领先业界的中国联合办公空间运营商优客工场（UrWork）合作，在凯德新民众乐园设立了其首家武汉分部。面向有意与购物者互动的科技初创公司，优客工场预计将吸引新一波办公人群到购物中心，通过零售活动和成员的创新，进一步提高客流量。优客工场在凯德新民众乐园的设施已从2016年12月开始分阶段运作。另一处位于凯德MALL•望京的优客工场设施将于2017年第二季开业，从而巩固其在北京的行业领导地位。

1　包括凯德商用中国信托自首次公开发售至2016年12月31日的所有每单位派息与资本增值。
2　不包括2016年9月30日收购的凯德广场•新南。

此外，中山大道的改造促使UA电影院决定在凯德新民众乐园现有的设施基础上，扩增1,000平方米。装修工程于2016年9月开工，并将于2017年第二季竣工开业。随着这些有利发展，凯德新民众乐园2016年末已确认的出租率提高至93.6%。

我们一直致力于提升购物体验，包括翻新凯德MALL•望京、凯德七宝购物广场和凯德MALL•赛罕的外立面，以提高购物中心竞争力。提升计划有助于确保竞争优势，吸引更多优质、领先的零售商入驻我们的购物中心。

严谨的资本管理

我们采用审慎灵活的资本管理方式，维持财务稳健性。2016财年，我们再融资两笔总数1亿新元的定期贷款，并将借款期延至2021年。还贷期限长短配搭合理，平均还贷期限为1.84年。2016财年取得一笔3亿新元过桥贷款，用于收购凯德广场•新南。这笔贷款将在2017年到期时予以延期。

截至2016年12月31日，凯德商用中国信托贷款总额为9.792亿新元，负债比率35.3%。除人民币贷款、短期货币市场线和过桥贷款之外，约87.5%的总贷款为固定利率，这让凯德商用中国信托在利率上升的环境下拥有更大的确定性。同时，债务总体平均成本下降至2.81%。在本财政年度，我们通过无本金交割远期外汇交易对半数非人民币定期贷款进行套期保值，以降低人民币对新币汇率波动的影响。

凯德商用中国信托在本年度继续实施配售再投资计划，在单位持有人慷慨支持下，保留了3,710万新元现金，用于偿还贷款与部分资助凯德广场•新南的收购。

提倡可持续发展

为实践凯德商用中国信托对购物中心所在社区的再投资承诺，我们一如既往支持慈善活动，并采纳促进可持续发展的绿色倡议。我们购物中心的员工再度参与“凯德•我的第一个书包”计划，协助将价值159万人民币的新书包和文具将分发给200所学校17,000名一年级贫困生，其中23所是凯德希望学校。这是凯德集团连续第七年举办其标志性年度企业责任项目。

这一年，我们的购物中心也参与了各种社区计划。凯德MALL•大峡谷举办了捐赠活动，支持太阳村（Sunvillage），一个为服刑人员未成年子女提供帮助的非营利组织。凯德MALL•西直门则与中国红十字会合办了急救工作坊。为了促进良好的身心健康，凯德MALL•赛罕在其4层的户外广场举办了大规模的集体瑜伽活动。

我们的购物中心还通过支持各种绿色计划，表达对环保的坚定承诺。凯德七宝购物广场与上海仁渡海洋公益发展中心协办了海滩清洁活动，并组织了商场展示会，强调保持清洁及健康环境的重要性。同时，凯德MALL•赛罕推出快闪活动，旨在提请公众关注环境问题。

凯德商用中国信托购物中心也举办各种活动，庆祝世界自然基金会发起的“地球一小时”十周年纪念，包括关闭商场外墙及非主要的照明灯，借以提高公众对气候变化的认识。纪念活动期间，凯德MALL•西直门购物者穿上了自制的环保荧光漆夜光T恤，凯德新民众乐园则呈献了一场以打击乐器为主的“不插电”音乐会。

展望未来

中国经济在2016年增长6.7%[1]，达74.4万亿人民币[1]，实现了中国政府设定6.5%至7.0%的目标。社会消费品零售总额同比增长10.4%[1]，达到33.2万亿人民币[1]，城镇人均可支配收入与支出同比分别增长了5.6%[1]和5.7%[1]。

据中国社会科学院预测，2017年的中国国内生产总值增长将放缓至6.5%。消费物价和就业情况预计将保持稳定。

中国经济增长放缓反映了其经济体正在转型。重要且值得注意的是，中国经济如今是在更庞大的基数上继续扩张，而其增长速度仍远超大多数其他经济体。随着国内消费成为中国经济增长的新动力，凯德商用中国信托以家庭为导向的购物中心将受益于不断增长的城市人口和零售销售额。

我们致力于为单位持有人提供可持续的价值。展望未来，我们将运用积极的商场管理方式增强投资组合，同时继续寻找合适的收购机会。排除不可预见的情况，凯德广场•新南和凯德新民众乐园预计将成为凯德商用中国信托2017年的主要增长引擎。

致谢

我们要借此机会向购物者、租户、商业伙伴、董事会和公司员工在2016年的贡献表示衷心的感谢。同时，感谢单位持有人对我们的坚定支持和信任。

廖青山
主席

陈智雄
首席执行官

2017年2月24日

1 资料来源：中国国家统计局 。

Property Portfolio

A. Beijing

1. CapitaMall Xizhimen
2. CapitaMall Wangjing
3. CapitaMall Grand Canyon
4. CapitaMall Anzhen
5. CapitaMall Shuangjing

B. Chengdu

6. CapitaMall Xinnan

C. Shanghai

7. CapitaMall Qibao

D. Wuhan

8. CapitaMall Minzhongleyuan

E. Hohhot

9. CapitaMall Saihan

F. Zhengzhou

10. CapitaMall Erqi

G. Wuhu

11. CapitaMall Wuhu

1

2

3


HUBLIEN
BHG
COFFEE
4


家乐福
Carrefour
易联电讯
5


ZARA
H&M
PULL&BEAR
6


CapitaLand
凯德七宝
西贝莜面村
I ❤ 莜
优衣库
UNI QLO
7


8


CapitaLand
凯德
9


华联商厦
10


口子窖
11

Value Creation

Integrated Retail Real Estate Management Platform

CRCT enjoys access to CapitaLand's integrated shopping mall business model, with in-house capabilities in retail real estate investment, development, mall operations, asset management and fund management.

Retail Real Estate Management | **Retail Real Estate Capital Management**

The Manager of CRCT seeks to drive continued growth of the Trust through the following three-pronged strategy:

1. **Enhancing Organic Growth through Proactive Asset Management**

   Most of CRCT's leases provide for an annual step-up in the base rent and for rent to be payable on the basis of the higher of either base rent or a percentage of tenants' gross sales turnover, thereby providing stability and potential upside in rental income.

   Apart from organic growth through rental receipts, the Manager works closely with the mall managers to identify improvements to the malls' retail offerings and tenant mix, and carry out marketing and promotional initiatives to drive shopper traffic and non-rental income.

2. **Creating New Value through Innovative Asset Enhancement Strategies**

   The Manager also actively explores innovative asset enhancement initiatives to improve the returns of CRCT's malls. These include the reconfiguration of the retail units or floor plates to achieve better efficiency and higher rental potential, and retro-fitting and refurbishing the malls to maintain their appeal to tenants and shoppers.

3. **Capitalising on Yield-Accretive Acquisitions Growth Model**

   The Manager is always identifying and evaluating yield-accretive acquisition opportunities from secured and proprietary pipeline, and other third-party vendors.

   CRCT has long-term growth potential through its rights of first refusal to purchase assets held by CapitaLand Mall China Income Fund I, CapitaLand Mall China Income Fund II, CapitaLand Mall China Income Fund III, CapitaLand Mall Development Fund III, as well as CapitaLand Mall Asia, which is the wholly owned shopping mall business unit of CapitaLand Limited, one of Asia's largest real estate companies headquartered and listed in Singapore.

   In evaluating acquisition opportunities, the Manager will focus on properties which can maintain or enhance CRCT's distribution yield; the properties' potential asset enhancement opportunities; and properties with potential to demonstrate strong growth in occupancy rates, sustainable rental yields, and quality tenant and lease profiles.

Board of Directors

Liew Cheng San Victor
Chairman & Non-Executive Independent Director

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

Tony Tan Tee Hieong
Chief Executive Officer & Executive Non-Independent Director

Fong Heng Boo
Non-Executive Independent Director

Christopher Gee Kok Aun
Non-Executive Independent Director

Professor Tan Kong Yam
Non-Executive Independent Director

Ng Kok Siong
Non-Executive Non-Independent Director

Board of Directors

Liew Cheng San Victor, 70
Chairman
Non-Executive Independent Director
Bachelor of Social Sciences (Honours), University of Singapore

Date of first appointment as a director:
31 October 2006
Date of appointment as Chairman:
1 January 2009
Length of service as a director (as at 31 December 2016):
10 years 2 months

Board committee served on
- Corporate Disclosure Committee (Chairman)

Present principal commitments
- Accuron Technologies Limited (Director)
- Catalist Advisory Panel (Member)
- Jurong Town Council (Councillor Vice-Chairman)
- Singapore Aerospace Manufacturing Private Limited (Director)
- Singapore Institute of Management (Vice-Chairman, Governing Council, Chairman, Investment Committee and Member, Audit Committee and Nominating Committee)
- Singapore Institute of Management Holdings Pte. Ltd. (Director)
- Singapore Institute of Management Pte. Ltd. (Director)

Background and working experience
- Corporate Advisor of Temasek Holdings (Private) Limited (From 2004 to June 2011)
- Corporate Advisor of Singapore Technologies Pte Ltd (From February 2002 to 2004)
- Executive Vice President, Global Markets and Treasury of Overseas Union Bank Limited (From 1980 to 2002)

Award
- Public Service Star (2000)

Lim Ming Yan, 54
Deputy Chairman
Non-Executive Non-Independent Director
Bachelor of Engineering (Mechanical) and Economics (First Class Honours), University of Birmingham, UK

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

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

Present directorships in other listed companies
- Ascott Residence Trust Management Limited (manager of Ascott Residence Trust) (Deputy Chairman)
- CapitaLand Commercial Trust Management Limited (manager of CapitaLand Commercial Trust) (Deputy Chairman)
- CapitaLand Limited
- CapitaLand Mall Trust Management Limited (manager of CapitaLand Mall Trust) (Deputy Chairman)

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

1 Delisted on 22 July 2014.

Lim Ming Yan, 54
Deputy Chairman
Non-Executive Non-Independent Director
(continued)

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

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

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

Tony Tan Tee Hieong, 50
Chief Executive Officer
Executive Non-Independent Director
Bachelor of Accountancy, National University of Singapore
Master of Business Administration, University of Manchester

Date of first appointment as a director:
1 July 2010
Length of service as a director (as at 31 December 2016):
6 years 6 months

Board committee served on
- Executive Committee (Member)

Background and working experience
- Deputy CEO of CapitaRetail China Trust Management Limited (From April 2010 to June 2010)
- Head, Finance of CapitaRetail China Trust Management Limited (From September 2007 to June 2010)
- Asia Pacific Treasurer of IKEA (From August 1998 to September 2007)
- Treasury Accountant of Wearnes International (From May 1995 to August 1998)
- Money Market Dealer of Credito Italiano Bank (From April 1994 to May 1995)
- Money Market Broker of Harlow Ueda Sassoon (From November 1992 to April 1994)
- Auditor of Ernst & Young (From June 1991 to October 1992)

Board of Directors

Fong Heng Boo, 67

Non-Executive Independent Director

Bachelor of Accountancy (Honours), University of Singapore

Date of first appointment as a director:
1 January 2013

Length of service as a director (as at 31 December 2016):
4 years

Board committee served on

- Audit Committee (Chairman)

Present directorships in other listed companies

- Asian American Medical Group Limited
- Colex Holdings Limited
- Sapphire Corporation Limited

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

- CapitaLand Township Development Fund Pte. Ltd. (Director)
- CapitaLand Township Development Fund II Pte. Ltd. (Director)
- Certis CISCO Security Pte. Ltd. (Director)
- Eastern Health Alliance Pte. Ltd. (Director)
- Singapore Turf Club (Member, Management Committee)
- Surbana Jurong Private Limited (Director)

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

- Pteris Global Limited

Background and working experience

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

Award

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

Christopher Gee Kok Aun, 48

Non-Executive Independent Director

Bachelor of Arts in Law (Honours), University of Nottingham, UK
Member, The Institute of Chartered Financial Analysts

Date of first appointment as a director:
24 January 2014

Length of service as director (as at 31 December 2016):
2 years 11 months

Board committee served on

- Audit Committee (Member)

Present principal commitments

- Institute of Policy Studies, Lee Kuan Yew School of Public Policy, National University of Singapore (Senior Research Fellow)
- Institute of Real Estate Studies, National University of Singapore (Senior Research Fellow)
- Manas Asian Equities Value Fund (Director)

Background and working experience

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

Professor Tan Kong Yam, 61

Non-Executive Independent Director

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

Date of first appointment as a director:
31 October 2014

Length of service as a director (as at 31 December 2016):
2 years 2 months

Board committee served on

- Audit Committee (Member)

Present principal commitments

- APS Asset Management Pte Ltd (Director)
- Ascendas-Singbridge Pte. Ltd. (Director)
- Changi Airport Group (Singapore) Pte. Ltd. (Director)
- EMR Capital Investment (No. 3B) Pte. Ltd. (Director)
- EMR Capital Investment (No. 4B) Pte. Ltd. (Director)
- Nanyang Technological University of Singapore (Professor of Economics)
- Surbana Jurong Private Limited (Director)

Background and working experience

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

Board of Directors

Ng Kok Siong, 45

Non-Executive Non-Independent Director

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

Date of first appointment as a director:
21 July 2009
Length of service as a director (as at 31 December 2016):
7 years 5 months

Board committees served on

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

Present directorship in other listed company

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

Present principal commitment (other than directorship in other listed company)

- CapitaLand Limited (Chief Corporate Development Officer)

Background and working experience

- Chief Financial Officer of CapitaLand Mall Asia Limited (From November 2009 to August 2014)
- Senior Vice President, Strategic Finance of CapitaLand Limited (From October 2008 to September 2009)
- Senior Vice President, CapitaLand Eurasia of CapitaLand Limited (From January 2007 to October 2008)
- Vice President, Office of the President of CapitaLand Limited (From September 2005 to January 2007)
- Strategy and Portfolio Manager of Shell Oil Products East (From August 2003 to September 2005)
- Planning and Appraisal Advisor of Shell Oil Products East (From July 2001 to August 2003)
- Regional Advisor of Exxon Mobil Asia Pacific Pte Ltd (From May 2000 to July 2001)
- Global Analyst of Esso Coordination Centre N.V. (From January 1999 to May 2000)
- Senior Planning Analyst of Esso Singapore Private Limited (From July 1998 to January 1999)

Trust Management Team (CRCTML)

Tony Tan Tee Hieong
Chief Executive Officer & Executive Non-Independent Director
Refer to the description under the section on Board of Directors.

Tan Tze Wooi
Chief Executive Officer (Designate) (with effect from 1 March 2017)
Tze Wooi has about 20 years of financial experience in real estate, corporate banking, credit and auditing in Singapore and China. He joined the CapitaLand Group in 2005 and has held various leadership positions including Vice President of Investment and Asset Management of CRCTML from October 2008 to December 2014 and Regional General Manager of North China for CMA from March 2014 to February 2017. He was appointed Deputy Chief Executive Officer of CRCTML on 1 December 2016 and subsequently assumed the role of Chief Executive Officer (Designate) with effect from 1 March 2017.

He holds a Bachelor of Accountancy (Honours) from Nanyang Technological University, Singapore and is a Chartered Financial Analyst (CFA) charterholder.

Investment and Asset Management Team

The Investment and Asset Management (IAM) Team is responsible for identifying and evaluating potential acquisitions and investments, as well as formulating business and enhancement plans for CRCT's assets. They work closely with the property managers as well as the shopping malls' centre management to ensure that the plans are diligently implemented.

Pauline Yeh
Vice President, Investment and Asset Management
Pauline leads the IAM function for CRCTML, and she is also concurrently the Vice President, Investment, Asset and Fund Management (China) for CMA. She has over 20 years of experience in the real estate industry in Singapore, Indonesia and China. She was an Asset Manager in Singapore for CapitaLand Mall Trust and Centre Manager in Singapore and China for CMA prior to joining CRCTML. She holds a Bachelor of Science (Honours) in Estate Management from National University of Singapore.

Finance Team

The Finance Team is responsible for all finance-related functions, including the preparation of statutory accounts, budgeting, sourcing and management of funds, management of treasury and tax affairs, compliance, liaison with external audit, and all other finance-related matters.

Joanne Tan Siew Bee
Head, Finance
Joanne has over 16 years of finance and accounting experience. She holds a professional degree with the Association of Chartered Certified Accountants (ACCA) and is a Chartered Accountant (CA) of Singapore.

Investor Relations Team

The Investor Relations Team is responsible for maintaining transparent communications with Unitholders, potential investors and analysts through communication channels such as annual reports, press releases, presentations, roadshows and CRCT's website.

Leng Tong Yan
Manager, Investor Relations
Tong Yan has over 10 years of experience in auditing and investor relations. She holds a Bachelor of Accountancy from Nanyang Technological University, Singapore and is a Chartered Accountant (CA) of Singapore.

Corporate Governance

OUR ROLE

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

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

Our other functions and responsibilities as the Manager include:

(a) using our best endeavours to conduct CRCT's business in a proper and efficient manner;

(b) preparing annual business plans for review by the directors of the Manager (Directors), including forecasts on revenue, net income and capital expenditure, explanations on major variances to previous years' financial results, written commentaries on key issues and underlying assumptions on rental rates, operating expenses and any other relevant assumptions;

(c) ensuring compliance with relevant laws and regulations, including the Listing Manual of Singapore Exchange Securities Trading Limited (SGX-ST) (Listing Manual), the Code on Collective Investment Schemes (CIS Code) issued by the Monetary Authority of Singapore (MAS) (including Appendix 6 of CIS Code (Property Funds Appendix)), the Securities and Futures Act (Chapter 289 of Singapore), written directions, notices, codes and other guidelines that MAS may issue from time to time, and the tax rulings issued by the Inland Revenue Authority of Singapore on the taxation of CRCT and Unitholders;

(d) attending to all regular communications with Unitholders; and

(e) supervising CapitaLand Retail (Shanghai) Management & Consulting Co., Ltd. (Property Manager), the property manager which performs the day-to-day property management functions (including leasing, marketing, promotion, coordination and property management) for CRCT's malls.

The Manager also considers sustainability issues (including environmental and social factors) as part of its responsibilities. CRCT's environmental sustainability and community outreach programmes are set out on pages 54 to 57 of this Annual Report.

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

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

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

(a) stable pipeline of property assets through CL's development activities;

(b) wider and better access to banking and capital markets on favourable terms;

(c) fund raising and treasury support; and

(d) access to a bench of experienced management talent.

OUR CORPORATE GOVERNANCE CULTURE

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

This report sets out the corporate governance practices for financial year (FY) 2016 with reference to the principles of the Code. Where there are deviations from any of the guidelines of the Code, an explanation has been provided within this Annual Report.

(A) BOARD MATTERS

The Board's Conduct of Affairs

Principle 1:

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

The Manager is led by the Board which presently comprises a majority of non-executive independent directors. This exceeds the recommendations in the Code. The Board has a diversity of skills and knowledge, experience and educational background. Each Director brings to the Board skills, experience, insights and sound judgement which, together with his strategic networking relationships, serve to further the interests of CRCT.

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

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

Corporate Governance

The Board has reserved authority to approve certain matters and these include:

(a) material acquisitions, investments and divestments;

(b) issue of new units in CRCT (Units);

(c) income distributions and other returns to Unitholders; and

(d) matters which involve a conflict of interest for a controlling Unitholder or a Director.

The Board has established various Board Committees to assist it in the discharge of its functions. These Board Committees are the Audit Committee (AC), the Corporate Disclosure Committee (CDC) and the Executive Committee (EC). Each of these Board Committees operates under delegated authority from the Board, with the Board retaining overall oversight, and has its own terms of reference. The composition of the various Board Committees is set out on page 46 of this Annual Report.

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

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

The Board meets at least once every quarter, and as required by business imperatives. Board and Board Committee meetings are scheduled prior to the start of each financial year. Where exigencies prevent a Director from attending a Board meeting in person, the Constitution of the Manager permits the Director to participate via audio or video conference. The Board and Board Committees may also make decisions by way of resolutions in writing. Except where a Director has recused himself due to a potential conflict of interest situation and is thus excused from participation, in each meeting which considers matters requiring the Board's approval, all members of the Board participate in the discussions and deliberations. This principle of collective decisions adopted by the Board ensures that no individual unduly influences or dominates the decision making process.

A total of four Board meetings were held in FY 2016. A table showing the attendance record of the Directors at meetings of the Board and Board Committees in FY 2016 is set out on page 46 of this Annual Report. The Manager believes in the manifest contribution of its Directors beyond attendance at formal Board and Board Committee meetings. To judge a Director's contributions based on his attendance at formal meetings alone would not do justice to his overall contributions, which include being accessible to Management for guidance or exchange of views outside the formal environment of Board and Board Committee meetings.

In view of the increasingly demanding, complex and multi-dimensional role of a director, the Board recognises the importance of continual training and development for its Directors so as to equip them to discharge the responsibilities of their office as Directors to the best of their abilities. The Manager has in place a training framework to guide and support the Manager towards meeting the objective of having a Board which comprises individuals who are competent and possesses up-to-date knowledge and skills necessary to discharge their responsibilities. The Manager also maintains a training record to track the Directors' attendance at training and professional development courses. The costs of training are borne by the Manager. Upon appointment, each Director is provided with a formal letter of appointment and a copy of the Directors' Manual (which includes information on a broad range of matters relating to the role and responsibilities of a Director). All Directors, upon appointment, also undergo an induction programme which focuses on orientating the Director to CRCT's business, operations, strategy, organisational structure, responsibilities of key management personnel, and financial and governance practices.

Following their appointment, Directors are provided with opportunities for continuing education in areas such as directors' duties and responsibilities and changes to regulations and accounting standards and industry-related matters, so as to be updated on matters that affect or may enhance their performance as Directors or Board Committee members. Directors also receive on-the-job training through being engaged in actual Board work. In FY 2016, the training and professional development programmes for Directors included forums and dialogues with experts and senior business leaders on issues facing boards and board practice.

Board Composition and Guidance
Principle 2:
There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

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

The Board presently comprises seven Directors, four of whom are independent directors. The Chairman of the Board is an independent director. Profiles of the Directors are provided on pages 17 to 22 of this Annual Report. The recommendation in the Code for a lead independent director to be appointed does not apply to the Manager as the Chairman is an independent director, he and the CEO are separate individuals, and they are not related to each other.

The Board assesses the independence of each Director in accordance with the guidance in the Code. An independent director is one who has no relationship with the Manager, its related corporations and its shareholders who hold 10% or more of the voting shares of the Manager, or Unitholders who hold 10% or more of the Units in issue, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement. The relevant non-executive Directors, namely Mr Liew Cheng San Victor, Mr Fong Heng Boo, Mr Christopher Gee Kok Aun and Professor Tan Kong Yam, have provided declarations of their independence, which have been deliberated upon by the Board. The Board has also examined the different relationships identified by the Code that might impair the Directors' independence and objectivity.

Mr Liew Cheng San Victor has served on the Board for more than nine years. The Code recommends that the independence of any director who has served beyond nine years be subject to rigorous view. The Board accordingly reviewed and determined that Mr Liew has continuously demonstrated strong independence in character and judgement in the discharge of his responsibilities as a Director of the Manager in FY 2016. Mr Liew has been forthcoming in expressing his individual viewpoints, active in his debate over issues concerning CRCT, and objective in his scrutiny of and challenges to Management. He has actively sought clarification and amplification of board affairs as necessary, including through direct access to Management and external advisors. Under a recently issued set of guidelines of MAS which took effect on 1 January 2016, an independent director means a director who, among other things, has not served on the Board for a continuous period of nine years or longer. In view of this new criteria for independence, Mr Liew will be deemed a non-independent director after the annual general meeting of CRCT to be held on 19 April 2017.

Corporate Governance

The Board has also considered whether each of Mr Fong Heng Boo, Mr Christopher Gee Kok Aun and Professor Tan Kong Yam had demonstrated independence of character and judgement in the discharge of his responsibilities as a Director in FY 2016, and is satisfied that each of Mr Fong, Mr Gee and Professor Tan had acted with independent judgement.

On the bases of the declarations of independence provided by the relevant non-executive Directors and the guidance in the Code, the Board has determined that Mr Liew Cheng San Victor, Mr Fong Heng Boo, Mr Christopher Gee Kok Aun and Professor Tan Kong Yam are independent directors, as defined under the Code. Each of them had recused himself from deliberations on his own independence.

At all times, the Directors are collectively and individually obliged to act honestly and with diligence, and in the best interests of CRCT. The Manager has established a policy that its Directors recuse themselves from participating in any discussions concerning a transaction in which they may be in a conflict of interest situation. Each of the Directors has complied with this policy and recused himself from participating in any Board deliberations on any transaction which could potentially have given rise to a conflict of interest.

Chairman and Chief Executive Officer

Principle 3:

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

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

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

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

The Chairman and the CEO are not immediate family members. The separation of the roles of the Chairman and the CEO and the resulting clarity of roles provide a healthy professional relationship between the Board and Management, and facilitate robust deliberations on the business activities of CRCT and the exchange of ideas and views to help shape CRCT's strategic process.

Board Membership

Principle 4:

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

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

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

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

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

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

(b) the focused scope of the business of CRCT also means a manageable competency requirement for the Board such that the Board is able to manage the duties of a nominating committee; and

(c) independent directors form at least half of the Board and the Chairman is an independent director, which demonstrate that the independent directors play a substantive role, and assure the objectivity and independence of the decision making process concerning nomination. These also mitigate any concerns of conflict which can be managed by having the conflicted directors abstain from the decision making process. Further, conflict situations are less likely to arise in matters of nomination.

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

(a) The Board will at least annually carry out a review of the Board composition as well as on each occasion when an existing independent director gives notice of his intention to retire or resign. This is to assess the collective skills, knowledge and experience of Directors represented on the Board to determine whether the Board, as a whole, has the skills, knowledge and experience required to achieve the Manager's objectives for CRCT.

(b) The Board will review the suitability of any candidates put forward by any Director for appointment, having regard to the skills required and the skills represented on the Board and whether a candidate's skills, knowledge and experience will complement the existing Board and whether he or she has sufficient time available to commit to his or her responsibilities as a Director, and whether he or she is a fit and proper person for the office in accordance with the Guidelines on Fit and Proper Criteria issued by MAS (which require the candidate to be, among other things, competent, honest, to have integrity and be financially sound).

Corporate Governance

(c) External consultants may be engaged from time to time to access a wide base of potential directors.

(d) No member of the Board will be involved in any decision of the Board relating to his own appointment, reappointment or assessment of independence.

(e) A newly appointed Director will receive a formal appointment letter and a copy of the Directors' Manual (which includes information on a broad range of matters relating to the role and responsibilities of a director).

(f) All Directors on appointment will undergo an induction programme to help familiarise them with matters relating to CRCT's business and the Manager's strategy for CRCT.

(g) The performance of the Board, Board Committees and Directors will be reviewed annually.

(h) The Board will proactively address any issues identified in the board performance evaluation.

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

(a) the Board should comprise Directors with a broad range of commercial experience, including expertise in funds management, the property industry, banking and legal fields; and

(b) at least one-third of the Board should comprise independent directors. Where, among other things, the Chairman of the Board is not an independent director, at least half of the Board should comprise independent directors.

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

On the issue of Board renewal, the Manager believes that Board renewal is a necessary and continual process, for good governance and ensuring that the Board has the skills, expertise and experience which are relevant to the evolving needs of CRCT's business; renewal or replacement of a Director therefore does not necessarily reflect his performance or contributions to date.

Guideline 4.4 of the Code recommends that the Board determine the maximum number of listed company board appointments which any Director may hold, and disclose this in the annual report. In view of the responsibilities of a Director, the Board is cognisant of the need for Directors to be able to devote sufficient time and attention to adequately perform their roles. However, the Board has not imposed any limit as it has taken the view that, the limit on the number of listed company directorships that an individual may hold should be considered on a case-by-case basis, as a person's available time and attention may be affected by many different factors, such as whether he is in full-time employment and the nature of his other responsibilities. A Director with multiple directorships is expected to ensure that sufficient attention can be and is given to the affairs of the Manager in managing the assets and liabilities of CRCT for the benefit of Unitholders. The Board believes that each Director is best placed to determine and ensure that he is able to devote sufficient time and attention to discharge his duties and responsibilities as a Director of the Manager, bearing in mind his other commitments. In considering the nomination of any individual for appointment, and in its annual review of each Director's ability to commit time to the affairs of the Manager, the Board takes into account, among other things, the attendance records of the Directors at meetings of Board and Board Committees, the competing time commitments faced by any such individual with multiple board memberships as well as his other principal commitments. All Directors had confirmed that notwithstanding the number of their individual listed company board appointments and other principal commitments which each of them held, they were able to devote sufficient time and attention to the affairs of the Manager in managing the assets and liabilities of CRCT for the benefit of Unitholders. The CEO who is also a Director is fully committed to the day-to-day operations of the Manager. The Board also notes that, as at the date of this Annual Report, none of the independent directors serves on more than three listed company boards. Taking into account also the attendance record of the Directors at meetings of the Board and Board Committees in FY 2016 (set out on page 46 of this Annual Report) and contributions to the Board's deliberations as well as availability outside formal Board and Board Committee meetings, the Board is of the view that the current commitments of each of its Directors are reasonable and each of the Directors is able to and has been adequately carrying out his duties.

Board Performance
Principle 5:
There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

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

The Board strives to ensure that there is an optimal blend in the Board of background, experience and knowledge in business and general management, expertise relevant to CRCT's business, and that each Director can bring to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made in the interests of CRCT.

While board performance is ultimately reflected in the long-term performance of CRCT, the Board believes that engaging in a regular process of self-assessment and evaluation of board performance in order to identify key strengths and areas for improvement is essential to effective stewardship and to attaining success for CRCT.

As part of the Manager's commitment towards improving corporate governance, the Board has implemented a process to evaluate the effectiveness of the Board as a whole and the Board Committees on an annual basis. As part of the process, questionnaires were sent to the Directors, and the results were aggregated and reported to the Chairman of the Board. The areas of evaluation covered in the survey questionnaire included Board composition, Board processes, strategy, performance and governance, access to information and Board committee effectiveness. The results of the survey were deliberated upon by the Board, and the necessary follow up action will be taken with a view to enhancing the effectiveness of the Board in the discharge of its duties and responsibilities. The outcome of the evaluation was satisfactory with positive ratings received for all the attributes in the evaluation categories.

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

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

Corporate Governance

Access to Information

Principle 6:

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

The Manager recognises the importance of providing the Board with relevant information on a timely basis prior to Board meetings and on an ongoing basis, to enable the Directors to make informed decisions to discharge their duties and responsibilities. Reports on CRCT's performance are also provided to the Board on a regular basis.

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

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

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

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

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

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

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

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

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7:

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

Level and Mix of Remuneration

Principle 8:

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

Disclosure on Remuneration

Principle 9:

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

The Board undertakes the functions of a remuneration committee. It is able to do so because:

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

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

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

In terms of the process adopted by the Manager for developing policies on remuneration and determining the remuneration packages for Directors and executive officers, the Manager, through an independent remuneration consultant, takes into account benchmarking within the industry, as appropriate. It also considers the compensation framework of CL as a point of reference. The Manager is a subsidiary of CL which also holds a significant stake in CRCT. The association with the CL group puts the Manager in a better position to attract and retain better qualified management talent; it provides an intangible benefit to the Manager such that it allows its employees to associate themselves with an established corporate group which can offer them the depth and breadth of experience and a career horizon. In FY 2016, an independent remuneration consultant, Mercer (Singapore) Pte Ltd (Mercer), was appointed to provide professional advice on Board and executive remuneration. Mercer is a global consulting leader in talent, health, retirement and investments with operations in more than 140 countries and employs more than 20,000 people globally. The consultant is not related to the Manager, its related corporations or any of its Directors.

Corporate Governance

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

Business Alignment

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

Motivate Right Behaviour

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

Fair & Appropriate

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

Effective Implementation

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

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

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

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

At present, there are only three key management personnel of the Manager (including the CEO). The Manager outsources various other services to CapitaLand Mall Asia Limited (CMA) which provides the services through its employees (Outsourced Personnel), in order to provide flexibility and maximise efficiency in resource management to match the needs of CRCT from time to time, as well as to leverage on economies of scale and tap on the management talent of an established corporate group which can offer enhanced depth and breadth of experience. However, notwithstanding the outsourcing arrangement, the responsibility for due diligence, oversight and accountability continues to reside with the Board and Management. In this regard, the remuneration of such Outsourced Personnel, being employees of CMA, is not included as part of the disclosure of remuneration of key management personnel of the Manager in this Annual Report.

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

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

The Directors' fees for FY 2016 are shown in the table below. The CEO as an executive director does not receive any fees for serving as a Director. Instead, he is remunerated as part of the key management personnel of the Manager. Directors' fees are a fixed sum and generally comprise a basic retainer fee as a Director, an additional fee for serving on any of the Board Committees and an attendance fee for participation in meetings of the Board and any of the Board Committees, project meetings and verification meetings. The framework for the Directors' fees remains unchanged from that for the previous financial year.

Non-executive Directors (save for Directors who are employees of CL) receive Directors' fees which are payable by way of cash and Units. The Manager believes that the payment of a portion of the Directors' fees in Units will serve to align the interests of such Directors with that of Unitholders and CRCT's long-term growth and value.

Director's Fees[1,2]

Board Members	FY 2016	FY 2015
Liew Cheng San Victor	S$129,000	S$129,000
Lim Ming Yan	N.A.[3]	N.A.[3]
Tony Tan Tee Hieong	N.A.	N.A.
Fong Heng Boo	S$91,000	S$92,000
Christopher Gee Kok Aun	S$76,000	S$75,400
Professor Tan Kong Yam	S$72,000	S$72,000
Ng Kok Siong	N.A.[3]	N.A.[3]

N.A.: Not Applicable.
1 Inclusive of attendance fees of (a) S$2,000 per meeting attendance in person, (b) S$1,700 per meeting attendance via audio or video conference, and (c) S$1,000 per meeting attendance at project and verification meetings subject to a maximum of S$10,000 per Director per annum.
2 Each non-executive Director (save for non-executive Directors who are employees of CL) shall receive up to 20% of his Directors' fees in the form of Units (subject to truncation adjustments). The remainder of the Directors' fees shall be paid in cash. No new Units will be issued for this purpose as these Units will be paid by the Manager from the Units it holds.
3 Non-executive Directors who are employees of CL do not receive Directors' fees.

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(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10:

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

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

In addition to the quarterly and annual financial statements, the Manager also keeps Unitholders, stakeholders and analysts informed of the performance and changes in CRCT or its business which would be likely to materially affect the price or value of Units on a timely and consistent basis, so as to assist Unitholders and investors in their investment decisions.

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

Risk Management and Internal Controls

Principle 11:

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

The Manager has in place an adequate and effective system of risk management and internal controls addressing material financial, operational, compliance and information technology risks to safeguard Unitholders' interests and CRCT'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 of CRCT Group.

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

(a) makes recommendations to the Board on Risk Appetite Statement (RAS) for CRCT Group;

(b) assesses the adequacy and effectiveness of the risk management and internal controls systems established by the Manager to manage risks;

(c) oversees Management in the formulation, updating and maintenance of an adequate and effective risk management framework, policies and strategies for managing risks that are consistent with CRCT Group's risk appetite and reports to the Board on its decisions on any material matters concerning the aforementioned;

(d) makes the necessary recommendations to the Board such that an opinion relating to the adequacy and effectiveness of the risk management and internal controls systems can be made by the Board in the annual report of CRCT in accordance with the Listing Manual and the Code; and

(e) considers and advises on risk matters referred to it by Management or the Board including reviewing and reporting to the Board on any material breaches of the RAS, any material non-compliance with the approved framework and policies and the adequacy of any proposed action.

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

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

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

More information on the Manager's ERM Framework can be found in the Enterprise Risk Management section on pages 47 to 49 of this Annual Report.

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

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

(a) the financial records of CRCT Group have been properly maintained and the financial statements for the year ended 31 December 2016 give a true and fair view of CRCT Group's operations and finances; and

(b) the system of risk management and internal controls in place for CRCT Group is adequate and effective in addressing the material risks faced by CRCT Group in its current business environment including material financial, operational, compliance and information technology risks. The CEO and the Head, Finance of the Manager have obtained similar assurance from the respective risk and control owners.

In addition, in FY 2016, the Board has received quarterly certification by Management on the integrity of financial reporting and the Board has provided a negative assurance confirmation to Unitholders as required by the Listing Manual.

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Based on the ERM Framework established and the reviews conducted by Management and both the internal and external auditors, as well as the assurance from the CEO and the Head, Finance of the Manager, the Board concurs with the recommendation of the AC and is of the opinion, that the system of risk management and internal controls addressing material financial, operational, compliance and information technology risks established by the Manager is adequate and effective to meet the needs of CRCT Group in its current business environment as at 31 December 2016.

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

Audit Committee

Principle 12:

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

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

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

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

(a) reviews the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of CRCT Group and any announcements relating to CRCT Group's financial performance;

(b) reviews and reports to the Board at least annually the adequacy and effectiveness of the Manager's internal controls, including financial, operational, compliance and information technology controls, and risk management systems;

(c) reviews the adequacy and effectiveness of the Manager's internal audit and compliance functions;

(d) reviews the scope and results of the external audit and independence and objectivity of the external auditors;

(e) makes recommendations to the Board on the proposals to Unitholders on the appointment, reappointment and removal of the external auditors, and approving the remuneration of the external auditors;

(f) reviews and approves processes to regulate transactions involving an Interested Person (as defined in Chapter 9 of the Listing Manual) and/or Interested Party (as defined in the Property Funds Appendix) (each, an Interested Person) and CRCT and/or its subsidiaries (Interested Person Transactions) to ensure compliance with the applicable regulations. The regulations include the requirement that the Interested Person Transactions are on normal commercial terms and are not prejudicial to the interests of CRCT and its minority Unitholders. In respect of any property management agreement which is an Interested Person Transaction, the AC also carries out reviews at appropriate intervals to satisfy itself that the Manager has reviewed the Property Manager's compliance with the terms of the property management agreement and has taken remedial actions, where necessary; and

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

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

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

The external auditors have provided confirmation of their independence to the AC. The aggregate amount of fees paid and payable to the external auditors for FY 2016 was approximately S$431,597. There were no fees for non-audit services in FY 2016.

In FY 2016, the AC also met with the internal and external auditors, without Management's presence, to discuss the reasonableness of the financial reporting process, the system of internal controls, and the significant comments and recommendations by the auditors. Where relevant, the AC makes reference to 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.

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

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

Internal Audit
Principle 13:
The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Manager has in place an internal audit function supported by CL's Internal Audit Department (CL IA) which reports directly to the AC and administratively to the CEO. CL IA plans its internal audit schedules in consultation

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with, but independently of, Management and its plan is submitted to the AC for approval prior to the beginning of each year. The AC also meets with CL IA at least once a year without the presence of Management. CL IA has unfettered access to the Manager's documents, records, properties and employees, including access to the AC.

CL IA is a corporate member of the Singapore branch of the Institute of Internal Auditors Inc. (IIA), which has its headquarters in the United States of America. CL IA subscribes to, and is guided by, the International Standards for the Professional Practice of Internal Auditing (Standards) developed by the IIA, and has incorporated these Standards into its audit practices. With respect to FY 2016, the AC has reviewed and is satisfied as to the adequacy and effectiveness of the IA function.

To ensure that internal audits are performed by competent professionals, CL IA recruits and employs suitably qualified professional staff with the requisite skill sets and experience.

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

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14:

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

The Manager is committed to treating all Unitholders fairly and equitably. All Unitholders enjoy specific rights under the Trust Deed and the relevant laws and regulations. These rights include, among other things, the right to participate in profit distributions. They are also entitled to attend general meetings and are accorded the opportunity to participate effectively and vote at general meetings (including through appointment of up to two proxies, if they are unable to attend in person or in the case of a corporate Unitholder, through its appointed representative). Unitholders such as nominee companies which provide custodial services for securities are not constrained by the two proxy limitation, and are able to appoint more than two proxies to attend, speak and vote at general meetings of CRCT. More information on unitholder participation in general meetings can be found in the section on Principle 16: Conduct of Shareholder Meetings of this report.

Communication with Shareholders

Principle 15:

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

The Manager is committed to keeping all Unitholders and other stakeholders and analysts informed of the performance and changes in CRCT or its business which would be likely to materially affect the price or value of the Units, on a timely and consistent basis, so as to assist Unitholders and investors in their investment decisions.

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

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

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

More information on the Manager's investor and media relations with Unitholders can be found in the Investor & Media Relations section on pages 50 to 51 of this Annual Report and the Policy, which is available on CRCT's website.

CRCT's distribution policy is to distribute at least 90.0% of its taxable income (other than gains from the sale of real estate properties by CRCT which are determined to be trading gains), with the actual level of distribution to be determined at the Manager's discretion.

Conduct of Shareholder Meetings
Principle 16:
Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Manager supports the principle of encouraging Unitholders' participation and voting at general meetings. Unitholders receive a CD-ROM containing the CRCT annual report (printed copies are available upon request) and notice of the annual general meeting. As and when an extraordinary general meeting is to be held, Unitholders will receive a copy of the circular which contains details of the matters to be proposed for Unitholders' consideration and approval. Notices of the general meetings are also advertised in the press and issued on SGXNet. The requisite notice period for general meeting is adhered to. All Unitholders are given the opportunity to participate effectively in and vote at general meetings.

At general meetings, Unitholders are encouraged to communicate their views and discuss with the Board and Management matters affecting CRCT. Representatives of the Trustee, Directors (including the chairpersons of the Board and the AC), the Manager's senior management and the external auditors of CRCT, would usually be present at general meetings to address any queries from Unitholders.

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

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

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

(E) ADDITIONAL INFORMATION
Executive Committee
Apart from the AC and CDC, the Board has also established an EC.

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

(a) approves specific budgets for capital expenditure on development projects, acquisitions and enhancements/ upgrading of properties within its approved financial limits;

(b) reviews management reports and operating budgets; and

(c) awards contracts for development projects.

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

Dealings with Interested Persons

Review Procedures for Interested Person Transactions

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

In particular, the procedures in place include the following:

Interested Person Transactions[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 CRCT's latest audited net tangible assets/net asset value)	• Trustee • Audit Committee
Transaction[2] which: (a) is equal to or exceeds 3.0% of CRCT's latest audited net tangible assets/net asset value; or (b) when aggregated with other transactions[2] with the same Interested Person in the same financial year is equal to or exceeds 3.0% of CRCT's latest audited net tangible assets/net asset value	• Trustee • Audit Committee • Immediate announcement
Transaction[2] which: (a) is equal to or exceeds 5.0% of CRCT's latest audited net tangible assets/net asset value; or (b) when aggregated with other transactions[2,3] with the same Interested Person in the same financial year is equal to or exceeds 5.0% of CRCT's latest audited net tangible assets/net asset value	• Trustee • Audit Committee • Unitholders[3] • Immediate announcement

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

Role of the Audit Committee for Interested Person Transactions

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

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

Details of all Interested Person Transactions (equal to or exceeding S$100,000 each in value) entered into by CRCT in FY 2016 are disclosed on page 156 of this Annual Report.

Dealing with Conflicts of Interest

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

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

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

(c) in respect of matters in which CL and/or its subsidiaries have an interest, whether direct or indirect, any nominees appointed by CL and/or its subsidiaries to the Board will abstain from voting. In such matters, the quorum must comprise a majority of the independent directors and shall exclude such nominee Directors of CL and/or its subsidiaries;

(d) in respect of matters in which a Director or his associates have an interest, whether direct or indirect, such interested Director will abstain from voting. In such matters, the quorum must comprise a majority of the Directors and shall exclude such interested Director(s);

(e) if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of CRCT with an affiliate of the Manager, the Manager is obliged to consult with a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of CRCT, has a *prima facie* case against the party allegedly in breach under such agreement, the Manager is obliged to pursue the appropriate remedies under such agreement; and

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

Additionally, CRCT has been granted rights of first refusal by CapitaLand Mall China Income Fund I, CapitaLand Mall China Income Fund II, CapitaLand Mall China Income Fund III, CapitaLand Mall China Development Fund III and CMA (the Relevant Entities) over any proposed sale of completed retail properties in China by the Relevant Entities, or certain proposed acquisitions of completed retail properties in China by CMA and its subsidiaries.

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

Dealings in Securities

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

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

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

(F) CODE OF BUSINESS CONDUCT

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

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

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

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

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

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

Bribery and Corruption Prevention Policy

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

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

Whistle-Blowing Policy

A whistle-blowing policy and other procedures are put in place to provide employees of the Manager and parties who have dealings with the Manager with well defined, accessible and trusted channels to report suspected fraud, corruption, dishonest practices or other improprieties in the workplace, and for the independent investigation of any reported incidents and appropriate follow up action. The objective of the whistle-blowing policy is to encourage the reporting of such matters so that employees or external parties making any reports in good faith will be able to do so with the confidence that they will be treated fairly and, to the fullest extent possible, be protected from reprisal.

Anti-Money Laundering and Countering the Financing of Terrorism Measures

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

(a) evaluation of risk;

(b) customer due diligence;

(c) suspicious transaction reporting;

(d) record keeping;

(e) employee screening and representative screening; and

(f) training.

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

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

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

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

	Composition			Attendance Record of Meetings in FY 2016	
				Board	Audit Committee
Board Members	Audit Committee	Corporate Disclosure Committee	Executive Committee	Number of Meetings Held: 4	Number of Meetings Held: 4
Liew Cheng San Victor	–	Chairman	–	4 out of 4	N.A.
Lim Ming Yan	–	Member	Chairman	4 out of 4	N.A.
Tony Tan Tee Hieong	–	–	Member	4 out of 4	N.A.
Fong Heng Boo	Chairman	–	–	4 out of 4	4 out of 4
Christopher Gee Kok Aun	Member	–	–	4 out of 4	4 out of 4
Professor Tan Kong Yam	Member	–	–	3 out of 4	3 out of 4
Ng Kok Siong	Member	Member	Member	3 out of 4	4 out of 4

N.A.: Not Applicable.

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

Total Remuneration Bands	Salary inclusive of AWS and employer's CPF	Bonus and Other Benefits inclusive of employer's CPF[1]	Award of Units[2]	Total
Above S$750,000 to S$1,000,000				
Tony Tan Tee Hieong	44%	35%	21%	100%
Key Officers[3]				
Joanne Tan Siew Bee Leng Tong Yan	60%	28%	12%	100%
Total for CEO and Key Officers		**S$1,273,428**		

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

Enterprise Risk Management

Risk management is an integral part of CapitaLand Retail China Trust and its subsidiaries' (CRCT Group) business at both the strategic and operational levels. A proactive approach towards risk management supports the attainment of the CRCT Group's business objective and corporate strategy, thereby creating and preserving value.

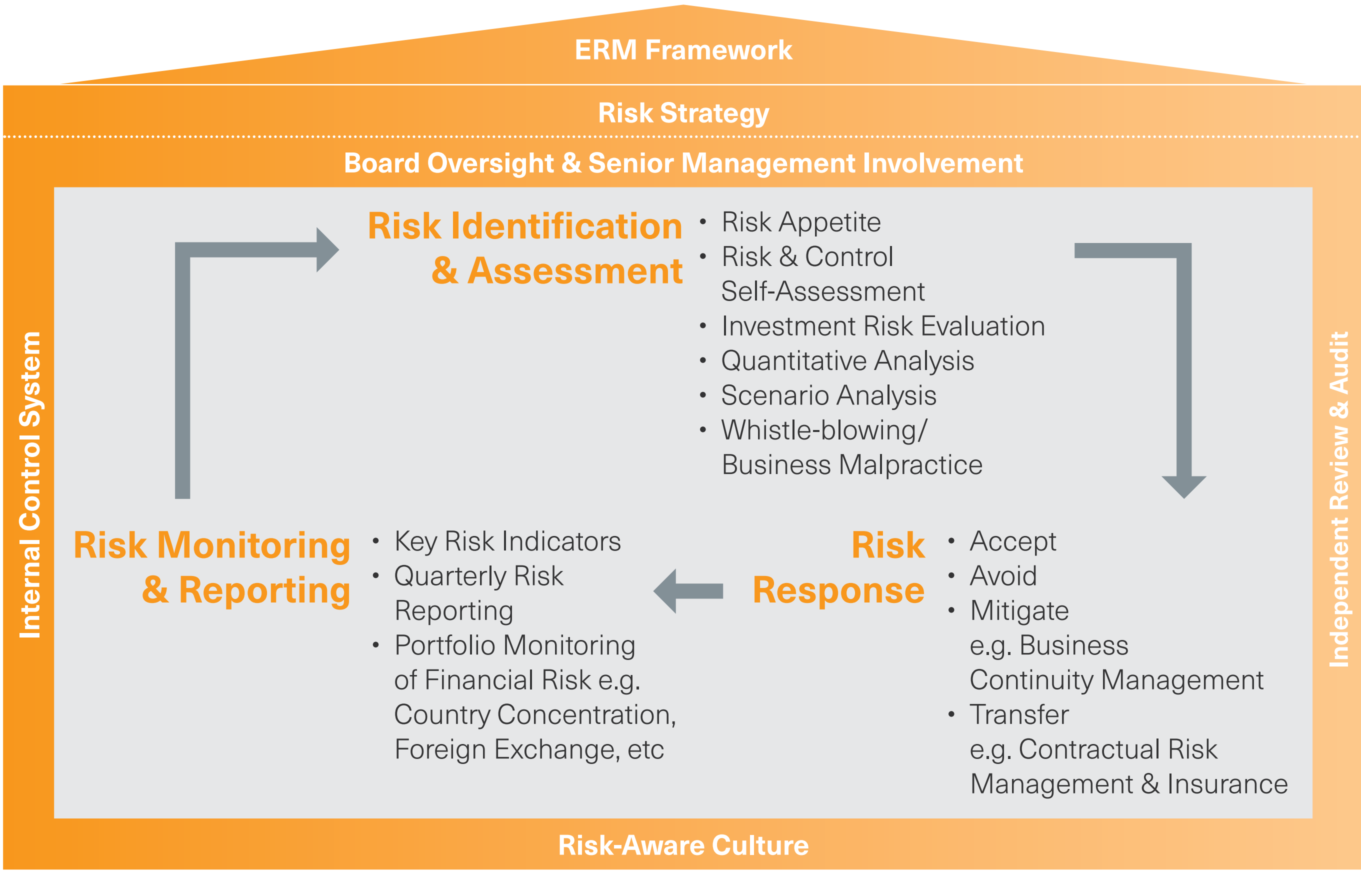
The manager of CRCT Group (Manager) recognises that risk management is just as much about opportunities as it is about threats. To capitalise on opportunities, the Manager has to take measured risks. Risk management is not about pursuing risk minimisation as a goal, but rather optimising the risk-reward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

The Board of Directors of the Manager (Board) is responsible for the governance of risk across CRCT Group. The responsibilities include determining CRCT Group's risk appetite; overseeing the Manager's Enterprise Risk Management (ERM) Framework; regularly reviewing CRCT Group's risk profile, material risks and mitigation strategies; and ensuring the adequacy and effectiveness of the risk management framework and policies. For these purposes, it is assisted by the Audit Committee (AC), which provides dedicated oversight of risk management at the Board level.

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

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

Enterprise Risk Management Framework



Enterprise Risk Management

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

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

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

Annually, the Manager facilitates and coordinates CRCT Group-wide Risk and Control Self-Assessment (RCSA) exercise that requires the respective risk owners to proactively identify, assess and document material risks as well as the corresponding key controls and mitigating measures needed to address them. Material risks and their associated controls are consolidated and reviewed at the Manager before they are presented to the AC and the Board.

Managing Material Risks

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

Acts Of God and Pandemic

Natural disasters, catastrophes and pandemic events are beyond the Manager's control. Such events may significantly damage CRCT Group's properties or disrupt operations and reduce shopper traffic. This could lead to loss of income for our tenants and possibly defaults on lease payments, resulting in adverse effect on CRCT Group's business and financial conditions. The Manager manages such risks through procuring adequate insurance cover and establishing crisis management standard operating procedures at each property.

Business Interruption Risk

CRCT Group is exposed to business interruption risk arising from sudden and major disaster events such as fire, prolonged power outages or other major infrastructure or equipment failures which may significantly disrupt operations at the malls. The Manager manages such risks through proactive facilities management (e.g. routine inspection and scheduled maintenance) and having crisis management standard operating procedures at each property.

Competition Risk

CRCT Group faces keen competition from established players and new market entrants in the real estate industry. It adopts a relentless approach to strengthening its competitiveness through high-quality products and services, product differentiation, pricing, asset enhancement initiatives (AEIs) and branding. CRCT Group also promotes tenant and customer loyalty through customer-centric initiatives and shopper loyalty programmes. A team of in-house experts provides regular analysis on market trends. Innovation workshops are conducted regularly to brainstorm ideas to anticipate as well as react to these trends.

Economic Risk
CRCT Group is exposed to developments in major economies and key financial and property markets. These developments may reduce revenue, increase costs and result in downward revaluation of our assets. Market illiquidity during a financial crisis makes asset divestment challenging and this can affect CRCT Group's investment and strategic objectives. The Manager manages this by adopting a disciplined approach to financial management, and maintaining a balanced portfolio. In addition, the Manager adopts a proactive asset management policy (e.g. AEIs and close monitoring of tenant mix and tenants' sales, etc) to maintain the attractiveness of the properties and generate sustainable demand.

Foreign Exchange Risk
CRCT Group is exposed to Chinese Renminbi (RMB) fluctuation against the Singapore Dollar which is the distribution pay out currency. Where possible, CRCT Group adopts a natural hedging by borrowing in RMB which matches the revenue stream generated from its investments. Non-RMB denominated term loans are hedged via non-deliverable forwards so as to match its underlying assets which are denominated in RMB. In relation to CRCT Group's overseas investments in foreign subsidiaries whose net assets are exposed to currency translation risk and are held for long term investment purposes, the differences arising from such translation are captured under foreign currency translation reserve which are reviewed and monitored on a regular basis.

Interest Rate Risk
Some of CRCT Group's existing debts carry floating interest rates, and consequently, the interest cost to CRCT Group for such loans will be subject to fluctuations in interest rates. As part of CRCT Group's active capital management strategies, the Manager enters into hedging transactions to partially mitigate the risk of such interest rate fluctuations through the use of interest rate swaps and/or fixed rate borrowings. The exposure to interest rate risk is further managed through regular reviews with senior management on the optimal mix of fixed and floating rate borrowings. In addition, debt portfolio is reviewed on an on-going basis, taking into account the investment holding period and nature of the assets.

Information Technology Risk
With increased reliance on Information Technology (IT) as a business enabler, the outsourced IT team from CapitaLand has put in place policies and procedures which set out the governance and controls of IT risks, including cyber risks. This includes implementing access controls; building up data security; and promoting IT security awareness among all users to ensure the confidentiality, integrity, and availability of CapitaLand Group's information assets. CRCT Group also conducts an IT disaster recovery plan annually to ensure business recovery objectives are met.

Liquidity Risk
The Manager actively monitors CRCT Group's debt maturity profile, operating cash flows and the availability of funding so as to ensure sufficient funds are available to meet CRCT Group's capital, refinancing and operating needs. To manage liquidity risk, the Manager maintains adequate levels of liquid resources to cover CRCT Group's working capital obligations. Moreover, CRCT Group has access to the debt market through its Medium Term Note (MTN) Programme to raise funds for acquisition, development and/or refinance maturing debt. CRCT Group's ability to raise funds from both banks and capital markets has enabled it to diversify its sources of funding to avoid over-reliance on any single source of funding.

Regulatory and Compliance Risk
CRCT Group is subject to the local laws and regulations of the markets it operates in and is required to comply with the relevant legislation and regulations that include the Listing Manual of the Singapore Exchange Securities Trading Limited, the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore and the tax rulings by the Inland Revenue Authority of Singapore. Any change in these legislation and regulations may affect CRCT Group's business, results or operations. The Manager has established relevant policies and procedures to ensure CRCT Group's compliance with applicable legislation and regulations.

Investor & Media Relations

CRCT is committed to providing the investor and media communities with timely, effective, unbiased and transparent information. It maintains a high standard of access through a wide array of communication channels such as meetings, conference calls, roadshows, conferences and mall visits. The Unitholders' Communication and Investor Relations Policy states CRCT's guiding principles of its approach and it is available on the corporate website at http://www.crct.com.sg/ir_policy.html.

During the year, the senior management of CRCT's manager, CapitaLand Retail China Trust Management Limited (Manager), participated in roadshows in Hong Kong, Shenzhen, Singapore and Tokyo. It held its full-year and half-year financial results briefings for analysts and media in February and July respectively. CRCT's results, strategies and outlook were communicated during the briefings. The recordings of the results briefings are posted on CRCT's website to keep stakeholders abreast of the latest developments.

On 11 April 2016, CRCT held its annual general meeting which gave the Manager an opportunity to interact with the Unitholders.

Individual and group mall visits are arranged for investors and analysts travelling to the cities in which CRCT's malls are located. These visits offer them a first-hand experience of the malls' operations and a greater appreciation of CRCT's long-term growth potential.

All the latest announcements and news are promptly released to SGX-ST and published on CRCT's website (www.crct.com.sg). Unitholders and potential stakeholders have access to the website for information such as quarterly results, press releases, annual reports and CRCT's unit price. An email alert service is also provided so that registered participants can receive email alerts on CRCT's latest announcements and press releases. In addition, the public can pose questions via a dedicated "Ask Us" email address (ask-us@crct.com.sg).

Investor Relations & Media Calendar 2016

Date	Event	Organiser
4 Feb	FY 2015 results briefing to media and analysts, Singapore	CRCT
4 Feb	FY 2015 post results luncheon, Singapore	J.P. Morgan
18 – 19 Feb	Non-deal roadshow, Tokyo	J.P. Morgan
22 – 23 Feb	Non-deal roadshow, Hong Kong	J.P. Morgan
11 Apr	Annual General Meeting	CRCT
14 Apr	1Q 2016 post results luncheon, Singapore	Macquarie
4 Jun	REIT Symposium 2016	REITAS and ShareInvestor
27 Jul	2Q 2016 results briefings to media and analysts, Singapore	CRCT
27 Jul	2Q 2016 post results luncheon, Singapore	UBS
22 Aug	Macquarie ASEAN Conference 2016	Macquarie
25 Oct	3Q 2016 post results luncheon, Singapore	DBS
15 Nov	CapitaLand Investors' Day 2016	CapitaLand
16 Nov	Morgan Stanley 15th Annual Asia Pacific Summit	Morgan Stanley
30 Nov – 1 Dec	SGX-Haitong International-Asia Fund Space Corporate Day	SGX, Haitong International and Asia Fund Space

Financial Calendar 2017 - 2018
(tentative)

April 2017	• First Quarter Results Announcement
April 2017	• Annual General Meeting
July 2017	• Second Quarter Results Announcement
September 2017	• First Half Distribution to Unitholders
October 2017	• Third Quarter Results Announcement
January 2018	• Full Year Results Announcement
March 2018	• Second Half Distribution to Unitholders

Analyst Coverage (As At 24 February 2017)

China International Capital Corporation
Daiwa Capital Markets
DBS Bank
J.P. Morgan Securities
Macquarie Capital Securities
OCBC Investment Research
Phillip Securities Research
UBS Securities

Unitholder & Media Enquiries

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

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Investor Relations

Ms Chia Pei Siang
Group Communications

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Fax: +65 6713 2999
Email: ask-us@crct.com.sg
Website: www.crct.com.sg

Unit Registrar

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

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

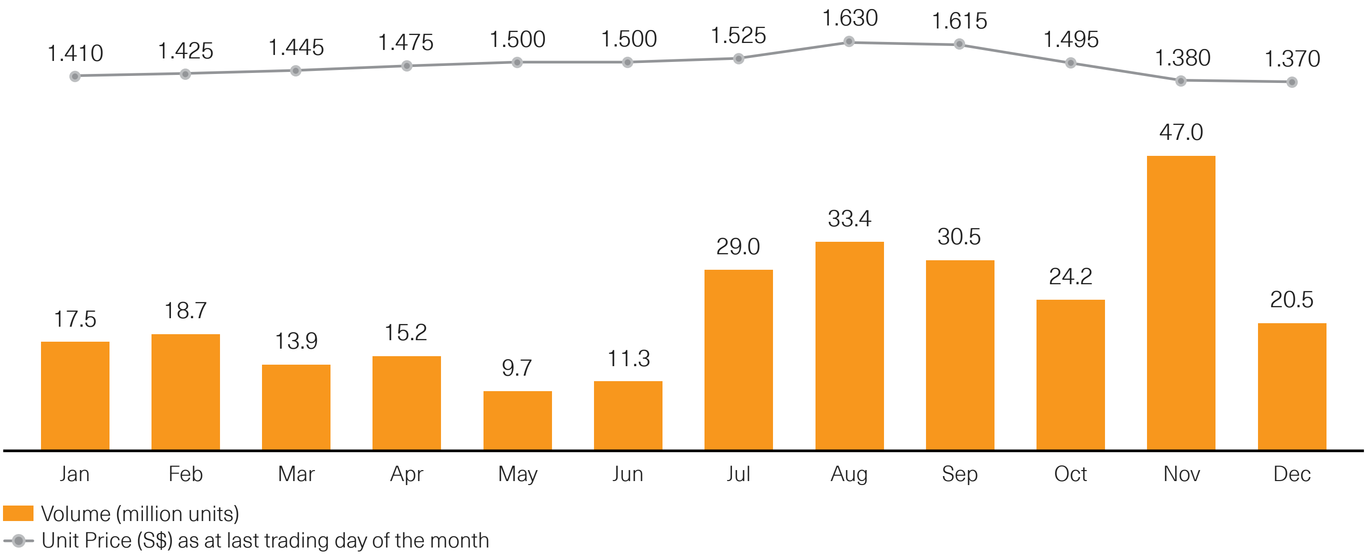
The Central Depository (Pte) Limited
9 North Buona Vista Drive
#01-19/20 The Metropolis
Singapore 138588
Tel: +65 6535 7511
Email: asksgx@sgx.com
Website: www.sgx.com/cdp

Unit Price Performance

CRCT Trading Data in FY 2016

Highest Unit Price (S$)	1.665
Lowest Unit Price (S$)	1.330
Average Closing Unit Price (S$)	1.482
Opening Unit Price on 4 January 2016 (S$)	1.515
Closing Unit Price on 30 December 2016 (S$)	1.370
Turnover (million units)	271.1

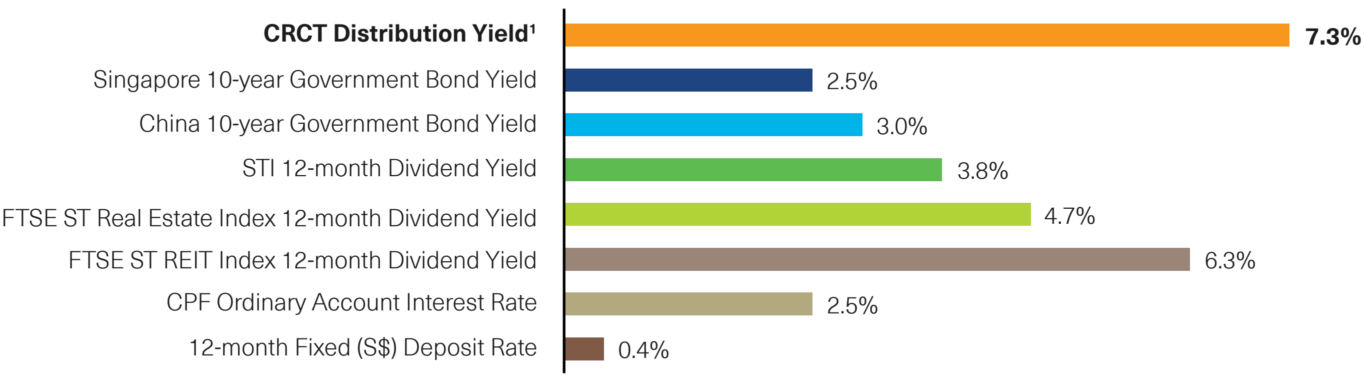
CRCT Monthly Trading Performance in FY 2016



Comparative Yields

(%)

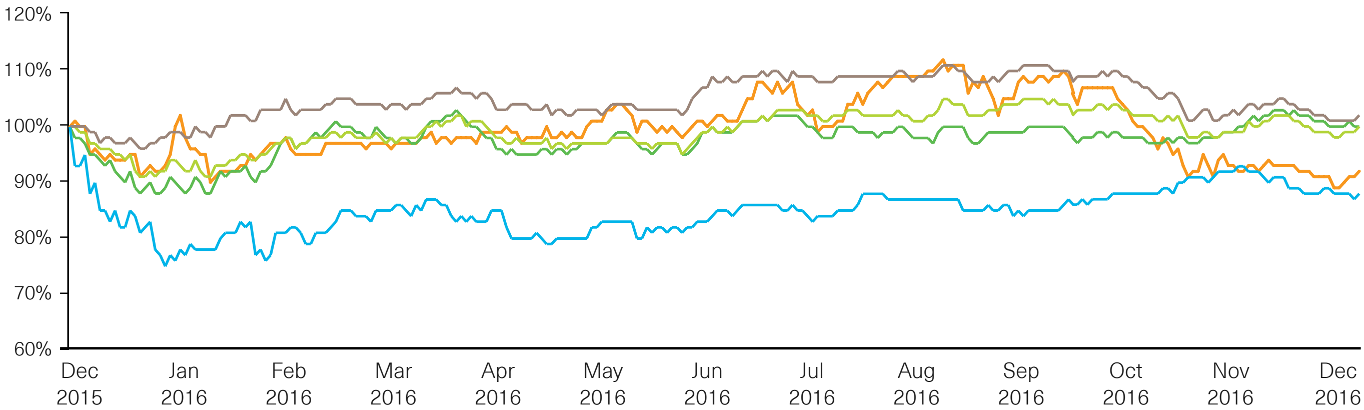
As at 31 December 2016



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

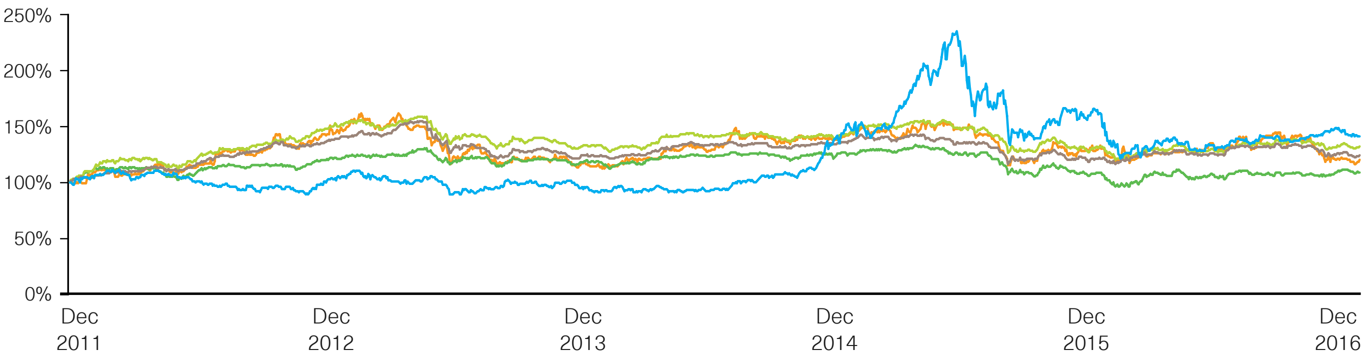
1 Based on distribution per unit of 10.05¢ for FY 2016 and the unit closing price of S$1.37 on 30 December 2016.

Comparative Trading Performance for FY 2016



CRCT
Straits Times Index
FTSE ST Real Estate Index
FTSE ST REIT Index
Shanghai Exchange Composite Index

Comparative Trading Performance for FY 2012 - FY 2016



CRCT
Straits Times Index
FTSE ST Real Estate Index
FTSE ST REIT Index
Shanghai Exchange Composite Index

Sustainability Management

Sustainability Commitment

CRCT is part of CapitaLand Group (Group) and its sustainability strategy is aligned to the Group. Details can be found in the CapitaLand Sustainability Report which will be available in May 2017.

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

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

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

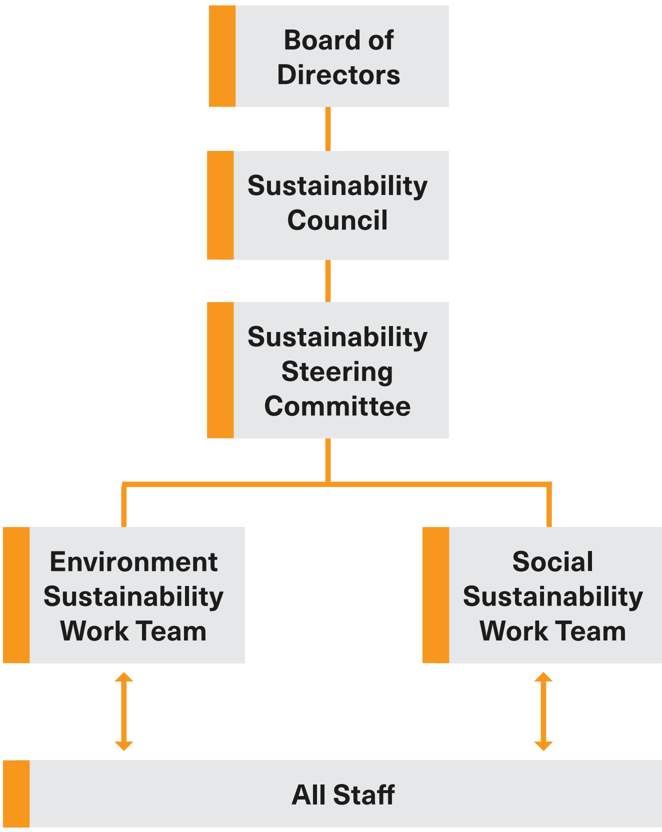
CapitaLand is one of the first companies in Singapore to voluntarily publish its annual Sustainability Report, before the Singapore Exchange published its Sustainability Reporting Guidelines. It adopted the Global Reporting Initiative (GRI) Reporting Guidelines as this framework is internationally recognised. For more details on the Group's sustainability management and performance, please refer to the upcoming CapitaLand Limited Global Sustainability Report 2016. This report will continue to apply the Guiding Principles of the International Integrated Reporting Framework, ISO 26000:2010 Guidance on Social Responsibility. It will reference the United Nations (UN) Sustainable Development Goals, and be externally assessed to the AA1000 Assurance Standard. It will cover the Group's global portfolio and employees, including CRCT.

CapitaLand is a signatory to the UN Global Compact and its Global Sustainability Report will serve as its Communication on Progress, which will be made available at www.unglobalcompact.org when published.

For its efforts, CapitaLand is listed in the Global 100 Most Sustainable Corporations in the World, Sustainability Yearbook, Dow Jones Sustainability World Index and Asia Pacific Index, Global Real Estate Sustainability Benchmark (Regional Sector Leader for Asia, Diversified), FTSE4Good Index Series, FTSE4Good ASEAN 5, MSCI Global Sustainability Indexes, STOXX® Global ESG Leaders Indices, Channel NewsAsia Sustainability Ranking and SGX Sustainability Indices.

Top Management Commitment and Staff Involvement

The Group's sustainability management comes under the purview of its Sustainability Council, comprising members of CapitaLand's top management. It is supported by a Sustainability Steering Committee which oversees two work teams to ensure the Group's continued progress and improvement in the areas of environment, social and governance (ESG). The Sustainability Steering Committee and work teams comprise representatives from all business units.



CapitaDNA
(Vision, Mission, Credo and Core Values)

Respect at all levels

People (staff)	Develop a high performance culture that embraces diversity and teamwork
Investors (including business partners)	Deliver sustainable shareholder returns
Customers (tenants, shoppers, home owners, residents)	Create great customer value and experiences through high-quality products and services
Communities (suppliers/contractors, government agencies/ NGOs, environment, community)	Contribute positively to the economic, environmental and social development of communities

Pursue **Excellence**

Integrity at all levels

Creativity to enhance value

The Group has a regular review, assessment and feedback process in relation to ESG topics. Key to this is an annual Group-wide Risk and Control Self-Assessment exercise which entails the identification, assessment and documentation of material risks and corresponding internal controls. Such material risks include fraud and corruption, environmental, health and safety, and human capital risks which are ESG-relevant. Other existing channels for feedback to ensure relevance of issues include:

Environment	• Regular dialogue/feedback sessions with government agencies (e.g. Building and Construction Authority, National Environment Agency) • Active participation in Singapore Green Building Council
Social	• Regular dialogue with government agencies and unions • Active participation in Singapore Workplace Safety and Health Council • Regular employee engagement surveys
Governance	• Active participation in Investor Relations Professionals Association Singapore (IRPAS) and Real Estate Investment Trust Association of Singapore (REITAS) • Engagement with Securities Investors Association (Singapore) (SIAS) for its annual Corporate Governance Conference

Sustainability Management

Materiality
Through regular stakeholder engagement, the Group identifies and reviews material issues that are most relevant and significant to the Group and its stakeholders. For the Group, priorities are ranked based on the likelihood and potential impact of issues affecting business continuity and development. For external stakeholders, priority is given to issues important to society and applicable to the Group. The Group therefore prioritises its sustainability efforts and reporting on issues that are most important to its business and stakeholders.

Employees
CRCT does not have employees as an external manager, CapitaLand Retail China Trust Management Limited (CRCTML), manages it. The employees of CRCTML form part of the headcount of the Group.

The Group actively engages its employees through various avenues, including regular communication sessions held by senior management, for effective flow of information and alignment of business goals and objectives across all levels of workforce. Since the 2015 Employee Engagement Survey (EES), 169 focus group meetings were organised across 18 countries and various follow up actions were taken.

Customers
The Group conducts regular resident satisfaction surveys in all its serviced residences and tenant surveys in its shopping malls and office buildings. The feedback obtained is reviewed and relevant follow-up actions are taken to improve serviced residence tenants' experience and improve service levels to tenants.

Supply Chain Management
The Group proactively engages contractors and suppliers on areas relating to quality of work and commitment to EHS. For more information, please refer to the EHS sub-section.

The Group also adopts a strong stance against bribery and corruption. Third-party service providers and contractors can provide feedback via a dedicated email address, in addition to the regular feedback channels.

Investor and Media
For stakeholder engagement pertaining to investors and media, please refer to the section on Investor & Media Relations.

Human Capital
The Group has an integrated human capital strategy to recruit, develop and motivate employees. Continual learning is a fundamental building block for growth. A suite of training and development programmes include personal development courses and certified training programmes to equip employees with the necessary skills for better performance are made available.

The Group recognises that a positive work environment is essential to attract, motivate and retain talent. A total well-being programme is in place to promote personal development, healthy living and work-life harmony. Initiatives include a flexible medical and benefits plan, flexible work arrangements and employee engagement initiatives.

Community Development
The Group recognises that the long-term success of the company is closely intertwined with the health and prosperity of the communities in which it operates. CapitaLand Hope Foundation (CHF), its philanthropic arm, was established in 2005. A registered charity in Singapore, CHF strongly believes in the importance of first investing in the fundamental needs of education, healthcare and shelter of underprivileged children to relieve them of hardship and help them to eventually break the poverty cycle. Every year, the Group allocates up to 0.5% of its net profit to CHF and also provides pro bono administrative support through various functional departments within the company.

CapitaLand is a strong advocate of volunteerism and was one of the first companies to formalise three days of Volunteer Service Leave for its staff. For more information on CHF, please visit www.capitalandhopefoundation.com.

CRCT continues to promote charity causes in benefit of the communities served by CRCT malls, and adopt green practices that contribute to sustainable development.

In 2016, "My Schoolbag", CapitaLand's key annual corporate social responsibility programme, took place for the seventh consecutive year in China. Staff from CRCT malls participated in the programme, helping to distribute new schoolbags and stationery worth about RMB1.59 million to about 17,000 first grade pupils from 200 schools, including 23 CapitaLand Hope Schools.

Besides My Schoolbag, CRCT malls held community activities throughout the year to champion different causes. For example, CapitaMall Grand Canyon spearheaded a donation drive to benefit Sunvillage, a not-for-profit welfare organisation that supports children of convicts. CapitaMall Xizhimen collaborated with the Red Cross Society of China on a first aid workshop, while CapitaMall Saihan held a mass yoga session at its Level 4 outdoor plaza to promote the importance of maintaining physical and mental health through exercise.

Environment, Health and Safety (EHS)

The Group is committed to protecting the environment and upholding the occupational health and safety of its employees. The EHS Management System is externally audited to achieve ISO 14001 and OHSAS 18001 certification across 15 countries. The EHS Policy can be found on www.capitaland.com/sustainability.

The Group incorporated EHS key performance indicators linked to the remuneration of all staff, as well as top management. In 2016, the reduction of energy usage KWh/m^2 in CRCT malls[1] was 33.0% and the reduction in water usage in m^3/m^2 was 21.8% from the 2008 baseline. The Group will continue to implement energy and water conservation measures to ensure efficient operations and minimise resource wastage.

As part of CRCT's commitment to operate its malls sustainably, CapitaMall Wangjing and CapitaMall Grand Canyon installed electric vehicle charging stations to bring greater convenience to the growing pool of electric vehicle owners who are committed to reduce their carbon footprint by adopting a greener mode of transportation. In addition, CRCT malls also supported efforts that spread the message on environmental conservation. To illustrate, CapitaMall Qibao partnered Shanghai Rendu Ocean Development Center to organise a beach clean-up event, in addition to hosting an exhibition at its premises to encourage shoppers to keep the environment clean and healthy. CapitaMall Saihan hosted a flash mob to help raise awareness of environmental issues.

To commemorate the 10th anniversary of World Wide Fund for Nature's Earth Hour, CRCT malls organised a series of events that included the iconic ceremonies marking the turning off of façade and non-essential lights. At CapitaMall Xizhimen, shoppers wore Earth Hour-themed T-shirts that they had created with eco-friendly fluorescent paint to illuminate the night, while CapitaMall Minzhongleyuan hosted an unplugged music performance featuring percussion instruments.

CRCT malls also initiated activities that raised awareness on issues relating to public health and safety. These included safety awareness and risk review workshops with contractors to enhance their safety standards of working at heights, and exhibitions that reinforced lift and escalator safety protocols for contractors and the general public. CRCT malls also joined hands with the local authorities to conduct mass fire drills, which provided excellent opportunities for tenants to familiarise themselves with emergency procedures.

1 Excludes CapitaMall Xinnan which was newly acquired on 30 September 2016 and the master leased malls, namely CapitaMall Anzhen, CapitaMall Shuangjing and CapitaMall Erqi.

Operations Review

Committed Occupancy Rates

	As at 31 December 2016[1] %	As at 31 December 2015[1] %
CapitaMall Xizhimen	97.8	98.0
CapitaMall Wangjing	99.6	99.8
CapitaMall Grand Canyon	96.6	98.0
CapitaMall Xinnan	98.2[2]	–
CapitaMall Qibao	94.1	97.0
CapitaMall Saihan	100.0	99.9
CapitaMall Minzhongleyuan	93.6[3]	70.7[3]
CapitaMall Wuhu	64.4[4]	65.3[4]
CapitaMall Anzhen	100.0	100.0
CapitaMall Erqi	100.0	100.0
CapitaMall Shuangjing	100.0	100.0
CRCT Portfolio	**95.9**	**95.1**

1 Based on committed leases.
2 CapitaMall Xinnan was acquired on 30 September 2016.
3 CapitaMall Minzhongleyuan was affected by road closure to facilitate the construction of metro Line 6. On 28 December 2016, the road and the new metro Line 6 have reopened and commenced operations respectively.
4 CapitaMall Wuhu is affected by the ongoing tenancy adjustments to achieve optimal trade mix.

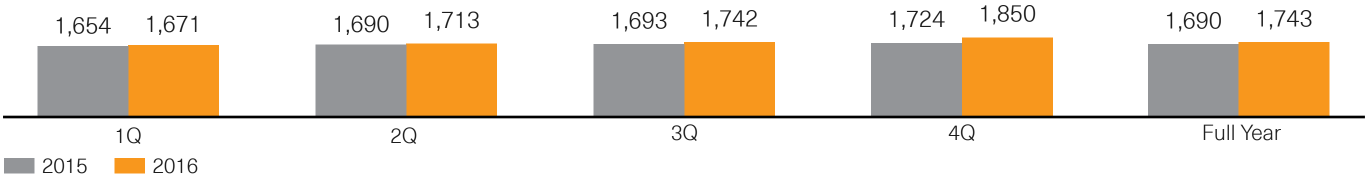
Shopper Traffic[1]

	2016 Million	2015 Million
CapitaMall Xizhimen	38.5	38.1
CapitaMall Wangjing	11.1	10.9
CapitaMall Grand Canyon	10.5	10.2
CapitaMall Xinnan	2.1[2]	–
CapitaMall Qibao	15.1	14.4
CapitaMall Saihan	9.3	9.3
CapitaMall Minzhongleyuan	2.6[3]	4.0[3]
CapitaMall Wuhu	2.9[4]	4.2[4]
CRCT Portfolio	**92.1**	**91.1**

1 CapitaMall Anzhen, CapitaMall Erqi and CapitaMall Shuangjing do not have traffic counters.
2 CapitaMall Xinnan's shopper traffic for October and November 2016 was based on previous owner's traffic counter system. Shopper traffic for December 2016 was based on CRCT's traffic counter system.
3 CapitaMall Minzhongleyuan was affected by road closure to facilitate the construction of metro Line 6. On 28 December 2016, the road and the new metro Line 6 have reopened and commenced operations respectively.
4 CapitaMall Wuhu is affected by the ongoing tenancy adjustments to achieve optimal trade mix.

Portfolio Tenants' Sales

(RMB per square metre)[1]



1 Based on tenants' sales (excluding Department Stores and Supermarkets) of CapitaMall Xizhimen, CapitaMall Wangjing, CapitaMall Grand Canyon, CapitaMall Qibao, CapitaMall Saihan, CapitaMall Minzhongleyuan and CapitaMall Wuhu. Portfolio tenants' sales for 2015 have been restated for comparative purposes.

Lease Expiry Profile

CapitaMall Anzhen, CapitaMall Erqi and the majority of the Gross Rentable Area (GRA) of CapitaMall Shuangjing are under master leases. The master leases are on a typical tenure of 20 years which ensures stable cash flows. For tenants which are not under master leases, the typical lease term is 15 to 20 years for anchor tenants, five to seven years for mini-anchor tenants and up to three years for specialty tenants. For new and renewed leases which commenced in FY 2016, the weighted average lease expiry based on the date of commencement of the leases is 2.3 years (by total rental income) and accounts for 20.3% of the total rental income for the month of December 2016.

New Leases and Renewals

	Number of New Leases/Renewals in FY 2016[1,2,3]	Variance Over Preceding Rental %
CapitaMall Xizhimen	128	(0.2)[4]
CapitaMall Wangjing	152	2.7
CapitaMall Grand Canyon	102	8.2
CapitaMall Xinnan	36	7.7
CapitaMall Qibao	100	12.8
CapitaMall Saihan	92	5.4
CapitaMall Wuhu	10	(65.0)[5]
CRCT Portfolio	**620**	**3.9[6]**

1 Excluding gross turnover component, newly created units leased, short term renewals (<1 year), units vacant for >= 1 year and pre-terminated leases.
2 Including re-configured units.
3 Majority of leases have rental escalation clauses.
4 Excluding two new lifestyle retail concepts occupying large areas, rental reversion would have increased 4.8%.
5 Negative rental reversion due to lower rental to sustain occupancy.
6 Excluding the strategic initiative at CapitaMall Xizhimen, portfolio rental reversion would have increased 5.5%.

Weighted Average Lease Expiry by Mall

As at 31 December 2016	Weighted Expiry (by Total Rental Income) Years	Weighted Expiry (by Net Lettable Area (NLA)) Years
CapitaMall Xizhimen	2.9	4.9
CapitaMall Wangjing	3.4	6.4
CapitaMall Grand Canyon	4.9	7.9
CapitaMall Xinnan	2.3	3.6
CapitaMall Qibao	3.1	4.3
CapitaMall Saihan	3.3	5.9
CapitaMall Minzhongleyuan	7.5	2.8
CapitaMall Wuhu	3.4	3.5
CapitaMall Anzhen	8.6	8.6
CapitaMall Erqi	9.9	9.9
CapitaMall Shuangjing	6.4	7.0
CRCT Portfolio	**5.0**	**7.4**

Operations Review

Lease Expiry Profile For 2017 by Mall

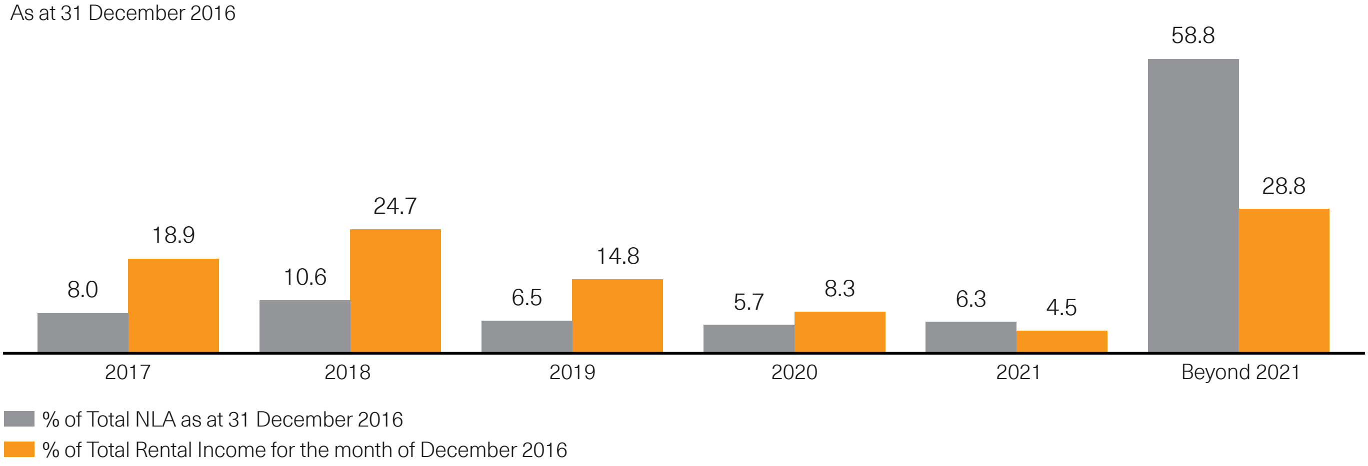
As at 31 December 2016	No. of leases[1]	NLA sq m	NLA % of Total[2]	Total Rental Income/month RMB'000	Total Rental Income/month % of Total[3]
CapitaMall Xizhimen	109	6,884	13.7	5,766	25.6
CapitaMall Wangjing	74	3,304	6.1	3,110	17.6
CapitaMall Grand Canyon	70	3,011	6.6	2,056	18.4
CapitaMall Xinnan	96	5,737	15.9	1,987	22.8
CapitaMall Qibao	56	4,452	8.7	1,559	19.8
CapitaMall Saihan	110	5,683	18.3	1,559	33.6
CapitaMall Minzhongleyuan	178	9,406	41.4	992	50.9
CapitaMall Wuhu	15	2,543	7.0	70	11.1

1 Based on all committed leases as at 31 December 2016.
2 As a percentage of each mall's total NLA as at 31 December 2016.
3 As a percentage of total rental income of each mall for the month of December 2016.

Portfolio Lease Expiry Profile

(%)

As at 31 December 2016



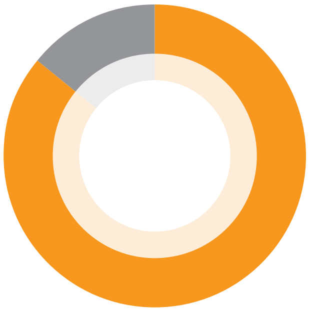
Turnover Rent

CRCT's favourable lease structure provides Unitholders with a stable and growing rental cash flow. Most of the leases for the anchor, mini-anchor and specialty tenants have an annual step-up in the base rent. In addition, most of the leases also contain provisions for rent to be payable at the applicable base rent or at a percentage of sales turnover, whichever is higher. The combination of direct point-of-sales systems and system link-up with tenants' point-of-sales at CRCT's malls allows tracking of tenants' sales. The long-term master leases at CapitaMall Anzhen, CapitaMall Erqi and CapitaMall Shuangjing contain provisions for upside in rental through step-ups in the base rent. In addition, the master leases at CapitaMall Anzhen and CapitaMall Erqi provide further potential upside through a percentage of tenants' sales turnover if the turnover exceeds an agreed threshold.

Committed Leases with Turnover Rent Provisions by Total Rental Income

(%)

As at 31 December 2016

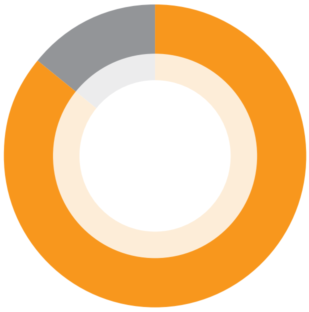


	%
Committed leases with turnover rent provisions	86.6
Committed leases without turnover rent provisions	13.4

Committed Leases with Turnover Rent Provisions by NLA

(%)

As at 31 December 2016



	%
Committed leases with turnover rent provisions	73.3
Committed leases without turnover rent provisions	26.7

Trade Sector Analysis by Total Rental Income

(%)

As at 31 December 2016

	%
Fashion & Accessories	28.2
Food & Beverage	22.5
Department Store	15.0
Supermarket	7.7
Beauty & Healthcare	6.8
Shoes & Bags	3.3
Education	3.2
Houseware & Furnishings	1.7
Leisure & Entertainment	2.6
Sundry & Services	3.4
Sporting Goods & Apparel	2.4
Jewellery / Watches / Pens	1.5
Information Technology	0.4
Others	1.3

Trade Sector Analysis by Committed NLA

(%)

As at 31 December 2016

	%
Fashion & Accessories	13.3
Food & Beverage	12.3
Department Store	28.7
Supermarket	24.6
Beauty & Healthcare	2.8
Shoes & Bags	1.2
Education	2.4
Houseware & Furnishings	4.1
Leisure & Entertainment	5.8
Sundry & Services	1.8
Sporting Goods & Apparel	1.5
Jewellery / Watches / Pens	0.3
Information Technology	0.2
Others	1.0

Operations Review

The portfolio's biggest tenant is Beijing Hualian Group (BHG) which operates the master leased Beijing Hualian Department Stores at CapitaMall Anzhen and CapitaMall Erqi. It is also the anchor tenant at CapitaMall Xizhimen, CapitaMall Wangjing and CapitaMall Saihan.

Top 10 Tenants
(Based on percentage of Total Rental Income for the month of December 2016)

Tenant[1]	Brand Name	Trade Sector	Lease Expiry[2]	NLA sq m	Committed NLA %	Total Rental Income %
BHG(北京)百货有限公司 北京华联综合超市股份有限公司 北京华联呼和浩特金宇综合超市有限公司 华联咖世家(北京)餐饮管理有限公司	Beijing Hualian Department Store Beijing Hualian Supermarket Costa Coffee	Department Store Supermarket Food & Beverage	Feb/2017 Dec/2018 Oct/2019 Sep/2020 Jul/2025 Nov/2026 Sep/2028 Jun/2029	185,380	37.6	15.4
北京家乐福商业有限公司 上海联家超市有限公司	Carrefour	Supermarket	Jan/2024 Mar/2024 Dec/2030	60,077	12.2	3.7
绫致时装(天津)有限公司 金林德伯格(天津)有限公司	Only Jack & Jones Vero Moda Selected J.Lindeberg	Fashion & Accessories	Feb/2017 Mar/2017 Apr/2017 Aug/2017 Nov/2017 Mar/2018 Apr/2018 Oct/2018 Nov/2018 Dec/2018 Jan/2019 Apr/2019 May/2019 Aug/2019 Jan/2020 Jun/2020	5,764	1.2	3.0
优衣库商贸有限公司 迅销(中国)商贸有限公司	UNIQLO	Fashion & Accessories	May/2017 Nov/2018 Mar/2019 Aug/2020 Apr/2021 Aug/2023 May/2024	7,722	1.6	1.7
北京百安居装饰建材有限公司	B&Q	Houseware & Furnishings	Apr/2024	17,429	3.5	1.2

Tenant[1]	Brand Name	Trade Sector	Lease Expiry[2]	NLA sq m	Committed NLA %	Total Rental Income %
北京为之味餐饮有限公司 富迪康(北京)餐饮管理有限公司	夹拣成厨麻辣烫 姑姑宴 川成元麻辣香锅 金汤玉线	Food & Beverage	Apr/2017 Mar/2018 Sep/2018 Oct/2018 Aug/2019 Oct/2019 May/2020 Nov/2021	1,597	0.3	1.0
北京肯德基有限公司 上海肯德基有限公司 天津肯德基有限公司内蒙古分公司 铜陵金坛餐饮有限公司芜湖分公司 北京必胜客比萨饼有限公司 北京必胜客比萨饼有限公司内蒙古分公司	KFC Pizza Hut	Food & Beverage	Apr/2017 May/2017 Jul/2017 Sep/2017 Dec/2021 Apr/2022 Apr/2026	2,737	0.6	0.9
上海拉夏贝尔休闲服饰有限公司 拉夏贝尔服饰(太仓)有限公司	La Chapelle La Chapelle KIDS	Fashion & Accessories	Oct/2017 Dec/2017 Feb/2018 Mar/2018 Nov/2018 Jul/2019	1,929	0.4	0.8
北京联郡餐饮管理有限公司	Nanjing Impressions	Food & Beverage	Feb/2023 Jun/2024 Oct/2024	3,043	0.6	0.6
盖璞(北京)商业有限公司	GAP	Fashion & Accessories	Sep/2018 Apr/2021	2,153	0.4	0.6

1 Tenants that are under the same group of companies are listed together.
2 Some of the tenants have signed more than one tenancy agreement, hence the different lease expiry dates.

Financial Review

In RMB terms, FY 2016's gross revenue for the portfolio was RMB1,027.5 million, an increase of 2.2% over FY 2015. This was mainly due to the new contribution from CapitaMall Xinnan for the period from 1 October 2016 to 31 December 2016 and higher rental growth from CapitaMall Xizhimen, CapitaMall Wangjing, CapitaMall Qibao and CapitaMall Saihan. This was partially offset by the lower revenue in CapitaMall Grand Canyon due to the delay in opening by F&B tenants. CapitaMall Minzhongleyuan and CapitaMall Wuhu continue to face challenges from the road closure and tenancy adjustments. On 28 December 2016, the road and the new metro Line 6 have reopened and commenced operations respectively. FY 2016's gross revenue in SGD terms decreased by $6.0 million, or 2.7% over FY 2015 due to weaker RMB against SGD.

Gross Revenue by Property	FY 2016[1] S$'000	FY 2015[2] S$'000	% Change	FY 2016[1] RMB'000	FY 2015[2] RMB'000	% Change
Multi-Tenanted Malls						
CapitaMall Xizhimen	58,343	59,824	(2.5)	279,633	272,885	2.5
CapitaMall Wangjing	44,642	46,700	(4.4)	213,969	213,020	0.4
CapitaMall Grand Canyon	29,161	31,830	(8.4)	139,768	145,189	(3.7)
CapitaMall Xinnan[3]	5,747	–	N.M.	27,545	–	N.M.
CapitaMall Qibao	21,990	22,396	(1.8)	105,395	102,157	3.2
CapitaMall Saihan	13,076	13,335	(1.9)	62,670	60,824	3.0
Subtotal	**172,959**	**174,085**	**(0.6)**	**828,980**	**794,075**	**4.4**
Malls under Stabilisation						
CapitaMall Minzhongleyuan[4]	2,571	3,488	(26.3)	12,324	15,911	(22.5)
CapitaMall Wuhu[5]	1,954	3,457	(43.5)	9,367	15,769	(40.6)
Total	**177,484**	**181,030**	**(2.0)**	**850,671**	**825,755**	**3.0**
Master Leased Malls						
CapitaMall Anzhen	16,945	18,063	(6.2)	81,218	82,392	(1.4)
CapitaMall Erqi	10,437	11,183	(6.7)	50,021	51,011	(1.9)
CapitaMall Shuangjing	9,506	10,058	(5.5)	45,563	45,877	(0.7)
Total	**36,888**	**39,304**	**(6.1)**	**176,802**	**179,280**	**(1.4)**
Total Gross Revenue	**214,372**	**220,334**	**(2.7)**	**1,027,473**	**1,005,035**	**2.2**

Gross Revenue Contribution by Property	FY 2016[1] %	FY 2015[2] %
Multi-Tenanted Malls		
CapitaMall Xizhimen	27.2	27.1
CapitaMall Wangjing	20.8	21.2
CapitaMall Grand Canyon	13.6	14.4
CapitaMall Xinnan[3]	2.7	–
CapitaMall Qibao	10.3	10.2
CapitaMall Saihan	6.1	6.0
Malls under Stabilisation		
CapitaMall Minzhongleyuan[4]	1.2	1.6
CapitaMall Wuhu[5]	0.9	1.6
Master Leased Malls		
CapitaMall Anzhen	7.9	8.2
CapitaMall Erqi	4.9	5.1
CapitaMall Shuangjing	4.4	4.6

1 The financial year from 1 January 2016 to 31 December 2016.
2 The financial year from 1 January 2015 to 31 December 2015.
3 Includes contribution from CapitaMall Xinnan which was acquired on 30 September 2016.
4 CapitaMall Minzhongleyuan was affected by road closure to facilitate the construction of metro Line 6. On 28 December 2016, the road and the new metro Line 6 have reopened and commenced operations respectively.
5 CapitaMall Wuhu is affected by the ongoing tenancy adjustments to achieve optimal trade mix.
N.M. - not meaningful

Financial Review

In RMB terms, FY 2016's NPI for the portfolio was RMB669.8 million, an increase of 4.1% over FY 2015. This growth was mainly due to new contribution from CapitaMall Xinnan which was acquired on 30 September 2016 by 2.4% and NPI growth from CapitaMall Xizhimen, CapitaMall Qibao and CapitaMall Saihan by 2.1%. Excluding the impact on the additional property tax due to the change of basis by the Beijing tax authority affecting Beijing malls from July 2016, NPI growth would have improved by 8.0% year-on-year.

NPI By Property	FY 2016[1] S$'000	FY 2015[2] S$'000	% Change	FY 2016[1] RMB'000	FY 2015[2] RMB'000	% Change
Multi-Tenanted Malls						
CapitaMall Xizhimen	40,859	41,922	(2.5)	195,837	191,224	2.4
CapitaMall Wangjing	31,991	33,947	(5.8)	153,330	154,846	(1.0)
CapitMall Grand Canyon	18,657	20,457	(8.8)	89,420	93,313	(4.2)
CapitaMall Xinnan[3]	3,168	–	N.M.	15,185	–	N.M.
CapitaMall Qibao	10,587	10,120	4.6	50,744	46,162	9.9
CapitaMall Saihan	7,470	6,924	7.9	35,805	31,585	13.4
Subtotal	**112,732**	**113,370**	**(0.6)**	**540,321**	**517,130**	**4.5**
Malls under Stabilisation						
CapitaMall Minzhongleyuan[4]	(1,881)	(2,404)	21.8	(9,015)	(10,966)	17.8
CapitaMall Wuhu[5]	(1,360)	(1,403)	3.1	(6,520)	(6,402)	(1.8)
Total	**109,491**	**109,563**	**(0.1)**	**524,786**	**499,762**	**5.0**
Master Leased Malls						
CapitaMall Anzhen	13,919	14,524	(4.2)	66,713	66,248	0.7
CapitaMall Erqi	8,663	8,890	(2.6)	41,522	40,553	2.4
CapitaMall Shuangjing	7,665	8,108	(5.5)	36,738	36,984	(0.7)
Total	**30,247**	**31,522**	**(4.0)**	**144,973**	**143,785**	**0.8**
Total NPI	**139,738**	**141,085**	**(1.0)**	**669,759**	**643,547**	**4.1**

NPI Contribution by Property	FY 2016[1] %	FY 2015[2] %
Multi-Tenanted Malls		
CapitaMall Xizhimen	29.2	29.7
CapitaMall Wangjing	22.9	24.1
CapitaMall Grand Canyon	13.4	14.5
CapitaMall Xinnan[3]	2.3	–
CapitaMall Qibao	7.5	7.2
CapitaMall Saihan	5.3	4.9
Malls under Stabilisation		
CapitaMall Minzhongleyuan[4]	(1.3)	(1.7)
CapitaMall Wuhu[5]	(1.0)	(1.0)
Master Leased Malls		
CapitaMall Anzhen	10.0	10.3
CapitaMall Erqi	6.2	6.3
CapitaMall Shuangjing	5.5	5.7

1 The financial year from 1 January 2016 to 31 December 2016.
2 The financial year from 1 January 2015 to 31 December 2015.
3 Includes contribution from CapitaMall Xinnan which was acquired on 30 September 2016.
4 CapitaMall Minzhongleyuan was affected by road closure to facilitate the construction of metro Line 6. On 28 December 2016, the road and the new metro Line 6 have reopened and commenced operations respectively.
5 CapitaMall Wuhu is affected by the ongoing tenancy adjustments to achieve optimal trade mix.
N.M. - not meaningful

Financial Review

Valuation and Property Yield of Portfolio

	Valuation 2016 RMB Million	Valuation 2015 RMB Million	Valuation 2016 (in per sq m of GRA) RMB	Property Yield 2016[1] %	Valuation 2016 S$ Million	Valuation 2015 S$ Million
CapitaMall Xizhimen	**2,951**	2,882	**35,522**	6.6	**610.3**	637.1
CapitaMall Wangjing	**2,285**	2,156	**33,598**	6.7	**472.6**	476.5
CapitaMall Grand Canyon	**2,068**	2,020	**29,557**	4.3	**427.7**	446.6
CapitaMall Xinnan[2]	**1,527**	–	**28,479**	4.0	**315.8**	–
CapitaMall Anzhen	**1,001**	995	**23,030**	6.7	**206.9**	220.0
CapitaMall Erqi	**631**	615	**6,832**	6.6	**130.5**	136.0
CapitaMall Shuangjing	**573**	568	**11,584**	6.4	**118.5**	125.6
CapitaMall Minzhongleyuan	**525**	535	**14,010**	N.M.	**108.6**	118.3
CapitaMall Qibao	**495**	495	**6,806**	10.3	**102.4**	109.4
CapitaMall Saihan	**445**	425	**10,611**	8.0	**92.0**	94.0
CapitaMall Wuhu	**207**	221	**4,536**	N.M.	**42.8**	48.9
Total	**12,708**	**10,912**	**–**	**6.1**[3,4]	**2,628.1**	**2,412.4**

1 Property yield is calculated based on NPI for FY 2016 and the valuation as at 31 December 2016.
2 Property yield for CapitaMall Xinnan is based on annualised NPI for period 1 October 2016 to 31 December 2016 and valuation as at 31 December 2016.
3 Excluding CapitaMall Minzhongleyuan's yield as the mall was affected by road closure to facilitate the construction of metro Line 6. On 28 December 2016, the road and the new metro Line 6 have reopened and commenced operations respectively.
4 Excluding CapitaMall Wuhu's yield as the mall is affected by the ongoing tenancy adjustments to achieve optimal trade mix.
N.M. - not meaningful

	S$'000
Investment Properties as at 31 December 2016	2,628,353[1]
Surplus on revaluation for FY 2016	41,151

1 The carrying amount of the investment properties include the valuation of the eleven retail malls and the carrying amount of CapitaMall Minzhongleyuan's three residential units.

Capital Management

As at 31 December 2016, CRCT maintains the following debt facilities:

RMB denominated facility

- RMB285.0 million five-year secured term loan facility

S$ denominated facilities

- S$151.0 million money market line facilities
- S$225.5 million four-year trust term loan facilities
- S$375.0 million five-year trust term loan facilities
- S$300.0 million one-year bridge term loan facility

US$ denominated facilities

- US$70.0 million money market line facilities

Multicurrency Medium Term Notes

- S$500.0 million multicurrency Medium Term Notes (MTN) programme

CRCT has sufficient untapped facilities which include S$500.0 million from the MTN Programme and money market line facilities of S$131.2 million and US$70.0 million. Current aggregate leverage for CRCT is at 35.3% (below the Monetary Authority of Singapore's (MAS) requirement of 45% with effect from 1 January 2016) with a total outstanding debt of S$979.2 million.

CRCT's effective capital management includes hedging of its currency and interest rate risk exposures. Other than the natural hedge where loans were borrowed in RMB, CRCT also hedges its non-RMB denominated term loans. This provides a currency match against CRCT's assets which are predominately denominated in RMB. However, CRCT does not hedge the equity largely denominated in RMB as it is of the view that such equity investments are held for long term. CRCT will hedge the RMB cash flow from operations if it can be determined with certainty the exact timing in which they will be remitted back to Singapore for distribution purpose. As at 31 December 2016, CRCT hedged 50.0% of its non-RMB denominated term loans through non-deliverable forwards (NDF) with notional amount of S$300.0 million.

The fair value derivative for FY 2016, which was included as financial derivatives in total assets and total liabilities were S$2.1 million and S$2.2 million respectively. This net amount represented an insignificant percentage of the net assets of CRCT as at 31 December 2016.

In February and June 2016, CRCT successfully refinanced the term loans matured in 2016 and kept the overall average cost of debt at 2.81%.

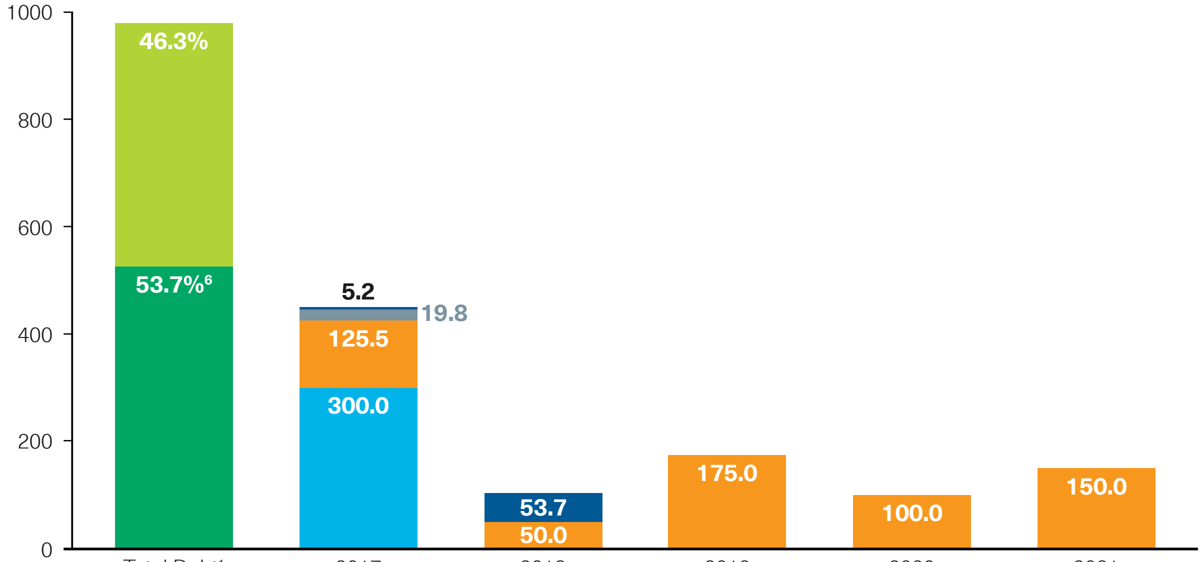
Capital Management

Debt maturity each year as a percentage of total outstanding debt as at 31 December 2016 is as follows:

Debt Maturity Profile

(S$ million)

As at 31 December 2016



	Total Debt[1]	2017	2018	2019	2020	2021
Total Debt[1] (S$ million)	979.2	450.5	103.7	175.0	100.0	150.0
% of Outstanding Debt	100.0%	46.0%	10.6%	17.9%	10.2%	15.3%

1 Total debt excluding interest and upfront fees.
2 One-year bridge term loan to finance the acquisition of CapitaMall Xinnan on 30 September 2016.
3 Comprises multiple term loans drawn in Singapore at the Trust level, these include fixed and/or floating term loan facilities.
4 Comprises multiple floating rate money market facilities.
5 Secured RMB onshore term loan comprises a RMB term loan of S$58.9 million (RMB285 million). The loan is secured by a legal mortgage over CapitaMall Grand Canyon, bear interest referenced against the three to five years People's Bank of China ("PBOC") base lending rate. The secured RMB term loan is payable on a semi-annual basis starting six months from the first drawdown date. Outstanding loan will be repaid on final maturity.
6 Excluding RMB denominated term loan, MML and bridge term loan, fixed rate is 87.5%.

As at 31 December 2016, S$125.5 million of the term loans and the S$300.0 million bridge term loan will mature in 2017. CRCT has commenced discussions with the banks to refinance a total of S$425.5 million of the term loans in 2017.

Cash Flows and Liquidity

CRCT takes a proactive role in monitoring its cash and liquid reserves to ensure adequate funding is available for distributions to the Unitholders as well as to meet any short-term liabilities.

Operating Activities

Operating net cash flow for FY 2016 was S$119.9 million, a decrease of S$2.2 million over the operating cash flow of S$117.7 million in the preceding financial year.

Investing Activities

CRCT adheres to stringent criteria when evaluating potential acquisitions. This involves a thorough review of risks and returns and to overall add value to the existing portfolio and future growth expectations. CRCT financed the acquisition of CapitaMall Xinnan on 30 September 2016 through debt and internal cash.

Financing Activities

CRCT continues to adopt a prudent and proactive approach to monitor the cash position and level of borrowings to ensure a healthy cash position to finance its operations. CRCT can tap on its current available debt headroom or new capital market to facilitate any new acquisitions.

Cash and Cash Equivalents

As at 31 December 2016, the value of the cash and cash equivalents at CRCT stood at S$136.1 million compared with S$126.3 million as at 31 December 2015. During the year, S$37.1 million of the cash retained from CRCT's distributions through the distribution investment plan on 30 March 2016 and 20 September 2016 were used to repay CapitaMall Grand Canyon's RMB denominated interest bearing borrowing and fund the acquisition of CapitaMall Xinnan. This is in accordance with the stated use and allocation of the proceeds from the announcement.

Key Financial Indicators

As at 31 December 2016

Unencumbered Assets as % of Total Assets	97.9%
Aggregate Leverage[1]	35.3%
Net Debt / EBITDA (times)[2]	7.7
Interest Coverage (times)[3]	6.0
Average Term to Maturity (Years)	1.84
Average Cost of Debt[4]	2.81%

1 Aggregate Leverage is calculated based on total outstanding debts over the total assets. Total assets included the hedging effects on the net assets denominated in Renminbi ("RMB").

2 Net Debt comprises gross debt less transaction costs and EBITDA refers to earnings before interest, tax, depreciation and amorisation excluding change in fair value of financial derivatives, investment properties and unrealised foreign exchange gain or loss.

3 Ratio of net income before change in fair value of financial derivative, investment properties and unrealised foreign exchange gain or loss at CRCT Group over interest expense from FY 2016.

4 Ratio of interest expense over weighted average borrowings.

Portfolio Summary

Name	Address	GFA (as at 31 December 2016) sq m	GRA (as at 31 December 2016) sq m	NLA (as at 31 December 2016) sq m	Number of Leases (as at 31 December 2016)	Land Use Right Expiry	Market Valuation[1] (as at 31 December 2016) RMB Million
CapitaMall Xizhimen 凯德MALL•西直门	No. 1, Xizhimenwai Road, Xicheng District, Beijing	83,075	83,075	50,278	256	23 August 2044 23 August 2054	2,951.0
CapitaMall Wangjing 凯德MALL•望京	No. 33, Guangshun North Road, Chaoyang District, Beijing	83,768	68,010	53,959	223	15 May 2043 15 May 2053	2,285.0
CapitaMall Grand Canyon 凯德MALL• 大峡谷	No. 16, South Third Ring West Road, Fengtai District, Beijing	92,918	69,967	45,348	165	29 August 2044 29 August 2054	2,068.0
CapitaMall Xinnan 凯德广场•新南	No. 99, Shenghe Yi Road, Gaoxin District, Chengdu, Sichuan Province	91,816	53,619	36,190	229	17 October 2047	1,527.0
CapitaMall Qibao 凯德七宝购物广场	No. 3655, Qixin Road, Minhang District, Shanghai	83,986	72,729	51,176	169	10 March 2043[6]	495.0

Property Purchase Price RMB Million	Acquisition Date[2]	Committed Occupancy Rate (as at 31 December 2016) %	Shopper Traffic for 2016[3] Million	Major Tenants	Gross Revenue for 2016 RMB Million	NPI for 2016 RMB Million
1,851.4	Phase 1: 5 February 2008 Phase 2: 29 September 2008	97.8	38.5	Beijing Hualian Supermarket / Costa Coffee Vero Moda / Only / Selected / Jack & Jones UNIQLO 为之味（夹拣成厨麻辣烫/金汤玉线/川成元麻辣香锅/姑姑宴） KFC GAP Nanjing Impressions 绿茶	279.6	195.8
1,102.0	1 December 2006	99.6	11.1	Beijing Hualian Group (Department Store & Supermarket) UNIQLO Vero Moda / Only / Selected / Jack & Jones 为之味（夹拣成厨麻辣烫/金汤玉线/川成元麻辣香锅/姑姑宴） ZARA Nanjing Impressions	214.0	153.3
1,740.0	30 December 2013	96.6	10.5	Carrefour Poly Cinema H&M GAP Vero Moda / Only / Selected / Jack & Jones Nanjing Impressions	139.8	89.4
1,500.0	30 September 2016	98.2	2.1[4]	Golden Harvest Cinema UNIQLO H&M ZARA Selected / Jack & Jones / J.Lindeberg Swarovski Sephora	27.5[5]	15.2[5]
264.0	8 November 2006	94.1	15.1	七宝大光明影城 (Cinema) Carrefour UNIQLO 宝大祥 (Kids) Haoledi (KTV)	105.4	50.7

Portfolio Summary

Name	Address	GFA (as at 31 December 2016) sq m	GRA (as at 31 December 2016) sq m	NLA (as at 31 December 2016) sq m	Number of Leases (as at 31 December 2016)	Land Use Right Expiry	Market Valuation[1] (as at 31 December 2016) RMB Million
CapitaMall Saihan 凯德MALL•赛罕	No. 26, Ordos Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region	41,938	41,938	30,984	185	11 March 2041 20 March 2041	445.0
CapitaMall Minzhongleyuan 凯德新民众乐园	No. 704, Zhongshan Avenue, Jianghan District, Wuhan, Hubei Province	41,717	37,472	22,731	219	30 June 2044[7] 15 September 2045	525.0
CapitaMall Wuhu 凯德广场•芜湖	No. 37, Zhongshan North Road, Jinghu District, Wuhu, Anhui Province	59,624	45,634	36,550	25	29 May 2044	207.0
CapitaMall Anzhen 凯德MALL•安贞	Building 4, Zone 5, Anzhenxili, Chaoyang District, Beijing	43,443	43,443	43,443	2	7 October 2034 5 March 2042 3 June 2042	1,000.5
CapitaMall Erqi 凯德广场•二七	No. 3, Minzhu Road, Erqi District, Zhengzhou, Henan Province	92,356	92,356	92,356	2	31 May 2042	631.0
CapitaMall Shuangjing 凯德MALL•双井	No. 31, Guangqu Road, Chaoyang District, Beijing	49,463	49,463	51,227[10]	9	10 July 2042	573.0

1 Independent valuations of CapitaMall Xizhimen, CapitaMall Wangjing and CapitaMall Erqi were conducted by DTZ Debenham Tie Leung International Property Advisers (Shanghai) CO., Ltd.
Independent valuations of CapitaMall Grand Canyon, CapitaMall Xinnan, CapitaMall Qibao, CapitaMall Minzhongleyuan and CapitaMall Wuhu were conducted by Savills Valuation & Professional Services (S) Pte Ltd.
Independent valuation of CapitaMall Saihan was conducted by CBRE Limited.
Independent valuations of CapitaMall Anzhen and CapitaMall Shuangjing were conducted by Knight Frank Petty Limited.

2 Refers to the completion of the acquisition of the special purpose vehicles which own the properties.

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

4 CapitaMall Xinnan's shopper traffic for October and November 2016 was based on previous owner's traffic counter system. Shopper traffic for December 2016 was based on CRCT's traffic counter system.

Property Purchase Price RMB Million	Acquisition Date[2]	Committed Occupancy Rate (as at 31 December 2016) %	Shopper Traffic for 2016[3] Million	Major Tenants	Gross Revenue for 2016 RMB Million	NPI for 2016 RMB Million
315.0	1 December 2006	100.0%	9.3	Beijing Hualian Supermarket Jinyi Cinema Nike UNIQLO Vero Moda / Only / Jack & Jones KFC / Pizza Hut Starbucks	62.7	35.8
395.0	30 June 2011	93.6%	2.6[8]	UA Cinemas UrWork Skechers Starbucks adidas Originals	12.3	(9.0)[8]
130.0	8 November 2006	64.4%[9]	2.9[9]	Wal-Mart KFC	9.4	(6.5)[9]
772.0	8 November 2006	100.0%	–	Beijing Hualian Department Store	81.2	66.7
454.0	1 December 2006	100.0%	–	Beijing Hualian Department Store Beijing Hualian Supermarket	50.0	41.5
414.0	1 December 2006	100.0%	–	Carrefour B&Q	45.6	36.7

5 CapitaMall Xinnan was acquired on 30 September 2016, hence gross revenue and NPI figures are for the period 1 October to 31 December 2016.
6 CapitaMall Qibao is indirectly held by CRCT under a master lease with Shanghai Jin Qiu (Group) Co., Ltd, the legal owner of Qibao Mall. The master lease expires in January 2024, with the right to renew for a further term of 19 years and two months. Accordingly, the land use right is owned by the legal owner.
7 The conserved building is under a lease from the Wuhan Cultural Bureau.
8 CapitaMall Minzhongleyuan was affected by road closure to facilitate the construction of metro Line 6. On 28 December 2016, the road and the new metro Line 6 have reopened and commenced operations respectively.
9 CapitaMall Wuhu is affected by the ongoing tenancy adjustments to achieve optimal trade mix.
10 Including the area zoned for civil defense but certified for commercial use.

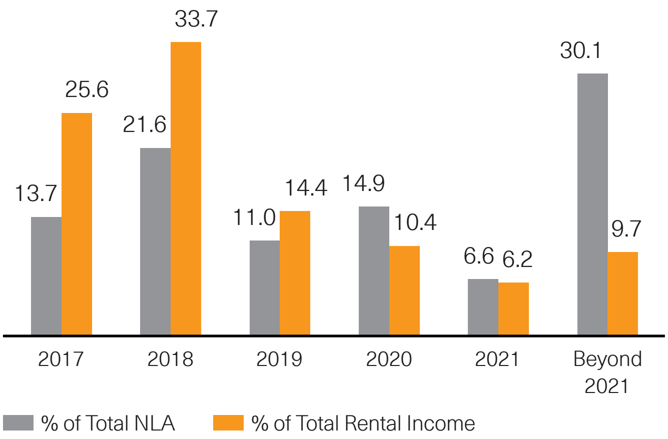
Portfolio Details

CapitaMall Xizhimen

- Strategically located at Xizhimen transport hub, well-served by Beijing's metro Line 2, Line 4 and Line 13, as well as the national rail and bus interchange.
- Retail podium of an integrated development.
- Well-supported by large catchment of commuters passing through the busy transport hub and middle-income residents from the vicinity.
- Attracts working professionals and students from nearby Beijing's Finance Street, universities and technological zones of Zhongguancun District.
- International tenants include GAP, L'occitane, Pandora, Sephora and UNIQLO.

Lease Expiry Profile

(As at 31 December 2016)



Trade Sector Analysis

(As at 31 December 2016)

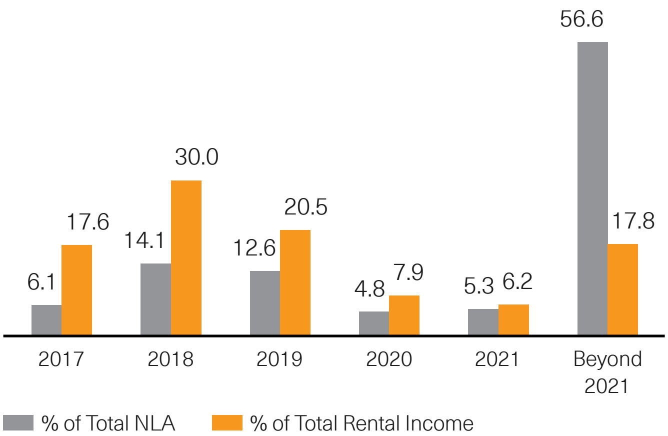
Trade Sector	By Committed NLA (%)	By Total Rental Income (%)
Fashion & Accessories	24.9	36.2
Food & Beverage	30.7	30.3
Beauty & Healthcare	7.1	10.8
Education	7.0	4.9
Shoes & Bags	1.6	3.6
Supermarket	20.8	3.5
Sundry & Services	1.7	3.3
Houseware & Furnishings	1.3	2.1
Jewellery / Watches / Pens	0.6	1.9
Sporting Goods & Apparel	0.9	1.4
Gifts & Souvenirs	0.3	0.6
Information Technology	0.3	0.6
Toys & Hobbies	0.2	0.3
Leisure & Entertainment	0.8	0.2
Books & Stationery	1.3	0.2
Warehouse	0.2	0.1
Office	0.3	0.0

CapitaMall Wangjing

- Leading comprehensive shopping mall in the densely populated residential suburb of Wangjing District.
- Convenient access by key highways, well-served by numerous bus routes and in close proximity to Futong and Wangjingxi metro stations, serving metro Line 14 and Line 15 respectively.
- A popular one-stop shopping, dining and entertainment destination in Wangjing District.
- International tenants include Calvin Klein, Pandora, Tommy Hilfiger, UNIQLO and ZARA.

Lease Expiry Profile

(As at 31 December 2016)



Trade Sector Analysis

(As at 31 December 2016)

Trade Sector	By Committed NLA (%)	By Total Rental Income (%)
Fashion & Accessories	14.7	33.4
Food & Beverage	15.8	24.2
Department Store	35.2	11.0
Beauty & Healthcare	6.3	9.3
Sundry & Services	4.3	6.8
Education	2.2	3.4
Supermarket	16.4	2.9
Jewellery / Watches / Pens	0.5	2.2
Houseware & Furnishings	1.0	1.7
Shoes & Bags	0.5	1.2
Sporting Goods & Apparel	0.4	1.0
Toys & Hobbies	0.5	0.8
Leisure & Entertainment	0.8	0.7
Information Technology	0.3	0.6
Warehouse	0.9	0.3
Gifts & Souvenirs	0.1	0.2
Books & Stationery	0.0	0.2
Electronics	0.1	0.1

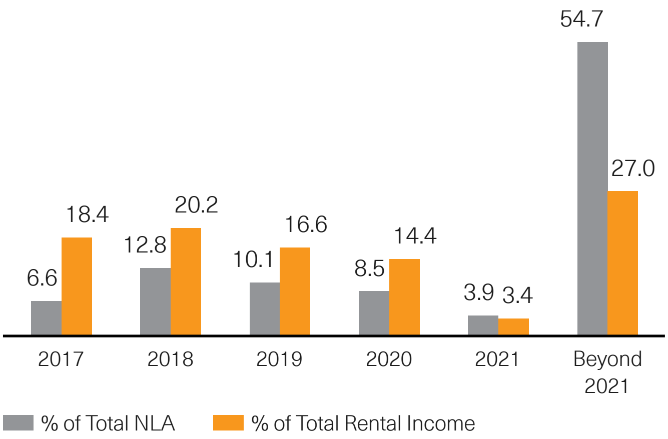
Portfolio Details

CapitaMall Grand Canyon

- Strategically located in South Beijing, Fengtai District which has strong economic fundamentals.
- One of the pioneer shopping malls in South Beijing.
- Facing the busy South Third Ring West road, the shopping mall is easily accessible from the Majiapu metro station and Beijing South Railway station.
- Well-established among the local community with its comprehensive offerings.
- Established tenants include Carrefour, GAP, H&M, Nanjing Impressions and Poly Cinema.

Lease Expiry Profile

(As at 31 December 2016)



Trade Sector Analysis

(As at 31 December 2016)

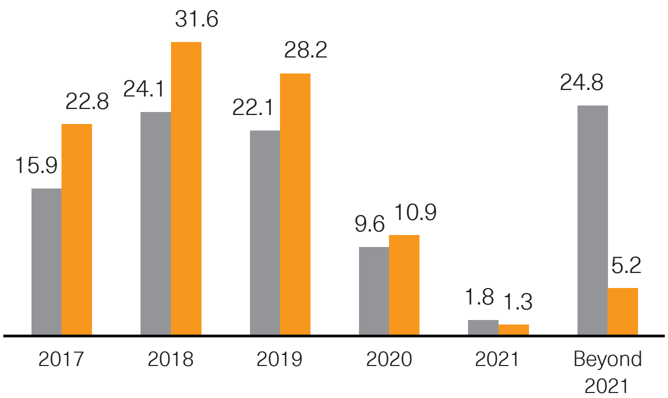
Trade Sector	By Committed NLA (%)	By Total Rental Income (%)
Fashion & Accessories	20.4	30.0
Food & Beverage	18.9	25.8
Supermarket	31.6	9.1
Leisure & Entertainment	13.3	7.5
Beauty & Healthcare	3.6	7.2
Education	5.3	5.4
Sporting Goods & Apparel	2.6	4.5
Shoes & Bags	1.4	3.8
Sundry & Services	0.6	2.3
Houseware & Furnishings	0.7	1.6
Jewellery / Watches / Pens	0.4	1.0
Toys & Hobbies	0.3	0.7
Music & Videos	0.4	0.5
Information Technology	0.0	0.2
Gifts & Souvenirs	0.1	0.2
Warehouse	0.4	0.2

CapitaMall Xinnan

- Strategically located in the centre of Xinnan Tiandi retail precinct, surrounded by densely-populated residential developments and office buildings.
- Accessible via public transport networks, key highways, Chengdu South Railway station and metro Line 1.
- A popular one-stop shopping, dining and entertainment destination that enjoys strong synergy with neighbouring retail options.
- International tenants include Golden Harvest cinema, H&M, Pull&Bear, Sephora, UNIQLO and ZARA.

Lease Expiry Profile

(As at 31 December 2016)



Trade Sector Analysis

(As at 31 December 2016)

Trade Sector	By Committed NLA (%)	By Total Rental Income (%)
Fashion & Accessories	42.4	45.7
Food & Beverage	25.1	23.7
Shoes & Bags	3.8	7.4
Beauty & Healthcare	4.4	6.1
Leisure & Entertainment	13.3	4.6
Sporting Goods & Apparel	5.0	4.5
Jewellery / Watches / Pens	0.7	2.4
Sundry & Services	1.5	2.2
Information Technology	0.4	0.7
Books & Stationery	1.0	0.6
Electronics	0.2	0.5
Toys & Hobbies	0.4	0.5
Warehouse	1.7	0.5
Gifts & Souvenirs	0.1	0.4
Houseware & Furnishings	0.0	0.1
Music & Videos	0.0	0.1

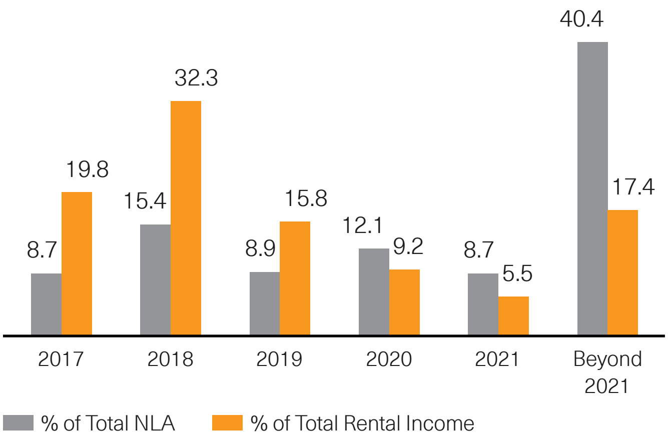
Portfolio Details

CapitaMall Qibao

- One of the largest shopping malls in Shanghai Minhang District, near Hongqiao transport hub.
- Situated in a growing mid- to high-end residential locality to the west of the Shanghai's Central Business District.
- One-stop family destination providing shopping, dining and entertainment options.
- Brought in the first modern cinema to Qibao vicinity.
- Houses popular fashion retailer UNIQLO's first duplex store in Minhang District.

Lease Expiry Profile

(As at 31 December 2016)



Trade Sector Analysis

(As at 31 December 2016)

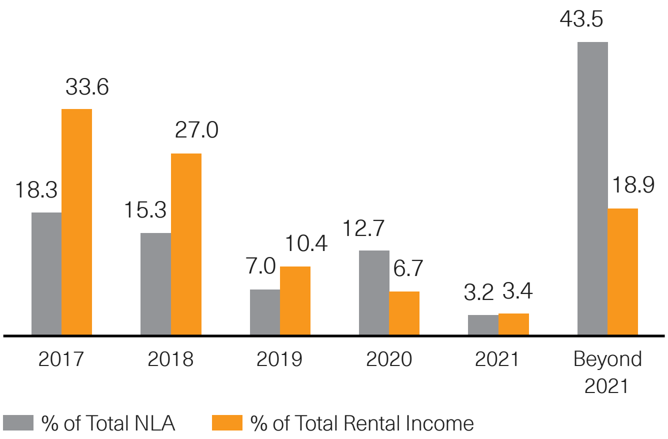
Trade Sector	By Committed NLA (%)	By Total Rental Income (%)
Food & Beverage	22.5	37.1
Fashion & Accessories	16.3	26.1
Leisure & Entertainment	15.0	9.0
Education	6.5	6.3
Supermarket	30.4	5.9
Beauty & Healthcare	3.3	4.9
Sundry & Services	1.1	2.9
Shoes & Bags	0.6	2.1
Houseware & Furnishings	0.4	1.6
Sporting Goods & Apparel	2.5	1.3
Jewellery / Watches / Pens	0.2	0.9
Information Technology	0.2	0.8
Warehouse	0.7	0.5
Toys & Hobbies	0.2	0.3
Gifts & Souvenirs	0.1	0.3

CapitaMall Saihan

- One of the most popular one-stop shopping destinations in Hohhot.
- Near to the heart of Hohhot's main retail cluster.
- Well-served by public transportation.
- The range of retail offerings has widened since the mall was transformed from master leased to multi-tenanted in 2009.
- Popular tenants include KFC, Nike, Starbucks and UNIQLO.

Lease Expiry Profile

(As at 31 December 2016)



Trade Sector Analysis

(As at 31 December 2016)

Trade Sector	By Committed NLA (%)	By Total Rental Income (%)
Fashion & Accessories	19.7	34.6
Food & Beverage	13.8	15.8
Shoes & Bags	6.0	12.6
Supermarket	35.9	11.8
Sporting Goods & Apparel	5.9	10.0
Beauty & Healthcare	1.8	3.9
Leisure & Entertainment	10.2	3.6
Houseware & Furnishings	1.2	2.1
Jewellery / Watches / Pens	0.6	1.7
Sundry & Services	0.5	1.1
Education	1.5	1.0
Toys & Hobbies	0.4	0.7
Information Technology	0.3	0.5
Warehouse	2.2	0.4
Books & Stationery	0.0	0.2

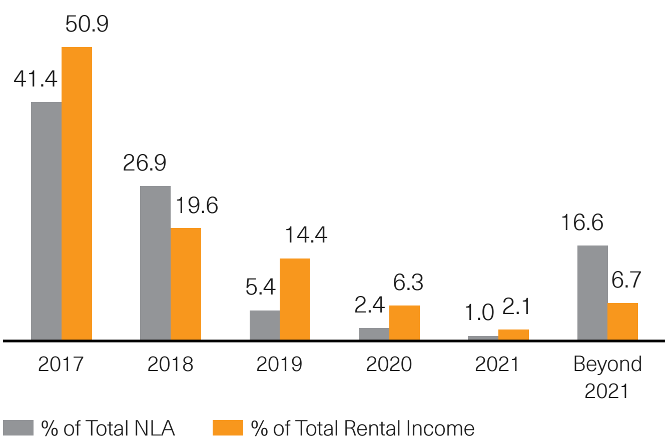
Portfolio Details

CapitaMall Minzhongleyuan

- Strategically located along Zhongshan Avenue, an established shopping and entertainment belt that enjoys strong retail activities and pedestrian flow.
- Easily accessible via public bus routes and metro Line 2 and Line 6.
- Strong and diverse tenant base that comprises quality and well-known tenants such as innisfree, Nike, Skechers, Starbucks and Studio City (Wuhan) – the operator of IMAX Screen, as well as local fashion retailers offering young and trendy apparel, accessories and services.

Lease Expiry Profile

(As at 31 December 2016)



Trade Sector Analysis

(As at 31 December 2016)

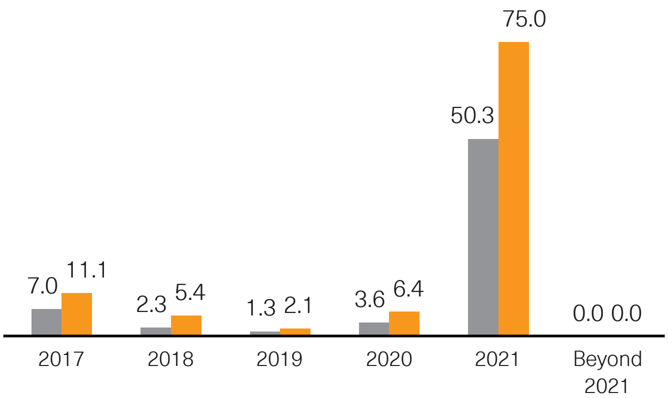
Trade Sector	By Committed NLA (%)	By Total Rental Income (%)
Fashion & Accessories	23.8	32.3
Food & Beverage	16.4	27.5
Sporting Goods & Apparel	2.7	11.2
Beauty & Healthcare	7.2	10.4
Leisure & Entertainment	28.4	5.6
Shoes & Bags	2.0	3.4
Sundry & Services	14.5	2.9
Jewellery / Watches / Pens	1.6	2.3
Houseware & Furnishings	1.4	1.8
Information Technology	0.5	1.0
Art Gallery	0.4	0.5
Music & Videos	0.4	0.4
Gifts & Souvenirs	0.1	0.3
Toys & Hobbies	0.4	0.2
Warehouse	0.2	0.2

CapitaMall Wuhu

- Located approximately 1km north of Wuhu's Central Business District.
- Proximity to popular Fenghuang Food Street and several commercial projects.
- One of the first one-stop shopping, dining and entertainment destinations in the locality.
- Positioned as a destination for students, young working adults and families.
- Currently undergoing tenancy adjustments to achieve optimal trade mix.

Lease Expiry Profile

(As at 31 December 2016)



Trade Sector Analysis

(As at 31 December 2016)

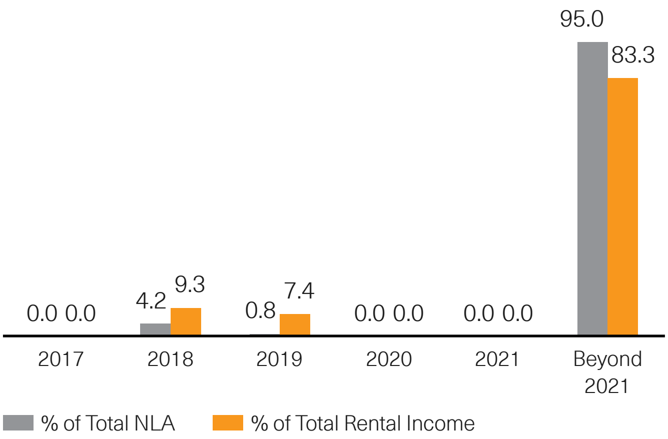
Trade Sector	By Committed NLA (%)	By Total Rental Income (%)
Supermarket	78.1	74.9
Food & Beverage	4.9	6.9
Education	7.1	6.0
Sundry & Services	1.6	4.1
Sporting Goods & Apparel	0.4	2.4
Fashion & Accessories	2.5	2.2
Jewellery / Watches / Pens	0.4	1.2
Shoes & Bags	0.8	1.1
Beauty & Healthcare	1.1	0.8
Houseware & Furnishings	0.2	0.4
Leisure & Entertainment	2.9	0.0

Portfolio Details

CapitaMall Shuangjing

- Located in the Chaoyang District, in close proximity to the Beijing's Central Business District.
- Well-served by bus routes and near to Dawanglu and Guomao metro stations.
- Has a strong supermarket anchor that draws significant shopper traffic from the nearby Central Business District and neighbouring residential areas.

Lease Expiry Profile
(As at 31 December 2016)



Trade Sector Analysis
(As at 31 December 2016)

Trade Sector	By Committed NLA (%)	By Total Rental Income (%)
Supermarket	61.0	59.1
Houseware & Furnishings	34.1	28.3
Sundry & Services	1.1	9.0
Food & Beverage	0.6	3.6
Fashion & Accessories	3.2	0.0

CapitaMall Anzhen

- Located in densely populated area to the south of Beijing's Olympics Village.
- Adjacent to the North Third Ring Road and a major bus terminal.
- One of the most popular and well-established shopping destinations in the area.
- Master leased to BHG.

CapitaMall Erqi

- Located in Zhengzhou's Central Business District, at the heart of Erqi District, Zhengzhou's premier shopping district.
- Attracts repeat shoppers who are mainly residents and office workers in the vicinity, as well as visitors to the province.
- Master leased to BHG.

Financial Statements

Report of the Trustee

Year ended 31 December 2016

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

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the year covered by these financial statements, set out on pages 91 to 155, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

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

Esther Fong
Senior Vice President, Trustee Services

Singapore
24 February 2017

Statement by the Manager

Year ended 31 December 2016

In the opinion of the directors of CapitaLand Retail China Trust Management Limited (the "Manager"), the accompanying financial statements set out on pages 91 to 155 comprising the statements of financial position, statements of total return, distribution statements and statements of movements in Unitholders' funds of the CapitaLand Retail China Trust (the "Trust") and its subsidiaries (the "Group") and of the Trust, the portfolio statement and statement of cash flows of the Group and a summary of significant accounting policies and other explanatory information, are drawn up so as to present fairly, in all material respects, the financial position of the Group and of the Trust and the portfolio of the Group as at 31 December 2016, the total return, distributable income and movements in Unitholders' funds of the Group and of the Trust and cash flows of the Group for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *"Reporting Framework for Unit Trusts"* issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group will be able to meet its financial obligations as and when they materialise.

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

Tan Tee Hieong
Director

Singapore
24 February 2017

Independent Auditors’ Report

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

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of CapitaLand Retail China Trust (the “Trust”) and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position and consolidated portfolio statement of the Group and the statement of financial position of the Trust as at 31 December 2016, the consolidated statement of total return, consolidated distribution statement, consolidated statement of movements in Unitholders’ funds and consolidated statement of cash flows of the Group and the statement of total return, distribution statement and statement of movements in Unitholders’ funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 91 to 155.

In our opinion, the consolidated financial statements of the Group and the statement of financial position, statement of total return, distribution statement and statement of movements in Unitholders’ funds of the Trust present fairly, in all material respects, the consolidated financial position and the portfolio holdings of the Group and the financial position of the Trust as at 31 December 2016 and the consolidated total return, consolidated distributable income, consolidated movements in Unitholders’ funds and consolidated cash flows of the Group and the total return, distributable income, and movements in Unitholders’ funds of the Trust for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *“Reporting Framework for Unit Trusts”* (“RAP 7”) issued by the Institute of Singapore Chartered Accountants.

Basis for opinion

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

Key audit matters

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

Valuation of investment properties

(Refer to Portfolio Statement and Note 4 to the financial statements)

Risk

The Group owns and invests in a portfolio of 11 shopping malls located in 7 cities in China. Investment properties represent the largest asset item on the consolidated statement of financial position, at S$2.63 billion as at 31 December 2016.

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

Independent Auditors' Report

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

Our response

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

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

Our findings

We found the external valuers to be objective and competent. The valuers are members of generally-recognised professional bodies for valuers. The valuation methodologies used are in line with generally accepted market practices and the key assumptions used are supported by market data.

Other information

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

Our opinion on the financial statements does not cover the other information and we will 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 identified above 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 on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Manager for the financial statements

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

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

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

Auditors' responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditors' Report

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

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 use of the going concern basis of accounting by the Manager 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 Ronald Tay Ser Teck.

Kpmg LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
24 February 2017

Statements of Financial Position

As at 31 December 2016

	Note	Group 2016 $'000	Group 2015 $'000	Trust 2016 $'000	Trust 2015 $'000
Assets					
Investment properties	4	2,628,353	2,412,626	–	–
Plant and equipment	5	4,034	5,913	–	–
Interests in subsidiaries	6	–	–	1,416,194	1,125,068
Trade and other receivables	7	12,829	12,813	360	23,012
Financial derivatives	11	2,114	12,630	2,114	12,630
Cash and cash equivalents	8	136,137	126,322	1,661	369
		2,783,467	**2,570,304**	**1,420,329**	**1,161,079**
Less:					
Liabilities					
Trade and other payables	9	64,527	59,519	9,387	4,687
Security deposits		48,769	43,348	–	–
Interest-bearing borrowings	10	977,751	706,006	918,808	626,417
Financial derivatives	11	2,165	7,157	2,165	7,157
Deferred tax liabilities	12	236,426	236,767	–	–
Provision for taxation		2,139	2,441	–	4
		1,331,777	**1,055,238**	**930,360**	**638,265**
Net assets		**1,451,690**	**1,515,066**	**489,969**	**522,814**
Represented by:					
Unitholders' funds	13	1,431,811	1,490,820	489,969	522,814
Non-controlling interest	14	19,879	24,246	–	–
		1,451,690	**1,515,066**	**489,969**	**522,814**
Units in issue ('000)	15	**869,680**	**843,256**	**869,680**	**843,256**
Net asset value per unit attributable to Unitholders ($)		**1.65**	**1.77**	**0.56**	**0.62**

Statements of Total Return
Year ended 31 December 2016

	Note	Group 2016 $'000	Group 2015 $'000	Trust 2016 $'000	Trust 2015 $'000
Gross rental income		200,164	206,919	–	–
Other income		14,208	13,415	–	–
Gross revenue		**214,372**	**220,334**	**–**	**–**
Land rental		(5,908)	(5,987)	–	–
Property related tax		(17,329)	(12,937)	–	–
Business tax		(5,448)	(12,338)	–	–
Property management fees and reimbursables		(12,751)	(12,129)	–	–
Other property operating expenses	17	(33,198)	(35,858)	–	–
Total property operating expenses		**(74,634)**	**(79,249)**	**–**	**–**
Net property income		**139,738**	**141,085**	**–**	**–**
Manager's management fees					
- Base fee	18	(6,257)	(6,153)	(6,257)	(6,153)
- Performance fee	18	(5,663)	(5,646)	(5,663)	(5,646)
Manager's acquisition fee		–	–	(3,064)	–
Trustee's fees		(398)	(389)	(398)	(389)
Audit fees		(453)	(431)	(161)	(148)
Valuation fees		(195)	(105)	–	–
Other trust operating (expenses)/income	19	(864)	(1,890)	137	467
Dividend income		–	–	17,272	22,713
Foreign exchange (loss)/gain - realised		(927)	989	142	1,659
Finance income		1,777	1,481	23,403	26,905
Finance costs		(21,212)	(20,660)	(18,042)	(15,371)
Net finance (costs)/income	20	(19,435)	(19,179)	5,361	11,534
Total return before change in fair value of financial derivatives, investment properties and unrealised foreign exchange (loss)/gain		**105,546**	**108,281**	**7,369**	**24,037**
Change in fair value of financial derivatives		–	–	8,430	(1,871)
Change in fair value of investment properties	4	41,151	44,834	–	–
Foreign exchange (loss)/gain - unrealised		(1,049)	(437)	4,078	41,281
Total return for the year before taxation		**145,648**	**152,678**	**19,877**	**63,447**
Taxation	21	(41,641)	(43,380)	–	(6)
Total return for the year after taxation		**104,007**	**109,298**	**19,877**	**63,441**
Attributable to:					
Unitholders		106,614	113,999	19,877	63,441
Non-controlling interest	14	(2,607)	(4,701)	–	–
Total return for the year after taxation		**104,007**	**109,298**	**19,877**	**63,441**
Earnings per unit (cents)	22				
- Basic		**12.45**	**13.61**		
- Diluted		**12.39**	**13.61**		

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

Distribution Statements

Year ended 31 December 2016

	Note	Group 2016 $'000	Group 2015 $'000	Trust 2016 $'000	Trust 2015 $'000
Amount available for distribution to Unitholders at beginning of the year		**44,261**	**40,150**	**44,261**	**40,150**
Total return for the year attributable to Unitholders		106,614	113,999	19,877	63,441
Distribution adjustments	A	(19,882)	(24,780)	66,855	25,778
Income for the year available for distribution to Unitholders	B	86,732	89,219	86,732	89,219
Amount available for distribution to Unitholders		**130,993**	**129,369**	**130,993**	**129,369**
Distribution to Unitholders during the year:					
- Distribution of 5.23 cents per unit for the period from 1 July 2015 to 31 December 2015		(44,102)	–	(44,102)	–
- Distribution of 5.32 cents per unit for the period from 1 January 2016 to 30 June 2016		(45,502)	–	(45,502)	–
- Distribution of 4.83 cents per unit for the period from 1 July 2014 to 31 December 2014		–	(39,998)	–	(39,998)
- Distribution of 5.37 cents per unit for the period from 1 January 2015 to 30 June 2015		–	(45,110)	–	(45,110)
		(89,604)	(85,108)	(89,604)	(85,108)
Amount available for distribution to Unitholders at end of the year		**41,389**	**44,261**	**41,389**	**44,261**
Distribution per Unit (cents)	*	**10.05**	**10.60**		

* The Distribution per Unit relates to the distributions in respect of the relevant financial year. The distribution relating to 1 July 2016 to 31 December 2016 will be paid within 90 days from the end of the distribution period, in accordance with the provisions of the Trust Deed.

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

Distribution Statements
Year ended 31 December 2016

Note A – Distribution adjustments

		Group		Trust	
	Note	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Distribution adjustment items:					
- Manager's management fees (performance component paid/payable in Units)		5,663	5,646	5,663	5,646
- Change in fair value of financial derivatives		–	–	(8,430)	1,871
- Change in fair value of investment properties[1]		(42,739)	(49,319)	–	–
- Deferred taxation[1]		19,357	21,081	–	–
- Transfer to general reserve		(4,986)	(4,871)	–	–
- Unrealised foreign exchange loss/(gain)[1]		652	99	(4,078)	(41,281)
- Other adjustments[1]		2,171	2,584	–	–
- Net overseas income not distributed to the Trust		–	–	73,700	59,542
Net effect of distribution adjustments		**(19,882)**	**(24,780)**	**66,855**	**25,778**

[1] Excludes non-controlling interest's share.

Note B – Income for the year available for distribution to Unitholders

Comprises:					
- from operations		13,033	29,678	13,033	29,678
- from Unitholders' contribution		73,699	59,541	73,699	59,541
Total Unitholders' distribution	16	**86,732**	**89,219**	**86,732**	**89,219**

Statements of Movements in Unitholders' Funds

Year ended 31 December 2016

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Operations				
Unitholders' funds as at beginning of the year	1,490,820	1,349,738	522,814	514,680
Change in Unitholders' funds resulting from operations	106,614	113,999	19,877	63,441
Transfer to general reserve	(4,986)	(4,871)	–	–
Net increase in net assets resulting from operations	**101,628**	**109,128**	**19,877**	**63,441**
Movements in hedging reserve				
Effective portion of changes in fair value of cash flow hedges	(5,923)	5,114	(5,923)	5,114
Movements in foreign currency translation reserve				
Translation differences from financial statements of foreign operations	(104,764)	53,412	–	–
Exchange differences on monetary items forming part of net investment in foreign operations	(16,567)	30,849	–	–
Exchange differences on hedges of net investment in foreign operations	8,430	(1,871)	–	–
Net (loss)/gain recognised directly in Unitholders' funds	**(118,824)**	**87,504**	**(5,923)**	**5,114**
Movement in general reserve	**4,986**	**4,871**	**–**	**–**
Unitholders' transactions				
Creation of Units paid/payable to manager				
- Units issued and to be issued as satisfaction of the portion of Manager's management fees payable in Units	5,663	5,646	5,663	5,646
Units issued in respect of the distribution reinvestment plan	37,142	19,041	37,142	19,041
	42,805	24,687	42,805	24,687
Distributions to Unitholders	(89,604)	(85,108)	(89,604)	(85,108)
Net decrease in net assets resulting from Unitholders' transactions	**(46,799)**	**(60,421)**	**(46,799)**	**(60,421)**
Unitholders' funds as at end of the year	**1,431,811**	**1,490,820**	**489,969**	**522,814**

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

Portfolio Statement
As at 31 December 2016

Description of leasehold property	Location	Term of lease (years)	Lease expiry	Valuation 2016 RMB'000	Valuation 2015 RMB'000	Valuation 2016 $'000	Valuation 2015 $'000	Percentage of Unitholders' funds 2016 %	Percentage of Unitholders' funds 2015 %
Group									
CapitaMall Xizhimen	No. 1, Xizhimenwai Road, Xicheng District, Beijing	40 - 50	August 2044/ 2054	2,951,000	2,882,000	610,326	637,152	42.6	42.7
CapitaMall Wangjing	No. 33, Guangshun North Road, Chaoyang District, Beijing	38 - 48	May 2043/ 2053	2,285,000	2,156,000	472,584	476,648	33.0	32.0
CapitaMall Grand Canyon	No. 16, South Third Ring West Road, Fengtai District, Beijing	40 - 50	August 2044/ 2054	2,068,000	2,020,000	427,703	446,582	29.9	30.0
CapitaMall Xinnan	No. 99, Shenghe Yi Road, Gaoxin District, Chengdu, Sichuan Province	40	October 2047	1,527,000	–	315,814	–	22.0	–
CapitaMall Anzhen	Building 4, Zone 5, Anzhenxili, Chaoyang District, Beijing	29 - 37	October 2034/ March and June 2042	1,000,500	995,000	206,923	219,975	14.5	14.8
CapitaMall Erqi	No. 3, Minzhu Road, Erqi District, Zhengzhou, Henan Province	38	May 2042	631,000	615,000	130,503	135,964	9.1	9.1
CapitaMall Shuangjing	No. 31, Guangqu Road, Chaoyang District, Beijing	40	July 2042	573,000	568,000	118,508	125,573	8.3	8.4
CapitaMall Minzhongleyuan[1]	No. 704, Zhongshan Avenue, Jianghan District, Wuhan, Hubei Province	40	June 2044/ September 2045	525,911	535,911	108,769	118,479	7.6	7.9
CapitaMall Qibao[2]	No. 3655, Qi Xin Road, Minhang District, Shanghai	39	March 2043	495,000	495,000	102,376	109,435	7.2	7.3
Balance carried forward				12,056,411	10,266,911	2,493,506	2,269,808	174.2	152.2

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

Portfolio Statement
As at 31 December 2016

Description of leasehold property	Location	Term of lease (years)	Lease expiry	Valuation		Valuation		Percentage of Unitholders' funds	
				2016 RMB'000	2015 RMB'000	2016 $'000	2015 $'000	2016 %	2015 %
Balance brought forward				12,056,411	10,266,911	2,493,506	2,269,808	174.2	152.2
CapitaMall Saihan	No. 26, Ordos Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region	35	March 2041	445,000	425,000	92,035	93,959	6.4	6.3
CapitaMall Wuhu	No. 37, Zhongshan North Road, Jinghu District, Wuhu, Anhui Province	40	May 2044	207,000	221,000	42,812	48,859	3.0	3.3
Investment properties, at valuation				12,708,411	10,912,911	2,628,353	2,412,626	183.6	161.8
Other assets and liabilities (net)						(1,176,663)	(897,560)	(82.2)	(60.2)
						1,451,690	1,515,066	101.4	101.6
Net assets attributable to non-controlling interests						(19,879)	(24,246)	(1.4)	(1.6)
Net assets attributable to Unitholders						1,431,811	1,490,820	100.0	100.0

Notes:

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

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

Consolidated Statement of Cash Flows
Year ended 31 December 2016

		Group	
	Note	2016 $'000	2015 $'000
Operating activities			
Total return for the year after taxation		104,007	109,298
Adjustments for:			
Finance income		(1,777)	(1,481)
Finance costs		21,212	20,660
Depreciation and amortisation		2,147	2,640
Impairment losses on trade receivables, net		143	117
Taxation		41,641	43,380
Manager's management fees paid/payable in Units	A(i)	5,663	5,646
Plant and equipment written off		89	32
Change in fair value of investment properties		(41,151)	(44,834)
Operating income before working capital changes		**131,974**	**135,458**
Changes in working capital:			
Trade and other receivables		302	(12,664)
Trade and other payables		6,322	15,163
Cash generated from operating activities		**138,598**	**137,957**
Income tax paid		(18,668)	(20,236)
Net cash from operating activities		**119,930**	**117,721**
Investing activities			
Interest received		1,777	1,417
Net cash outflow on acquisition of subsidiaries	B	(293,729)	–
Capital expenditure on investment properties	A(ii)	(20,775)	(16,127)
Proceeds from disposal of plant and equipment		3	57
Purchase of plant and equipment		(318)	(1,337)
Net cash used in investing activities		**(313,042)**	**(15,990)**
Financing activities			
Distribution to Unitholders		(52,462)	(66,067)
Payment of equity issue expenses		(14)	–
Payment of financing expenses		(1,050)	(417)
Proceeds from draw down of interest–bearing borrowings		517,781	168,800
Repayment of interest–bearing borrowings		(240,861)	(138,824)
Settlement of derivative contracts		8,030	(9,287)
Interest paid		(20,433)	(19,994)
Net cash from/(used in) financing activities		**210,991**	**(65,789)**
Increase in cash and cash equivalents		**17,879**	**35,942**
Cash and cash equivalents at 1 January		126,322	86,626
Effect of foreign exchange rate changes on cash balances		(8,064)	3,754
Cash and cash equivalents at 31 December	8	**136,137**	**126,322**

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

Consolidated Statement of Cash Flows
Year ended 31 December 2016

Notes:

(A) Significant non–cash and other transactions

(i) $5.7 million in 2016 relating to the performance component of the Manager's management fee will be paid through the issue of 4,177,316 new Units subsequent to the year end.

$4.2 million in 2015 relating to the performance component of the Manager's management fee was paid through the issue of 2,743,923 Units. The remaining $1.4 million was paid through the issue of 945,766 new Units in March 2016.

(ii) The Group enhanced its investment properties during the year, of which $10.5 million (2015: $11.7 million) was paid. During the year, the Group paid $10.3 million (2015: $4.4 million) of the prior years unpaid balance.

(B) Significant non–cash and other transactions

Net cash outflow on acquisition of subsidiaries is provided below:

	Group 2016 $'000
Investment properties	302,285
Cash	21,829
Plant and equipment	66
Trade and other receivables	3,280
Trade and other payables	(5,921)
Security deposits	(4,917)
Provision for taxation	(1,485)
Net identifiable assets and liabilities acquired	**315,137**
Acquisition costs	5,654
Total acquisition outlay	320,791
Consideration payable	(3,630)
Acquisition costs payable	(1,603)
Cash of the acquired subsidiaries	(21,829)
Net cash outflow	**293,729**

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 24 February 2017.

1. General

CapitaLand Retail China Trust (the "Trust") is a Singapore–domiciled unit trust constituted pursuant to the trust deed dated 23 October 2006 (as amended by a first supplemental deed dated 8 November 2006, a second supplemental deed dated 15 April 2010, a third supplemental deed dated 5 April 2012, a fourth supplemental deed dated 14 February 2014, a fifth supplemental deed dated 6 May 2015 and a sixth supplemental deed dated 29 April 2016) (collectively the "Trust Deed") between CapitaLand Retail China Trust Management Limited (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust held by it or through its subsidiaries (the "Group") in trust for the holders ("Unitholders") of Units in the Trust (the "Units").

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 8 December 2006 (the "Listing Date") and was included under the Central Provident Fund ("CPF") Investment Scheme on 8 December 2006.

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

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

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

(a) Trustee's fees

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

(b) Manager's management fees

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

- a base fee of 0.25% per annum of the value of the Deposited Property;
- a performance fee of 4.0% per annum of the net property income in the relevant financial year (calculated before accounting for the performance fee in that financial year); and
- an authorised investment management fee of 0.5% per annum of the value of authorised investments which are not real estate. Where such authorised investment is an interest in a property fund (either a real estate investment trust or private property fund) wholly managed by a wholly owned subsidiary of CapitaLand Limited, no authorised investment management fee shall be payable in relation to such authorised investment.

Notes to the Financial Statements

1. General (continued)

(b) Manager's management fees (continued)

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

(c) Property management fees

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

- 2.0% per annum of the gross revenue;
- 2.0% per annum of the net property income; and
- 0.5% per annum of the net property income in lieu of leasing commissions otherwise payable to the property managers and/or third party agents.

(d) Acquisition fee

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

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

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

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

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

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

1. General (continued)

(e) Divestment fee

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

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

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

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with the recommendations of the Statement of Recommended Accounting Practice ("RAP") 7 *"Reporting Framework for Unit Trusts"* issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires that accounting policies adopted should generally comply with the principles relating to recognition and measurement of the Singapore Financial Reporting Standards ("FRS").

(b) Basis of measurement

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

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

(c) Functional and presentation currency

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

Notes to the Financial Statements

1. General (continued)

(d) Use of estimates and judgements

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

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

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

- Note 4 – Valuation of investment properties;
- Note 27 – Valuation of financial instruments.

Measurement of fair values

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

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

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

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

- Note 4 – Investment properties;
- Note 27 – Valuation of financial instruments.

Notes to the Financial Statements

3. Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

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

(ii) Loss of control

Upon the loss of control, the Trust derecognises the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the statement of total return.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iii) Transactions eliminated on consolidation

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

(iv) Accounting for subsidiaries by the Trust

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

Notes to the Financial Statements

3. Significant accounting policies (continued)

(b) Foreign currency

(i) Foreign currency transactions

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

Foreign currency differences arising on translation are recognised in the statement of total return, except for differences arising on the translation of monetary items that in substance form part of the Group's net investment in a foreign operation (see Note 3(b)(iii)) and financial derivatives designated as hedges of the net investment in a foreign operation (see Note 3(b)(iv)).

(ii) 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. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate at the reporting date.

Foreign currency differences are recognised in the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, 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.

(iii) Net investment in a foreign operation

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item 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.

(iv) Hedge of net investment in foreign operation

Foreign currency differences arising on the translation of a financial instrument designated as a hedge of a net investment in a foreign operation are recognised in Unitholders' funds to the extent that the hedge is effective, and are presented in the foreign currency translation reserve. 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 an adjustment to the gain or loss arising on disposal.

3. **Significant accounting policies** (continued)

(c) **Financial instruments**

(i) **Non-derivative financial assets**

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has loans and receivables as its non-derivative financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise non-trade amounts due from subsidiaries, trade and other receivables excluding prepayments and cash and cash equivalents.

Cash and cash equivalents comprise cash balances and bank deposits.

(ii) **Non-derivative financial liabilities**

Financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

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

The Group has the following non-derivative financial liabilities: trade and other payables, security deposits and interest-bearing borrowings.

Such financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Notes to the Financial Statements

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through the statement of total return.

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80%-125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect the statement of total return.

Derivatives are initially measured at fair value; any attributable transaction costs are recognised in the statement of total return when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect total return, the effective portion of changes in the fair value of the derivative is recognised and presented in the hedging reserve in Unitholders' fund. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of total return.

When the hedged item is a non–financial asset, the amount recognised in the hedging reserve is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in the hedging reserve is transferred to the statement of total return in the same period that the hedged item affects the statement of total return. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then the hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised and presented in the hedging reserve in Unitholders' fund remains there until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, then the balance in the hedging reserve is recognised immediately in the statement of total return.

Notes to the Financial Statements

3. Significant accounting policies (continued)

(d) Investment properties

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

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

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

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

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

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

(e) Plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The cost of the day-to-day servicing of plant and equipment are recognised in the statement of total return as incurred.

Notes to the Financial Statements

3. Significant accounting policies (continued)

(e) Plant and equipment (continued)

(iii) Depreciation

Depreciation is provided on a straight-line basis so as to write off items of plant and equipment, and major components that are accounted for separately, over their estimated useful lives as follows:

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

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

(f) Impairment

(i) Financial assets (including receivables)

A financial asset not carried at fair value through the statement of total return is assessed at the end of each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, or indications that a debtor will enter bankruptcy.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in the statement of total return and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the statement of total return.

3. Significant accounting policies (continued)

(f) Impairment (continued)

(ii) Non-financial assets

The carrying amounts of the Group's non–financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of total return. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Unitholders' funds

Unitholders' funds represent the residual interests in the Group's net assets upon termination and are classified as equity.

Expenses incurred in connection with the issuance of Units in the Trust are deducted directly against the Unitholders' funds.

(h) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of total return as incurred.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Notes to the Financial Statements

3. Significant accounting policies (continued)

(i) Distribution policy

The Trust's distribution policy is to distribute at least 90.0% of its distributable income in each financial year to Unitholders, other than from the sale of properties that are determined by Inland Revenue Authority of Singapore to be trading gains.

(j) Revenue recognition

(i) Rental income

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental to be received. Contingent rentals, which include gross turnover rental, are recognised as income in the accounting period on an earned basis. No contingent rental is recognised if there are uncertainties due to the possible return of the amounts received.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(k) Lease payments

Payment made under operating leases are recognised in the statement of total return on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(l) Expenses

(i) Property expenses

Property expenses are recognised on an accrual basis.

(ii) Manager's management fees, property management fees and Trustee's fees

These are recognised on an accrual basis based on the applicable formula stipulated in Note 1.

(m) Finance income and finance costs

Finance income comprises interest income recognised in the statement of total return as it accrues, using the effective interest method and gain on hedging instruments that are recognised in the statement of total return.

Finance costs which comprise interest expense on borrowings and expense incurred in connection with borrowings are recognised in the statement of total return, using the effective interest method over the period of the borrowings and loss on hedging instruments that are recognised in the statement of total return.

Notes to the Financial Statements

3. Significant accounting policies (continued)

(n) Taxation

Taxation on the returns for the year comprises current and deferred tax. Taxation is recognised in the statement of total return except to the extent that it relates to items recognised directly in Unitholders' fund.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to 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 only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Except for the tax exemption as described below, income earned by the Trust will be subject to Singapore income tax at the Trust level at the prevailing corporate tax rate.

The Trust is exempted from Singapore income tax under Section 13(12) of the Singapore Income Tax Act on the following income:

(i) dividends; and

(ii) interest on shareholders' loans,

payable by its subsidiaries in Barbados and Singapore out of underlying rental income derived from the investment properties in China.

This exemption is granted subject to certain conditions, including the condition that the Trustee is a tax resident of Singapore.

The tax exemption also applies to dividends payable by these subsidiaries out of gains, if any, derived from the disposal of their shares in the subsidiaries in China.

Notes to the Financial Statements

3. Significant accounting policies (continued)

(o) Earnings per unit

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

(p) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision–Makers ("CODMs").

Segment results that are reported to the CODMs include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly financial derivative assets and liabilities, other receivables, cash and cash equivalents, trade and other payables, and interest-bearing borrowings.

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

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

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

Applicable to 2017 financial statements

Revision to RAP 7

RAP 7 was revised in June 2016 to take into account, amongst others, the changes made to FRS 32 *Financial Instruments: Presentation* and FRS 107 *Financial Instruments: Disclosures* in relation to the offsetting of financial assets and liabilities; and new standards issued after 2012 including FRS 110 *Consolidated Financial Statements*, FRS 112 *Disclosure of Interest in Other Entities* and FRS 113 *Fair Value Measurement*. RAP 7 (Revised June 2016) is applicable to unit trusts with annual periods beginning on or after 1 July 2016. The Group does not expect significant changes to the current disclosures upon adoption of the revised RAP 7.

Notes to the Financial Statements

3. Significant accounting policies (continued)

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

Applicable to 2018 financial statements

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

The Group does not expect the impact on the financial statements to be significant. The Group plans to adopt the standard when it becomes effective in 2018.

FRS 109 *Financial Instruments*

FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

The Group does not expect the impact on the financial statements to be significant.

The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109. Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109. For financial assets currently held at fair value, the Group expects to continue measuring most of these assets at fair value under FRS 109.

The Group plans to apply the simplified approach and record lifetime expected impairment losses on all trade receivables and any contract assets arising from the application of FRS 115. On adoption of FRS 109, the Group does not expect a significant increase in the impairment loss allowance.

The Group expects that all its existing hedges that are designated in effective hedging relationships will continue to qualify for hedge accounting under FRS 109.

The Group plans to adopt the standard when it becomes effective in 2018.

3. Significant accounting policies (continued)

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

Applicable to 2019 financial statements

FRS 116 *Leases*

FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied.

The Group has performed a preliminary high-level assessment of the new standard on its existing operating lease arrangements as a lessee. Based on the preliminary assessment, the Group expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard. The operating lease commitments on an undiscounted basis is immaterial. Assuming no additional new operating leases in future years until the effective date, the Group expects the amount of ROU assets and lease liabilities to be lower as the lease terms run down.

The Group plans to adopt the standard when it becomes effective in 2019.

Notes to the Financial Statements

4. Investment properties

	Group	
	2016 $'000	2015 $'000
At 1 January	2,412,626	2,250,783
Acquisition of investment property[1]	307,939	–
Expenditure capitalised	18,744	19,122
Changes in fair value	41,151	44,834
Translation differences	(152,107)	97,887
At 31 December	2,628,353	2,412,626

[1] Includes acquisition fees and acquisition related expenses of $5,654,000.

Investment properties are stated at fair value based on valuation performed by independent professional valuers having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. In determining the fair value, the valuers have used valuation methods which involve certain estimates. The Manager reviews the key valuation parameters and underlying data including discount, capitalisation and terminal yield rates adopted by the valuers and is of the view that the valuation methods and estimates are reflective of the current market conditions.

The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgably and without compulsion.

The valuers have considered valuation techniques including the capitalisation and discounted cash flows approaches in arriving at the open market value as at the reporting date.

The capitalisation approach is an investment approach whereby the estimated gross passing income (on both passing and market rent basis) is adjusted to reflect anticipated operating costs to produce a net income on a fully leased basis. The adopted fully leased net income is capitalised over the remaining term of the lease from the valuation date at an appropriate capitalisation rate. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with a risk adjusted discount rates to arrive at the market value.

Notes to the Financial Statements

4. Investment properties (continued)

Fair value of the investment properties were based on independent professional full valuations carried out by the following valuers on the dates stated below:

Valuers	Valuation Date	Valuation Date
DTZ Debenham Tie Leung International Property Advisers (Shanghai) Co., Ltd.	31 December 2016	31 December 2015
Knight Frank Petty Limited	31 December 2016	31 December 2015
CBRE Limited	31 December 2016	31 December 2015
Savills Valuation and Professional Services (S) Pte. Ltd.	31 December 2016	31 December 2015

Investment properties comprise retail properties that are held mainly for use by tenants under operating leases. Most leases contain an initial non-cancellable period of within 1 to 3 years (2015: within 1 to 3 years).

Contingent rents, representing income based on certain sales achieved by tenants, recognised in the statement of total return during the year amounted to $11.2 million (2015: $12.5 million).

Level 3 fair values

The following table shows the significant unobservable inputs used in the valuation models:

Valuation methods	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Capitalisation approach	• Capitalisation rates (from 4.25% to 8.50%) (2015: from 4.25% to 11.50%)	The fair value increases as capitalisation rates decreases.
Discounted cash flows approach	• Discount rates (from 7.00% to 9.50%) (2015: from 7.00% to 10.00%) • Terminal rates (from 5.00% to 7.50%) (2015: from 4.00% to 6.75%)	The fair value increases as discount rates and terminal rates decreases.

5. Plant and equipment

	Improvement to premises $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture, fittings and equipment $'000	Total $'000
Group					
Cost					
At 1 January 2015	10,718	309	137	6,452	17,616
Additions	–	–	–	509	509
Disposal/written off	(43)	(6)	(142)	(358)	(549)
Translation difference on consolidation	465	14	5	275	759
At 31 December 2015	11,140	317	–	6,878	18,335
Assets acquired	–	–	23	593	616
Additions	–	–	–	597	597
Disposal/written off	(88)	(187)	–	(519)	(794)
Translation difference on consolidation	(718)	(19)	1	(432)	(1,168)
At 31 December 2016	10,334	111	24	7,117	17,586
Less: Accumulated depreciation					
At 1 January 2015	5,606	240	122	3,889	9,857
Charge for the year	1,808	40	4	727	2,579
Disposal/written off	(2)	(5)	(130)	(323)	(460)
Translation difference on consolidation	259	11	4	172	446
At 31 December 2015	7,671	286	–	4,465	12,422
Assets acquired	–	–	21	529	550
Charge for the year	1,413	6	–	669	2,088
Disposal/written off	(88)	(168)	–	(446)	(702)
Translation difference on consolidation	(505)	(18)	–	(283)	(806)
At 31 December 2016	8,491	106	21	4,934	13,552
Carrying amounts					
At 1 January 2015	5,112	69	15	2,563	7,759
At 31 December 2015	3,469	31	–	2,413	5,913
At 31 December 2016	1,843	5	3	2,183	4,034

Notes to the Financial Statements

6. Interests in subsidiaries

		Trust	
		2016 $'000	2015 $'000
(a)	Unquoted equity, at cost	615,152	385,035
(b)	Loans to subsidiaries	358,007	355,118
	Non-trade amounts due from subsidiaries	443,035	384,915
		801,042	740,033
		1,416,194	1,125,068

(a) Details of the subsidiaries are as follows:

	Name of subsidiaries	Principal activities	Place of incorporation/ business	Effective equity held by the Group 2016 %	2015 %
(i)	**Direct subsidiaries**				
*	CapitaRetail China Investments (B) Pte. Ltd.	Investment holding	Barbados	100	100
*	CapitaRetail China Investments (B) Alpha Pte. Ltd.	Investment holding	Barbados	100	100
*	CapitaRetail China Investments (B) Beta Pte. Ltd.	Investment holding	Barbados	100	100
*	CapitaRetail China Investments (B) Gamma Pte. Ltd.	Investment holding	Barbados	100	100
**	CapitaRetail China Investments (BVI) Alpha Limited	Investment holding	British Virgin Islands	100	100
***	Somerset (Wuhan) Investments Pte Ltd	Investment holding	Singapore	100	100
***	CapitaLand Retail Investments (SY) Pte Ltd	Investment holding	Singapore	100	100
*	BR Spicy (HK) Limited	Investment holding	Hong Kong	100	–

Notes to the Financial Statements

6. Interests in subsidiaries (continued)

(a) Details of the subsidiaries are as follows: (continued)

Name of subsidiaries	Principal activities	Place of incorporation/ business	Effective equity held by the Group 2016 %	2015 %
(ii) Indirect subsidiaries				
Subsidiary of CapitaRetail China Investments (B) Pte. Ltd.				
* CapitaRetail Beijing Wangjing Real Estate Co., Ltd.	Property investment	China	100	100
Subsidiaries of CapitaRetail China Investments (B) Alpha Pte. Ltd.				
* CapitaRetail Beijing Anzhen Real Estate Co., Ltd.	Property investment	China	100	100
* CapitaRetail Dragon Mall (Shanghai) Co., Ltd.	Property investment	China	100	100
* CapitaRetail Beijing Shuangjing Real Estate Co., Ltd.	Property investment	China	100	100
* CapitaRetail Henan Zhongzhou Real Estate Co., Ltd.	Property investment	China	100	100
* Huaxin Saihan Huhhot Real Estate Co., Ltd.	Property investment	China	100	100
Subsidiary of CapitaRetail China Investments (B) Beta Pte. Ltd.				
* CapitaRetail Beijing Xizhimen Real Estate Co., Ltd.	Property investment	China	100	100

Notes to the Financial Statements

6. Interests in subsidiaries (continued)

(a) Details of the subsidiaries are as follows: (continued)

Name of subsidiaries	Principal activities	Place of incorporation/ business	Effective equity held by the Group 2016 %	Effective equity held by the Group 2015 %
(ii) Indirect subsidiaries (continued)				
Subsidiary of CapitaRetail China Investments (B) Gamma Pte. Ltd.				
* CapitaMalls Wuhu Commercial Property Co., Ltd.	Property investment	China	51	51
Subsidiary of Somerset (Wuhan) Investments Pte Ltd				
* Wuhan New Minzhong Leyuan Co., Ltd.	Property investment	China	100	100
Subsidiary of CapitaLand Retail Investments (SY) Pte Ltd				
* Beijing Huakun Real Estate Management Co., Ltd.	Property investment	China	100	100
Subsidiary of BR Spicy (HK) Limited				
* Spicy (Chengdu) Limited	Property investment	China	100	–

* Audited by other member firms of KPMG International.

** This subsidiary is not required to be audited by the laws of the country of incorporation.

*** Audited by KPMG LLP Singapore.

(b) The loans to subsidiaries, amounting to $358.0 million (2015: $355.1 million) and the non-trade amounts due from subsidiaries amounting to $436.7 million (2015: $375.4 million) are unsecured and settlement is neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the Trust's net investments in the subsidiaries, they are stated at cost, less accumulated impairment. The remaining $6.3 million (2015: $9.5 million) of the non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand. The loans to subsidiaries bear interest rates from 5.39% to 7.50% (2015: 7.5%).

7. Trade and other receivables

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade receivables	1,636	1,143	–	–
Impairment losses	(161)	(241)	–	–
	1,475	902	–	–
Other receivables	4,802	3,342	353	235
Dividend income receivable	–	–	–	22,713
Interest receivables	–	64	–	64
Deposits	1,146	1,199	–	–
Loans and receivables	7,423	5,507	353	23,012
Prepayments	5,406	7,306	7	–
	12,829	12,813	360	23,012

Concentration of credit risk relating to loans and receivables is limited as the Group has many varied tenants located in several cities in China and a credit policy of obtaining security deposits from tenants for the lease of units in the Group's investment properties. These tenants comprise retailers engaged in a wide variety of consumer trades.

The maximum exposure to credit risk for loans and receivables at the reporting date (by geographical area in China) is:

	Group	
	2016 $'000	2015 $'000
Chengdu	2,734	–
Beijing	2,470	3,388
Shanghai	1,320	1,274
Others	546	546
	7,070	5,208

Notes to the Financial Statements

7. Trade and other receivables (continued)

Impairment losses

The ageing of loans and receivables at the reporting date is:

	Gross		Impairment	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Group				
Not past due	6,616	5,043	–	–
Past due 1 - 30 days	427	200	–	–
Past due 31 - 60 days	209	98	–	–
Past due 61 - 90 days	126	33	–	–
More than 90 days past due	206	374	161	241
	7,584	5,748	161	241
Trust				
Not past due	353	23,012	–	–

The movement in the allowance for impairment in respect of trade receivables during the year is as follows:

		Group	
	Note	2016 $'000	2015 $'000
At 1 January		241	141
Impairment losses on trade receivables, net	17	143	117
Allowance utilised		(207)	(24)
Translation difference		(16)	7
At 31 December		161	241

The majority of the trade receivables are mainly from tenants that have good credit records with the Group. The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

The Group's historical experience in the collection of loans and receivables falls within the recorded allowances. The Manager believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's loans and receivables, based on historical payment behaviours and the security deposits held (if applicable).

Notes to the Financial Statements

8. Cash and cash equivalents

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Bank balances	47,039	53,430	1,661	369
Fixed deposits with financial institutions	89,098	72,892	–	–
	136,137	126,322	1,661	369

9. Trade and other payables

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade payable	1,422	334	69	15
Accrued operating expenses	19,745	13,603	2,182	1,445
Accrued development expenditure	8,223	10,738	–	–
Amounts due to related parties (trade)	2,698	2,585	1,740	1,627
Other deposits and advances	26,906	27,652	–	–
Interest payable	1,860	1,715	1,766	1,600
Other payables	3,673	2,892	3,630	–
	64,527	59,519	9,387	4,687

Included in amounts due to related parties (trade) are amounts due to the Manager, Property and Project Managers of $1.7 million (2015: $1.6 million), $0.7 million (2015: $0.7 million) and $nil million (2015: $0.3 million) respectively.

Notes to the Financial Statements

10. Interest–bearing borrowings

		Group		Trust	
	Note	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Unsecured term loans	(a)	900,503	550,503	900,503	550,503
Secured loan	(b)	58,943	79,589	–	–
Money market facilities		19,800	77,000	19,800	77,000
Less: Unamortised transactions costs		(1,495)	(1,086)	(1,495)	(1,086)
		977,751	706,006	918,808	626,417

(a) As at 31 December 2016, unsecured term loans comprise a $100.0 million, a $50.5 million, six $50.0 million, two $75.0 million and a $300.0 million fixed/floating rate trust term loans (collectively known as "Trust Term Loan Facilities"). These facilities have negative pledge covenants which require the Trust, amongst others:

(i) not to, without the prior written consent of the lender, create or have outstanding any security on or over the Group's interest in any of the investment properties;

(ii) in the event of a sale of any of the investment properties, to repay an amount equal to the proportion of the market value of the investment properties sold to the total market value of the investment properties as determined by the lender based on the latest annual valuation reports of the investment properties; and

(iii) not to provide any guarantee for any other entities except for secured borrowings for new investment properties acquired with existing mortgages.

The Trust Term Loan Facilities are repayable in full at maturity, although the Trust has the option to make early prepayments.

(b) At the reporting date, secured loan comprises an outstanding term loan of $58.9 million (RMB285.0 million) (2015: $79.6 million (RMB360.0 million)). Interest rates for the term loan bear interest referenced against 3 to 5 years People's Bank of China ("PBOC") base lending rate.

As security for the loan, the Trust has granted in favour of the lender the following:

(i) a mortgage over CapitaMall Grand Canyon;

(ii) an assignment of the rental revenue of CapitaMall Grand Canyon; and

(iii) an assignment of the insurance policies relating to CapitaMall Grand Canyon.

In respect of the secured RMB term loan, RMB12.5 million is payable on a semi-annual basis from June 2014. The outstanding loan balance is payable in full upon maturity on 19 December 2018.

10. Interest–bearing borrowings (continued)

Terms and debt repayment schedule

Terms and conditions of the outstanding interest–bearing borrowings are as follows:

	Nominal interest rate per annum %	Year of maturity	Face value $'000	Carrying amount $'000
2016				
Group				
S$ unsecured floating rate money market facility	1.21-1.63	2017	19,800	19,800
S$ unsecured fixed rate loan	2.75	2018	50,000	49,929
S$ unsecured floating rate loan	1.02-2.94	2017-2021	850,503	849,079
RMB secured floating rate term loan	4.75	2018	58,943	58,943
			979,246	977,751
Trust				
S$ unsecured floating rate money market facility	1.21-1.63	2017	19,800	19,800
S$ unsecured fixed rate loan	2.75	2018	50,000	49,929
S$ unsecured floating rate loan	1.02-2.94	2017-2021	850,503	849,079
			920,303	918,808
2015				
Group				
S$ unsecured floating rate money market facility	1.33-2.42	2016	77,000	77,000
S$ unsecured fixed rate loan	2.35-2.75	2016-2018	100,000	99,875
S$ unsecured floating rate loan	1.59-2.94	2016-2020	450,503	449,542
RMB secured floating rate term loan	4.75-6.00	2018	79,589	79,589
			707,092	706,006
Trust				
S$ unsecured floating rate money market facility	1.33-2.42	2016	77,000	77,000
S$ unsecured fixed rate loan	2.35-2.75	2016-2018	100,000	99,875
S$ unsecured floating rate loan	1.59-2.94	2016-2020	450,503	449,542
			627,503	626,417

Notes to the Financial Statements

10. **Interest–bearing borrowings** (continued)

***Terms and debt repayment schedule** (continued)*

The following are the contractual maturities of non–derivative financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount $'000	Contractual cash flow $'000	Within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000
2016					
Group					
S$ unsecured floating rate money market facility	19,800	19,828	19,828	–	–
S$ unsecured fixed rate loan	49,929	51,990	1,375	50,615	–
S$ unsecured floating rate loan	849,079	898,487	440,931	457,556	–
RMB secured floating rate term loan	58,943	64,246	7,947	56,299	–
Trade and other payables (Note 9)	64,527	64,527	64,527	–	–
Security deposits	48,769	48,769	16,557	28,125	4,087
	1,091,047	1,147,847	551,165	592,595	4,087
Trust					
S$ unsecured floating rate money market facility	19,800	19,828	19,828	–	–
S$ unsecured fixed rate loan	49,929	51,990	1,375	50,615	–
S$ unsecured floating rate loan	849,079	898,487	440,931	457,556	–
Trade and other payables (Note 9)	9,387	9,387	9,387	–	–
	928,195	979,692	471,521	508,171	–
2015					
Group					
S$ unsecured floating rate money market facility	77,000	77,162	77,162	–	–
S$ unsecured fixed rate loan	99,875	103,907	51,967	51,940	–
S$ unsecured floating rate loan	449,542	490,900	61,744	429,156	–
RMB secured floating rate term loan	79,589	90,100	9,304	80,796	–
Trade and other payables (Note 9)	59,519	59,519	59,519	–	–
Security deposits	43,348	43,348	16,145	23,203	4,000
	808,873	864,936	275,841	585,095	4,000
Trust					
S$ unsecured floating rate money market facility	77,000	77,162	77,162	–	–
S$ unsecured fixed rate loan	99,875	103,907	51,967	51,940	–
S$ unsecured floating rate loan	449,542	490,900	61,744	429,156	–
Trade and other payables (Note 9)	4,687	4,687	4,687	–	–
	631,104	676,656	195,560	481,096	–

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

11. Financial derivatives

	Group and Trust 2016 $'000	Group and Trust 2015 $'000
Financial derivative assets	2,114	12,630
Financial derivative liabilities	(2,165)	(7,157)

The following are the contractual maturities of financial derivative assets and liabilities, including estimated interest payments:

	Carrying amount $'000	Contractual cash flow $'000	Within 1 year $'000	Within 2 to 5 years $'000
Group and Trust				
Financial derivative assets				
2016				
Interest rate swaps	890	1,462	(1,208)	2,670
Non-deliverable forward	1,224	1,224	1,224	–
	2,114	2,686	16	2,670
2015				
Interest rate swaps	6,578	7,458	1,714	5,744
Non-deliverable forward	6,052	6,052	6,052	–
	12,630	13,510	7,766	5,744
Financial derivative liabilities				
2016				
Interest rate swaps	(236)	(311)	(844)	533
Non-deliverable forward	(1,929)	(1,929)	(1,929)	–
	(2,165)	(2,240)	(2,773)	533
2015				
Non-deliverable forward	(7,157)	(7,157)	(5,730)	(1,427)

As at reporting date, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The table also indicates the periods in which the cash flows associated with derivatives that are expected to occur and impact the statement of total return and Unitholders' funds.

Notes to the Financial Statements

12. Deferred tax liabilities

The movement in deferred tax liabilities during the financial year is as follows:

	At 1 January 2015 $'000	Statement of total return (Note 21) $'000	Translation difference $'000	At 31 December 2015 $'000	Statement of total return (Note 21) $'000	Translation difference $'000	At 31 December 2016 $'000
Group							
Deferred tax liabilities							
Investment properties	197,962	19,211	11,736	228,909	18,318	(19,446)	227,781
Tax on unrepatriated profits	6,961	897	–	7,858	787	–	8,645
	204,923	20,108	11,736	236,767	19,105	(19,446)	236,426

Deferred tax assets have not been recognised in respect of the following item because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom:

	Group	
	2016 $'000	2015 $'000
Tax losses	44,701	51,551

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the country in which the subsidiaries operate. These tax losses can be carried forward up to five consecutive years and will expire on the fifth year from which the tax losses arise.

13. Unitholders' funds

		Group		Trust	
	Note	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Net assets resulting from operations		979,018	877,390	97,980	78,103
Hedging reserve	(a)	650	6,573	650	6,573
Foreign currency translation reserve	(b)	35,532	148,433	–	–
Unitholders' transactions		391,339	438,138	391,339	438,138
General reserve	(c)	25,272	20,286	–	–
		1,431,811	1,490,820	489,969	522,814

Notes to the Financial Statements

13. Unitholders' funds (continued)

(a) The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to forecast hedged transactions.

(b) The foreign currency translation reserve comprises:

(i) foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Trust;

(ii) the gains or losses on financial instruments used to hedge the Group's net investment in foreign operations that are determined to be effective hedges; and

(iii) the foreign exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

(c) General reserve

The subsidiaries incorporated in China are required to transfer 10% of their profits after taxation, as determined under the accounting principles and relevant financial regulations of China to the general reserve until the reserve balance reaches 50% of registered capital. The transfer to this reserve must be made before distribution of dividends to its shareholders.

General reserve can be used to make good previous years' losses, if any, and may be converted to registered capital in proportion to the existing interests of the shareholders, provided that the balance after such conversion is not less than 25% of the registered capital.

14. Non-controlling interest

The following summarises the financial information of the Group's significant subsidiary with material non-controlling interest. At the reporting date, the Group only had one subsidiary with significant non-controlling interest of 49% (2015: 49%), CapitaMalls Wuhu Commercial Property Co., Ltd..

	Group	
	2016 $'000	**2015 $'000**
Non-current assets	46,490	52,748
Current assets	936	3,092
Non-current liabilities	(19,151)	(19,502)
Current liabilities	(25,848)	(26,235)
Net assets	2,427	10,103
Net assets based on percentage shareholdings	1,189	4,950
Add non-controlling interest loans in respect of the Group's investment in a subsidiary in China:	18,690	19,296
Net assets attributable to non-controlling interest	**19,879**	**24,246**

Notes to the Financial Statements

14. Non-controlling interest (continued)

	Group 2016 $'000	Group 2015 $'000
Revenue	1,954	3,457
Total return after taxation	**(6,586)**	**(11,158)**
Attributable to non-controlling interest:		
Total return after taxation	(3,227)	(5,467)
Add interest relating to non-controlling interest loans in respect of the Group's investment in a subsidiary in China:	620	766
Total return allocated to non-controlling interest	**(2,607)**	**(4,701)**
Cash flows used in operating activities	(1,426)	(2,018)
Cash flows used in investing activities	(318)	(630)
Cash flows from/(used in) financing activities	17	(285)
Net decrease in cash and cash equivalents	**(1,727)**	**(2,933)**

There are no dividends paid to non-controlling interests in 2016 and 2015.

15. Units in issue

	2016 Number of Units	2015 Number of Units
Balance as at beginning of year	843,256,155	828,117,704
New Units issued:		
- as payment of Manager's management fees	945,766	3,588,196
- as payment of distribution through distribution reinvestment plan	25,477,712	11,550,255
Total issued Units as at end of the year	869,679,633	843,256,155
New Units to be issued:		
- as payment of Manager's management fees	4,177,316	945,766
Total issued and issuable Units as at end of the year	873,856,949	844,201,921

Notes to the Financial Statements

15. Units in issue (continued)

Units issued during the year ended 31 December 2016 are as follows:

(a) On 14 March 2016, the Trust issued 945,766 new Units at an issue price of $1.4887 per Unit as payment of the performance component of the management fee for the period from 1 October 2015 to 31 December 2015;

(b) On 30 March 2016, the Trust issued 11,094,216 new Units at an issue price of $1.3910 per Unit as payment of distribution under distribution reinvestment plan for the period from 1 July 2015 to 31 December 2015; and

(c) On 20 September 2016, the Trust issued 14,383,496 new Units at an issue price of $1.5090 per Unit as payment of distribution under distribution reinvestment plan for the period from 1 January 2016 to 30 June 2016.

Units issued during the year ended 31 December 2015 are as follows:

(a) On 26 March 2015, the Trust issued 10,220,054 new Units at an issue price of $1.6580 per Unit as payment of distribution under distribution reinvestment plan for the period from 1 July 2014 to 31 December 2014;

(b) On 30 March 2015, the Trust issued 844,273 new Units at an issue price of $1.5894 per Unit as payment of the performance component of the management fee for the period from 1 October 2014 to 31 December 2014;

(c) On 11 June 2015, the Trust issued 860,414 new Units at an issue price of $1.6061 per Unit as payment of the performance component of the management fee for the period from 1 January 2015 to 31 March 2015;

(d) On 22 September 2015, the Trust issued 1,330,201 new Units at an issue price of $1.5730 per Unit as payment of distribution under distribution reinvestment plan for the period from 1 January 2015 to 30 June 2015;

(e) On 28 September 2015, the Trust issued 848,218 new Units at an issue price of $1.7018 per Unit as payment of the performance component of the management fee for the period from 1 April 2015 to 30 June 2015; and

(f) On 24 November 2015, the Trust issued 1,035,291 new Units at an issue price of $1.3647 per Unit as payment of the performance component of the management fee for the period from 1 July 2015 to 30 September 2015.

Notes to the Financial Statements

15. Units in issue (continued)

The issue prices were determined based on the volume weighted average traded price for all trades done on the SGX–ST in the ordinary course of trading for the last 10 business days of the relevant periods in which the management fees accrue.

Each Unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- one vote per Unit;
- receive income and other distributions attributable to the Units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer of any assets (or part thereof) or any estate or interest in any asset (or part thereof) of the Trust; and
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of Unitholders, whichever is lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

The restrictions of a Unitholder include the following:

- a Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request the Manager to redeem his Units while the Units are listed on the SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any unit in the Trust. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that the liabilities of the Trust exceed its assets.

16. Total Unitholders' distribution

Unitholders' distribution for the year is accounted for as distribution from operations and distribution from Unitholders' contributions:

(a) Distribution from operations

This refers to distribution made by the Trust that is represented by income received or receivable during the financial year, as the case may be, net of expenses. Such income comprises mainly the following:

- dividend from subsidiaries in Barbados, Singapore and Hong Kong paid out of dividend declared by the subsidiaries in China;
- dividend from subsidiaries in Barbados paid out of net interest income earned by subsidiaries in Barbados on shareholders' loans extended to subsidiaries in China; and
- interest income earned by the Trust on shareholders' loans extended to subsidiaries in Barbados.

The above income originates from income derived by the subsidiaries in China in respect of the current financial year.

Notes to the Financial Statements

16. Total Unitholders' distribution (continued)

(b) Distribution from Unitholders' contributions

This refers to the amount of distribution made by the Trust for the financial year where the underlying cash is not, or may not be, received or receivable as income by the Trust during that period. Such distribution comprises mainly the following:

- profits from operations arising from the investment properties which are declared as dividend income after the financial year, as the case may be, and accordingly also received as dividends by the Trust after that year;
- profits from operations arising from the investment properties which cannot be declared as dividends;
- adjustment for depreciation expenses of the investment properties; and
- adjustments for trust expenses that are paid in Units, foreign currency differences attributable to net investment hedges undertaken by the Trust and certain unrealised expenses.

Income available for distribution to Unitholders at end of the year

Distributions are made on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six–month period ending on each of the said dates. In accordance with the provisions of the Trust Deed, the Manager is required to pay distributions within 90 days from the end of each distribution period. Distributions, when paid, will be in Singapore dollars.

Distributions for the period from 1 January 2016 to 30 June 2016 had been paid on 20 September 2016. Distributions for the period from 1 July 2016 to 31 December 2016 will be paid within 90 days of the end of the distribution period, in accordance with the provisions of the Trust Deed.

17. Other property operating expenses

		Group	
	Note	2016 $'000	2015 $'000
Utilities		6,142	7,544
Advertising and promotion		5,046	4,827
Maintenance		8,701	8,749
Staff costs		9,165	9,808
Depreciation of plant and equipment	5	2,088	2,579
Impairment losses on trade receivables, net	7	143	117
Amortisation of deferred expenditure included in other receivables		59	61
Plant and equipment written off		89	32
Others		1,765	2,141
		33,198	35,858

Included in staff costs is contribution to defined contribution plans of $1.8 million (2015: $2.0 million).

Notes to the Financial Statements

18. Manager's management fees

Manager's management fees comprise base fee of $6.3 million (2015: $6.2 million) and performance fee of $5.7 million (2015: $5.6 million). The Manager has elected to receive all performance fee in the form of Units. In 2015, $4.2 million of $5.6 million relating to performance fee in the form of Units was paid during the year through the issue of 2,743,923 Units. $5.7 million (2015: $1.4 million) relating to the performance component of the Manager's management fee will be paid through the issue of 4,177,316 (2015: 945,766) new Units subsequent to the year end.

19. Other trust operating expenses/(income)

	Group		Trust	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Professional fees	(13)	86	(53)	86
Acquisition related expenses	185	1,785	–	–
Non-deal roadshow expenses	24	6	24	6
Others	668	13	(108)	(559)
	864	1,890	(137)	(467)

20. Finance income and finance costs

	Group		Trust	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Interest income:				
- financial institutions	1,777	1,481	569	469
- subsidiaries	–	–	22,834	26,436
Finance income	1,777	1,481	23,403	26,905
Interest expenses	(20,555)	(20,148)	(17,401)	(14,877)
Other finance costs	(657)	(512)	(641)	(494)
Finance costs	(21,212)	(20,660)	(18,042)	(15,371)
Net finance (costs)/income recognised in statement of total return	(19,435)	(19,179)	5,361	11,534

Notes to the Financial Statements

21. Taxation

	Note	Group 2016 $'000	Group 2015 $'000	Trust 2016 $'000	Trust 2015 $'000
Current taxation					
Current year		22,953	23,368	–	–
(Over)/under provision in prior years		(417)	(96)	–	6
		22,536	23,272	–	6
Deferred taxation					
Origination of temporary differences	12	19,105	20,108	–	–
Income tax expense		**41,641**	**43,380**	**–**	**6**

Reconciliation of effective tax rate

	Group 2016 $'000	Group 2015 $'000	Trust 2016 $'000	Trust 2015 $'000
Total return for the year before taxation	145,648	152,678	19,877	63,447
Tax calculated using Singapore tax rate of 17%	24,760	25,955	3,379	10,786
Adjustments:				
Effect of different tax rates in foreign jurisdictions	6,541	5,545	–	–
Income not subject to tax	(195)	(246)	(9,158)	(15,617)
Expenses not deductible for tax purposes	–	–	521	318
Deferred tax assets not recognised	1,618	1,739	–	–
Utilisation of previously unrecognised tax losses	(1,547)	(1,010)	–	–
Tax losses not allowed to be carried forward	5,261	4,514	5,258	4,513
Foreign tax suffered	5,620	6,979	–	–
(Over)/under provision in prior years	(417)	(96)	–	6
	41,641	43,380	–	6

Notes to the Financial Statements

22. Earnings per unit

Basic earnings per unit

The calculation of basic earnings per unit is based on weighted average number of Units during the year and total return for the year after taxation and non–controlling interest before distribution.

	Group	
	2016 $'000	**2015 $'000**
Total return for the year after taxation and non–controlling interest before distribution	106,614	113,999

	Trust	
	Number of Units 2016 '000	**Number of Units 2015 '000**
Issued Units at beginning of year	843,256	828,118
Effect of creation of new Units:		
- Manager's management fees paid/payable in Units	766	1,443
- As payment of distribution under distribution reinvestment plan	12,375	8,204
Weighted average number of issued and issuable Units at end of the year	856,397	837,765

Diluted earnings per unit

Diluted earnings per unit is calculated based on total return for the year after taxation and non-controlling interest and weighted average number of Units outstanding during the period, adjusted for the effects of all dilutive potential Units.

	Trust	
	Number of Units 2016 '000	**Number of Units 2015 '000**
Issued Units at beginning of year	843,256	828,118
Effect of creation of new Units:		
- Manager's management fees paid/payable in Units	4,932	1,443
- As payment of distribution under distribution reinvestment plan	12,375	8,204
Weighted average number of issued and issuable Units at end of the year	860,563	837,765

22. Earnings per unit (continued)

Diluted earnings per unit (continued)

	Group	
	2016 **$'000**	**2015** **$'000**
Amount available for distribution to Unitholders at end of the year	86,732	89,219

23. Related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common significant influence. Related parties may be individuals or other entities. The Manager, being CapitaLand Retail China Trust Management Limited is an indirect wholly owned subsidiary of a substantial Unitholder of the Trust. The Property and Project Managers, being CapitaLand Retail (Shanghai) Management & Consulting Co., Ltd. and CapitaLand Retail (Beijing) Facilities & Projects Consulting Co., Ltd. are indirect wholly owned subsidiaries of a substantial Unitholder of the Trust.

In the normal course of the operations of the Trust, the Manager's management fees and the Trustee's fees have been paid or are payable to the Manager and Trustee respectively. The property management fees, reimbursables and project management fees have been paid or are payable to the Property and Project Managers respectively.

24. Financial ratios

	Group	
	2016 **%**	**2015** **%**
Ratio of expenses to average net asset value[1]		
- including performance component of Manager's management fees	0.96	0.88
- excluding performance component of Manager's management fees	0.56	0.49
Portfolio turnover rate[2]	–	–

Notes:

(1) The annualised ratio is computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses at the Group level, excluding property related expenses and borrowing costs.

(2) The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value.

Notes to the Financial Statements

25. Operating segments

The Group has 11 reportable segments, as described below, which are the Group's investment properties. The investment properties are managed separately because they require different operating and marketing strategies. For each of the investment properties, the CODMs review internal management reports on a monthly basis.

All of the Group's reportable segments are investment properties located in China used primarily for retail purposes. The reporting segments are as follows:

- CapitaMall Xizhimen
- CapitaMall Wangjing
- CapitaMall Grand Canyon
- CapitaMall Xinnan
- CapitaMall Anzhen
- CapitaMall Erqi
- CapitaMall Shuangjing
- CapitaMall Minzhongleyuan
- CapitaMall Qibao
- CapitaMall Saihan
- CapitaMall Wuhu

Segment revenue comprises mainly income generated from its tenants. Segment net property income represents the income earned by each segment after allocating property operating expenses. This is the measure reported to the CODMs for the purpose of assessment of segment performance. In addition, the CODMs monitor the non–financial assets as well as financial assets attributable to each segment when assessing segment performance.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly the Trust's financial assets and liabilities and its expenses. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

Information regarding the Group's reportable segments is presented in the tables in the following pages.

For the purpose of monitoring segment performance, the Group's CODMs monitor the non–financial assets as well as financial assets attributable to each segment.

Notes to the Financial Statements

25. Operating segments (continued)

Information about reportable segments

	CapitaMall Xizhimen		CapitaMall Wangjing		CapitaMall Grand Canyon		CapitaMall Xinnan		CapitaMall Anzhen		CapitaMall Erqi		Sub Total	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
External revenues:														
- Gross rental income	55,368	56,855	41,866	43,401	25,874	29,022	5,099	–	16,945	18,061	10,430	11,173	155,582	158,512
- Others	2,975	2,969	2,776	3,299	3,287	2,808	648	–	–	2	7	10	9,693	9,088
- Gross revenue	58,343	59,824	44,642	46,700	29,161	31,830	5,747	–	16,945	18,063	10,437	11,183	165,275	167,600
Segment net property income	40,859	41,922	31,991	33,947	18,657	20,457	3,168	–	13,919	14,524	8,663	8,890	117,257	119,740
Finance income	226	232	220	169	142	47	35	–	177	221	128	56	928	725
Finance costs	–	–	–	–	(3,170)	(5,289)	–	–	–	–	–	–	(3,170)	(5,289)
Reportable segment total return before taxation	53,739	63,754	53,186	51,363	19,062	20,980	7,170	–	14,812	19,523	11,468	10,688	159,437	166,308
Segment assets	631,522	662,259	485,529	517,320	456,924	472,916	347,039	–	222,186	227,295	137,479	144,779	2,280,679	2,024,569
Segment liabilities	95,006	95,805	94,332	92,681	95,548	116,672	17,969	–	26,396	32,484	17,951	18,770	347,202	356,412
Other segment items:														
Depreciation and amortisation	(616)	(830)	(574)	(658)	(319)	(350)	(3)	–	(32)	(41)	(49)	(86)	(1,593)	(1,965)
(Impairment losses)/ write-back on trade receivables, net	(91)	–	(54)	(68)	2	5	–	–	–	–	–	–	(143)	(63)
Net change in fair value of investment properties	12,888	21,945	21,282	17,673	3,844	7,645	4,029	–	853	4,823	2,795	1,861	45,691	53,947
Capital expenditure	(1,549)	(1,151)	(6,019)	(5,710)	(6,134)	(8,284)	(12)	–	(292)	–	(538)	(112)	(14,544)	(15,257)

Notes to the Financial Statements

25. Operating segments (continued)

Information about reportable segments (continued)

	CapitaMall Shuangjing		CapitaMall Minzhongleyuan		CapitaMall Qibao		CapitaMall Saihan		CapitaMall Wuhu		Sub Total		Grand Total	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
External revenues:														
- Gross rental income	9,458	10,004	2,350	3,302	19,325	19,971	11,799	11,988	1,650	3,142	44,582	48,407	200,164	206,919
- Others	48	54	221	186	2,665	2,425	1,277	1,347	304	315	4,515	4,327	14,208	13,415
- Gross revenue	9,506	10,058	2,571	3,488	21,990	22,396	13,076	13,335	1,954	3,457	49,097	52,734	214,372	220,334
Segment net property income	7,665	8,108	(1,881)	(2,404)	10,587	10,120	7,470	6,924	(1,360)	(1,403)	22,481	21,345	139,738	141,085
Finance income	97	62	15	18	117	128	33	50	12	28	274	286	1,202	1,011
Finance costs	–	–	–	–	–	–	–	–	–	–	–	–	(3,170)	(5,289)
Reportable segment total return before taxation	8,349	9,937	(5,726)	(9,333)	9,744	10,200	9,872	11,881	(5,213)	(10,968)	17,026	11,717	176,463	178,025
Segment assets	124,410	135,175	110,281	120,484	120,020	120,518	98,615	103,122	43,954	52,313	497,280	531,612	2,777,959	2,556,181
Segment liabilities	17,693	18,127	4,770	8,546	18,671	19,199	12,280	11,964	708	2,671	54,122	60,507	401,324	416,919
Other segment items														
Depreciation and amortisation	(10)	(11)	(115)	(132)	(77)	(107)	(219)	(251)	(133)	(174)	(554)	(675)	(2,147)	(2,640)
Impairment losses on trade receivables, net	–	–	–	–	–	–	–	–	–	(54)	–	(54)	(143)	(117)
Net change in fair value of investment properties	862	1,976	(3,779)	(6,891)	(866)	54	2,483	4,902	(3,240)	(9,154)	(4,540)	(9,113)	41,151	44,834
Capital expenditure	(182)	(219)	(1,717)	(575)	(870)	(2,261)	(1,711)	(635)	(317)	(684)	(4,797)	(4,374)	(19,341)	(19,631)

25. Operating segments (continued)

Reconciliations of reportable segment revenue, total return, assets and liabilities and other material items

	2016 $'000	2015 $'000
Revenue		
Total revenue for reporting segments	214,372	220,334
Total return		
Total return for reportable segments before taxation	176,463	178,025
Unallocated amounts:		
- Other corporate expenses	(30,815)	(25,347)
Total return before taxation	145,648	152,678
Assets		
Total assets for reportable segments	2,777,959	2,556,181
Other unallocated amounts	5,508	14,123
Consolidated assets	2,783,467	2,570,304
Liabilities		
Total liabilities for reportable segments	401,324	416,919
Other unallocated amounts	930,453	638,319
Consolidated liabilities	1,331,777	1,055,238

	Reportable segment totals $'000	Unallocated amounts $'000	Consolidated totals $'000
Other material items 2016			
Finance income	1,202	575	1,777
Finance costs	(3,170)	(18,042)	(21,212)
Other material items 2015			
Finance income	1,011	470	1,481
Finance costs	(5,289)	(15,371)	(20,660)

Geographical segments

All of the Group's investment properties are used for retail purposes and are located in China.

Major tenant

Revenue from one tenant of the Group represents approximately $36.7 million (2015: $39.3 million) of the Group's total revenue.

Notes to the Financial Statements

26. Commitments

(a) Capital commitments

	Group	
	2016 $'000	**2015 $'000**
Payable:		
- contracted but not provided for	2,516	11,355

(b) The Group leases out its investment properties. Operating lease rentals are receivable as follows:

	Group	
	2016 $'000	**2015 $'000**
Receivable:		
- within 1 year	176,627	177,580
- after 1 year but within 5 years	361,256	391,402
- after 5 years	222,310	326,366
	760,193	895,348

(c) The Group has non–cancellable leases with rentals payable as follows:

	Group	
	2016 $'000	**2015 $'000**
Payable:		
- within 1 year	4,851	5,173
- after 1 year but within 5 years	25,407	30,419
- after 5 years	14,322	18,587
	44,580	54,179

Notes to the Financial Statements

27. Capital and financial risk management

Capital management

The Group's objectives when managing capital are to optimise Unitholders' value through the combination of available capital sources which include debt and equity instruments whilst complying with statutory and constitutional capital and distribution requirements, maintaining aggregate leverage and interest service coverage ratio within approved limits. As a key part of the Group's overall strategy, the Board of the Manager reviews the Group and the Trust's debt and capital management cum financing policy regularly so as to optimise the Group and the Trust's funding structure. The Board also monitors the Group and the Trust's exposure to various risk elements by closely adhering to clearly established management policies and procedures.

The Group is subject to the aggregate leverage limit as defined in Appendix 6 of the CIS Code ("Property Fund Appendix"). The Property Fund Appendix stipulates that the total borrowings and deferred payments (together, the "Aggregate Leverage") of a property fund should not exceed 45.0% (2015: 35.0%) of its Deposited Property. The Group's aggregate leverage limit did not exceed 45.0% (2015: 35.0%) during the year, and was 35.3% (2015: 27.7%) as at 31 December 2016. In computing the aggregate leverage, the Trust has considered the effect of hedging the net assets denominated in RMB.

There were no changes in the Group's approach to capital management during the financial year.

Financial risk management

Overview

The Group's returns are primarily from net operating income and capital appreciation of its assets. However, these returns are exposed to financial risks including credit, liquidity, interest rate and foreign currency risks.

Financial risk management is integral to the whole business of the Group. The Group adopts an integrated approach to manage the financial risks arising in the normal course of the Group's business. The Group has written risk management policies and guidelines, and established processes to monitor and manage significant exposures. Risk management policies and processes are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group adheres to standardised accounting and financial policies and exercises effective controls over the financial affairs of its subsidiaries. This is achieved by ensuring group–wide adherence to a comprehensive set of guidelines covering contracts, policies and procedures and other requirements. Adequate measures are in place to ensure that the reliability and integrity of financial information compiled from subsidiaries are kept intact.

Notes to the Financial Statements

27. Capital and financial risk management (continued)

Financial risk management *(continued)*

Credit risk

While it is necessary to assume a certain level of tenant credit risks to remain competitive in China, the Group has established credit limits for tenants and monitors their balances on an ongoing basis. Risks associated with credit limits are reflected in the level of security deposits and bank guarantees placed as collateral in respect of the leases. Appropriate risk mitigating actions are in place to manage trade receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations.

In addition, the Group maintains the following debt facilities and programme as at 31 December 2016.

Chinese Renminbi ("RMB") denominated facility:

- RMB285.0 million five–year secured term loan facility

S$ denominated facilities:

- S$151.0 million money market line facilities
- S$225.5 million four–year trust term loan facilities
- S$375.0 million five–year trust term loan facilities
- S$300.0 million one-year bridge term loan facility

United States dollar ("US$") denominated facilities:

- US$70.0 million money market line facilities

Multicurrency Medium Term Notes:

- $500.0 million multicurrency Medium Term Note ("MTN") Programme

27. Capital and financial risk management (continued)

Financial risk management *(continued)*

Liquidity risk *(continued)*

As at 31 December 2016, the Group has outstanding debt of $900.5 million (2015: $550.5 million) trust term loan facilities, $19.8 million (2015: $77.0 million) money market line facilities and RMB285.0 million (2015: RMB360.0 million) secured term loan facility.

The Group also monitors and observes the Property Fund Appendix issued by MAS concerning limits on total borrowings.

Interest rate risk

The Manager adopts a proactive interest rate management policy to manage the risk associated with changes in interest rates on the Group's loan facilities while also seeking to ensure that the ongoing cost of debt remains competitive.

As at 31 December 2016, the Group has interest rate swaps ("IRS") with notional contract amount of $475.5 million (2015: $425.5 million). The Group pays a fixed rate interest and receives a variable rate equal to the Swap Offer Rate ("SOR") on the notional contract amount. The Group classifies the IRS as cash flow hedges to hedge the exposure in interest rate fluctuations on certain of its term loans.

The term loans and the underlying IRS have the same terms and conditions.

The Manager proactively seeks to minimise the level of interest rate risk by locking the majority of the Group's borrowings at fixed rates. As at 31 December 2016, the Group has locked in approximately 53.7% (2015: 74.3%) of its borrowings at fixed rates. Excluding the RMB denominated loan, money market line and bridge term loan which are not hedged, the Group has locked in approximately 87.5% (2015: 95.5%) of its borrowings at fixed rates.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial liabilities at fair value through profit or loss and the Group does not designate interest rate derivatives as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect the statement of total return.

Notes to the Financial Statements

27. Capital and financial risk management (continued)

Financial risk management *(continued)*

Interest rate risk *(continued)*

Cash flow sensitivity analysis for variable rate instruments

The net change in fair value of the interest component of IRS as at 31 December 2016 of $5.9 million (2015: $5.1 million), representing the effective portion of the cash flow hedge, has been recognised directly in hedging reserves.

Effects of a 100 basis point ("bp")* movement in interest rate at the reporting date would increase/(decrease) statement of total return and Unitholders' funds by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015.

* 100 basis point is equivalent to 1 percentage point

	Statement of total return		Unitholders' funds	
	100 bp increase $'million	100 bp decrease $'million	100 bp increase $'million	100 bp decrease $'million
Group and Trust				
2016				
Interest rate swaps	–	–	3.7	(3.7)
Variable rate instruments	(2.2)	2.2	–	–
Cash flow sensitivity (net)	(2.2)	2.2	3.7	(3.7)
2015				
Interest rate swaps	–	–	4.1	(4.1)
Variable rate instruments	(1.8)	1.8	–	–
Cash flow sensitivity (net)	(1.8)	1.8	4.1	(4.1)

27. Capital and financial risk management (continued)

Financial risk management *(continued)*

Foreign currency risk

The Group is exposed to foreign currency risk on cash holdings and operating expenses that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily the US$ and RMB.

The Manager's strategy is to achieve a natural hedge through local RMB financing and any non-RMB denominated loan will be hedged into RMB where possible, to protect the going concern of the Trust in the event of large currency fluctuation. However, the Manager will hedge the RMB cash flow from operations if it is determined with certainty that they are to be remitted back to Singapore for distribution purposes.

The Group's and Trust's exposure to foreign currencies is as follows:

	US$ S$'000	RMB S$'000	Total S$'000
Group			
2016			
Cash and cash equivalents	398	128	526
Trade and other payables	(3,630)	–	(3,630)
	(3,232)	128	(3,104)
2015			
Cash and cash equivalents	186	125	311
Trust			
2016			
Loans to subsidiaries	358,007	–	358,007
Non-trade amounts due from subsidiaries	166,813	–	166,813
Trade and other payables	(3,630)	–	(3,630)
Cash and cash equivalents	219	107	326
	521,409	107	521,516
2015			
Loans to subsidiaries	355,118	–	355,118
Non-trade amounts due from subsidiaries	167,970	–	167,970
Cash and cash equivalents	10	108	118
	523,098	108	523,206

Notes to the Financial Statements

27. Capital and financial risk management (continued)

Financial risk management *(continued)*

Foreign currency risk *(continued)*

Sensitivity analysis

A 10% strengthening of Singapore dollar against the US$ and RMB at the reporting date would increase/(decrease) total return after tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2015.

	Statements of total return	
	Group $'000	**Trust $'000**
2016		
US$	323	(52,141)
RMB	(13)	(11)
2015		
US$	(19)	(52,310)
RMB	(13)	(11)

A 10% weakening of Singapore dollar against the US$ and RMB would have had equal but opposite effect on the US$ and RMB to the amounts shown above, on the basis that all other variables remain constant.

Hedge of net investment in foreign operation

The non–deliverable forwards ("NDF") of $300.0 million (2015: $390.0 million) are designated as hedges of the Group's net investment in certain subsidiaries in China. No ineffectiveness was recognised from the net investment hedge.

Sensitivity analysis

For NDF (accounted for as net investment hedges), a 10% strengthening/weakening of Singapore dollar against the RMB at the reporting date would increase/(decrease) Unitholders' funds as at 31 December 2016 by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2015.

	Unitholders' funds	
	$'million	**$'million**
Group		
2016		
Non-deliverable forwards	22.7	(27.7)
2015		
Non-deliverable forwards	29.5	(36.1)

27. Capital and financial risk management (continued)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair value			
	Note	Loans and receivables $'000	Fair value – hedging instruments $'000	Other financial liabilities within scope of FRS 39 $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group									
2016									
Financial assets not measured at fair value									
Trade and other receivables	7	7,423	–	–	7,423	–	–	–	–
Cash and cash equivalents	8	136,137	–	–	136,137	–	–	–	–
		143,560	–	–	143,560				
Financial assets measured at fair value									
Financial derivative assets	11	–	2,114	–	2,114	–	2,114	–	2,114
Financial liabilities not measured at fair value									
Trade and other payables	9	–	–	64,527	64,527	–	–	–	–
Security deposits		–	–	48,769	48,769	–	46,676	–	46,676
Interest-bearing borrowings	10	–	–	977,751	977,751	–	979,000	–	979,000
		–	–	1,091,047	1,091,047				
Financial liabilities measured at fair value									
Financial derivative liabilities	11	–	2,165	–	2,165	–	2,165	–	2,165

Notes to the Financial Statements

27. Capital and financial risk management (continued)

Accounting classifications and fair values (continued)

		Carrying amount				Fair value			
	Note	Loans and receivables $'000	Fair value – hedging instruments $'000	Other financial liabilities within scope of FRS 39 $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group									
2015									
Financial assets not measured at fair value									
Trade and other receivables	7	5,507	–	–	5,507	–	–	–	–
Cash and cash equivalents	8	126,322	–	–	126,322	–	–	–	–
		131,829	–	–	131,829				
Financial assets measured at fair value									
Financial derivative assets	11	–	12,630	–	12,630	–	12,630	–	12,630
Financial liabilities not measured at fair value									
Trade and other payables	9	–	–	59,519	59,519	–	–	–	–
Security deposits		–	–	43,348	43,348	–	41,194	–	41,194
Interest-bearing borrowings	10	–	–	706,006	706,006	–	704,732	–	704,732
		–	–	808,873	808,873				
Financial liabilities measured at fair value									
Financial derivative liabilities	11	–	7,157	–	7,157	–	7,157	–	7,157

Notes to the Financial Statements

27. Capital and financial risk management (continued)

Accounting classifications and fair values (continued)

		Carrying amount				Fair value			
	Note	Loans and receivables $'000	Fair value – hedging instruments $'000	Other financial liabilities within scope of FRS 39 $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Trust									
2016									
Financial assets not measured at fair value									
Non-trade amounts due from subsidiaries	6	6,303	–	–	6,303	–	–	–	–
Trade and other receivables	7	353	–	–	353	–	–	–	–
Cash and cash equivalents	8	1,661	–	–	1,661	–	–	–	–
		8,317	–	–	8,317				
Financial assets measured at fair value									
Financial derivative assets	11	–	2,114	–	2,114	–	2,114	–	2,114
Financial liabilities not measured at fair value									
Trade and other payables	9	–	–	9,387	9,387	–	–	–	–
Interest-bearing borrowings	10	–	–	918,808	918,808	–	920,057	–	920,057
		–	–	928,195	928,195				
Financial liabilities measured at fair value									
Financial derivative liabilities	11	–	2,165	–	2,165	–	2,165	–	2,165

Notes to the Financial Statements

27. Capital and financial risk management (continued)

Accounting classifications and fair values (continued)

	Note	Carrying amount				Fair value			
		Loans and receivables $'000	Fair value – hedging instruments $'000	Other financial liabilities within scope of FRS 39 $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Trust									
2015									
Financial assets not measured at fair value									
Non-trade amounts due from subsidiaries	6	9,465	–	–	9,465	–	–	–	–
Trade and other receivables	7	23,012	–	–	23,012	–	–	–	–
Cash and cash equivalents	8	369	–	–	369	–	–	–	–
		32,846	–	–	32,846				
Financial assets measured at fair value									
Financial derivative assets	11	–	12,630	–	12,630	–	12,630	–	12,630
Financial liabilities not measured at fair value									
Trade and other payables	9	–	–	4,687	4,687	–	–	–	–
Interest-bearing borrowings	10	–	–	626,417	626,417	–	625,143	–	625,143
		–	–	631,104	631,104				
Financial liabilities measured at fair value									
Financial derivative liabilities	11	–	7,157	–	7,157	–	7,157	–	7,157

Estimation of fair value

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and Trust.

Financial derivatives

The fair values of non-deliverable forwards and interest rates are based on banks' quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the Group entity and counterparties when appropriate.

Interest–bearing borrowings

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

27. Capital and financial risk management (continued)

***Estimation of fair value** (continued)*

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities (including non-trade amounts due from subsidiaries, trade and other receivables, cash and cash equivalents, trade and other payables and current security deposits) are assumed to approximate their fair values because they are either short term in nature, or effect of discounting is immaterial. All other financial assets and liabilities (non-current security deposits) are discounted to determine their fair values.

Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, where applicable, are based on the forward yield curve as at 31 December 2016 plus an adequate constant credit spread, and are as follows:

	2016 % p.a.	2015 % p.a.
Interest–bearing borrowings	1.42 – 4.75	1.33 – 6.00
Security deposits	1.84 – 2.10	2.79

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Trust's statements of financial position; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the statement of financial position.

Financial instruments such as loans and receivables and financial liabilities are not disclosed in the tables below unless they are offset in the statements of financial position.

The Trust's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association ("ISDA") Master Agreements. In certain circumstances, for example when a termination event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

Under the agreements signed, the Trust and its counterparties neither have a legal obligation nor intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously. In addition, the right of set-off of recognised amounts is enforceable only following the occurrence of a termination event as set out in the agreements. Accordingly, the ISDA agreements do not meet the criteria for offsetting and the derivatives financial instruments presented below are not offset in the Statement of Financial Position.

Notes to the Financial Statements

27. Capital and financial risk management (continued)

Offsetting financial assets and financial liabilities *(continued)*

Financial assets and liabilities subject to offsetting and enforceable master netting arrangement under termination events

	Gross amounts of recognised financial instruments $'000	Gross amount of recognised financial instruments offset in the statement of financial position $'000	Net amounts of financial instruments presented in the statement of financial position $'000	Related amounts not offset in the statement of financial position $'000	Net amounts $'000
31 December 2016					
Financial assets					
Interest rate swaps	890	–	890	(159)	731
Non-deliverable forward	1,224	–	1,224	(336)	888
	2,114	–	2,114	(495)	1,619
Financial liabilities					
Interest rate swaps	236	–	236	(159)	77
Non-deliverable forward	1,929	–	1,929	(336)	1,593
	2,165	–	2,165	(495)	1,670
31 December 2015					
Financial assets					
Interest rate swaps	6,578	–	6,578	–	6,578
Non-deliverable forward	6,052	–	6,052	(987)	5,065
	12,630	–	12,630	(987)	11,643
Financial liabilities					
Non-deliverable forward	7,157	–	7,157	(987)	6,170

28. Subsequent events

On 26 January 2017, the Manager declared a distribution of 4.73 cents per Unit to Unitholders in respect of the period from 1 July 2016 to 31 December 2016.

Interested Person Transactions

The transactions entered into with interested persons during the financial year, which fall under the Listing Manual and the Property Funds Appendix of the CIS Code (excluding transactions of less than $100,0000 each), are as follows:

Name of Interested Persons	Aggregate value of all Interested person transactions during the financial year under review (excluding transactions of less than S$100,000 and transactions conducted under shareholder's mandate pursuant to Rule 920) S$'000	Aggregate value of all Interested person transactions during the financial year under review under shareholder's mandate pursuant to Rule 920 (excluding transactions of less than S$100,000) S$'000
CapitaLand Limited and its subsidiaries or associates		
- Acquisition fees on CapitaMall Xinnan	3,064	–
- Management fees[1]	11,920	–
- Property management fees (including reimbursables)	11,558	–
HSBC Institutional Trust Services (Singapore) Limited		
Trustee's fees	398	–

[1] For the purposes of Rule 907 of the Listing Manual of the SGX-ST, in arriving at this figure, the market price of the units (being the closing price of the units traded on the SGX-ST on the relevant date of issue of the units) issued to the Manager for its management fees, was used to determine the amount of the aggregate asset management fees paid to the Manager for the period from 1 January 2016 to 31 December 2016.

Saved as disclosed above, there were no additional Interested Person Transactions (excluding transactions of less than S$100,000 each) entered into during the financial period under review.

The fees and charges payable by CRCT to the Manager under the Trust Deed, and to the Property Managers under the Property Management Agreements (collectively, the "Exempted Agreements"), each of which constitutes a Interested Person Transaction, are deemed to have been specifically approved by the Unitholder upon purchase of the Units and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will affect CRCT. However, the renewal of such agreements will be subject to Rules 905 and 906 of the Listing Manual.

Please also see Related Party Transactions on note 23 in the financial statements.

SUBSCRIPTION OF CRCT UNITS

An aggregate of 945,766 Units were issued in relation to the performance component of the Manager's management fee paid during the year. As at 31 December 2016, 873,856,949 Units were in issue and outstanding. In the first quarter of 2017, 4,177,316 Units will be issued to the Manager as part payment of the performance component of its management fee for the financial year 2016.

Statistics of Unitholdings

As at 22 February 2017

ISSUED AND FULLY PAID UNITS

869,679,633 Units (voting rights: 1 vote per Unit)
Market Capitalisation: S$1,239,293,477 (based on closing Unit price of S$1.425 on 22 February 2017)

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 99	88	1.05	4,081	0.00
100 - 1,000	1,621	19.29	1,519,357	0.18
1,001 - 10,000	4,695	55.87	20,267,681	2.33
10,001 - 1,000,000	1,978	23.54	84,096,167	9.67
1,000,001 AND ABOVE	21	0.25	763,792,347	87.82
TOTAL	**8,403**	**100.00**	**869,679,633**	**100.00**

LOCATION OF UNITHOLDERS

Country	No. of Unitholders	%	No. of Units	%
Singapore	8,162	97.13	864,301,134	99.38
Malaysia	145	1.73	2,747,836	0.32
Others	96	1.14	2,630,663	0.30
TOTAL	**8,403**	**100.00**	**869,679,633**	**100.00**

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1	HSBC (Singapore) Nominees Pte Ltd	175,080,511	20.13
2	Retail Crown Pte. Ltd.	173,595,823	19.96
3	DBS Nominees (Private) Limited	169,161,513	19.45
4	Citibank Nominees Singapore Pte Ltd	115,317,281	13.26
5	CapitaLand Retail China Trust Management Limited	39,946,301	4.59
6	DBSN Services Pte. Ltd.	24,502,508	2.82
7	Raffles Nominees (Pte) Limited	16,138,066	1.86
8	UOB Kay Hian Private Limited	8,339,640	0.96
9	DBS Vickers Securities (Singapore) Pte Ltd	7,135,204	0.82
10	United Overseas Bank Nominees (Private) Limited	6,509,323	0.75
11	DB Nominees (Singapore) Ptd Ltd	4,509,597	0.52
12	BNP Paribas Securities Services Singapore Branch	4,506,779	0.52
13	Phillip Securities Pte Ltd	3,481,704	0.40
14	Maybank Kim Eng Securities Pte. Ltd.	3,261,037	0.37
15	OCBC Securities Private Limited	2,869,182	0.33
16	CIMB Securities (Singapore) Pte. Ltd.	2,189,017	0.25
17	OCBC Nominees Singapore Private Limited	2,065,226	0.24
18	Morgan Stanley Asia (Singapore) Securities Pte Ltd	1,519,895	0.17
19	Heng Siew Eng	1,254,001	0.14
20	Siong Lim Private Limited	1,249,740	0.14
	TOTAL	**762,632,348**	**87.68**

Statistics of Unitholdings

As at 22 February 2017

DIRECTORS' INTERESTS IN UNITS AND CONVERTIBLE SECURITIES AS AT 21 JANUARY 2017

Based on the Register of Directors' Unitholdings, save for those disclosed below, none of the Directors holds any interest in Units and convertible securities issued by CRCT.

	No. of Units		Contingent Awards of Units[1] under the Manager's	
Name of Director	Direct Interest	Deemed Interest	Performance Unit Plan	Restricted Unit Plan
Liew Cheng San Victor	167,724	–	–	–
Lim Ming Yan	200,259	–	–	–
Tony Tan Tee Hieong	39,995	–	0 to 143,010[2]	0 to 102,966[2,3]
Fong Heng Boo	34,526	–	–	–
Christopher Gee Kok Aun	19,504	–	–	–
Tan Kong Yam	11,039	–	–	–
Ng Kok Siong	277,136	–	–	–

1 This refers to the number of Units which are the subject of contingent awards granted but not released under the Manager's Performance Unit Plan (PUP) and Restricted Unit Plan (RUP). The final number of Units that will be released could range from 0% to a maximum of 200% of the baseline award under the PUP and from 0% to a maximum of 150% of the baseline award under the RUP.

2 The final number of Units to be released will depend on the achievement of pre-determined targets at the end of the respective performance periods for the PUP and RUP.

3 On the final vesting, an additional number of Units of a total value equal to the value of the accumulated distributions which are declared during each of the vesting periods and deemed foregone due to the vesting mechanism of RUP, will also be released.

Statistics of Unitholdings

As at 22 February 2017

SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS AS AT 22 FEBRUARY 2017

Based on the information available to the Manager as at 22 February 2017, the unitholdings of Substantial Unitholders of CRCT are as follows:

	Direct Interest		Deemed Interest	
Name of Substantial Unitholder	**No. of Units**	**%**	**No. of Units**	**%**
Temasek Holdings (Private) Limited (THPL)	–	–	342,959,124[1]	39.44
CapitaLand Limited (CL)	–	–	336,247,124[2]	38.66
CapitaLand Mall Asia Limited (CMA)	–	–	336,247,124[3]	38.66
CapitaLand Retail China Pte. Ltd. (CLRC)	–	–	173,595,823[4]	19.96
Retail Crown Pte. Ltd.	173,595,823	19.96	–	–
HSBC Institutional Trust Services (Singapore) Limited, as trustee of CapitaLand Mall Trust	122,705,000	14.11	–	–
Matthews International Capital Management, LLC (MICM)	–	–	57,970,120[5]	6.67
Matthews International Funds (MIF)	–	–	49,785,700[6]	5.72
AIA Group Limited (AIAGL)	–	–	48,023,369[7]	5.52
AIA Company Limited (AIACL)	–	–	48,023,369[8]	5.52
AIA Singapore Private Limited	48,023,369	5.52	–	–
AIA Investment Management Private Limited (AIAIMPL)	–	–	48,023,369[9]	5.52

1 THPL is deemed to have an interest in the unitholdings in which its associated companies have or are deemed to have an interest pursuant to Section 4 of the Securities and Futures Act, Chapter 289 of Singapore. THPL is wholly owned by the Minister for Finance.

2 CL is deemed to have an interest in the unitholdings of HSBC Institutional Trust Services (Singapore) Limited, as trustee of CapitaLand Mall Trust, and its indirect wholly owned subsidiaries namely, Retail Crown Pte. Ltd. and the Manager.

3 CMA is deemed to have an interest in the unitholdings of HSBC Institutional Trust Services (Singapore) Limited, as trustee of CapitaLand Mall Trust, and its indirect wholly owned subsidiaries namely, Retail Crown Pte. Ltd. and the Manager.

4 CLRC is deemed to have an interest in the unitholdings of its direct wholly owned subsidiary namely, Retail Crown Pte. Ltd..

5 MICM is a U.S. registered investment advisor who has a discretionary authority over its clients' investment.

6 MIF is deemed to have an interest in the unitholdings of Brown Brothers Harriman & Co, the custodian for Units owned by MIF.

7 AIAGL is deemed to have an interest in the unitholdings of its direct wholly owned subsidiary namely, AIACL which in turn, is deemed to have an interest in the unitholdings of its direct wholly owned subsidiary namely, AIA Singapore Private Limited.

8 AIACL is deemed to have an interest in the unitholdings of its direct wholly owned subsidiary namely, AIA Singapore Private Limited.

9 AIAIMPL is deemed to be interested in the 48,023,369 Units held on behalf of its clients as investment managers.

PUBLIC FLOAT

Based on the information available to the Manager, approximately 48.29% of the Units in CRCT were held in the hands of the public as at 22 February 2017. Accordingly, Rule 723 of the Listing Manual of the SGX-ST has been compiled with.

Mall Directory

CapitaMall Xizhimen
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CapitaMall Grand Canyon
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Stock Code: AU8U
Counter Name: CapitaR China TR

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Partner-In-Charge: Ronald Tay
Appointed: With effect from financial year ended 31 December 2012

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THE MANAGER

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BOARD OF DIRECTORS
Liew Cheng San Victor
Chairman & Non-Executive Independent Director

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

Tony Tan Tee Hieong
Chief Executive Officer & Executive Non-Independent Director

Fong Heng Boo
Non-Executive Independent Director

Christopher Gee Kok Aun
Non-Executive Independent Director

Professor Tan Kong Yam
Non-Executive Independent Director

Ng Kok Siong
Non-Executive Non-Independent Director

AUDIT COMMITTEE
Fong Heng Boo
Chairman

Christopher Gee Kok Aun
Professor Tan Kong Yam
Ng Kok Siong

CORPORATE DISCLOSURE COMMITTEE
Liew Cheng San Victor
Chairman

Lim Ming Yan
Ng Kok Siong

EXECUTIVE COMMITTEE
Lim Ming Yan
Chairman

Tony Tan Tee Hieong
Ng Kok Siong

COMPANY SECRETARIES
Lee Ju Lin, Audrey
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As Manager of CapitaLand Retail China Trust
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