

SCHEME DOCUMENT

DATED 17 JULY 2021



THIS SCHEME DOCUMENT REQUIRES YOUR IMMEDIATE ATTENTION.

PLEASE READ CAREFULLY.

IF YOU ARE IN ANY DOUBT ABOUT THIS SCHEME DOCUMENT OR THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all of your shares in the capital of CapitaLand Limited, you should immediately forward this Scheme Document together with the Notice of Extraordinary General Meeting and the Notice of Scheme Meeting and the accompanying Proxy Forms to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

In relation to the Proposed Strategic Restructuring and Demerger of the Investment Management Business of CapitaLand Limited.

SHARPENING FOCUS UNLOCKING VALUE

CapitaLand proposes the Scheme to create two distinct entities that will sharpen our focus on strategic growth and unlock value for shareholders.



CapitaLand Limited
(Incorporated in the Republic of Singapore)
(Company Registration No.: 198900036N)

CLA Real Estate Holdings Pte. Ltd.
(Incorporated in the Republic of Singapore)
(Company Registration No.: 201429036E)

**Financial Adviser to
CapitaLand Limited**
J.P. Morgan (S.E.A.) Limited
(Incorporated in the Republic of Singapore)
(Company Registration No.: 198500154W)

**Financial Adviser to
CLA Real Estate Holdings Pte. Ltd.**
DBS Bank Ltd.
(Incorporated in the Republic of Singapore)
(Company Registration No.: 196800306E)

**Independent Financial Adviser to the Independent
Directors of CapitaLand Limited**
Evercore Asia (Singapore) Pte. Ltd.
(Incorporated in the Republic of Singapore)
(Company Registration No.: 201321328D)

IMPORTANT DATES AND TIMES

Latest date and time for lodgement of EGM Proxy Form	Saturday, 7 August 2021, at 2.00 p.m.
Latest date and time for lodgement of Scheme Meeting Proxy Form	Saturday, 7 August 2021, at 2.15 p.m.
Latest date to pre-register online to attend the EGM and the Scheme Meeting	Saturday, 7 August 2021, at 2.15 p.m.
Date and time of EGM	Tuesday, 10 August 2021, at 2.00 p.m.
Date and time of Scheme Meeting	Tuesday, 10 August 2021, at 2.15 p.m. (or in the event that the EGM concludes after 2.15 p.m., as soon thereafter following the conclusion of the EGM)

The Extraordinary General Meeting ("EGM") and the Scheme Meeting will be held by way of electronic means. As a precautionary measure due to the COVID-19 situation in Singapore, Shareholders and persons who hold Shares through Relevant Intermediaries will not be able to attend the EGM and the Scheme Meeting in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate in the EGM and the Scheme Meeting via electronic means. Shareholders should refer to the Company's announcement dated 17 July 2021 in relation to such arrangements, which is available on the SGXNET and the Company's website, for further information.

Shareholders should note that the Company may make further changes to the EGM and Scheme Meeting arrangements (including but not limited to any applicable alternative arrangements as may be prescribed or permitted (as the case may be) under the COVID-19 (Temporary Measures) Act 2020 and any regulations promulgated thereunder (including the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020) as well as other guidelines issued by the relevant authorities) as the situation evolves. Shareholders are advised to keep abreast of any such changes as may be announced by the Company from time to time on SGXNET and on the Company's website.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Scheme Document.

This Scheme Document does not constitute, and is not intended to be, an offer, or a notice, circular or advertisement calling or drawing attention to an offer to the public or to subscribe for or to purchase any CLI Shares or CICT Units (each as defined herein). Concurrently with the issue of this Scheme Document, CLI has also issued the Introductory Document which sets out detailed information on CLI. Please read the Introductory Document carefully.

The distribution of this Scheme Document may be prohibited or restricted by law in certain jurisdictions. The Company requires persons into whose possession this Scheme Document comes to inform themselves of and to observe any such prohibition or restriction at their own expense and without liability to the Company. Persons to whom a copy of this Scheme Document has been issued shall not circulate to any other person, reproduce or otherwise distribute this Document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

This Scheme Document is not an offer of securities for sale in the United States. CLI Shares and CICT Units to be issued in connection with the Scheme will not be, and are not required to be, registered with the SEC under the Securities Act or the securities laws of any state of the United States and will be issued in reliance on the exemption from the registration requirements of the Securities Act provided by section 3(a)(10) of the Securities Act and available exemptions from such state law registration requirements. Neither the SEC nor any other US federal or state securities commission or regulatory authority has approved or disapproved of the CLI Shares or CICT Units or passed an opinion on the adequacy of this document. Any representation to the contrary is a criminal offence in the United States. Persons who are affiliates (within the meaning of the Securities Act) of CapitaLand Limited, CapitaLand Investment Limited or CapitaLand Integrated Commercial Trust prior to, or of CapitaLand Investment Limited or CapitaLand Integrated Commercial Trust after, the Effective Date will be subject to certain US transfer restrictions relating to the CLI Shares or CICT Units received pursuant to the Scheme. Overseas Shareholders, including but not limited to those in the United States, are advised to read "IMPORTANT NOTICE TO OVERSEAS SHAREHOLDERS" and paragraph 19 of the Letter to Shareholders (Overseas Shareholders) in this document.

Who to contact if you need help:
If you require further assistance or information, please contact:

CapitaLand Limited **J.P. Morgan (S.E.A.) Limited**
Investor and analyst contact Investment Banking
Grace Chen Tel: +65 6882 8139
Head, Investor Relations
Tel: +65 6713 2883
Email: grace.chen@capitaland.com

DBS Bank Ltd.
Strategic Advisory
Tel: +65 6878 4620

Media contact
Tan Bee Leng
Head, Group Communications
Tel: +65 6713 2871
Email: tan.beeleng@capitaland.com

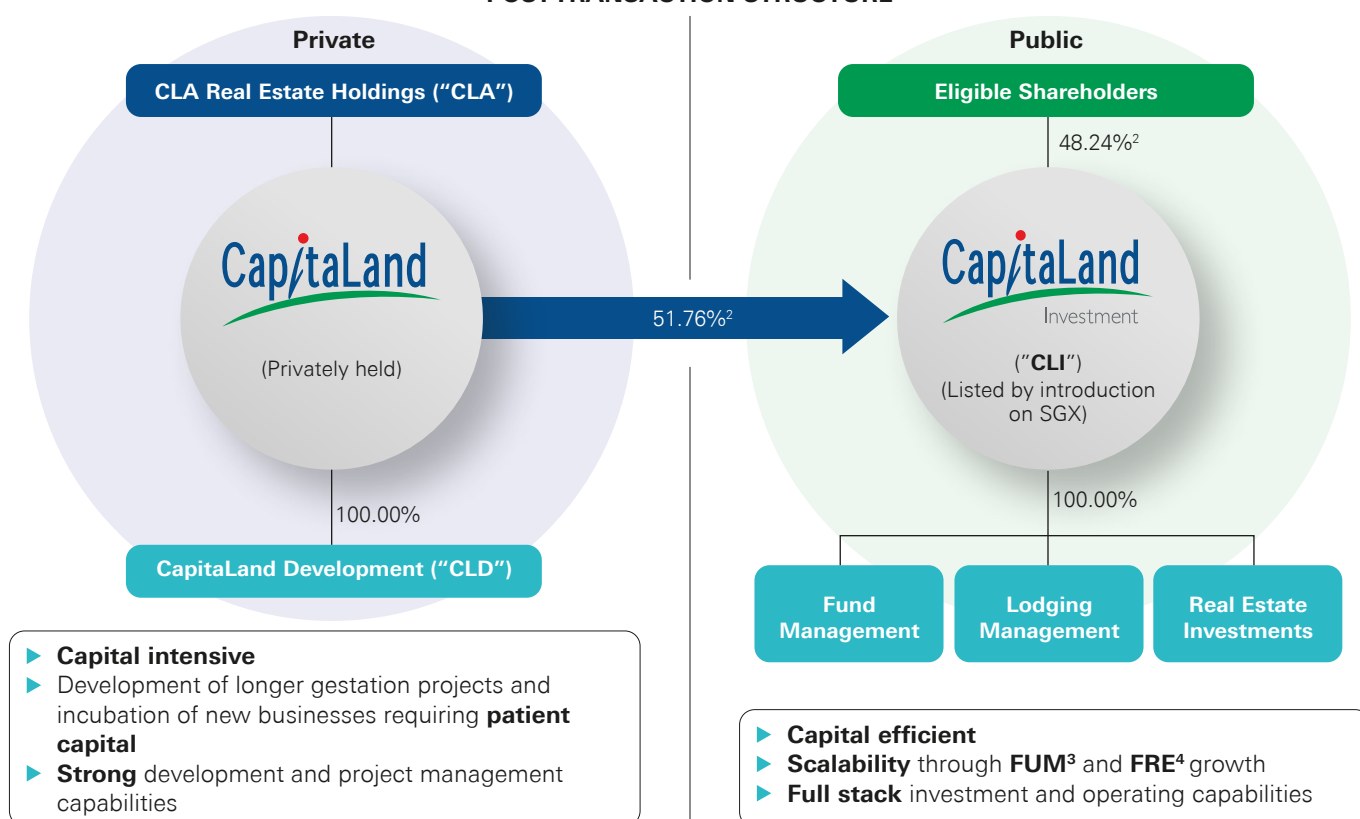
All capitalised terms shall, if not otherwise defined, have the same meanings ascribed to them in this Scheme Document. All references to dates and times are to Singapore dates and times.

SHARPEN STRATEGIC FOCUS

Development business to be privatised

Investment Management business to be listed¹

POST-TRANSACTION STRUCTURE



Notes:

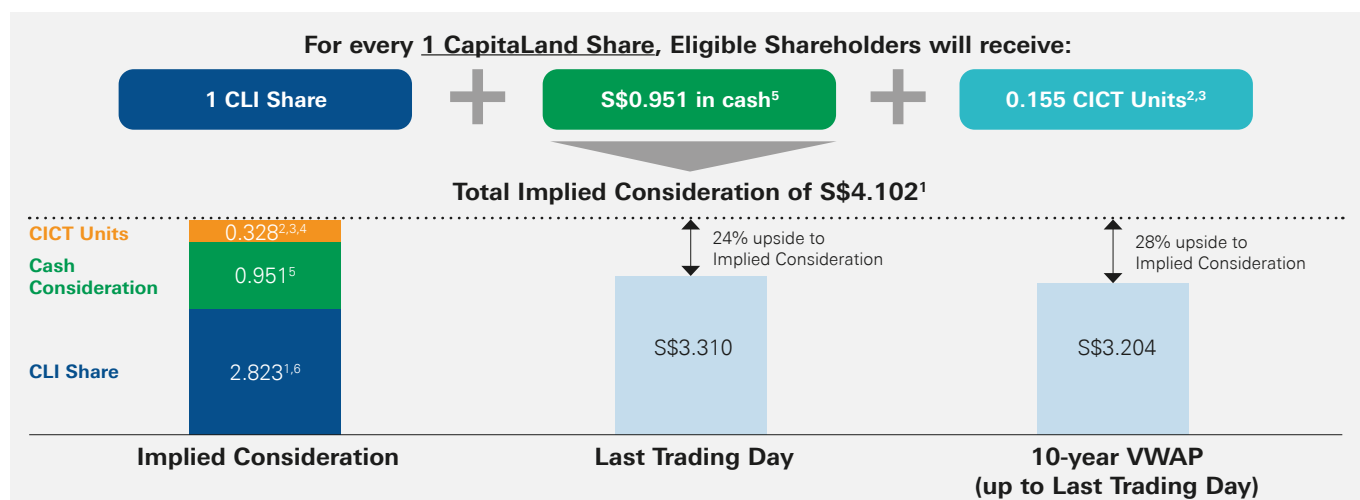
¹ Illustrating relevant entities only

² Based on shareholdings as at 7 July 2021

³ Funds Under Management; Refers to the share of total assets under CLI's listed funds and unlisted funds (private funds and/or investment vehicles (including but not limited to programs, joint ventures and co-investments managed by our Group from time to time))

⁴ Fee Related Earnings; Refers to IAM fee revenue from CLI's listed funds and unlisted funds (private funds and/or investment vehicles (including but not limited to programs, joint ventures and co-investments managed by our Group from time to time))

IMPLIED CONSIDERATION FOR ELIGIBLE SHAREHOLDERS



Source: Bloomberg, FactSet as at 7 July 2021

Notes: Eligible Shareholders exclude CLA; Last Trading Day – 19 March 2021

¹ Based on share capital of 5,203,195,792 CapitaLand Shares (excluding treasury shares) as at 7 July 2021

² The number of CICT Units which each Eligible Shareholder shall be entitled to pursuant to the Scheme shall be rounded down to the nearest whole number, and fractional entitlements shall be disregarded

³ The distribution ratio of the CICT DIS is derived based on 388,242,247 CICT Units divided by 2,510,089,243, being the number of CapitaLand Shares held by the Eligible Shareholders as at 7 July 2021. Such distribution ratio will not change assuming there is no change to CLA's shareholding in CapitaLand as at the Record Date. CLA will not participate in the CICT DIS and the CICT Units that CLA would have been entitled to receive had it participated in the CICT DIS will be distributed to Eligible Shareholders as part of the Scheme

⁴ Based on CICT's 1 month VWAP of \$S\$2.122/CICT Unit as at Last Trading Day. The 1 month VWAP up to 7 July 2021 is \$S\$2.120/CICT Unit

⁵ The aggregate Cash Consideration that is payable by CLA to any Eligible Shareholder as at the Record Date in respect of the Shares held by such Eligible Shareholder will be rounded to the nearest whole cent

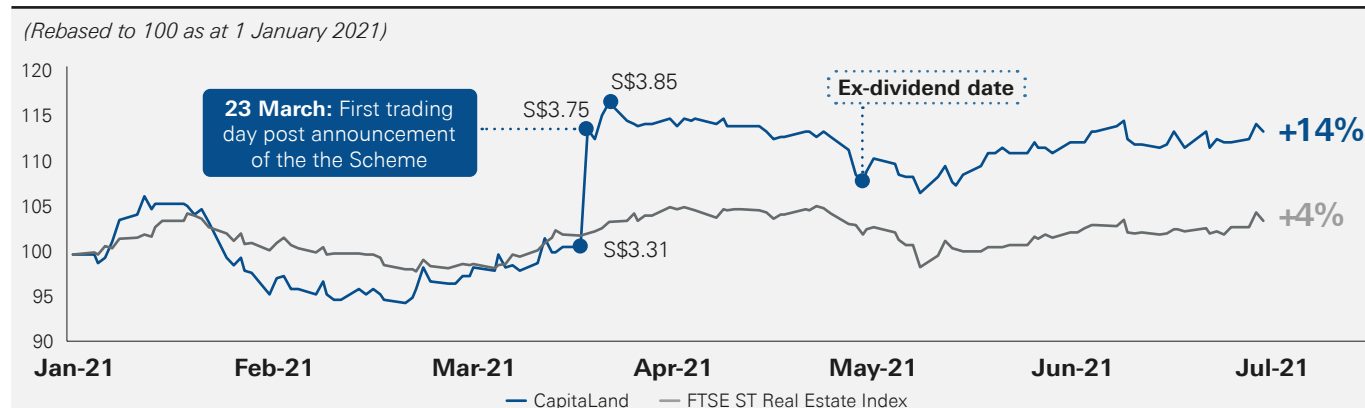
⁶ Based on CLI's pro forma NAV of \$S\$14.7B as at 31 December 2020, excluding the effects of acquisitions and disposals. CLI is valued at 1x NAV for illustrative purpose to determine Implied Consideration. CLI's pro forma NAV including the effects of acquisitions and disposals is \$S\$15.1B (\$S\$2.897/share)

All capitalised terms shall, if not otherwise defined, have the same meanings ascribed to them in this Scheme Document. All references to dates and times are to Singapore dates and times.

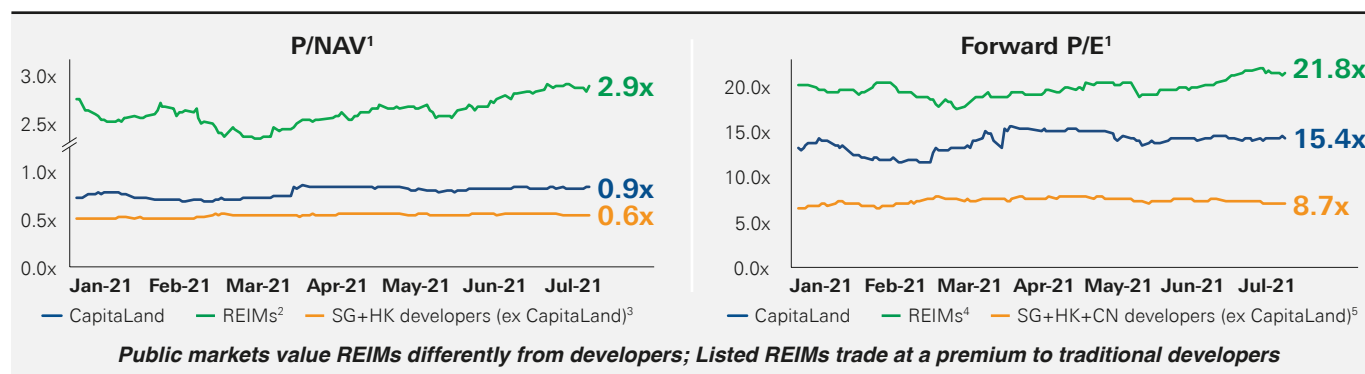
UNLOCK LONG-TERM VALUE

CapitaLand's YTD share price performance signals positive market reception to the Scheme

YTD SHARE PRICE PERFORMANCE



MULTIPLES PERFORMANCE



Source: FactSet as at 7 July 2021

Notes:

¹ From 1 January 2021 to 7 July 2021

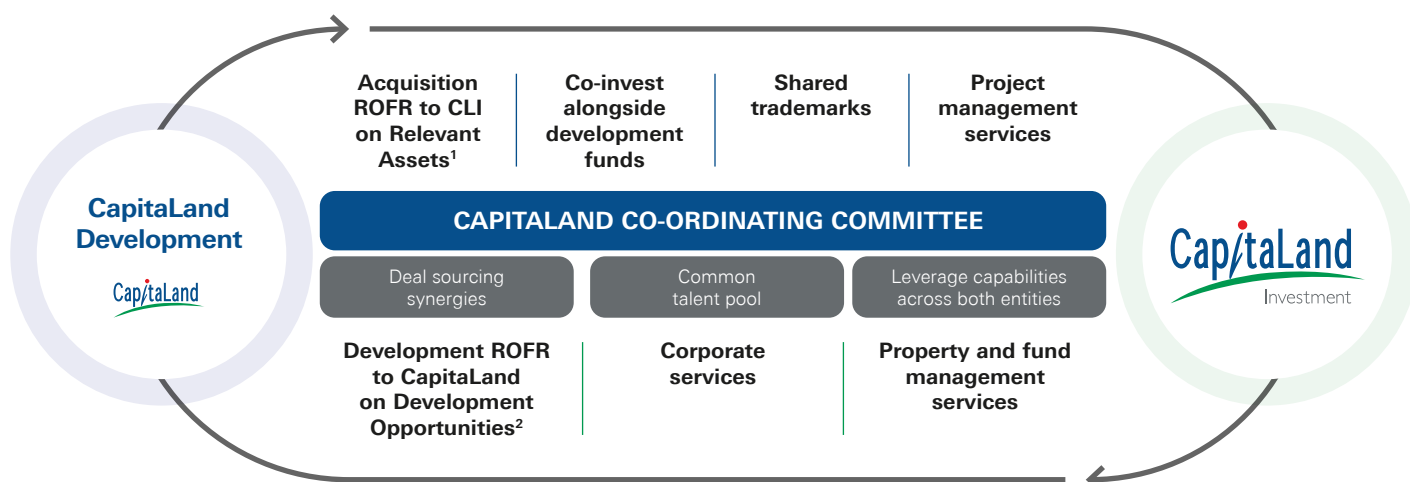
² Based on market cap weighted average; includes Charter Hall Group, Goodman Group, Lendlease Group, ESR Cayman Ltd.

³ Based on market cap weighted average; includes City Developments Limited, Frasers Property Ltd., Singapore Land Group Ltd., Sun Hung Kai Properties Limited, Hang Lung Properties Limited, CK Asset Holdings Limited

⁴ Based on market cap weighted average; includes Charter Hall Group, Goodman Group, Lendlease Group, ESR Cayman Ltd., Brookfield Asset Management Inc., Blackstone Group Inc.

⁵ Based on market cap weighted average; includes City Developments Limited, Frasers Property Ltd., Sun Hung Kai Properties Limited, Hang Lung Properties Limited, CK Asset Holdings Limited, China Vanke Co. Ltd, China Resources Land Limited

PRESERVE THE BENEFITS OF THE CAPITALAND ECOSYSTEM



Notes:

¹ The ROFR will become effective on the Listing Date and operate to give CLI a right of first refusal under certain terms and conditions to acquire Relevant Assets that Capitaland or any of its subsidiaries wishes to dispose of. CLI may exercise the right to acquire the Relevant Assets (or, as the case may be, the interests in the Relevant Assets) for its own portfolio of pipeline assets, or CLI may exercise it in favour of any Relevant CLI Entity. "Relevant Assets" refers to any operational, income-producing properties for the following non-exhaustive uses: residential, retail, office, business park, industrial, logistics, data centre and mixed use properties, and lodging related (including multifamily, purpose-built student accommodation, hotels and serviced apartments, amongst others) located anywhere in the world, and where the context so admits, shall include the shares and equity interests of any single purpose company or entity established to hold the Relevant Asset

² "Development Opportunity" refers to any investment opportunity that is identified for acquisition/investment by any member of the CLI Group, in the development or redevelopment (excluding asset enhancement initiatives) of any real estate for the following non-exhaustive uses: residential, retail, office, business park, industrial, logistics, and/or data centre, mixed use, and lodging related (including multi-family, purpose-built student accommodation, hotels and serviced apartments, amongst others) located anywhere in the world

All capitalised terms shall, if not otherwise defined, have the same meanings ascribed to them in this Scheme Document. All references to dates and times are to Singapore dates and times.

AIM TO ACCELERATE GROWTH OF CAPITALAND'S BUSINESSES AND DRIVE GREATER SHAREHOLDER VALUE



KEY POSITIVES

- Sharpen development mandate and investment management expertise to accelerate growth
- Immediate unlocking of value for Shareholders with the privatisation of development business
- Shareholders to continue to participate in the growth of CLI, which remains supported by the unique CapitaLand Ecosystem



GLOBAL

- ▶ A leading listed global REIM¹
- ▶ Strong Asian presence
- ▶ Unique integrated platform with diversified RE and sector expertise



EXECUTION

- ▶ Double-digit FUM growth² and healthy margins
- ▶ Diversified FUM base
- ▶ Resilient, asset-light Lodging Management business



LEADERSHIP

- ▶ Strong leadership team with relevant experience
- ▶ Global network of over 260 Investment and Asset Management ("IAM")³ specialists

Notes:

¹ By RE AUM, as at 30 June 2020. Source: IPE Top 150 Real Estate Investment Managers 2020

² FY2015 – FY2020 CAGR of ~11%

³ As at 7 July 2021 (As if the Scheme had been completed)

Please read the information above together with and in the context of the Introductory Document, which sets out detailed information on CLI

OPINION AND RECOMMENDATION

OPINION OF INDEPENDENT FINANCIAL ADVISER

An extract of the Independent Financial Adviser ("IFA") Letter is reproduced below:

"....we are of the opinion that as of the Latest Practicable Date, from a financial point of view, the Consideration is **FAIR AND REASONABLE**.

Accordingly, we advise the Independent Directors to recommend Shareholders to **VOTE IN FAVOUR of the Scheme and the DIS.**"

EVERCORE

RECOMMENDATION OF THE INDEPENDENT DIRECTORS

An extract of the recommendation from the Independent Directors of the Company is set out below:

"The Independent Directors, having considered carefully the terms of the DIS and the Scheme and the advice given by the IFA in the IFA Letter, concur with the recommendation of the IFA in respect of the DIS and the Scheme. Accordingly, the Independent Directors recommend that Shareholders **VOTE IN FAVOUR** of the DIS at the EGM, and **VOTE IN FAVOUR** of the Scheme at the Scheme Meeting."

CapitaLand

It is important that you read these extracts together with and in the context of the IFA Letter and recommendation of the Independent Directors in full, which can be found in paragraphs 16 and 17 of the Scheme Document – Letter to Shareholders. You are advised against relying solely on these extracts, which are only meant to draw attention to the conclusion and opinion of the IFA and the recommendation from the Independent Directors.

CONTACT INFORMATION

CAPITALAND LIMITED

J.P. Morgan (S.E.A.) Limited
Investment Banking
Tel: +65 6882 8139

CapitaLand Limited
Investor Relations
Tel: +65 6713 2888

CLA REAL ESTATE HOLDINGS PTE. LTD.

DBS Bank Ltd.
Strategic Advisory
Tel: +65 6878 4620

ALL RESOURCES ON ONE PLATFORM

Please visit https://investor.capitaland.com/agm_egm.html for information and documents related to CapitaLand Limited's Extraordinary General Meeting ("EGM") and Scheme Meeting (the "Meetings") to be held on 10 August 2021



Scan QR for direct access

WHAT YOU CAN FIND AT OUR WEBSITE

- Scheme Document
- Introductory Document
- Notice of EGM
- Notice of Scheme Meeting
- Proxy Form A for EGM
- Proxy Form B for Scheme Meeting
- Instructions on how to complete and submit the Proxy Forms
- Registration link to submit instruments of proxy electronically ("e-Proxy Forms") and attend the EGM and Scheme Meeting to be held on 10 August 2021
- Request Form for Hardcopy Scheme Document and Introductory Document

The Scheme Document, Introductory Document, Notices of the Meetings and Proxy Forms A and B are also available on the website of the SGX-ST at <https://www.sgx.com/securities/company-announcements>.

ACTIONS REQUIRED FROM SHAREHOLDERS – YOUR PARTICIPATION MATTERS

01

PLEASE READ THE NOTICE OF EGM AND NOTICE OF SCHEME MEETING.

Resolutions requiring Shareholders' approval are detailed in each of the Notices for your information.

The Scheme Document and Introductory Document containing detailed information on the DIS, the Scheme and CapitaLand Investment Limited are also available on the same website for your reference.

02

PLEASE SUBMIT PROXY FORM A OR THE E-PROXY FORM FOR THE EGM AND PROXY FORM B OR THE E-PROXY FORM FOR THE SCHEME MEETING WITH YOUR VOTING INSTRUCTIONS.

As a precautionary measure due to the COVID-19 situation in Singapore, you will not be able to attend the Meetings in person. Therefore, please appoint the Chairman of the Meetings to vote on your behalf at the Meetings.

THREE WAYS TO SUBMIT THE PROXY FORMS:

01 BY E-PROXY FORMS (for Shareholders who are individuals only)*

Complete the e-Proxy Forms following registration for the Meetings via the pre-registration website at https://investor.capitaland.com/agm_egm.html

02 BY EMAIL (for all Shareholders whether individuals or corporates)

Email the PDF copies of the completed Proxy Forms A and B to CapitaLand2021@boardroomlimited.com

03 BY MAIL (for all Shareholders whether individuals or corporates)

Send the completed Proxy Forms A and B by post to:

CAPITALAND LIMITED
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

(Please cater sufficient time for mail to be delivered)

Proxy Form A or the e-Proxy Form (for EGM) must reach the Company's Share Registrar or be submitted no later than **2:00 p.m. on 7 August 2021** and Proxy Form B or the e-Proxy Form (for Scheme Meeting) must reach the Company's Share Registrar or be submitted no later than **2:15 p.m. on 7 August 2021** to be valid.

* Instruments of proxy executed under a power of attorney on behalf of an individual or by executors on behalf of a deceased individual's estate may only be submitted by email or post.

03

JOIN THE EGM AND SCHEME MEETING TO BE HELD VIRTUALLY, STARTING AT 2:00 P.M. AND 2:15 P.M.*, RESPECTIVELY ON 10 AUGUST 2021.

- ▶ Shareholders will have the opportunity to ask questions during the live Questions and Answers session at the Meetings.
- ▶ Shareholders may also submit questions prior to the Meetings.

** Or in the event that the EGM concludes after 2.15 p.m., as soon as possible thereafter following the conclusion of the EGM*

Please find instructions in the Notice of EGM and Notice of Scheme Meeting.

REGISTER ONLINE BY SATURDAY, 7 AUGUST 2021, 2:15 P.M.

Confirmation email with login details will be sent to authenticated Shareholders by 5:00 p.m. on Sunday, 8 August 2021.

All capitalised terms shall, if not otherwise defined, have the same meanings ascribed to them in this Scheme Document. All references to dates and times are to Singapore dates and times.

The Chinese version of this section of the Scheme Document is provided for convenience only. In the event there is any inconsistency or conflict between the Chinese version and the English version, the English version shall prevail. The directors of the Company do not accept any responsibility for the translation.

WHY YOUR PARTICIPATION MATTERS

POSSIBLE OUTCOMES FOR THE EGM AND THE SCHEME MEETING

- The DIS Resolution to be approved at the EGM and the Scheme Resolution to be approved at the Scheme Meeting are INTER-CONDITIONAL
- The Offeror, CLA, will abstain from voting at both the EGM and the Scheme Meeting

RESOLUTIONS

APPROVAL THRESHOLDS

EGM (PROXY FORM A)

To approve the Capital Reduction and Distribution *In Specie*

- ▶ Of all the CapitaLand Shares voted (in person or by proxy) at the EGM, at least 75% of CapitaLand Shares voted "For"

SCHEME MEETING (PROXY FORM B)

To approve the Scheme of Arrangement

- ▶ Of all the CapitaLand Shares voted (in person or by proxy) at the Scheme Meeting, at least 75% of CapitaLand Shares voted "For"
- ▶ Of all the Shareholders present and voting (in person or by proxy) at the Scheme Meeting, more than 50% in number voted "For"

YOUR VOTES MAY RESULT IN THE POSSIBLE OUTCOMES BELOW:

SCENARIO 1

EGM

The DIS Resolution is approved

AND

Scheme Meeting

The Scheme Resolution is approved

OUTCOME 1

Subject to the approval of the DIS by the Court and the sanction of the Scheme by the Court, the DIS and the Scheme will proceed:¹

1. CapitaLand Investment Limited will be listed; and
2. CapitaLand Limited will be privatised and delisted.

SCENARIO 2

The DIS Resolution at the EGM **and/or** the Scheme Resolution at the Scheme Meeting are/is not approved

OUTCOME 2

The DIS and the Scheme will not proceed.

WE LOOK FORWARD TO YOUR SUPPORT TO ACCELERATE CAPITALAND'S GROWTH.

¹ Assuming all the other Scheme Conditions are satisfied and/or waived (as the case may be) by the Long Stop Date.

All capitalised terms shall, if not otherwise defined, have the same meanings ascribed to them in this Scheme Document. All references to dates and times are to Singapore dates and times.

The Chinese version of this section of the Scheme Document is provided for convenience only. In the event there is any inconsistency or conflict between the Chinese version and the English version, the English version shall prevail. The directors of the Company do not accept any responsibility for the translation.

INSTRUCTIONS ON HOW TO COMPLETE THE PROXY FORMS A AND B

As a precautionary measure due to the COVID-19 situation in Singapore, Shareholders will not be able to attend the Meetings in person. Please appoint the Chairman of the Meetings to vote on your behalf at the Meetings by completing and submitting the Proxy Forms in the following manner:

- **For Shareholders who are individuals² only** ▶ Submitting the e-Proxy Forms at the pre-registration website for the Meetings at https://investor.capitaland.com/agm_egm.html;
- **For all Shareholders whether individuals or corporates** ▶ Emailing the PDF copies of the completed blue Proxy Form A (for EGM) AND green Proxy Form B (for Scheme Meeting) to **CapitalLand2021@boardroomlimited.com**; or
- **For all Shareholders whether individuals or corporates** ▶ Posting the completed blue Proxy Form A (for EGM) AND green Proxy Form B (for Scheme Meeting) to **50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623**.

The Proxy Forms A and B are enclosed here and are also available on CapitalLand's website at https://investor.capitaland.com/agm_egm.html.

If you are submitting the e-Proxy Forms at the pre-registration website for the Meetings, please follow the instructions indicated on the pre-registration website.

If you are submitting the Proxy Forms by post or via email, please follow the instructions set out below:

STEP 1: COMPLETE PROXY FORMS A AND B IN HARDCOPY OR PDF

A Fill in your name and particulars.

Proxy Form A (for EGM):

If you wish to exercise all your votes "FOR" or "AGAINST" or "ABSTAIN" from voting, please indicate with a "✓" in the "FOR", "AGAINST" or "ABSTAIN" box provided in respect of the DIS Resolution. Alternatively, please indicate the number of votes as appropriate.

B

Proxy Form B (for Scheme Meeting):

You may only cast all the votes you use at the Scheme Meeting in one way.* If you wish to exercise all your votes "FOR" or "AGAINST" or "ABSTAIN" from voting, please indicate with a "✓" in the "FOR", "AGAINST" or "ABSTAIN" box provided in respect of the Scheme Resolution. **DO NOT TICK MORE THAN ONE BOX.**

*Except for Relevant Intermediaries who may indicate the number of votes as appropriate.

▶ If you are an individual, you or your attorney must sign and indicate the date.

▶ If you are a corporate holder, the Proxy Forms A and B must be executed under the corporation's common seal/stamp and signed by a duly authorised officer or attorney.** Where the Proxy Forms A and B are signed by an attorney, the power of attorney or a duly certified copy thereof must be lodged together with the Proxy Forms.

**In the absence of the common seal/stamp, the Proxy Forms A and B should include two authorised signatories.

D Please indicate the number of CapitalLand Shares you hold.

SCHEME MEETING PROXY FORM

CAPITALAND LIMITED
Company Registration No. 198900036N
(Incorporated in the Republic of Singapore)

SCHEME MEETING PROXY FORM ("PROXY FORM B")

IMPORTANT

1. All capitalised terms used in this Scheme Meeting Proxy Form which are not otherwise defined herein shall have the same meanings ascribed to them in the Scheme Document to shareholders of the Company dated 17 July 2021 (the "Scheme Document").

2. The Scheme Meeting is being convened, and will be held, by way of electronic means. The Scheme Meeting will be held on 10 August 2021, at 2.15 p.m. or in the event that the EGM concludes after 2.15 p.m., as soon as possible thereafter following the conclusion of the EGM. This Scheme Meeting Proxy Form will be sent to Shareholders by electronic means via publication on the Company's website at the URL https://investor.capitaland.com/agm_egm.html and will also be made available on the SCD website at the URL https://investor.capitaland.com/agm_egm.html in accordance with the SCD. Shareholders are advised to check the SCD website for any updates.

3. Alternative arrangements relating to attendance at the Scheme Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Scheme Meeting in advance of and/or live at the Scheme Meeting, addressing of substantial and relevant questions prior to, and/or at, the Scheme Meeting and voting by appointing the Chairman of the Scheme Meeting as proxy at the Scheme Meeting, are set out in the Notice of Scheme Meeting.

4. As a precautionary measure due to the COVID-19 situation in Singapore, Shareholders and persons who hold Shares through Relevant Intermediaries (as defined in the Scheme Document) will not be able to attend the Scheme Meeting in person. A Shareholder (whether individual or corporate) may appoint the Chairman of the Scheme Meeting as his/her/his proxy to attend, speak and vote on his/her/his behalf at the Scheme Meeting. If such Shareholder wishes to exercise his/her/his voting rights at the Scheme Meeting.

5. This Scheme Meeting Proxy Form is not valid for use by persons who hold Shares through Relevant Intermediaries and shall be ineffective for all intents and purposes if used or purported to be used by them. CPFS Members and SPFS Investors who wish to appoint the Chairman of the Scheme Meeting as proxy should approach their respective CPF agent banks or SPFS approved banks to submit their votes to 5.00 p.m. on 29 July 2021, being 7 working days before the date of the Scheme Meeting.

6. By submitting an instrument of proxy appointing the Chairman of the Scheme Meeting as proxy, the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of Scheme Meeting.

Please read the notes overlaid which contain instructions on, inter alia, the appointment of the Chairman of the Scheme Meeting as a Shareholder's proxy to attend, speak and vote on his/her/his behalf at the Scheme Meeting.

I/We, _____ (Name) _____ (NRIC/Passport/Co. Regn. No.) of _____ (Address) _____, being a member / members of CAPITALAND LIMITED (the "Company"), hereby appoint the Chairman of the Scheme Meeting as my / our proxy to attend, speak and vote for me / us on my / our behalf at the Scheme Meeting to be convened and held by way of electronic means on 10 August 2021 at 2.15 p.m. (Singapore time) (or in the event that the EGM concludes after 2.15 p.m., as soon as possible thereafter following the conclusion of the EGM) and at any adjournment thereof.

I/We direct the Chairman of the Scheme Meeting as my/our proxy to vote for or against, or to abstain from voting on, the Resolution to be proposed at the Scheme Meeting as indicated hereunder:

	For	Against	Abstain
B RESOLUTION: TO APPROVE THE SCHEME OF ARRANGEMENT			

Voting will be conducted by poll.

A Shareholder who is not a Relevant Intermediary

If you are a Shareholder (other than a Relevant Intermediary), you may only cast all the votes you use at the Scheme Meeting in one way:

(i) If you wish to appoint the Chairman of the Scheme Meeting as your proxy to cast all your votes "For" or "Against" the resolution, please indicate with a tick "✓" in the "For" or "Against" box provided in respect of the resolution; or

(ii) If you wish to appoint the Chairman of the Scheme Meeting to abstain from voting on the resolution, please indicate with a tick "✓" in the "Abstain" box provided in respect of the resolution.

DO NOT TICK MORE THAN ONE BOX.

B Shareholder who is a Relevant Intermediary

If you are a Relevant Intermediary, please indicate (i) the number of votes "For" or "Against" the Chairman of the Scheme Meeting as your proxy is directed to cast in the "For" or "Against" box provided in respect of the resolution and (ii) the number of votes "Abstain" the Chairman of the Scheme Meeting as your proxy is directed to abstain from voting in the "Abstain" box provided in respect of the resolution.

In the absence of specific directions in respect of the resolution, the appointment of the Chairman of the Scheme Meeting as your proxy for the resolution will be treated as invalid.

Total Number of Shares Held _____

Signature or Common Seal of Member(s) _____ Date _____

IMPORTANT: PLEASE READ NOTES OVERLEAF

² Instruments of proxy executed under a power of attorney on behalf of an individual or by executors on behalf of a deceased individual's estate may only be submitted by email or post.

All capitalised terms shall, if not otherwise defined, have the same meanings ascribed to them in this Scheme Document. All references to dates and times are to Singapore dates and times.

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STEP 2: RETURN THE COMPLETED PROXY FORMS A AND B

01 BY EMAIL

Send the PDF copies of the completed and signed Proxy Forms A and B via email to **CapitaLand2021@boardroomlimited.com**

02 BY MAIL

Lodge the completed and signed Proxy Forms A and B at the office of CapitaLand's Share Registrar at

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place #32-01

Singapore Land Tower

Singapore 048623



Proxy Form A must reach CapitaLand's Share Registrar **NO LATER THAN Saturday, 7 August 2021 at 2:00 p.m.**, and Proxy Form B must reach CapitaLand's Share Registrar **NO LATER THAN Saturday, 7 August 2021 at 2:15 p.m.**, being 72 hours before the time fixed for the respective Meetings.

CPFIS Members and SRS Investors who wish to appoint the Chairman of the Meetings as their proxy should approach their respective CPF agent banks or SRS approved banks to submit their votes by 5.00 pm on Thursday, 29 July 2021, being 7 working days before the date of the Meetings.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any who may have delegated detailed supervision of the preparation of this section of the Scheme Document) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this section of the Scheme Document in each case which relate to the Company, CLI and CICT (excluding information relating to the Offeror or any opinion expressed by the Offeror and/or the IFA) are fair and accurate and that, where appropriate, no material facts which relate to the Company, CLI and CICT have been omitted from this section of the Scheme Document, and the Directors jointly and severally accept responsibility accordingly.

Where any information which relates to the Company, CLI and CICT has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror, the sole responsibility of the Directors has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this section of the Scheme Document. The Directors do not accept any responsibility for any information relating to the Offeror or any opinion expressed by the Offeror.

The information in this section should be read with the full information contained in the rest of the Scheme Document and, in relation to the information of CLI, the Introductory Document.

If there should be any inconsistency or conflict between this section and the Scheme Document, the Scheme Document shall prevail. Nothing in this section is intended to be, or shall be taken as, an advice, a recommendation or a solicitation to the Shareholders or any other party.

Shareholders are advised to refrain from taking any action in relation to their Shares which may be prejudicial to their interests. The recommendation of the Independent Directors, and advice and recommendation of the IFA to the Independent Directors, in respect of the Scheme, are each set out in this Scheme Document. Shareholders are advised to read the IFA Letter set out in Appendix 1 to this Scheme Document carefully.

All capitalised terms shall, if not otherwise defined, have the same meanings ascribed to them in this Scheme Document. All references to dates and times are to Singapore dates and times.

The Chinese version of this section of the Scheme Document is provided for convenience only. In the event there is any inconsistency or conflict between the Chinese version and the English version, the English version shall prevail. The directors of the Company do not accept any responsibility for the translation.

查询全部资源的一站式平台

与凯德集团定于2021年8月10日举行的特别股东大会和协议安排会议（统称“会议”）有关的信息和文件请前往以下网站查阅
https://investor.capitaland.com/agm_egm.html



扫描二维码直接访问

网站资源

- 协议安排文件
 - 介绍文件
 - 特别股东大会通知
 - 协议安排会议通知
 - 特别股东大会的代理人委任表格A
 - 协议安排会议的代理人委任表格B
 - 关于如何填妥和提交代理人委任表格的说明
 - 以电子方式提交股东委托书(以下简称“电子代理人委任表格”)以及出席定于2021年8月10日举行的特别股东大会和协议安排会议的注册链接
 - 索取协议安排文件和介绍文件打印件的表格
- 协议安排文件、介绍文件、会议通知和代理人委任表格A和B也可在新交所网站 <https://www.sgx.com/securities/company-announcements> 上获取

需股东采取的行动— 阁下的参与至关重要

01

请阅读特别股东大会通知和协议安排会议通知。

需股东批准的议案在每份通知中均有详细说明,供阁下参考。

包含有关DIS,协议安排和CapitaLand Investment Limited的详细信息的协议安排文件和介绍性文件也可在同一网站上获取。

02

请提交内含阁下投票指示的特别股东大会代理人委任表格A或电子代理人委任表格以及协议安排会议代理人委任表格B或电子代理人委任表格。

作为因应新加坡疫情形势的防控措施,阁下不能亲自出席会议。因此,请委任大会主席代表阁下在会上投票。

提交代理人委任表格的三种方式:

01 电子代理人委任表格(仅限个人股东*)

通过预注册网站https://investor.capitaland.com/agm_egm.html完成会议注册流程后填写电子代理人委任表格。

02 电邮(对于所有无论是个人还是公司股东)

请将PDF版本的已填妥代理人委任表格A和代理人委任表格B电邮至 CapitaLand2021@boardroomlimited.com

03 邮寄(对于所有无论是个人还是公司股东)

请将填妥的代理人委任表格A和代理人委任表格B邮寄至:

CAPITALAND LIMITED
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

(请预留充足寄送时间)

代理人委任表格A或电子代理人委任表格(特别股东大会)必须不晚于**2021年8月7日下午2点**送达本公司的股份过户登记处或提交,代理人委任表格B或电子代理人委任表格(协议安排会议)必须不晚于**2021年8月7日下午2点15分**送达本公司的股份过户登记处或提交方能生效。

* 根据授权书代表个人或由代表已故个人遗产的执行人签署的委托书只能通过电邮或邮寄方式提交。

03

- ▶ 股东将有机会在会议直播的问答环节提问。
- ▶ 股东亦可以在会议之前提交问题。

* 如果特别股东大会结束时晚于下午2点15分,则会在特别股东大会结束后尽快举行协议安排会议。

相关说明请查阅特别股东大会通知和协议安排会议通知。

2021年8月7日下午2点15分前在线注册

包含详细登录信息的确认电子邮件将于2021年8月8日下午5点前发送给经过身份验证的股东。

除非另有定义,所有大写词汇应具有计划文件所赋予之涵义。所有对日期和时间的引用均指新加坡日期和时间。协议安排文件的这一部分的中文版本仅为方便参考而提供。如中文版本与英文版本之间存在任何不一致或冲突之处,以英文版本为准。公司的董事对翻译不承担任何责任。

参与投票的理由-阁下的参与对我们至关重要

特别股东大会和协议安排会议的可能结果

- 提交特别股东大会审批的DIS决议以及提交协议安排会议审批的协议安排议案互为条件
- 要约人,CLA,将不能在特别股东大会和协议安排会议上投票

决议	审批门槛
特别股东大会(代理人委任表格A)	
批准资本削减与实物分派	▶ 须经在特别股东大会上表决的股东(亲自或委托代理人出席会议)所持表决权的75%以上通过
协议安排会议(代理人委任表格B)	
批准协议安排	▶ 须经在协议安排会议上表决的股东(亲自或委托代理人出席会议)所持表决权的75%以上通过 ▶ 须经出席协议安排会议并在会上投票表决的股东(亲自或委托代理人出席会议)人数的50%以上通过

示意性投票表决结果如下:

场景1 特别股东大会 DIS议案获得通过 且 协议安排会议 协议安排议案获得通过	结果1 取得DIS批准并且法院批准协议安排后,DIS和协议安排将继续进行:¹ 1. 凯德投资有限公司将上市; 且 2. 凯德集团将私有化并退市
场景2 DIS议案在特别股东大会未获通过和/或协议安排 议案在协议安排会议未获通过	结果2 不再推进DIS和协议安排

期待阁下支持凯德集团发展壮大

¹ 假设所有其他协议安排条件在最后截止日期前已获满足及/或豁免(视情况而定)。

除非另有定义,所有大写词汇应具有计划文件所赋予之涵义。所有对日期和时间的引用均指新加坡日期和时间。协议安排文件的这一部分的中文版本仅为方便参考而提供。如中文版本与英文版本之间存在任何不一致或冲突之处,以英文版本为准。公司的董事对翻译不承担任何责任。

关于如何填妥 代理人委任表格A和B的说明

作为因应新加坡疫情形势的防控措施,阁下不能亲自出席会议。因此,请按以下说明填妥并提交代理人委任表格,委任大会主席代表阁下在会上投票。

- 仅限个人股东² ▶ 通过会议预注册网站(https://investor.capitaland.com/agm_egm.html)提交电子代理人委任表格;
- 对于所有无论是个人还是公司的股东 ▶ 将PDF版本已填妥的蓝色代理人委任表格A(特别股东大会)和绿色代理人委任表格B(协议安排会议)电邮至 **CapitaLand2021@boardroomlimited.com**;或
- 对于所有无论是个人还是公司的股东 ▶ 将已填妥的蓝色代理人委任表格A(特别股东大会)和绿色代理人委任表格B(协议安排会议)邮寄至 **50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623**

随函附上代理人委任表格A和B,或可前往凯德集团网站https://investor.capitaland.com/agm_egm.html。

如阁下拟通过会议预注册网站提交电子代理人委任表格,请按预注册网站上的说明进行操作。

如阁下通过电邮或邮寄方式提交代理人委任表格,请参照以下说明:

第1步:填妥代理人委任表格A和B(印刷本或PDF版本)

A

填写阁下的姓名和详细信息。

代理人委任表格A(特别股东大会):

如阁下希望行使所持的全部投票权对DIS决议案投票表决“赞成”、“反对”或“弃权”中的某一项,请在就DIS决议案提供的“赞成”、“反对”或“弃权”框中打“√”。否则,请酌情注明投票股数。

B

代理人委任表格B(协议安排会议):

阁下在协议安排会议上只能针对决议的一种选项投出所有的票*。如阁下希望行使所持的全部投票权对DIS决议案投票表决“赞成”、“反对”或“弃权”中的某一项,请在就DIS决议案提供的“赞成”、“反对”或“弃权”框中打“√”。不要勾选超过一个框。

* 相关中介除外,其可视情况注明投票股数。

C

- ▶ 如阁下为个人,则阁下或阁下授权的人必须签名并标注日期。
- ▶ 如阁下为企业,则代理人委任表格A和B必须盖有贵司的公章/印戳,并由获正式授权的高管或授权人签名。** 如果代理人委任表格A和B由授权人签字,授权委托书或经正式认证的副本必须连同代理人委任表格一起提交。

** 如没有公章/印戳,代理人委任表格A和B应由两名获授权的签字人签署。

D

请注明阁下持有凯德集团股份数量。

SCHEME MEETING PROXY FORM

CAPITALAND LIMITED
Company Registration No. 18890030N
(Incorporated in the Republic of Singapore)

**SCHEME MEETING PROXY FORM
("PROXY FORM B")**

IMPORTANT

1. All expressed terms used in this Scheme Meeting Proxy Form which are not otherwise defined herein shall bear the same meanings ascribed to them in the scheme document to shareholders of the Company dated 17 July 2021 (the "Scheme Document").

2. The Scheme Meeting is being convened, and will be held, by way of electronic means. The Scheme Meeting will be held on 10 August 2021, will start at 2.15 p.m. (or in the event that the EGM concludes after 2.15 p.m., as soon as possible thereafter following the conclusion of the EGM). This Scheme Meeting Proxy Form will be sent to Shareholders by electronic means via publication on the Company's website at the URL: https://investor.capitaland.com/egm_egm, and will also be made available on the SGX website at the URL: <https://www.sgx.com/securities/egm-egm>. In addition, printed copies of this Scheme Meeting Proxy Form will be sent by post to Shareholders.

3. Alternative arrangements relating to attendance at the Scheme Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Scheme Meeting in advance of and/or live at the Scheme Meeting, addressing of substantial and relevant questions prior to, and/or at the Scheme Meeting and voting by appointing the Chairman of the Scheme Meeting as proxy at the Scheme Meeting, are set out in the Notice of Scheme Meeting.

4. As a precautionary measure due to the COVID-19 situation in Singapore, Shareholders and persons who hold Shares through Relevant Intermediaries (as defined in the Scheme Document) will not be able to attend the Scheme Meeting in person. A Shareholder (whether individual or corporate) may appoint the Chairman of the Scheme Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Scheme Meeting if such Shareholder wishes to exercise his/her/its voting rights at the Scheme Meeting.

5. This Scheme Meeting Proxy Form is not valid for use by persons who hold Shares through Relevant Intermediaries and shall be ineffective for all shares and purposes if used or purported to be used by them. CDFB Members and SRS Members who wish to appoint the Chairman of the Scheme Meeting as proxy should approach their respective CPF agent banks or SRS approved banks to submit their votes by 5.00 p.m. on 29 July 2021. Long Term Funders should submit their votes by 5.00 p.m. on 29 July 2021. Long Term Funders should submit their votes by 5.00 p.m. on 29 July 2021.

6. By submitting an instrument of proxy appointing the Chairman of the Scheme Meeting as proxy, the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of Scheme Meeting.

7. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Scheme Meeting as a Shareholder's proxy to attend, speak and vote on his/her/its behalf at the Scheme Meeting.

I/We, _____ (Name) _____ (NRIC/Passport/Co. Regn. No.)
of _____ (Address)
being a member / members of CAPITALAND LIMITED (the "Company"), hereby appoint the Chairman of the Scheme Meeting as my / our proxy to attend, speak and vote for me / us on my / our behalf at the Scheme Meeting to be convened and held by way of electronic means on 10 August 2021 at 2.15 p.m., (Singapore time) (or in the event that the EGM concludes after 2.15 p.m., as soon as possible thereafter following the conclusion of the EGM) and at any adjournment thereof.

I/We direct the Chairman of the Scheme Meeting as my/our proxy to vote for or against, or to abstain from voting on, the Resolution to be proposed at the Scheme Meeting as indicated hereunder:

	For	Against	Abstain
RESOLUTION: TO APPROVE THE SCHEME OF ARRANGEMENT			

Voting will be conducted by poll.

A Shareholder who is not a Relevant Intermediary

If you are a Shareholder (other than a Relevant Intermediary), you may only cast all the votes you use at the Scheme Meeting in one way:

(i) If you wish to appoint the Chairman of the Scheme Meeting as your proxy to cast all your votes "For" or "Against" the resolution, please indicate with a tick "✓" in the "For" or "Against" box provided in respect of the resolution; or

(ii) If you wish to appoint the Chairman of the Scheme Meeting to abstain from voting on the resolution, please indicate with a tick "✓" in the "Abstain" box provided in respect of the resolution.

DO NOT TICK MORE THAN ONE BOX.

A Shareholder who is a Relevant Intermediary

If you are a Relevant Intermediary, please indicate (i) the number of votes "For" or "Against" the Chairman of the Scheme Meeting as your proxy is directed to cast in the "For" or "Against" box provided in respect of the resolution and (ii) the number of Shares the Chairman of the Scheme Meeting as your proxy is directed to abstain from voting in the "Abstain" box provided in respect of the resolution.

In the absence of specific directions in respect of the resolution, the appointment of the Chairman of the Scheme Meeting as your proxy for the resolution will be treated as invalid.

Total Number of Shares Held _____

Signature or Common Seal of Member(s) _____ Date _____

IMPORTANT: PLEASE READ NOTES OVERLEAF

² 根据授权书代表个人或由代表已故个人遗产的执行人签署的委托书只能通过电邮或邮寄方式提交。

除非另有定义,所有大写词汇应具有计划文件所赋予之涵义。所有对日期和时间的引用均指新加坡日期和时间。协议安排文件的这一部分的中文版本仅为方便参考而提供。如中文版本与英文版本之间存在任何不一致或冲突之处,以英文版本为准。公司的董事对翻译不承担任何责任。

第2步:交回填妥的代理人委任表格A和B

01 电邮

请将填妥并签名的代理人委任表格A和B的PDF版本电邮至
CapitaLand2021@boardroomlimited.com

02 邮寄

将填妥并签名的代理人委任表格A和B寄送至凯德集团的股份过户登记处办公室

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623



代理人委任表格A须**不晚于2021年8月7日下午2点**送达凯德集团的股份过户登记处,代理人委任表格B须**不晚于2021年8月7日下午2点15分**送达凯德集团的股份过户登记处,即不晚于各自会议确定的召开时间前72小时。

希望委任大会主席作为其代理人的中央公积金投资计划(CPFIS)成员及退休辅助计划(SRS)投资者应联系各自的中央公积金代理银行或SRS获批准银行,于2021年7月29日下午5点前(即会议召开日前7个工作日之前)提交投票。

董事责任声明书

本公司董事(包括任何已委托相关人员监督这一部分的协议安排文件编制工作的董事)已采取一切合理注意确保这一部分的协议安排文件中陈述的与本公司、CLI和CICT有关的事实和表达的所有有关意见(不包括与要约人有关的信息或要约人及/或独立财务顾问表达的任何意见)是公允、准确的,并且在适当情况下,这一部分的协议安排文件中没有遗漏任何与本公司、CLI和CICT相关的重大事实,并且董事承担相应的共同及连带责任。

如果任何与本公司、CLI和CICT相关的信息是从已发布或其他公开来源处摘录或复制或从要约人处取得,董事的唯一责任是通过合理查询确保此类信息准确摘录自该等来源,或在这一部分的协议安排文件中得以准确反映或复制(视具体情况)。董事不对与要约人相关的任何信息和要约人表达的任何意见承担任何责任。

除非另有定义,所有大写词汇应具有计划文件所赋予之涵义。所有对日期和时间的引用均指新加坡日期和时间。协议安排文件的这一部分的中文版本仅为方便参考而提供。如中文版本与英文版本之间存在任何不一致或冲突之处,以英文版本为准。公司的董事对翻译不承担任何责任。

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IMPORTANT NOTICE TO OVERSEAS SHAREHOLDERS

This Scheme Document may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such offer or invitation.

No action has been or will be taken in any jurisdiction that would permit a public offering of the CLI Shares or the CICT Units or the possession, circulation or distribution of this Scheme Document or any other offering or publicity material relating to the Company, the Group or the CLI Shares or the CICT Units in any country or jurisdiction (other than Singapore, where action for the purpose is required). Accordingly, the CLI Shares and the CICT Units may not be offered or sold, directly or indirectly, and neither this Scheme Document nor any other offering material, circular, form of application or advertisement in connection with the CLI Shares or the CICT Units may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Notice to Australian Shareholders

The Scheme relates to the shares of a Singapore company and is to be made by means of a scheme of arrangement provided for under Singapore company law. The offer of the CLI Shares and the CICT Units under the Scheme will be made in Australia in reliance on the relief from the requirements of Chapter 6D of the Corporations Act 2001 (Cth) granted by ASIC Corporations (Compromises or Arrangements) Instrument 2015/358. Accordingly, this Scheme Document is not a prospectus or other disclosure document for the purposes of Chapter 6D of the Corporations Act 2001 (Cth) and no such prospectus or other disclosure document will be provided to Australian investors in connection with the Scheme. The Scheme is subject to the disclosure requirements and practices applicable in Singapore to schemes of arrangement, which may differ from the requirements of Australian schemes of arrangement.

Notice to Canadian Shareholders

The transactions contemplated herein have not been approved or disapproved by any securities regulatory authority in Canada nor has any securities regulatory authority in Canada passed upon the fairness or merits of the transaction or upon the adequacy of the information contained in this Scheme Document. Any representation to the contrary is unlawful.

The distribution of the CLI Shares and the CICT Units pursuant to the DIS will constitute a distribution of securities that is exempt from the prospectus requirements of Canadian securities laws and is exempt from or otherwise is not subject to the registration requirements of Canadian securities laws. Any resale of CLI Shares and CICT Units by a holder in Canada must be made pursuant to an exemption from prospectus requirements and in compliance with, or in a transaction that is not subject to, the registration requirements of applicable Canadian securities laws. Recipients of CLI Shares and CICT Units are advised to seek legal advice prior to any resale of CLI Shares and CICT Units.

Notice to Hong Kong Shareholders

The contents of this Scheme Document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the transactions contemplated in this Scheme Document. If you are in any doubt about any of the contents of this Scheme Document, you should obtain independent professional advice. The Company has not offered or sold and will not offer or sell in Hong Kong, by means of this Scheme Document or any other document, any CLI Shares and CICT Units unless pursuant to a statutory exemption or in other circumstances which do not result in this Scheme Document being a “prospectus” as defined in the Companies

IMPORTANT NOTICE TO OVERSEAS SHAREHOLDERS

(Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O. The Company has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the CLI Shares and CICT Units, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong, other than with respect to CLI Shares and CICT Units which are or are intended to be disposed of outside Hong Kong or otherwise pursuant to a statutory exemption.

Notice to Indonesian Shareholders

The offering under this Scheme Document does not constitute a public offering in Indonesia under Law Number 8 of 1995 regarding Capital Markets (and the relevant implementing regulations). It may not be offered or sold in Indonesia or to Indonesian citizens, wherever they are domiciled, or to Indonesian residents, in a manner which constitute a public offering under the laws and regulations of Indonesia.

This Scheme Document, together with any further information which may be provided to you, is made available on the condition that it is for exclusive use by you and shall not be passed on or further distributed to any other person, or reproduced in whole or in part without the prior written consent of the Company (which consent may be withheld at the Company’s sole discretion).

Notice to Malaysian Shareholders

Nothing in this Scheme Document constitutes the offer for subscription or purchase, or invitation to subscribe for or purchase, or sale, of CLI Shares or CICT Units in Malaysia. No approval of, or recognition by, the Securities Commission of Malaysia has been or will be obtained for the making available, offer for subscription or purchase, or invitation to subscribe for or purchase, or sale, of CLI Shares or CICT Units to Shareholders in Malaysia on the basis that the CLI Shares and the CICT Units will be distributed to Shareholders pursuant to a distribution of shares in lieu of dividends or distribution of income in units in lieu of cash pursuant to exemptions under Schedule 5 of the Capital Markets and Services Act 2007. Neither this Scheme Document nor any prospectus or other offering material or document has been or will be registered with the Securities Commission of Malaysia as a prospectus under the Capital Markets and Services Act 2007 on the basis that no consideration is or will be given for the CLI Shares and the CICT Units and that the CLI Shares and the CICT Units will not be sold, issued or offered for subscription or purchase, or be made the subject of an invitation for subscription or purchase, in Malaysia. This Scheme Document may not be circulated or distributed in Malaysia, whether directly or indirectly, for the purpose of making available, or offer for subscription or purchase, or invitation to subscribe for or purchase, or sale, of the CLI Shares and the CICT Units in Malaysia, other than to Shareholders in connection with the distribution of the CLI Shares and the CICT Units.

Notice to New Zealand Shareholders

The CLI Shares and the CICT Units being offered under the Scheme are being offered to Shareholders with a registered address in New Zealand in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016. This Scheme Document is not a product disclosure statement under New Zealand law and has not been registered, filed with, or approved by any New Zealand regulatory authority under or in accordance with the New Zealand Financial Markets Conduct Act 2013 or any other relevant law in New Zealand. It may not contain all the information that a product disclosure statement is required to contain under New Zealand law.

IMPORTANT NOTICE TO OVERSEAS SHAREHOLDERS

Notice to PRC Shareholders

As the Company is not a company incorporated in the PRC and the proposed distribution of CLI Shares and CICT Units pursuant to the DIS and the Scheme shall proceed outside the territory of the PRC, the Securities Law does not apply to such distribution as it is not an issuance of stocks within the PRC regulated under the Securities Law, and such distribution does not constitute a public offering under the Securities Law, and hence the Scheme does not require prior approval from the China Securities Regulatory Commission.

For the sale of Shares and receipt of distributed CLI Shares, CICT Units and Cash Consideration, Eligible Shareholders residing in PRC may also be subject to the relevant registration/filing obligations such as procedures required under No.37 Circular, No.7 Circular (if applicable), No. 13 Circular and ODI Procedures, depending on whether the Eligible Shareholders residing in PRC are PRC resident individuals or institutions resident in the PRC. Eligible Shareholders residing in PRC should consult their legal advisers for a full understanding of the relevant registration/filing procedures and consequences to them.

For the receipt of distributed CLI Shares, CICT Units and Cash Consideration, Eligible Shareholders residing in PRC may be subject to the relevant tax filing obligations and the corresponding payment of income tax in the PRC, such as the PRC individual income tax or PRC corporate income tax, depending on whether the Eligible Shareholders residing in PRC are individuals or entities resident in PRC. Eligible Shareholders residing in PRC should consult their own tax advisers for a full understanding of the tax consequences to them.

Notice to Thailand Shareholders

The Scheme has not been and will not be approved by, and the Scheme Document and the Introductory Document have not been filed with nor approved by, the Securities and Exchange Commission of Thailand. The Scheme will not be proceeded with or arranged in any circumstances which will constitute an offering of securities within the meaning of the Securities and Exchange Act of Thailand that requires a registration, filing or approval of the Securities and Exchange Commission of Thailand.

Notice to US Shareholders

This Scheme Document is not an offer of securities for sale in the United States. The CLI Shares and the CICT Units to be issued or distributed in connection with the Scheme will not be, and are not required to be, registered under the US Securities Act or the securities laws of any state of the United States and will be issued or distributed in reliance upon the exemption from the registration requirements of the US Securities Act provided by section 3(a)(10) of the US Securities Act and available exemptions from such state law registration requirements.

The Scheme relates to the securities of CLI, which is incorporated in Singapore, the securities of CICT, which is constituted in Singapore, and the Company, which is incorporated in Singapore. The Scheme will be effected under a scheme of arrangement under Singapore law. Accordingly, the Scheme is subject to the disclosure requirements, rules and practices applicable to Singapore schemes of arrangement, and the information disclosed in this Scheme Document may not be the same as that which would have been disclosed if this Scheme Document had been prepared for the purpose of complying with the requirements of US federal securities laws or in accordance with the laws and regulations of any other jurisdiction. The financial information included in this Scheme Document has not been, and will not be, prepared in accordance with US GAAP and thus may not be comparable to financial information of US companies or companies whose financial

IMPORTANT NOTICE TO OVERSEAS SHAREHOLDERS

statements are prepared in accordance with US GAAP, which differs from SFRS. None of the financial information in this Scheme Document has been audited in accordance with auditing standards generally accepted in the United States or the auditing standards of the Public Company Accounting Oversight Board of the United States.

The receipt of cash consideration by a US holder of Shares pursuant to the Scheme may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each US holder of Shares is urged to consult his independent professional adviser immediately regarding the tax consequences of the Scheme applicable to him.

It may be difficult for US holders of Shares to enforce their rights and any claim arising out of US securities laws, since CLI, CICT and the Company are incorporated or constituted outside of the United States, some or all of their respective officers and directors are resident outside of the United States and a substantial portion of their respective assets are located outside of the United States. US holders of Shares may not be able to sue a foreign company or its officers or directors in a foreign court for violations of US securities laws, or enforce against them a judgement rendered by a US court. Further, it may be difficult to compel a foreign company and its affiliates to subject themselves to a US court's jurisdiction.

Persons who are affiliates of CLI, CICT or the Company prior to the Effective Date, or an affiliate of CLI or CICT after the Effective Date, may not resell CLI Shares or CICT Units received pursuant to the Scheme in the United States without registration under the US Securities Act, except pursuant to an applicable exemption from the registration requirements of the US Securities Act or in a transaction not subject to such requirements. Persons who may be deemed to be affiliates of CLI, CICT or the Company, as the case may be, include individuals who, or entities that, control, directly or indirectly, or are controlled by or are under common control with, CLI, CICT or the Company, as the case may be, and may include certain officers and directors of such company and such company's principal shareholders (such as a holder of more than 10% of the outstanding capital stock). Persons who believe they may be affiliates for the purposes of the US Securities Act should consult their own legal advisers prior to any sale of CLI Shares or CICT Units received pursuant to the Scheme.

The CLI Shares and the CICT Units have not been and will not be listed on a US securities exchange or quoted on any inter-dealer quotation system in the United States. Neither CLI nor CICT intends to facilitate a market in CLI Shares or CICT Units (as applicable) in the United States. Consequently, both CLI and CICT believe that it is unlikely that an active trading market in the United States will develop for the CLI Shares or CICT Units.

Neither the SEC nor any other US federal or state securities commission or regulatory authority has approved or disapproved of the CLI Shares and the CICT Units or passed an opinion on the adequacy of this Scheme Document. Any representation to the contrary is a criminal offence in the United States.

For the purposes of qualifying for the exemption from the registration requirements of the US Securities Act afforded by section 3(a)(10) thereof, the Company will advise the Court before the Court hearing that its sanctioning of the Scheme will be relied upon by CLI, CICT and the Company for such purpose as an approval of the Scheme following a hearing on the fairness of the terms and conditions of the Scheme to the Shareholders, at which hearing all such holders are entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all such holders. US holders of Shares and beneficial owners of the Shares (whose Shares are registered in the name of a nominee,

IMPORTANT NOTICE TO OVERSEAS SHAREHOLDERS

trustee, depositary or any other authorised custodian or third party whose name is entered in the register of members of the Company as the holder of the Shares in which the beneficial owner is beneficially entitled) are recommended to consult their own professional advisers if they are in any doubt as to their respective positions.

DEFINITIONS

In this Scheme Document, the following definitions apply throughout unless otherwise stated or the context otherwise requires:

“Acquisition”	:	Upon the DIS taking effect, a proposed acquisition by the Offeror of all the Shares (excluding the treasury Shares and the Shares held by the Offeror) from the Eligible Shareholders
“ACRA”	:	The Accounting and Corporate Regulatory Authority of Singapore
“Agreed Valuation”	:	The sum of S\$6,652,000,000, being the aggregate sum of the Individual Value of each of the Identified Properties as at 31 December 2020
“AIT”	:	Ascendas India Trust
“Alternative Arrangements Announcement”	:	The Company’s announcement dated 17 July 2021 and titled “Proposed Strategic Restructuring and Demerger of the Investment Management Business of CapitaLand Limited – Electronic Despatch of Scheme Document and Alternative Arrangements relating to the Extraordinary General Meeting and Scheme Meeting to be held on 10 August 2021”, which has been uploaded with this Scheme Document on the SGXNET for further information, including the steps to be taken by Shareholders to participate in the EGM and the Scheme Meeting
“Applicable Period”	:	A period of four (4) weeks commencing from the date of completion of the DIS during which the Odd Lots Trading Brokerage Fee Arrangement will be available, which is expected to be from 16 September 2021 to 14 October 2021
“ART”	:	Ascott Residence Trust, a stapled group comprising Ascott REIT (a REIT), and Ascott BT (a BT)
“Audited FY2020 Financial Statements”	:	The audited consolidated financial statements of the Group and the Company for FY2020
“Awards”	:	Outstanding share awards granted pursuant to the Share Plans
“A-REIT”	:	Ascendas Real Estate Investment Trust
“Bartley”	:	Bartley Investments Pte. Ltd.
“Bondholder” or “Convertible Bondholder”	:	Holder of a relevant Convertible Bond

DEFINITIONS

“Brokers”	:	DBS Vickers, Phillip Securities and UOB Kay Hian
“BT”	:	Business trust
“Business Day”	:	A day (other than Saturday, Sunday or a gazetted public holiday) on which commercial banks in Singapore are open for business
“CapitaLand Delisting”	:	The delisting and the withdrawal of the Shares from the Official List of the SGX-ST on completion of the Scheme
“Capital Reduction Court Order”	:	Order of the Court approving the DIS under Section 78I of the Companies Act
“Carve-out Transfers”	:	The transfers of Remain Pro Forma Group Entities from the Relevant Transferors to the Parent Group prior to the relevant Transfers as described in paragraph 1.7.2(a)(i) of the Letter to Shareholders
“Cash Consideration” or “Scheme Price”	:	S\$0.951 for each Share in cash
“CCPO”	:	Chief Corporate & People Officer
“CCT”	:	CapitaLand Commercial Trust (which has merged with CMT to form CICT)
“CCTML”	:	CapitaLand Commercial Trust Management Limited
“CCT Manager”	:	CapitaLand Commercial Trust Management Limited, as manager of CCT
“CEO”	:	Chief Executive Officer
“CDP”	:	The Central Depository (Pte) Limited
“CFO”	:	Chief Financial Officer
“Change in Capital Structure”	:	The reorganisation of CLI’s share capital structure to facilitate the CLI DIS on the basis of one (1) CLI Share for each Share held by the Eligible Shareholders, whether by way of consolidation, subdivision and/or additional issuance of CLI Shares (by way of a bonus issue or otherwise) to the Company or otherwise, such that the number of CLI Shares will be equal to the number of Shares (excluding treasury Shares) as at the Record Date
“CICT”	:	CapitaLand Integrated Commercial Trust

DEFINITIONS

“CICTML”	:	CapitaLand Integrated Commercial Trust Management Limited, the manager of CICT
“CICT Directors”	:	The directors of CICTML
“CICT DIS”	:	The capital reduction exercise proposed to be undertaken by the Company to distribute 388,242,247 CICT Units to all Shareholders on a <i>pro-rata</i> basis
“CICT Group” or “CICT Group Entities”	:	CICT and its subsidiaries and “CICT Group Entity” means any of the foregoing
“CICT Securities”	:	(i) CICT Units or securities which carry voting rights in CICT; and (ii) convertible securities, warrants, options and derivatives in respect of the CICT Units or securities which carry voting rights in CICT
“CICT Units”	:	Issued units in CICT
“CICT Unitholders”	:	Holders of the CICT Units
“CLCT”	:	CapitaLand China Trust
“CLD”	:	CapitaLand Development Pte. Ltd., a wholly owned subsidiary of the Company
“CLI”	:	CapitaLand Investment Limited (which effected a change of name from CapitaLand Financial Limited to CapitaLand Investment Management Limited on 22 March 2021 and subsequently from CapitaLand Investment Management Limited to CapitaLand Investment Limited on 18 June 2021)
“CLI Directors”	:	The directors of CLI
“CLI DIS”	:	The capital reduction exercise proposed to be undertaken by the Company to distribute the Relevant Percentage of the CLI Shares to the Eligible Shareholders on a <i>pro-rata</i> basis
“CLI Group” or “CLI Group Entities”	:	CLI and its subsidiaries and “CLI Group Entity” means any one of them
“CLI Listing Application”	:	The application made by CLI to the SGX-ST for the Proposed CLI Listing in connection with the CLI DIS

DEFINITIONS

“CLI Performance Share Plan 2021”	:	The CapitaLand Investment Performance Share Plan 2021 approved on 17 July 2021
“CLI Restricted Share Plan 2021”	:	The CapitaLand Investment Restricted Share Plan 2021 approved on 17 July 2021
“CLI Securities”	:	(i) CLI Shares or securities which carry voting rights in CLI; and (ii) convertible securities, warrants, options and derivatives in respect of the CLI Shares of or securities which carry voting rights in CLI
“CLI Share Plans”	:	The CLI Performance Share Plan 2021 and the CLI Restricted Share Plan 2021
“CLI Shares”	:	Issued and paid-up ordinary shares in the capital of CLI
“CLI Shareholders”	:	Holders of the CLI Shares
“CMMT”	:	CapitaLand Malaysia Mall Trust
“CMT”	:	CapitaLand Mall Trust (which was renamed CICT following its merger with CCT)
“CMT Manager”	:	CapitaLand Mall Trust Management Limited, as manager of CMT
“Code”	:	The Singapore Code on Take-overs and Mergers
“Combined Financial Statements”	:	The combined financial statements of the CLI Group for FY2019 and FY2020 with the independent auditors' reports thereon as set out in Appendix 7 to this Scheme Document
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore
“Company” or “CapitaLand”	:	CapitaLand Limited
“Company’s Warranties”	:	Warranties of the Company in the Implementation Agreement in Appendix 15 to this Scheme Document and reproduced
“Company Financial Adviser” or “J.P. Morgan”	:	J.P. Morgan (S.E.A.) Limited, the financial adviser to the Company in respect of the Scheme

DEFINITIONS

“Consideration”	:	The aggregate of the value of the CLI Shares, the value of the CICT Units and the Cash Consideration that each Eligible Shareholder is entitled to receive in respect of each Share, assuming the Scheme becomes effective, as set out in the table in paragraph 1.5 of the Letter to Shareholders
“Constitution”	:	The constitution of the Company
“Convertible Bonds”	:	The convertible bonds issued by the Company which were convertible into Shares which were outstanding as at the Joint Announcement Date and which were subsequently all repurchased or fully redeemed by the Company prior to the Latest Practicable Date
“Court”	:	The High Court of the Republic of Singapore, or where applicable on appeal, the Court of Appeal of the Republic of Singapore
“Court Orders”	:	The Capital Reduction Court Order and the Scheme Court Order
“CPF”	:	The Central Provident Fund
“CPFIS Investors” or “CPFIS Members”	:	Investors who have purchased Shares using their CPF savings under the CPF Investment Scheme
“CTL EMTN Programme”	:	The S\$5,000,000,000 Euro Medium Term Note Programme established by CapitaLand Treasury Limited, a wholly owned subsidiary of the Company
“Current Share Capital”	:	The Company's issued and paid-up share capital of S\$9,715,255,728.37, comprising 5,203,195,792 Shares (excluding 73,795,890 treasury Shares) as at the Latest Practicable Date
“DBS Vickers”	:	DBS Vickers Securities (Singapore) Pte Ltd
“Development Opportunity”	:	Any investment opportunity that is identified for acquisition/ investment by any member of the CLI Group, in the development or redevelopment (excluding asset enhancement initiatives) of any real estate for the following non-exhaustive uses: residential, retail, office, business park, industrial, logistics and/or data centre, mixed use, and lodging related (including multi-family, purpose built student accommodation, hotels and serviced apartments, amongst others) located anywhere in the world
“Directors”	:	Directors of the Company

DEFINITIONS

“DIS”	:	The capital reduction exercise proposed to be undertaken by the Company pursuant to the Scheme, being the CLI DIS and the CICT DIS, as more particularly described in paragraph 7 of the Letter to Shareholders
“DIS Resolution”	:	The resolution relating to the DIS to be approved by Shareholders at the EGM to be held by the Company as a special resolution
“DIS Securities”	:	The CLI Shares and the CICT Units to be distributed to the Eligible Shareholders pursuant to the DIS and the Scheme
“Distribution CLI Shares”	:	The number of CLI Shares equivalent to the number of Shares in issue (other than treasury Shares and Shares held by the Offeror) on the Record Date, representing the Relevant Percentage of the total number of CLI Shares as at the Record Date
“Divested Property”	:	Any Identified Property which has been divested on or prior to the Revaluation Date or in respect of which an agreement to divest has been entered into on or prior to the Revaluation Date
“DTCF”	:	Deloitte & Touche Corporate Finance Pte Ltd
“Effective Date”	:	The date on which the Scheme, if approved and sanctioned by the Court, becomes effective in accordance with its terms
“Effective Interest”	:	In respect of an Identified Property, the Company’s effective interest in such Identified Property as at 31 December 2020, as set out in the Implementation Agreement
“EGM”	:	The extraordinary general meeting to be held by the Company to seek the approval of the Shareholders for the DIS
“EGM Proxy Form”	:	The accompanying proxy form for the EGM as set out in this Scheme Document
“Eligible Shareholders”	:	All shareholders of the Company (excluding the Offeror) as at the Record Date
“Encumbrances”	:	Any charge, mortgage, security, pledge, lien, option, equity, power of sale, hypothecation, retention of title, right of pre-emption, right of first refusal or security interest of any kind

DEFINITIONS

“EPS”	:	Earnings per share
“ERCC”	:	Executive Resource and Compensation Committee of the Company
“Explanatory Statement”	:	The explanatory statement in compliance with Section 211 of the Companies Act as set out on pages 90 to 114 of this Scheme Document
“FRS 109”	:	Financial Reporting Standard 109
“FUM”	:	Funds under management which refer to the proportionate share of total assets under Listed Funds and Unlisted Funds managed by the CLI Group
“FY”	:	Financial year ended or ending 31 December, as the case may be
“FY2019”	:	The financial year ended 31 December 2019
“FY2020”	:	The financial year ended 31 December 2020
“FY2020 Final Dividend”	:	The proposed tax-exempt ordinary dividend of S\$0.09 per Share for FY2020 announced by the Company on 24 February 2021 and paid to Shareholders on 18 May 2021
“Gatefold”	:	The pages preceding the “Contents” section of this Scheme Document
“Glenville”	:	Glenville Investments Pte. Ltd.
“Governmental Agency”	:	Any foreign or Singaporean supranational, national, federal, state, provincial, municipal, local or foreign government, governmental or quasi-governmental authority, regulatory or administrative agency, governmental commission, department, board, bureau, agency or instrumentality, court, arbitral body or other tribunal
“Group” or “Group Entities” or “Group Companies”	:	The group of companies comprising the Company, its subsidiaries and its associated companies (including the CLI Group) collectively and “Group Entity” or “Group Company” means any one of them

DEFINITIONS

"Identified Properties"	:	Certain properties as identified and agreed between the Offeror and the Company, namely, Raffles City Chongqing (excluding components developed for sale), CapitaSpring, Suzhou Center Mall & Suzhou Center Office, Jewel Changi Airport (Retail), CapitaMall SKY+, Capital Square, Rochester Commons, Ascent, 9 Tai Seng Drive, China-Singapore Guangzhou Knowledge City, Ascott Heng Shan Shanghai, Innov Center Phase II, 5 Science Park Drive, Ascendas OneHub GKC and Ascendas-Xinsu Portfolio, details of which are set out in the Implementation Agreement
"IFA" or "Evercore"	:	Evercore Asia (Singapore) Pte. Ltd., the independent financial adviser appointed by the Company to advise the Independent Directors for the purposes of making a recommendation to the Shareholders in connection with the Scheme
"IFA Letter"	:	The letter from the IFA dated 17 July 2021 as set out in Appendix 1 to this Scheme Document
"Implementation Agreement"	:	The implementation agreement dated 22 March 2021 entered into between the Company and the Offeror setting out the terms and conditions on which the Company and the Offeror will implement the Scheme
"Independent Directors"	:	The Directors who are considered to be independent for the purposes of the Scheme, being all Directors except for the Relevant Directors
"Independent Valuers"	:	CBRE Limited, Beijing Colliers International Real Estate Valuation Co., Ltd. and Colliers International Consultancy & Valuation (Singapore) Pte Ltd, Jones Lang LaSalle Corporate Appraisal and Advisory Limited and Savills Valuation And Professional Services (S) Pte Ltd
"Individual Value"	:	In respect of an Identified Property, an amount equal to A multiplied by B, where: "A" is the valuation of the Identified Property, as reflected in the valuation of the Identified Properties as at 31 December 2020 or the Revaluation, as the case may be; and "B" is the Company's Effective Interest in such Identified Property.

DEFINITIONS

For the avoidance of doubt, the Effective Interest shall be used for computation of the Individual Value of each Identified Property for the purposes of Revaluation notwithstanding any change in the Company's effective interest in such Identified Property between 1 January 2021 and the Revaluation Date

"Internal Restructuring"	:	The internal restructuring of the Group that the Company intends to undertake in connection with the Scheme to consolidate certain assets and businesses of the Group under CLI, CLI's subsidiaries and associated companies, as more particularly detailed in paragraph 1.7.1 of the Letter to Shareholders
"Introductory Document"	:	The introductory document issued by CLI in connection with the listing of CLI and despatched to Shareholders together with this Scheme Document, setting out further detailed information on CLI, including its properties and business, financial information and risk factors
"Issuance"	:	The issuance of new CLI Shares to the Company for the settlement of the Past Interco Loans, as more particularly described in paragraph 1.7.2(b) of the Letter to Shareholders
"ITA"	:	The Income Tax Act, Chapter 134 of Singapore
"Joint Announcement"	:	The joint announcement by the Company and the Offeror dated 22 March 2021 in relation to, <i>inter alia</i> , the Scheme
"Joint Announcement Date"	:	22 March 2021, being the date of the Joint Announcement
"KPMG"	:	KPMG LLP, auditors to the Company
"Last Accounts Date"	:	31 December 2020
"Last Trading Day"	:	19 March 2021, being the last full trading day immediately prior to the Joint Announcement Date
"Latest Practicable Date"	:	7 July 2021, being the latest practicable date prior to the printing of this Scheme Document
"Lease"	:	The lease held by a member of the Parent Group for office space at 79 Robinson Road, which is a building owned by a member of the CLI Group, for the purpose of operating the Bridge+ business

DEFINITIONS

“Listed Funds”	:	CICT, A-REIT, ART, CLCT, AIT and CMMT, being the REITs, BTs and/or stapled trusts managed by the CLI Group as of the Latest Practicable Date, and the expression shall, where the context so admits, refer to such other REITs, BTs, stapled trusts and/or vehicles listed on SGX-ST or any other stock exchange managed by the CLI Group from time to time
“Listing Date”	:	The date on which the CLI Shares commence trading on the Mainboard of the SGX-ST
“Listing Manual”	:	The listing manual of the SGX-ST, as amended or modified from time to time
“Long Stop Date”	:	31 December 2021 or such other date as may be agreed in writing between the Offeror and the Company
“Market Day”	:	A day on which the SGX-ST is open for the trading of securities
“Master Corporate Services Agreement”	:	The master corporate services agreement entered into between CLI and the Company on 17 July 2021, as more particularly described in paragraph 7.5.2 of the Letter to Shareholders
“Master Project Management Services Agreement”	:	The master project management services agreement entered into between CLI and CLD on 17 July 2021, as more particularly described in paragraph 7.5.5 of the Letter to Shareholders
“Master Property Management Services Agreement”	:	The master property management services agreement entered into between CLI and the Company on 17 July 2021, as more particularly described in paragraph 7.5.4 of the Letter to Shareholders
“Material Adverse Change”	:	A diminution in the Revalued Valuation by more than 10% as compared with the Agreed Valuation
“Mawson”	:	Mawson Peak Holdings Pte. Ltd.
“MYR”	:	Malaysian Ringgit, being the lawful currency of Malaysia
“NAV”	:	Net asset value

DEFINITIONS

“No. 7 Circular”	:	Circular of the State Administration of Foreign Exchange on the Relevant Issues Concerning the Administration of Foreign Exchange for Domestic Individuals’ Participation in Equity Incentive Programs of Overseas Listed Companies (国家外汇管理局关于境内个人参与境外上市公司股权激励计划外汇管理有关问题的通知) (Hui Fa [2012] No. 7)
“No. 13 Circular”	:	Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Foreign Exchange Administration Policies of Foreign Direct Investment (国家外汇管理局关于进一步简化和改进直接投资外汇管理政策的通知) (Hui Fa [2015] No.13)
“No. 37 Circular”	:	Circular of the State Administration of Foreign Exchange on Issues Relating to Foreign Exchange Control for Overseas Investment and Financing and Round-tripping Investment by Domestic Residents through Special Purpose Vehicles (国家外汇管理局关于境内居民通过特殊目的公司境外投融资及返程投资外汇管理有关问题的通知) (Hui Fa [2014] No. 37)
“Notes”	:	The outstanding notes issued under the CTL EMTN Programme which are listed on the SGX-ST, as more particularly described in paragraph 12.3 of the Letter to Shareholders
“Notice of EGM”	:	The notice of the EGM as set out in this Scheme Document
“Notice of Scheme Meeting”	:	The notice of the Scheme Meeting as set out in this Scheme Document
“Notices”	:	The Notice of EGM and the Notice of Scheme Meeting
“Odd Lots Trade”	:	(i) An aggregate of 99 or less CLI Shares or CICT Units, as the case may be, bought in a single day; or (ii) an aggregate of 99 or less CLI Shares or CICT Units, as the case may be, sold in a single day
“Odd Lots Trading Arrangement”	:	The arrangement facilitated by the Company for trading of odd lots of CLI Shares and CICT Units after the Effective Date, as more particularly described in paragraph 11.4.1 of the Explanatory Statement

DEFINITIONS

“Odd Lots Trading Brokerage Fee Arrangement”	:	The bearing by the Company of the brokerage fees (including any goods and services tax relating to such fees) in respect of Odd Lots Trades carried out via the Brokers during the Applicable Period such that holders of CLI Shares and/or CICT Units will not be charged any brokerage fees for Odd Lots Trades during the Applicable Period
“ODI Procedures”	:	Procedures with the Ministry of Commerce, National Development and Reform Commission, State Administration of Foreign Exchange, the banks and their counterparts to which outbound investment (referring to the investment activities to overseas ownership, right of control, business management right, and other related rights and interests by an enterprise located within the territory of mainland China) is subject pursuant to the Administrative Measures on Outbound Investment (境外投资管理办法) (MOFCOM Order No. 3, 2014), the Administrative Measures on Outbound Investment by Enterprises (企业境外投资管理办法) (NDRC Order No. 11) and other relevant regulations
“Offeror” or “CLA” or “ASB”	:	CLA Real Estate Holdings Pte. Ltd., formerly known as Ascendas-Singbridge Pte. Ltd.
“Offeror’s Letter”	:	The letter from the Offeror to Shareholders as set out in Appendix 2 to this Scheme Document
“Offeror’s Warranties”	:	Warranties of the Offeror in the Implementation Agreement and reproduced in Appendix 14 to this Scheme Document
“Offeror Concert Parties”	:	Persons acting in concert with the Offeror in relation to the Scheme
“Offeror Financial Adviser”	:	DBS Bank Ltd., the financial adviser to the Offeror in respect of the Scheme
“Offeror Securities”	:	(i) Ordinary shares in the capital of the Offeror or securities which carry voting rights in the Offeror; and (ii) convertible securities, warrants, options and derivatives in respect of the ordinary shares in the capital of the Offeror or securities which carry voting rights in the Offeror

DEFINITIONS

“Ongoing Loans”	:	The loans which the members of the CLI Group have, from time to time, obtained from and extended to CapitaLand Treasury Limited and certain other subsidiaries of the Company, as more particularly described in paragraph 7.5.1 of the Letter to Shareholders
“Overseas Shareholders”	:	Shareholders whose registered mailing addresses are outside Singapore, as shown on the Register of Members of the Company, or as the case may be, in the records of The Central Depository (Pte) Limited (each such Shareholder an “Overseas Shareholder”)
“Overseas Shareholders’ Entitlement”	:	The CLI Shares and/or the CICT Units which the Overseas Shareholders would have been entitled to pursuant to the DIS
“Parent Group”	:	The Group including the Offeror but excluding the CLI Group, as if the Scheme had been completed
“Parties”	:	The Company and the Offeror, and “Party” means any one of them
“Past Interco Loans”	:	The loans extended by the members of the Pro Forma Group to the members of the CLI Group, and <i>vice versa</i> , from time to time during the period when CLI is a wholly owned subsidiary of the Company, for various purposes including the funding of acquisitions and operations
“Phillip Securities”	:	Phillip Securities Pte Ltd
“PRC”	:	The People’s Republic of China, excluding the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan for the purposes of this Scheme Document
“Premier”	:	Premier Healthcare Services International Pte Ltd

DEFINITIONS

“Pro Forma Group”	:	The Company, its subsidiaries and its associated companies (excluding the CLI Group and any entity that is listed on any stock exchange) assuming the Transaction has been effected, which include, among others, Ascendas Land International Pte Ltd, Ascendas Pte Ltd, Ascendas Vista Trust, Ascendas-Singbridge Holdings Pte Ltd, Ascendas-Xinsu Development (Suzhou) Co., Ltd., CapitaLand China Holdings Pte Ltd, CapitaLand China Investments Limited, CapitaLand Digital Holdings Pte Ltd, CapitaLand Project Management Pte Ltd, CapitaLand Singapore (BP&C) Pte Ltd, CapitaLand Singapore Limited, CapitaLand Treasury Limited, CapitaLand VN Limited, Chongqing CapitaLand Guyu Xiongguan Real Estate Co., Ltd., CLDCSG Trust, CMA Singapore Investments (6) Pte Ltd, Glory Holding Pte Ltd, Guangzhou Knowledge City Ascendas Business Park Development Co., Ltd., Guangzhou Yun Kai Commercial Property Co., Ltd., Knowledge City Pte Ltd, Science Park Property Trust 1, Shanghai Guang Chuan Property Co., Ltd., Shanghai Mingchang Properties Limited, Suzhou Jinghui Properties Co., Ltd., Areca Investment Pte Ltd, Beijing Rising Harmony Real Estate Development Co., Ltd., Chongqing Zhonghua Real Estate Co., Ltd., Guangzhou Kai Li Real Estate Co., Ltd., Guangzhou Li Kai Real Estate Development Co., Ltd., Legend Quay Pte Ltd, Shanghai Orient Overseas Yongye Real Estate Co., Ltd., and Siena Residential Development Pte Ltd, and “Pro Forma Group Company” means any member of the Pro Forma Group
“Project Management Services”	:	Project management and technical management services in relation to the development, re-development, refurbishment, major retrofitting and renovation works requiring governmental approval submission
“Proposed CLI Listing”	:	The listing of the CLI Shares on the Mainboard of the SGX-ST
“Proxy Forms”	:	The EGM Proxy Form and the Scheme Meeting Proxy Form
“PSP”	:	PSP2010 and PSP2020
“PSP2010”	:	CapitaLand Performance Share Plan 2010
“PSP2020”	:	CapitaLand Performance Share Plan 2020
“PSP Awards”	:	The share awards granted under the PSP
“PUP”	:	CICT’s Performance Unit Plan

DEFINITIONS

“RCCIV/Senning Transactions”	:	The divestment of partial stakes in a group of companies that own six Raffles City developments in PRC as further described in the section “Management’s Discussion and Analysis of Financial Position and Results of Operations – Subsequent Events” of the Introductory Document
“RE AUM”	:	Real estate assets under management which represent the total value of real estate managed and which is stated at 100% property carrying value (including assets whether operational or under development)
“Reciprocal ROFRs Agreement”	:	The reciprocal rights of first refusal agreement entered into between CLI and the Company on 17 July 2021, as more particularly described in paragraph 4.4 of the Letter to Shareholders
“Record Date”	:	A date (before the Effective Date) to be announced by the Company on which the Transfer Books and the Register of Members of the Company will be closed in order to determine the entitlements of the Eligible Shareholders in respect of the Scheme
“Register of CapitaLand” or “Register of Members”	:	The register of members of the Company
“Register of CICT”	:	The register of unitholders of CICT
“Register of CLI”	:	The register of members of CLI
“Register of Directors”	:	The register of directors of the Company
“REIT”	:	Real estate investment trust
“Relevant Assets”	:	Any operational, income-producing properties for the following non-exhaustive uses: residential, retail, office, business park, industrial, logistics, data centre and mixed use properties and lodging related (including multi-family, purpose built student accommodation, hotels and serviced apartments, amongst others) located anywhere in the world, and where the context so admits, shall include the shares and equity interests of any single purpose company or entity established to hold the Relevant Asset
“Relevant CLI Entity”	:	CLI or any investment vehicle managed by the CLI Group from time to time, including, but not limited to, real estate investment trusts, business trusts, stapled trusts, private funds, programs, joint venture and co-investments, whether or not listed on any securities exchange

DEFINITIONS

“Relevant Date”	:	The date falling on the Business Day immediately preceding the Effective Date
“Relevant Directors”	:	Ko Kai Kwun Miguel @ Ko Miguel, Stephen Lee Ching Yen and Anthony Lim Weng Kin
“Relevant Intermediary”	:	A “relevant intermediary” as defined in Section 181 of the Companies Act or a “depository agent” as defined in Section 81SF of the SFA
“Relevant Percentage”	:	The total number of Shares held by the Eligible Shareholders as at the Record Date, as a percentage of the total number of Shares in issue (excluding treasury Shares) as at the Record Date
“Relevant Properties”	:	The properties in which the Group has an interest which were valued by the Independent Valuers pursuant to the relevant Valuations
“Relevant Securities”	:	(i) Shares or securities which carry voting rights in the Company; and (ii) convertible securities, warrants, options or derivatives in respect of such Shares or securities which carry voting rights in the Company
“Relevant Transferors”	:	The Transferred Entities which currently hold the Remain Pro Forma Group Entities
“Regulatory Approvals”	:	All consents and/or approvals or other acts from any Governmental Agency, or the expiration, lapse or termination of the applicable waiting periods under applicable law and any extension thereof, relating to the Transaction or any part thereof, as the Offeror and the Company, acting reasonably, may agree are necessary to implement the Transaction or any part thereof or to give effect to the provisions of the Implementation Agreement
“Remain Pro Forma Group Entities”	:	The entities which are not relevant to the assets, businesses and/or platforms of the CLI Group and which are intended to remain as part of the Pro Forma Group after the completion of the Scheme
“Restructuring-Related Agreements”	:	The various restructuring agreements entered into between CLI, certain of CLI’s subsidiaries, the Company and/or certain of the Company’s subsidiaries in connection with the Internal Restructuring and the Scheme on 17 July 2021 as more particularly described in paragraph 1.7.2(a) of the Letter to Shareholders

DEFINITIONS

"Revaluation"	:	A revaluation of the Identified Properties (other than the Divested Properties) by the same valuer who had conducted the valuation of the Identified Properties as at 31 December 2020 or such other valuer as mutually agreed in writing between the Offeror and the Company
"Revaluation Date"	:	The date on which the Company obtains a revaluation of the Identified Properties (other than the Divested Properties) pursuant to a Revaluation Notice issued by the Offeror, which shall be a date no later than the date of application for the Capital Reduction Court Order and the Scheme Court Order
"Revaluation Notice"	:	The notice in writing issued by the Offeror to the Company requiring the Company to obtain a Revaluation, as more particularly described in paragraph 6.2.9 of the Letter to Shareholders
"Revalued Valuation"	:	The aggregate sum of the following: (i) in respect of the Identified Properties (other than the Divested Properties and the components developed for sale), the aggregate sum of the Individual Value of each of such Identified Properties as derived from the Revaluation; (ii) in respect of the Divested Properties, the sale price attributable to such Divested Properties in the divestment or the relevant agreement(s) to divest, multiplied by the Company's Effective Interest in such Divested Properties; and (iii) to the extent that any of the Identified Properties comprises components developed for sale, the total sale value recognised between 1 January 2021 to the Revaluation Date, multiplied by the Company's Effective Interest in such Identified Properties, and, less the following: (iv) in respect of the Identified Properties which are under development or undergoing asset enhancement, the aggregate capital expenditure incurred and capitalised in respect of such Identified Properties during the period commencing 1 January 2021 and up to the Revaluation Date, multiplied by the Company's Effective Interest in such Identified Property, and, in determining the Revalued Valuation, if any of the foregoing amounts is denominated in RMB, such amount shall be translated into Singapore Dollars based on the exchange rate between RMB and SGD adopted by the Group for the Audited FY2020 Financial Statements.

DEFINITIONS

“RMB”	:	Renminbi
“RNAV”	:	Revalued net asset value
“ROFR”	:	Right of first refusal
“RSP”	:	RSP2010 and RSP2020
“RSP2010”	:	CapitaLand Restricted Share Plan 2010
“RSP2020”	:	CapitaLand Restricted Share Plan 2020
“RSP Awards”	:	The share awards granted under the RSP
“Rule 19 Offer”	:	An offer required to be made by the Offeror for the Convertible Bonds in accordance with the requirements of the Code, if and to the extent that any Convertible Bonds remained outstanding as at the date of this Scheme Document
“RUP”	:	CICT’s Restricted Unit Plan
“Scheme”	:	The scheme of arrangement under Section 210 of the Companies Act dated 17 July 2021 as set out in Appendix 19 to this Scheme Document (as may be amended or modified from time to time)
“Scheme Conditions”	:	The conditions precedent in the Implementation Agreement which must be satisfied (or, where applicable, waived) by the Long Stop Date for the Scheme to be implemented and which are reproduced in Appendix 11 to this Scheme Document
“Scheme Court Order”	:	The order of the Court pursuant to Section 210 of the Companies Act sanctioning the Scheme
“Scheme Document” or “Composite Document”	:	This document dated 17 July 2021 and any other document(s) which may be issued by or on behalf of the Company to amend, revise, supplement or update the document(s) from time to time
“Scheme Meeting”	:	The meeting of the Shareholders to be convened at the direction of the Court for the purpose of considering and, if thought fit, approving the Scheme
“Scheme Meeting Proxy Form”	:	The proxy form for the Scheme Meeting as set out in this Scheme Document

DEFINITIONS

“Scheme Resolution”	:	The resolution relating to the Scheme to be approved by a majority in number of Shareholders representing not less than three-fourths in value of the Shares held by Shareholders present and voting either in person or by proxy at the Scheme Meeting
“Scheme Shareholders”	:	All Shareholders other than the Offeror
“Scheme Shares”	:	Shares other than those already held by the Offeror, and shall include, for the avoidance of doubt, any new Shares unconditionally issued or delivered pursuant to: (i) the valid vesting of any outstanding awards granted pursuant to the Share Plans; and (ii) the issue and/or delivery of Shares as payment of directors’ fees to the Directors, in each case, on or prior to the Record Date
“SEC”	:	U.S. Securities and Exchange Commission
“Securities Account”	:	The relevant securities account maintained by a Depositor with CDP but does not include a securities sub-account
“Securities Law”	:	The Securities Law of the PRC (2019 Revision) (中华人民共和国证券法)
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore
“SFRS”	:	Singapore Financial Reporting Standards
“SFRS(I) 9”	:	Singapore Financial Reporting Standard (International) 9 (Financial Instruments)
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SGXNET”	:	Singapore Exchange Network
“Share Plans”	:	The PSP and RSP
“Share Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd.
“Shareholders” or “CapitaLand Shareholders”	:	(i) Persons who are registered as holders of Shares in the Register of Members (other than CDP); and (ii) where CDP is registered in the Register of Members as the holder of Shares, Depositors registered in the Depository Register as having Shares credited to their Securities Account
“Shares”	:	Issued and paid-up ordinary shares in the capital of the Company

DEFINITIONS

“SIC”	:	Securities Industry Council of Singapore
“SIC Public Statement on Electronic Despatch”	:	The Public Statement on the Extension of the Temporary Measures to Allow for Electronic Despatch of Take-Over Documents under the Code issued by the SIC on 29 September 2020
“SRS Investors”	:	Investors who have purchased Shares using their SRS contributions pursuant to the Supplementary Retirement Scheme
“Subscription”	:	The subscription by the Company for, and the allotment and issue by CLI of, new CLI Shares for a cash consideration of approximately S\$4.9 billion to fund the cash settlement component for the consideration for the applicable Transfers
“S\$” or “SGD”	:	Singapore dollars, being the lawful currency of Singapore
“TAL” or “Ascott”	:	The Ascott Limited
“Taxation Authority”	:	The Inland Revenue Authority of Singapore and any other governmental or other authority whatsoever competent to impose any Taxes whether in Singapore or elsewhere
“Taxation” or “Taxes”	:	All forms of taxation and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies, including income, withholding, stamp, goods and services tax and any other form of value-added tax, in each case whether of Singapore or elsewhere in the world, imposed on a Pro Forma Group Company, and all penalties, charges and interest relating thereto
“Technical Advisory Services”	:	Technical advisory services provided by the Parent Group to the CLI Group and which will continue to be provided after the Listing Date
“Temasek”	:	Temasek Holdings (Private) Limited
“Tembusu”	:	Tembusu Capital Pte. Ltd.
“Tender Offer”	:	Invitation by the Company to Bondholders to tender their relevant Convertible Bonds for purchase by the Company for cash, which was launched on 7 April 2021 and closed on 27 April 2021

DEFINITIONS

“Third Party Authorisations”	:	All authorisations, consents, clearances, permissions, approvals and waivers as are necessary or required by either the Offeror or the Company from all third parties under the contracts entered into by the Group (other than in respect of the Convertible Bonds), for or in respect of the Transaction or any part thereof, including without limitation consents and/or waivers from the creditors and suppliers of the Group
“Title Documents”	:	Documents of title (including land grants, leases, building agreements and agreements to lease) relating to the Properties, and “Title Document” means any of such documents
“TJIII”	:	TJ Holdings (III) Pte. Ltd.
“Trademark Licence Agreement”	:	The trademark licence agreement entered into between CLI and the Company on 17 July 2021, as more particularly described in paragraph 7.5.3 of the Letter to Shareholders
“Transaction”	:	The Internal Restructuring, the Proposed CLI Listing, the Acquisition, the Scheme, the DIS and any other transactions contemplated under the Implementation Agreement
“Transfer Books”	:	The transfer books of the Company
“Transfers”	:	The transfers of the Transferred Entities from the Pro Forma Group to the CLI Group pursuant to the terms of the Restructuring-Related Agreements, as more particularly described in paragraph 1.7.2(a)(i) of the Letter to Shareholders
“Transferred Entities”	:	The entities which are held by the Pro Forma Group prior to the Internal Restructuring and which are intended to form part of the CLI Group pursuant to the Transfers as listed in Appendix 17 to this Scheme Document
“Unaudited Condensed Interim Combined Financial Statements”	:	The condensed interim combined financial statements of the CLI Group for the three-month period ended 31 March 2021 with the independent auditors’ review report and the IFA’s review letter thereon as set out in Appendix 8 to this Scheme Document
“Units”	:	Apartment units
“Unlisted Funds”	:	Private funds and/or investment vehicles (including but not limited to programs, joint ventures and co-investments) managed by the CLI Group from time to time

DEFINITIONS

“UOB Kay Hian”	:	UOB Kay Hian Private Limited
“US Securities Act”	:	The Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“Valuations”	:	Independent valuations of the Relevant Properties commissioned by the Company
“Valuation Reports”	:	Valuation reports issued pursuant to the Valuations, a summary of which is set out in Appendix 16 to this Scheme Document and Appendix G of the Introductory Document
“VWAP”	:	Volume weighted average price
“%” or “per cent”	:	Per centum

Acting in Concert and Concert Parties. The expression “**acting in concert**” and the term “**concert parties**” shall have the meanings as ascribed to them respectively in the Code.

Depositors and Depository Register. The expressions “**Depositor**” and “**Depository Register**” shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

Expressions. Words importing the singular shall, where applicable, include the plural and *vice versa* and words indicating a specific gender shall, where applicable, include the other genders (male, female or neuter). References to persons shall, where applicable, include corporations.

Headings. The headings in this Scheme Document are inserted for convenience only and shall be ignored in construing this Scheme Document.

Rounding. Any discrepancies in the figures included in this Scheme Document between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown in totals in this Scheme Document may not be an arithmetic aggregation of the figures that precede them.

Shareholders. References to “**you**”, “**your**” and “**yours**” in this Scheme Document are, as the context so determines, to Shareholders (including persons whose Shares are deposited with CDP or who have purchased the Shares on the SGX-ST).

Statutes. Any reference in this Scheme Document to any enactment or statutory provision is a reference to that enactment or statutory provision as for the time being amended, modified, supplemented or re-enacted. Any word defined under the Companies Act, the Code, the Listing Manual, the SFA or any modification thereof and not otherwise defined in this Scheme Document shall, where applicable, have the meaning ascribed to that word under the Companies Act, the Code, the Listing Manual, the SFA or that modification, as the case may be, unless the context otherwise requires.

Subsidiary and Related Corporations. The expressions “**subsidiary**” and “**related corporations**” shall have the same meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

Time and Date. Any reference to a time of day and date in this Scheme Document shall be a reference to Singapore time and date respectively, unless otherwise specified.

DEFINITIONS

Total Number of Shares and Percentage of Shares. In this Scheme Document, the total number of Shares as at the Latest Practicable Date is 5,276,991,682 (including 73,795,890 treasury Shares). Unless otherwise specified, all references to a percentage shareholding in the capital of the Company in this Scheme Document are based on 5,203,195,792 Shares (excluding 73,795,890 treasury Shares) in the issued share capital of the Company as at the Latest Practicable Date.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Scheme Document and/or the Gatefold are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Offeror’s or the Company’s (as the case may be) current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and neither the Offeror nor the Company undertakes any obligation to update publicly or revise any forward-looking statements.

EXPECTED TIMETABLE

The EGM and the Scheme Meeting will be held by way of electronic means as a precautionary measure due to the COVID-19 situation in Singapore. Accordingly, Shareholders will not be able to attend the EGM and the Scheme Meeting in person.

Latest date and time for lodgement of Proxy Forms

- EGM Proxy Form : **Saturday, 7 August 2021, at 2.00 p.m.⁽¹⁾⁽²⁾**
- Scheme Meeting Proxy Form : **Saturday, 7 August 2021, at 2.15 p.m.⁽¹⁾⁽²⁾**

Latest date and time to pre-register online to attend the EGM and the Scheme Meeting : **Saturday, 7 August 2021, at 2.15 p.m.**

Date and time of the EGM : **Tuesday, 10 August 2021, at 2.00 p.m.**

Date and time of the Scheme Meeting : **Tuesday, 10 August 2021, at 2.15 p.m.** (or in the event that the EGM concludes after 2.15 p.m., as soon thereafter following the conclusion of the EGM)

Expected date of Court hearing of the application to sanction the DIS : **On or around Monday, 30 August 2021**

Expected date of Court hearing of the application to sanction the Scheme : **On or around Monday, 30 August 2021**

Expected last date of “cum” trading of the Shares on the SGX-ST : **On or around Thursday, 2 September 2021**

Expected date and time of commencement of “ex” trading of the Shares on the SGX-ST : **On or around Friday, 3 September 2021 at 9.00 a.m.**

Expected date of trading suspension : **On or around Friday, 3 September 2021**

Expected Record Date : **On or around Tuesday, 7 September 2021⁽³⁾**

Expected Effective Date : **On or around Wednesday, 8 September 2021⁽⁴⁾**

Expected date for the payment of the Cash Consideration : **On or around Thursday, 16 September 2021**

Expected date for the crediting of the CLI Shares and the CICT Units to Shareholders pursuant to the DIS : **On or around Thursday, 16 September 2021**

Expected date for the delisting of the Shares : **On or around Friday, 17 September 2021**

Expected date for the listing of the CLI Shares : **On or around Friday, 17 September 2021**

You should note that save for the latest date and time for the lodgement of the Proxy Forms and online pre-registration to attend the EGM and the Scheme Meeting and the date and time of the EGM and the Scheme Meeting, the above timetable is indicative only and may be subject to change. For the events listed above which are described as “expected”, please refer to future announcement(s) by the Company and/or the SGX-ST for the exact dates of these events.

EXPECTED TIMETABLE

Notes:

- (1) The EGM and the Scheme Meeting will be held by way of electronic means as a precautionary measure due to the COVID-19 situation in Singapore. Accordingly, Shareholders will not be able to attend the EGM and Scheme Meeting in person.

If a Shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM and/or the Scheme Meeting, he/she/it may appoint the Chairman of the EGM and the Chairman of the Scheme Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM and the Scheme Meeting respectively.

In appointing the Chairman of the EGM as proxy, a Shareholder must give specific instructions as to voting or abstention of voting, in respect of the DIS Resolution in the EGM Proxy Form failing which the appointment of the Chairman of the EGM as proxy for the EGM will be treated as invalid.

In appointing the Chairman of the Scheme Meeting as proxy, a Shareholder must give specific instructions as to voting or abstention of voting, in respect of the Scheme Resolution in the Scheme Meeting Proxy Form failing which the appointment of the Chairman of the Scheme Meeting as proxy for the Scheme Meeting will be treated as invalid.

- (2) The instruments appointing the Chairman of the EGM and the Chairman of the Scheme Meeting as proxy must be submitted to the Company in the following manner:

(a) if submitted electronically:

- (i) (for Shareholders who are individuals¹ only) be submitted via the pre-registration website at the URL https://investor.capitaland.com/agm_egm.html; or
- (ii) (for all Shareholders whether individuals or corporates) be submitted via email to the Company's Share Registrar at CapitaLand2021@boardroomlimited.com; or

(b) (for all Shareholders whether individuals or corporates) if submitted by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

in each case, by 2.00 p.m. or 2.15 p.m. on 7 August 2021, being 72 hours before the time appointed for holding the EGM or the Scheme Meeting (as the case may be).

A Shareholder who is an individual and who wishes to submit an instrument of proxy electronically via the pre-registration website may do so by authorising such appointment using the online proxy appointment process (where available) through the website. Alternatively, a Shareholder who wishes to submit an EGM Proxy Form and/or Scheme Meeting Proxy Form must complete and sign the EGM Proxy Form and/or Scheme Meeting Proxy Form, before submitting it by post to the address provided above or sending it by email (e.g. attaching a completed and signed PDF copy of the form) to the email address provided above.

In view of the COVID-19 situation in Singapore, Shareholders are strongly encouraged to submit completed instruments of proxy electronically via the pre-registration website (where available) or via email as described in Note 2(a).

- (3) Assuming that the Effective Date is 8 September 2021.
- (4) The Scheme will only be effective and binding upon lodgement of the Court Orders with ACRA. The Court Orders will be lodged with ACRA upon the satisfaction (or, where applicable, waiver) of all the Scheme Conditions, a list of which is set out in **Appendix 11** to this Scheme Document.

¹ Instruments of proxy executed under a power of attorney on behalf of an individual or by executors on behalf of a deceased individual's estate may only be submitted by email or post with the relevant supporting document where applicable.

CORPORATE INFORMATION

DIRECTORS	:	Ko Kai Kwun Miguel @ Ko Miguel (Chairman and Non-Executive Non-Independent Director) Lee Chee Koon (Group CEO and Executive Non-Independent Director) Anthony Lim Weng Kin (Lead Independent Director) Goh Swee Chen (Non-Executive Independent Director) Hsu Chung Wei Judy (Non-Executive Independent Director) Kee Teck Koon (Non-Executive Independent Director) Stephen Lee Ching Yen (Non-Executive Independent Director) Gabriel Lim Meng Liang (Non-Executive Independent Director) Chaly Mah Chee Kheong (Non-Executive Independent Director) Philip Nalliah Pillai (Non-Executive Independent Director)
COMPANY SECRETARIES	:	Michelle Koh Chai Ping (Bachelor of Laws (Honours)) Hon Wei Seng (Bachelor of Laws (Honours) and Master of Laws)
REGISTERED OFFICE	:	168 Robinson Road #30-01 Capital Tower Singapore 068912
SHARE REGISTRAR	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
LEGAL ADVISER TO THE SCHEME	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
FINANCIAL ADVISER TO THE SCHEME	:	J.P. Morgan (S.E.A.) Limited 168 Robinson Road 15th floor, Capital Tower Singapore 068912
INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS	:	Evercore Asia (Singapore) Pte. Ltd. 12 Marina Boulevard #33-01 Marina Bay Financial Centre Tower 3 Singapore 018982
AUDITOR	:	KPMG LLP 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581

CORPORATE INFORMATION

INDEPENDENT VALUERS : **CBRE**

CBRE Limited

Level 27, One Pacific Place,
88 Queensway,
Admiralty,
Hong Kong

Colliers

Beijing Colliers International Real Estate Valuation Co., Ltd.

Suite 510, Tower W3, Oriental Plaza,
No. 1 East Chang'an Avenue, Dongcheng District, Beijing

Colliers International Consultancy & Valuation (Singapore) Pte Ltd

12 Marina View,
#19-02, Asia Square Tower 2
Singapore 018961

JLL

Jones Lang LaSalle Corporate Appraisal and Advisory Limited

7/F One Taikoo Place, 979 King's Road,
Quarry Bay, Hong Kong

Savills

Savills Valuation And Professional Services (S) Pte Ltd

30 Cecil Street
#20-03 Prudential Tower
Singapore 049712

LETTER TO SHAREHOLDERS

CAPITALAND LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 198900036N)

Directors:

Ko Kai Kwun Miguel @ Ko Miguel
(Chairman and Non-Executive Non-Independent Director)
Lee Chee Koon
(Group CEO and Executive Non-Independent Director)
Anthony Lim Weng Kin (Lead Independent Director)
Goh Swee Chen (Non-Executive Independent Director)
Hsu Chung Wei Judy (Non-Executive Independent Director)
Kee Teck Koon (Non-Executive Independent Director)
Stephen Lee Ching Yen (Non-Executive Independent Director)
Gabriel Lim Meng Liang (Non-Executive Independent Director)
Chaly Mah Chee Kheong (Non-Executive Independent Director)
Philip Nalliah Pillai (Non-Executive Independent Director)

Registered Office:

168 Robinson Road
#30-01 Capital Tower
Singapore 068912

17 July 2021

To: The Shareholders of CapitaLand Limited

Dear Sir/Madam

PROPOSED STRATEGIC RESTRUCTURING AND DEMERGER OF THE INVESTMENT MANAGEMENT BUSINESS OF CAPITALAND LIMITED

1. INTRODUCTION

1.1 Announcement of the Scheme

On 22 March 2021, the Company and the Offeror jointly announced the proposed Scheme, pursuant to which: (i) the Company will undertake a capital reduction to distribute the Relevant Percentage of the CLI Shares and approximately 6.00% of the CICT Units to the Eligible Shareholders; and (ii) upon the foregoing taking effect, the Offeror will acquire all the Shares held by the Eligible Shareholders. Further details are set out in this Scheme Document.

A copy of the Joint Announcement announcing the proposed Scheme is available on the website of the SGX-ST at <https://www.sgx.com/securities/company-announcements>.

1.2 Purpose

The purpose of this Scheme Document is to set out information pertaining to the DIS and the Scheme, to seek your approval of the DIS and the Scheme and to give you notice of the EGM and the Scheme Meeting.

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1.3 Explanatory Statement and Introductory Document

An Explanatory Statement setting out the key terms of, the rationale for, and the effect of, the Scheme and the procedures for its implementation is set out on pages 90 to 114 of this Scheme Document. The Explanatory Statement should be read in conjunction with the full text of this Scheme Document, including the Scheme as set out on pages 876 to 886 of this Scheme Document.

Concurrently with the issue of this Scheme Document, CapitaLand Investment Limited (“**CLI**”) has also issued the Introductory Document which sets out detailed information on CLI. As at the Latest Practicable Date, CLI is a wholly owned subsidiary of the Company which operates and manages the investment management business of the Group. CLI’s portfolio will, immediately prior to the Scheme becoming effective, be expanded to comprise, among others, the Group’s stakes in the Listed Funds and Unlisted Funds and the lodging business of the Group, as further set out in **paragraph 1.7.1** of the Letter to Shareholders and the Introductory Document. **This Scheme Document should be read in conjunction with the Introductory Document.**

1.4 Scheme

On 22 March 2021, CapitaLand Limited (the “**Company**” or “**CapitaLand**”) and CLA Real Estate Holdings Pte. Ltd. (“**CLA**” or the “**Offeror**”), the existing controlling shareholder of the Company holding approximately 51.76% of the Shares as at the Latest Practicable Date, jointly announced that the Company and the Offeror are proposing to undertake a scheme of arrangement pursuant to Section 210 of the Companies Act involving:

- 1.4.1 CLI (CapitaLand Investment Limited) DIS:** a capital reduction exercise by the Company to distribute approximately 48.24%¹ of the issued and paid-up ordinary shares (the “**CLI Shares**”) in the capital of CLI (such distribution, the “**CLI DIS**”), to the Eligible Shareholders on a *pro-rata* basis;
- 1.4.2 CICT (CapitaLand Integrated Commercial Trust) DIS:** a capital reduction exercise by the Company to distribute 388,242,247 issued units (the “**CICT Units**”) in CICT to all Shareholders on a *pro-rata* basis (the “**CICT DIS**”); and
- 1.4.3 Acquisition:** upon the DIS taking effect, a proposed acquisition (the “**Acquisition**”) by the Offeror of all the Shares (excluding the treasury Shares and the Shares held by the Offeror) from the Eligible Shareholders. In consideration for the Acquisition, the Offeror will pay the Cash Consideration of S\$0.951 for each Share held by the Eligible Shareholders. In addition, the Offeror will not participate in the CICT DIS. The CICT Units that the Offeror would otherwise be entitled to receive had it participated in the CICT DIS, which comprise approximately 3.10% of the total number of CICT Units in issue as at the Latest Practicable Date, will accordingly be distributed to the Eligible Shareholders on a *pro-rata* basis, as part of the consideration for the Acquisition, thereby resulting in a proportionate increase of each Eligible Shareholder’s entitlement to the CICT DIS.

¹ The number of CLI Shares to be distributed pursuant to the CLI DIS and the percentage shareholding represented by such CLI Shares will be equal to the number of Shares held by the Eligible Shareholders and the percentage shareholding represented by such Shares as at the Record Date.

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Pursuant to the Scheme, the CLI Shares and the CICT Units stated above will be distributed to the Eligible Shareholders on a *pro-rata* basis, fractional entitlements to be disregarded. As at the Latest Practicable Date, the Company owns 100% of the CLI Shares and approximately 28.94% of the total number of CICT Units. On completion of the Scheme, the Company's shareholding and unitholding in CLI and CICT will be reduced to approximately 51.76% and 22.95% respectively.

The distribution of CICT Units pursuant to the Scheme was discussed and commercially agreed between the Offeror and the Company. CICT is the largest real estate investment trust managed by the Company and its units are considerably most liquid as compared with the other Listed Funds. Given the CICT Units to be distributed represent a relatively low percentage of CICT's outstanding units and, taking into account CICT's high liquidity, the Company believes that there would be sufficient market demand to facilitate the Shareholders in trading the CICT Units readily for cash should they not intend to hold these CICT Units. In addition, post-CICT DIS, CLI's percentage unitholding in CICT of 22.95% will also be broadly in line with that of its holdings in other Listed Funds, such as Ascendas Real Estate Investment Trust and CapitaLand China Trust.

- 1.5 Eligible Shareholders' Entitlement.** Assuming that the Scheme becomes effective, the total consideration to be received by an Eligible Shareholder (the "**Consideration**"), and the value of such Consideration, are set out below:

Consideration breakdown	Value per Share (S\$)
	Based on Current Share Capital ⁽⁴⁾
1 CLI Share⁽¹⁾	2.823
0.155 CICT Units comprising:⁽²⁾	
• Eligible Shareholder's <i>pro-rata</i> entitlement – 0.075 CICT Units	0.158
• Offeror's entitlement distributed in favour of the Eligible Shareholders – 0.080 CICT Units ⁽³⁾	0.170
Cash Consideration payable by the Offeror	0.951
Consideration	4.102

Notes:

- (1) This represents the pro forma NAV per CLI Share as at 31 December 2020, adjusted for transaction-related costs. CLI is valued at 1x NAV for illustrative purposes to determine the value of the Consideration.
- (2) The distribution ratio of the CICT DIS will be derived based on 388,242,247 CICT Units divided by the number of Shares held by the Eligible Shareholders as at the Record Date. Based on the number of Shares held by the Scheme Shareholders as at the Latest Practicable Date, the distribution ratio of the CICT DIS is 0.155 CICT Units for each Share. Assuming there is no change to the Offeror's shareholding as at the Record Date, such distribution ratio will remain unchanged as at the Record Date.

For the purposes of this paragraph, the value of the CICT Units is determined based on the one-month VWAP of the CICT Units up to the Last Trading Day of 19 March 2021, being S\$2.122 per CICT Unit. The one-month VWAP of the CICT Units up to the Latest Practicable Date is S\$2.120. Please refer to **paragraph 7 of Part 2 of Appendix 4** of for further information on historical traded prices of the CICT Units.

For the avoidance of doubt, (i) the total number of CICT Units to be distributed by the Company to all Eligible Shareholders pursuant to the CICT DIS and (ii) the amount of Cash Consideration payable by the Offeror to each Eligible Shareholder are fixed and will not vary based on the market prices of CICT Units.

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- (3) The CICT DIS is to be made to all Shareholders on a *pro-rata* basis. The Offeror would have been entitled to its *pro-rata* share of the CICT Units to be distributed, being 200,949,143 CICT Units, if it had participated in the CICT DIS, by virtue of it being a Shareholder. As the Offeror has decided not to participate in the CICT DIS, its entitlement to 200,949,143 CICT Units will be distributed to all Eligible Shareholders on a *pro-rata* basis as part of the consideration for the Scheme, resulting in each Eligible Shareholder receiving an additional 0.08 CICT Units per Share.
- (4) As at the Latest Practicable Date, the share capital of the Company comprises 5,203,195,792 Shares (excluding treasury Shares). As no further Shares under the Awards are expected to vest for the period up to the Record Date, the total number of Shares is expected to remain unchanged as at the Record Date. Accordingly, on the basis that there is no change to the Offeror's shareholding as at the Record Date, the Consideration detailed in this table and the value of such Consideration determined on the basis set out herein will remain unchanged as at the Record Date.

Further information on the Eligible Shareholders' entitlement to the Consideration is set out in **paragraph 1.11** of the Letter to Shareholders .

Eligible Shareholders should note that they may receive odd lots of CICT Units pursuant to the Scheme. Eligible Shareholders who hold odd lots of Shares as at the Record Date will also receive odd lots of CLI Shares. The Company will facilitate the trading of odd lots of CLI Shares and CICT Units for a period of four (4) weeks after the completion of the DIS so that Shareholders who wish to round up or down their holdings to the nearest 100 CLI Shares or nearest 100 CICT Units can do so. Details of such arrangement are set out in **paragraph 11.4** of the Explanatory Statement.

1.6 Scheme Conditions

The Offeror and the Company have on 22 March 2021 entered into an implementation agreement (the "**Implementation Agreement**") setting out the terms and conditions on which the Offeror and the Company will implement the Scheme. The Scheme is conditional upon the satisfaction (or, where applicable, the waiver) of the Scheme Conditions. Please refer to **paragraph 6.2** of the Letter to Shareholders for further details of the Scheme Conditions.

1.7 Internal Restructuring

1.7.1 In connection with the Scheme, the Company intends to undertake an internal restructuring ("**Internal Restructuring**") of the Group to consolidate certain assets and businesses of the Group under CLI, CLI's subsidiaries and associated companies such that CLI's portfolio will comprise, among others:

- (a) the investment management platforms for the Listed Funds (which comprise CapitaLand Integrated Commercial Trust ("**CICT**"), Ascendas Real Estate Investment Trust ("**A-REIT**"), Ascott Residence Trust ("**ART**"), CapitaLand China Trust ("**CLCT**"), Ascendas India Trust ("**AIT**") and CapitaLand Malaysia Mall Trust ("**CMMT**"), being the real estate investment trusts ("**REITs**"), business trusts ("**BTs**") and/or stapled trusts managed by the CLI Group as of the Latest Practicable Date) as well as the Unlisted Funds (which comprise private funds and/or investment vehicles (including but not limited to programs, joint ventures and co-investments) managed by the CLI Group from time to time);
- (b) the Group's stakes in the Listed Funds and Unlisted Funds;

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- (c) the lodging business of the Group, via the transfer of the entire issued share capital of The Ascott Limited (“**Ascott**”), being the entity holding the lodging business;
- (d) certain of the assets held by the Group, some of which could be the pipeline investment opportunities for the Listed Funds and Unlisted Funds; and
- (e) certain operating platforms for the office and retail malls, business park properties and data centres comprised in CLI’s portfolio (for instance, property managers and entities providing support for the operation and maintenance of these properties).

Certain assets, businesses and/or platforms as well as employees that are not currently held by the CLI Group will be transferred to the CLI Group as part of the Internal Restructuring.

1.7.2 In relation to the Internal Restructuring:

- (a) CLI, certain of CLI’s subsidiaries, the Company and/or certain of the Company’s subsidiaries, as the case may be, had on 17 July 2021 entered into various agreements (collectively, the “**Restructuring-Related Agreements**”). Pursuant to the terms of the Restructuring-Related Agreements:
 - (i) **Transfers**: CLI Group’s principal activities will comprise, among others, fee-income related business, while the Pro Forma Group’s activities will comprise property development. The Internal Restructuring will be undertaken to, among others, achieve the intended assets allocation between the CLI Group and the Pro Forma Group, taking into consideration their respective business focus post-completion of the Scheme. The assets allocation is accordingly proposed based on factors such as readiness of the assets to be offered to the Listed Funds and Unlisted Funds, tax considerations and other specific asset level considerations. Generally speaking: (1) mature or completed assets are allocated for the CLI Group and they will form pipeline assets that will potentially be injected into the Listed Funds and/or the Unlisted Funds or be monetised through sales to third parties as and when the opportunities arise; and (2) assets that are under development or earmarked for development will remain with the Pro Forma Group.

Entities which are held by the Pro Forma Group prior to the Internal Restructuring and which are intended to form part of the CLI Group or otherwise hold assets allocated for the CLI Group (the “**Transferred Entities**”) will be transferred in stages from the Pro Forma Group to the CLI Group (the “**Transfers**”).

As the Scheme is subject to and conditional upon, among others, requisite Shareholders’ approval and Court Orders having been obtained, the Transfers are structured such that the entities which are intended to form part of the CLI Group will be transferred from the Pro Forma Group to the CLI Group after the receipt of the requisite Shareholders’ approval and the Court Orders as there will be greater certainty at that point in time that the Scheme will be completed, save for the exceptions described below.

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The exceptions relate to a few transfers of entities which are established in jurisdictions other than Singapore. Due to the procedural requirements in those jurisdictions, the completion of these transfers will require an extended period of time. As such, these transfers will be effected at an earlier stage prior to the receipt of the requisite Shareholders' approval and Court Orders.

Some of the Transferred Entities (the "**Relevant Transferors**") currently hold a number of entities which are intended to remain as part of the Pro Forma Group after the completion of the Scheme as these entities are not relevant to the assets, businesses and/or platforms of the CLI Group or otherwise hold assets allocated for the Pro Forma Group (the "**Remain Pro Forma Group Entities**"). Accordingly, such Remain Pro Forma Group Entities will be transferred from the Relevant Transferors to the Pro Forma Group (the "**Carve-out Transfers**") prior to the relevant Transfers.²

The Transfers and Carve-out Transfers will be effected at the NAV of the relevant entity being transferred or the cost of investment in the relevant entity being transferred, or, as the case may be, the NAV of the relevant group of entities being transferred. Other than the consideration for the two Transferred Entities (CapitaLand Mall Asia Limited and CapitaLand Business Services Pte. Ltd.) which will be settled through the issuance of new CLI Shares, the consideration for all other Transfers and Carve-out Transfers will be settled in cash and will be paid on or around completion of all of the Transfers and Carve-out Transfers, which will take place by no later than the Record Date of the Scheme.

The aggregate consideration for the Transfers is approximately S\$7.9 billion while the aggregate consideration for the Carve-out Transfers is approximately S\$306 million.

Further details of the Transfers, including (I) a diagram illustrating the structure charts of the Group before and after the Transfers and (II) a list of the Transferred Entities, are set out in **Appendix 17** to this Scheme Document.

- (ii) **Subscription for CLI Shares by the Company**: to fund the cash settlement component for the consideration for the applicable Transfers, the Company will subscribe for, and CLI will allot and issue, new CLI Shares for a cash consideration of approximately S\$4.9 billion (the "**Subscription**"); and

² As an example, CapitaLand Mall Asia Limited will be transferred from the Pro Forma Group to the CLI Group pursuant to the Internal Restructuring (the "**CMA Transfer**"). Some of the assets held by the subsidiaries of CapitaLand Mall Asia Limited have been identified as assets suitable for the Pro Forma Group's business and have therefore been allocated for the Pro Forma Group. Accordingly, prior to the completion of the CMA Transfer, the subsidiaries of CapitaLand Mall Asia Limited holding the assets allocated for the Pro Forma Group will first be transferred to other members of the Pro Forma Group.

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- (iii) **Transfer of 388,242,247 CICT Units to the Company:** as all the CICT Units held by the Group are currently held through certain of the Transferred Entities, in preparation for the CICT DIS, 388,242,247 CICT Units which are to be distributed to Eligible Shareholders pursuant to the CICT DIS will first be transferred from the relevant Transferred Entities to the Company prior to the CICT DIS being effected. This transfer will be effected at the market value of CICT Units at the time of transfer and will be for cash consideration.

The parties have also agreed that the transaction costs relating to the Internal Restructuring and the Scheme shall be borne by the Parent Group and CLI Group in the proportion of 35:65³ as specified in the Implementation Agreement. The basis of allocation of transaction costs was determined taking into consideration the approximate NAV split between CLI and the Pro Forma Group as at 31 December 2020. The Parent Group and the CLI Group may reimburse each other so as to achieve the sharing of the transaction costs in the agreed proportion, and such reimbursement may take place subsequent to the completion of the Scheme. In addition, the Company will also reimburse CLI for the amount of remuneration incurred by CLI in connection with the employment of certain employees up to the Listing Date. In connection with the novation of certain facilities by CapitaLand Treasury Limited (a wholly owned subsidiary of the Company) to CLI Treasury Limited (CLI's treasury vehicle), CLI will reimburse CapitaLand Treasury Limited for the unamortised upfront fees, as well as losses, charges and/or costs incurred by CapitaLand Treasury Limited resulting directly from the novation.

Prior to the Scheme, certain members of the Parent Group had previously transferred qualifying deductions to certain members of the CLI Group under the group relief regime prescribed in Section 37C of the Income Tax Act, Chapter 134 of Singapore, for which the CLI Group members in question are to pay the Parent Group members in question certain amounts of consideration (the "**Subvention Payment**") and vice versa (the transferors of such qualifying deductions, the "**Group Relief Transferors**", and the transferees of such qualifying deductions, the "**Group Relief Transferees**"). As the Inland Revenue Authority of Singapore has yet to finalise the tax assessments of the Group Relief Transferees, the respective Group Relief Transferees have not made the Subvention Payments to the Group Relief Transferors. The relevant parties have also agreed that the Subvention Payment will be made only upon finalisation of the tax assessments of the Group Relief Transferee, which may happen after the completion of the Scheme.

Save for the allocation of transaction costs which was determined as described above, the terms of the transactions set out in the Restructuring-Related Agreements were negotiated between CLI and CapitaLand on an arm's length basis;

³ Please refer to Appendix F of the Introductory Document for details of the estimated transaction costs relating to the Internal Restructuring and the Scheme.

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- (b) from time to time, the entities within the Group extend shareholders' loans to their subsidiaries or other Group Entities in the ordinary and usual course of business for the purposes of, among others, funding acquisitions and operations of these entities. Pursuant to the Internal Restructuring, the Transferred Entities and their respective subsidiaries will be transferred from the Group to the CLI Group pursuant to the Transfers. The Past Interco Loans comprise, among others, the shareholders' loans extended by the Transferors or other Pro Forma Group Companies to the CLI Group Entities. As at 30 June 2021, the amount of the net outstanding Past Interco Loans owing by the CLI Group Entities to the Pro Forma Group Entities (after taking into account the aggregate consideration payable by the Pro Forma Group Entities to the CLI Group Entities for the Carve-out Transfers) was approximately S\$3.4 billion. By no later than the Record Date of the Scheme, the Past Interco Loans equivalent to up to S\$2,870 million (the **"Relevant Past Interco Loans"**) will be settled through the issuance of new CLI Shares to the Company (the **"Issuance"**) for the aggregate subscription consideration equivalent to the amount of the Relevant Past Interco Loans. The balance amount of the Past Interco Loans which is not settled through the Issuance will be fully repaid in cash on or before the Listing Date. To the extent not fully repaid in cash, any balance amount remaining outstanding will be governed under the terms of the loan agreement to be entered into between CapitaLand Treasury Limited (as lender) and CLI Treasury Limited (as borrower) referred to in **paragraph 7.5.1** of the Letter to Shareholders. The terms of the Issuance were negotiated between CLI and the Company on an arm's length basis. For further details on the Past Interco Loans, please refer to the section "Interested Person Transactions and Conflicts of Interests – Past Interested Person Transactions – Past intercompany loans from and to the Parent Group" of the Introductory Document. For the avoidance of doubt, as of the Listing Date, no loans extended by the CLI Group to the Parent Group will remain outstanding; and
- (c) to facilitate the CLI DIS on the basis of one (1) CLI Share for each Share held by the Eligible Shareholders, CLI will undertake a reorganisation of its share capital structure, whether by way of consolidation, subdivision and/or additional issuance of CLI Shares (which may be by way of bonus issue or otherwise) to the Company or otherwise, such that the number of CLI Shares will be equal to the number of Shares (excluding treasury Shares) as at the Record Date (the **"Change in Capital Structure"**).

As at the Latest Practicable Date, CLI's issued and paid-up share capital is S\$2.00 comprising two (2) CLI Shares. After the Subscription, the Issuance and the Change in Capital Structure, CLI's issued and paid-up ordinary share capital will be approximately S\$10,754 million. The number of CLI Shares will be equivalent to the number of Shares (excluding treasury Shares) as at the Record Date. The share capital of the Company comprises 5,203,195,792 Shares (excluding treasury Shares) as at the Latest Practicable Date and is expected to remain unchanged for the period up to the Record Date. Accordingly, CLI is expected to have 5,203,195,792 CLI Shares immediately prior to the DIS.

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- 1.7.3** The Internal Restructuring is a pre-requisite to the DIS and, subject to the requisite approvals (including regulatory and third party consents such as consents from banks and joint venture partners)⁴ being obtained, will be completed prior to the Company effecting the DIS pursuant to the Scheme.
- 1.7.4** **Paragraph 4.1** of the Letter to Shareholders sets out in greater details the proposed portfolio of the CLI Group subsequent to the completion of the Internal Restructuring.
- 1.7.5** Assuming completion of the Internal Restructuring, on a pro forma basis, the NAV and profit contributions of the CLI Group and the Pro Forma Group to the Group (including the CLI Group) are as follows:

	CLI Group	Pro Forma Group	Group (comprising CLI Group and Pro Forma Group)
NAV as at 31 December 2020 (S\$' billion)	14.7 ⁽¹⁾	7.6	22.3
Profit for FY2019 (S\$' million)	1,444	690	2,134
Profit/(Loss) for FY2020 (S\$' million)	(559)	(1,015)	(1,574)

Note:

- (1) Based on CLI's combined financial statements. The NAV as at 31 December 2020 is adjusted for capitalisation of various shareholder/inter-company loans as part of the Internal Restructuring.

1.8 CLI Listing and CapitaLand Delisting

- 1.8.1** In connection with the CLI DIS, CLI has made an application (the "**CLI Listing Application**") to the SGX-ST for the CLI Shares to be listed on the Mainboard of the SGX-ST (the "**Proposed CLI Listing**"), which will enable the CLI Shares to be traded on the SGX-ST immediately after the completion of the Scheme.
- 1.8.2** The Company has also made an application to the SGX-ST for the Shares to be delisted and withdrawn from the Official List of the SGX-ST on completion of the Scheme (the "**CapitaLand Delisting**").

The Proposed CLI Listing and CapitaLand Delisting are inter-conditional. In the event the DIS and/or the Scheme are/is not approved by Shareholders, the Proposed CLI Listing will not take place, and the Company will remain listed on the SGX-ST.

⁴ The regulatory approvals required for the Internal Restructuring comprise, among others, clearance from the Foreign Investment Review Board under the Australian Foreign Acquisitions and Takeovers Act 1975. As at the Latest Practicable Date, these regulatory approvals and substantially all of the third party consents have been obtained.

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1.9 Rationale of the Scheme

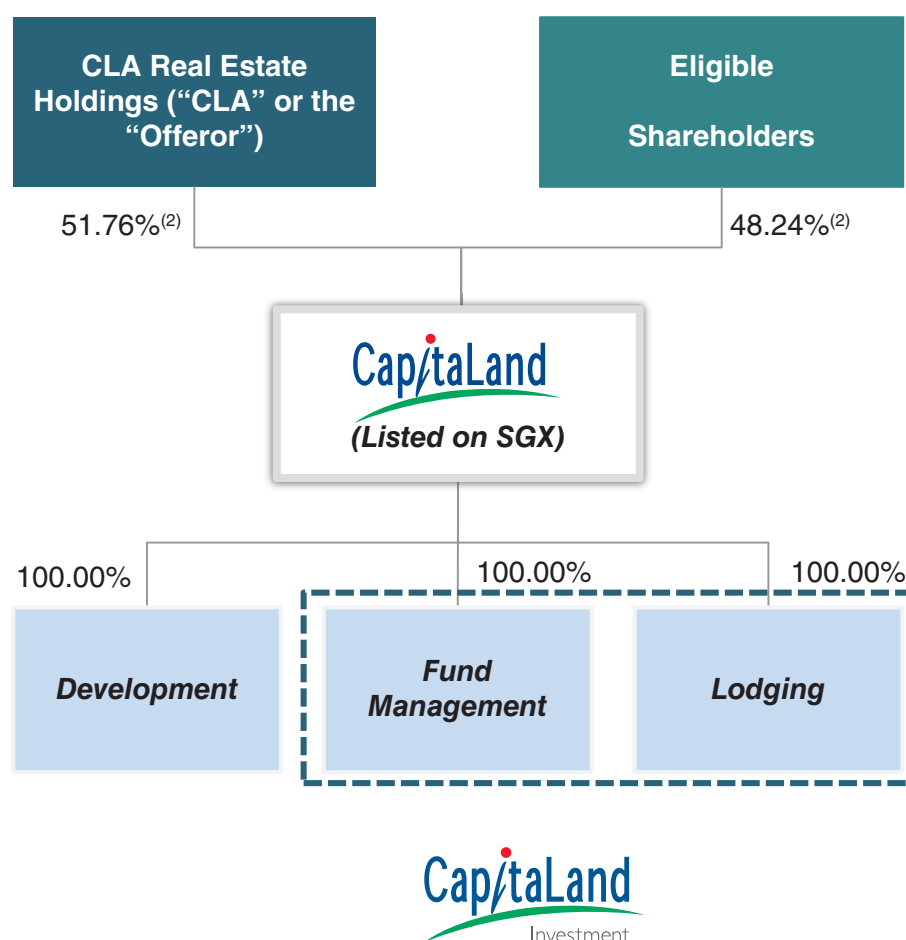
The overarching objective of the Scheme is to sharpen the Group's focus and position it to be an asset-light and capital-efficient business through CLI. It follows the progress the Company has made to pivot itself to the new economy sectors, expanding its global footprint and growing its fee income business. It is a significant and important milestone in the Company's transformation. It will provide the impetus for CLI to further expand and scale up its asset and investment management, and lodging businesses whilst benefitting from the pipeline of projects from the privatised Company as part of the ecosystem. It will also extend CLI's market leadership in the Asian real estate investment management business. Shareholders will get an opportunity to remain invested in these asset-light growth businesses through CLI. At the same time, Shareholders will benefit from the significant value that will be unlocked from the Scheme, as elaborated in **paragraphs 2.2 and 2.3** of the Letter to Shareholders.

Further information on the rationale of the Scheme is set out in **paragraph 2** of the Letter to Shareholders.

1.10 Illustrative Structure Charts

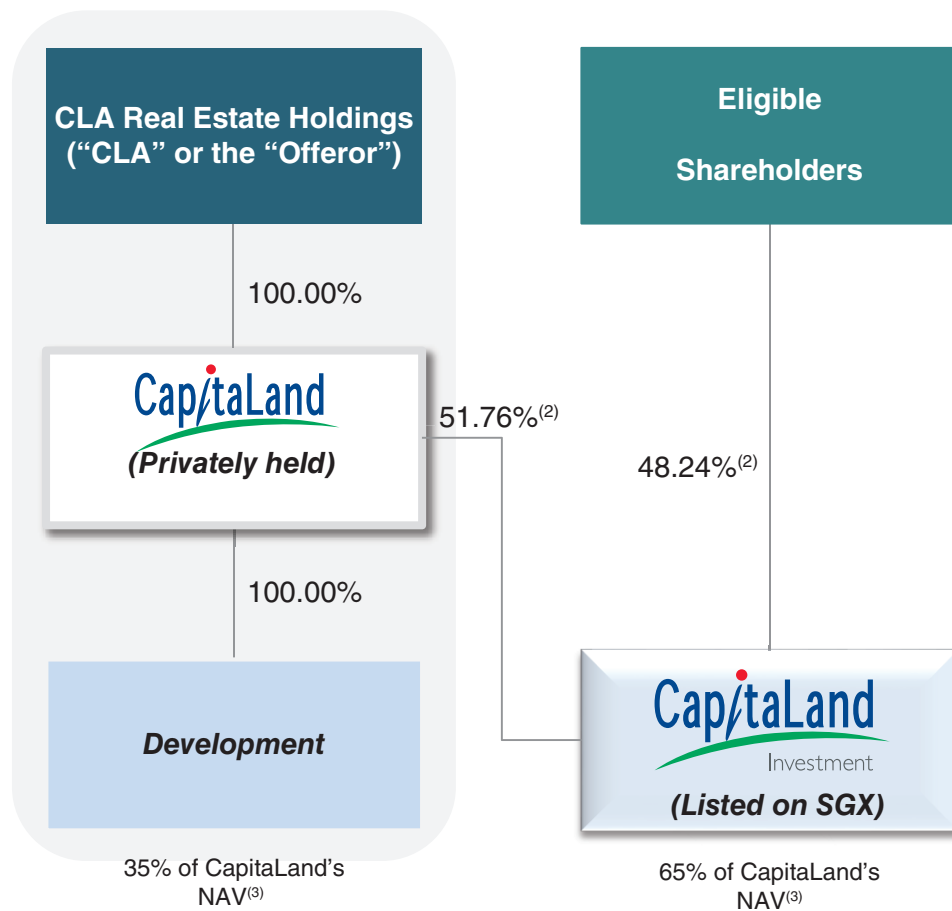
The following illustrative structure charts illustrate the changes to the shareholding structure of the Company and CLI following completion of the Scheme:

1.10.1 Present Structure⁽¹⁾:



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1.10.2 On Completion of the Scheme⁽¹⁾:



Notes:

- (1) Illustrating relevant entities only.
- (2) Based on current shareholdings as at the Latest Practicable Date.
- (3) This represents the approximate relative proportions of the Group's NAV as at 31 December 2020 attributable to the Pro Forma Group and the CLI Group.

1.11 Further Information on Eligible Shareholders' Entitlement

1.11.1 Distribution Ratio for the DIS

- (a) **CLI DIS.** As at the Latest Practicable Date, CLI has an issued and paid-up share capital of S\$2.00 comprising two (2) CLI Shares. The share capital of CLI will be increased pursuant to the Internal Restructuring as described in **paragraph 1.7.2** of the Letter to Shareholders, such that the number of CLI Shares will be equivalent to the number of Shares (excluding treasury Shares) as at the Record Date. Accordingly, the CLI DIS will be effected on the basis of **one (1) CLI Share for each Share** held by the Eligible Shareholders as at the Record Date, fractional entitlements to be disregarded.

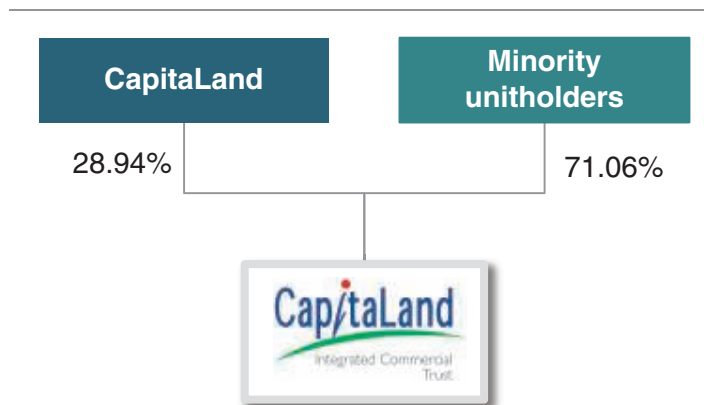
LETTER TO SHAREHOLDERS

- (b) **CICT DIS.** As the number of CICT Units to be distributed pursuant to the DIS is fixed, the distribution ratio in respect of the CICT DIS will vary depending on the total number of Shares in issue as at the Record Date and the number of Shares held by the Offeror as at the Record Date.

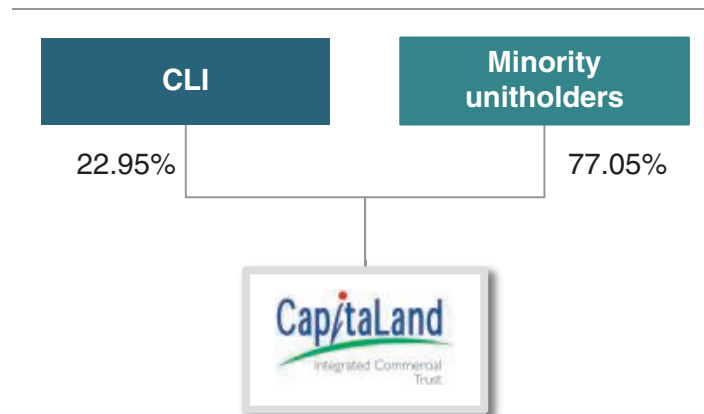
As at the Latest Practicable Date, the Offeror is the largest Shareholder, holding 2,693,106,549 Shares, representing approximately 51.76% of the Current Share Capital. Pursuant to the Scheme, the Offeror will not participate in the CICT DIS. The CICT Units that the Offeror would otherwise be entitled to receive will accordingly be distributed to the Eligible Shareholders on a *pro-rata* basis as part of the consideration for the Acquisition, thereby resulting in a proportionate increase of each Eligible Shareholder's entitlement to the CICT DIS. For illustrative purposes, on the basis that there is no change to the Offeror's shareholding as at the Record Date, the CICT DIS will be effected on the basis of **0.155 CICT Unit for one Share** held by an Eligible Shareholder as at the Record Date, fractional entitlements to be disregarded.

The unitholdings of CICT prior to and after the completion of the Scheme are as follows:

Prior to the completion of the Scheme



After the completion of the Scheme



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- (c) **Cash Consideration.** Immediately upon the DIS taking effect, all Shares held by the Eligible Shareholders will be transferred to the Offeror pursuant to the Acquisition, and the Offeror will pay each Eligible Shareholder **S\$0.951 for each Share** in cash (the “**Cash Consideration**”).

The Cash Consideration is determined after having taken into account, among others, the DIS, including the Offeror’s non-participation in the CICT DIS and the resultant increase of the Eligible Shareholders’ entitlement to the CICT Units pursuant to the CICT DIS.

The Company had on 24 February 2021 announced a proposed tax-exempt ordinary dividend of S\$0.09 per Share for FY2020 (the “**FY2020 Final Dividend**”). The FY2020 Final Dividend was approved by the Shareholders on 27 April 2021 and paid on 18 May 2021. The Cash Consideration will **not** be reduced by the amount of the FY2020 Final Dividend.

The aggregate Cash Consideration that is payable by the Offeror to an Eligible Shareholder in respect of the Shares held by such Eligible Shareholder as at the Record Date will be rounded to the nearest whole cent.

If the Scheme becomes effective, each Eligible Shareholder will be entitled to receive one (1) CLI Share, 0.155 CICT Units⁵ and S\$0.951 in cash in respect of each Share that he holds as at the Record Date. For the avoidance of doubt, the Eligible Shareholders will not have any option to elect to receive only cash instead of a combination of cash and CLI Shares and CICT Units.

1.11.2 Benchmarking the Consideration

The implied premium of the Consideration over the relevant closing price and VWAP of the Shares are as follows:

	Share Price (S\$)	Premium of Consideration to Share Price (%) ⁽¹⁾⁽²⁾
Closing price on 19 March 2021, being the Last Trading Day	3.310	24
VWAP of the Shares for the 1-month period up to and including the Last Trading Day	3.225	27
VWAP of the Shares for the 3-month period up to and including the Last Trading Day	3.258	26
VWAP of the Shares for the 6-month period up to and including the Last Trading Day	3.042	35

⁵ Assuming there is no change to the distribution ratio for CICT DIS as at the Record Date.

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	Share Price (S\$)	Premium of Consideration to Share Price (%) ⁽¹⁾⁽²⁾
VWAP of the Shares for the 12-month period up to and including the Last Trading Day	2.957	39
VWAP of the Shares for the 5-year period up to and including the Last Trading Day	3.317	24
VWAP of the Shares for the 10-year period up to and including the Last Trading Day	3.204	28

Notes:

- (1) CLI is valued at 1x NAV for illustrative purposes to determine the value of the Consideration.
- (2) Adjusted for transaction-related costs. Rounded to the nearest whole number.

1.11.3 Benchmarking the value accruing to Eligible Shareholders for their 48.24% interest in the Development Related Business

	Illustration of value accruing to Eligible Shareholders for their 48.24% interest in the Development Related Business ("Implied CLA Consideration")
Consideration Breakdown	Value per Share (S\$) Based on Current Share Capital ⁽¹⁾
Offeror's entitlement distributed in favour of the Eligible Shareholders – 0.080 CICT Units ⁽²⁾ (A)	0.170
Cash Consideration payable by the Offeror (B)	0.951
Implied CLA Consideration (A) + (B)	1.121
Price-to-NAV Ratio⁽³⁾ of the Implied CLA Consideration for the Development-Related Business	0.95x

Notes:

- (1) As at the Latest Practicable Date, the share capital of the Company comprises 5,203,195,792 Shares (excluding treasury Shares). As no further Shares under the Awards are expected to vest for the period up to the Record Date, the total number of Shares is expected to remain unchanged as at the Record Date. Accordingly, on the basis that there is no change to the Offeror's shareholding as at the Record Date, the Implied CLA Consideration detailed in this table and the value of the Implied CLA Consideration determined on the basis set out herein will remain unchanged as at the Record Date.
- (2) For the purposes of this paragraph, the value of the CICT Units is determined based on the one-month VWAP of the CICT Units up to the Last Trading Day of 19 March 2021, being S\$2.122 per CICT Unit. The one-month VWAP of the CICT Units up to the Latest Practicable Date is S\$2.120. Please refer to **paragraph 7 of Part 2 of Appendix 4** of for further information on historical traded prices of the CICT Units.

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For the avoidance of doubt, (i) the total number of CICT Units to be distributed by the Company to all Eligible Shareholders pursuant to the CICT DIS and (ii) the amount of Cash Consideration payable by the Offeror to each Eligible Shareholder are fixed and will not vary based on the market prices of CICT Units.

- (3) Based on the adjusted pro forma NAV of the Development-Related Business of approximately S\$6.1 billion, as at 31 December 2020, adjusted for transaction costs and the FY2020 Final Dividend.

2. TRANSACTION BACKGROUND AND RATIONALE OF THE SCHEME

In connection with the successful combination with the Ascendas-Singbridge group of companies in 2019⁶, CapitaLand has announced its “CapitaLand 3.0” strategy focusing on becoming an agile and growth-oriented real estate company that is balanced and diversified across asset classes and geographies. As part of this strategy, CapitaLand has set itself to look into four key main aspects, namely:

- (a) identify and pivot into new economy sectors capitalising on future megatrends;
- (b) optimise capital allocation and returns;
- (c) strengthen and deepen presence in strategic markets globally; and
- (d) attract the best talent.

As a continuation to the ongoing “CapitaLand 3.0” transformation, the Company, together with the Offeror, is now proposing a Scheme to:

- (i) effect a proposed restructuring of the Group’s business to consolidate the Group’s investment management platforms, as well as its lodging business, into CLI, which is to be listed by introduction on the SGX-ST; and
- (ii) place the real estate development business of the Group under private ownership, to be fully held by CLA through the proposed privatisation of the Company on completion of the Scheme.

The Scheme will enable the Company to put greater focus on the real estate investment management to drive higher capital productivity, efficiency and returns, while at the same time, separate its capital intensive and longer-gestation real estate development business and assets, the value of which is not adequately appreciated by the public markets as elaborated further in **paragraph 2.2.1** of the Letter to Shareholders.

⁶ The Company had paid an aggregate consideration of S\$6,035.9 million for the acquisition of the Ascendas-Singbridge group of companies, and such consideration was satisfied in the following manner: 50% of the consideration was satisfied in cash and 50% of the consideration was satisfied through the issuance of Shares by the Company to Temasek at an issue price of S\$3.50 per Share.

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The Scheme is intended to deliver strategic and financial benefits for the Shareholders as set out below:

2.1 Sharpens business model to facilitate faster growth through creation of CLI

The Scheme is undertaken to accelerate the transformation of the Company's business model in the public market, the execution of which is on track under the CapitaLand 3.0 strategic plans. As part of its growth strategy, the creation of CLI, which comprises the highly scalable and global funds investment management and lodging platforms, will sharpen its focus on driving fee income and FUM growth.

2.2 Allows Shareholders to unlock the value of their existing investment

2.2.1 The Scheme would allow the Shareholders to remain invested in CLI (which represents approximately 65% of the Group's NAV⁷ as at 31 December 2020) and participate in CLI's growth. CLI will be a growth-oriented company and will focus its growth strategies around increasing FUM and capital efficiency. There will be more direct allocation of resources and capital to the growth opportunities identified under CLI with its dedicated mandates to achieve FUM growth in an asset-light manner. CLI aims to grow its fee-related earnings contribution over time, which is a key valuation benchmark for public markets.

Furthermore, through the Scheme, Shareholders will own CLI Shares whose business profile more closely resembles that of a real estate investment manager. Public markets value real estate investment managers differently from listed developers. Listed real estate investment managers tend to trade at a premium to book value, while developers tend to trade at a discount to book value.

2.2.2 At the same time, while a Shareholder will no longer have vested interest in the development business of the Company, he will continue to retain exposure to the benefits of the privatised development business of the Company through CLI. CLI will retain the benefit of being part of the ecosystem with the privatised CapitaLand. The Company has over time developed an integrated suite of capabilities and built an ecosystem within the Group to support its real estate businesses and platforms. In part to preserve and sustain the ecosystem, a reciprocal rights of first refusal agreement has been entered into between CLI and the Company. It is envisaged that the Company will continue, through its development arm, supporting CLI through its strong development capabilities through participating and collaborating in the development and/or redevelopment of projects within CLI, as required and appropriate, as well as in providing to CLI development or project management services as CLI may require in respect of any property investments held within CLI. CLI will also be able to tap on a key pipeline source of investment opportunities through the Company as and when its development projects complete and are available for sale to augment the growth of CLI's FUM, which would in turn drive fee-related earnings to CLI.

⁷ Based on the approximate NAV split between CLI and the Pro Forma Group as at 31 December 2020.

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- 2.2.3** CLI will also continue to retain full stack capabilities differentiating itself from other investment managers, with its established operating platforms, access to a deep pool of capital partners such as sovereign wealth funds and insurance firms and its highly liquid, established platforms for capital recycling.
- 2.2.4** CLI's focus would be to extend its market leadership in the Asian fund management business, in particular, for its listed REITs and BTs. CLI would continue to manage six Listed Funds (in which CLI would also holds stakes, as set out in **paragraph 4.1.2** of the Letter to Shareholders) with total market capitalisation of S\$33.8 billion as of the Latest Practicable Date.

2.3 Crystallises and unlocks value for Shareholders

An Eligible Shareholder will receive the following consideration under the Scheme in respect of each Share that he holds as at the Record Date: 1 CLI Share and 0.155 CICT Units⁸ via the DIS, and S\$0.951 in cash. The aggregate of these components of Consideration translates to a value of S\$4.102⁹ representing approximately 95.6% of the Group's NAV per share of S\$4.29¹⁰ and 24% above the last traded price of the Company of S\$3.31 and 39% over the VWAP of the Shares for the 12-month period up to and including the Last Trading Day of S\$2.957. In addition, the Shareholders were paid the FY2020 Final Dividend. This represents an immediate unlocking of value to the Shareholders.

3. INFORMATION ON THE COMPANY, CLI, CICT AND THE OFFEROR

3.1 Information on the Company, CLI and CICT

3.1.1 The Company

- (a) **Business.** The Company, listed on the Mainboard of the SGX-ST, is one of Asia's largest diversified real estate groups. Incorporated and headquartered in Singapore, it owns and manages a global portfolio worth about S\$132.5 billion as at 31 December 2020. The Group's portfolio spans across diversified real estate classes which include commercial, retail; business park, industrial and logistics; integrated development, urban development; as well as lodging and residential. With a presence across more than 230 cities in over 30 countries as at 31 December 2020, the Group focuses on Singapore and China as its core markets, while it continues to expand in markets such as India, Vietnam, Australia, Europe and the USA.

The Group's principal businesses currently comprise development, investment management (through CLI) and lodging (through TAL).

⁸ Assuming there is no change to the distribution ratio for CICT DIS as at the Record Date.

⁹ This is the implied Consideration determined based on the Current Share Capital. Please see **paragraph 1.5** of the Letter to Shareholders for the breakdown of the Consideration.

¹⁰ Based on the NAV of the Group as at 31 December 2020 divided by the number of Shares as at the date hereof.

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- (b) **Board.** As at the Latest Practicable Date, the board of Directors comprises the following:

Directors	Designation
Ko Kai Kwun Miguel @ Ko Miguel	Chairman and Non-Executive Non-Independent Director
Lee Chee Koon	Group CEO and Executive Non-Independent Director
Anthony Lim Weng Kin	Lead Independent Director
Goh Swee Chen	Non-Executive Independent Director
Hsu Chung Wei Judy	Non-Executive Independent Director
Kee Teck Koon	Non-Executive Independent Director
Stephen Lee Ching Yen	Non-Executive Independent Director
Gabriel Lim Meng Liang	Non-Executive Independent Director
Chaly Mah Chee Kheong	Non-Executive Independent Director
Philip Nalliah Pillai	Non-Executive Independent Director

- (c) **Share Capital.** As at the Latest Practicable Date, the Company has:

- (i) an issued and paid-up share capital of S\$9,715,255,728.37, comprising 5,203,195,792 Shares (excluding 73,795,890 treasury Shares) (the “**Current Share Capital**”); and
- (ii) outstanding share awards (the “**Awards**”) granted pursuant to the PSP and the RSP (the “**Share Plans**”).

As no further Shares under the Awards are expected to vest for the period up to the Record Date, the total number of Shares is expected to remain unchanged as at the Record Date.

- 3.1.2 CLI.** CLI, incorporated in Singapore on 29 August 2003 and a wholly owned subsidiary of the Company, currently operates and manages the investment management business of the Group. As at the Latest Practicable Date, CLI, through its subsidiaries and/or related corporations¹¹, manages six Listed Funds and over 20 Unlisted Funds.

Further information on CLI is set out in **Appendix 4** to this Scheme Document and in the Introductory Document.

- 3.1.3 CICT.** CICT is the first and largest REIT listed on the SGX-ST with a portfolio value of S\$22.3 billion as at 31 December 2020 and a market capitalisation of approximately S\$13.8 billion as at the Latest Practicable Date.

It debuted on the SGX-ST as CapitaLand Mall Trust in July 2002 and was renamed CICT in November 2020 following its merger with CapitaLand Commercial Trust. CICT is managed by CapitaLand Integrated Commercial Trust Management Limited, which is a wholly owned subsidiary of CLI.

¹¹ Including certain Group entities which are outside of the CLI Group but which will, pursuant to the Internal Restructuring, be held by the CLI Group.

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CICT owns and invests in quality income-producing assets primarily used for commercial (including retail and/or office) purpose, located predominantly in Singapore.

Further information on CICT is set out in **Appendix 4** to this Scheme Document.

3.2 Information on the Offeror

3.2.1 The Offeror. As set out in the Offeror's Letter, the Offeror is an investment holding company incorporated in Singapore on 30 September 2014. The Offeror is an indirect wholly owned subsidiary of Temasek.

As at the Latest Practicable Date, the directors of the Offeror are as follows:

Directors	Designation
Wong Kan Seng	Chairman and Non-Executive Director
Ko Kai Kwun Miguel @ Ko Miguel	Deputy Chairman and Non-Executive Director
Ong Yew Huat	Non-Executive Director
Tan Chong Lee	Non-Executive Director
Nagi Adel Hamiyeh	Non-Executive Director
Wu Yibing	Non-Executive Director

As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of approximately S\$5.54 billion.

3.2.2 The Offeror's shareholding in the Company. As at the Latest Practicable Date, the Offeror is the largest Shareholder, holding 2,693,106,549 Shares, representing approximately 51.76% of the Current Share Capital.

3.2.3 Certain additional information on the Offeror is set out in Schedule 1 to the Offeror's Letter.

4. INFORMATION ON CLI POST-SCHEME

Concurrently with the issue of this Scheme Document, CLI has also issued the Introductory Document which sets out detailed information on CLI, including its properties and business, financial information and risk factors. Please read the Introductory Document carefully. The following is a summary of selected information on CLI, and should be read in conjunction with the Introductory Document.

4.1 CLI Group's Proposed Portfolio. CLI Group's proposed portfolio, upon completion of the Internal Restructuring and immediately prior to the DIS, will comprise the following:

4.1.1 Investment Management Platforms. The existing investment management platforms currently held by CLI which currently manage six Listed Funds, namely, CapitaLand Integrated Commercial Trust, Ascendas Real Estate Investment Trust, Ascott Residence Trust, CapitaLand China Trust, Ascendas India Trust and CapitaLand Malaysia Mall Trust. The CLI Group also manages over 20 Unlisted Funds.

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The market capitalisations of the Listed Funds as at the Latest Practicable Date are as follows:

Listed Funds	Market Capitalisation (S\$ billion)
CICT	13.8
A-REIT	12.5
ART	3.3
CLCT	2.1
AIT	1.7
CMMT	0.4 ⁽¹⁾
Total	33.8

Note:

(1) Based on the exchange rate of SGD/MYR of 3.0852.

On a pro forma basis, the CLI Group's share of NAV for the Unlisted Funds was approximately S\$5,466 million as at 31 December 2020.

4.1.2 Stakes in the Listed Funds and Unlisted Funds. CLI, through its subsidiaries and/or affiliates will hold varying interests in the Listed Funds and Unlisted Funds.

Listed Funds

Post-completion of the Internal Restructuring, CLI will hold the following unitholdings in the Listed Funds:

Listed Funds	Unitholdings of CLI
CICT	22.9%
A-REIT	18.0%
ART	40.7%
CLCT ⁽¹⁾	22.2%
AIT	21.6%
CMMT	38.1%

Note:

(1) Excludes stakes held under CICT

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Unlisted Funds

Post-completion of the Internal Restructuring, CLI will manage over 20 Unlisted Funds, of total FUM amounting to approximately S\$26 billion as of 31 December 2020, details of which are set out as follows:

Name of Fund	Investment Type	Asset Class	CLI Group's Stake as of 31 December 2020	FUM as of 31 December 2020 (\$' billion)
PRC				21.2
Raffles City China Income Ventures Limited ⁽¹⁾	Core/Core Plus	Mixed use	55.0%	5.8
CapitaLand Mall China Income Fund	Value add	Retail	45.0%	1.8
CapitaLand Mall China Income Fund II	Value add	Retail	30.0%	1.3
CapitaLand Mall China Income Fund III	Value add	Retail	45.0%	2.0
Ascendas China Business Parks Fund 4 ⁽²⁾	Value add	Business park & industrial	—	0.7
Ascendas China Commercial Fund 3	Value add	Office	55.0%	0.9
Raffles City China Investment Partners III	Opportunistic	Mixed use	41.7%	2.9
Raffles City Changning Joint Venture ⁽³⁾	Opportunistic	Mixed use	45.0%	2.7
CapitaLand Mall China Development Fund III	Opportunistic	Retail	50.0%	2.2
CapitaLand Township Development Fund I ⁽⁴⁾	Opportunistic	Township	—	0.6
CapitaLand Township Development Fund II ⁽⁵⁾	Opportunistic	Township	—	0.2
CREDO I China Limited Partnership ⁽⁶⁾	Alternative (Debt)	Debt	10.1%	n.m.
South Korea				0.8
Ascendas Office Private Placement REIT No. 1 (now known as CapitaLand Korea Private REIT No. 1)	Value add	Office	5.9%	0.2
Ascendas Korea Office Private REIT No. 3 (now known as CapitaLand Korea Private REIT No. 3)	Value add	Office	39.5%	0.3
Ascendas Korea Office Qualified Private REIT No. 5 (now known as CapitaLand Korea Qualified Private REIT No. 5)	Value add	Office	—	0.2

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Name of Fund	Investment Type	Asset Class	CLI Group's Stake as of 31 December 2020	FUM as of 31 December 2020 (\$\$' billion)
Ascendas Korea Office Qualified Private REIT No. 4 (now known as CapitaLand Korea Qualified Private REIT No. 4) ⁽⁷⁾	Opportunistic	Office	–	0.1
Korea Data Centre Fund I ⁽⁸⁾	Opportunistic	Data center	–	n.m.
Vietnam				0.8
CapitaLand Vietnam Commercial Value-Added Fund ⁽⁹⁾	Opportunistic	Office	–	0.7
Vietnam Joint Venture Fund ⁽¹⁰⁾	Opportunistic	Residential	–	0.1
India				0.7
Ascendas India Growth Programme	Opportunistic	Business space	30.0%	0.4
Ascendas India Logistics Programme	Opportunistic	Logistics and industrial	51.0%	0.3
CapitaLand Mall India Development Fund ⁽¹¹⁾	Opportunistic	Retail	–	n.m.
Other Asia-Pacific				1.8
CapitaLand Asia Partners I and co-investments	Value add	Office	51.1%	1.6
Athena Limited Partnership	Value add/ opportunistic	Office	23.6%	0.2
Global				0.6
Ascott Serviced Residence (Global) Fund	Value add	Serviced residence and rental housing	50.0%	0.6
Total				25.8

Notes:

- (1) Upon the completion of the RCCIV/Senning Transactions, the CLI Group's stake in RCCIV will increase to 100% while the effective stake in the underlying properties will be in the range of 12.6% to 30%.
- (2) The Parent Group held a 23.0% stake as of 31 December 2020. Ascendas China Business Parks Fund 4 will be wound up after all proceeds from the sale of Ascendas Innovation Tower, Xi'an, Ascendas Innovation Hub, Xi'an and Ascendas Xinsu Portfolio, Suzhou have been distributed to investors.
- (3) Upon the completion of the RCCIV/Senning Transactions, the CLI Group's stake in Raffles City Changning Joint Venture will increase to 100% while the effective stake in the underlying property will be 25.0%.
- (4) The Parent Group held a 60.0% stake as of 31 December 2020.
- (5) The Parent Group held a 80.0% stake as of 31 December 2020.
- (6) As at 3 July 2021, the stakeholders of CREDO I China Limited Partnership are in amicable discussions to review options for this fund and nothing definitive has been agreed upon.

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- (7) The Parent Group held a 98.8% stake as of 31 December 2020. Such stake in CapitaLand Korea Qualified Private REIT No. 4 was fully divested in January 2021.
- (8) In May 2021, a second data centre fund, Korea Data Centre Fund II, was launched with 100% third party capital.
- (9) The Parent Group held a 50.0% stake as of 31 December 2020.
- (10) The Parent Group held 50.0% stake as of 31 December 2020. The third party stake in Vietnam Joint Venture Fund was subsequently fully acquired by the Parent Group on 26 March 2021.
- (11) The Parent Group held a 45.5% stake as of 31 December 2020.

4.1.3 Lodging Business. The CLI Group will hold the entire issued share capital in TAL, an existing wholly owned subsidiary of the Company which holds the lodging platform of the Group consisting of both owned and managed properties. More than 80% of the total of about 123,000 lodging units are mainly under fee-generating management or franchised contracts, making the TAL group's lodging platform asset-light.

4.1.4 Potential Pipeline Assets. The CLI Group will own a portfolio of operating properties. Approximately S\$10.1 billion¹² has been planned for monetisation in the next three to four years. Some of these assets could potentially provide pipeline investment opportunities for the Listed Funds and Unlisted Funds to grow CLI's funds under management or be monetised through sales to third parties as and when opportunities arise.

4.1.5 Operating Platforms. The CLI Group will also take over the operating platforms for the office and retail malls, business park properties and data centres comprised in the CLI portfolio.

4.1.6 Pro Forma NAV and Further Information. For illustration purposes only and purely on a pro forma basis, assuming that the Internal Restructuring had been completed as at 31 December 2020, the CLI Group would have a pro forma NAV of approximately S\$14.7 billion as at 31 December 2020, adjusted for transaction costs.

Further detailed information on CLI, including its properties and business immediately prior to the DIS, risk factors and distribution policy, is set out in the Introductory Document.

¹² Based on RE AUM.

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4.2 Board Composition of CLI

The following table sets forth information regarding the CLI Directors as at the Latest Practicable Date:

Name	Age	Address	Position	Date of appointment as director
Ko Kai Kwun Miguel @ Ko Miguel	68	168 Robinson Road #30-01 Capital Tower Singapore 068912	Chairman and Non-Executive Non-Independent Director	2 June 2021
Lee Chee Koon	46	168 Robinson Road #30-01 Capital Tower Singapore 068912	Group CEO and Executive Non-Independent Director	1 July 2019
Anthony Lim Weng Kin	63	168 Robinson Road #30-01 Capital Tower Singapore 068912	Lead Independent Director	3 June 2021
Goh Swee Chen	60	168 Robinson Road #30-01 Capital Tower Singapore 068912	Independent Director	1 June 2021
Hsu Chung Wei Judy	58	168 Robinson Road #30-01 Capital Tower Singapore 068912	Independent Director	1 June 2021
Kee Teck Koon	65	168 Robinson Road #30-01 Capital Tower Singapore 068912	Independent Director	25 June 2021
Stephen Lee Ching Yen	74	168 Robinson Road #30-01 Capital Tower Singapore 068912	Independent Director	3 June 2021
Gabriel Lim Meng Liang	45	168 Robinson Road #30-01 Capital Tower Singapore 068912	Independent Director	2 June 2021
Chaly Mah Chee Kheong	65	168 Robinson Road #30-01 Capital Tower Singapore 068912	Independent Director	2 June 2021

The CLI board of directors has the primary responsibility to foster the success of CLI so as to deliver sustainable value over the long-term. Whilst the CLI board of directors believes that it has an optimal blend of backgrounds, experience, knowledge in business and general management, and expertise relevant to help CLI deliver on its ambition and strategic priorities, the CLI board of directors also believes that there are competencies which may be strengthened in the medium to long term. To that end, the CLI board of directors intends to augment its membership after the Proposed CLI Listing and is in the process of identifying one or more prospective candidates to be appointed as additional independent directors, with particular emphasis on assessing their key competencies which fit into the strategic direction of CLI. The appointment of such independent director(s) will

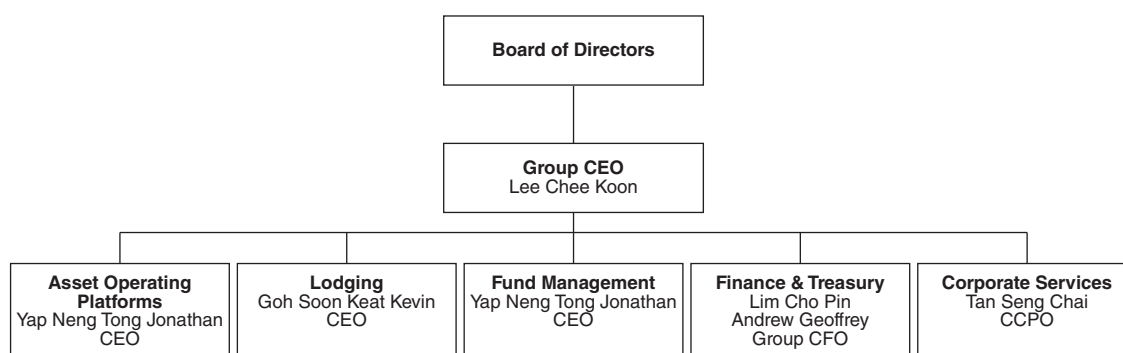
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also be subject to an assessment of the candidate(s)' independence in accordance with the requirements of Rule 210(5)(d) of the Listing Manual, Provision 2.1 of The Code of Corporate Governance 2018 and Practice Guidance 2 of the Practice Guidance dated 7 February 2020. The CLI board of directors anticipates that the additional independent director(s) will be appointed in early January 2022, and will make an appropriate announcement upon such appointment(s).

Further details of the CLI Directors are set out in the section "Directors, Management and Staff" in the Introductory Document.

4.3 Management Organisation Structure

The following chart shows the management reporting structure of CLI's senior management team:



The CLI Group has assembled a strong leadership team with in-depth experience across strategies and asset classes. On average, the leadership team has about 20 years of relevant experience.

Mr Lee Chee Koon, CLI's Group CEO and Executive Non-Independent Director, is a well-respected veteran in the real estate industry with more than 14 years of experience. Mr Lee joined CapitaLand in 2007 and has since held several appointments within the Group, which includes his role as group chief investment officer of CapitaLand, CEO of Ascott and managing director, North Asia for Ascott in PRC. Mr Lee is currently an executive director and group CEO of the Company. His appointment as executive director and group CEO of the Company is expected to cease with effect from the date of delisting of the Company from the SGX-ST. In tandem with the Proposed CLI Listing and with a view to assuring the effective functioning of the ecosystem and value capture between the CLI Group and the Parent Group for the benefit of the CLI Group after the Proposed CLI Listing, as well as to ensure the synergistic transition of the CLI Group to become a market leader in real estate investment management, Mr Lee will be appointed as a non-executive director of the Company. To cater for a transitional period post the Proposed CLI Listing to allow Mr Lee to focus on the operations of the CLI Group as a separate listed group, Mr Lee's appointment as non-executive director of the Company is intended to take place after the Proposed CLI Listing and envisaged to coincide with the appointment of the additional independent director as explained in **paragraph 4.2** above.

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Mr Lim Cho Pin Andrew Geoffrey, the CLI Group CFO, has more than 15 years of experience in real estate, corporate finance and investment management across Asia. Prior to joining CapitaLand in January 2017, Mr Lim served as managing director and head of South East Asia advisory coverage, real estate and hospitality at The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, at which he worked for 12 years.

Mr Yap Neng Tong Jonathan, CLI's CEO, Fund Management has more than 29 years of experience in the real estate and funds management business. Prior to joining the Group in July 2019, Mr Yap was the group chief operating officer and group CFO of ASB.

Mr Goh Soon Keat Kevin, CLI's CEO, Lodging, has more than 14 years of experience in real estate, funds and operations management in the hospitality sector. Prior to joining the Group in Ascott China in 2007, Mr Goh was with Accenture, one of Fortune 500's largest global management consulting, technology services and outsourcing companies.

Mr Tan Seng Chai, CLI's CCPO, has more than 25 years of experience primarily in human resources and corporate matters. He is responsible for building leadership and talent pipeline to support the CLI Group and its businesses.

Further details of CLI's senior management team is set out in the section "Directors, Management and Staff" in the Introductory Document.

4.4 CapitaLand Ecosystem

After the completion of the Scheme, the CLI Group intends to, in collaboration with the Company, preserve and sustain the ecosystem with the Parent Group. The Company has over time developed an integrated suite of capabilities to support its real estate businesses and platforms. A key feature of the ecosystem is that it supports the different business units within the Group in building different core competencies across the real estate value chain and at the same time enabling them to separately capitalise on the real estate capabilities residing across the multiple platforms operating as a collective whole throughout the life cycle of the real estate investment.

The overriding objective of preserving and sustaining the existing ecosystem is to optimise the value unlocked by the strategic restructuring and demerger of CLI and the investment management business of the Company, through preserving and sustaining the inherent business advantages of scale, synergy, capabilities and expertise embedded within the existing Group ecosystem, in order to fully benefit the CLI Group (of which the Company will remain a majority shareholder). Being part of this ecosystem will provide the CLI Group the opportunity, through the right of first refusal ("**ROFR**") from the Company to CLI, to tap on a key pipeline source of investment opportunities and multi-sector development capabilities to further augment the CLI Group's FUM growth, a key distinguishing characteristic amongst real estate investment managers. Preserving and sustaining the existing ecosystem will enable both the CLI Group's and the Parent Group's development arm to optimise both groups' respective strategies and operations to create and capture value to drive the growth of the CLI Group in the interests of CLI Shareholders (including the Company) as well as leverage both the CLI Group's and the Parent Group's development arm's respective and collective strengths, to drive a sustainable competitive advantage for CLI (of which the Company will remain a majority shareholder).

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As part of the strategic objectives underlying the Scheme, the CLI Group's business will principally comprise the investment management and lodging platforms of the Group, whereas the Parent Group's development arm will focus on real estate development business. The separation of businesses between the CLI Group and the Parent Group is a key feature of the strategic restructuring. Following the completion of the Scheme, the Company and CLI will continue to operate in the real estate business space, albeit operating in the differentiated businesses of real estate developer and real estate investment management, respectively, with different business objectives and business models, the former focusing on development and the latter focusing on fee generation and managed investment opportunities to capital partners. Hence, the businesses of the CLI Group and the Parent Group will be distinct and separate from, and will not be in competition with, each other.

After the Proposed CLI Listing, the CLI Group envisages the Parent Group to continue supporting the CLI Group through its development arm by leveraging on its strong development capabilities by participating and collaborating in the development and/or redevelopment of projects by the CLI Group, its Listed Funds and/or Unlisted Funds, and providing to the CLI Group development or project management services as the CLI Group may require in respect of any property investments held within the CLI Group. The CLI Group will also be able to tap on a key pipeline source of investment opportunities from the Parent Group's development arm as and when its development projects complete and are available for sale to augment the growth of the CLI Group's FUM, as discussed in the Introductory Document.

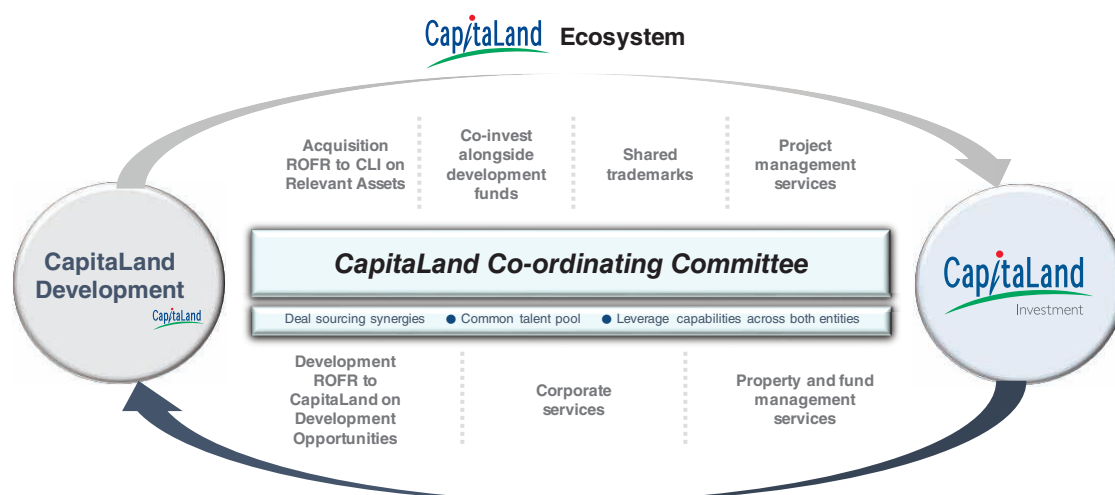
In this regard, as part of a reciprocal right of first refusal arrangement between CLI and the Company, CLI and the Company had on 17 July 2021 entered into a reciprocal rights of first refusal agreement (the "**Reciprocal ROFRs Agreement**") pursuant to which the Company has granted a right of first refusal ("**ROFR**") to CLI in support of the CLI Group's growth. The ROFR will become effective on the Listing Date and operate to give CLI a right of first refusal under certain terms and conditions to acquire Relevant Assets that the Company or any of its subsidiaries wishes to dispose of. CLI may exercise the right to acquire the Relevant Assets (or, as the case may be, the interests in the Relevant Assets) for its own portfolio of pipeline assets, or CLI may exercise it in favour of any Relevant CLI Entity. The ROFR from the Company to CLI does not extend to any interests which are or may be in the future subject to other contractual rights of first refusal which have been or may be granted to third parties unless such third party declines or does not exercise such rights to acquire.

In addition, pursuant to the Reciprocal ROFRs Agreement, a reciprocal ROFR has been extended from CLI to the Company, such that the latter, given its development focus, will be given a first right to invest up to 100% in any Development Opportunity on its own, save in situations, among others, where the grant of such a first right to the Company would constitute a breach of the terms of any contractual arrangement or such Development Opportunity is to be made available to an Unlisted Fund of the CLI Group and falls within such fund's investment mandate, in each case existing at the Listing Date. In the event that the Company exercises the ROFR to invest in a Development Opportunity, it shall (to the extent that any decision on the appointment of developer or project manager for the purposes of the Development Opportunity is within the unfettered control of the Relevant CLI Entity and/or is included in the Development Opportunity offered by the relevant third party) be entitled to appoint any party (including any Parent Group entity) as developer and project manager for the Development Opportunity. Subject to the Company's rights under the ROFR, the CLI Group shall not be precluded from investing in the Development Opportunity as an investor or co-investor alongside the Company, including the seeding and establishment of new development funds to be set up by the CLI Group.

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The ROFR will continue to operate until terminated by either CLI or the Company. Under the terms of the Reciprocal ROFRs Agreement between CLI and the Company, the Reciprocal ROFRs Agreement may be terminated by either party by written notice if the following events occur: (a) the Company ceases to be a controlling shareholder (as defined in the Listing Manual) of CLI; or (b) the Company ceases to be the deemed or direct single largest shareholder of CLI.

For further details, please refer to the section “Interested Person Transactions and Conflicts of Interests – Conflicts of Interests” of the Introductory Document.



A CapitaLand Co-ordinating Committee will be formed comprising CLI’s Group CEO as its chairman, the Parent Group’s development arm’s CEO and selective key senior management from CLI and the Parent Group’s development arm. The main function of the CapitaLand Co-ordinating Committee is to coordinate activities between the Parent Group and the CLI Group, with the chief purpose of facilitating planning by each group. The CapitaLand Co-ordinating Committee is an ad-hoc working group rather than a decision-making group, and its meetings (which are expected to take place on a regular basis) will provide a forum for the Parent Group and the CLI Group to discuss matters and share industry information, including through joint consultations with market intelligence experts, to explore opportunities whereby the groups may be able to leverage on their respective and collective core competencies through activities such as asset recycling. The CapitaLand Co-ordinating Committee will also oversee efforts to minimise disruptions to human capital to foster smooth transition and business continuity to the CLI Group from and after the Proposed CLI Listing, which includes the transfer of relevant employees from the Parent Group to the CLI Group pursuant to the Internal Restructuring. As it is an ad hoc working group rather than a board committee of either CLI, the Company or any group entity, the decisions of the CapitaLand Co-ordinating Committee will not be binding on either the Parent Group or the CLI Group. Each of the Parent Group and the CLI Group will be governed by their respective boards and each group will ensure that the CapitaLand Co-ordinating Committee adheres to appropriate governance requirements¹³.

¹³ This includes putting in place the necessary safeguards with respect to handling and controlling the flow of confidential information. All members of the CapitaLand Co-ordinating Committee will also be made aware of their obligations to comply with all applicable laws and regulations while in possession of unpublished material information.

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4.5 Share Plans

CLI has established the CLI Performance Share Plan 2021 and the CLI Restricted Share Plan 2021 (the “**CLI Share Plans**”), the terms of which are in line with Part VIII Share Option Schemes of Chapter 8 of the Listing Manual. The CLI Share Plans are proposed to increase CLI’s flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance. The CLI Share Plans will strengthen CLI’s competitiveness in attracting and retaining talented key senior management and executives.

The CLI Restricted Share Plan 2021 is intended to apply to a broader base of executives (including Designated Parent Group Employees (as defined in the Introductory Document) and Associated Company Employees (as defined in the Introductory Document)) as well as to the Non-Executive Directors (as defined in the Introductory Document), while the CLI Performance Share Plan 2021 is intended to apply to a select group of key senior management (including Designated Parent Group Employees and Associated Company Employees). Generally, it is envisaged that the range of performance targets to be set under the CLI Restricted Share Plan 2021 and the CLI Performance Share Plan 2021 will be different, with the latter emphasising stretched or strategic targets aimed at sustaining longer term growth.

The CLI Share Plans will provide incentives to high performing key senior management and executives to excel in their performance and encourage greater dedication and loyalty to CLI. Through the CLI Share Plans, CLI will be able to motivate key senior management and executives to continue to strive to deliver long-term shareholder value for CLI Shareholders. In addition, the CLI Share Plans aim to foster a greater ownership culture within the CLI Group which aligns the interests of participants of the CLI Share Plans with the interests of CLI Shareholders, and to improve performance and achieve sustainable growth for CLI in the evolving business environment.

The CLI Share Plans use methods fairly common among major local and multinational companies to incentivise and motivate key senior management and executives to achieve pre-determined targets which create and enhance economic value for CLI Shareholders. CLI believes that the CLI Share Plans will be effective tools in motivating key senior management and executives to strive to deliver long-term shareholder value.

For participants of the CLI Share Plans who are employees of the CLI Group, the Designated Parent Group and Associated Companies (as defined in the Introductory Document), the CLI Performance Share Plan 2021 and the CLI Restricted Share Plan 2021 contemplate the award of fully paid ordinary shares in CLI, when and after pre-determined performance or service conditions are met.

In addition, the CLI Restricted Share Plan 2021 will also enable grants of fully paid ordinary shares in CLI to be made to Non-Executive Directors as part of their remuneration in respect of their office as such in lieu of cash.

A participant’s awards under the CLI Share Plans will be determined at the sole and absolute discretion of the Committee (as defined in the Introductory Document). In considering an award to be granted to a participant who is an employee of the CLI Group, the Designated Parent Group or an Associated Company (as the case may be), the Committee may take into account, *inter alia*, the participant’s performance during the relevant period, and his capability, entrepreneurship, scope of responsibility and skill set. In respect of a participant who is an employee of the Designated Parent Group, the Committee may take into account, *inter alia*, the role of such employee in the ecosystem and the contributions such employee could make to the growth of the CLI Group.

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Under the rules of the CLI Performance Share Plan 2021 and the CLI Restricted Share Plan 2021, the Committee may designate a holding company for the time being of CLI and the holding company for the time being of the first-mentioned holding company to be the Designated Parent Companies (as defined in the Introductory Document) for the purposes of the CLI Share Plans. The Committee has designated CapitaLand and CLA as the Designated Parent Companies for the purposes of such CLI Share Plans. The grant of awards to the Designated Parent Group Employees (as defined in the Introductory Document) is subject to Chapter 8 of the Listing Manual. Details of the CLI Share Plans are set out in the section “Share Plans” and Appendix K of the Introductory Document.

In relation to CapitaLand’s existing Share Plans, the ERCC has exercised its discretion under the Share Plans and resolved that, subject to and conditional upon the Scheme becoming effective, all outstanding Awards under the Share Plans will vest and the Share Plans will be terminated. Please see **paragraph 7.4** of the Letter to Shareholders and **paragraph 3.3.4 of Appendix 3** to this Scheme Document for further details.

5. OFFEROR’S INTENTIONS FOR THE PRIVATISED COMPANY POST-SCHEME

As stated in the Offeror’s Letter:

“Upon completion of the Scheme, the Company will be privatised. The business of the Company will continue to be focused on real estate development. Post the restructuring, Mr Jason Leow, currently President, Singapore & International of the Group, will be the CEO of CapitaLand Development Pte. Ltd., the development business arm of the privatised CapitaLand. Mr Lee Chee Koon will be CLI’s Group CEO, and will also be appointed as a non-executive director of the privatised CapitaLand. In tandem with this strategic reorganisation, suitable arrangements will be entered into to facilitate interaction and engagement between the listed CLI and the private development arm, to ensure the inherent business advantages of scale, synergy, capabilities and expertise embedded within the existing ecosystem are preserved to benefit the restructured Group of which CLI is a part.

With this management organisation structure, the restructured Group will continue to be led by an experienced and highly professional management team, with both depth and breadth in experience.

As mentioned in paragraph 2.4 of this Letter, in connection with the Scheme, the Company intends to undertake the Internal Restructuring. As part of the Internal Restructuring, certain assets, businesses and/or platforms as well as employees that are not currently held by the CLI Group will be transferred to the CLI Group.

Further details on the arrangements between the listed CLI and the privatised CapitaLand are set out in paragraph 4.4 of the Letter to Shareholders in the Scheme Document.

Save as set out above, in the Scheme Document and in the Introductory Document, the Offeror has no current intention to (a) introduce any major changes to the existing business of the Company; (b) re-deploy the fixed assets of the Company; or (c) discontinue the employment of existing employees of the Company or the Group other than in the ordinary course of business. The Offeror retains the flexibility at any time to consider any options and opportunities which may present themselves and which it may regard to be in the interests of the Company and/or the Group.”

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6. THE SCHEME

6.1 Scheme

Pursuant to the Scheme, subject to the satisfaction and/or waiver of all of the Scheme Conditions:

6.1.1 DIS: subject to and conditional upon the completion of the Internal Restructuring, the Company will undertake a proposed capital reduction of an amount equal to the aggregate sum of (i) the cost of investment of the Distribution CLI Shares as at the Record Date and (ii) the market price of 388,242,247 CICT Units as at the Record Date. Based on the pro forma cost of investment of the Distribution CLI Shares of S\$5.2 billion as at the Latest Practicable Date and the closing price of the CICT Units of S\$2.13 per CICT Unit as at the Latest Practicable Date, and assuming that there is no change to such cost of investment and closing price as at the Record Date, the amount of the capital to be reduced is approximately S\$6.0 billion. The proposed capital reduction will be effected by the Company by way of distribution *in specie* of:

- (a) the Distribution CLI Shares, representing the Relevant Percentage of the total number of CLI Shares in issue, to the Eligible Shareholders on a *pro-rata* basis, fractional entitlements to be disregarded; and
- (b) 388,242,247 CICT Units, representing approximately 6.00% of the total number of CICT Units in issue as at the Latest Practicable Date, to all Shareholders on a *pro-rata* basis.

The Offeror will not participate in the CICT DIS. The CICT Units that the Offeror would otherwise be entitled to receive had it participated in the CICT DIS will accordingly be distributed to the Eligible Shareholders on a *pro-rata* basis, as part of the consideration for the Acquisition, thereby resulting in a proportionate increase of each Eligible Shareholder's entitlement to the CICT DIS. Accordingly, the 388,242,247 CICT Units will be distributed to the Eligible Shareholders on a *pro-rata* basis, fractional entitlements to be disregarded.

The proposed terms of the DIS are set out in **paragraph 7** of the Letter to Shareholders; and

6.1.2 Acquisition:

- (a) all the Shares held by the Eligible Shareholders will be transferred to the Offeror:
 - (i) fully paid-up;
 - (ii) free from any charge, mortgage, security, pledge, lien, option, equity, power of sale, hypothecation, retention of title, right of pre-emption, right of first refusal or security interest of any kind (the "**Encumbrances**"); and

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- (iii) together with all rights, benefits and entitlements attaching thereto as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Joint Announcement Date (except for the DIS and the FY2020 Final Dividend).

If any dividend, right or other distribution (other than the DIS and the FY2020 Final Dividend) is declared, paid or made by the Company on or after the Joint Announcement Date, the Offeror reserves the right to reduce the Cash Consideration by the amount of such dividend, right or distribution; and

- (b) in consideration for such transfer, each of the Eligible Shareholders will be entitled to receive **Cash Consideration of S\$0.951 for each Share** held by such Eligible Shareholder as at the Record Date.

The aggregate Cash Consideration that is payable by the Offeror to any Eligible Shareholder in respect of the Shares held by such Eligible Shareholder as at the Record Date will be rounded to the nearest whole cent.

The Scheme will be extended to all Shares (other than treasury Shares and those held by the Offeror) unconditionally issued or delivered pursuant to: (1) the valid vesting of Shares under any outstanding Awards granted pursuant to the PSP and RSP; and (2) the issue and/or delivery of Shares as payment of directors' fees to the Directors, in each case, on or prior to the Record Date.

6.2 Scheme Conditions. The Scheme is conditional upon the satisfaction (or, where applicable, waiver) of all the Scheme Conditions (which are reproduced in **Appendix 11** to this Scheme Document) by no later than 31 December 2021 or such other date as may be agreed in writing between the Offeror and the Company (the **"Long Stop Date"**).

The Scheme Conditions, include, among others:

- 6.2.1** the approval of the Scheme by a majority in number of Shareholders representing not less than three-fourths in value of the Shares held by Shareholders present and voting either in person or by proxy at the meeting of the Shareholders (the **"Scheme Meeting"**) to be convened at the direction of the Court for the purpose of considering and, if thought fit, approving the Scheme (including any adjournment thereof) (the **"Scheme Resolution"**);
- 6.2.2** the approval of the DIS by Shareholders at an extraordinary general meeting (the **"EGM"**) to be held by the Company (the **"DIS Resolution"**), which includes the approval by the Shareholders of, *inter alia*, the reduction of the issued share capital of the Company by an amount of up to S\$6.5 billion¹⁴;
- 6.2.3** the sanction of the Scheme by the Court;
- 6.2.4** the approval of the DIS by the Court;

¹⁴ The actual amount of the capital to be reduced will be determined by the Directors based on the aggregate sum of the cost of investment of the Distribution CLI Shares and the market price of the CICT Units as at the Record Date. Based on the pro forma cost of investment of the Distribution CLI Shares of S\$5.2 billion and the closing price of the CICT Units of S\$2.13 per CICT Unit as at the Latest Practicable Date, and assuming that there is no change to such cost of investment and closing price as at the Record Date, the amount of the capital to be reduced is approximately S\$6.0 billion. The Company is seeking Shareholders' approval for a capital reduction amount of up to S\$6.5 billion to cater for any possible fluctuations in the capital reduction amount between the Latest Practicable Date and the Record Date.

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- 6.2.5** the lodgement of the Scheme Court Order with ACRA pursuant to Section 210(5) of the Companies Act and the lodgement of the Capital Reduction Court Order with ACRA pursuant to Section 781(3) of the Companies Act;
- 6.2.6** the completion of the Internal Restructuring on or prior to the Relevant Date;
- 6.2.7** (a) all the Regulatory Approvals: (i) having been obtained or made on terms satisfactory to the Offeror and the Company, acting reasonably; and (ii) remaining in full force and effect from the date such Regulatory Approvals are obtained or granted up to the Relevant Date; (b) where relevant, all applicable waiting periods in relation to the Regulatory Approvals having expired or been terminated; (c) all conditions to which the Regulatory Approvals are subject and required to be satisfied as at the Relevant Date having been fulfilled; and (d) no Governmental Agency having issued or provided the Offeror or the Company with any indication that it will not or does not intend to grant the Regulatory Approvals on terms satisfactory to the Offeror and the Company, acting reasonably;
- 6.2.8** the receipt of all authorisations, consents, clearances, permissions, approvals and waivers as are necessary or required by either the Offeror or the Company from all third parties under the contracts entered into by the Group (other than in respect of the Convertible Bonds), for or in respect of the Transaction or any part thereof, including without limitation consents and/or waivers from the creditors and suppliers of the Group (the **“Third Party Authorisations”**) and such Third Party Authorisations not having been revoked or withdrawn on or before the Relevant Date; and
- 6.2.9** no notice in writing (the **“Revaluation Notice”**) having been issued by the Offeror to require the Company to obtain a revaluation of Identified Properties, or if a Revaluation Notice has been issued, there being no diminution in the Revalued Valuation by more than 10% as compared with the valuation of the Identified Properties as at 31 December 2020 (a **“Material Adverse Change”**); in this connection, pursuant to the terms of the Implementation Agreement, the Offeror has the right to issue the Revaluation Notice upon being notified by the Company of the date on which it intends to apply for the Scheme Court Order and the Capital Reduction Court Order.

As at the Latest Practicable Date, the Company and the Offeror have obtained (a) all Regulatory Approvals and (b) substantially all of the Third Party Authorisations.

In addition, the Scheme will only come into effect if all the Scheme Conditions have been satisfied or, as the case may be, waived in accordance with the Implementation Agreement and copies of the Court Orders have been lodged with ACRA.

The Scheme Resolution and the DIS Resolution are inter-conditional. In the event the Shareholders do not approve the Scheme Resolution and/or the DIS Resolution, the Scheme and the DIS will not proceed.

Additional information on the Scheme Conditions is set out in **paragraphs 7 and 8** of the Explanatory Statement. Please also refer to **Appendix 11** to this Scheme Document for the full list of the Scheme Conditions.

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6.3 Termination of the Implementation Agreement

Please refer to **paragraph 7.3** of the Explanatory Statement on the circumstances where the Implementation Agreement may be terminated.

6.4 CLI Listing and Company Delisting

Upon the Scheme becoming effective and binding, (a) pursuant to the Proposed CLI Listing, the CLI Shares will be listed on the Mainboard of the SGX-ST and (b) the Company will become a wholly owned subsidiary of the Offeror and be delisted from the Mainboard of the SGX-ST.

7. DIS

7.1 Proposed Terms of the DIS

7.1.1 Method of Distribution. The DIS will be effected by way of a reduction of approximately S\$6.0 billion¹⁵ of the Company's capital pursuant to Section 78G of the Companies Act.

The DIS will be subject to the satisfaction and/or waiver of all of the Scheme Conditions. Pursuant to the DIS, the CLI Shares and the CICT Units will be distributed to the Eligible Shareholders *pro-rata* to their respective shareholdings in the Company as at the Record Date, fractional entitlements to be disregarded.

7.1.2 Eligible Shareholders. Eligible Shareholders will be entitled to the DIS.

For the avoidance of doubt, the Offeror will not participate in the CICT DIS.

7.1.3 Distribution Ratio

(a) **CLI DIS.** As at the Latest Practicable Date, CLI has an issued and paid-up share capital of S\$2.00 comprising two (2) CLI Shares. The share capital of CLI will be increased pursuant to the Internal Restructuring as described in **paragraph 1.7.2**, of the Letter to Shareholders such that the number of CLI Shares will be equivalent to the number of Shares (excluding treasury Shares) as at the Record Date. Accordingly, the CLI DIS will be effected on the basis of **one (1) CLI Share for each Share** held by the Eligible Shareholders as at the Record Date, fractional entitlements to be disregarded.

(b) **CICT DIS.** As the number of CICT Units to be distributed pursuant to the DIS is fixed, the distribution ratio in respect of the CICT DIS will vary depending on the total number of Shares in issue as at the Record Date and the number of Shares held by the Offeror as at the Record Date.

¹⁵ Being an approximate amount determined based on the aggregate sum of (i) S\$5.2 billion, being the pro forma cost of investment of the Distribution CLI Shares as at the Latest Practicable Date (assuming that the Relevant Percentage is 48.24% based on the percentage shareholding of the Company held by the Scheme Shareholders as at the Latest Practicable Date); and (ii) the closing price of the CICT Units as at the Latest Practicable Date.

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As at the Latest Practicable Date, the Offeror is the largest Shareholder, holding 2,693,106,549 Shares, representing approximately 51.76% of the Current Share Capital. Pursuant to the Scheme, the Offeror will not participate in the CICT DIS. The CICT Units that the Offeror would otherwise be entitled to receive will accordingly be distributed to the Eligible Shareholders on a pro-rata basis as part of the consideration for the Acquisition, thereby resulting in a proportionate increase of each Eligible Shareholder's entitlement to the CICT DIS. For illustrative purposes, on the basis that there is no change to the Offeror's shareholding as at the Record Date, the CICT DIS will be effected on the basis of **0.155 CICT Unit for one Share** held by an Eligible Shareholder as at the Record Date, fractional entitlements to be disregarded.

7.1.4 Effects of the DIS. Assuming that there is no change to the percentage shareholding of the Company held by the Scheme Shareholders and the total number of CICT Units in issue between the Latest Practicable Date and the Record Date, on completion of the DIS, the Company will have distributed to Eligible Shareholders:

- (a) approximately 48.24% shareholding in CLI; and
- (b) approximately 6.00% unitholding in CICT.

The Company will retain approximately 51.76% shareholding in CLI, which will in turn hold all of the Group's existing stakes in the Listed Funds and Unlisted Funds, including, among others, approximately 22.95% unitholding in CICT, in line with the Company's long-term plan to deconsolidate the Listed Funds.

The DIS, if effected, will result in a reduction of the issued and paid-up share capital of the Company but will not result in a cancellation of Shares. Pursuant to the terms of the Scheme, the Acquisition will be completed at or around the same time as the completion of the DIS, following which the Company will become a wholly owned subsidiary of the Offeror and be delisted from the SGX-ST.

7.1.5 No Payment Required from Eligible Shareholders. No payment (including payment of any brokerage and transaction fees) will be required from Eligible Shareholders for the relevant CLI Shares and CICT Units to be received from the DIS. The CLI Shares and the CICT Units will be distributed free of Encumbrances and together with all rights attaching thereto on and from the date the DIS is completed.

7.2 Pro Forma Financial Effects

The pro forma financial effects of the DIS on the Group are set out in **Appendix 10** to this Scheme Document. **The pro forma financial effects are for illustration purposes only and do not necessarily reflect the actual financial position and future results of the Group after the DIS.**

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A summary of the pro forma financial effects of the DIS on the Group, based on the assumptions set out in **Appendix 10** to this Scheme Document, is set out below:

- 7.2.1 NAV.** The pro forma NAV of the Group assuming completion of the Scheme as at 31 December 2020 would decrease from approximately S\$22,306 million to approximately S\$13,829 million.
- 7.2.2 EPS.** The pro forma EPS of the Group assuming completion of the DIS as at 1 January 2020 would improve from negative 31.0 cents to negative 25.4 cents.
- 7.2.3 Share Capital.** The share capital of the Group would decrease from approximately S\$9,715 million to approximately S\$3,437 million, and there will be no change in the number of issued Shares.

7.3 Taxation with respect to the DIS

- 7.3.1 Tax Implications on Shareholders.** Shareholders should note that the following statements are not to be regarded as advice on the tax position of any Shareholder or on any tax implications arising from the DIS. Shareholders should consult their own professional advisers regarding the tax implications of the DIS.

In relation to the CLI Shares and the CICT Units¹⁶ distributed to the Shareholders according to the Shareholders' entitlement pursuant to the DIS, as such distributions are made out of the capital of the Company by way of reducing the existing issued and paid-up share capital of the Company, such distributions should generally be regarded as a return of capital for Singapore income tax purposes and not taxable for the Shareholders who hold their Shares as capital or long-term investment assets.

In addition, Section 34AA of the ITA requires taxpayers who comply or who are required to comply with Financial Reporting Standard 109 ("**FRS 109**") or Singapore Financial Reporting Standard (International) 9 (Financial Instruments) ("**SFRS(I) 9**") for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. Shareholders who apply or are required to apply FRS 109 or SFRS(I) 9 (as the case may be) should consult their own accounting and tax advisers regarding the Singapore income tax consequences of the DIS as a result of the tax treatment under Section 34AA of the ITA.

- 7.3.2 Stamp Duty.** The Company will bear the stamp duty chargeable for the transfer of the CLI Shares and the CICT Units to the Shareholders pursuant to the DIS, if any.

¹⁶ Excluding the CICT Units which the Offeror would otherwise be entitled to receive had it participated in the CICT DIS, which will accordingly be distributed to the Eligible Shareholders on a *pro-rata* basis as part of the consideration for the Acquisition.

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7.4 Share Plans and Awards

7.4.1 Adjustments to the Awards. Pursuant to the rules of the Share Plans, if a variation in the ordinary share capital of the Company (whether by way of bonus or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then the ERCC may, in its sole and absolute discretion, determine whether (a) the class and/or number of Shares which are the subject of Awards to the extent not yet vested and/or (b) the class and/or number of Shares in respect of which future Awards may be granted under the Share Plans, shall be adjusted and if so, the manner in which such adjustments should be made.

The ERCC has deliberated and determined that, in its opinion, no adjustments are required to be made to the terms of the outstanding Awards consequent upon the Scheme. Please also refer to **paragraph 7.4.2** of the Letter to Shareholders and **paragraph 3.3.4 of Appendix 3** to this Scheme Document for further details of certain decisions made by ERCC in connection with the Share Plans and Awards in connection with the Scheme.

7.4.2 ERCC's Decision in relation to the Share Plans and the Awards

- (a) **Outstanding PSP Awards and RSP Awards.** As at the Latest Practicable Date, the Company has 9,324,048 outstanding PSP Awards and 16,386,029 RSP Awards (excluding 3,872,548 cash-settled Awards). Of these outstanding Awards, 9,324,048 PSP Awards and 8,361,325 RSP Awards (excluding 2,088,587 cash-settled Awards) are contingent Awards, that is, the number of Shares to be vested and released pursuant to these Awards have not been finalised pending the determination of achievement of pre-determined performance targets after the end of the applicable performance period(s) (such contingent PSP Awards and RSP Awards, the “**Contingent PSP Awards**” and the “**Contingent RSP Awards**”).
- (b) **Multipliers.** The PSP Awards are capable of vesting into Shares at multipliers ranging from 0% to 200% of the baseline number of Shares initially comprised in the Awards. The RSP Awards are capable of vesting into Shares at multipliers ranging from 0% to 150% of the baseline number of Shares initially comprised in the Awards.
- (c) **Rules of the Share Plans.** Pursuant to the rules of the Share Plans, in the event of, among others, a scheme of arrangement or take-over offer for the Shares, the ERCC has the discretion to, among others:
 - (i) amend or waive the vesting period(s), the vesting date(s), the release schedule, the retention period, the performance period, the performance condition(s), any condition applicable to an Award and/or the extent to which the Shares which are the subject of an Award shall be released on the performance condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period of that Award; and
 - (ii) consider whether or not to release any Award.

Further, in lieu of issuing or procuring and delivering the Shares, the Company also has the discretion to satisfy an Award by paying the award recipient an amount in cash equal to the market value of those Shares.

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- (d) **ERCC's Decision.** In light of the Scheme, the ERCC has exercised its discretion under the Share Plans and resolved that, subject to and conditional upon the Scheme becoming effective:

- (i) in relation to all outstanding Contingent PSP Awards:

- (A) in light of the delisting of the Company following the Scheme and the Proposed CLI Listing, the outstanding Contingent PSP Awards granted to the employees (whether such employees are transferred to CLI or otherwise) shall, upon the Scheme becoming effective, vest on the basis of the maximum multiplier of 200% of the baseline awards and the employees will receive, in lieu of Shares, award(s) under the CLI Share Plans (the "**Replacement Awards**") in accordance with the methodology and formula set out in **paragraph 7.4.2(e)** of the Letter to Shareholders; and
- (B) in the interest of ensuring the retention of the employees, the CLI Shares will be released to the relevant share award holders progressively over three (3) years in accordance with the original vesting schedule of the PSP Awards,

(the above decision relating to the Contingent PSP Awards, the "**PSP Proposal**"); and

- (ii) in relation to all outstanding RSP Awards:

- (A) the finalised RSP Awards will, upon the Scheme becoming effective, vest on the basis of the finalised number of Shares comprised in such RSP Awards;
- (B) all outstanding Contingent RSP Awards will, upon the Scheme becoming effective, vest on the basis of the maximum multiplier of 150% of the baseline awards; and
- (C) all the RSP Awards will be cash settled based on the implied consideration per Share under the Scheme (i.e. S\$4.102 per Share); however, in the interest of ensuring the retention of the employees, the cash settlement amount will be paid progressively over three (3) years based on the original vesting schedule of the RSP Awards,

(the above decision relating to Contingent RSP Awards, the "**RSP Proposal**").

Pursuant to the PSP Proposal and the RSP Proposal above, the Contingent PSP Awards and the Contingent RSP Awards will vest on the Effective Date and will thereafter cease to be contingent upon the satisfaction of any performance conditions. Accordingly, the release of the CLI Shares pursuant to the Replacement Awards and the payment of the cash settlement amount of the RSP Awards will not be contingent upon the satisfaction of any performance conditions. Subject to and conditional upon the relevant holders of the Replacement Awards or the RSP Awards remaining employed by the employing entity (either the CLI Group or the Designated Parent Group, as the case may be), the Replacement Awards will be released into CLI Shares, or the cash settlement amount of the RSP Awards will be paid, to such holders on the vesting date(s).

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- (e) **PSP Proposal.** Pursuant to the PSP Proposal, subject to the completion of the Scheme, CLI will grant the Replacement Awards to the holders of the Contingent PSP Awards on the basis of the following conversion ratio:

$$A = \frac{\text{Final Number} \times \text{CapitaLand Share Price}}{\text{CLI Share Price}}$$

Where:

“**A**” means the number of CLI Shares represented by the new Replacement Awards which will be released based on the original vesting schedule of the Contingent PSP Awards;

“**CapitaLand Share Price**” means S\$4.102 per Share, being the Consideration of the Scheme;

“**CLI Share Price**” means the implied value of one CLI Share, being S\$2.823, representing one times of the pro forma NAV of CLI as at 31 December 2020, adjusted for transaction related costs; and

“**Final Number**” means the number of Shares into which the Contingent PSP Awards will be vested pursuant to the decision of the ERCC, being the baseline number of the Contingent PSP Awards held by the holders thereof as at the date of grant of the Replacement Awards multiplied by the maximum multiplier of 200%.

- (f) **Rationale.** The ERCC has determined that the maximum multipliers of 200% and 150% shall apply to the vesting of the Contingent PSP Awards and the Contingent RSP Awards respectively, and has decided to implement the PSP Proposal and the RSP Proposal, for the following reasons:

- (i) ***recognise participants’ contributions and share with the participants the value being unlocked through the transactions contemplated under the Scheme:*** The ERCC recognised that the employees have contributed to the materialisation of the Scheme and the consequent unlocking of the value achieved through the Scheme (if and when completed). Accordingly, the ERCC is of the view that it would be appropriate to apply the maximum multipliers in determining the number of underlying shares comprised in the Awards that will be considered crystallised at successful completion of the Scheme.

The Scheme, if completed, will achieve an unlocking of Shareholders’ value of approximately S\$4.12 billion (calculated by multiplying (A) approximately 5.2 billion CapitaLand Shares with (B) the excess of the implied consideration of the Scheme of S\$4.102 over the last traded price of Shares of S\$3.31 on the Last Trading Day of 19 March 2021). With the maximum multipliers, the employees will be awarded additional 14.47 million Shares (being (x) the number of Shares issuable pursuant to vesting of the Contingent PSP and the Contingent RSP Awards by applying the maximum multipliers, less (y) the baseline number of such Awards). Such additional Shares are worth approximately S\$59 million

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(determined based on the implied consideration of the Scheme of S\$4.102), which translates into approximately 1.4% of the total value unlocked for Shareholders – such share of value unlocked for Shareholders with the employees is, in the ERCC's view, fair and reasonable in the circumstances;

- (ii) ***align employees' interests with Shareholders, i.e. to grow the value of the newly listed entity, CLI, as well as the Group:*** the PSP Proposal and the RSP Proposal will enable the Group as well as the CLI Group to align the interests of the employees holding the Awards with the interests of CLI and the Group; and
 - (iii) ***to support the retention of talent during the transition years ahead:*** continuing retention of talent is critical for successful transformation of the Group and the CLI Group especially during the transition period post-Scheme; accordingly, the ERCC has decided to preserve the original vesting schedule of the Awards – in short, an employee will only receive the CLI Shares and/or cash settlement amount, as the case may be, pursuant to the Awards, if they remain in the employ of the CLI Group or the Designated Parent Group (as the case may be) as at the originally scheduled vesting date(s).
- (g) **SIC's Rulings.** The SIC has, on 14 July 2021, confirmed that:
- (i) the PSP Proposal will not constitute a special deal for the holders of the PSP Awards (the **"PSP Award Holders"**) for the purposes of Rule 10 of the Code, subject to:
 - (A) the PSP Award Holders abstaining from voting on the Scheme at the Scheme Meeting; and
 - (B) the Company disclosing the reason(s) for the Contingent PSP Awards vesting on the basis of the maximum multiplier; and
 - (ii) the RSP Proposal will not constitute a special deal for the holders of the RSP Awards for the purposes of Rule 10 of the Code, subject to the Company disclosing the reason(s) for the Contingent RSP Awards vesting on the basis of the maximum multiplier.

7.5 Agreements with the CLI Group.

As of 3 July 2021 (unless indicated otherwise), the CLI Group has entered into several present and ongoing arrangements with the Parent Group, including the following:

- 7.5.1 Intercompany Loans from and to the Parent Group.** CLI Group members have, from time to time, obtained loans from and extended loans to a subsidiary of the Company, CapitaLand Treasury Limited, and certain other subsidiaries of the Company (the **"Ongoing Loans"**). The Ongoing Loans extended to the CLI Group are for purposes such as the funding of acquisitions and operations while the Ongoing Loans extended by the CLI Group are in the form of deposits of surplus cash (which are recallable on demand).

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In connection with the Internal Restructuring, the Ongoing Loans extended to the CLI Group and the Ongoing Loans extended by the CLI Group will be settled and the net loan amount remaining will be extended to the CLI Group, pursuant to a loan agreement to be entered between CapitaLand Treasury Limited (as lender) and CLI Treasury Limited (a wholly owned subsidiary of CLI) (as borrower). As such net loan amount is extended based on the prevailing market interest rates (taking into account quotes for financing received from unrelated third party financial institutions which were provided on the basis of the credit profile of CLI and CLI Treasury Limited), it is on an arm's length basis, on normal commercial terms and not prejudicial to the interests of CLI and the minority shareholders of CLI. Such net loan amount will remain in effect after the Listing Date until the CLI Group has secured alternative sources of financing. For the avoidance of doubt, as of the Listing Date, no loans from the CLI Group to the Parent Group will remain outstanding.

7.5.2 Master Corporate Services Agreement. In connection with the Proposed CLI Listing, CLI entered into a master corporate services agreement (the “**Master Corporate Services Agreement**”) with the Company on 17 July 2021 which will become effective on the Listing Date. Pursuant to the Master Corporate Services Agreement, the CLI Group will provide various services to the Parent Group such as: (a) human resources, finance, information technology and general procurement functions; (b) sharing the use of office space and facilities and related services; and (c) retainer for corporate support services. For purposes of the Master Corporate Services Agreement, the CLI Group includes CLI's associated companies.

In connection with the provision of the services under the Master Corporate Services Agreement, the amounts chargeable by the CLI Group are on a cost-recovery basis and generally include a mark-up consistent with transfer pricing guidelines of relevant jurisdictions where these services are provided. As at the date of this Scheme Document, the only applicable jurisdictions where these services are provided are Singapore and PRC. In this regard, the mark-up applicable to services provided in Singapore is 5% for routine services or 6% for non-routine services while the mark-up applicable to services provided in PRC is 12%. The costs are allocated by the CLI Group based on formulae which take into account various factors relevant to specific types of services, such as the headcount of the Parent Group, volume of transactions or number of assignments carried out for the Parent Group as well as estimated number of full time employees performing work for the Parent Group.

The CLI Directors have reviewed the Master Corporate Services Agreement and having regard to the terms and conditions thereof and DTCF's (as defined below) view as described below, have assessed that the terms of the Master Corporate Services Agreement are on an arm's length basis, following negotiations between CLI and the Company, are on normal commercial terms and not prejudicial to the interests of CLI and the minority shareholders of CLI. Deloitte & Touche Corporate Finance Pte Ltd (“**DTCF**”) has conducted an independent review of the terms of the Master Corporate Services Agreement. After having considered the Group's usual business practices and methodologies in place in relation to such agreements, general industry practices for charging of similar services between group entities, and factors such as credit terms, reliability, and exclusivity, DTCF is of the view that the Master Corporate Services Agreement is on normal commercial terms and not prejudicial to the interests of CLI and the minority shareholders of CLI.

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7.5.3 Trademark Licence Agreement. In connection with the Proposed CLI Listing, CLI entered into a trademark licence agreement (the “**Trademark Licence Agreement**”) with the Company on 17 July 2021. Pursuant to the Trademark Licence Agreement, CLI is granted the licence to use trademarks relevant to the CLI Group’s businesses, such as the “CapitaLand”, “Raffles City” and “CapitaMall” trademarks (as well as the right to sub-license such trademarks to CLI’s subsidiaries, associated companies and managed investment vehicles). Except for the licence fee which is at a nominal sum of S\$1.00, the terms of the Trademark Licence Agreement are on an arm’s length basis, following negotiations between CLI and the Company, and are based on normal commercial terms (including customary provisions requiring the licensee to maintain the quality, standard and public image of the business in relation to which the trademarks are to be used). The Trademark Licence Agreement is not prejudicial to the interests of CLI and the minority shareholders of CLI. The licence fee at a nominal sum of S\$1.00 is in keeping with the Company’s commitment to support the CLI Group via working with each other in the ecosystem.

7.5.4 Provision of Property Management Services to the Parent Group and the Master Property Management Services Agreement. There are existing arrangements between the CLI Group and the Parent Group pursuant to which the CLI Group has provided or is providing various property management services to the Parent Group such as retail property management services, office property management services, business park, industrial and logistics property management services, data centre management services, and lodging (including serviced residences) management and related services. The agreements for such property management services were entered into in the ordinary course of business, and on an arm’s length basis. As the fee structures under these agreements are generally in line with fee structures noted for comparable REITs listed in Singapore, these agreements are on normal commercial terms and not prejudicial to the interests of CLI and the minority shareholders of CLI. These agreements (to the extent they are subsisting) will remain effective after the Listing Date.

In connection with the Proposed CLI Listing, CLI entered into a master property management services agreement (the “**Master Property Management Services Agreement**”) on 17 July 2021 with the Company pursuant to which the CLI Group may provide various property management services to the Parent Group in Singapore and PRC in the ordinary course of the CLI Group’s business, including retail property management services, office property management services and business park, industrial and logistics property management services. For purposes of the Master Property Management Services Agreement, the CLI Group includes CLI’s associated companies while the Parent Group excludes CLA.

The Master Property Management Services Agreement will become effective on the Listing Date. Under the terms of the Master Property Management Services Agreement, the CLI Group will receive fees for providing the property management services that are based on a percentage per annum of various pre-agreed factors such as net property income, gross revenue and tenancies secured, as relevant.

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The CLI Directors have reviewed the Master Property Management Services Agreement and having regard to the terms and conditions thereof and DTCF's view as described below, have assessed that the terms of the Master Property Management Services Agreement are on an arm's length basis, following negotiations between CLI and the Company, are on normal commercial terms and not prejudicial to the interests of CLI and the minority shareholders of CLI. DTCF has conducted an independent review of the terms of the Master Property Management Services Agreement. As the fee structures under the Master Property Management Services Agreement are generally in line with fee structures noted for comparable REITs listed in Singapore, DTCF is of the view that the Master Property Management Services Agreement is on normal commercial terms and not prejudicial to the interests of CLI and the minority shareholders of CLI.

7.5.5 Provision of Technical Advisory Services by the Parent Group and the Master Project Management Services Agreement. There are existing arrangements between the CLI Group and the Parent Group pursuant to which technical advisory services ("**Technical Advisory Services**") are provided by the Parent Group. The amounts chargeable for such ongoing Technical Advisory Services are based on cost recovery with a transfer pricing mark-up of 6% which is in line with general industry practices for charging similar services between group entities. The agreements for such Technical Advisory Services were entered into in the ordinary course of business, and on an arm's length basis. As the fee structures under these agreements are generally in line with fee structures noted for comparable REITs listed in Singapore, these agreements are on normal commercial terms and not prejudicial to the interests of CLI and the minority shareholders of CLI. These agreements (to the extent they are subsisting) will remain effective after the Listing Date.

In connection with the Proposed CLI Listing, CLI entered into a master project management services agreement (the "**Master Project Management Services Agreement**") on 17 July 2021 with CapitaLand Development Pte. Ltd. ("**CLD**") pursuant to which the CLI Group may engage CLD or any of its subsidiaries or associated companies (excluding CLI Group) (the "**CLD Group**") for the provision of Project Management Services and Technical Advisory Services in Singapore and PRC in the ordinary course of the CLI Group's business. For purposes of the Master Project Management Services Agreement, the CLI Group includes CLI's associated companies.

The Master Project Management Services Agreement will become effective on the Listing Date. Under the terms of the Master Project Management Services Agreement, the amounts payable by the CLI Group for Project Management Services will be computed based on pre-agreed percentages of construction costs and the amounts payable by the CLI Group for Technical Advisory Services will be computed based on a pre-agreed blended manhour rate.

The CLI Directors have reviewed the Master Project Management Services Agreement and having regard to the terms and conditions thereof and DTCF's view as described below, have assessed that the terms of the Master Project Management Services Agreement are on an arm's length basis, following negotiations between CLI and CLD, are on normal commercial terms and not prejudicial to the interests of CLI and the minority shareholders of CLI. DTCF has conducted an independent review of the terms of the Master Project Management

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Services Agreement. The Master Project Management Services Agreement provides for: (a) project management fees; (b) technical management fees; and (c) technical advisory fees. The project management fee structure under the Master Project Management Services Agreement is generally in line with fee structures noted for comparable REITs listed in Singapore. In respect of technical management fees and technical advisory fees, no such comparable fee structures are available for direct comparison. In view that technical management services are project management related services, the technical management fee structure is compared to the project management fee structure for comparable REITs listed in Singapore. In the event that both project management and technical management services are required for a project, the CLI Group would identify if there are any synergies between the two services, and negotiate with the CLD Group on a project-by-project basis on the aggregate fees to be paid to the CLD Group, taking into consideration that the aggregate fees as a percentage of the construction cost should be generally in line with the project management fee structure for comparable scope applicable to REITs listed in Singapore. In this regard, the technical management fee structure is generally in line with the project management fee structure for comparable REITs listed in Singapore. The technical advisory fee structure is based on forecast manhours, manpower costs and a transfer pricing mark-up of 6% which is in line with general industry practices for charging similar services between group entities. Accordingly, DTCF is of the view that the Master Project Management Services Agreement is on normal commercial terms and not prejudicial to the interests of CLI and the minority shareholders of CLI.

7.5.6 Provision of Fund Management Services by the CLI Group and Provision of Fund Management Related Services to the CLI Group. There are existing arrangements between the CLI Group and the Parent Group pursuant to which fund management services are provided by relevant members of the CLI Group for certain funds and trusts of the Parent Group while services related to fund management ("**Related Services**") are provided by relevant members of the Parent Group to members of the CLI Group which are fund managers. Fund management services include managing a fund's investments and providing regular reports to fund investors while Related Services include providing investment and asset management support to fund managers. The relevant Parent Group members which procure such fund management services are the Parent's Group CapitaLand Township Development Fund I, CapitaLand Township Development Fund II, CapitaLand Vietnam Commercial Value-Added Fund, and CapitaLand Data Centre Trust. The relevant Parent Group members which provide such Related Services are CapitaLand Management (China) Co., Ltd, CapitaLand Township (Chengdu) Management Co., Ltd, CapitaLand Regional Investment Management Pte Ltd and CapitaLand Real Estate Management (Vietnam) Limited.

The agreements for fund management services were entered into in the ordinary course of business, and on an arm's length basis. The management fees chargeable by the CLI Group for such ongoing fund management services are computed based on pre-agreed percentage(s) of certain measure(s) for the relevant funds. In this regard, the key components of the management fees structure for each of the relevant funds fall within one of the following categories: (a) 1.25% per annum of drawn capital (during the investment period) and 0.3% per annum of the gross asset value (during the non-investment period); (b) 1.75% per annum of committed capital (during the investment period) and 1.5% per annum of

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drawn capital (during the non-investment period); (c) 1.5% per annum of drawn capital; or (d) 10% of distributable income. Having considered the Group's usual business practices and methodologies in place in relation to such agreements and investment by third-party institutional investors in the relevant funds or, as the case may be, (in the case where there is no third-party institutional investor) having regard to the fee structure under the relevant agreement which is generally in line with the fee structure noted for comparable REITs listed in Singapore, these agreements are on normal commercial terms and not prejudicial to the interests of CLI and the minority shareholders of CLI. Such fee structures, where applicable, had also been agreed by the investors of the relevant funds. These agreements (to the extent they are subsisting) will remain effective after the Listing Date.

The agreements for Related Services were entered into in the ordinary course of business, and on an arm's length basis. The amounts chargeable by the relevant Parent Group members are based on cost recovery with a transfer pricing mark-up of 6% which is in line with general industry practices for charging similar services between group entities. On the basis of the foregoing, these agreements are on normal commercial terms and not prejudicial to the interests of CLI and the minority shareholders of CLI. These agreements (to the extent they are subsisting) will remain effective after the Listing Date.

7.5.7 Lease by the Parent Group. A member of the Parent Group has a lease for office space at 79 Robinson Road (the "**Lease**"), which is a building owned by a member of the CLI Group, for the purpose of operating the Bridge+ business. The premises under the Lease were handed over to the tenant in FY2020. The term of the Lease will end in December 2031. The Lease was entered into in the ordinary course of business, and on an arm's length basis. As the rent under the Lease is generally in line with the market rent for comparable properties, the Lease is on normal commercial terms and not prejudicial to the interests of CLI and the minority shareholders of CLI.

Further details of the arrangements between the CLI Group and the Parent Group are set out in the section "Interested Person Transactions and Conflicts of Interests – Present and Ongoing Interested Person Transactions – Transactions with the Parent Group" in the Introductory Document, from which this **paragraph 7.5** has been extracted.

7.6 Share Purchase Mandate. CLI has also adopted a share purchase mandate pursuant to Sections 76C and 76E of the Companies Act, further details of which are set out in Appendix O of the Introductory Document.

7.7 Approvals. Shareholders should note that by voting in favour of the DIS and the Scheme, Shareholders will be deemed to have specifically approved:

- 7.7.1** the CLI Share Plans as described in the section "Share Plans" and Appendix K of the Introductory Document;
- 7.7.2** the interested person transactions described in the section "Interested Person Transactions and Conflicts of Interests" of the Introductory Document; and
- 7.7.3** the share purchase mandate as described in Appendix O of the Introductory Document.

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8. CONVERTIBLE BONDS

8.1 As announced in the Joint Announcement, the Company had outstanding convertible bonds in the aggregate principal amount of S\$1,176,000,000 which were convertible into 206,664,763 Shares based on their prevailing conversion prices (the “**Convertible Bonds**”) as at the Joint Announcement Date. On 7 April 2021, the Company launched invitations to Bondholders to tender their relevant Convertible Bonds for purchase by the Company (the “**Tender Offer**”).

8.2 Pursuant to the terms and conditions of the Convertible Bonds, the Company shall have a clean-up call option to redeem outstanding Convertible Bonds in whole if the aggregate principal amount of the Convertible Bonds is within the stipulated threshold in the terms and conditions of the Convertible Bonds. Following the close of the Tender Offer on 27 April 2021 and the exercise of the clean-up call option by the Company on 18 May 2021, all the Convertible Bonds have been fully repurchased or redeemed. As at the Latest Practicable Date, the Company has no convertible bonds outstanding.

9. IRREVOCABLE UNDERTAKINGS

As stated in the Offeror’s Letter, neither the Offeror nor any Offeror Concert Party has received any irrevocable undertaking from any party to vote in favour of the Scheme as at the Latest Practicable Date.

10. NO CASH OUTLAY

Shareholders should note that no cash outlay (including any stamp duties or brokerage expenses) will be required from the Eligible Shareholders under the DIS and the Scheme.

11. WAIVER OF RIGHTS TO A GENERAL OFFER

Shareholders should note that by voting in favour of the Scheme, Shareholders will be regarded as having waived their rights to a general offer by the Offeror and the Offeror Concert Parties to acquire the Shares under the Code and are agreeing to the Offeror and the Offeror Concert Parties acquiring or consolidating effective control of the Company without having to make a general offer for the Company.

12. CLI LISTING AND DELISTING OF CAPITALAND

12.1 CLI Listing

Upon the Scheme becoming effective and binding in accordance with its terms, the CLI Shares will be listed on the Mainboard of the SGX-ST by way of introduction. The Company has received the letter of eligibility from the SGX-ST for the listing and quotation of the CLI Shares on the Mainboard of the SGX-ST. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Proposed CLI Listing, the CLI Shares or the DIS.

12.2 Delisting of the Company

Upon the Scheme becoming effective and binding in accordance with its terms, the Company will become a wholly owned subsidiary of the Offeror, and will be delisted from the Mainboard of the SGX-ST.

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An application was made to seek approval from the SGX-ST to delist the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms. On 25 June 2021, the SGX-ST advised that it has no objection to the Company's application to delist from the Official List of the SGX-ST, subject to:

- 12.2.1** compliance with the SGX-ST's listing requirements;
- 12.2.2** approval of the Scheme by a majority in number of Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority holding not less than three-fourths in value of the Shares voted at the Scheme Meeting;
- 12.2.3** the independent financial adviser opining that the financial terms of the Scheme are fair and reasonable; and
- 12.2.4** the Court's approval being obtained for the Scheme.

The above decision of the SGX-ST is not an indication of the merits of the proposed delisting of the Company from the Official List of the SGX-ST.

SHAREHOLDERS SHOULD NOTE THAT BY VOTING IN FAVOUR OF THE SCHEME, THE SHARES WILL BE DELISTED FROM THE OFFICIAL LIST OF THE SGX-ST IF THE SCHEME BECOMES EFFECTIVE AND BINDING IN ACCORDANCE WITH ITS TERMS.

12.3 Continued Listing of the Notes

CapitaLand Treasury Limited, a wholly owned subsidiary of the Company, has a S\$5,000,000,000 Euro Medium Term Note Programme ("**CTL EMTN Programme**") in place. The notes issued under the CTL EMTN Programme are guaranteed by the Company. As at the Latest Practicable Date, the following series of the notes issued under the CTL EMTN Programme are outstanding and listed on the SGX-ST:

- 12.3.1** US\$400,000,000 in aggregate principal amount of 4.076% Notes due 2022;
- 12.3.2** S\$500,000,000 in aggregate principal amount of 3.80% Notes due 2024;
- 12.3.3** S\$500,000,000 in aggregate principal amount of 3.08% Notes due 2027;
- 12.3.4** S\$800,000,000 in aggregate principal amount of 3.15% Notes due 2029;
- 12.3.5** S\$500,000,000 in aggregate principal amount of Fixed Rate Subordinated Perpetual Notes; and
- 12.3.6** S\$800,000,000 in aggregate principal amount of 2.90% Notes due 2032,

(collectively, the "**Notes**").

An application was also made to seek confirmation from the SGX-ST that the proposed delisting of the Company from the SGX-ST will not affect the listing of the Notes and the Notes will remain listed on the SGX-ST. The SGX-ST has, on 25 June 2021, indicated that it has no comments on the Company's views that the proposed delisting of the Company from the SGX-ST will not affect the listing of the Notes and the Notes will remain listed on the SGX-ST.

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13. FINANCIAL ADVISERS

13.1 Financial Adviser to the Company

J.P. Morgan (S.E.A.) Limited (the “**Company Financial Adviser**”) is the financial adviser to the Company in respect of the Scheme.

13.2 Financial Adviser to the Offeror

DBS Bank Ltd. (the “**Offeror Financial Adviser**”) is the financial adviser to the Offeror in respect of the Scheme.

14. CONFIRMATION OF FINANCIAL RESOURCES

As stated in the Offeror’s Letter, the Offeror Financial Adviser has confirmed that sufficient financial resources are available to the Offeror to satisfy in full the aggregate Cash Consideration payable by the Offeror for all the Shares to be acquired by the Offeror pursuant to the Acquisition.

15. VALUATIONS

The Company has commissioned independent valuations (the “**Valuations**”) of certain properties in which the Group has an interest (the “**Relevant Properties**”) in Singapore, China, France, United Kingdom, United States, India, Japan and Malaysia. A summary of the valuation reports issued pursuant to the Valuations (the “**Valuation Reports**”) is set out in **Appendix 16** to this Scheme Document and Appendix G of the Introductory Document. The Relevant Properties constitute approximately 80% of the effective valuation of all the valuations of all the investment properties held by the Group as at 31 December 2020 (excluding the properties held through Listed Funds and Unlisted Funds and including the components developed for sale for one mixed use development, which entire property was the subject of valuation).

16. INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS

16.1 Appointment of IFA

Evercore Asia (Singapore) Pte. Ltd. (the “**IFA**”) has been appointed as the independent financial adviser to advise the Directors who are considered to be independent for the purposes of the Scheme (the “**Independent Directors**”) for the purposes of making a recommendation to the Shareholders in connection with the Scheme.

Shareholders should consider carefully the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors before deciding whether or not to vote in favour of the DIS and Scheme. The advice of the IFA is set out in its letter dated 17 July 2021 (the “IFA Letter”) as set out in Appendix 1 to this Scheme Document.

16.2 Factors Taken Into Consideration by the IFA

In arriving at its recommendation, the IFA has taken into account certain considerations (an extract of which is reproduced in italics below). Shareholders should read the following extract in conjunction with, and in the context of, the IFA Letter in its entirety as set out in

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Appendix 1 to this Scheme Document. Unless otherwise defined or the context otherwise requires, all capitalised terms below shall have the same meanings as defined in the IFA Letter.

"In arriving at our opinion to the Independent Directors, we have considered the financial and other information that have been made available to us, and have taken into consideration, amongst others, the following factors:

General

- (a) *the transaction is by way of a Scheme, under which if effected, each Eligible Shareholder will be entitled to receive the Implied Consideration which comprises 1 CLI Share, 0.155 CICT DIS Units, a fixed Cash Consideration of S\$0.951 per Share and FY2020 Final Dividend¹⁷;*
- (b) *the Shares have adequate liquidity and research analyst coverage. The historical share price of the Shares provides a reasonable basis against which the Implied Consideration can be compared against;*

Implied Consideration ex FY2020 Final Dividend

- (c) *the Implied Consideration ex FY2020 Final Dividend of S\$4.47 to S\$4.90 per Share represents a premium of 19.4% to 31.0% over the Latest Practicable Date closing price of the Shares;*
- (d) *the Implied Consideration ex FY2020 Final Dividend of S\$4.47 to S\$4.90 per Share represents a premium of 22.2% to 34.0% over the VWAP of the Shares for the period from the Ex Date up to the Latest Practicable Date;*

Implied Consideration

- (e) *the Implied Consideration of S\$4.56 to S\$4.99 per Share represents a premium of 24.1% to 35.9% over the closing price of the Shares on the day before the Ex Date;*
- (f) *the Implied Consideration of S\$4.56 to S\$4.99 per Share represents a premium of 20.7% to 32.1% over the VWAP of the Shares for the period from the Joint Announcement Date up to the day before the Ex Date;*
- (g) *the Implied Consideration of S\$4.56 to S\$4.99 per Share represents a premium of 37.6% to 50.7% over the USPD closing price of the Shares;*
- (h) *the Implied Consideration of S\$4.56 to S\$4.99 per Share represents a premium of 41.3% to 54.7% over the VWAP of the Shares for the 1-month period prior to and including the USPD;*
- (i) *the Implied Consideration of S\$4.56 to S\$4.99 per Share represents a premium of 39.9% to 53.2% over the VWAP of the Shares for the 3-month period prior to and including the USPD;*

¹⁷ The Ex Date for the FY2020 Final Dividend is 4 May 2021. Shareholders of the Company prior to the Ex Date (after the Joint Announcement Date) will be entitled to the FY2020 Final Dividend.

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- (j) *the Implied Consideration of S\$4.56 to S\$4.99 per Share represents a premium of 49.7% to 63.9% over the VWAP of the Shares for the 6-month period prior to and including the USPD;*
- (k) *the Implied Consideration of S\$4.56 to S\$4.99 per Share represents a premium of 53.0% to 67.5% over the VWAP of the Shares for the 12-month period prior to and including the USPD;*
- (l) *the Implied Consideration of S\$4.56 to S\$4.99 per Share is higher than the minimum and maximum TP range of S\$3.10 to S\$4.00 per Share as at the USPD and higher than the mean and median USPD TP range of S\$3.74 to S\$3.79 per Share as at the USPD;*
- (m) *the Implied Consideration of S\$4.56 to S\$4.99 per Share represents a premium of 21.9% to 33.5% to the mean research analyst target price as of the USPD;*

Development Business Consideration

- (n) *we have considered the fact that, as part of the Scheme, the Development Business will be privatised and fully held by CLA. As such, we have evaluated the Development Business Consideration which is the value received by the Eligible Shareholders in exchange for their indirect stake in the Development Business as part of our assessment of the Scheme from a financial perspective:*
 - (i) *the Development Business Consideration of S\$1.120 to S\$1.121 per Share reflects a premium of approximately 130.0% to 251.1% over the adjusted valuation range of the Development Business of S\$0.319 to S\$0.487 per Share;*
 - (ii) *the lower and upper bound of the Development Business Consideration's implied P/NAV multiple of 0.948x and 0.949x respectively are both within the minimum and maximum P/NAV multiple range of 0.60x and 1.02x as implied by the Selected Precedent Transactions¹⁸;*
 - (iii) *the lower and upper bound of the Development Business Consideration's implied P/RNAV multiple of 0.777x and 0.778x respectively are both within the minimum and maximum P/RNAV multiple range of 0.58x and 0.95x as implied by the Selected Precedent Transactions¹⁸;*
 - (iv) *the lower and upper bound of the Development Business Consideration's implied P/NAV multiple of 0.948x and 0.949x are both higher than the mean to median P/NAV multiple range of 0.81x to 0.83x as implied by the Selected Precedent Transactions¹⁸; and*
 - (v) *the lower and upper bound of the Development Business Consideration's implied P/RNAV multiple of 0.777x and 0.778x respectively are both within the mean to median P/RNAV multiple range of 0.77x to 0.81x as implied by the Selected Precedent Transactions¹⁸;*

¹⁸ "Selected Precedent Transactions" refers to the privatisation of Singapore real estate companies without involving a change of control and where independent financial advisors had issued a fair and reasonable opinion, comprising the privatisation of Perennial Real Estate Holdings Limited, Wheelock Properties (Singapore) Limited, CapitaMalls Asia Limited and Singapore Land Limited.

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Other Considerations

- (o) Net Debt/Equity ratio of 0.56x of CLI (pro forma) is lower than the 0.68x Net Debt/Equity ratio of CapitaLand as at 31 December 2020, and Shareholders will effectively own a direct stake in a company with a lower leverage post Scheme;*
- (p) CLI will retain the benefit of being part of the ecosystem with the privatised CapitaLand and will enter into strategic arrangements with CapitaLand such that CLI will be provided with certain opportunities over the development projects undertaken by the privatised CapitaLand;*
- (q) the Company has granted a ROFR to CLI in support of the CLI Group's growth and the ROFR will operate to give CLI a right of first refusal under certain terms and conditions to acquire Relevant Assets that the Company or any of its subsidiaries wishes to dispose of;*
- (r) no cash outlay is required from the Eligible Shareholders under the DIS and the Scheme; and*
- (s) the Directors have advised Evercore that no competing offers for the Shares have been received as of the Latest Practicable Date."*

16.3 Advice of the IFA

After having regard to the considerations set out in the IFA Letter, and based on the information available to the IFA as at the Latest Practicable Date, the IFA has made certain recommendations to the Independent Directors, an extract of which is reproduced in italics below. Shareholders should read the following extract in conjunction with, and in the context of, the IFA Letter in its entirety as set out in **Appendix 1** to this Scheme Document. Unless otherwise defined or the context otherwise requires, all capitalised terms below shall have the same meanings as defined in the IFA Letter.

"Based upon, and subject to the foregoing, we are of the opinion that as of the Latest Practicable Date, from a financial point of view, the Consideration is fair and reasonable.

Accordingly, we advise the Independent Directors to recommend Shareholders to vote in favour of the Scheme and the DIS.

The Independent Directors may wish to advise Shareholders who wish to realise their investments in the Company that they can choose to sell their Shares in the open market if they can obtain a price higher than the Implied Consideration (after deducting transaction costs) and provided there is no trading halt or suspension of the Shares on the Mainboard of the SGX-ST.

In addition, the Independent Directors may wish to highlight to Shareholders that the Scheme, when it becomes effective, will be binding on all Shareholders, whether or not they have attended or voted at the Scheme Meeting, and if they have attended and voted, whether or not they have voted in favour of the Scheme and the DIS.

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In rendering our opinions expressed herein, the Independent Directors should note that we did not have regard to nor took into account any general or specific investment objectives, financial situation, risk profiles, tax position or particular needs and constraints of any Shareholder or the Shareholders as a whole. As each Shareholder may have different investment objectives and profiles, the Independent Directors may wish to advise that any Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax advisor or other professional advisors immediately.”

17. INDEPENDENT DIRECTORS’ RECOMMENDATION

17.1 Independence

17.1.1 The Company has, on 21 April 2021 and 18 May 2021, obtained rulings from the SIC that certain Directors, namely Ko Kai Kwun Miguel @ Ko Miguel, Stephen Lee Ching Yen and Anthony Lim Weng Kin (collectively, the “**Relevant Directors**”), are exempted from the requirement of making a recommendation on the Scheme to the Shareholders, for the following reasons:

- (a) Mr Ko Kai Kwun Miguel @ Ko Miguel is the Deputy Chairman and Non-Executive Director of the Offeror and is accordingly presumed to be acting in concert with the Offeror in connection with the Scheme;
- (b) Mr Stephen Lee Ching Yen is a director of Temasek and is accordingly presumed to be acting in concert with the Offeror in connection with the Scheme; and
- (c) Mr Anthony Lim Weng Kin is a director of DBS Group Holdings Ltd, of which the Offeror Financial Adviser is a subsidiary.

Based on the foregoing, the SIC has exempted the Relevant Directors from the requirement to make a recommendation on the Scheme to the Shareholders. The Relevant Directors must, however, still assume responsibility for the accuracy of the facts stated and completeness of information given by the Company to Shareholders in connection with the Scheme.

In addition, under the SIC’s ruling set out in **paragraph 8.1.1(c)** of the Explanatory Statement, the Directors who are also the Offeror Concert Parties are required to abstain from making a recommendation on the Scheme to Shareholders.

In accordance with the terms of the rulings by the SIC to the Offeror on 21 April 2021 and 18 May 2021 and in compliance with the condition imposed by the SIC in its ruling set out in **paragraph 8.1.1(c)** of the Explanatory Statement, the Relevant Directors have abstained from making a recommendation on the Scheme to Shareholders.

As the Scheme and the DIS are inter-conditional, the Relevant Directors have also abstained from making a recommendation on the DIS to Shareholders.

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17.1.2 Other than the Relevant Directors, all other Directors consider themselves to be independent for the purpose of making a recommendation to the Shareholders in respect of the DIS and the Scheme.

17.1.3 As at the Latest Practicable Date, save as disclosed in this **paragraph 17.1** and this Scheme Document, none of the directors and controlling shareholders of the Offeror are related to the Directors and controlling shareholders of the Company.

17.2 Recommendation

The Independent Directors, having considered carefully the terms of the DIS and the Scheme and the advice given by the IFA in the IFA Letter, concur with the recommendation of the IFA in respect of the DIS and the Scheme. Accordingly, the Independent Directors recommend that Shareholders **VOTE IN FAVOUR** of the DIS at the EGM, and **VOTE IN FAVOUR** of the Scheme at the Scheme Meeting.

Shareholders should also be aware and note that the trading of the Shares is subject to, among others, the performance and prospects of CapitaLand, prevailing economic conditions, economic outlook, stock market conditions and sentiments. There is no assurance that the trading volumes and market prices of the Shares will be maintained at the current levels prevailing as at the Latest Practicable Date if the Scheme does not become effective and binding for whatever reason. In the event the Scheme becomes effective, it will be binding on all Shareholders. Shareholders should also be aware and note that there is currently no certainty that the Scheme will become effective and binding.

Shareholders should read and consider carefully this Scheme Document in its entirety, in particular, the advice of the IFA as set out in **Appendix 1** to this Scheme Document, as well as the Introductory Document, before deciding whether or not to vote in favour of the Scheme.

17.3 No Regard to Specific Objectives

The Independent Directors advise Shareholders, in deciding whether or not to vote in favour of the DIS at the EGM and the Scheme at the Scheme Meeting, to carefully consider the advice of the IFA and in particular, the various considerations highlighted by the IFA in the IFA Letter.

In giving the above recommendation, the Independent Directors have not had regard to the specific objectives, financial situation, tax position, tax status, risk profiles or particular needs and constraints and circumstances of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, the Independent Directors recommend that any individual Shareholder who may require advice in the context of his specific investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

18. DIRECTORS' INTENTIONS WITH RESPECT TO THEIR SHARES

18.1 Each of the Relevant Directors will abstain from voting his Shares at the EGM and the Scheme Meeting. In addition, Mr Lee Chee Koon is a holder of the PSP Awards and, accordingly, he will abstain from voting his Shares at the EGM and the Scheme Meeting in compliance with the SIC's ruling set out in **paragraph 7.4.2(g)** of the Letter to Shareholders.

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- 18.2** As disclosed in Schedule 2 of the Offeror's Letter, as at the Latest Practicable Date, the Offeror Concert Parties own, control or have agreed to acquire an aggregate of 2,717,969,734 Shares¹⁹, representing approximately 52.24% of the total number of Shares. This includes 124,405 Shares, representing approximately 0.002% of the total number of Shares, in which Mr Ko Kai Kwun Miguel @ Ko Miguel and Mr Stephen Lee Ching Yen, who are Relevant Directors, are interested.
- 18.3** As at the Latest Practicable Date, all of the Independent Directors (other than Mr Lee Chee Koon who will abstain from voting for reason set out above) who legally and/or beneficially own Shares (amounting to approximately 0.007% of the total number of Shares), as set out in **paragraph 5.3 of Appendix 3** to this Scheme Document, have informed the Company that they will **VOTE IN FAVOUR** of the DIS and the Scheme at the EGM and the Scheme Meeting respectively.

19. RECORD DATE

Subject to the fulfilment (and/or waiver, if applicable) of the Scheme Conditions, the Company will, in due course, announce the Record Date in order to determine the entitlement of each Eligible Shareholder in respect of the Scheme.

20. OVERSEAS SHAREHOLDERS

20.1 Scheme

The applicability of the Scheme to Shareholders whose registered mailing addresses are outside Singapore, as shown on the Register of Members of the Company, or as the case may be, in the records of The Central Depository (Pte) Limited (each such Shareholder an "**Overseas Shareholder**") may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions.

Where there are potential restrictions on sending this Scheme Document to any overseas jurisdiction, the Company reserves the right not to send such documents to the Overseas Shareholders in such overseas jurisdiction. For the avoidance of doubt, the Scheme is being proposed to all Shareholders (including the Overseas Shareholders), including those to whom this Scheme Document and related documents will not be, or may not be, sent, provided that this Scheme Document and related documents do not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful and the Scheme is not being proposed or made in any jurisdiction in which the introduction or implementation of the Scheme would not be in compliance with the laws of such jurisdiction.

Further, where the Directors are of the view that the distribution of the CLI Shares and/or the CICT Units to any Overseas Shareholders pursuant to the DIS may infringe any relevant foreign law or may necessitate compliance with conditions or requirements which they, in their sole discretion, regard as onerous by reason of costs, delay or otherwise, the Directors may determine that the CLI Shares and/or the CICT Units which such Overseas Shareholders would have been entitled to pursuant to the DIS (the "**Overseas Shareholders' Entitlement**") will not be distributed to such Overseas Shareholders. In such a case, subject to compliance with applicable laws and regulations, the Overseas

¹⁹ Excluding call options over 62,800 Shares with maturity dates of 11 March 2022 held by the Offeror Financial Adviser.

LETTER TO SHAREHOLDERS

Shareholders' Entitlement shall be transferred to such person(s) as the Directors may appoint, to sell the CLI Shares and the CICT Units and thereafter to distribute the net proceeds proportionately among such Overseas Shareholders.

Please also refer to the section entitled “**Important Notice to Overseas Shareholders**” of this Scheme Document for further details.

20.2 Cautionary Note

Overseas Shareholders who are in doubt about their positions should consult their own professional advisers in the relevant jurisdictions.

21. THE EGM AND THE SCHEME MEETING

21.1 The EGM

The EGM, notice of which is set out on pages 887 to 891 of this Scheme Document, will be convened and held by way of electronic means on 10 August 2021 at 2.00 p.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the DIS Resolution set out in the Notice of EGM.

21.2 The Scheme Meeting

The Scheme Meeting, notice of which is set out on pages 895 to 899 of this Scheme Document, will be convened and held by way of electronic means on 10 August 2021 at 2.15 p.m. (or if the EGM concludes after 2.15 p.m., as soon thereafter following conclusion of the EGM) for the purpose of considering and, if thought fit, passing with or without any modifications, the Scheme Resolution set out in the Notice of Scheme Meeting.

21.3 Abstention from Voting

The Offeror Concert Parties, who own, control or have agreed to acquire approximately 52.24% of the total number of Shares as at the Latest Practicable Date, will abstain from voting on both DIS Resolution and the Scheme Resolution in respect of their Shares.

22. RESPONSIBILITY STATEMENTS

22.1 Directors' Responsibility Statements

The Directors (including any who may have delegated detailed supervision of the preparation of this Scheme Document and the Gatefold) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Scheme Document and the Gatefold in each case which relate to the Company, CLI and CICT (excluding **Appendices 1, 2 and 16**, and information relating to the Offeror or any opinion expressed by the Offeror, the Offeror Concert Parties, the IFA, the Independent Valuers and/or KPMG) are fair and accurate and that, where appropriate, no material facts which relate to the Company, CLI and CICT have been omitted from this Scheme Document and the Gatefold, and the Directors jointly and severally accept responsibility accordingly.

Where any information which relates to the Company, CLI and CICT has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror, the sole responsibility of the Directors has been to ensure that, through reasonable

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enquiries, such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Scheme Document and the Gatefold. The Directors do not accept any responsibility for any information relating to the Offeror or any opinion expressed by the Offeror.

22.2 Financial Adviser's Responsibility Statements

To the best of J.P. Morgan (S.E.A.) Limited's knowledge and belief, save for the information set out in **paragraphs 4, 5, 7.2, 15, 16, 17, 18 and 22.1** of the Letter to Shareholders, **Appendix 1, Appendix 2, paragraphs 5.2, 5.3, 5.4, 6.2, 6.3, 7, 8 and 10.2 of Appendix 3, Appendix 10, Appendix 16 and Appendix 18** (and any corresponding sections in the Gatefold), this Scheme Document and the Gatefold constitutes full and true disclosure of all the material facts about the Scheme, the DIS and the Group and J.P. Morgan (S.E.A.) Limited is not aware of any facts the omission of which would make a statement in this Scheme Document and the Gatefold misleading in any material aspect as at the Latest Practicable Date.

23. GENERAL INFORMATION

Your attention is drawn to the further relevant information in the Explanatory Statement and the Appendices to this Scheme Document.

Yours faithfully
For and on behalf of
the Board of Directors of
CAPITALAND LIMITED

Chaly Mah Chee Kheong
Non-Executive and Independent Director

EXPLANATORY STATEMENT
(in compliance with Section 211 of the Companies Act)

**PROPOSED ACQUISITION OF THE COMPANY BY THE OFFEROR
BY WAY OF THE SCHEME**

1. INTRODUCTION

1.1 Announcement of the Acquisition and the Scheme

On 22 March 2021, the Company and the Offeror jointly announced that they intend to undertake the Scheme under Section 210 of the Companies Act and in accordance with the Code and the terms and conditions of the Implementation Agreement.

1.2 Effect of the Scheme and the Delisting

Upon the Scheme becoming effective and binding in accordance with its terms, the Company will become a wholly owned subsidiary of the Offeror, and will, subject to the approval of the SGX-ST, be delisted from the Mainboard of the SGX-ST.

An application has been made to seek approval from the SGX-ST to delist the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms. The SGX-ST has, on 25 June 2021, advised that it has no objection to the Company's application to delist from the Official List of the SGX-ST, subject to:

- 1.2.1** compliance with the SGX-ST's listing requirements;
- 1.2.2** approval of the Scheme by a majority in number of Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority holding not less than three-fourths in value of the Shares voted at the Scheme Meeting;
- 1.2.3** the independent financial adviser opining that the financial terms of the Scheme are fair and reasonable; and
- 1.2.4** the Court's approval being obtained for the Scheme.

The above decision of the SGX-ST is not an indication of the merits of the proposed delisting of the Company from the Official List of the SGX-ST.

1.3 Explanatory Statement

This Explanatory Statement should be read in conjunction with the full text of this Scheme Document, including the Scheme as set out on pages 876 to 886 of this Scheme Document, as well as the Introductory Document. Capitalised terms used in this Explanatory Statement which are not defined herein shall bear the same meanings ascribed to them on pages 6 to 28 of this Scheme Document.

2. RATIONALE FOR THE SCHEME

The Company's rationale for the Scheme is set out in **paragraph 1.9** of the Letter to Shareholders and the Offeror's rationale for the Scheme is set out in paragraph 4 of the Offeror's Letter.

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(in compliance with Section 211 of the Companies Act)

3. THE SCHEME

3.1 Terms of the Scheme

The Scheme is proposed to all Eligible Shareholders.

Under the Scheme:

3.1.1 DIS: subject to and conditional upon the completion of the Internal Restructuring, the Company will undertake a proposed capital reduction of an amount equal to the aggregate sum of (i) the cost of investment of the Distribution CLI Shares as at the Record Date and (ii) the market price of 388,242,247 CICT Units as at the Record Date. Based on the pro forma cost of investment of the Distribution CLI Shares of S\$5.2 as at the Latest Practicable Date and the closing price of the CICT Units of S\$2.13 per CICT Unit as at the Latest Practicable Date, and assuming that there is no change to such cost of investment and closing price as at the Record Date, the amount of the capital to be reduced is approximately S\$6.0 billion. The proposed capital reduction will be effected by the Company by way of distribution *in specie* of:

- (a) the Distribution CLI Shares representing the Relevant Percentage of the total number of CLI Shares in issue to the Eligible Shareholders on a *pro-rata* basis, fractional entitlements to be disregarded; and
- (b) 388,242,247 CICT Units, representing approximately 6.00% of the total number of CICT Units in issue as at the Latest Practicable Date to all Shareholders on a *pro-rata* basis.

The Offeror will not participate in the CICT DIS. The CICT Units that the Offeror would otherwise be entitled to receive had it participated in the CICT DIS will accordingly be distributed to the Eligible Shareholders on a *pro-rata* basis, as part of the consideration for the Acquisition, thereby resulting in a proportionate increase of each Eligible Shareholder's entitlement to the CICT DIS. Accordingly, pursuant to the Scheme, the Distribution CLI Shares and the CICT Units stated above will be distributed to the Eligible Shareholders on a *pro-rata* basis, fractional entitlements to be disregarded; and

3.1.2 Acquisition:

- (a) all the Shares held by the Eligible Shareholders will be transferred to the Offeror:
 - (i) fully paid-up;
 - (ii) free from all Encumbrances; and
 - (iii) together with all rights, benefits and entitlements attaching thereto as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions

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(if any) declared, paid or made by the Company on or after the Joint Announcement Date (except for the DIS and the FY2020 Final Dividend).

If any dividend, right or other distribution (other than the DIS and the FY2020 Final Dividend) is declared, paid or made by the Company on or after the Joint Announcement Date, the Offeror reserves the right to reduce the Cash Consideration by the amount of such dividend, right or distribution; and

- (b) in consideration for such transfer, each of the Eligible Shareholders will be entitled to receive the Cash Consideration of **S\$0.951 for each Share** held by such Eligible Shareholder as at the Record Date. In addition, as stated above, the Offeror will not participate in the CICT DIS. The CICT Units that the Offeror would otherwise be entitled to receive had it participated in the CICT DIS will accordingly be distributed to the Eligible Shareholders on a *pro-rata* basis as part of the consideration for the Acquisition.

The aggregate Cash Consideration that is payable by the Offeror to any Eligible Shareholder in respect of the Shares held by such Eligible Shareholder as at the Record Date will be rounded to the nearest whole cent.

The Scheme will be extended to all Shares (other than treasury Shares and those held by the Offeror) unconditionally issued or delivered pursuant to: (1) the valid vesting of Shares under any outstanding Awards granted pursuant to the PSP and RSP; and (2) the issue and/or delivery of Shares as payment of directors' fees to the Directors, in each case, on or prior to the Record Date.

3.2 No Cash Outlay

Shareholders should note that no cash outlay (including any stamp duties or brokerage expenses) will be required from the Eligible Shareholders under the DIS and the Scheme.

3.3 Waiver of Rights to a General Offer

Shareholders should note that by voting in favour of the Scheme, Shareholders will be regarded as having waived their rights to a general offer by the Offeror and the Offeror Concert Parties to acquire the Shares under the Code and are agreeing to the Offeror and the Offeror Concert Parties acquiring or consolidating effective control of the Company without having to make a general offer for the Company.

4. IRREVOCABLE UNDERTAKINGS

As stated in the Offeror's Letter, neither the Offeror nor any Offeror Concert Party has received any irrevocable undertaking from any party to vote in favour of the Scheme as at the Latest Practicable Date.

5. INFORMATION ON THE OFFEROR

Information on the Offeror as well as the Offeror's rationale for the Scheme and future plans for the Group, are set out in the Offeror's Letter.

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6. EGM AND SCHEME MEETING

6.1 EGM

The DIS which is being proposed pursuant to the Scheme, is required to be approved by Shareholders at the EGM. The DIS Resolution approving, *inter alia*, the DIS, must be approved at the EGM as a special resolution.

6.2 Scheme Meeting

The Scheme, which is proposed pursuant to Section 210 of the Companies Act, is also required to be approved by Shareholders at the Scheme Meeting. By an order of the Court, the Scheme Meeting was directed to be convened for the purpose of considering, and if thought fit, approving the Scheme.

By proposing that the transaction be implemented by way of a scheme of arrangement under Section 210 of the Companies Act, the Company is providing Shareholders with the opportunity to decide at the Scheme Meeting whether they consider the Scheme to be in their best interests.

The Scheme must be approved at the Scheme Meeting by a majority in number of Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority holding not less than three-fourths in value of the Shares voted at the Scheme Meeting.

When the Scheme, with or without modification, becomes effective in accordance with its terms, it will be binding on all Shareholders, whether or not they were present in person or by proxy or voted at the Scheme Meeting.

6.3 Notice of EGM and Notice of Scheme Meeting

The notice of the EGM is set out on pages 887 to 891 of this Scheme Document. You are requested to take note of the date and time of the EGM.

The notice of the Scheme Meeting is set out on pages 895 to 899 of this Scheme Document. You are requested to take note of the date and time of the Scheme Meeting.

6.4 Inter-conditionality of the DIS Resolution and the Scheme Resolution

The DIS Resolution and the Scheme Resolution are inter-conditional. In the event the Shareholders do not approve the DIS Resolution and/or the Scheme Resolution, the DIS and the Scheme will **not** proceed.

6.5 Abstention from Voting

In accordance with the SIC's rulings as set out in **paragraph 8.1.1(a)** of this Explanatory Statement, the Offeror will abstain, and will procure that the persons acting or deemed to be acting in concert with it will abstain, from voting on the DIS Resolution and the Scheme Resolution in respect of the Shares held by them.

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As disclosed in Schedule 2 of the Offeror's Letter, as at the Latest Practicable Date, the Offeror Concert Parties own, control or have agreed to acquire an aggregate of 2,717,969,734 Shares¹, representing approximately 52.24% of the total number of Shares.

6.6 No Personal Attendance at the EGM and Scheme Meeting

The EGM and the Scheme Meeting will be held by way of electronic means as a precautionary measure due to the COVID-19 situation in Singapore. Accordingly, Shareholders will not be able to attend the EGM and the Scheme Meeting in person.

6.7 Alternative Arrangements

Alternative arrangements have been put in place to allow Shareholders to participate in the EGM and the Scheme Meeting by:

- 6.7.1** observing and/or listening to the EGM and/or the Scheme Meeting proceedings via live audio-visual webcast or live audio-only stream;
- 6.7.2** submitting questions in advance of and/or live at the EGM and/or the Scheme Meeting; and/or
- 6.7.3** appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM and/or appointing the Chairman of the Scheme Meeting as proxy to attend, speak and vote on their behalf at the Scheme Meeting.

Shareholders should refer to the Company's announcement dated 17 July 2021 and titled "Proposed Strategic Restructuring and Demerger of the Investment Management Business of Capitaland Limited – Electronic Despatch of Scheme Document and Alternative Arrangements relating to the Extraordinary General Meeting and Scheme Meeting to be held on 10 August 2021" (the "**Alternative Arrangements Announcement**"), which has been uploaded with this Scheme Document on the SGXNET for further information, including the steps to be taken by Shareholders to participate in the EGM and the Scheme Meeting.

Such announcement is also available on the website of the Company at https://investor.capitaland.com/agm_egm.html.

7. CONDITIONS OF THE SCHEME

7.1 Scheme Conditions

- 7.1.1 Scheme Conditions.** The Scheme is conditional upon the satisfaction (or, where applicable, waiver) of all the Scheme Conditions (which are reproduced in **Appendix 11** to this Scheme Document) by no later than the Long Stop Date.

If each of the Scheme Conditions is satisfied (or, where applicable, waived) in accordance with the Implementation Agreement, the Scheme will come into effect on the date on which a copy of the order of the Court pursuant to Section 210 of

¹ Excluding call options over 62,800 Shares with maturity dates of 11 March 2022 held by the Offeror Financial Adviser.

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the Companies Act sanctioning the Scheme (the “**Scheme Court Order**”) has been lodged with ACRA pursuant to Section 210(5) of the Companies Act, which date shall, in any event, be no later than the Long Stop Date.

7.1.2 Update on Status of Scheme Conditions. Set out below is an update on the status of the Scheme Conditions:

- (a) the SIC has by way of a letter dated 19 March 2021 confirmed, *inter alia*, that:
 - (i) the Scheme is exempted from complying with Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and Note 1(b) on Rule 19 of the Code, subject to certain conditions; and
 - (ii) it has no objections to the Scheme Conditions.

Please refer to **paragraph 8.1.1** of this Explanatory Statement below for further details;

- (b) the SGX-ST has on 25 June 2021 given its clearance for this Scheme Document and has also advised that it has no objection to the Company’s application to delist from the Official List of the SGX-ST. Please refer to **paragraph 10** of this Explanatory Statement below for further details;
- (c) the SGX-ST has on 16 July 2021 given the letter of eligibility for the listing and quotation of the CLI Shares on the Mainboard of the SGX-ST;
- (d) the Company and the Offeror have obtained all Regulatory Approvals.

other than as set out in this **paragraph 7.1.2, none of the other Scheme Conditions have, as at the Latest Practicable Date, been satisfied or waived.**

7.1.3 Remaining Scheme Conditions. Accordingly, as at the Latest Practicable Date, the Scheme is conditional upon the satisfaction (or, where applicable, waiver) of the remaining Scheme Conditions as set out in **Appendix 11** to this Scheme Document by the Long Stop Date.

7.2 Non-fulfilment of Scheme Conditions

The Scheme will only become effective and binding if all the Scheme Conditions have been satisfied or, where applicable, waived. The Shareholders should note that if any of the Scheme Conditions is not satisfied or, where applicable, waived by the Long Stop Date, the Scheme will not become effective and binding.

7.2.1 Benefit of Scheme Conditions

- (a) **The Offeror’s Benefit:** the Offeror alone may waive the Scheme Conditions in paragraphs (h) (*No Prescribed Occurrence of Pro Forma Group*), (j) (*Company’s Warranties and Covenants*) and/or (l) (*No Material Adverse Change*) of **Appendix 11** to this Scheme Document, which are for the benefit of the Offeror. Any breach or non-fulfilment of any such Scheme Conditions

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may be relied upon only by the Offeror. The Offeror may at any time and from time to time at its sole and absolute discretion waive any such breach or non-fulfilment.

- (b) **The Company's Benefit:** the Company alone may waive the Scheme Conditions in paragraphs (i) (*No Prescribed Occurrence of the Offeror*) and/or (k) (*Offeror's Warranties and Covenants*) of **Appendix 11** to this Scheme Document, which are for the benefit of the Company. Any breach or non-fulfilment of any such Scheme Conditions may be relied upon only by the Company. The Company may at any time and from time to time at its sole and absolute discretion waive any such breach or non-fulfilment.
- (c) **Both Parties' Benefit:** the Parties agree that:
 - (i) the Scheme Conditions in paragraphs (a) (*Shareholders' Approval for the Scheme*), (b) (*Shareholders' Approval for the Capital Reduction*), (c) (*Court Orders*), (d) (*ACRA Lodgements*), (f)(i), (f)(ii), (f)(iii) and (f)(iv) (*Regulatory Approvals relating to SIC Confirmations and SGX-ST Approvals*) of **Appendix 11** to this Scheme Document are for the benefit of both Parties and are not capable of being waived by either Party or both Parties; and
 - (ii) the Scheme Conditions in paragraphs (e) (*Completion of Internal Restructuring*), (f)(v) (*Regulatory Approval relating to Foreign Investment*), (f)(vi) (*Regulatory Approval relating to Downstream Offer Waiver*) and (g) (*Authorisations*) of **Appendix 11** to this Scheme Document are for the benefit of both Parties and are capable of being waived with written consent of both Parties.

7.3 Termination

7.3.1 Right to Terminate. The Implementation Agreement may be terminated at any time on or prior to the Relevant Date (provided that the Party seeking termination does so only after prior consultation with, and approval of, the SIC):

- (a) **Regulatory Action:** by either Party, if any court of competent jurisdiction or Governmental Agency has issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Transaction or any part thereof, or has refused to do anything necessary to permit the Transaction or any part thereof (including for the avoidance of doubt if the Scheme Court Order is not granted) and such order, decree, ruling, other action or refusal shall have become final and non-appealable;
- (b) **Breach or Prescribed Occurrence:** either:
 - (i) by the Offeror, if (A) the Company is in breach of any of the Company's Warranties which is material in the context of the Scheme or (B) a Prescribed Occurrence (as defined in the Implementation Agreement) relating to the Pro Forma Group has occurred which is material in the

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context of the Scheme, and the *Company* fails to remedy such breach (if capable of remedy) within 14 days after being given notice by the Offeror to do so; or

- (ii) by the Company, if (A) the Offeror is in breach of any of the Offeror's Warranties which is material in the context of the Scheme or (B) a Prescribed Occurrence relating to the Offeror has occurred which is material in the context of the Scheme, and the Offeror fails to remedy such breach (if capable of remedy) within 14 days after being given notice by the Company to do so;
- (c) **Material Adverse Change:** by the Offeror if there has been a Material Adverse Change;
- (d) **Shareholders' Approval:** by either Party, if:
 - (i) the resolutions in respect of the Scheme are not approved (without amendment) by the requisite majority of the Shareholders at the Scheme Meeting; or
 - (ii) the resolutions in respect of the capital reduction in relation to the DIS are not approved (without amendment) by the requisite majority of the Shareholders at the EGM;

7.3.2 Non-fulfilment of Scheme Conditions: Notwithstanding anything contained in the Implementation Agreement, the Implementation Agreement shall terminate if any of the Scheme Conditions has not been satisfied (or, where applicable, has not been waived) by, or if the Scheme has not become effective by, the Long Stop Date, except that:

- (a) in the event of any non-fulfilment of the Scheme Conditions in paragraphs (f)(v) (*Regulatory Approval relating to Foreign Investment*), (f)(vi) (*Regulatory Approval relating to Downstream Offer Waiver*) and/or (g) (*Authorisations*) of **Appendix 11** to this Scheme Document, either the Offeror or the Company may rely on such non-fulfilment of any such Scheme Condition to terminate the Implementation Agreement subject to prior consultation with, and approval of, the SIC;
- (b) in the event of any non-fulfilment of the Scheme Conditions in paragraphs (h) (*No Prescribed Occurrence of Pro Forma Group*), (j) (*Company's Warranties and Covenants*) and/or (l) (*No Material Adverse Change*) of **Appendix 11** to this Scheme Document, only the Offeror may rely on such non-fulfilment of any such Scheme Condition to terminate the Implementation Agreement subject to prior consultation with, and approval of, the SIC; and
- (c) in the event of any non-fulfilment of the Scheme Conditions in paragraphs (i) (*No Prescribed Occurrence of the Offeror*) and/or (k) (*Offeror's Warranties and Covenants*) of **Appendix 11** to this Scheme Document, only the

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Company may rely on such non-fulfilment of any such Scheme Condition to terminate the Implementation Agreement subject to prior consultation with, and approval of, the SIC.

7.3.3 Effect of Termination: In the event of termination of the Implementation Agreement by either Party, the Implementation Agreement shall terminate (except for certain surviving clauses) and there shall be no other liability on any Party.

7.3.4 Consultation with Other Party: In the event either Party intends to consult the SIC in relation to the termination of the Implementation Agreement, it shall give prior written notice of such intention to the other Party.

8. SCHEME CONDITIONS AND REGULATORY APPROVALS

8.1 SIC

8.1.1 Code

The SIC has by way of a letter dated 19 March 2021, *inter alia*, exempted the Scheme from Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and Note 1(b) on Rule 19 of the Code, subject to the conditions set out under the Note on Definition of Offer in the Code, including the following conditions:

- (a) the Offeror and its concert parties abstain from voting on the Scheme;
- (b) the Scheme Document contains advice to the effect that by voting for the Scheme, Shareholders are agreeing to the Offeror and its concert parties acquiring the Company without having to make a general offer for the Company, and the Scheme Document discloses the names of the Offeror and its concert parties, their current voting rights in the Company and their voting rights in the Company after the Scheme;
- (c) the Directors who are also concert parties of the Offeror abstain from making a recommendation on the Scheme to Shareholders; and
- (d) the Company appoints an independent financial adviser to advise Shareholders on the financial terms of the Scheme.

In compliance with the conditions set out above:

- (i) to the extent that the Offeror Concert Parties hold Shares, such parties will abstain from voting their Shares on the Scheme at the Scheme Meeting.

As disclosed in Schedule 2 of the Offeror's Letter, as at the Latest Practicable Date, the Offeror Concert Parties own, control or have agreed to acquire an aggregate of 2,717,969,734 Shares², representing approximately 52.24% of the total number of Shares;

² Excluding call options over 62,800 Shares with maturity dates of 11 March 2022 held by the Offeror Financial Adviser.

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- (ii) **paragraph 11** of the Letter to Shareholders and **paragraph 3.3** of this Explanatory Statement contain advice to the effect that by voting for the Scheme, Shareholders are agreeing to the Offeror and the Offeror Concert Parties acquiring the Company without having to make a general offer for the Company. Schedule 2 of the Offeror's Letter discloses the names of the Offeror and the Offeror Concert Parties and their voting rights in the Company as at the Latest Practicable Date, and paragraph 2.7(b) of the Offeror's Letter and paragraph 1.10.2 of the Letter to Shareholders discloses their voting rights in the Company after the Scheme;
- (iii) the Relevant Directors have abstained from making a recommendation on the Scheme to the Shareholders, in accordance with SIC's ruling as set out in this **paragraph 8.1.1**; and
- (iv) in compliance with the Code, Evercore has been appointed as the IFA to advise the Independent Directors in relation to the financial terms of the Scheme.

8.1.2 Scheme Conditions

The SIC has by way of its letter dated 19 March 2021 confirmed, *inter alia*, that it has no objections to the Scheme Conditions.

8.2 Court

The Scheme is subject to the sanction of the Court as stated in **paragraph (c) of Appendix 11** to this Scheme Document.

8.3 SGX-ST

An application has been made to seek approval from the SGX-ST to delist the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding as set out in **paragraph 10** of this Explanatory Statement below.

8.4 Other Regulatory Approvals

In addition, the Scheme is subject to and conditional upon the receipt of all consents and/or approvals or other acts from any Governmental Agency, or the expiration, lapse or termination of the applicable waiting periods under applicable law and any extension thereof, relating to the Transaction or any part thereof, as the Offeror and the Company, acting reasonably, may agree are necessary to implement the Transaction or any part thereof or to give effect to the provisions of the Implementation Agreement (the "**Regulatory Approvals**"). As at the Latest Practicable Date, the Company and the Offeror have obtained all Regulatory Approvals.

9. OBLIGATIONS OF THE COMPANY AND THE OFFEROR

Appendix 13 to this Scheme Document sets out the obligations of the Company and the Offeror in relation to the Scheme pursuant to the terms of the Implementation Agreement.

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10. EFFECT OF THE SCHEME AND DELISTING

10.1 Upon the Scheme becoming effective and binding in accordance with its terms, the Company will become a wholly owned subsidiary of the Offeror, and will, subject to the approval of the SGX-ST, be delisted from the Mainboard of the SGX-ST.

10.2 An application has been made to seek approval from the SGX-ST to delist the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms. The SGX-ST has, on 25 June 2021, advised that it has no objection to the Company's application to delist from the Official List of the SGX-ST, subject to:

10.2.1 compliance with the SGX-ST's listing requirements;

10.2.2 approval of the Scheme by a majority in number of Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority holding not less than three-fourths in value of the Shares voted at the Scheme Meeting;

10.2.3 the independent financial adviser opining that the financial terms of the Scheme are fair and reasonable; and

10.2.4 the Court's approval being obtained for the Scheme.

The above decision of the SGX-ST is not an indication of the merits of the proposed delisting of the Company from the Official List of the SGX-ST.

SHAREHOLDERS SHOULD NOTE THAT BY VOTING IN FAVOUR OF THE SCHEME, THE SHARES WILL BE DELISTED FROM THE OFFICIAL LIST OF THE SGX-ST IF THE SCHEME BECOMES EFFECTIVE AND BINDING IN ACCORDANCE WITH ITS TERMS.

11. IMPLEMENTATION OF THE SCHEME

11.1 Application to Court for Sanction

Upon the DIS Resolution being duly passed at the EGM, and the Scheme being approved by a majority in number of Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority holding not less than three-fourths in value of the Shares voted at the Scheme Meeting, an application will be made to the Court by the Company for the confirmation and approval of the DIS, and for the sanction of the Scheme.

11.2 Procedure for Implementation

If the Court confirms and approves the DIS, and sanctions the Scheme, the Offeror and the Company will (subject to the satisfaction (or, where applicable, waiver) of all the Scheme Conditions) take the necessary steps to render the Scheme effective and binding, and the following will be implemented:

11.2.1 the DIS Securities will be distributed to the Eligible Shareholders within seven (7) Business Days after the Effective Date as follows:

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- (a) the Company will announce the Record Date as soon as practicable after the EGM and the Scheme Meeting in order to determine the entitlements of each Eligible Shareholder to the DIS Securities;
- (b) in the case of the Eligible Shareholders (not being Depositors), entitlements to the DIS Securities will be determined on the basis of their holdings of Shares in the Register of CapitaLand as at the Record Date. Following the Effective Date:
 - (i) the names of such Eligible Shareholders as well as the relevant number of CLI Shares to be distributed to such Eligible Shareholders will be entered into the Register of CLI and the share certificates in respect of the CLI Shares will be sent to them by registered post to their address stated in the Register of CapitaLand at the sole risks of the Eligible Shareholders; and
 - (ii) the names of such Eligible Shareholders as well as the relevant number of CICT Units to be distributed to such Eligible Shareholders will be entered into the Register of CICT and the confirmation note in respect of the CICT Units will be sent to them by registered post to their address stated in the Register of CapitaLand at the sole risks of the Eligible Shareholders.

Shareholders (not being Depositors) should note that they will not be able to trade in such DIS Securities on the SGX-ST unless they have a Securities Account and make appropriate arrangements for the share certificates of the CLI Shares and the CICT Units (which are not deposited with CDP) to be deposited with CDP for crediting into said Securities Account.

- (c) in the case of the Eligible Shareholders (being Depositors) entitlements to the DIS Securities will be determined on the basis of the number of Shares standing to the credit of their respective Securities Accounts as at the Record Date. The Company shall instruct CDP to credit, not later than seven (7) Business Days after the Effective Date, their Securities Accounts with the relevant number of DIS Securities and CDP will send to each such Depositor a notification letter confirming the number of DIS Securities that has been credited to his Securities Account;
- 11.2.2** the Shares held by the Eligible Shareholders will be transferred to the Offeror as follows:
- (a) in the case of the Eligible Shareholders (not being Depositors), the Company shall authorise any person to execute or effect on behalf of all such Eligible Shareholders an instrument or instruction of transfer of all the Shares held by such Eligible Shareholders and every such instrument or instruction of transfer so executed shall be effective as if it had been executed by the relevant Eligible Shareholder; and

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- (b) in the case of the Eligible Shareholders (being Depositors), the Company shall instruct CDP, for and on behalf of such Eligible Shareholders, to debit, not later than seven (7) Business Days after the Effective Date, all the Shares standing to the credit of the Securities Account of such Eligible Shareholders and credit all of such Shares to the Securities Account of the Offeror or such Securities Account(s) as directed by the Offeror;
- 11.2.3** from the Effective Date, all existing share certificates relating to the Shares held by the Eligible Shareholders (not being Depositors) will cease to be evidence of title of the Shares represented thereby;
- 11.2.4** the Eligible Shareholders (not being Depositors) are required to forward their existing share certificates relating to their Shares to the Share Registrar at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 as soon as possible, but not later than seven (7) Business Days after the Effective Date for cancellation; and
- 11.2.5** the Offeror shall, not later than seven (7) Business Days after the Effective Date, and against the transfer of the Shares set out in **paragraph 11.2.2** above, make payment of the aggregate Cash Consideration payable on the transfer of the Shares pursuant to the Scheme to:
 - (a) each Eligible Shareholder (not being a Depositor) by sending a cheque for the Cash Consideration payable to and made out in favour of such Eligible Shareholder by ordinary post to his address as appearing in the Register of Members at the close of business on the Record Date, at the sole risk of such Eligible Shareholder, or in the case of joint Eligible Shareholders (not being Depositors), to the first named Eligible Shareholder made out in favour of such Eligible Shareholder by ordinary post to his address as appearing in the Register of Members at the close of business on the Record Date, at the sole risk of such joint Eligible Shareholders; and
 - (b) each Eligible Shareholder (being a Depositor) by making payment of the aggregate Cash Consideration payable to such Eligible Shareholder to CDP. CDP shall:
 - (i) in the case of an Eligible Shareholder (being a Depositor) who has registered for CDP's direct crediting service, credit the Cash Consideration payable to such Eligible Shareholder, to the designated bank account of such Eligible Shareholder; and
 - (ii) in the case of an Eligible Shareholder (being a Depositor) who has not registered for CDP's direct crediting service, credit the Cash Consideration to such Eligible Shareholder's cash ledger with CDP and such Cash Consideration shall be subject to the same terms and conditions applicable to "*Cash Distributions*" under "*The Central Depository (Pte) Limited Operation of Securities Account with the Depository Terms and Conditions*" as amended, modified or supplemented from time to time, copies of which are available from CDP.

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Assuming that the Scheme becomes effective and binding on 8 September 2021:

- (I) the crediting by CDP of the DIS Securities into the Securities Accounts of the Eligible Shareholders (in the case of the Eligible Shareholders being Depositors) or, as the case may be, the posting of the certificates of the DIS Securities in the manner set out in **paragraphs 11.2.1(b)** of this Explanatory Statement above; and
- (II) the crediting by CDP of the Cash Consideration into the designated bank accounts of the Eligible Shareholders (in the case of the Eligible Shareholders being Depositors and who have registered with CDP for its direct crediting service) or, as the case may be, the Eligible Shareholder's cash ledger with CDP (in the case of the Eligible Shareholders being Depositors and who have not registered with CDP for its direct crediting service) in the manner set out in **paragraphs 11.2.5(b)(i) and 11.2.5(b)(ii)** of this Explanatory Statement above,

are expected to take place on or around **16 September 2021**.

The despatch of payment by the Offeror to each Eligible Shareholder's address and/or CDP (as the case may be) in accordance with the above shall discharge the Offeror from any liability in respect of those payments.

11.3 Further Information for CPFIS Members, SRS Investors, etc.

- 11.3.1 CPFIS Members.** In the case of CPFIS Members, entitlements to the Scheme will be determined on the basis of the number of the Shares held by the CPF agent banks on behalf of each CPFIS Member as at the Record Date. The Company shall instruct CDP to credit, not later than seven (7) Business Days after the Effective Date, the DIS Securities attributable to CPFIS Members pursuant to the DIS to the respective Securities Accounts of the relevant CPF agent banks, and the CPF agent banks will update their records accordingly. The Cash Consideration attributable to the Shares held by the CPF agent banks on behalf of the CPFIS Members will also be paid to the relevant CPF agent banks.
- 11.3.2 SRS Investors.** In the case of SRS Investors, entitlements to the Scheme will be determined on the basis of the number of Shares held by the relevant approved banks on behalf of each such SRS Investor as at the Record Date. The Company shall instruct CDP to credit, not later than seven (7) Business Days after the Effective Date, the DIS Securities attributable to such SRS Investors pursuant to the DIS to the Securities Accounts of the relevant approved banks, and the relevant approved bank will update their records accordingly. The Cash Consideration attributable to the Shares held by the relevant approved banks on behalf of the SRS Investors will also be paid to the relevant approved banks.
- 11.3.3 Investors whose Shares are held through a finance company and/or a Depository Agent.** In the case of investors who hold Shares through a finance company and/or Depository Agent, entitlements to the Scheme will be determined on the basis of the number of Shares held by the finance companies and/or the Depository Agents on behalf of such investors as at the Record Date. The Company shall instruct CDP to credit, not later than seven (7) Business Days after the Effective Date, the DIS Securities attributable to such investors pursuant to the DIS to the Securities Accounts of the finance companies and/or the Depository

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Agents. The Cash Consideration attributable to the Shares held by the finance companies and/or the Depository Agents on behalf of such investors will also be paid to the relevant finance companies and/or the Depository Agents.

11.4 Odd-Lot Trading

11.4.1 Odd Lots Trading for up to 99 CLI Shares and 99 CICT Units

Eligible Shareholders should note that they may receive odd lots of CICT Units as part of the Consideration for their Shares pursuant to the Scheme. Some Eligible Shareholders may currently also own odd lots of Shares, and as such will receive odd lots of CLI Shares. The Company will facilitate the trading of odd lots of CLI Shares and CICT Units (the “**Odd Lots Trading Arrangement**”) so that CLI Shareholders and/or CICT Unitholders who wish to round up or down their holdings to the nearest 100 CLI Shares or nearest 100 CICT Units can do so.

The Company has arranged with the following named brokers to facilitate Odd Lots Trades (as defined below) during the Applicable Period (term as defined below), which is expected to be from 16 September 2021 to 14 October 2021:

- (a) DBS Vickers;
 - (b) Phillip Securities; and
 - (c) UOB Kay Hian,
- (collectively, the “**Brokers**”).

The term “**Odd Lots Trade**” shall mean (i) an aggregate of 99 or less CLI Shares or CICT Units, as the case may be, bought in a single day; or (ii) an aggregate of 99 or less CLI Shares or CICT Units, as the case may be, sold in a single day.

The brokerage fees (including any goods and services tax relating to such fees) in respect of Odd Lots Trades carried out via the Brokers during the Applicable Period will be borne by the Company. As such, holders of CLI Shares and/or CICT Units will **NOT** be charged any brokerage fees for Odd Lots Trades during the Applicable Period (the “**Odd Lots Trading Brokerage Fee Arrangement**”).

By way of illustration:

- (i) if an Eligible Shareholder received 198 CLI Shares (or 198 CICT Units) and wishes to buy 2 CLI Shares (or 2 CICT Units) to round up to 200 CLI Shares (or 200 CICT Units), such holder of CLI Shares (or CICT Units) will be entitled to the Odd Lots Trading Brokerage Fee Arrangement and may do so on the trading platforms of the Brokers. For avoidance of doubt, the buy order can be made in multiple tranches but should not exceed 99 CLI Shares (or 99 CICT Units) in a single day; or
- (ii) if an Eligible Shareholder received 198 CLI Shares (or 198 CICT Units) and wishes to sell 98 CLI Shares (or 98 CICT Units) to round down to 100 CLI

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Shares (or 100 CICT Units), such holder of CLI Shares (or CICT Units) will be entitled to the Odd Lots Trading Brokerage Fee Arrangement and may do so on the trading platforms of the Brokers. For avoidance of doubt, the sell order can be made in multiple tranches but should not exceed 99 CLI Shares (or 99 CICT Units) in a single day.

CLI Shareholders and CICT Unitholders should note that notwithstanding the Odd Lots Trading Brokerage Fee Arrangement, holders of CLI Shares or CICT Units will be required to continue to bear clearing fees and other regular trading fees imposed by the SGX-ST (including any goods and services tax relating to such fees), which shall be based on customary rates imposed from time to time.

11.4.2 Applicable Period for the Odd Lots Trading Brokerage Fee Arrangement

The Odd Lots Trading Brokerage Fee Arrangement shall be available for a period of four (4) weeks commencing from the date of completion of the DIS (the “**Applicable Period**”). The Applicable Period is expected to be from 16 September 2021 to 14 October 2021. Any changes to the Applicable Period will be announced by the Company on the SGXNET.

After the Applicable Period, the Odd Lots Trading Brokerage Fee Arrangement will no longer be applicable to any trades of odd lots of CLI Shares or CICT Units carried out via the Brokers.

11.4.3 Odd Lots Buy Side Facility

To further facilitate the trading of odd lots of CLI Shares and CICT Units, the Company has arranged with Phillip Securities to provide a buy-side facility for the Odd Lots Trading Arrangement during the Applicable Period, which will allow Phillip Securities to provide a buy order quote on the odd lots trading market to facilitate the selling of any odd lots in the odd lots trading market.

CLI Shareholders and CICT Unitholders should also note that the Odd Lots Trading Arrangement does not guarantee that odd lots of CLI Shares or CICT Units will be traded at the same or similar prices at which the CLI Shares or CICT Units in board lots will be traded.

11.4.4 Account with the Brokers

CLI Shareholders and CICT Unitholders who intend to carry out any Odd Lots Trades via the Brokers, or who intend to use the online trading platforms of the Brokers, should note that if they do not have an existing account with the relevant Broker, they must personally apply to open such an account with such Broker.

To open an account with DBS Vickers Securities, CLI Shareholders and CL Unitholders are requested to refer to the account opening instructions within the following link (<https://www.dbs.com.sg/vickers/en/accounts/>) or to visit DBS Vickers Securities customer service branch at the address set out below or any DBS Bank branch for assistance.

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DBS Vickers Securities

12 Marina Boulevard
#03-01 Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: +65 6327 2288
Operating hours: Monday – Friday: 8.30am to 4.30pm (except public holidays)
Email: info-sg@dbsvonline.com
Website: <https://www.dbs.com.sg/vickers/en/>

To open an account with Phillip Securities, CLI Shareholders and CICT Unitholders are requested to personally apply to open such an account with Phillip Securities through the following link (<https://www.poems.com.sg/open-an-account>) or make an appointment to visit any of the 15 Philip Investor Centres islandwide (<https://www.poems.com.sg/pic/#find-pic>) for assistance.

Phillip Securities

250 North Bridge Road
#06-00 Raffles City Tower
Singapore 179101
Customer service hotline: +65 6531 1555
Operating hours: Monday – Friday, 8.45 am to 5.30 pm (except public holidays)
Email: talktophillip@phillip.com.sg
Website: www.poems.com.sg

To open an account with UOB Kay Hian, CLI Shareholders and CICT Unitholders are requested to personally apply to open such an account with UOB Kay Hian through the following link (<https://sg.uobkayhian.com/login/open-trading-account.html>) or make an appointment to visit UOB Kay Hian's office via email (appointment@uobkayhian.com).

UOB Kay Hian

8 Anthony Road, #01-01
Singapore 229957
Customer service hotline: + 65 6536 9338
Operating hours: Monday – Friday, 8.30 am to 6.00 pm
Email: contact@utrade.com.sg
Website: utrade.com.sg

11.5 Retention and Release of Proceeds

On and after the day being six (6) calendar months after the posting of such cheques relating to the Cash Consideration, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed (or has been returned uncashed) and shall place all such moneys in a bank account in the Company's name with a licensed bank in Singapore selected by the Company. The Company or its successor entity shall hold such moneys until the expiration of six (6) years from the Effective Date and shall prior to such date make payments therefrom of the sums payable pursuant to **Clause 7** of the Scheme to persons who satisfy the Company or its successor entity that they are respectively entitled thereto and that the cheques referred to in **Clause 8**

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of the Scheme for which they are payees have not been cashed. Any such determination shall be conclusive and binding upon all persons claiming an interest in the relevant moneys, and any payments made by the Company hereunder shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to **Clause 7** of the Scheme.

On the expiry of six (6) years from the Effective Date, each of the Company and the Offeror shall be released from any further obligation to make any payments of the Cash Consideration under the Scheme and the Company or its successor entity shall transfer to the Offeror the balance (if any) of the sums then standing to the credit of the bank account referred to in **Clause 10(a)** of the Scheme including accrued interest, subject, if applicable, to the deduction of interest, tax or any withholding tax or any other deduction required by law and subject to the deduction of any expenses.

12. RECORD DATE

12.1 Notice of Record Date

Subject to the approval by Shareholders of the DIS at the EGM and the Scheme at the Scheme Meeting and the approval of the DIS and the sanction of the Scheme by the Court, notice of the Record Date will be given in due course for the purposes of determining the entitlements of the Eligible Shareholders to the Scheme.

The Record Date is tentatively scheduled to be 7 September 2021 at 5.00 p.m. The Company will make further announcement in due course of the Record Date.

12.2 Books Closure

No transfer of the Shares where the certificates relating thereto are not deposited with CDP may be effected after the Record Date, unless such transfer is made pursuant to the Scheme.

12.3 Trading in Shares on the SGX-ST

The Scheme is tentatively scheduled to become effective and binding on or about 8 September 2021 and accordingly (assuming the Scheme becomes effective and binding on 8 September 2021), the Shares are expected to be delisted and withdrawn from the Official List of the SGX-ST after payment of the Consideration. It is therefore expected that, subject to the approval of the SGX-ST, the Shares will cease to be traded on the SGX-ST on or about 2 September 2021 at 5.00 p.m., being three (3) Market Days before the expected Record Date.

Shareholders (not being Depositors) who wish to trade in their Shares on the SGX-ST are required to deposit with CDP their certificates relating to their Shares, together with the duly executed instruments of transfer in favour of CDP, fifteen (15) Market Days prior to the tentative last day for trading of the Shares.

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13. SETTLEMENT AND REGISTRATION PROCEDURES

Subject to the Scheme becoming effective and binding, the following settlement and registration procedures will apply:

13.1 Eligible Shareholders whose Shares are not deposited with CDP

Entitlements to the Scheme will be determined on the basis of the Eligible Shareholders (not being Depositors) and their holdings of Shares appearing in the Register of Members as at 5.00 p.m. on the Record Date.

Eligible Shareholders (not being Depositors) who have not already done so are requested to take the necessary action to ensure that the Shares owned by them are registered in their names with the Share Registrar by 5.00 p.m. on the Record Date.

From the Effective Date:

- (a) each existing share certificate representing a former holding of Shares by Eligible Shareholders (not being Depositors) will cease to be evidence of title of the Shares represented thereby;
- (b) within seven (7) Business Days of the Effective Date:
 - (i) the Company shall despatch the certificates representing the DIS Securities to each Eligible Shareholder (not being a Depositor); and
 - (ii) the Offeror shall make payment of the Cash Consideration to each Eligible Shareholder (not being a Depositor),

in each case, based on his holding of the Shares as at 5.00 p.m. on the Record Date.

13.2 Eligible Shareholders whose Shares are deposited with CDP

Entitlements to the Scheme will be determined on the basis of Eligible Shareholders (being Depositors) and the number of Shares standing to the credit of their Securities Account as at 5.00 p.m. on the Record Date.

Eligible Shareholders (being Depositors) who have not already done so are requested to take the necessary action to ensure that the Shares owned by them are credited to their Securities Account by 5.00 p.m. on the Record Date.

Following the Effective Date:

- (a) CDP will debit all the Shares standing to the credit of each relevant Securities Account of each Eligible Shareholder (being a Depositor) and credit all of such Shares to the Securities Account of the Offeror or such Securities Account(s) as directed by the Offeror;

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- (b) within seven (7) business days of the Effective Date, CDP shall:
- (i) credit the DIS Securities to each relevant Securities Account of each Eligible Shareholder (being a Depositor); and
 - (ii) make payment of the Cash Consideration to each Eligible Shareholder (being a Depositor),

In each case, based on the number of Shares standing to the credit of his or its Securities Account as at 5:00 p.m. on the Record Date.

14. INTERESTS OF DIRECTORS

The interests of the Directors in the Shares and CICT Units as at the Latest Practicable Date are set out in **paragraph 5.3 of Appendix 3** to this Scheme Document.

Save as otherwise disclosed in this Scheme Document, the effect of the Scheme on such interests of the Directors does not differ from that of the other Scheme Shareholders.

15. ELECTRONIC DESPATCH OF SCHEME DOCUMENT AND INTRODUCTORY DOCUMENT

Pursuant to the SIC Public Statement on Electronic Despatch, documents related to a take-over or merger transaction under the Code may be despatched electronically to the Shareholders through publication on SGXNET and on the website of the Company. Due to the COVID-19 situation in Singapore and in line with the SIC Public Statement on Electronic Despatch, no printed copies of this Scheme Document and the Introductory Document will be despatched to the Shareholders. Instead, only printed copies of the Notices and the Proxy Forms will be despatched to the Shareholders.

Electronic copies of this Scheme Document (enclosing the Notices and the Proxy Forms) and the Introductory Document are available on the website of the SGX-ST at <https://www.sgx.com/securities/company-announcements> and on the website of the Company at https://investor.capitaland.com/agm_egm.html. A Shareholder will need an internet browser and PDF reader to view these documents on the websites of the SGX-ST and the Company.

Shareholders (including Overseas Shareholders) may also obtain printed copies of this Scheme Document and the Introductory Document by completing and submitting the electronic request form available on the website of the Company at https://investor.capitaland.com/agm_egm.html up to three (3) Market Days prior to the date of the Scheme Meeting. Printed copies of this Scheme Document and the Introductory Document will be sent to the address in Singapore specified by the Shareholder at his/her/its own risk.

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(in compliance with Section 211 of the Companies Act)

16. OVERSEAS SHAREHOLDERS

16.1 Overseas Shareholders

The applicability of the Scheme to Overseas Shareholders may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions.

Where there are potential restrictions on sending this Scheme Document and related documents to any overseas jurisdiction, the Company reserves the right not to send such documents to the Overseas Shareholders in such overseas jurisdiction. For the avoidance of doubt, the Scheme is being proposed to all Shareholders (including the Overseas Shareholders), including those to whom this Scheme Document and related documents will not be, or may not be, sent, provided that this Scheme Document and related documents do not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful and the Scheme is not being proposed or made in any jurisdiction in which the introduction or implementation of the Scheme would not be in compliance with the laws of such jurisdiction.

Further, where the Directors are of the view that the distribution of the CLI Shares and/or the CICT Units to any Overseas Shareholders pursuant to the DIS may infringe any relevant foreign law or may necessitate compliance with conditions or requirements which they, in their sole discretion, regard as onerous by reason of costs, delay or otherwise, the Directors may determine that the Overseas Shareholders' Entitlement will not be distributed to such Overseas Shareholders. In such a case, subject to compliance with applicable laws and regulations, the Overseas Shareholders' Entitlement shall be transferred to such person(s) as the Directors may appoint, to sell the CLI Shares and the CICT Units and thereafter to distribute the net proceeds proportionately among such Overseas Shareholders.

16.2 Copies of the Scheme Document, the Introductory Document, the Notices and the Proxy Forms

The Constitution provides that Shareholders who have not supplied to the Company or the CDP (as the case may be) an address within Singapore for the service of notices shall not be entitled to receive notices from the Company. Accordingly, the Offeror and the Company reserve the right not to send the Notices and the Proxy Forms to any Overseas Shareholder, including where there are potential restrictions on sending the Notices and the Proxy Forms to the relevant overseas jurisdiction.

Electronic copies of this Scheme Document (enclosing the Notices and Proxy Forms) and the Introductory Document are available on the website of the SGX-ST at <https://www.sgx.com/securities/company-announcements> and on the website of the Company at https://investor.capitaland.com/agm_egm.html. A Shareholder will need an internet browser and PDF reader to view these documents on the websites of the SGX-ST and the Company.

Shareholders (including Overseas Shareholders) may also obtain printed copies of this Scheme Document and the Introductory Document by completing and submitting the electronic request form available on the website of the Company at

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https://investor.capitaland.com/agm_egm.html up to three (3) Market Days prior to the date of the Scheme Meeting. Printed copies of the Scheme Document and the Introductory Document will be sent to the address in Singapore specified by the Shareholder at his/her/its own risk.

For the avoidance of doubt, the Scheme is being proposed to all Shareholders (including the Overseas Shareholders), including those to whom the Notices and the Proxy Forms have not been, or will not be, sent, provided that the Notices and the Proxy Forms do not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful and the Scheme is not being proposed in any jurisdiction in which the introduction or implementation of the Scheme would not be in compliance with the laws of such jurisdiction.

It is the responsibility of any Overseas Shareholder who wishes to request the Scheme Document and the Introductory Document to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements. In requesting the Scheme Document and the Introductory Document or participating in the Scheme, the Overseas Shareholder represents and warrants to the Offeror and the Company that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements.

If any Overseas Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.

16.3 Overseas Shareholders' Entitlements to the DIS

You will be regarded as an Overseas Shareholder if your registered mailing address for the service of the notices and/or documents on the Register of CapitaLand or the Depository Register (as the case may be) is not in Singapore as at the Record Date. Eligible Shareholders who wish to change their registered mailing address on the Register of CapitaLand or the Depository Register (as the case may be) to provide an address in Singapore in substitution thereof prior to the Record Date may do so by sending a notice in writing to the Share Registrar (in the case of a change of address on the Register of CapitaLand) or CDP (in the case of a change of address on the Depository Register), respectively not later than three (3) Market Days prior to the Record Date.

For practical reasons and in order to avoid violating applicable securities laws outside Singapore, or where the Directors are of the view that such distribution may infringe any foreign law or may necessitate compliance with conditions or requirements which the Directors, in their absolute discretion, regard as onerous or impracticable by reason of costs, delay or otherwise, the Company reserves the discretion not to distribute the DIS Securities to any Overseas Shareholder and to deal with such DIS Securities in the manner set out below.

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Subject to compliance with applicable laws and regulations, arrangements will be made for the distribution of the DIS Securities which would otherwise be distributed to the Overseas Shareholders pursuant to the DIS to such person(s) as the Directors may appoint to sell such DIS Securities and thereafter the net proceeds of such sale, after deducting for all dealings and other expenses in connection therewith, shall be distributed proportionately among such Overseas Shareholders according to their respective entitlements to the DIS Securities as at the Record Date in full satisfaction of their rights to the DIS Securities which they would otherwise have become entitled to under the DIS.

Please also refer to the section entitled “**Important Notice to Overseas Shareholders**” of this Scheme Document for further details.

16.4 Notice

The Offeror and the Company each reserves the right to notify any matter, including the fact that the Scheme has been proposed, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or paid advertisement in a daily newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including any Overseas Shareholder) to receive or see such announcement or advertisement. For the avoidance of doubt, for as long as the Company remains listed on the SGX-ST, it will continue to notify all Shareholders (including Overseas Shareholders) of any matter relating to the Scheme by announcement via SGXNET.

Notwithstanding that such Overseas Shareholder may not receive the notice of the Scheme Meeting, they shall be bound by the Scheme if the Scheme becomes effective.

16.5 Foreign Jurisdiction

It is the responsibility of any Overseas Shareholder who wishes to participate in the Scheme to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection with the Scheme, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements. In participating in the Scheme, the Overseas Shareholder represents and warrants to the Offeror and the Company that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements.

If any Overseas Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.

17. ACTION TO BE TAKEN BY SHAREHOLDERS

As a precautionary measure due to the COVID-19 situation in Singapore, Shareholders will not be able to attend the EGM and the Scheme Meeting in person. A Shareholder who has Shares entered against his/her/its name in (a) the Register of Members or (b) the Depository Register as at the cut-off time being 72 hours prior to the time of the EGM and/or the Scheme Meeting, as the case may be (being the time at which the name of the Shareholder must appear in the Register of Members or the Depository Register, in order

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for him/her/it to be considered to have Shares entered against his/her/its name in the said registers), shall be entitled to participate in the EGM and/or the Scheme Meeting, as the case may be, by:

- (a) observing and/or listening to the EGM and/or the Scheme Meeting proceedings via live audio-visual webcast or live audio-only stream;
- (b) submitting questions in advance of and/or live at the EGM and/or the Scheme Meeting; and/or
- (c) appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM and/or appointing the Chairman of the Scheme Meeting as proxy to attend, speak and vote on their behalf at the Scheme Meeting.

Shareholders are requested to complete the enclosed EGM Proxy Form and/or Scheme Meeting Proxy Form (as the case may be) in accordance with the instructions printed thereon and lodge it with the Share Registrar at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 72 hours before the time fixed for the EGM or the Scheme Meeting (as the case may be). Alternatively, Shareholders who are individuals³ may submit the instruments appointing the Chairman of the EGM and/or the Chairman of the Scheme Meeting electronically via the pre-registration website at the URL https://investor.capitaland.com/agm_egm.html not less than 72 hours before the time fixed for the EGM or the Scheme Meeting (as the case may be).

In view of the COVID-19 situation in Singapore, Shareholders are strongly encouraged to submit completed instruments of proxy electronically via the pre-registration website (where available) or via email.

18. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS

CPFIS Investors and SRS Investors who wish to attend the EGM or the Scheme Meeting are advised to consult their respective CPF agent banks and SRS agent banks for further information and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.

19. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER

The IFA Letter setting out the advice of the IFA to the Independent Directors is reproduced in italics below. Shareholders should read the following extract in conjunction with, and in the context of, the IFA Letter in its entirety as set out in **Appendix 1** to this Scheme Document. Unless otherwise defined or the context otherwise requires, all capitalised terms below shall have the same meanings as defined in the IFA Letter.

³ Instruments of proxy executed under a power of attorney on behalf of an individual or by executors on behalf of a deceased individual's estate may only be submitted by email or post with the relevant supporting document where applicable.

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“Based upon, and subject to the foregoing, we are of the opinion that as of the Latest Practicable Date, from a financial point of view, the Consideration is fair and reasonable.

Accordingly, we advise the Independent Directors to recommend Shareholders to vote in favour of the Scheme and the DIS.

The Independent Directors may wish to advise Shareholders who wish to realise their investments in the Company that they can choose to sell their Shares in the open market if they can obtain a price higher than the Implied Consideration (after deducting transaction costs) and provided there is no trading halt or suspension of the Shares on the Mainboard of the SGX-ST.

In addition, the Independent Directors may wish to highlight to Shareholders that the Scheme, when it becomes effective, will be binding on all Shareholders, whether or not they have attended or voted at the Scheme Meeting, and if they have attended and voted, whether or not they have voted in favour of the Scheme and the DIS.

In rendering our opinions expressed herein, the Independent Directors should note that we did not have regard to nor took into account any general or specific investment objectives, financial situation, risk profiles, tax position or particular needs and constraints of any Shareholder or the Shareholders as a whole. As each Shareholder may have different investment objectives and profiles, the Independent Directors may wish to advise that any Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax advisor or other professional advisors immediately.”

20. INDEPENDENT DIRECTORS’ RECOMMENDATION

The recommendation of the Independent Directors in relation to the Scheme is set out in **paragraph 17.2** of the Letter to Shareholders.

21. GENERAL INFORMATION

Your attention is drawn to the further relevant information, including the interests of the Directors in the Shares and CICT Units, which is set out in the Appendices to this Scheme Document. The Appendices form part of this Scheme Document. This Explanatory Statement should be read in conjunction with, and is qualified by, the full text of this Scheme Document, including the Scheme as set out in **Appendix 19** to this Scheme Document.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE SCHEME

17 July 2021

The Independent Directors
CapitaLand Limited
168 Robinson Road
#30-01 Capital Tower
Singapore 068912

Dear Sir/Madam:

INDEPENDENT FINANCIAL ADVICE WITH RESPECT TO:

PROPOSED STRATEGIC RESTRUCTURING AND DEMERGER OF THE INVESTMENT MANAGEMENT BUSINESS OF CAPITALAND LIMITED

*For the purpose of this letter (“**Letter**”), unless otherwise defined or the context otherwise requires, all terms used herein have the same meaning as defined in the Scheme Document dated 17 July 2021 (the “**Scheme Document**”) issued by CapitaLand Limited to shareholders of CapitaLand Limited (“**Shareholders**”). The latest practicable date prior to the printing of the Scheme Document is 7 July 2021 (the “**Latest Practicable Date**” or “**LPD**”). For the purpose of this Letter, where applicable and unless otherwise stated, we have used the foreign exchange rates of S\$1:US\$0.7422 and S\$1:MYR3.0891 on the Latest Practicable Date. The above foreign exchange rates have been extracted from published information from FactSet and are provided solely for information.*

Please refer to Paragraph 9.4 for a summary of the key financial analyses performed in this Letter, which should be considered in the context of the entirety of this Letter and the Scheme Document.

1. INTRODUCTION

Evercore Asia (Singapore) Pte Ltd (“**Evercore**”) refers to the joint announcement dated 22 March 2021 (“**Joint Announcement Date**” or “**JAD**”) by CapitaLand Limited (the “**Company**” or “**CapitaLand**”, together with its subsidiaries and associated companies, the “**Group**”) and CLA Real Estate Holdings Pte. Ltd. (the “**Offeror**” or “**CLA**”), an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited (“**Temasek**”) and the existing controlling shareholder of the Company holding approximately 51.76% of the issued and paid-up ordinary shares in the capital of the Company (“**Shares**”) as at the Latest Practicable Date, of the proposed scheme of arrangement (the “**Scheme**”) pursuant to Section 210 of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”) involving:

- (a) **CLI (CapitaLand Investment Limited) DIS**: a capital reduction exercise by the Company to distribute approximately 48.24%⁽¹⁾ of the issued and paid-up ordinary shares (the “**CLI Shares**”) in the capital of CLI (such distribution, the “**CLI DIS**”), to all shareholders of the Company (excluding the Offeror) as at the Record Date (the “**Eligible Shareholders**”) on a *pro-rata* basis;

⁽¹⁾ The number of CLI Shares to be distributed pursuant to the CLI DIS and the percentage shareholding represented by such CLI Shares will be equal to the number of Shares held by the Eligible Shareholders and the percentage shareholding represented by such Shares as at the Record Date.

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- (b) **CICT (CapitaLand Integrated Commercial Trust) DIS:** a capital reduction exercise by the Company to distribute 388,242,247 issued units (the “**CICT DIS Units**”) in CICT to all shareholders of the Company (the “**Shareholders**” or “**CapitaLand Shareholders**”) on a *pro-rata* basis (the “**CICT DIS**”); and
- (c) **Acquisition:** upon the DIS taking effect, a proposed acquisition (the “**Acquisition**”) by the Offeror of all the Shares (excluding the treasury Shares and the Shares held by the Offeror) from the Eligible Shareholders. In consideration for the Acquisition, the Offeror will pay the Cash Consideration of S\$0.951 for each Share held by the Eligible Shareholders. In addition, the Offeror will not participate in the CICT DIS. The CICT DIS Units that the Offeror would otherwise be entitled to receive had it participated in the CICT DIS, which comprise approximately 3.10% of the total number of CICT Units in issue as at the Latest Practicable Date, will accordingly be distributed to the Eligible Shareholders on a *pro-rata* basis, as part of the consideration for the Acquisition, thereby resulting in a proportionate increase of each Eligible Shareholder’s entitlement to the CICT DIS.

Pursuant to the Scheme, the CLI Shares and the CICT DIS Units stated above will be distributed to the Eligible Shareholders on a *pro-rata* basis, fractional entitlements to be disregarded. As at the Latest Practicable Date, the Company owns 100% of the CLI Shares and approximately 28.94% of the total number of CICT Units. On completion of the Scheme, the Company’s shareholding and unitholding in CLI and CICT will be reduced to approximately 51.76% and 22.95% respectively.

The distribution of CICT Units pursuant to the Scheme was discussed and commercially agreed between the Offeror and the Company. CICT is the largest real estate investment trust managed by the Company and its units are considerably most liquid as compared with the other listed funds managed by the CLI Group (“**Listed Funds**”). Given that the CICT Units to be distributed represent a relatively low percentage of CICT’s outstanding units taking into account CICT’s high liquidity, the Company believes that there would be sufficient market demand to facilitate the Shareholders in trading the CICT Units readily for cash should they not intend to hold these CICT Units. In addition, post-CICT DIS, CLI’s percentage unitholding in CICT of 22.95% will also be broadly in line with that of its holdings in other Listed Funds, such as Ascendas Real Estate Investment Trust and CapitaLand China Trust.

Assuming the Scheme becomes effective, Eligible Shareholders will receive a combination of cash, CLI Shares and CICT DIS Units (“**Consideration**”) in exchange for their Shares in the Company.

Given that the Joint Announcement Date is 22 March 2021, the last full market trading day prior to the Joint Announcement Date is 19 March 2021 (“**Unaffected Share Price Date**” or “**USPD**”).

As at the Latest Practicable Date, the Offeror has an interest in 2,693,106,549 Shares (the “**Existing Shares**”), representing approximately 51.76% of the Current Share Capital.

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The Offeror and the Company had on 22 March 2021 entered into an implementation agreement (the “**Implementation Agreement**”) setting out the terms and conditions on which the Offeror and the Company will implement the Scheme. The Scheme is conditional upon the satisfaction (or, where applicable, the waiver) of certain conditions (the “**Scheme Conditions**”) set out in the Implementation Agreement which are found in the Scheme Document.

As jointly announced by the Offeror and the Company on 22 March 2021, Evercore has been appointed as the independent financial adviser (“**IFA**”) to advise the directors of the Company who are considered independent for the purposes of the Scheme (“**Independent Directors**”), as to whether the financial terms of the Scheme are fair and reasonable. The responsibility for providing a recommendation to the Shareholders in respect of the Scheme rests with the Independent Directors.

This Letter is therefore addressed to the Independent Directors and sets out, amongst others, our evaluation of the Scheme and our recommendations thereon from a financial point of view. This Letter forms part of the Scheme Document which provides, amongst others, details of the Scheme, and the recommendation of the Independent Directors in respect of the Scheme.

To ensure that this Letter is comprehensive and concise, details contained in the Scheme Document where necessary or relevant may not be wholly reproduced, and may instead be referenced to or summarised throughout this Letter. We recommend that the Independent Directors advise the Shareholders to read these contextual references and summaries with due care.

A copy of the Joint Announcement is available on the website of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) at <https://www.sgx.com/securities/company-announcements>.

2. TERMS OF REFERENCE

Evercore has been appointed as the IFA pursuant to Rule 1309(2) of the SGX-ST Listing Manual (“**Listing Manual**”) as well as under the Singapore Code on Takeovers and Mergers (the “**Code**”) to advise the Independent Directors in respect of their recommendation to the Shareholders in relation to the Scheme. We do not, by this Letter, comment on or warrant the risks or merits of the Scheme other than to form an opinion, for the purposes of compliance with the Code and Listing Manual, as to whether the financial terms of the Scheme are fair and reasonable.

In the course of our evaluation of the Scheme, from a financial point of view, we have, amongst other things:

- (a) reviewed and relied on certain publicly available financial statements and other information relating to CapitaLand;
- (b) reviewed and relied on certain information provided and/or representations made to us by the directors, senior executives and management of CapitaLand (“**CapitaLand Management**”), professional advisors and other authorised representatives of CapitaLand;

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- (c) reviewed and relied on certain operational and financial information, including but not limited to annual reports, financial statements, company presentations and company announcements of CapitaLand;
- (d) reviewed the reported prices, trading multiples and trading volumes for the Shares;
- (e) analysed the trading multiples of other selected publicly traded companies;
- (f) compared the financial performance of the Group with publicly available information concerning certain other companies;
- (g) reviewed and relied on the Joint Announcement, the Scheme Document and the Introductory Document;
- (h) reviewed and relied on research analyst reports and target prices published by certain research analysts covering CapitaLand;
- (i) relied on independent property valuation reports prepared by independent property valuers appointed by CapitaLand, and internal property valuations performed by CapitaLand; and
- (j) performed such other analyses, reviewed such other information, and considered such other matters as we deemed appropriate.

We have relied upon and assumed, amongst others, the accuracy, adequacy and completeness of all information that was publicly available or was furnished to or discussed with us by CapitaLand, its directors, senior executives, management, professional advisors and/or its authorised representatives or otherwise reviewed by or for us. We have not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained any such information, whether written or verbal, and make no representations or warranties, express or implied, in respect of and do not accept any responsibility for the accuracy or completeness or adequacy of such information. We have made reasonable enquiries and used our judgement as we deemed necessary on the reasonable use of such information and have found no reason to doubt the accuracy, completeness or adequacy of the information. The directors of CapitaLand (the “**CapitaLand Directors**”) and the CapitaLand Management have confirmed to us that, having made all reasonable inquiries and to the best of their knowledge and belief, all material information relating to CapitaLand and the Scheme (including the Acquisition) has been disclosed to us, that such information is true, complete and accurate in all material respects and that there are no omissions which may cause any information given to us to be incomplete, inaccurate or misleading in any material respect.

We have relied on valuation estimates of the properties of CapitaLand provided by the independent valuers (“**Independent Valuations**”) and internal property valuations performed by CapitaLand (“**Internal Valuations**”), and together with the Independent Valuations, the “**Valuation Reports**”. With respect to the Valuation Reports, we are not experts in the evaluation or appraisal of the assets concerned and we have placed sole reliance on the Valuation Reports for such asset appraisal and have not made any independent verification of the contents thereof. We do not assume any responsibility to

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE SCHEME

inquire about the basis of such valuations or if the contents thereof have been prepared and/or included in the Scheme Document in accordance with all applicable regulatory requirements including Rule 26 of the Code. We have not been furnished with any evaluation or appraisal of the assets and liabilities of CapitaLand, except for the Valuation Reports as stated above.

We have not conducted any independent valuation or appraisal of any assets or liabilities of CapitaLand, nor have we evaluated the solvency of CapitaLand or any other relevant party to the Scheme under any applicable laws relating to bankruptcy, insolvency or similar matters. We have reviewed CapitaLand's financial filings and in relying on financial analyses provided to us or derived therefrom, we have assumed, amongst others, that such analyses have been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by the CapitaLand Management as to the financial condition of CapitaLand. We express no view as to such analyses or the assumptions on which they were based. We are not legal, accounting, regulatory or tax experts. We are financial advisors only and have relied on, without independent verification, the assessments made by the independent property valuers, the internal property valuers, and the professional advisors to CapitaLand with respect to such issues. As a consequence, potentially significant differences from the conclusions set out in this Letter could result from any inaccuracies, errors or omissions in the data, documentation or information provided to us. In addition, we have assumed that, amongst others, the Scheme will be consummated in accordance with the terms set forth in the Scheme Document without any waiver, amendment or delay of any terms or conditions and that no conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Scheme. We have further assumed, amongst others, that all necessary governmental, regulatory or other approvals, consents, filings and registrations necessary for the consummation of the Scheme will be obtained and effected, and that no delays, limitations, conditions or restrictions will be imposed that would have any material adverse effect on CapitaLand or on the contemplated benefits of the Scheme.

This Letter (which for the avoidance of doubt, including the opinions expressed herein) is necessarily based on financial, market, economic, and other conditions in effect on, and the information made available to us, as of the Latest Practicable Date. The preparation of this Letter, from a financial point of view, and our opinions expressed in this Letter are based solely upon financial, market, economic, industry, monetary, regulatory and other conditions in effect on, and the information made available to us, as of the Latest Practicable Date. Events occurring after the Latest Practicable Date may affect the contents of this Letter (which for the avoidance of doubt, includes the opinions expressed herein) and the assumptions used in preparing it. We assume no obligation or responsibility to update, revise, or reaffirm the contents of this Letter in light of any subsequent development after the Latest Practicable Date that may affect this Letter. The Independent Directors should alert Shareholders that market, economic, financial, industry, monetary, regulatory and other conditions may change over a relatively short period of time and that they may wish to take note of any announcements which may be released after the Latest Practicable Date. We have confined our evaluation and assessment to the financial terms of the Scheme, and have not taken into account the legal, strategic or commercial risks and/or merits of the Scheme. We were not requested to and have not provided advice concerning the structure, the specific amount of the consideration, or any other aspects of the Scheme, or provided services other than the

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delivery of this Letter. We have not been requested or authorised to solicit and we have not solicited any indications of interest from any third parties with respect to the Shares or the sale of all or any part of CapitaLand or any other alternative transaction. We do not comment on the strategic, long term or otherwise, and/or commercial merits and/or risks of the Scheme, or the listing status or the future prospects of CapitaLand including without limitation, following the date on which the Scheme becomes effective. Our opinions do not address the relative merits and/or risks of the Scheme as compared to any alternative transaction or arrangements (as the case may be), or other alternatives, or whether such alternatives could be achieved or are available. Any evaluation of and/or comment on the strategic or commercial merits and/or risks of the Scheme or on the future prospects of CapitaLand, including without limitation, following the date on which the Scheme becomes effective, remains the sole responsibility of the CapitaLand Directors. We also did not participate in discussions and negotiations with respect to the terms of the Scheme (including the transactional structure and the related commercial terms) nor were we involved in the deliberations to put forth the Scheme for the approval of Shareholders.

We have relied upon the assurances of the CapitaLand Directors that the Scheme Document has been duly approved by the CapitaLand Directors (including any who may have delegated detailed supervision of the Scheme Document) who have taken all reasonable care to ensure that the facts stated and all opinions expressed (excluding those expressed in this Letter) in the Scheme Document are fair and accurate, as well as not misleading, in any material respect, and that no material facts have been omitted from the Scheme Document. The CapitaLand Directors jointly and severally accept full responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the announcements by CapitaLand in relation to the Scheme), our sole responsibility has been to ensure through reasonable enquiries that such information is accurately and correctly extracted from such sources or, as the case may be, reflected or reproduced in this Letter. For the purposes of providing this Letter and our evaluation, from a financial point of view, of the Scheme, we have not received or relied upon any financial projections or forecasts in respect of CapitaLand. The scope of our appointment and accordingly, our terms of reference, do not require us to express, and we do not express, an opinion on the future growth prospects, financial position or earnings potential of CapitaLand, including without limitation, following the date on which the Scheme becomes effective, although we may draw upon the views of the CapitaLand Directors or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion. We are therefore not expressing any opinion herein as to the price at which the Shares may trade, trading liquidity levels of the Shares, expiry, withdrawal, or rejection of the Scheme or on the future financial performance of CapitaLand including without limitation, following the date on which the Scheme becomes effective.

This Letter is addressed to the Independent Directors and evaluates the Scheme from a financial point of view, and the Independent Directors may wish to advise Shareholders to read it together with the rest of the Scheme Document, including the recommendations of the Independent Directors. In rendering our advice and giving our recommendation to the Independent Directors under this Letter, we have not had regard to any general or specific investment objectives, financial situations, risk profiles, tax status or positions or particular needs or constraints or other particular circumstances of any Shareholder and

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE SCHEME

do not assume any responsibility for, nor hold ourselves out as advisors to, any person other than the Independent Directors. As each Shareholder may have different investment profiles and objectives, the Independent Directors may wish to recommend that any Shareholders who may require specific advice in relation to his investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax advisor or other professional advisor immediately.

CapitaLand has been separately advised by its own professional advisor in the preparation of the Scheme Document (other than this Letter). We have had no role or involvement and have not and will not provide any advice (financial or otherwise) whatsoever in the preparation, review and verification of the Scheme Document (other than this Letter). Accordingly, we take no responsibility for and express no views, whether expressly or implicitly, on the contents of the Scheme Document (except for this Letter).

We are acting as IFA to the Independent Directors for the purpose of the Scheme and will receive a fee for our services in connection with the issuance of this Letter. In addition, CapitaLand has agreed to indemnify us for certain liabilities arising out of our engagement. In the ordinary course of our trading, brokerage, asset management, financing and financial services businesses, we or our affiliates may actively trade the Shares or derivatives in relation to the Shares, or financial instruments of CapitaLand and its respective affiliates via businesses that are segregated from our advisory business in accordance with law and regulation, for their own account and/or for the accounts of customers, and accordingly, may at any time hold a long or short position in such securities or instruments. We or our affiliates may also seek to provide services to CapitaLand, the Offeror and/or Temasek in the future and expect to receive fees for rendering such services.

The opinions expressed herein have been approved by a committee of Evercore employees in accordance with our customary practice. This Letter (which for the avoidance of doubt, includes the opinions expressed herein) is for the information of the Independent Directors in connection with and for the sole purpose of their consideration of the Scheme. Other than for inclusion in the Scheme Document as Appendix 1, this Letter may not, whether by CapitaLand, the CapitaLand Directors or otherwise, be disclosed, reproduced, disseminated, quoted, referred to or communicated (in whole or in part) to any third party, including, without limitation, Shareholders, employees and creditors of CapitaLand, for any other purposes at any time and in any matter, except with our prior written approval in each specific case.

This Letter, including the opinions and advice expressed herein, is given pursuant to Rule 1309(2) of the Listing Manual as well as under the Code, and addressed to the Independent Directors for their benefit and solely for their deliberation in respect of the Scheme, to assist the Independent Directors in formulating appropriate recommendations to Shareholders in relation to the Scheme. The recommendations made to Shareholders in relation to the Scheme shall remain the responsibility of the Independent Directors. Our opinions and advice to the Independent Directors should be considered in the context of the entirety of this Letter and the Scheme Document.

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3. TERMS AND CONDITIONS OF THE SCHEME

Shareholders should by now have received a copy of the Scheme Document which, amongst other things, sets out the terms and conditions of the Scheme in **paragraphs 6 and 7** of the “Letter to Shareholders” and **paragraphs 3, 7 and 8** of the “Explanatory Statement” in the Scheme Document, as well as **Appendices 11 and 19** to the Scheme Document. The principal terms of the Scheme, as extracted from the Scheme Document, are set out below.

3.1 The Scheme

Pursuant to the Scheme, subject to the satisfaction and/or waiver of all of the Scheme Conditions:

3.1.1 DIS

Subject to and conditional upon the completion of the Internal Restructuring, the Company will undertake a proposed capital reduction of an amount equal to the aggregate sum of (a) the cost of investment of the Distribution CLI Shares as at the Record Date and (b) the market price of 388,242,247 CICT DIS Units as at the Record Date. Based on the pro forma cost of investment of the Distribution CLI Shares of S\$5.2 billion as at the Latest Practicable Date and the closing price of the CICT DIS Units of S\$2.13 per CICT DIS Unit as at the Latest Practicable Date, and assuming that there is no change to such cost of investment and closing price as at the Record Date, the amount of the capital to be reduced is approximately S\$6.0 billion. The proposed capital reduction will be effected by the Company by way of distribution *in specie* of:

- (i) the Distribution CLI Shares, representing the Relevant Percentage of the total number of CLI Shares in issue, to the Eligible Shareholders on a *pro-rata* basis, fractional entitlements to be disregarded; and
- (ii) 388,242,247 CICT DIS Units, representing approximately 6.00% of the total number of CICT DIS Units in issue as at the Latest Practicable Date, to all Shareholders on a *pro-rata* basis.

The Offeror will not participate in the CICT DIS. The CICT DIS Units that the Offeror would otherwise be entitled to receive had it participated in the CICT DIS will accordingly be distributed to the Eligible Shareholders on a *pro-rata* basis, as part of the consideration for the Acquisition, thereby resulting in a proportionate increase of each Eligible Shareholder’s entitlement to the CICT DIS. Accordingly, the 388,242,247 CICT DIS Units will be distributed to the Eligible Shareholders on a *pro-rata* basis, fractional entitlements to be disregarded.

3.1.2 Acquisition

- (a) all the Shares held by the Eligible Shareholders will be transferred to the Offeror:
 - (i) fully paid-up;
 - (ii) free from any charge, mortgage, security, pledge, lien, option, equity, power of sale, hypothecation, retention of title, right of pre-emption, right of first refusal or security interest of any kind (the “**Encumbrances**”); and

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- (iii) together with all rights, benefits and entitlements attaching thereto as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Joint Announcement Date (except for the DIS and the FY2020 Final Dividend).

If any dividend, right or other distribution (other than the DIS and the FY2020 Final Dividend) is declared, paid or made by the Company on or after the Joint Announcement Date, the Offeror reserves the right to reduce the Cash Consideration by the amount of such dividend, right or distribution; and

- (b) in consideration for such transfer, each of the Eligible Shareholders will be entitled to receive **Cash Consideration of S\$0.951 for each Share** held by such Eligible Shareholder as at the Record Date.

The aggregate Cash Consideration that is payable by the Offeror to any Eligible Shareholder in respect of the Shares held by such Eligible Shareholder as at the Record Date will be rounded to the nearest whole cent.

The Scheme will be extended to all Shares (other than treasury Shares and those held by the Offeror) unconditionally issued or delivered pursuant to: (i) the valid vesting of Shares under any outstanding Awards granted pursuant to the PSP and RSP; and (ii) the issue and/or delivery of Shares as payment of directors' fees to the Directors, in each case, on or prior to the Record Date.

3.1.3 Consideration

Assuming the Scheme becomes effective, the Consideration, and the value of such Consideration, are set out below as shown in **paragraph 1.5** of the "Letter to Shareholders" in the Scheme Document:

Consideration Breakdown	Value per Share (S\$)
	Based on Current Share Capital ⁽⁴⁾
1 CLI Share ⁽¹⁾	2.823
0.155 CICT DIS comprising: ⁽²⁾	
• Eligible Shareholder's <i>pro-rata</i> entitlement – 0.075 CICT DIS Units	0.158
• Offeror's entitlement distributed in favour of the Eligible Shareholders – 0.080 CICT DIS Units ⁽³⁾	0.170
Cash Consideration payable by the Offeror	0.951
Consideration	4.102

- (1) This represents the pro forma NAV per CLI Share as at 31 December 2020, adjusted for transaction-related costs. CLI is valued at 1x NAV for illustrative purposes to determine the value of the Consideration.

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- (2) The distribution ratio of the CICT DIS will be derived based on 388,242,247 CICT DIS Units divided by the number of Shares held by the Eligible Shareholders as at the Record Date. Based on the number of Shares held by the Scheme Shareholders as at the Latest Practicable Date, the distribution ratio of the CICT DIS is 0.155 CICT DIS Units for each Share. Assuming there is no change to the Offeror's shareholding as at the Record Date, such distribution ratio will remain unchanged as at the Record Date.

For the purposes of this paragraph, the value of the CICT DIS Units is determined based on the one-month VWAP of the CICT Units up to the USPD 19 March 2021, being S\$2.122 per CICT Unit. The one-month VWAP of the CICT Units up to the Latest Practicable Date is S\$2.120. Please refer to **paragraph 7 of Part 2 of Appendix 4** to the Scheme Document for further information on historical traded prices of the CICT Units.

For the avoidance of doubt, (i) the total number of CICT DIS Units to be distributed by the Company to all Eligible Shareholders pursuant to the CICT DIS; and (ii) the amount of Cash Consideration payable by the Offeror to each Eligible Shareholder are fixed and will not vary based on the market prices of CICT Units.

- (3) The CICT DIS is to be made to all Shareholders on a *pro-rata* basis. The Offeror would have been entitled to its *pro-rata* share of the CICT DIS Units to be distributed, being 200,949,143 CICT DIS Units, if it had participated in the CICT DIS, by virtue of it being a Shareholder. As the Offeror has decided not to participate in the CICT DIS, its entitlement to 200,949,143 CICT DIS Units will be distributed to all Eligible Shareholders on a *pro-rata* basis as part of the consideration for the Scheme, resulting in each Eligible Shareholder receiving an additional 0.08 CICT DIS Units per Share.
- (4) As at the Latest Practicable Date, the share capital of the Company comprises 5,203,195,792 Shares (excluding treasury Shares). As no further Shares under the Awards are expected to vest for the period up to the Record Date, the total number of Shares is expected to remain unchanged as at the Record Date. Accordingly, on the basis that there is no change to the Offeror's shareholding as at the Record Date, the Consideration detailed in this table and the value of such Consideration determined on the basis set out herein will remain unchanged as at the Record Date.

3.1.4 Scheme Conditions

The Scheme is conditional upon the satisfaction (or, where applicable, waiver) of all the Scheme Conditions (which are reproduced in **Appendix 11** to the Scheme Document) by no later than 31 December 2021 or such other date as may be agreed in writing between the Offeror and the Company (the "**Long Stop Date**").

The Scheme Conditions, include, among others:

- (a) the approval of the Scheme by a majority in number of Shareholders representing not less than three-fourths in value of the Shares held by Shareholders present and voting either in person or by proxy at the meeting of the Shareholders (the "**Scheme Meeting**") to be convened at the direction of the Court for the purpose of considering and, if thought fit, approving the Scheme (including any adjournment thereof) (the "**Scheme Resolution**");
- (b) the approval of the DIS by Shareholders at an extraordinary general meeting (the "**EGM**") to be held by the Company (the "**DIS Resolution**"), which includes the approval by the Shareholders of, *inter alia*, the reduction of the issued share capital of the Company by an amount of up to S\$6.5 billion⁽²⁾;

⁽²⁾ The actual amount of the capital to be reduced will be determined by the CapitaLand Directors based on the aggregate sum of the cost of investment of the Distribution CLI Shares and the market price of the CICT Units as at the Record Date. Based on the pro forma cost of investment of the Distribution CLI Shares of S\$5.2 billion and the closing price of the CICT Units of S\$2.13 per CICT Unit as at the Latest Practicable Date, and assuming that there is no change to such cost of investment and closing price as at the Record Date, the amount of the capital to be reduced is approximately S\$6.0 billion. The Company is seeking Shareholders' approval for a capital reduction amount of up to S\$6.5 billion to cater for any possible fluctuations in the capital reduction amount between the Latest Practicable Date and the Record Date.

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- (c) the sanction of the Scheme by the Court;
- (d) the approval of the DIS by the Court;
- (e) the lodgment of the Scheme Court Order with ACRA pursuant to Section 210(5) of the Companies Act and the lodgment of the Capital Reduction Court Order with ACRA pursuant to Section 781(3) of the Companies Act;
- (f) the completion of the Internal Restructuring on or prior to the Relevant Date;
- (g) (i) all the Regulatory Approvals: (1) having been obtained or made on terms satisfactory to the Offeror and the Company, acting reasonably; and (2) remaining in full force and effect from the date such Regulatory Approvals are obtained or granted up to the Relevant Date; (ii) where relevant, all applicable waiting periods in relation to the Regulatory Approvals having expired or been terminated; (iii) all conditions to which the Regulatory Approvals are subject and required to be satisfied as at the Relevant Date having been fulfilled; and (iv) no Governmental Agency having issued or provided the Offeror or the Company with any indication that it will not or does not intend to grant the Regulatory Approvals on terms satisfactory to the Offeror and the Company, acting reasonably;
- (h) the receipt of all authorisations, consents, clearances, permissions, approvals and waivers as are necessary or required by either the Offeror or the Company from all third parties under the contracts entered into by the Group (other than in respect of the Convertible Bonds), for or in respect of the Transaction or any part thereof, including without limitation consents and/or waivers from the creditors and suppliers of the Group (the **“Third Party Authorisations”**) and such Third Party Authorisations not having been revoked or withdrawn on or before the Relevant Date; and
- (i) no notice in writing (the **“Revaluation Notice”**) having been issued by the Offeror to require the Company to obtain a revaluation of Identified Properties, or if a Revaluation Notice has been issued, there being no diminution in the Revalued Valuation by more than 10% as compared with the valuation of the Identified Properties as at 31 December 2020 (a **“Material Adverse Change”**); in this connection, pursuant to the terms of the Implementation Agreement, the Offeror has the right to issue the Revaluation Notice upon being notified by the Company of the date on which it intends to apply for the Court Orders.

As at the Latest Practicable Date, the Company and the Offeror have obtained (i) all Regulatory Approvals and (ii) substantially all of the Third Party Authorisations.

In addition, the Scheme will only come into effect if all the Scheme Conditions have been satisfied or, as the case may be, waived in accordance with the Implementation Agreement and copies of the Court Orders have been lodged with ACRA.

The Scheme Resolution and the DIS Resolution are inter-conditional. In the event the Shareholders do not approve the Scheme Resolution and/or the DIS Resolution, the Scheme and the DIS will not proceed.

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Additional information on the Scheme Conditions is set out in **paragraphs 7 and 8** of the Explanatory Statement in the Scheme Document. Please also refer to **Appendix 11** to the Scheme Document for a full list of the Scheme Conditions.

3.1.5 Non-fulfilment of Scheme Conditions

The Scheme will only become effective and binding if all the Scheme Conditions have been satisfied or, where applicable, waived. The Shareholders should note that if any of the Scheme Conditions is not satisfied or, where applicable, waived by the Long Stop Date, the Scheme will not become effective and binding.

Benefit of Scheme Conditions

- (a) **The Offeror's Benefit:** the Offeror alone may waive the Scheme Conditions in paragraphs (h) (*No Prescribed Occurrence of Pro Forma Group*), (j) (*Company's Warranties and Covenants*) and/or (l) (*No Material Adverse Change*) of **Appendix 11** to the Scheme Document, which are for the benefit of the Offeror. Any breach or non-fulfilment of any such Scheme Conditions may be relied upon only by the Offeror. The Offeror may at any time and from time to time at its sole and absolute discretion waive any such breach or non-fulfilment.
- (b) **The Company's Benefit:** the Company alone may waive the Scheme Conditions in paragraphs (i) (*No Prescribed Occurrence of the Offeror*) and/or (k) (*Offeror's Warranties and Covenants*) of **Appendix 11** to the Scheme Document, which are for the benefit of the Company. Any breach or non-fulfilment of any such Scheme Conditions may be relied upon only by the Company. The Company may at any time and from time to time at its sole and absolute discretion waive any such breach or non-fulfilment.
- (c) **Both Parties' Benefit:** the Parties agree that:
 - (i) the Scheme Conditions in paragraphs (a) (*Shareholders' Approval for the Scheme*), (b) (*Shareholders' Approval for the Capital Reduction*), (c) (*Court Orders*), (d) (*ACRA Lodgements*), (f)(i), (f)(ii), (f)(iii) and (f)(iv) (*Regulatory Approvals relating to SIC Confirmations and SGX-ST Approvals*) of **Appendix 11** to the Scheme Document are for the benefit of both Parties and are not capable of being waived by either Party or both Parties; and
 - (ii) the Scheme Conditions in paragraphs (e) (*Completion of Internal Restructuring*), (f)(v) (*Regulatory Approval relating to Foreign Investment*), (f)(vi) (*Regulatory Approval relating to Downstream Offer Waiver*) and (g) (*Authorisations*) of **Appendix 11** to the Scheme Document are for the benefit of both Parties and are capable of being waived with written consent of both Parties.

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3.1.6 Termination

- (a) **Right to Terminate.** The Implementation Agreement may be terminated at any time on or prior to the Relevant Date (provided that the Party seeking termination does so only after prior consultation with, and approval of, the SIC):
- (i) **Regulatory Action:** by either Party, if any court of competent jurisdiction or Governmental Agency has issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Transaction or any part thereof, or has refused to do anything necessary to permit the Transaction or any part thereof (including for the avoidance of doubt if the Scheme Court Order is not granted) and such order, decree, ruling, other action or refusal shall have become final and non-appealable;
 - (ii) **Breach or Prescribed Occurrence:** either:
 - (1) by the Offeror, if (A) the Company is in breach of any of the Company's Warranties which is material in the context of the Scheme or (B) a Prescribed Occurrence (as defined in the Implementation Agreement) relating to the Pro Forma Group has occurred which is material in the context of the Scheme, and the Company fails to remedy such breach (if capable of remedy) within 14 days after being given notice by the Offeror to do so; or
 - (2) by the Company, if (A) the Offeror is in breach of any of the Offeror's Warranties which is material in the context of the Scheme or (B) a Prescribed Occurrence relating to the Offeror has occurred which is material in the context of the Scheme, and the Offeror fails to remedy such breach (if capable of remedy) within 14 days after being given notice by the Company to do so;
 - (iii) **Material Adverse Change:** by the Offeror if there has been a Material Adverse Change;
 - (iv) **Shareholders' Approval:** by either Party, if:
 - (1) the resolutions in respect of the Scheme are not approved (without amendment) by the requisite majority of the Shareholders at the Scheme Meeting; or
 - (2) the resolutions in respect of the capital reduction in relation to the DIS are not approved (without amendment) by the requisite majority of the Shareholders at the EGM;
- (b) **Non-fulfilment of Scheme Conditions:** Notwithstanding anything contained in the Implementation Agreement, the Implementation Agreement shall terminate if any of the Scheme Conditions has not been satisfied (or, where applicable, has not been waived) by, or if the Scheme has not become effective by, the Long Stop Date, except that:

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- (i) in the event of any non-fulfilment of the Scheme Conditions in paragraphs (f)(v) (*Regulatory Approval relating to Foreign Investment*), (f)(vi) (*Regulatory Approval relating to Downstream Offer Waiver*) and/or (g) (*Authorisations*) of **Appendix 11** to the Scheme Document, either the Offeror or the Company may rely on such non-fulfilment of any such Scheme Condition to terminate the Implementation Agreement subject to prior consultation with, and approval of, the SIC;
 - (ii) in the event of any non-fulfilment of the Scheme Conditions in paragraphs (h) (*No Prescribed Occurrence of Pro Forma Group*), (j) (*Company's Warranties and Covenants*) and/or (l) (*No Material Adverse Change*) of **Appendix 11** to the Scheme Document, only the Offeror may rely on such non-fulfilment of any such Scheme Condition to terminate the Implementation Agreement subject to prior consultation with, and approval of, the SIC; and
 - (iii) in the event of any non-fulfilment of the Scheme Conditions in paragraphs (i) (*No Prescribed Occurrence of the Offeror*) and/or (k) (*Offeror's Warranties and Covenants*) of **Appendix 11** to the Scheme Document, only the Company may rely on such non-fulfilment of any such Scheme Condition to terminate the Implementation Agreement subject to prior consultation with, and approval of, the SIC.
- (c) **Effect of Termination:** In the event of termination of the Implementation Agreement by either Party, the Implementation Agreement shall terminate (except for certain surviving clauses) and there shall be no other liability on any Party.
- (d) **Consultation with Other Party:** In the event either Party intends to consult the SIC in relation to the termination of the Implementation Agreement, it shall give prior written notice of such intention to the other Party.

3.1.7 CLI Listing and Company Delisting

Upon the Scheme becoming effective and binding, (a) pursuant to the Proposed CLI Listing, the CLI Shares will be listed on the Mainboard of the SGX-ST and (b) the Company will become a wholly-owned subsidiary of the Offeror and be delisted from the Mainboard of the SGX-ST.

3.1.8 Proposed Terms of the DIS

- (a) **Method of Distribution.** The DIS will be effected by way of a reduction of approximately S\$6.0 billion⁽³⁾ of the Company's capital pursuant to Section 78G of the Companies Act.

The DIS will be subject to the satisfaction and/or waiver of all of the Scheme Conditions. Pursuant to the DIS, the CLI Shares and the CICT DIS Units will be distributed to the Eligible Shareholders *pro-rata* to their respective shareholdings in the Company as at the Record Date, fractional entitlements to be disregarded.

⁽³⁾ Being an approximate amount determined based on the aggregate sum of (i) S\$5.2 billion, being the pro forma cost of investment of the Distribution CLI Shares as at the Latest Practicable Date (assuming that the Relevant Percentage is 48.24% based on the percentage shareholding of the Company held by the Scheme Shareholders as at the Latest Practicable Date); and (ii) the closing price of the CICT DIS Units as at the Latest Practicable Date.

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- (b) **Eligible Shareholders.** Eligible Shareholders will be entitled to the DIS.

For the avoidance of doubt, the Offeror will not participate in the CICT DIS.

- (c) **Distribution Ratio**

- (i) **CLI DIS.** As at the Latest Practicable Date, CLI has an issued and paid-up share capital of S\$2.00 comprising two (2) CLI Shares. The share capital of CLI will be increased pursuant to the Internal Restructuring as described in **paragraph 1.7.2** of the “Letter to Shareholders” in the Scheme Document, such that the number of CLI Shares will be equivalent to the number of Shares (excluding treasury Shares) as at the Record Date. Accordingly, the CLI DIS will be effected on the basis of **one (1) CLI Share for each Share** held by the Eligible Shareholders as at the Record Date, fractional entitlements to be disregarded.
- (ii) **CICT DIS.** As the number of CICT DIS Units to be distributed pursuant to the DIS is fixed, the distribution ratio in respect of the CICT DIS will vary depending on the total number of Shares in issue as at the Record Date and the number of Shares held by the Offeror as at the Record Date.

As at the Latest Practicable Date, the Offeror is the largest Shareholder, holding 2,693,106,549 Shares, representing approximately 51.76% of the Current Share Capital. Pursuant to the Scheme, the Offeror will not participate in the CICT DIS. The CICT DIS Units that the Offeror would otherwise be entitled to receive will accordingly be distributed to the Eligible Shareholders on a *pro-rata* basis as part of the consideration for the Acquisition, thereby resulting in a proportionate increase of each Eligible Shareholder’s entitlement to the CICT DIS. For illustrative purposes, on the basis that there is no change to the Offeror’s shareholding as at the Record Date, the CICT DIS will be effected on the basis of **0.155 CICT DIS Unit for one (1) Share** held by an Eligible Shareholder as at the Record Date, fractional entitlements to be disregarded.

- (d) **Effects of the DIS.** Assuming that there is no change to the percentage shareholding of the Company held by the Scheme Shareholders and the total number of CICT Units in issue between the Latest Practicable Date and the Record Date, on completion of the DIS, the Company will have distributed to Eligible Shareholders:

- (i) approximately 48.24% shareholding in CLI; and
- (ii) approximately 6.00% unitholding in CICT.

The Company will retain approximately 51.76% shareholding in CLI, which will in turn hold all of the Group’s existing stakes in the Listed Funds and Unlisted Funds, including, among others, approximately 22.95% unitholding in CICT, in line with the Company’s long-term plan to deconsolidate the Listed Funds.

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The DIS, if effected, will result in a reduction of the issued and paid-up share capital of the Company but will not result in a cancellation of Shares. Pursuant to the terms of the Scheme, the Acquisition will be completed at or around the same time as the completion of the DIS, following which the Company will become a wholly-owned subsidiary of the Offeror and be delisted from the SGX-ST.

- (e) **No Payment Required from Eligible Shareholders.** No payment (including payment of any brokerage and transaction fees) will be required from Eligible Shareholders for the relevant CLI Shares and CICT DIS Units to be received from the DIS. The CLI Shares and the CICT DIS Units will be distributed free of Encumbrances and together with all rights attaching thereto on and from the date the DIS is completed.

3.1.9 Pro Forma Financial Effects

The pro forma financial effects of the DIS on the Group are set out in **Appendix 10** to the Scheme Document. **The pro forma financial effects are for illustration purposes only and do not necessarily reflect the actual financial position and future results of the Group after the DIS.**

A summary of the pro forma financial effects of the DIS on the Group, based on the assumptions set out in **Appendix 10** to the Scheme Document, is set out below:

- (a) **NAV.** The pro forma NAV of the Group assuming completion of the Scheme as at 31 December 2020 would decrease from approximately S\$22,306 million to approximately S\$13,829 million.
- (b) **EPS.** The pro forma EPS of the Group assuming completion of the DIS as at 1 January 2020 would improve from negative 31.0 cents to negative 25.4 cents.
- (c) **Share Capital.** The share capital of the Group would decrease from approximately S\$9,715 million to approximately S\$3,437 million, and there will be no change in the number of issued Shares.

3.1.10 Taxation with respect to the DIS

- (a) **Tax Implications on Shareholders.** Shareholders should note that the following statements are not to be regarded as advice on the tax position of any Shareholder or on any tax implications arising from the DIS. Shareholders should consult their own professional advisers regarding the tax implications of the DIS.

In relation to the CLI Shares and the CICT DIS Units⁽⁴⁾ distributed to the Shareholders according to the Shareholders' entitlement pursuant to the DIS, as such distributions are made out of the capital of the Company by way of reducing the existing issued and paid-up share capital of the Company, such distributions should generally be regarded as a return of capital for Singapore income tax purposes and not taxable for the Shareholders who hold their Shares as capital or long-term investment assets.

⁽⁴⁾ Excluding the CICT DIS Units which the Offeror would otherwise be entitled to receive had it participated in the CICT DIS, which will accordingly be distributed to the Eligible Shareholders on a *pro-rata* basis as part of the consideration for the Acquisition.

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In addition, Section 34AA of the ITA requires taxpayers who comply or who are required to comply with Financial Reporting Standard 109 (“**FRS 109**”) or Singapore Financial Reporting Standard (International) 9 (Financial Instruments) (“**SFRS(I) 9**”) for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. Shareholders who apply or are required to apply FRS 109 or SFRS(I) 9 (as the case may be) should consult their own accounting and tax advisers regarding the Singapore income tax consequences of the DIS as a result of the tax treatment under Section 34AA of the ITA.

- (b) **Stamp Duty.** The Company will bear the stamp duty chargeable for the transfer of the CLI Shares and the CICT DIS Units to the Shareholders pursuant to the DIS, if any.

3.1.11 Share Plans and Awards

- (a) **Adjustments to the Awards.** Pursuant to the rules of the Share Plans, if a variation in the ordinary share capital of the Company (whether by way of bonus or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then the ERCC may, in its sole and absolute discretion, determine whether (i) the class and/or number of Shares which are the subject of Awards to the extent not yet vested and/or (ii) the class and/or number of Shares in respect of which future Awards may be granted under the Share Plans, shall be adjusted and if so, the manner in which such adjustments should be made.

The ERCC has deliberated and determined that, in its opinion, no adjustments are required to be made to the terms of the outstanding Awards consequent upon the Scheme. Please also refer to **paragraph 7.4.2** of the “Letter to Shareholders” in the Scheme Document and **paragraph 3.3.4 of Appendix 3** to the Scheme Document for further details of certain decisions made by the ERCC in connection with the Share Plans and Awards in connection with the Scheme.

- (b) **ERCC’s Decision in relation to the Share Plans and the Awards**

- (i) **Outstanding PSP Awards and RSP Awards.** As at the Latest Practicable Date, the Company has 9,324,048 outstanding PSP Awards and 16,386,029 RSP Awards (excluding 3,872,548 cash-settled Awards). Of these outstanding Awards, 9,324,048 PSP Awards and 8,361,325 RSP Awards (excluding 2,088,587 cash-settled Awards) are contingent Awards, that is, the number of Shares to be vested and released pursuant to these Awards have not been finalised pending the determination of achievement of pre-determined performance targets after the end of the applicable performance period(s) (such contingent PSP Awards and RSP Awards, the “**Contingent PSP Awards**” and the “**Contingent RSP Awards**”).
- (ii) **Multipliers.** The PSP Awards are capable of vesting into Shares at multipliers ranging from 0% to 200% of the baseline number of Shares initially comprised in the Awards. The RSP Awards are capable of vesting into Shares at multipliers ranging from 0% to 150% of the baseline number of Shares initially comprised in the Awards.

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- (iii) **Rules of the Share Plans.** Pursuant to the rules of the Share Plans, in the event of, among others, a scheme of arrangement or take-over offer for the Shares, the ERCC has the discretion to, among others:

- (1) amend or waive the vesting period(s), the vesting date(s), the release schedule, the retention period, the performance period, the performance condition(s), any condition applicable to an Award and/or the extent to which the Shares which are the subject of an Award shall be released on the performance condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period of that Award; and
- (2) consider whether or not to release any Award.

Further, in lieu of issuing or procuring and delivering the Shares, the Company also has the discretion to satisfy an Award by paying the award recipient an amount in cash equal to the market value of those Shares.

- (iv) **ERCC's Decision.** In light of the Scheme, the ERCC has exercised its discretion under the Share Plans and resolved that, subject to and conditional upon the Scheme becoming effective:

- (1) in relation to all outstanding Contingent PSP Awards:
 - (A) in light of the delisting of the Company following the Scheme and the Proposed CLI Listing, the outstanding Contingent PSP Awards granted to the employees (whether such employees are transferred to CLI or otherwise) shall, upon the Scheme becoming effective, vest on the basis of the maximum multiplier of 200% of the baseline awards and the employees will receive, in lieu of Shares, award(s) under the CLI Share Plans (the "**Replacement Awards**") in accordance with the methodology and formula set out in (e) below, as per **paragraph 7.4.2(e)** of the "Letter to Shareholders" in the Scheme Document; and
 - (B) in the interest of ensuring the retention of the employees, the CLI Shares will be released to the relevant share award holders progressively over three (3) years in accordance with the original vesting schedule of the PSP Awards,

(the above decision relating to the Contingent PSP Awards, the "**PSP Proposal**"); and

- (2) in relation to all outstanding RSP Awards:
 - (A) the finalised RSP Awards will, upon the Scheme becoming effective, vest on the basis of the finalised number of Shares comprised in such RSP Awards;
 - (B) all outstanding Contingent RSP Awards will, upon the Scheme becoming effective, vest on the basis of the maximum multiplier of 150% of the baseline awards; and

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- (C) all the RSP Awards will be cash settled based on the implied consideration per Share under the Scheme (i.e. S\$4.102 per Share); however, in the interest of ensuring the retention of the employees, the cash settlement amount will be paid progressively over three (3) years based on the original vesting schedule of the RSP Awards,

(the above decision relating to Contingent RSP Awards, the “**RSP Proposal**”).

Pursuant to the PSP Proposal and the RSP Proposal above, the Contingent PSP Awards and the Contingent RSP Awards will vest on the Effective Date and will thereafter cease to be contingent upon the satisfaction of any performance conditions. Accordingly, the release of the CLI Shares pursuant to the Replacement Awards and the payment of the cash settlement amount of the RSP Awards will not be contingent upon the satisfaction of any performance conditions. Subject to and conditional upon the relevant holders of the Replacement Awards or the RSP Awards remaining employed by the employing entity (either the CLI Group or the Designated Parent Group, as the case may be), the Replacement Awards will be released into CLI Shares, or the cash settlement amount of the RSP Awards will be paid, to such holders on the vesting date(s).

- (v) **PSP Proposal.** Pursuant to the PSP Proposal, subject to the completion of the Scheme, CLI will grant the Replacement Awards to the holders of the Contingent PSP Awards on the basis of the following conversion ratio:

$$A = \frac{\text{Final Number} \times \text{CapitaLand Share Price}}{\text{CLI Share Price}}$$

Where:

“**A**” means the number of CLI Shares represented by the new Replacement Awards which will be released based on the original vesting schedule of the Contingent PSP Awards;

“**CapitaLand Share Price**” means S\$4.102 per Share, being the Consideration of the Scheme;

“**CLI Share Price**” means the implied value of one CLI Share, being S\$2.823, representing one times of the pro forma NAV of CLI as at 31 December 2020, adjusted for transaction related costs; and

“**Final Number**” means the number of Shares into which the Contingent PSP Awards will be vested pursuant to the decision of the ERCC, being the baseline number of the Contingent PSP Awards held by the holders thereof as at the date of grant of the Replacement Awards multiplied by the maximum multiplier of 200%.

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- (vi) **Rationale.** The ERCC has determined that the maximum multipliers of 200% and 150% shall apply to the vesting of the Contingent PSP Awards and the Contingent RSP Awards respectively, and has decided to implement the PSP Proposal and the RSP Proposal, for the following reasons:

- (1) ***recognise participants' contributions and share with the participants the value being unlocked through the transactions contemplated under the Scheme:*** The ERCC recognised that the employees have contributed to the materialisation of the Scheme and the consequent unlocking of the value achieved through the Scheme (if and when completed). Accordingly, the ERCC is of the view that it would be appropriate to apply the maximum multipliers in determining the number of underlying shares comprised in the Awards that will be considered crystallised at successful completion of the Scheme.

The Scheme, if completed, will achieve an unlocking of Shareholders' value of approximately S\$4.12 billion (calculated by multiplying (A) approximately 5.2 billion CapitaLand Shares with (B) the excess of the implied consideration of the Scheme of S\$4.102 over the last traded price of Shares of S\$3.31 on the Last Trading Day of 19 March 2021). With the maximum multipliers, the employees will be awarded additional 14.47 million Shares (being (x) the number of Shares issuable pursuant to vesting of the Contingent PSP and the Contingent RSP Awards by applying the maximum multipliers, less (y) the baseline number of such Awards). Such additional Shares are worth approximately S\$59 million (determined based on the implied consideration of the Scheme of S\$4.102), which translates into approximately 1.4% of the total value unlocked for Shareholders – such share of value unlocked for Shareholders with the employees is, in the ERCC's view, fair and reasonable in the circumstances;

- (2) ***align employees' interests with Shareholders, i.e. to grow the value of the newly listed entity, CLI, as well as the Group:*** the PSP Proposal and the RSP Proposal will enable the Group as well as the CLI Group to align the interests of the employees holding the Awards with the interests of CLI and the Group; and
- (3) ***to support the retention of talent during the transition years ahead:*** continuing retention of talent is critical for successful transformation of the Group and the CLI Group especially during the transition period post-Scheme; accordingly, the ERCC has decided to preserve the original vesting schedule of the Awards – in short, an employee will only receive the CLI Shares and/or cash settlement amount, as the case may be, pursuant to the Awards, if they remain in the employ of the CLI Group or the Designated Parent Group (as the case may be) as at the originally scheduled vesting date(s).

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(vii) **SIC's Rulings.** The SIC has, on 14 July 2021, confirmed that:

- (1) the PSP Proposal will not constitute a special deal for the holders of the PSP Awards (the “**PSP Award Holders**”) for the purposes of Rule 10 of the Code, subject to:
 - (A) the PSP Award Holders abstaining from voting on the Scheme at the Scheme Meeting; and
 - (B) the Company disclosing the reason(s) for the Contingent PSP Awards vesting on the basis of the maximum multiplier; and
- (2) the RSP Proposal will not constitute a special deal for the holders of the RSP Awards for the purposes of Rule 10 of the Code, subject to the Company disclosing the reason(s) for the Contingent RSP Awards vesting on the basis of the maximum multiplier.

3.2 Record Date

The Record Date is tentatively scheduled to be 7 September 2021 at 5.00 p.m. The Company will make a further announcement in due course of the Record Date.

4. DELISTING OF THE COMPANY

Upon the Scheme becoming effective and binding in accordance with its terms, the Company will become a wholly-owned subsidiary of the Offeror, and will be delisted from the Mainboard of the SGX-ST.

An application was made to seek approval from the SGX-ST to delist the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms. On 25 June 2021, the SGX-ST advised that it has no objection to the Company's application to delist from the Official List of the SGX-ST, subject to:

- (a) compliance with the SGX-ST's listing requirements;
- (b) approval of the Scheme by a majority in number of Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority holding not less than three-fourths in value of the Shares voted at the Scheme Meeting;
- (c) the independent financial adviser opining that the financial terms of the Scheme are fair and reasonable; and
- (d) the Court's approval being obtained for the Scheme.

The above decision of the SGX-ST is not an indication of the merits of the proposed delisting of the Company from the Official List of the SGX-ST.

SHAREHOLDERS SHOULD NOTE THAT BY VOTING IN FAVOUR OF THE SCHEME, THE SHARES WILL BE DELISTED FROM THE OFFICIAL LIST OF THE SGX-ST IF THE SCHEME BECOMES EFFECTIVE AND BINDING IN ACCORDANCE WITH ITS TERMS.

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5. INFORMATION ON THE OFFEROR

Information on the Offeror and parties acting in concert with the Offeror is set out in **paragraph 3.2** of the “Letter to Shareholders” in the Scheme Document.

6. INFORMATION ON THE COMPANY, CLI AND CICT

Information on the Company, CLI and CICT is set out in **paragraph 3.1** of the “Letter to Shareholders” in the Scheme Document as well as in **Appendix 4** to the Scheme Document.

7. INFORMATION ON CLI POST-SCHEME

Information on CLI and the privatised Company post-Scheme is set out in **paragraph 4** of the “Letter to Shareholders” in the Scheme Document.

8. OFFEROR’S INTENTION FOR THE PRIVATISED COMPANY POST-SCHEME

The Offeror’s intention for the privatised Company post-Scheme is set out in **paragraph 5** of the “Letter to Shareholders” in the Scheme Document.

9. FINANCIAL EVALUATION OF THE SCHEME

9.1 Valuation Methodology

We have confined our evaluation to the financial terms of the Consideration. In evaluating the fairness of the Consideration, from a financial point of view, we have performed the following analyses based upon market, economic, industry, monetary and other conditions in effect on or prior to the Latest Practicable Date, upon publicly available information and information made available to us by the Company as at or prior to the Latest Practicable Date.

Our evaluation of the Consideration, from a financial point of view, comprises the following analyses:

- (a) **Liquidity Analysis:** Comparison of the liquidity of the Shares with the liquidity of companies that make up the top 15 constituents of the Straits Times Index (“STI”) traded on the SGX-ST based on market capitalisation⁽⁵⁾ (the “**Top 15 STI Companies**”);
- (b) **Historical Market Performance Analysis:** Comparison of Implied Consideration (as defined below) with historical market performance and trading activity of the Shares;
- (c) **Analysis of Implied Consideration:** Evaluation of Consideration implied from CLI Sum-of-the-Parts (“SOTP”) Analysis and CICT DIS Units Analysis (“**Implied Consideration**”);
 - (i) **SOTP Analysis of CLI Shares:** Evaluation of the equity value per CLI Share implied from the sum of the value of CLI’s individual business segments; and

⁽⁵⁾ Excluding CapitaLand.

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- (ii) **Analysis of CICT DIS Units:** Evaluation of value of the CICT DIS Units from (1) historical unit price performance and (2) research analysts' target prices of the CICT DIS Units;
- (d) **Research Analysts' Target Prices:** Comparison of Implied Consideration to research analysts' target prices of the Shares;
- (e) **Analysis of Development Related Business of the Group ("Development Business"):** Comparison of the premium/(discount) to the prevailing NAV (as defined below) and RNAV (as defined below) as implied by selected precedent transactions with respect to privatisation of Singapore real estate companies without involving a change of control relative to that implied by the value accruing to Eligible Shareholders for their 48.24% interest in the Development Business ("**Development Business Consideration**"); and
- (f) **Leverage Structure Analysis:** Comparison of leverage structure of CLI (pro forma), and CapitaLand.

9.2 General Bases and Assumptions

In the course of our analysis, we have relied on the basis that as at the Latest Practicable Date, the Company has:

- (a) share capital comprising 5,203,195,792 Shares, excluding 73,795,890 treasury Shares; and
- (b) outstanding Awards granted pursuant to the PSP and RSP.

As no further Shares under the Awards are expected to vest for the period up to the Record Date, the total number of Shares is expected to remain unchanged as at the Record Date.

The underlying financial data used in our analyses in this Letter in respect of the matters set out herein, including, but not limited to, the Shares, has been extracted from, amongst others, Bloomberg, FactSet, Capital IQ, SGX-ST filings and relevant public documents of those respective companies as of the Latest Practicable Date. We have not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained any such information, whether written or verbal, and make no representations or warranties, express or implied, on the accuracy or completeness or adequacy of such information. We have made reasonable enquiries and exercised reasonable judgement as we deemed necessary on the reasonable use of such information and we are not aware of any reason to doubt the accuracy of such information. We note that the accounting standards used by the respective selected companies reviewed in this Letter may be different. The differences between Singapore Financial Reporting Standards ("SFRS") used by the Company and the respective accounting standards used by the selected companies may therefore render comparisons between these companies less useful than if they had all used the same accounting standards. In addition, we point out that the selected companies are not exactly identical to CapitaLand in terms of, amongst others, market capitalisation, capital structure, business mix, size of operations, geographical operations, financial performance, risk profile, growth profile, future prospects, accounting policies and other relevant criteria. Any conclusions drawn from comparisons made may therefore not necessarily reflect the possible or potential market valuation for the Company.

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9.3 Valuation Metrics

We have applied the following valuation metrics to our analysis:

Valuation Ratio	Description
LTM EV/EBITDA Multiple	“EV” or “enterprise value” is the sum of the company’s market capitalisation, preferred equity, minority interests, short and long term debt less its cash and cash equivalents and other investments. Market capitalisation is calculated based on the share price multiplied by the total ordinary shares outstanding. “EBITDA” stands for the historical earnings before interest, tax, depreciation and amortisation expenses, excluding share of associates’ and joint ventures’ income and exceptional items. “LTM” stands for last twelve months. The “LTM EV/EBITDA” or “LTM enterprise-value-to-EBITDA” multiple typically illustrates the ratio of the enterprise value of a company’s business relative to its LTM historical pre-tax operating cash flow performance, without regard to the company’s capital structure.
LTM P/E Multiple	The “LTM P/E” or “LTM price-to-earnings” multiple typically illustrates the ratio of the market capitalisation of a company’s shares relative to its LTM historical earnings attributable to common shareholders excluding exceptional items. Market capitalisation is calculated based on the share price multiplied by the total ordinary shares outstanding. The LTM P/E multiple may be affected by, amongst others, the capital structure of a company, its tax position as well as its accounting policies relating to revenue recognition, depreciation and intangible assets.
P/NAV Multiple	“NAV” or “net asset value” is the book value of a company’s shareholders’ equity (excluding minority interest or preferred equity). The “P/NAV” or “price-to-NAV” multiple typically illustrates the ratio of the market price of a company’s shares relative to its historical book NAV per share as recorded in its latest reported financial statements. Comparisons of companies using their book NAVs are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.

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Valuation Ratio	Description
P/RNAV Multiple	The “ P/RNAV ” or “ price-to-RNAV ” multiple typically illustrates the ratio of the market price of a company’s shares relative to the NAV figure derived from adjusting the value of a company’s key assets to their current market values, also referred to as “ RNAV ” or “ revalued net asset value ”.

9.4 Summary of Key Financial Terms

Table 1: Summary Analysis of the Implied Consideration

Reference Period	Min (\$)	Max (\$)	Mean ⁽¹⁾ (\$)	Median ⁽¹⁾ (\$)	Closing Price (\$)	Implied Consideration ⁽²⁾ (\$)	Implied Consideration Relative to:		
							Min- Max Range	Mean- Median Range ⁽¹⁾	Closing Price
Implied Consideration (Upper Bound) ex FY2020 Final Dividend = S\$4.90 ⁽⁴⁾									
Historical Trading Range of the Shares⁽³⁾									
Latest Practicable Date: 7 Jul 2021	3.71	3.76	NA		3.74	4.90	Higher	NA	Higher
From the Ex Date up to the Latest Practicable Date	3.47	3.78	VWAP = 3.66		NA	4.90	Higher	Higher	NA
Implied Consideration (Upper Bound) = S\$4.99									
Historical Trading Range of the Shares⁽³⁾									
The Day before Ex Date: 3 May 2021	3.65	3.72	NA		3.67	4.99	Higher	NA	Higher
From the JAD up to the Day before Ex Date	3.26	4.01	VWAP = 3.78		NA	4.99	Higher	Higher	NA
USPD: 19 Mar 2021	3.26	3.32	NA		3.31	4.99	Higher	NA	Higher
1-mth Prior to & Including the USPD	3.08	3.35	VWAP = 3.22		NA	4.99	Higher	Higher	NA
3-mth Prior to & Including the USPD	3.08	3.51	VWAP = 3.26		NA	4.99	Higher	Higher	NA
6-mth Prior to & Including the USPD	2.51	3.51	VWAP = 3.04		NA	4.99	Higher	Higher	NA
12-mth Prior to & Including the USPD	2.51	3.51	VWAP = 2.98		NA	4.99	Higher	Higher	NA
Research Analyst Target Prices for the Shares									
Target Prices (As of USPD)	3.10	4.00	3.74	3.79	NA	4.99	Higher	Higher	NA
Implied Consideration (Lower Bound) ex FY2020 Final Dividend = S\$4.47 ⁽⁴⁾									
Historical Trading Range of the Shares⁽³⁾									
Latest Practicable Date: 7 Jul 2021	3.71	3.76	NA		3.74	4.47	Higher	NA	Higher
From the Ex Date up to the Latest Practicable Date	3.47	3.78	VWAP = 3.66		NA	4.47	Higher	Higher	NA
Implied Consideration (Lower Bound) = S\$4.56									
Historical Trading Range of the Shares⁽³⁾									
The Day before Ex Date: 3 May 2021	3.65	3.72	NA		3.67	4.56	Higher	NA	Higher
From the JAD up to the Day before Ex Date	3.26	4.01	VWAP = 3.78		NA	4.56	Higher	Higher	NA
USPD: 19 Mar 2021	3.26	3.32	NA		3.31	4.56	Higher	NA	Higher
1-mth Prior to & Including the USPD	3.08	3.35	VWAP = 3.22		NA	4.56	Higher	Higher	NA
3-mth Prior to & Including the USPD	3.08	3.51	VWAP = 3.26		NA	4.56	Higher	Higher	NA
6-mth Prior to & Including the USPD	2.51	3.51	VWAP = 3.04		NA	4.56	Higher	Higher	NA
12-mth Prior to & Including the USPD	2.51	3.51	VWAP = 2.98		NA	4.56	Higher	Higher	NA
Research Analyst Target Prices for the Shares									
Target Prices (As of USPD)	3.10	4.00	3.74	3.79	NA	4.56	Higher	Higher	NA
Legend									
Higher / Within = Favourable									
Lower = Unfavourable									

Legend
Higher / Within = Favourable
Lower = Unfavourable

Sources: FactSet, Company Filings

- (1) Mean-Median Range for historical trading range of the Shares reflects the VWAP for the respective periods. The VWAP is weighted based on the volume of the Shares traded and the corresponding transacted prices of the Shares for market days in the reference periods.
- (2) Implied Consideration (Upper Bound), Implied Consideration (Lower Bound), Implied Consideration (Upper Bound) ex FY2020 Final Dividend, and Implied Consideration (Lower Bound) ex FY2020 Final Dividend respectively derived based on the SOTP analysis of CLI and analysis of CICT DIS Units.
- (3) Share prices and VWAP figures shown are rounded to the nearest two (2) decimal places. We note that ex-date for FY2020 Final Dividend is 4 May 2021 (“**Ex Date**”). No adjustments to share prices and VWAP figures have been made for stock splits, rights issues, dividends, bonus issues or other corporate transactions in the respective reference periods.
- (4) We note that the Implied Consideration ex FY2020 Final Dividend of S\$4.47 to S\$4.90 are higher than the min-max ranges, mean-median ranges and closing prices of the Shares for the reference periods.

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Table 2: Summary Analysis of the Development Business Consideration

Reference Period	Min (\$)	Max (\$)	Mean (\$)	Median (\$)	Closing Price (\$)	Transaction Parameters (\$)	Transaction Parameters Relative to:			
							Min-Max Range	Mean-Median Range	Closing Price	
Development Business Consideration (Upper Bound) = \$S1.121										
Selected Precedent Transactions										
Implied P/NAV	0.60x	1.02x	0.83x	0.81x	NA	0.949x	Within	Higher	NA	
Implied P/RNAV	0.58x	0.95x	0.77x	0.81x	NA	0.778x	Within	Within	NA	
Development Business Consideration (Lower Bound) = \$S1.120										
Selected Precedent Transactions										
Implied P/NAV	0.60x	1.02x	0.83x	0.81x	NA	0.948x	Within	Higher	NA	
Implied P/RNAV	0.58x	0.95x	0.77x	0.81x	NA	0.777x	Within	Within	NA	
Legend										
Higher / Within = Favourable										
Lower = Unfavourable										

Legend
Higher / Within = Favourable
Lower = Unfavourable

Sources: FactSet, Company Filings

9.5 Liquidity Analysis

In general, share prices may be affected by various factors including the level of free float, relative liquidity and investor interest or market sentiment at a given point in time. In evaluating the Implied Consideration relative to the historical price of the Shares, we have considered the relative liquidity of the Shares in comparison with the Top 15 STI Companies as of the USPD and the Latest Practicable Date. This analysis is to determine whether historical trading prices of the Shares provide a meaningful reference point for comparison against the Implied Consideration.

To analyse the liquidity of the Shares, we set out the daily trading volume (“**ADTVol**”) and average daily trading value (“**ADTVaI**”) of the Shares:

- (a) on the Latest Practicable Date and for the 1-month, 3-month, 6-month and 12-month periods prior to and including the Latest Practicable Date respectively in Table 3 and Table 5; and
- (b) on the USPD and for the 1-month, 3-month, 6-month and 12-month periods prior to and including the USPD respectively in Table 4 and Table 5.

We observed that the free float of the Shares is 47.5% and 47.5% as of the USPD and Latest Practicable Date respectively.

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Table 3: Liquidity of the Top-15 STI Companies by Market Capitalisation for the 12-month Period prior to and including the Latest Practicable Date

Top 15 STI Companies ⁽¹⁾	Market Cap. ⁽²⁾ (S\$ mm)	Free Float Percentage ⁽³⁾ (%)	ADTVol ⁽⁴⁾ (Shares mm)	ADTVol ⁽⁴⁾ / Free Float ⁽⁵⁾ (%)	ADTVol ⁽⁶⁾ (S\$ mm)	ADTVol ⁽⁶⁾ / Market Cap. ⁽²⁾ (%)
DBS Group Holdings Ltd	77,861	69.9%	5	0.28%	127	0.16%
Oversea-Chinese Banking Corporation Limited	53,681	72.6%	6	0.20%	66	0.12%
United Overseas Bank Ltd. (Singapore)	43,716	75.2%	3	0.24%	68	0.16%
Singapore Telecommunications Limited	37,984	40.8%	31	0.46%	74	0.19%
Wilmar International Limited	29,007	29.3%	11	0.57%	50	0.17%
Jardine Matheson Holdings Limited	62,966	28.3%	0	0.17%	19	0.03%
Thai Beverage Public Co., Ltd.	16,830	28.7%	35	0.48%	24	0.14%
Singapore Airlines Ltd.	15,007	43.7%	9	0.67%	39	0.26%
Hongkong Land Holdings Limited	14,937	49.6%	2	0.19%	10	0.06%
Singapore Technologies Engineering Ltd	12,334	48.2%	4	0.29%	16	0.13%
Genting Singapore Limited	10,219	47.0%	29	0.51%	24	0.23%
Singapore Exchange Ltd.	11,906	75.9%	3	0.38%	30	0.25%
Keppel Corporation Limited	9,594	78.0%	5	0.32%	23	0.24%
Jardine Cycle & Carriage Limited	8,379	24.2%	1	0.77%	15	0.18%
Dairy Farm International Holdings Limited	7,710	22.2%	1	0.42%	5	0.07%
Maximum		78.0%		0.77%		0.26%
Mean		48.9%		0.40%		0.16%
Median		47.0%		0.38%		0.16%
Minimum		22.2%		0.17%		0.03%

Sources: FactSet, Company Filings

- (1) Excluding CapitaLand.
- (2) Market capitalisation refers to the closing price on the Latest Practicable Date multiplied by the total number of shares outstanding on the Latest Practicable Date.
- (3) Free float percentage refers to the number of shares that are available to the public (i.e. not held by insiders) over the total number of shares outstanding on the Latest Practicable Date according to FactSet.
- (4) The ADTVol refers to the average number of shares that were traded daily for the relevant period prior to and including the Latest Practicable Date.
- (5) Free float refers to the number of shares that are available to the public (i.e. not held by insiders) on the Latest Practicable Date. Free float refers to calculated by taking the total number of shares outstanding on the Latest Practicable Date multiplied by the free float percentage on the Latest Practicable Date.
- (6) The ADTVol refers to the average value of shares that were traded daily for the relevant period prior to and including the Latest Practicable Date.

With respect to Table 3 above, we note that for the 12-month period prior to and including the Latest Practicable Date, the mean ADTVol/Free Float of the Top 15 STI Companies is 0.40% and the mean ADTVol/Market Cap. of the Top 15 STI Companies⁽⁶⁾ is 0.16%.

⁽⁶⁾ Excluding CapitaLand.

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Table 4: Liquidity of the Top-15 STI Companies by Market Capitalisation for the 12-month Period prior to and including the USPD

Top 15 STI Companies ⁽¹⁾	Market Cap. ⁽²⁾ (S\$ mm)	Free Float Percentage ⁽³⁾ (%)	ADTVol ⁽⁴⁾ (Shares mm)	ADTVol ⁽⁴⁾ / Free Float ⁽⁵⁾ (%)	ADTVol ⁽⁴⁾ (S\$ mm)	ADTVol ⁽⁴⁾ / Market Cap. ⁽²⁾ (%)
DBS Group Holdings Ltd	77,861	69.9%	6	0.33%	134	0.17%
Oversea-Chinese Banking Corporation Limited	53,681	72.6%	7	0.22%	68	0.13%
United Overseas Bank Ltd. (Singapore)	43,716	75.2%	4	0.28%	74	0.17%
Singapore Telecommunications Limited	37,984	40.8%	33	0.49%	81	0.21%
Wilmar International Limited	29,007	29.3%	11	0.58%	48	0.16%
Jardine Matheson Holdings Limited	62,765	28.3%	0	0.20%	20	0.03%
Thai Beverage Public Co., Ltd.	16,830	28.7%	33	0.45%	22	0.13%
Singapore Airlines Ltd.	15,007	43.7%	10	0.77%	42	0.28%
Hongkong Land Holdings Limited	14,889	49.6%	3	0.22%	11	0.07%
Singapore Technologies Engineering Ltd	12,334	48.2%	6	0.38%	20	0.16%
Genting Singapore Limited	10,219	47.0%	31	0.55%	24	0.23%
Singapore Exchange Ltd.	11,906	75.9%	4	0.51%	37	0.31%
Keppel Corporation Limited	9,594	78.0%	5	0.33%	24	0.25%
Jardine Cycle & Carriage Limited	8,379	24.2%	1	0.87%	17	0.20%
Dairy Farm International Holdings Limited	7,686	22.2%	1	0.45%	6	0.08%
Maximum		78.0%		0.87%		0.31%
Mean		48.9%		0.44%		0.17%
Median		47.0%		0.45%		0.17%
Minimum		22.2%		0.20%		0.03%

Sources: FactSet, Company Filings

- (1) Excluding CapitaLand.
- (2) Market capitalisation refers to the closing price on the USPD multiplied by the total number of shares outstanding on the USPD.
- (3) Free float percentage refers to the number of shares that are available to the public (i.e. not held by insiders) over the total number of shares outstanding on the USPD according to FactSet.
- (4) The ADTVol refers to the average number of shares that were traded daily for the relevant period prior to and including the USPD.
- (5) Free float refers to the number of shares that are available to the public (i.e. not held by insiders) on the USPD. Free float is calculated by taking the total number of shares outstanding on the USPD multiplied by the free float percentage on the USPD.
- (6) The ADTVol refers to the average value of shares that were traded daily for the relevant period prior to and including the USPD.

With respect to Table 4 above, we note that for the 12-month period prior to and including the USPD, the mean ADTVol/Free Float of the Top 15 STI Companies is 0.44% and the mean ADTVol/Market Cap. of the Top 15 STI Companies⁽⁷⁾ is 0.17%.

⁽⁷⁾ Excluding CapitaLand.

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Table 5: Liquidity Analysis of the Shares

Reference Period	ADTVol ⁽¹⁾ (Shares mm)	ADTVol ⁽¹⁾ / Free Float ⁽²⁾ (%)	ADTVol ⁽³⁾ (S\$ mm)	ADTVol ⁽³⁾ / Market Cap. ⁽⁴⁾ (%)
Latest Practicable Date: 7 Jul 2021	7	0.27%	25	0.12%
1-mth Prior to & Including the LPD	8	0.33%	30	0.15%
3-mth Prior to & Including the LPD	9	0.35%	32	0.16%
6-mth Prior to & Including the LPD	10	0.42%	36	0.18%
12-mth Prior to & Including the LPD	10	0.42%	33	0.17%
USPD: 19 Mar 2021	14	0.57%	46	0.23%
1-mth Prior to & Including the USPD	9	0.37%	29	0.15%
3-mth Prior to & Including the USPD	9	0.36%	29	0.15%
6-mth Prior to & Including the USPD	10	0.41%	31	0.16%
12-mth Prior to & Including the USPD	11	0.45%	32	0.16%

Sources: FactSet, Company Filings

- (1) The ADTVol refers to the average number of shares that were traded daily for the relevant period prior to and including the Latest Practicable Date and USPD respectively.
- (2) Free float refers to the number of shares that are available to the public (i.e. not held by insiders) on the Latest Practicable Date and USPD respectively. Free float is calculated by taking the total number of shares outstanding on the Latest Practicable Date and USPD respectively multiplied by the free float percentage on the respective aforementioned dates.
- (3) The ADTVol refers to the average value of shares that were traded daily for the relevant period prior to and including the Latest Practicable Date and USPD respectively.
- (4) Market capitalisation refers to the closing price on the Latest Practicable Date and USPD respectively multiplied by the total number of shares outstanding on the respective aforementioned dates.

With respect to Table 5 above, we note that the ADTVol/Free Float of the Shares was:

- (a) approximately 0.27% on the Latest Practicable Date and approximately 0.33%, 0.35%, 0.42%, and 0.42%, in the 1-month, 3-month, 6-month and 12-month periods prior to and including the Latest Practicable Date respectively; and
- (b) approximately 0.57% on the USPD and approximately 0.37%, 0.36%, 0.41%, and 0.45%, in the 1-month, 3-month, 6-month and 12-month periods prior to and including the USPD respectively.

Moreover, we note that the ADTVol/Market Cap. of the Shares was:

- (a) approximately 0.12% on the Latest Practicable Date and approximately 0.15%, 0.16%, 0.18%, and 0.17%, in the 1-month, 3-month, 6-month and 12-month periods prior to and including the Latest Practicable Date respectively; and
- (b) approximately 0.23% on the USPD and approximately 0.15%, 0.15%, 0.16%, and 0.16%, in the 1-month, 3-month, 6-month and 12-month periods prior to and including the USPD respectively.

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Table 6: Comparison of the Liquidity of the Shares with that of the Top 15 STI Companies

	Top 15 STI Companies by Market Cap. ⁽¹⁾				CapitaLand's Metric	CapitaLand's Metric Relative to:	
	25 th	75 th	Mean	Median		25 th -75 th	Mean-
	Percentile	Percentile				Percentile Range	Median Range
ADTVol ⁽²⁾ / Free Float ⁽³⁾ (%)							
Latest Practicable Date: 7 Jul 2021	0.11%	0.61%	0.35%	0.34%	0.27%	Within	Lower
1-mth Prior to & Including the LPD	0.15%	0.54%	0.30%	0.24%	0.33%	Within	Higher
3-mth Prior to & Including the LPD	0.15%	0.73%	0.34%	0.29%	0.35%	Within	Higher
6-mth Prior to & Including the LPD	0.17%	0.74%	0.37%	0.30%	0.42%	Within	Higher
12-mth Prior to & Including the LPD	0%	0.77%	0.40%	0.38%	0.42%	Within	Higher
USPD: 19 Mar 2021	0.24%	3.35%	0.66%	0.48%	0.57%	Within	Within
1-mth Prior to & Including the USPD	0.23%	1.19%	0.46%	0.39%	0.37%	Within	Lower
3-mth Prior to & Including the USPD	0.18%	0.75%	0.38%	0.30%	0.36%	Within	Within
6-mth Prior to & Including the USPD	0.17%	0.93%	0.41%	0.41%	0.41%	Within	Higher
12-mth Prior to & Including the USPD	0.20%	0.87%	0.44%	0.45%	0.45%	Within	Within
ADTVol ⁽⁴⁾ / Market Cap ⁽⁵⁾ (%)							
Latest Practicable Date: 7 Jul 2021	0.03%	0.37%	0.17%	0.16%	0.12%	Within	Lower
1-mth Prior to & Including the LPD	0.03%	0.29%	0.14%	0.11%	0.15%	Within	Higher
3-mth Prior to & Including the LPD	0.03%	0.32%	0.16%	0.14%	0.16%	Within	Higher
6-mth Prior to & Including the LPD	0.03%	0.32%	0.16%	0.15%	0.18%	Within	Higher
12-mth Prior to & Including the LPD	0.03%	0.26%	0.16%	0.16%	0.17%	Within	Higher
USPD: 19 Mar 2021	0.08%	0.87%	0.28%	0.24%	0.23%	Within	Lower
1-mth Prior to & Including the USPD	0.04%	0.53%	0.20%	0.17%	0.15%	Within	Lower
3-mth Prior to & Including the USPD	0.04%	0.29%	0.17%	0.17%	0.15%	Within	Lower
6-mth Prior to & Including the USPD	0.03%	0.27%	0.16%	0.17%	0.16%	Within	Lower
12-mth Prior to & Including the USPD	0.03%	0.31%	0.17%	0.17%	0.16%	Within	Lower

Legend

Higher / Within = Favourable
Lower = Unfavourable

Sources: FactSet, Company Filings

- (1) Excluding CapitaLand.
- (2) The ADTVol refers to the average number of shares that were traded daily for the relevant period prior to and including the Latest Practicable Date and USPD respectively.
- (3) Free float refers to the number of shares that are available to the public (i.e. not held by insiders) on the Latest Practicable Date and USPD respectively. Free float is calculated by taking the total number of shares outstanding on the Latest Practicable Date and USPD respectively multiplied by the free float percentage on the respective aforementioned dates.
- (4) The ADTVol refers to the average value of shares that were traded daily for the relevant period prior to and including the Latest Practicable Date and USPD respectively.
- (5) Market capitalisation refers to the closing price on the Latest Practicable Date and USPD respectively multiplied by the total number of shares outstanding on the respective aforementioned dates.

With respect to Table 6 above, we observe that:

- (a) for the 12-month period prior to and including the Latest Practicable Date, the ADTVol/Free Float of the Shares, which is 0.42%, is higher than the mean-median range of ADTV/Free Float of the Top 15 STI Companies;
- (b) for the 12-month period prior to and including the Latest Practicable Date, the ADTVol/Market Cap. of the Shares, which is 0.17%, is higher than the mean-median range of ADTV/Free Float of the Top 15 STI Companies;
- (c) for the 12-month period prior to and including the USPD, the ADTVol/Free Float of the Shares, which is 0.45%, is within the mean-median range of ADTV/Free Float of the Top 15 STI Companies; and

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- (d) for the 12-month period prior to and including the USPD, the ADTVol/Market Cap. of the Shares, which is 0.16%, is lower than the mean-median range of ADTVol/Market Cap. of the Top 15 STI Companies.

Based on our analysis of the historical trading volumes of the Shares and the ADTVol and ADTVol relative to the Top-15 STI Companies, excluding CapitaLand, it appears that there is reasonable liquidity in the Shares in the 12-months prior to and including the USPD. *Ceteris paribus*, this suggests that the market prices of the Shares should generally reflect the fundamental, market-based value of the Shares.

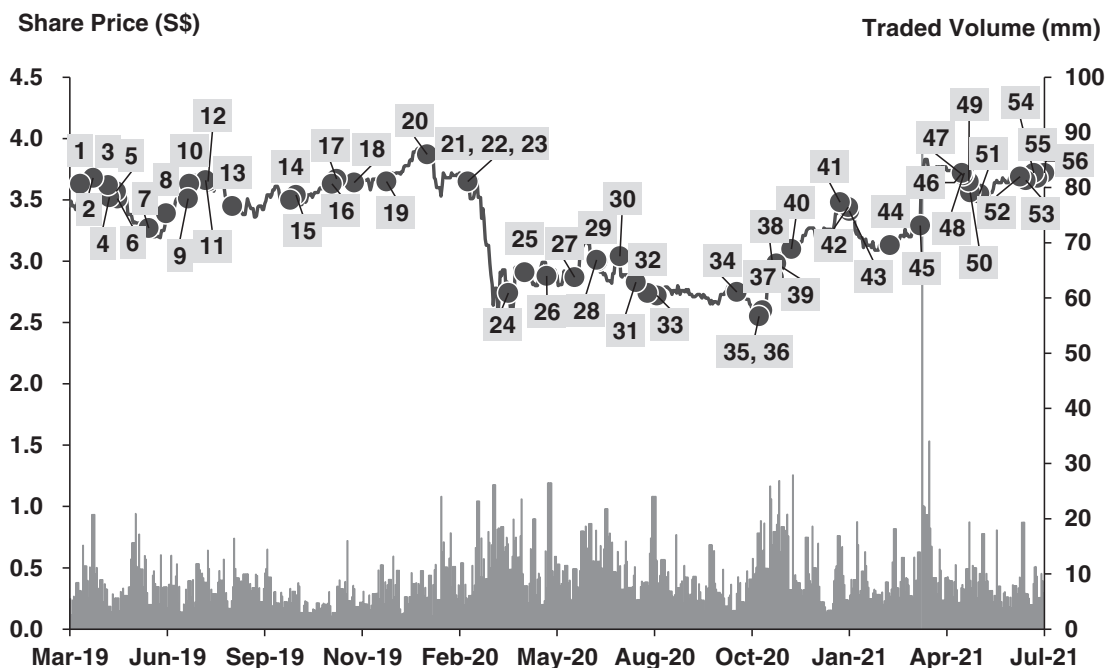
We note that there is no assurance that the price of the Shares will remain at current levels in the event that the Scheme is terminated. We also wish to highlight that the historical trading performance of the Shares serves only as an illustrative guide and should not be relied upon as an indication of the future price performance of the Shares, which may be affected by, amongst other factors, the performance and prospects of the Company, prevailing economic conditions, economic outlook, and stock market conditions and sentiment.

9.6 Historical Market Performance Analysis of the Shares

We set out a chart outlining the daily closing prices and trading volume of the Shares for:

- (a) the 24-month period prior to and including the USPD; and
- (b) the period from the Joint Announcement Date up to and including the Latest Practicable Date.

Chart 1: Historical Share Price Performance and Trading Volume of the Shares



Sources: FactSet, Company Announcements, Press Articles

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Key events based on CapitaLand’s announcements and press releases extracted from the SGX-ST and press articles:

(1) 29 March 2019: CRCT and CapitaLand to divest their interests in CapitaMall Wuhu

CapitaLand Retail China Trust (“**CRCT**”) and CapitaLand announced that they have entered into an agreement to divest their combined 100% interests in a company, which owns CapitaMall Wuhu, to an unrelated third party. The transaction is based on the company’s adjusted net asset value, including but not limited to its interest in CapitaMall Wuhu of RMB210 million. CapitaMall Wuhu is a five-storey shopping mall located in China’s Anhui Province, with a gross floor area (“**GFA**”), excluding car park, of approximately 45,000 square metres.

(2) 9 April 2019: Ascott steps up global growth with 14 new properties including 3 lyf coliving properties in China, Japan and Malaysia

CapitaLand’s wholly owned lodging business unit, The Ascott Limited, has clinched contracts to manage 14 properties with over 2,000 units across China, Germany, India, Indonesia, Japan, Malaysia, Thailand, and Saudi Arabia. Three of the 14 new properties are under its coliving ‘lyf’ brand, strategically located in the vibrant cities of Fukuoka in Japan, Kuala Lumpur in Malaysia and Shanghai in China.

(3) 22 April 2019: CapitaLand raises US\$391 million in first closing of its maiden discretionary equity fund

CapitaLand has successfully set up its first discretionary real estate equity fund, CapitaLand Asia Partners I, with US\$391.3 million raised at first close, 9 months after fundraising commenced in July 2018. Capital commitments were received from a diverse group of institutional investors including pension funds, insurance companies and financial institutions from Asia and Europe, and the fund will invest in value-add and transitional office buildings in Asia’s key gateway cities, specifically Singapore, Beijing, Guangzhou, Shanghai, Shenzhen, Osaka and Tokyo.

(4) 23 April 2019: CapitaLand divests StorHub self-storage business for S\$185 million

CapitaLand announced that it has divested its interests in a group of companies that own and manage the Group’s self-storage business StorHub to an unrelated third party. The transaction is based on an agreed value of S\$185 million for StorHub’s portfolio of properties. StorHub’s portfolio comprises 11 storage facilities in Singapore and 1 in Shanghai, with a total lettable area of approximately 800,000 square feet.

(5) 29 April 2019: Establishment of S\$5 billion Euro medium term note programme

CapitaLand announced that its wholly owned subsidiary, CapitaLand Treasury Limited, has established a S\$5 billion Euro Medium Term Note Programme pursuant to which the latter may issue euro medium term notes and perpetual notes from time to time. Any notes to be issued under the programme will be unconditionally and irrevocably guaranteed by CapitaLand.

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(6) 30 April 2019: 1Q 2019 results release

CapitaLand registered a profit after tax and minority interest (“**PATMI**”) of S\$295.6 million in 1Q 2019 (down 7.4% year-on-year). The earnings release stated that *“the decrease was attributed to lower operating PATMI and lower writeback of impairments, partially mitigated by gains from asset recycling and revaluation of properties. Operating PATMI decreased by 20.5% mainly due to lower trading income from residential projects in Singapore and China compared to the same period last year. Notwithstanding this, CapitaLand’s recurring income from the Group’s diversified investment property portfolio and fund management platform remain resilient, which continues to underpin the quality of CapitaLand’s earnings.”*

(7) 27 May 2019: CapitaLand announces key executive appointments to drive next phase of growth as Asia’s leading diversified real estate group

CapitaLand announced several key executive appointments to drive its next phase of growth, and also the setting up of a Group Centre of Excellence (“**COE**”) to focus on building capabilities, innovation and setting standards for business sectors and operating platforms that the Group participates in. Focus areas under the Group COE comprise Urban Strategy, Business Communities Development, Retail Innovation Customer Services & Solutions, Sustainability and Digital & Technology. A CapitaLand Executive Committee is also formed to provide strategic business planning, organisational alignment and implementation, led by Mr. Lee Chee Koon, CEO, and comprising the following members:

- (i) Mr. Manohar Khatani, Senior Executive Director, will assist the Group CEO in matters relating to organisation integration, and the India and business parks businesses. He will also oversee the Group COEs for Business Communities Development and Customer Services & Solutions. He is currently Deputy Group CEO of Ascendas-Singbridge.
- (ii) As President, Singapore & International, Mr. Jason Leow will oversee the business and growth of CapitaLand Group in Singapore and internationally excluding China and India. He will also oversee the Group COE for Retail Innovation.
- (iii) Mr. Lucas Loh, President, China, will oversee the business and growth in China as a core geographical market for the Group. He will also oversee Urban Strategy under the Group COE, which leverages the Group’s expertise in urban development to build its competitive edge.
- (iv) Mr. Jonathan Yap will be appointed President, CapitaLand Financial to oversee the Group’s REITs and business trusts, as well as private and third-party funds. He will also oversee the Group’s India business. He is currently the Group Chief Operating Officer and Group Chief Financial Officer of Ascendas-Singbridge.
- (v) Mr. Andrew Lim will remain as Group Chief Financial Officer.

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- (vi) Mr. Tan Seng Chai will be appointed Chief Corporate & People Officer. He is currently Group Chief People Officer.
- (vii) Mr. Kevin Goh will continue as Chief Executive Officer of The Ascott Limited to oversee the growth of CapitaLand's lodging business. Mr. Goh will build on Ascott's strong growth trajectory to drive the lodging business arising from the rapid increase of demand from rental accommodations globally.
- (viii) Ms. He Jihong will be appointed as Chief Corporate Strategy Officer of CapitaLand Group. She will identify strategic business focus areas and will work closely with businesses in formulating corporate strategies to ensure long-term sustainable business results for the Group. She is currently Chief Investment Officer of Ascendas-Singbridge.
- (ix) Ms. Lynette Leong, who is currently Chief Business Innovation Officer, will be appointed as Chief Sustainability Officer as the enlarged Group sharpens its focus on sustainable real estate developments and services. She will be responsible for the Group's sustainability strategy and policies, and integrating them into its business and operations' strategic environmental, social and governance (ESG) efforts at various stakeholder levels. She is currently Chief Business Innovation Officer.
- (x) Mr. Wen Khai Meng, Senior Advisor, Group Strategy will also become a member of the executive committee of CapitaLand.

(8) 11 June 2019: CapitaLand to divest 3 malls in China for RMB2,960 million

CapitaLand announced that it has entered into an agreement with CRCT to divest its interests in 3 companies that hold 3 malls in China – CapitaMall Xuefu and CapitaMall Aidemengdun in Harbin and CapitaMall Yuhuating in Changsha. The divestment of the three companies is based on an agreed value of RMB2,960 million, and will generate proceeds of about S\$239.9 million and a net gain of about S\$37.6 million. The sale is also part of CapitaLand's capital recycling strategy to continue unlocking asset value for reinvestment.

(9) 30 June 2019: Appointment of Jonathan Yap Neng Tong as President, CapitaLand Financial

CapitaLand announced that Mr. Jonathan Yap Neng Tong will be appointed President, CapitaLand Financial on 1 July 2019 to oversee CapitaLand Group's real estate investment trusts and business trusts, as well as private and third-party funds. Mr. Yap will also oversee the Group's India business, and will be a key member of the management team responsible for developing and executing CapitaLand's growth strategy.

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(10) 1 July 2019: CapitaLand divests equity stake in non-core investment for HK\$2,831 million

CapitaLand announced it has entered into an agreement to divest its entire 24.09% stake in Hong Kong-listed Central China Real Estate Limited (“**CCRE**”) to Joy Bright Investments Limited, an existing shareholder of CCRE. The sale consideration is approximately HK\$2,831 million, which is equivalent to HK\$4.30 per share, compared with CCRE’s last traded price at HK\$3.45 per share on 28 June 2019. The divestment is part of CapitaLand’s proactive portfolio management, and continued discipline in recycling capital for reinvestments.

(11) 15 July 2019: Ascott expands global presence with 26 new properties across 11 countries

CapitaLand’s wholly owned lodging business unit, The Ascott Limited, is accelerating its growth globally with the signing of 26 properties with over 6,000 units across 22 cities and 11 countries. The properties, which will open in phases from 2019 to 2023, are mostly signed under management contracts, with three on franchise agreements.

(12) 17 July 2019: CapitaLand to divest 89.8% interest in holding companies of Main Airport Center in Frankfurt to CapitaLand Commercial Trust (“CCT”)

CapitaLand announced it has entered into an agreement with CCT to divest 89.8% out of its 94.9% interest in the holding companies of Main Airport Center, a freehold commercial property in Frankfurt, Germany, with the transaction based on an agreed property value of €265.0 million on a 100% basis.

(13) 7 August 2019: 2Q 2019 results release

CapitaLand announced 2Q 2019 PATMI of S\$579.8 million (down 4.2% lower year-on-year). The earnings release stated that *“this was mainly attributed to the one-off transaction costs incurred on the acquisition of Ascendas-Singbridge. Excluding these costs, the Group’s PATMI for the quarter would have increased 1.7%, mainly due to higher gains from asset recycling and revaluation gains on the Group’s investment properties, offset by lower contribution from residential projects.”*

(14) 26 September 2019: Ascott acquires S\$192 million freehold property in Sydney through global fund with Qatar Investment Authority

CapitaLand announced that its wholly owned lodging business unit, The Ascott Limited (“**Ascott**”), is investing S\$192 million in a freehold serviced residence in the Central Business District of North Sydney through the Ascott Serviced Residence Global Fund, its global fund with Qatar Investment Authority. The serviced residence is part of a 48-storey integrated development which also has office and retail components and will be the tallest tower in North Sydney upon its completion in 2021.

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(15) 1 October 2019: CapitaLand aims to more than double assets under management in India to S\$7 billion by 2024

CapitaLand announced plans to grow its assets under management in its key market India from the current S\$3.3 billion to S\$7 billion by 2024. CapitaLand CEO, Mr. Lee Chee Koon, highlighted the *“strong potential to leverage new economy trends such as the growth in e-commerce, urbanisation and knowledge economies to expand in the business park and logistics sectors, which are core sectors for the India economy”*.

(16) 1 November 2019: CapitaLand to divest 30 business park properties in the United States of America (“USA”) and Singapore to A-REIT for S\$1.66 billion

CapitaLand announced it has entered into agreements to divest 30 business park properties in the USA and Singapore to A-REIT, with the agreed value of the properties amounting to S\$1,661.7 million on a willing-buyer and willing-seller basis. The properties in the USA comprise a portfolio of 28 freehold office properties located across San Diego, Raleigh and Portland, with an agreed property value of US\$935.0 million, while the properties in Singapore are Nucleos and FM Global Centre with an agreed property value of S\$289.0 million and S\$91.0 million respectively.

(17) 5 November 2019: 3Q 2019 results release

CapitaLand announced 3Q 2019 PATMI of S\$333.9 million (down 7.8% year-on-year). The earnings release stated that *“this was largely attributed to lower portfolio gains recorded during the quarter compared to the same period a year ago, partially mitigated by higher operating PATMI.”* CapitaLand also announced 3Q 2019 Operating PATMI of S\$277.6 million (up 18.8% year-on-year), mainly attributable to the maiden contribution from Ascendas-Singbridge, higher contributions from development projects in China and fee income from Vietnam.

(18) 20 November 2019: CapitaLand divests The Star Vista for S\$296 million

CapitaLand announced that it has entered into an agreement to sell The Star Vista for S\$296 million. Based on the latest independent valuation, The Star Vista was valued at S\$262 million as at 30 June 2019. The divestment is targeted to be completed by end 2019 and is expected to generate for CapitaLand net proceeds of approximately S\$145 million and a net gain of approximately S\$32 million.

(19) 18 December 2019: Ascott opens record 7,500 units and signs over 14,100 units in 2019 to boost fee income

CapitaLand announced its wholly owned lodging business unit, Ascott, has stepped up its global expansion in 2019 with a record opening of about 7,500 units in over 40 properties across 30 cities and 13 countries. Ascott has also signed 25 new franchise and management contracts with more than 3,400 units, closing the year with the signing of over 14,100 units across about 100 properties, including its acquisitions of two properties in Sydney, Australia this year through ART, and its private fund Ascott Global Serviced Residence Fund.

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(20) 22 January 2020: CapitaLand sets sights on APAC REIT market with proposed merger of CMT and CCT

CapitaLand announced the proposed merger of CMT and CCT to create CICT. With the proposed merger, CapitaLand Group will have in its stable of sponsored trusts, three best-in-class real estate investment trusts listed on SGX-ST, with global or developed market mandates. CICT is also expected to become the third largest REIT in APAC, with a market capitalisation of approximately S\$16.8 billion and a combined property value of approximately S\$22.9 billion.

(21) 26 February 2020: FY 2019 results release

CapitaLand announced FY 2019 PATMI of S\$2,135.9 million (up 21.2% year-on-year). Operating PATMI was S\$1,057.2 million, a record high for CapitaLand. The earnings release stated that *“this was driven by contributions from Ascendas-Singbridge businesses, assets acquired in FY 2018 and assets that turned operational in FY 2019.”*

(22) 26 February 2020: CapitaLand acquires prime freehold Arlington Business Park in United Kingdom (“UK”) for £129.3 million

CapitaLand announced it has entered into an agreement to acquire a prime freehold business park in the UK for £129.3 million (S\$226.9 million), expanding CapitaLand’s assets under management in Europe to S\$4.8 billion. The property is a business park located in Reading, comprising 11 Grade A office buildings totalling about 367,000 square feet of net lettable area.

(23) 26 February 2020: Changes to board committee composition

CapitaLand announced the following changes to the board committee appointments:

- (i) the appointment of Mr. Kee Teck Koon, an Independent Director, as a member of the Risk Committee. Mr. Chaly Mah Chee Kheong will step down from the Risk Committee;
- (ii) appointment of Mr. Miguel Ko, Deputy Chairman and Non-Independent Director, as a member of the Executive Resource and Compensation Committee. Mr. Kee will step down from the Executive Resource and Compensation Committee;
- (iii) the appointment of Mr. Anthony Lim Weng Kin, an Independent Director, as a member of the Audit Committee; and
- (iv) the appointment of Ms. Goh Swee Chen, an Independent Director, as a member of the Nominating Committee.

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(24) 1 April 2020: Announcement of appointment of Kevin Goh Soon Keat as CEO, Lodging

CapitaLand announced that Mr. Kevin Goh Soon Keat will be appointed CEO, Lodging, to oversee CapitaLand's lodging business. Mr. Goh is currently CEO of Ascott, and will be a key member of the senior leadership team responsible for managing and executing the Group's growth strategies.

(25) 15 April 2020: CapitaLand secures S\$400 million in green loans to catalyse greening of global portfolio by 2030

CapitaLand announced that it has secured a total of S\$400 million in two bilateral green loans to catalyse greening of the Group's global portfolio by 2030, from DBS (S\$150 million 4-year green loan) and HSBC (S\$250 million 3-year multicurrency green loan). Proceeds will be used towards the financing or refinancing of the development, investment and acquisition of certified green buildings.

(26) 4 May 2020: 1Q 2020 business updates

CapitaLand provided 1Q 2020 business updates on 4 May 2020 stating that its 1Q 2020 operating performance in its four core geographical markets and the other countries which it operates in, have all been affected in various degrees by the social distancing, travel and commercial restrictions implemented by each country.

(27) 28 May 2020: CapitaLand obtains S\$500 million sustainability-linked bilateral loan – the largest in Singapore's real estate sector

CapitaLand announced that it has obtained a S\$500 million sustainability-linked loan from UOB, representing the largest sustainability-linked bilateral loan in Singapore's real estate sector. In total, CapitaLand and its real estate investment trusts have raised over S\$2.42 billion in less than two years, through sustainable financing instruments, reinforcing the Group's commitment towards responsible growth.

(28) 16 June 2020: OCBC Bank partners CapitaLand on Singapore's first SORA-based loan

CapitaLand announced that it has inked Singapore's first loan facility agreement referencing Singapore Overnight Rate Average with OCBC Bank. The S\$150 million three-year corporate loan is part of a S\$300 million sustainability-linked loan extended by OCBC Bank to CapitaLand, representing CapitaLand's sixth sustainability-linked loan, and will be used for general corporate purposes.

(29) 17 June 2020: Ascott achieves 139% YoY growth with record over 5,400 new units added globally amid the 2019 nCoV ("COVID-19") crisis

CapitaLand announced that its wholly owned lodging business unit, Ascott, has set a new record by securing contracts for 25 new properties with over 5,400 units across 19 cities globally. This is the largest number of new properties Ascott has clinched in the first five months of any year, representing a 139% year-on-year increase in the number of units secured, compared to the same period in 2019.

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(30) 6 July 2020: 1H 2020 profit guidance

CapitaLand provided 1H 2020 profit guidance stating that operating PATMI is expected to reduce by 25% to 35% from the S\$361.3 million recorded in 1H 2019 and cash PATMI is expected to reduce by 40% to 50% from the \$496.0 million achieved in 1H 2019.

(31) 20 July 2020: 1H 2020 updated profit guidance

CapitaLand provided updated 1H 2020 profit guidance stating that total PATMI is expected to reduce by 85% to 95% from the S\$875.4 million recorded in 1H 2019, mainly attributable to its effective share of revaluation losses from CMT and CCT.

(32) 30 July 2020: Ascott's coliving brand lyf gains momentum with 6 new properties signed in Australia, China and the Philippines

CapitaLand announced that its wholly owned lodging business unit, Ascott, continues to see strong demand for its coliving brand 'lyf', which caters to a growing segment of millennials who seek flexibility, value and enriching community experiences. Ascott is adding over 1,000 units across six new lyf properties secured in Melbourne, Australia; Beijing, Hangzhou, Shanghai and Xi'an, China; and Manila, the Philippines.

(33) 7 August 2020: 1H 2020 results release

CapitaLand announced 1H 2020 PATMI of S\$96.6 million (down 89.0% year-on-year) and 1H 2020 Operating PATMI of S\$261.2 million (down 27.7% year-on-year). CapitaLand's financial performance in 1H 2020 was adversely impacted by the COVID-19 pandemic.

(34) 15 October 2020: Ascott achieves record high signings of over 5,600 units in China to date despite COVID-19

CapitaLand announced its wholly owned lodging business unit, Ascott, has secured more than 2,100 new units across 12 properties in China in the last three months. With these new units, Ascott has added a record high of more than 5,600 units across 26 properties, which represent a 60% year-on-year growth in units in China. Globally, Ascott has sealed new contracts for more than 3,700 units across 22 properties; about 60% of which are from China and the rest are in various countries including Austria and Indonesia. Ascott has also seen strong recovery in China on the operations front, with apartment revenue in September 2020 performed close to 95% of that in September 2019.

(35) 3 November 2020: 3Q 2020 business updates

CapitaLand provided 3Q 2020 business updates on 3 November 2020 stating encouraging signs of recovery shown in 3Q 2020 operating metrics as COVID-19 situation stabilises in its 2 largest markets – Singapore and China.

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(36) 3 November 2020: Ng Kee Choe to retire as Chairman of CapitaLand; Miguel Ko to succeed Ng Kee Choe as next Chairman

CapitaLand announced that Mr. Ng Kee Choe will retire as Chairman and director of CapitaLand at the conclusion of its next annual general meeting scheduled for April 2021. Mr. Miguel Ko, currently Deputy Chairman of CapitaLand, will succeed Mr. Ng. Mr. Ko has been Deputy Chairman and a Non-Executive, Non-Independent Director of CapitaLand since August 2019.

(37) 6 November 2020: CapitaLand to divest interest in 5 business park properties and Rock Square mall in China

CapitaLand announced that it has entered into agreements to divest interest in five business park properties and Rock Square mall in China to CRCT, with an agreed value amounting to RMB8,130 million on a 100%, willing-buyer and willing-seller basis. The agreed property value represents a 2.9% premium to CapitaLand's valuation in December 2019, and CapitaLand is expected to receive proceeds of about S\$541.7 million and realise an estimated gain of S\$35.6 million. Upon CRCT's acquisition of the properties, CapitaLand will enter into a 49:51 joint venture with CRCT on Ascendas Xinsu Portfolio at an agreed property value of RMB2,265 million on a 100% basis, in view of the redevelopment potential of the site.

(38) 16 November 2020: CapitaLand to grow new economy assets in China to S\$5 billion

CapitaLand announced that it aims to redeploy part of the capital from asset recycling to new economy assets, growing its China exposure in this sector to S\$5 billion over the next few years, from the current S\$1.5 billion. Investments will include business parks, logistics and data centres, where tenants typically hail from sectors that enjoy robust fundamentals and a supportive regulatory environment. This target is in line with its strategy to ride China's economic transformation focusing on technology, services and domestic consumption.

(39) 18 November 2020: CapitaLand secures first 3 green loans in India totalling INR17 billion for its business park developments in Chennai, Gurgaon and Pune

CapitaLand announced that it has secured its first three green loans in India, totalling INR17 billion from DBS and HSBC, marking CapitaLand's first foray into sustainable finance in India. Proceeds from the green loans will be used to finance the development of its green-certified International Tech Parks in Chennai, Gurgaon and Pune.

(40) 1 December 2020: CapitaLand continues portfolio reconstitution strategy by divesting 3 retail malls in Japan and an office building in Korea for S\$448.7 million

CapitaLand announced that it has divested three retail malls (La Park Mizue and Vivit Minami-Funabashi in Greater Tokyo, and CO-OP Kobe Nishinomiya Higashi in Greater Osaka) in Japan and an office building (ICON Yeoksam in Seoul) in Korea to unrelated third parties for a total of S\$448.7 million as part of its ongoing portfolio reconstitution strategy.

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(41) 12 January 2021: Ascott exceeds 2019 record growth to add over 14,200 units globally in 2020 despite COVID-19

CapitaLand announced that its wholly owned lodging business unit, Ascott, has added a record of over 14,200 units across 71 properties globally for 2020. Despite COVID-19, this exceeds the number of units secured in 2019, marking a fourth consecutive year of record growth for Ascott. In China, Ascott has also achieving an 80% year-on-year growth in units compared to 2019. The new properties secured will boost Ascott's annual fee income by over S\$27 million as they progressively open and stabilise.

(42) 19 January 2021: CapitaSpring tops out, on track for full completion in 2H 2021

CapitaSpring, a 280-metre-tall, 51-storey integrated development in Raffles Place Central Business District, has achieved full height, with about 75% of overall construction completed. The development is on track to receive Temporary Occupation Permit in 2H 2021, and has secured 38% committed occupancy, with another 22% under advanced lease negotiations. CapitaSpring is jointly owned by CapitaLand, CICT, and Mitsubishi Estate Co., Ltd.

(43) 20 January 2021: Anthony Lim Weng Kin to be lead independent director and Audit Committee chairman of CapitaLand

CapitaLand announced the appointment of Mr. Anthony Lim Weng Kin as Lead Independent Director at the conclusion of the next annual general meeting, and Chairman of the Audit Committee upon completion of CapitaLand's audited accounts for FY 2020.

(44) 24 February 2021: FY 2020 results release

CapitaLand announced a net loss of S\$1,574.3 million for FY 2020 (against a profit of S\$2,135.9 million in FY 2019). The earnings releases stated that *"the net loss was mainly attributed to revaluation of investment properties, and impairment of projects and equity investments totalling S\$2,498.1 million, which are non-cash in nature. The revaluation losses were limited to a few assets most impacted by COVID-19, while the rest of CapitaLand's portfolio remained resilient."*

(45) 22 March 2021: CapitaLand proposes restructuring to sharpen business focus and unlock shareholder value

CapitaLand announced a proposed restructuring of its business to consolidate its investment management platforms and lodging business into CLI, which is to be listed on the SGX-ST, and to privatise its real estate development business through the proposed privatisation of CapitaLand. CLI will hold the stakes in the business trusts, private funds and listed REITs of CapitaLand, while the real estate development business will be privatised by CLA Real Estate Holdings, a wholly-owned subsidiary of Temasek Holdings.

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(46) 27 April 2021: Changes to Board and Board Committees

CapitaLand announced that following its Annual General Meeting held on 27 April 2021, Mr. Miguel Ko has assumed the role of Chairman of the Board, and Mr. Anthony Lim Weng Kin has assumed the role of Lead Independent Director. The changes to the Board Committees are as follows:

- (i) Mr. Miguel Ko has been appointed Chairman of the Strategy, Investment and Finance Committee, and a member of the Nominating Committee;
- (ii) Mr. Stephen Lee Ching Yen has been appointed Chairman of the Executive Resource and Compensation Committee;
- (iii) Mr. Kee Teck Koon has been appointed Chairman of the Risk Committee;
- (iv) Mr. Anthony Lim Weng Kin has been appointed a member of the Nominating Committee; and
- (v) Ms. Goh Swee Chen has been appointed a member of the Risk Committee, and has ceased to be a member of the Nominating Committee.

(47) 28 April 2021: CapitaLand acquires its first hyperscale data centre campus in China for RMB3.66 billion

CapitaLand announced that it is investing RMB3.66 billion (approximately S\$757.7 million) to acquire its first hyperscale data centre campus in China, the world's second largest data centre market and the largest in Asia Pacific. Located in Minhang District, an established data centre hub in Shanghai, the operating data centre campus serves two of China's largest telecommunications companies, and comprises four buildings with a GFA of up to 75,000 square metres and up to 55 megawatts of IT power capacity.

(48) 29 April 2021: Results of meetings, acceptance of valid tenders of bonds for purchase and execution of supplemental trust deed in respect of convertible bonds

Company announced on 29 April 2021 the results of the meetings, acceptance of valid tenders of bonds for purchase, and execution of supplemental trust deed in respect of the Company's outstanding convertible bonds due 2022, 2023 and 2025 respectively. Following the Company's acceptance of all validly tendered bonds for purchase, less than 10% of the aggregate principal amount originally issued will be outstanding for each of the convertible bonds and as a result, CapitaLand will exercise its qualifying clean up call right of the bonds.

(49) 3 May 2021: Board Appointment

CapitaLand announced the appointment of Ms. Judy Hsu Chung Wei as a Non-Executive and Independent Director and a member of the Risk Committee and the Executive Resource & Compensation Committee, respectively, with effect from 4 May 2021.

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(50) 4 May 2021: Proposed divestment of 75% of the total issued share capital of Ascendas Fusion 5 Pte Ltd

CapitaLand announced the divestment of 75% of its interest in the land known as 1 Fusionopolis Place Singapore 138522 and 3 Fusionopolis Place Singapore 138523 through its wholly-owned entity Ascendas Fusion 5 Holding Pte Ltd, to a subsidiary of A-REIT (as defined below). The consideration of the divestment is approximately S\$372.8 million based on an agreed market value of the properties at S\$720 million.

(51) 12 May 2021: 1Q 2021 business updates

CapitaLand provided 1Q 2021 business updates on 12 May 2021 stating improving operational performance with continued recovery across asset classes, as well as a gain in momentum of real estate transactions with year-to-date investments and divestments across the Group totaling S\$2.7 billion and S\$1.0 billion respectively.

(52) 16 June 2021: Ascott and ART jointly invest and develop student accommodation property in South Carolina, USA

CapitaLand's wholly owned lodging business unit, Ascott, and its hospitality trust, ART, announced that they will jointly invest and develop a freehold student accommodation asset located in South Carolina, USA for an expected total amount of US\$109.9 million (approximately S\$146.2 million). The 678-bed student accommodation will serve over 35,000 undergraduate and graduate students from the nearby University of South Carolina, and construction of the asset is scheduled to start in 3Q 2021 and complete in 2Q 2023.

(53) 21 June 2021: Ascott boosts fund assets under management with acquisition of two properties in France and Vietnam for S\$210 million

CapitaLand's wholly owned lodging business unit, Ascott, has entered into two agreements to acquire two properties in Paris, France and Hanoi, Vietnam for approximately S\$210 million. The acquisition of the two properties will be made through the Ascott Serviced Residence Global Fund, Ascott's private equity fund with Qatar Investment Authority, and will boost Ascott's total fund assets under management to approximately S\$8 billion. Both properties will be acquired on a turnkey basis and are expected to open in 2024.

(54) 28 June 2021: CapitaLand inks RMB46.7 billion deal with Ping An Life Insurance to divest partial stakes in six Raffles City developments in China

CapitaLand announced that it has entered into conditional agreements to divest partial stakes in a group of companies that own six of its Raffles City developments in China, to Ping An Life Insurance Company of China, Ltd.. The agreed value for the portfolio – comprising Raffles City Shanghai, Raffles City Beijing, Raffles City Ningbo, Raffles City Chengdu, Raffles City Changning (Shanghai) and Raffles City Hangzhou – is RMB46.7 billion (about S\$9.6 billion). Post transaction, CapitaLand will retain an effective stake of 12.6% to 30% in each development. The transaction is targeted for completion in 3Q 2021 and is expected to generate for CapitaLand net proceeds of more than S\$2 billion.

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(55) 1 July 2021: CapitaLand divests two malls for over JPY42 billion and invests JPY7.5 billion in second logistics asset in Japan

CapitaLand announced that it has divested its two remaining retail malls, Olinas Mall and Seiyu & Sundrug Higashimatsuyama, in Greater Tokyo for a total of over JPY42 billion (approximately S\$520 million). Olinas Mall and Seiyu & Sundrug Higashimatsuyama were divested above their total valuation and CapitaLand is expected to realise a net gain of close to JPY9 billion (approximately S\$109 million). At the same time, CapitaLand announced it will invest JPY7.5 billion (approximately S\$90.8 million) to fully acquire a freehold site and develop a four-storey modern logistics facility in Ibaraki City, Osaka, Japan. The new logistics facility will be located within a major logistics hub in Osaka, well-connected to Kyoto and Kobe, and is expected to be completed in 3Q 2023 with a gross floor area of approximately 27,000 square metres.

(56) 7 July 2021: CapitaLand launches second S\$400 million logistics private fund in India

CapitaLand announced that it has launched its second logistics private fund of S\$400 million (approximately INR22.5 billion) to expand in India's logistics sector, one of the largest globally. CapitaLand India Logistics Fund II will invest in the development of logistics assets in key warehousing and manufacturing hubs in six major cities – Ahmedabad, Bangalore, Chennai, Mumbai, National Capital Region, and Pune, as well as in emerging markets such as Coimbatore, Guwahati, Jaipur, Kolkata and Lucknow.

We note that there is no assurance that the price of the Shares will remain at current levels in the event that the Scheme is terminated. We also wish to highlight that the historical trading performance of the Shares serves only as an illustrative guide and should not be relied upon as an indication of the future price performance of the Shares, which may be affected by, amongst other factors, the performance and prospects of the Company, prevailing economic conditions, economic outlook, stock market conditions and sentiment.

We further wish to highlight that the underlying financial data used in our analysis has been extracted from announcements released by CapitaLand on the SGX-ST and various press releases as of the Latest Practicable Date. We make no representations or warranties, express or implied, on the accuracy or completeness of such information.

9.7 Analysis of Implied Consideration

In the analysis of Implied Consideration, we include the FY2020 Final Dividend of S\$0.09 per Share as part of the Implied Consideration because the Cash Consideration will not be reduced by the amount of FY2020 Final Dividend and the Joint Announcement Date was before the Ex Date for the FY2020 Final Dividend. As such, if investors had bought the Shares before the Ex Date, they are entitled to the FY2020 Final Dividend. As such, we deem that the Implied Consideration applicable to investors before the Ex Date comprises:

- (a) CLI Shares;

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- (b) CICT DIS Units;
- (c) Cash Consideration; and
- (d) FY2020 Final Dividend.

For the investors who bought the Shares on or after the Ex Date up to and including the Latest Practicable Date, the Implied Consideration applicable to such investors would not include the FY2020 Final Dividend as they would not be entitled to the FY2020 Final Dividend.

We set out in Table 7 below a summary of our analysis of the Implied Consideration.

Table 7: Summary of Implied Consideration

Components	Implied Valuation			
	Aggregate Basis (to Eligible Shareholders)		Per Share	
	Lower Bound (S\$ mm)	Upper Bound (S\$ mm)	Lower Bound (S\$)	Upper Bound (S\$)
CLI Shares	8,003	9,083	3.19	3.62
CICT DIS Units	819	824	0.33	0.33
Cash Consideration	2,387	2,387	0.95	0.95
Implied Consideration ex FY2020 Final Dividend	11,209	12,294	4.47	4.90
FY2020 Final Dividend	226	226	0.09	0.09
Implied Consideration	11,435	12,520	4.56	4.99

We note that as at the Latest Practicable Date, the implied valuation of the Implied Consideration per Share has a lower and upper bound of S\$4.56 and S\$4.99 respectively.

9.7.1 SOTP Analysis of CLI Shares

We analysed CLI's five distinct business segments (the "**CLI Business Segments**") as well as indirect overhead cash expenses comprising:

- (a) investment and asset management (the "**Investment Management Segment**");
- (b) lodging management (specifically, the serviced residence) (the "**Lodging Management Segment**");
- (c) property investments (the "**Property Investments Segment**");
- (d) unlisted funds ("**Unlisted Funds Segment**"); and
- (e) Listed Funds.

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Given the unique profile of CLI whereby CLI is engaged in complementary but distinct businesses, we consider it appropriate to value each CLI Business Segment separately to arrive at an aggregate valuation of CLI on an SOTP basis. We have arrived at a range of valuation for CLI rather than a single specific value as this will provide a more objective measure of the value of the Shares taking into account, amongst others, market price volatility of the listed entities under CLI, CLI's significant exposure to the real estate sector and CLI's sizeable property portfolio which are sensitive to general stock market and economic conditions.

We set out in Table 8 below the different valuation metrics that we have utilised in order to derive the enterprise value of each CLI Business Segment.

Table 8: SOTP Valuation Methodology

CLI Business Segments	Valuation Metric
SOTP Valuation Methodology	
Investment Management Segment	<i>Trading Multiples</i> ▪ P/E
Lodging Management Segment	<i>Trading Multiples</i> ▪ EV/EBITDA
Property Investments Segment	▪ Adjusted RNAV
Unlisted Funds Segment	▪ Carrying Value
Listed Funds	▪ Market Value of CICT, CLCT, CMMT, ART, A-REIT, AIT (as defined below)
Indirect Overhead Cash Expense	▪ Capitalisation Multiple

We also set out below a summary of our SOTP analysis of CLI as at the Latest Practicable Date.

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Table 9: Summary of Results Derived from SOTP Analysis as at the Latest Practicable Date

Segments and Adjustments	Implied Valuation	
	Lower Bound (S\$ mm)	Upper Bound (S\$ mm)
Investment Management Segment	2,573	4,022
Lodging Management Segment	976	1,507
Property Investment Segment	6,208	6,208
Unlisted Funds Segment	5,891	5,891
Listed Funds	7,670	7,712
	23,317	25,340
Less: Capitalised Indirect Overhead Cash Expenses	(405)	(188)
Other Adjustments ⁽¹⁾⁽²⁾	(6,323)	(6,323)
Implied Equity Value (Aggregate Basis)	16,589	18,829
Implied Equity Value (to Eligible Shareholders)	8,003	9,083
Implied Equity Value (Per Share) (S\$)	3.19	3.62

(1) Provided by CapitaLand Management.

(2) Comprises treasury loans, cash, non-controlling interests, perpetual securities, other assets and liabilities, and incremental transaction costs associated with the Scheme.

We note that as at the Latest Practicable Date, the implied equity value per CLI Share has a lower and upper bound of S\$3.19 and S\$3.62 respectively.

We wish to highlight that the implied equity value per CLI Share set out above is merely an estimate and intended to serve only as an illustrative guide, and there is no assurance that the price per CLI Share will fall within the lower and upper bound values as stated above after the Proposed CLI Listing. Such figures should also not be relied upon as an indication of the future price performance of the CLI Shares, which may be affected by, amongst other factors, the performance and prospects of the Company, prevailing economic conditions, economic outlook, and stock market conditions and sentiment.

The Independent Directors should note that a discount may be applied on the SOTP valuation of a diversified business such as CLI for various reasons. In an efficient capital market, investors can generally diversify more effectively by purchasing a portfolio of stocks of focused firms as compared to purchasing stocks of a diversified business investing in a range of diverse businesses. A valuation discount may also be applied as diversified businesses are generally believed to use capital less efficiently. In arriving at the SOTP valuation of CLI as shown above, we have not applied any discount as the quantification of such a discount is highly subjective. The discount is dependent on, amongst others, the size and extent of business diversification or synergies (if any) and the requirement of additional management and expertise as compared to standalone businesses.

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We note the above SOTP analysis includes the RNAV of the Property Investments Segment which are backed by Independent Valuations. The Independent Directors should also evaluate the analysis above in conjunction with the contents of paragraph 9.7.1.3 of this Letter for further details on the basis and assumptions of the RNAV analysis.

In addition, as a part of the SOTP analysis, we utilise historical share price and trading activity. We note that trading multiples are and will continue to be affected to varying extents by changes in, amongst others, market, economic, political, industry, monetary and other general macroeconomic conditions as well as company-specific factors. Accordingly, the historical trading multiples should not be relied upon as a promise of its future trading performance.

We also note that in the SOTP analysis, we utilise valuation ratios of selected listed companies. We wish to highlight that the list of selected listed companies is not exhaustive and there may not be any companies listed on the SGX-ST or other stock exchanges that are directly comparable to each CLI Business Segment or sub-segment in terms of business activities, scale or operations, geographical markets, track record, future prospects, asset base, risk profile, customer base and other relevant criteria. We also note that the accounting principles used by the selected listed companies and CLI may be different. Such differences may therefore render any comparisons carried out less useful than if the same accounting principles were being used. As such, any comparison made with respect to the selected listed companies is therefore intended to serve only as an illustrative guide. We further wish to highlight that the underlying financial data used to calculate the valuation ratios in our analysis has been extracted from the relevant target companies' financial statements, Bloomberg, FactSet, Capital IQ and other relevant information sources. We have not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained and make no representations or warranties, expressed or implied, on the accuracy or completeness of such information.

Similarly, we have not taken into account any premium that may arise from CLI's controlling stake.

While we have derived an Implied Consideration based on the SOTP analysis, the Independent Directors should note that it would not be appropriate to solely rely on the SOTP analysis in assessing the Implied Consideration in view of its various drawbacks and limitations and the Independent Directors should also consider the analyses in the other sections of this Letter.

9.7.1.1 Investment Management Segment

CLI, through its Investment Management Segment, operates offices and retail malls comprised in the CLI portfolio, and manages six listed real estate investment trusts ("**REITs**"), business trusts and/or stapled trusts, namely, CICT, Ascendas Real Estate Investment Trust ("**A-REIT**"), CapitaLand China Trust ("**CLCT**"), Ascott Residence Trust ("**ART**"), Ascendas India Trust ("**AIT**") and CapitaLand Malaysia Malls Trust ("**CMMT**", together with CICIT, A-REIT, CLCT, ART and AIT, and each of them, the "**Listed Funds**"), as well as certain private funds ("**Unlisted Funds**"). The Investment Management Segment derives its fee income primarily from managing the underlying assets and/or capital of its capital partners via the Listed Funds and Unlisted Funds that they invest in.

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We set out in Table 10 below the consolidated financials of CLI's Investment Management Segment.

Table 10: Consolidated Financials of CLI's Investment Management Segment

<i>For LTM Period Ending (\$ mm)</i>	31 December 2019	31 March 2021
Consolidated Financials of CLI's Investment Management Segment		
Normalised PATMI ⁽¹⁾	196 ⁽²⁾	229 ⁽³⁾

(1) Based on annualised and actual PATMI as well as one-off items provided by CapitaLand Management.

(2) Based on annualised 9-month actual financials from fund and property management business acquired from the Ascendas-Singbridge Group.

(3) Adjusted for one-off items including FX gain, job support scheme grant and staff costs reduction associated with COVID-19, dividend income from investment, and marketing fees from completion of a property.

We note that for the purpose of the valuation of the Investment Management Segment within CLI, we have utilised the following methodology:

(a) Valuation ratios of selected listed companies

We focused on an income-based valuation ratio (i.e. LTM P/E) as an income-based valuation approach is more relevant than an asset-based valuation approach in providing an estimate of the value of an asset-light company with a fee-based business model.

We note the following key consideration in reference to the valuation of the Investment Management Segment:

- Based on the maximum and minimum LTM P/E multiples taken from the 3-year historical mean-median LTM P/E multiples of the Selected Listed Investment Management Companies (as defined below), the implied valuation of Investment Management Segment will range from approximately S\$2,573 million to S\$4,022 million.

In arriving at our SOTP analysis for the Investment Management Segment we have used a range of values for the Investment Management Segment of between S\$2,573 million to S\$4,022 million.

(i) Valuation ratios of selected listed companies

We have selected listed global asset management companies with a significant real estate portfolio which have, in our opinion, broadly similar businesses to CLI's Investment Management Segment (the "**Selected Listed Investment Management Companies**"). Our selection is restricted to pure play listed investment managers whose:

- (a) operations are global;
- (b) total AUM exceeds US\$10 billion; and
- (c) real estate portfolios constitute a significant proportion of total AUM in terms of asset allocation.

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Brief descriptions of the Selected Listed Investment Management Companies are set out in the following table.

Table 11: Brief Descriptions of the Selected Listed Investment Management Companies

Company	Company Description	Market Cap. ⁽¹⁾ (S\$ mm)
Selected Listed Investment Management Companies		
The Blackstone Group, Inc. (“ Blackstone ”)	▪ Established in 1985, Blackstone is a US-based company that engages in the provision of investment and fund management services ▪ Operates through four key business segments: 1) Real Estate; 2) Private Equity; 3) Hedge Fund Solutions; and 4) Credit & Insurance ▪ Its Real Estate segment has investor capital under management of US\$187 billion	▪ Latest Practicable Date: 154,789
Brookfield Asset Management, Inc. (“ Brookfield AM ”)	▪ Established in 1997, Brookfield AM is a Canada-based company that engages in the management of public and private investment products and services for institutional and retail clients ▪ Operates through seven key business segments: 1) Asset Management; 2) Real Estate; 3) Renewable Power; 4) Infrastructure; 5) Private Equity; 6) Residential Development; and 7) Corporate Activities ▪ Its Real Estate segment has assets under management of US\$211 billion and commercial space of over 500 million square feet	▪ Latest Practicable Date: 108,033

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Company	Company Description	Market Cap. ⁽¹⁾ (S\$ mm)
Selected Listed Investment Management Companies		
Goodman Group ("Goodman Group")	▪ Established in 1989, Goodman Group is an Australia-based company that engages in the development, owning, and management of industrial property and business space ▪ Has assets under management of AU\$51.8 billion and 369 properties under management	▪ Latest Practicable Date: 39,663
Charter Hall Group ("Charter Hall")	▪ Established in 1991, Charter Hall is an Australia-based company that engages in managing and investing in office, retail, and industrial properties ▪ Has funds under management of AU\$46.4 billion	▪ Latest Practicable Date: 7,368
Cohen & Steers, Inc. ("Cohen & Steers")	▪ Established in 1986, Cohen & Steers is a US-based niche alternative asset manager concentrating primarily on real estate securities ▪ Has assets under management of US\$79.9 billion	▪ Latest Practicable Date: 5,226

Sources: FactSet, Company Filings, Press Articles

(1) Market capitalisation refers to the closing price on the Latest Practicable Date multiplied by the total number of shares outstanding on the Latest Practicable Date respectively. Foreign exchange rates are derived from FactSet as of the Latest Practicable Date.

We wish to highlight that the Selected Listed Investment Management Companies are not exhaustive and there may not be any companies listed on the SGX-ST or other stock exchanges that are directly comparable to CLI's Investment Management Segment in terms of, amongst others, market capitalisation, composition of business activities, scale and size of operations, geographical markets, track record, financial performance, operating and financial leverage,

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future prospects, asset base, risk profile, customer base, liquidity, capital structure, growth profile and other relevant criteria. We also note that the accounting principles used by the respective Selected Listed Investment Management Companies may be different. Such differences may therefore render any comparisons carried out less useful than if the same accounting principles were being used. As such, any comparison made is necessarily limited and merely serves only as an illustrative guide.

We further wish to highlight that the underlying financial data used to calculate the valuation multiples in our analysis has been extracted from Bloomberg, Factset, Capital IQ, published financial statements and annual reports of the Selected Listed Investment Management Companies as of the Latest Practicable Date. We make no representations or warranties, express or implied, on the accuracy or completeness of such information.

We set out below the comparison of trading multiples of the Selected Listed Investment Management Companies for the 3-year period before the Pre-COVID-19 Date (as defined below) with their trading multiples for the period after the Pre-COVID-19 Date up to the Joint Announcement Date.

The “**Pre-COVID-19 Date**” represents a date prior to the Joint Announcement Date and the onset of market volatility and adverse impact on financial performance resulting from the COVID-19 pandemic, and has been selected to be 29 January 2020 as the World Health Organisation had declared the COVID-19 outbreak a public health emergency of international concern on 30 January 2020.

Table 12: Trading Multiples of the Selected Listed Investment Management Companies

Trading Multiples of Selected Listed Investment Management Companies ⁽¹⁾		
Company	3-year Historical LTM P/E at Pre-COVID-19 Date	Historical LTM P/E for Period from after the Pre-COVID-19 Date up to JAD
	Median (x)	Median (x)
Blackstone	15.5x	50.4x
Brookfield AM ⁽²⁾	17.4x	24.5x
Goodman Group	17.3x	19.2x
Charter Hall	13.1x	16.9x
Cohen & Steers	19.6x	26.5x
Maximum	19.6x	50.4x
Mean	16.6x	27.5x
Median	17.3x	24.5x
Minimum	13.1x	16.9x

Sources: FactSet, Company Filings

- (1) All figures, unless otherwise stated below, are as of the Latest Practicable Date.
- (2) 3-year historical LTM P/E multiples at Pre-COVID-19 Date exclude outlier range from 4 Oct 2017 to 27 Dec 2017 as earnings within this period were largely distorted by impairment of financial assets in its private equity operations, and fair value losses on its property portfolio and other investments.

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Based on Table 12, we note that LTM P/E multiples of Selected Listed Investment Management Companies had largely been distorted post the onset of the COVID-19 pandemic with the mean of historical median LTM P/E for the period from after the Pre-COVID-19 Date up to the Joint Announcement Date being 27.5x, approximately 65.6% higher than the mean of 3-year historical median LTM P/E at Pre-COVID-19 Date which is 16.6x. As such, to enable a meaningful evaluation of the value of the Investment Management Segment under normal operating conditions, we have selected the 3-year historical LTM P/E multiples of Selected Listed Investment Management Companies at Pre-COVID-19 Date to perform our analysis. We therefore have also sought to evaluate the Implied Consideration based on the normalised FY2019 PATMI of the Investment Management Segment prior to the onset of the COVID-19 pandemic.

We set out below the trading multiples of the Selected Listed Investment Management Companies based on their 3-year historical mean-median LTM multiple ranges as at the Pre-COVID-19 Date.

Table 13: Trading Multiples of the Selected Listed Investment Management Companies as at the Pre-COVID-19 Date

Trading Multiples of Selected Listed Investment Management Companies ⁽¹⁾								
Company	Listing	Local Currency ("LCY")	Share Price (LCY)	Market Capitalisation ⁽²⁾		EV ⁽³⁾ (\$ mm)	3-year Historical LTM P/E at Pre-COVID-19 Date	
				(LCY mm)	(\$ mm)		Mean (x)	Median (x)
Blackstone	NYSE	USD	97.78	114,886	154,789	148,832	16.9x	15.5x
Brookfield AM ⁽⁴⁾	TSE	USD	50.83	80,184	108,033	337,345	20.5x	17.4x
Goodman Group	ASX	AUD	21.20	39,166	39,663	31,065	17.8x	17.3x
Charter Hall	ASX	AUD	15.62	7,275	7,368	5,500	14.3x	13.1x
Cohen & Steers	NYSE	USD	80.40	3,879	5,226	5,106	19.8x	19.6x
Maximum							20.5x	
Mean							17.2x	
Median							17.3x	
Minimum							13.1x	

Sources: FactSet, Company Filings

- (1) All figures, unless otherwise stated below, are as of the Latest Practicable Date.
- (2) Market capitalisation refers to the closing price on the Latest Practicable Date multiplied by the total number of shares issued of the relevant company on the Latest Practicable Date and the foreign exchange rates derived from FactSet as of the same date.
- (3) Enterprise value has been calculated as the sum of the market capitalisation, net debt, minority interests, less interest in joint ventures and associated companies. Enterprise value is computed based on the latest available consolidated financial results as of the Latest Practicable Date.
- (4) LTM P/E multiples exclude outlier range from 4 Oct 2017 to 27 Dec 2017 as earnings within this period were largely distorted by impairment of financial assets in its private equity operations, and fair value losses on its property portfolio and other investments.

Based on Table 13, we note that the maximum and minimum LTM P/E multiples taken from the 3-year historical mean-median LTM P/E multiples of the Selected Listed Investment Management Companies reflect a range of 13.1 times to 20.5 times. Accordingly, the implied valuation of the Investment Management Segment will range from approximately S\$2,573 million to S\$4,022 million.

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9.7.1.2 Lodging Management Segment

CLI, through its wholly-owned subsidiary The Ascott Limited (“**TAL**”), is engaged in the management and operation of both owned and managed lodging properties. TAL pioneered Asia Pacific’s first international-class serviced residence with the opening of The Ascott Singapore in 1984. It has since grown to be one of the leading international lodging owner-operators. TAL is a wholly owned subsidiary of CLI. TAL boasts over 30 years of industry track record and award-winning brands that enjoy recognition worldwide. In 2020, TAL has won various awards, including Best Serviced Residence Group – Asia Pacific by Travel Weekly Asia 2020 Readers’ Choice Awards, and Asia’s Leading Serviced Apartment Brand 2020 by World Travel Awards 2020. Ascott’s portfolio spans more than 190 cities across over 30 countries in Asia-Pacific, Central Asia, Europe, the Middle East, Africa and USA. TAL has about 70,000 operating units and close to 53,000 units under development, marking a total of about 123,000 units in over 770 properties. TAL’s serviced residence and hotel brands include Ascott The Residence, The Crest Collection, Somerset, Quest, Citadines, lyf, Préférence, Vertu, Harris, Citadines Connect, Fox, Yello and POP!.

We set out in Table 14 below the consolidated financials of CLI’s Lodging Management Segment;

Table 14: Consolidated Financials of the Lodging Management Segment

<i>For LTM Period Ending (\$\$ mm)</i>	31 December 2019	31 March 2021
Consolidated Financials of CLI’s Lodging Management Segment		
Normalised EBITDA ⁽¹⁾	69 ⁽²⁾⁽³⁾	Not Meaningful ⁽⁴⁾

(1) Based on actual EBITDA and one-off items provided by CapitaLand Management.

(2) Adjusted for one-off in legal fee incurred.

(3) Based on 75% stake (2019: 70%) in Synergy Global Housing.

(4) Not meaningful due to negative earnings after adjusting for one-off items including provision of doubtful debt and top up for guaranteed income relating to certain properties due to COVID-19.

The onset of the COVID-19 pandemic before the Joint Announcement Date adversely affected the financial performance of the Lodging Management Segment with lower normalised LTM EBITDA as of 31 March 2021. This resulted in the LTM EBITDA becoming less representative of the Lodging Management Segment under normal operating conditions and less meaningful in evaluating the value of the Lodging Management Segment. As such, we have sought to evaluate the Implied Consideration based on the normalised FY2019 EBITDA of the Lodging Management Segment prior to the onset of the COVID-19 pandemic.

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We note that for the purpose of the valuation of the Lodging Management Segment within CLI, we have utilised the following methodology:

(a) Valuation ratios of selected listed companies.

We focused on an income-based valuation ratio (i.e. LTM EV/EBITDA) as an income-based valuation approach is more relevant than an asset-based valuation approach in providing an estimate of the value of an asset-light company with a fee-based business model.

We note the following key consideration in reference to the valuation of the Lodging Management Segment:

- Based on the maximum and minimum LTM EV/EBITDA multiples taken from the 3-year historical mean-median LTM EV/EBITDA multiples of the Selected Listed Hospitality Companies (as defined below), the implied valuation of Lodging Management Segment will range from approximately S\$976 million to S\$1,507 million.

In arriving at our SOTP analysis for the Lodging Management Segment, we have used a range of values for the Lodging Management Segment between S\$976 million to S\$1,507 million.

(i) Valuation ratios of selected listed companies

We have selected listed global hospitality companies which have, in our opinion, broadly similar businesses to CLI's service residence management investment business (the "**Selected Listed Hospitality Companies**"). Our selection is restricted to pure play listed hospitality companies:

- (a) whose operations are global; and
- (b) which have substantial revenues from franchising and management as opposed to revenue contributed from owned assets.

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Brief descriptions of the Selected Listed Hospitality Companies are set out in the following table.

Table 15: Brief Descriptions of the Selected Listed Hospitality Companies

Company	Company Description	Market Cap. ⁽¹⁾ (S\$ mm)
Selected Listed Hospitality Companies		
Marriott International, Inc. ("Marriott")	▪ Established in 1927, Marriott is a US-based company that engages in the operation and franchise of hotel, residential, and timeshare properties across 131 countries ▪ Property portfolio consists of more than 7,000 properties globally ▪ Franchising and management revenue as a percentage of total revenue= 75%	▪ Latest Practicable Date: 61,836
Hilton Worldwide Holdings, Inc. ("Hilton")	▪ Established in 2010, Hilton is a US-based company that engages in provision of hospitality businesses across 119 countries ▪ Property portfolio consists of more than 6,400 properties globally ▪ Franchising and management revenue as a percentage of total revenue= 73%	▪ Latest Practicable Date: 47,420
InterContinental Hotels Group Plc ("InterContinental")	▪ Established in 1777, InterContinental is a UK-based company that owns and operates hotels ▪ Property portfolio consists of more than 5,900 hotels globally ▪ Franchising and management revenue as a percentage of total revenue= 83%	▪ Latest Practicable Date: 16,705

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Company	Company Description	Market Cap. ⁽¹⁾ (S\$ mm)
Selected Listed Hospitality Companies		
Accor SA (“ Accor ”)	▪ Established in 1967, Accor is a France-based company that engages in the operation and investment in hotel properties in 110 countries ▪ Property portfolio consists of more than 5,100 hotels globally ▪ Franchising and management revenue as a percentage of total revenue= 74%	▪ Latest Practicable Date: 13,295
Wyndham Hotels & Resorts, Inc (“ Wyndham ”)	▪ Established in 1990, Wyndham is a UK-based company that engages in the franchise and operation of hotels in over 80 countries ▪ Property portfolio consists of 9,000 hotels globally ▪ Franchising and management revenue as a percentage of total revenue= 100%	▪ Latest Practicable Date: 9,053
Choice Hotels International, Inc. (“ Choice Hotels ”)	▪ Established in 1939, Choice Hotels is a US-based company that engages in the franchising and operation of hotels in over 40 countries ▪ Property portfolio consists of more than 7,000 hotels globally ▪ Franchising and management revenue as a percentage of total revenue= 100%	▪ Latest Practicable Date: 9,037

Sources: FactSet, Company Filings, Press Articles

(1) Market capitalisation refers to the closing price on the Latest Practicable Date multiplied by the total number of shares outstanding on the Latest Practicable Date respectively. Foreign exchange rates are derived from FactSet as of the Latest Practicable Date.

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We wish to highlight that the Selected Listed Hospitality Companies are not exhaustive and there may not be any companies listed on the SGX-ST or other stock exchanges that are directly comparable to CLI's Lodging Management Segment in terms of, amongst others, market capitalisation, composition of business activities, scale and size of operations, geographical markets, track record, financial performance, operating and financial leverage, future prospects, asset base, risk profile, customer base, liquidity, capital structure, growth profile and other relevant criteria. We also note that the accounting principles used by the respective Selected Listed Hospitality Companies may be different. Such differences may therefore render any comparisons carried out less useful than if the same accounting principles were being used. As such, any comparison made is necessarily limited and merely serves only as an illustrative guide.

We further wish to highlight that the underlying financial data used to calculate the valuation multiples in our analysis has been extracted from Bloomberg, Factset, Capital IQ, published financial statements and annual reports of the Selected Listed Hospitality Companies as of the Latest Practicable Date. We make no representations or warranties, express or implied, on the accuracy or completeness of such information.

We set out below the comparison of trading multiples of the Selected Listed Hospitality Companies for the 3-year period before the Pre-COVID-19 Date against the trading multiples for the period immediately after the Pre-COVID-19 Date up to the Joint Announcement Date.

Table 16: Trading Multiples of the Selected Listed Hospitality Companies

Company	Trading Multiples of Selected Listed Hospitality Companies ⁽¹⁾	
	3-year Historical LTM EV/EBITDA at Pre-COVID-19 Date	Historical LTM EV/EBITDA for Period from after the Pre-COVID-19 Date up to JAD
	Median (x)	Median (x)
Marriott	19.2x	26.2x
Hilton	19.1x	28.0x
InterContinental	16.8x	29.3x
Accor	19.6x	21.1x
Wyndham	14.1x	14.7x
Choice Hotels	15.7x	22.1x
Maximum	19.6x	29.3x
Mean	17.4x	23.6x
Median	17.9x	24.2x
Minimum	14.1x	14.7x

Sources: FactSet, Company Filings

(1) All figures, unless otherwise stated below, are as of the Latest Practicable Date.

Based on Table 16, we note that LTM EV/EBITDA multiples of Selected Listed Hospitality Companies had largely been distorted post the onset of the COVID-19 pandemic with the mean of historical median LTM EV/EBITDA for the period commencing after the Pre-COVID-19 Date up to the Joint Announcement Date being 23.6x, approximately 35.6% higher than the mean of 3-year historical median LTM EV/EBITDA at Pre-COVID-19 Date which is 17.4x. As such, to enable a meaningful evaluation of the value of the Lodging Management Segment under normal operating conditions, we have selected the 3-year historical LTM EV/EBITDA multiples of Selected Listed Hospitality Companies at Pre-COVID-19 Date to perform our analysis.

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We set out below the trading multiples of the Selected Listed Hospitality Companies based on their 3-year historical mean-median LTM multiple ranges as at the Pre-COVID-19 Date.

Table 17: Trading Multiples of the Selected Listed Hospitality Companies as at the Pre-COVID-19 Date

Trading Multiples of Selected Listed Hospitality Companies ⁽¹⁾								
Company	Listing	Local Currency ("LCY")	Share Price (LCY)	Market Capitalisation ⁽²⁾		EV ⁽³⁾ (\$\$ mm)	3-year Historical LTM EV/EBITDA at Pre-COVID-19 Date	
				(LCY mm)	(\$\$ mm)		Mean (x)	Median (x)
Marriott	NASDAQ	USD	140.94	45,896	61,836	75,235	19.5x	19.2x
Hilton	NYSE	USD	126.36	35,196	47,420	58,908	19.3x	19.1x
InterContinental	LSE	GBP	49.17	8,978	16,705	20,031	16.6x	16.8x
Accor	PSE	EUR	31.86	8,342	13,295	14,656	21.8x	19.6x
Wyndham	NYSE	USD	71.94	6,719	9,053	11,830	14.5x	14.1x
Choice Hotels	NYSE	USD	120.73	6,708	9,037	10,106	15.6x	15.7x
Maximum							21.8x	
Mean							17.6x	
Median							17.9x	
Minimum							14.1x	

Sources: FactSet, Company Filings

- (1) All figures, unless otherwise stated below, are as of the Latest Practicable Date.
- (2) Market capitalisation refers to the closing price on the Latest Practicable Date multiplied by the total number of shares issued of the relevant company on the Latest Practicable Date and the foreign exchange rates derived from FactSet as of the same date.
- (3) Enterprise value has been calculated as the sum of the market capitalisation, net debt, minority interests, less interest in joint ventures and associated companies. Enterprise value is computed based on the latest available consolidated financial results as of the Latest Practicable Date.

Based on Table 17, we note that the maximum and minimum LTM EV/EBITDA multiples taken from the 3-year historical mean-median LTM EV/EBITDA multiples of the Selected Listed Hospitality Companies reflect a range of 14.1 times to 21.8 times. Accordingly, the implied valuation of the Lodging Management Segment will range from approximately S\$976 million to S\$1,507 million.

9.7.1.3 Property Investments Segment

CLI, through its Property Investments Segment, will own a portfolio of mainly investment properties. The property investments are held with a view to providing potential pipeline investment opportunities for the Listed Funds and Unlisted Funds Segments so as to grow the CLI Group's funds under management ("**FUM**"). Some of these properties may be monetised through sales to third parties as and when opportunities arise in the near term.

Investment properties are held by subsidiaries and through associates and joint ventures of the Company. Investment properties consist of mainly retail and office properties, and are located in Singapore, China, Malaysia, Japan, India, Korea, UK, Indonesia, Vietnam, Thailand, Australia, USA and Europe. Investment properties are held either to earn rental income or for capital appreciation, or both.

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We note that for the purpose of the valuation of the Property Investments Segment within CLI, we have utilised the following methodology:

- (a) RNAV as at 31 March 2021 as estimated by the Company with the underlying investment properties carried at valuation conducted by the Valuers.

We focused on RNAV as an asset-based valuation approach providing an estimate of the value of a company, assuming the hypothetical sale of all of its assets over a reasonable period of time, is more relevant in providing an estimate of the value of an asset-based company than other income-based valuation approaches. Property-related companies such as the Property Investments Segment are often valued using an asset-based valuation approach as their asset backings are perceived as providing support for the value of their equity, while the reported annual earnings of property-related companies may vary considerably over time and between companies due to factors such as the timing of project launches and completion, redevelopment of properties and periodic revaluation of properties.

We note the following key consideration in reference to the valuation of the Property Investments Segment:

- Based on the RNAV of the Property Investments Segment, the implied valuation of the Property Investments Segment is approximately S\$6,208 million as at 31 March 2021.

(A) NAV of Property Investments Segment

We have relied on the consolidated financials of the Property Investments Segment as at 31 March 2021 which are estimated by the Company. The aggregate book NAV of the investment properties in the Property Investments Segment was approximately S\$6,001 million as at 31 March 2021.

(B) RNAV of Property Investments Segment

The carrying values of the investment properties in the Property Investments Segment were based on independent valuation as at 31 December 2020. CapitaLand has provided valuation reports from Independent Valuers for investment properties which constitute approximately 80% of the total effective valuation of the investment properties under the CLI Group, its joint ventures and its associates (excluding the properties held through Listed Funds and Unlisted Funds) as at 31 December 2020 (“**Relevant CLI Properties**”). Since 31 December 2020, certain Relevant CLI Properties in the Property Investments Segment were revalued as at 31 March 2021 (the “**Revaluations**”). With respect to the rest of Relevant CLI Properties in the Property Investments Segment, the relevant Independent Valuers have each confirmed that, as of 31 March 2021, their Independent Valuations as of 31 December 2020 remain materially unchanged (the “**Valuation Confirmations**”). Accordingly, to present an NAV of the Property Investments Segment that better reflects the financial position of CLI as at the Latest Practicable Date, we have adjusted the NAV as at 31 March 2021 to arrive at the RNAV of the Property Investments Segment, taking into consideration:

- (a) the Revaluations;

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- (b) the investment property values which are the subject of the Valuation Confirmations; and
- (c) subsequent disposals and acquisitions post 31 March 2021 to the Latest Practicable Date.

We set out in Table 18 below a summary of the revaluation approach adopted:

Table 18 Summary of Revaluation Approach

Type	Methodology
Investment Properties	
i. Investment Properties	Valuers have valued the properties based on, amongst others, income capitalisation method, discounted cash flow method and direct comparison method

We set out in Table 19 below the RNAV of CLI's Property Investments Segment.

Table 19: RNAV of CLI's Property Investments Segment

	S\$ mm ⁽¹⁾
Adjusted NAV of CLI's Property Investments Segment as at 31 March 2021 ⁽²⁾	6,001
Add: after-tax net revaluation surplus/(deficit) from investment properties ⁽³⁾	206
RNAV of CLI's Property Investments Segment	6,208

(1) Estimated by CapitaLand Management.

(2) Adjusted for carrying value of ART and CMMT.

(3) Includes net provisional gain/net gain from sale of stake in three (3) of the projects after 31 March 2021.

Based on Table 19, we note that the RNAV of the Property Investments Segment is approximately S\$6,208 million.

The Independent Directors should note that the above RNAV analysis provides an estimate of the value of CLI's Property Investments Segment assuming the hypothetical sale of all the property-related assets and businesses. However, such a hypothetical scenario is assumed without considering factors such as, amongst others, the time value of money, the actual time that would be required to dispose of the assets, market/economic conditions, professional fees, liquidation costs, contractual obligations, any other regulatory requirements and the availability of potential buyers, which would theoretically lower the RNAV that can be realised. The Independent Directors should note that there are no assurances that the revaluation surpluses or gains could be realised at the price levels as appraised by the independent valuers.

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We have relied on Independent Valuations as well as potential tax liability and other estimates provided by CapitaLand Management to ascertain the RNAV for the properties. We have not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained any such information, whether written or verbal, and make no representations or warranties, express or implied, on the accuracy or completeness or adequacy of such information. We have made reasonable enquiries and exercised reasonable judgement as we deemed necessary on the reasonable use of such information and we are not aware of any reason to doubt the accuracy of such information.

9.7.1.4 Unlisted Funds Segment

The Unlisted Funds Segment consists of 25 unlisted funds with total FUM of approximately S\$26 billion as of 31 December 2020. The assets held under the Unlisted Funds Segment are typically operated by the CLI Group's in-house property managers, where feasible. Consistent with CapitaLand's strategy to capitalise on the benefits of the ecosystem with the Parent Group, if there are value-add or development opportunities within these Unlisted Funds, they may engage the Parent Group's development arm. This allows assets within the Unlisted Funds Segment to enjoy economies of scale as a result of the CapitaLand Group's (including the CLI Group's) significant network and outreach, while tapping on the core competencies and expertise of the Parent Group.

We note that for the purpose of the valuation of the Unlisted Funds Segment within CLI, we have utilised the following methodology:

- (a) Carrying values based on the Company's latest audited financials, as at 31 March 2021.

We focused on carrying value as an asset-based valuation approach providing an estimate of the value of a company is more relevant in providing an estimate of the value of an asset-based company than other income-based valuation approaches. Property-related companies such as the Unlisted Funds Segment are often valued using an asset-based valuation approach as their asset backings are perceived as providing support for the value of their equity, while the reported annual earnings of property-related companies may vary considerably over time and between companies due to factors such as the timing of project launches and completion, redevelopment of properties and periodic revaluation of properties. We also understand from CapitaLand Management that these private funds generally invest in real estate assets and the carrying values of the Unlisted Funds Segment were largely supported by independent valuations as at 31 December 2020.

Based on the latest audited financials, the carrying value for the Unlisted Funds Segment is approximately S\$5,891 million, as at 31 March 2021, after accounting for provisional gain from the sale of stake in six of the projects after 31 March 2021.

We wish to highlight that carrying value does not reflect the market value of common shareholders' equity and should not be relied upon as an indication of the market value of common shareholders' equity, which may be affected by, amongst other factors, the performance and prospects of the company, prevailing economic conditions, economic outlook, stock market conditions and sentiment. We also wish to highlight that carrying value is affected by prevailing accounting rules and

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standards, accounting policies adopted by the Company and management's discretion in the application of accounting policies. Accordingly, calculating EV based on carrying value may not provide a meaningful basis for valuation and any valuation derived is necessarily limited and merely serves only as an illustrative guide.

9.7.1.5 Listed Funds

CLI manages six Listed Funds, namely CICT, A-REIT, ART, CLCT, AIT and CMMT. The total FUM for the Listed Funds was approximately S\$52 billion as of 31 December 2020.

We set out in Table 20 below the number of units owned by CLI as well as CLI's shareholding in each Listed Fund.

Table 20: Listed Funds of CLI

Listed Funds	# of units owned by CLI (mm units) ⁽¹⁾	CLI's Shareholding % at Latest Practicable Date ⁽¹⁾
CICT ⁽²⁾	1,486	22.9
CLCT ⁽³⁾	336	22.2
A-REIT	753	18.0
AIT	248	21.6
CMMT	803	38.1
ART	1,270	40.7

(1) Provided by CapitaLand Management.

(2) Adjusted for distribution of 388,242,247 CICT DIS Units as part of the Scheme.

(3) Excludes stake held under CICT.

We note the following key considerations in reference to the valuation of the Listed Funds:

- Based on the closing prices of Listed Funds as at the Latest Practicable Date, the implied valuation of the Listed Funds is approximately S\$7,740 million.
- Based on the VWAPs of Listed Funds over the period from the Joint Announcement Date up to and including the Latest Practicable Date, the implied valuation of the Listed Funds is approximately S\$7,670 million.
- Based on the VWAPs of Listed Funds over the 1-month period prior to and including the USPD, the implied valuation of the Listed Funds is approximately S\$7,712 million.

We set out in Table 21 below a summary of the range of values for the implied valuation of Listed Funds.

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Table 21: Valuation of the Listed Funds of CLI

	CICT ⁽¹⁾	CLCT	A-REIT	AIT	CMMT ⁽²⁾	ART	Aggregate Basis	Per Share Basis
Percentage Owned (%)	22.9%	22.2%	18.0%	21.6%	38.1%	40.7%		
No. of Units Owned (# mm)	1,486	336	753	248	803	1,270		
	Unit Price (S\$)						(S\$ mm)	(S\$)
12-mth prior to LPD (Low)	1.72	1.10	2.83	1.26	0.19	0.81		
12-mth prior to LPD (High)	2.39	1.48	3.65	1.62	0.26	1.14		
LPD Closing Price	2.13	1.37	2.98	1.46	0.20	1.06		
JAD to LPD VWAP	2.11	1.36	2.98	1.44	0.21	1.03		
USPD Closing Price	2.18	1.39	3.08	1.48	0.21	1.08		
USPD 1-Mth VWAP	2.12	1.36	2.96	1.50	0.20	1.05		
USPD 3-Mth VWAP	2.18	1.39	3.02	1.50	0.20	1.05		
USPD 6-Mth VWAP	2.06	1.30	3.04	1.44	0.20	1.01		
USPD 12-Mth VWAP	2.04	1.28	3.14	1.41	0.21	1.00		
	Equity Value (S\$ mm)						(S\$ mm)	(S\$)
12-mth prior to LPD (Low)	2,556	368	2,131	313	152	1,028	6,548	1.26
12-mth prior to LPD (High)	3,552	497	2,745	403	208	1,447	8,852	1.70
LPD Closing Price	3,165	460	2,243	363	162	1,346	7,740	1.49
JAD to LPD VWAP	3,137	458	2,244	358	168	1,306	7,670	1.47
USPD Closing Price	3,240	467	2,319	368	168	1,371	7,932	1.52
USPD 1-Mth VWAP	3,153	458	2,231	372	163	1,335	7,712	1.48
USPD 3-Mth VWAP	3,232	467	2,276	372	161	1,336	7,844	1.51
USPD 6-Mth VWAP	3,054	436	2,290	357	163	1,278	7,579	1.46
USPD 12-Mth VWAP	3,028	430	2,362	352	166	1,272	7,609	1.46

Sources: FactSet, Company Filings

Note: The VWAP is weighted based on the volume of the respective units traded and the corresponding transacted prices of the respective units for market days in the reference periods. Unit prices and VWAP figures shown are rounded to the nearest two (2) decimal places. No adjustments to the respective unit prices and VWAP figures have been made for stock splits, rights issues, dividends, bonus issues, or other corporate transactions in the respective reference periods.

(1) Adjusted for distribution of 388,242,247 CICT DIS Units as part of the Scheme.

(2) All figures are converted at an foreign exchange rate of S\$1:MYR3.0891.

In arriving at our SOTP analysis for CLI, we have used a range of values for the Listed Funds of between S\$7,670 million and S\$7,712 million.

We note that the unit prices are and will continue to be affected to varying extents by changes in, amongst others, market, economic, political, industry, monetary and other general macroeconomic conditions as well as company-specific factors. Accordingly, the historical unit prices should not be relied upon as a promise of its future trading performance.

We set out below and charts outlining the daily closing prices and trading volume of the units of the Listed Funds of CLI for the period 12-month period prior to and including the Latest Practicable Date.

(i) CICT

CICT is the first and largest real estate investment trust listed on the SGX-ST with a market capitalisation of S\$14.0 billion as at 31 December 2020. It made its debut on the SGX-ST as CMT in July 2002 and was renamed CICT in November 2020 following its merger with CCT. CICT owns and invests in quality income-producing assets primarily used for commercial (including retail and/or office) purpose, located

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predominantly in Singapore. As the largest proxy for Singapore commercial real estate, CICT's portfolio comprises 22 properties in Singapore and two in Frankfurt, Germany, valued at S\$22.3 billion as at 31 December 2020. CICT is managed by CapitaLand Integrated Commercial Trust Management Limited, a wholly owned subsidiary of CLI. We note that for the purpose of valuation of CICT, we have utilised the following methodology:

(a) Unit price and trading activity.

The unit price represents historical transacted prices between buyers and sellers of the units. We have focused on the unit price as a market-based valuation approach is more relevant in providing a measure of the value of equity of a publicly-listed company than other valuation approaches which might require more subjective inputs. We note the following key considerations in reference to the valuation of CICT:

- The CICT Units traded within a range of S\$1.72 and S\$2.39 over the trailing twelve months prior to the Latest Practicable Date which implies an equity value of between approximately S\$2,556 million and approximately S\$3,552 million of CLI's 22.95% stake in CICT;
- The VWAP of CICT Units over the 1-month period prior to and including the USPD implies an equity value of CLI's 22.95% stake in CICT of approximately S\$3,153 million;
- The VWAP of CICT Units over the period from the Joint Announcement Date to the Latest Practicable Date implies an equity value of CLI's 22.95% stake in CICT of approximately S\$3,137 million; and
- The market capitalisation as at the Latest Practicable Date implies an equity value of CLI's 22.95% stake in CICT of approximately S\$3,165 million.

In arriving at our SOTP analysis for CLI as at the Latest Practicable Date, we have used a range of values for CICT of between approximately S\$3,137 million and approximately S\$3,153 million.

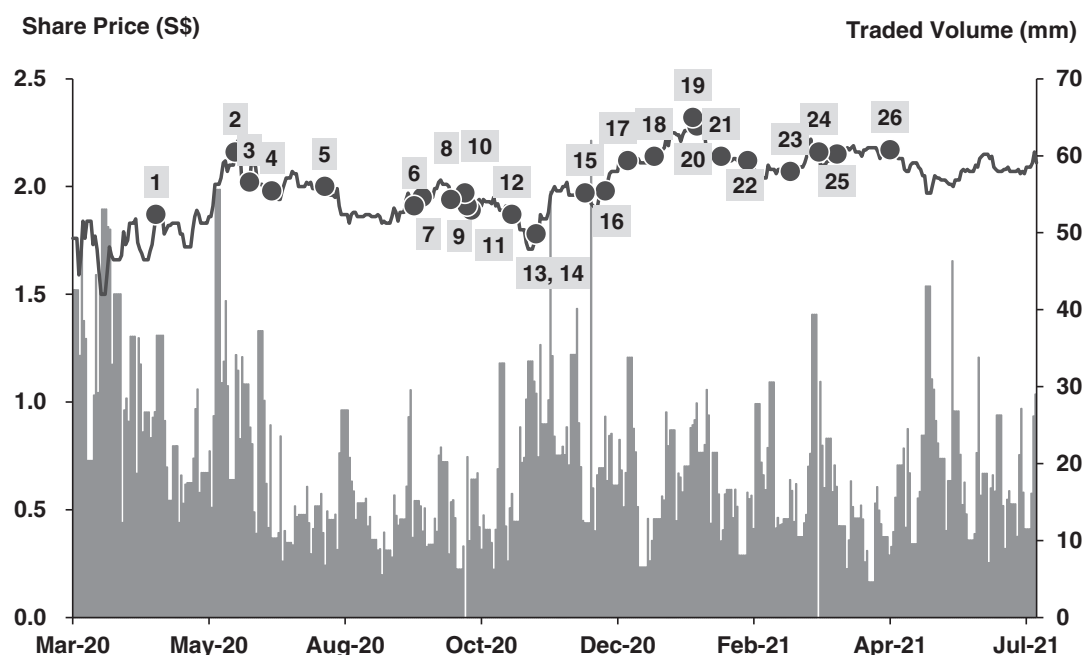
(A) Unit price and trading activity

We set out a chart outlining the daily closing prices and trading volume of the CICT Units for:

- (a) the 12-month period prior to and including the USPD; and
- (b) the period from the Joint Announcement Date up to and including the Latest Practicable Date.

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Chart 2: Historical Unit Price Performance and Trading Volume of CICT



Sources: FactSet, Company Announcements, Press Articles

Key events based on CICT’s announcements and press releases extracted from the SGX-ST and press articles:

(1) 30 April 2020: 1Q 2020 results release

CapitaLand Mall Trust (“CMT”) announced net property income of S\$148.3 million for 1Q 2020 (up 5.9% year-on-year). The earnings release stated that *“the improvement was mainly attributed to the opening of Funan in June 2019, partially offset by the amortisation of rental rebates granted to tenants affected by COVID-19.”*

(2) 8 June 2020: CapitaLand committed to working with tenants and supports shared responsibility to ride through COVID-19 crisis

CMT committed a rental relief package totalling approximately S\$114 million, which translated into rental waiver in April and May 2020 for almost all its shopping mall tenants, inclusive of the value of property tax rebates. Additional rental waiver was granted from 27 to 31 March 2020 for tenants ordered to close their premises since 27 March 2020.

(3) 15 June 2020: Announcement of COVID-19 (Temporary Measures) (Amendment) Bill

CMT announced passing of COVID-19 (Temporary Measures) (Amendment) Bill, thereby granting rental waivers for June 2020 to qualifying small and medium enterprises. Furthermore, in view of the phased approach towards safe-reopening of businesses post-circuit breaker, CMT also expects to provide additional rental

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relief of up to one month of rental or other forms of rental assistance for June 2020 as may be necessary for non-qualifying small and medium enterprise tenants with businesses that are restricted from operating or which are otherwise materially affected by COVID-19.

(4) 26 June 2020: Entered into term loan facilities

CMT announced that HSBC Institutional Trust Services (Singapore) Limited, as trustee of CMT, has entered into unsecured bilateral floating rate term loan facility agreements with various banks, amounting to an aggregate S\$1,022.23 million with various loan tenures ranging from 4 years to 7 years. The facilities will be used for financing or refinancing of investments, financing of any capital expenditure and enhancement works, refinancing of existing borrowings of CMT and its subsidiaries, and for general corporate and working capital purposes.

(5) 22 July 2020: 1H 2020 results release

CMT announced net property income of S\$216.4 million for 1H 2020 (down 20.8% year-on-year). The earnings release stated that the net property income was down *“mainly due to lower gross rental income arising from the rental waivers of S\$76.5 million granted by CMT to tenants affected by COVID-19 as well as lower gross turnover rent and car park income during the ‘circuit breaker’ period. The decline in gross revenue for 1H 2020 was partially mitigated by the new contribution from Funan’s retail and office components, which commenced operations in end June 2019.”*

(6) 4 September 2020: CMT and CCT to seek respective unitholders’ approval of proposed merger on 29 September 2020

CMT and CapitaLand Commercial Trust (“CCT”) issued notices of their respective unitholder meetings to be held on 29 September 2020, to seek approval for the proposed merger of CMT and CCT. Independent directors of both managers have recommended their respective unitholders vote in favour of the proposed merger.

(7) 8 September 2020: CMT secures its first sustainability-linked loan of S\$200 million from UOB

CMT announced that UOB has converted a S\$200 million revolving credit facility extended to CMT into a sustainability-linked loan. This represents CMT’s first sustainability-linked loan, of which the proceeds will be used for general corporate purposes.

(8) 22 September 2020: CMT and CCT engage retail investors on merits of proposed merger at Securities Investors Association (Singapore) dialogue sessions

CMT and CCT held separate dialogue sessions with their respective unitholders as part of their retail investor outreach for their proposed merger to create a diversified commercial REIT. The proposed merged entity will be one of the largest REITs in Asia Pacific and the largest REIT in Singapore.

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(9) 29 September 2020: CMT and CCT vote resoundingly in favour of proposed merger of CMT and CCT

Unitholders of CMT and CCT have voted resoundingly in favour of the proposed merger of CMT and CCT to create a diversified commercial REIT, to be named “CapitaLand Integrated Commercial Trust” (“**CICT**”) following completion of the transaction, with all 5 resolutions duly passed and well supported.

(10) 30 September 2020: CMT assigned ‘A-’ rating with stable outlook

S&P Global Ratings assigned its ‘A-’ long-term issuer credit rating to CMT, and assigned its ‘A-’ long-term issue rating to CMT’s guaranteed senior unsecured multicurrency medium-term note (“**MTN**”) and euro MTN programs. The press release also commented on a “stable outlook” and expects CMT to *“maintain or enhance its solid asset quality and stable profitability over the next 24 months”*.

(11) 2 October 2020: Moody’s downgrades CMT to A3

CMT announced that Moody’s Investors Service has downgraded the issuer and senior unsecured ratings of CMT from A2 to A3.

(12) 22 October 2020: 3Q 2020 results release

CMT announced net property income of S\$104.4 million for 3Q 2020 (down 27.6% lower year-on-year). The earnings release stated that *“this was mainly due to lower gross rental income arising from rental waivers of S\$29.5 million granted by CMT to tenants affected by COVID-19, as well as lower gross turnover and other income”*.

(13) 3 November 2020: CMT to begin trading as CICT on SGX-ST

CMT will begin trading CICT on SGX-ST, following the delisting of CCT, and in connection with the merger between CMT and CCT. CICT’s trading name on SGX-ST will be “CapLand IntCom T” while its stock code remains unchanged as “C38U”. CapitaLand Mall Trust Management Limited, as the manager of CICT, has also been renamed CapitaLand Integrated Commercial Trust Management Limited (“**CICTML**”).

(14) 3 November 2020: CICT – Board reconstitution

CICTML announced a reconstitution of the board following the merger of CCT and CMT, with the reconstituted board comprising members from the respective boards of the managers of CMT and CCT, and reflecting an optimal balance of experience, skills and knowledge relevant to CICT’s business. The changes are as follows:

- (i) the appointment of Mrs. Quek Bin Hwee as Non-Executive Independent Director of CICTML. Mrs. Quek has also been appointed as member of the audit committee;
- (ii) the appointment of Mr. Ng Wai King as Non-Executive Independent Director of CICTML. Mr. Ng has also been appointed as member of the audit committee;

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- (iii) the retirement of Mr. Tan Kian Chew as Non-Executive Non-Independent Director of CICTML;
- (iv) the retirement of Mr. Ng Chee Khern as Non-Executive Independent Director of CICTML. Mr. Ng has also relinquished his role as a member of the audit committee;
- (v) the retirement of Mr. Fong Kwok Jen as Non-Executive Independent Director of CICTML. Mr. Fong has also relinquished his role as a member of the audit committee; and
- (vi) the retirement of Mr. Gay Chee Cheong as Non-Executive Independent Director of CICTML.

(15) 27 November 2020: Issuance of HKD426 million in aggregate principal amount of fixed rate notes

CICTML, as manager of CICT, announced that CMT MTN Pte. Ltd., a wholly-owned subsidiary of CICT, has issued HKD426 million 2.50% fixed rate notes due 27 November 2030 pursuant to its S\$7 billion multicurrency medium term note programme established in 2007. The proceeds will be used to refinance the existing borrowings of the CICT and its subsidiaries (“**CICT Group**”), to finance the investments comprised in CICT, to on-lend to any trust, fund or entity in which CICT has an interest, to finance any asset enhancement works initiated in respect of CICT or such trust, fund or entity, and to finance the general corporate and working capital purposes in respect of the CICT Group.

(16) 7 December 2020: Issuance of S\$250 million in aggregate principal amount of fixed rate notes

CICTML, as manager of CICT, announced that CMT MTN Pte. Ltd., a wholly-owned subsidiary of CICT, has issued S\$250 million 2.15% fixed rate notes due 7 December 2032 pursuant to its S\$7 billion multicurrency medium term note programme established in 2007. The proceeds will be used to refinance the existing borrowings of the CICT Group, to finance the investments comprised in CICT, to on-lend to any trust, fund or entity in which CICT has an interest, to finance any asset enhancement works initiated in respect of CICT or such trust, fund or entity, and to finance the general corporate and working capital purposes in respect of the CICT Group.

(17) 18 December 2020: Redemption on maturity and cancellation of S\$100 million 3.15% fixed rate notes due 2020

CICTML, as manager of CICT, announced that CMT MTN Pte. Ltd., a wholly-owned subsidiary of CICT, has made payment for the redemption in full of its S\$100 million 3.15% fixed rate notes due 2020. As a result, all of the aforementioned notes will also be cancelled with effect from 18 December 2020.

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(18) 31 December 2020: Changes to board and board committees composition

CICTML, as manager of CICT, announced the following changes to the board and board committees with effect from 1 January 2021:

- (i) the appointment of Mr. Leo Mun Wai as Non-Executive Independent Director of CICTML. Mr. Leo will also be appointed as member of the audit committee;
- (ii) the appointment of Mr. Lim Cho Pin Andrew Geoffrey as Non-Executive Non-Independent Director of CICTML. Mr. Lim will also be appointed as member of the Executive Committee (“EC”);
- (iii) the retirement of Mr. Jason Leow Juan Thong as Non-Executive Non-Independent Director of CICTML. Mr. Leow will also cease to be Chairman of the EC; and
- (iv) the appointment of Mr. Jonathan Yap Neng Tong as Chairman of the EC.

(19) 19 January 2021: CapitaSpring tops out, on track for full completion in 2H 2021

CapitaSpring, a 280-metre-tall, 51-storey integrated development in Raffles Place Central Business District, has achieved full height with about 75% of overall construction completed. The development is on track to receive Temporary Occupation Permit in 2H 2021, and secured 38% committed occupancy with another 22% under advanced lease negotiations. CapitaSpring is jointly owned by CapitaLand, CICT, and Mitsubishi Estate Co., Ltd.

(20) 21 January 2021: 4Q 2020 results release

CICTML, as manager of CICT, announced a distributable income of S\$145.4 million for 4Q 2020 (up 26.8% year-on-year). The earnings release stated that *“the increase was attributed to the contribution from CCT’s assets, following the completion of the merger on 21 October 2020, whereby the units of CCT were acquired by CICT via a trust scheme of arrangement.”*

(21) 2 February 2021: Redemption on maturity and cancellation of S\$350 million 3.08% bonds due 2021

CICTML, as manager of CICT, announced payment and redemption in full of its S\$350 million in aggregate principal amount of 3.08% fixed rate bonds due 2021 to be made on 22 February 2021. Following the redemption, all of the aforementioned bonds will be cancelled with effect from 22 February 2021.

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(22) 15 February 2021: Redemption on maturity and cancellation of S\$50 million 2.98% fixed rate notes due 2021

CCT MTN Pte. Ltd. announced payment and redemption in full of its S\$50 million in aggregate principal amount of 2.98% fixed rate bonds due 2021. Following the redemption, all of the aforementioned bonds will be cancelled with effect from 15 February 2021.

(23) 8 March 2021: Issuance of S\$460 million in aggregate principal amount of 2.10% fixed rate notes due 8 March 2028

CICTML, as manager of CICT, announced that CMT MTN Pte. Ltd., a wholly-owned subsidiary of CICT, has issued S\$460 million 2.10% fixed rate notes due 8 March 2028. The notes have been issued under the S\$7 billion multicurrency medium term note programme established by CMT MTN Pte. Ltd. in 2007. The proceeds will be used to refinance the existing borrowings of the CICT Group, to finance the investments comprised in CICT, to on-lend to any trust, fund or entity in which CICT has an interest, to finance any asset enhancement works initiated in respect of CICT or such trust, fund or entity, and to finance the general corporate and working capital purposes in respect of the CICT Group.

(24) 22 March 2021: CapitaLand proposed restructuring to sharpen business focus and unlock shareholder value

CapitaLand announced a proposed restructuring of its business to consolidate its investment management platforms and lodging business into CLI, which is to be listed on the SGX-ST, and to privatise its real estate development business through the proposed privatisation of CapitaLand. CLI will hold the stakes in the business trusts, private funds and listed REITs of CapitaLand, among which includes CapitaLand's stake in CICT.

(25) 31 March 2021: Unsecured loan facilities

CICTML, as manager of CICT, announced that HSBC Institutional Trust Services (Singapore) Limited, as trustee of CICT, has entered into various unsecured bilateral SGD floating rate loan facility agreements to borrow an aggregate principal amount of S\$905 million, with loan tenures ranging from 5 to 7 years. Use of proceeds include the financing or refinancing of investments, refinancing of existing borrowings of the CICT Group, the financing of any capital expenditure and asset enhancement works initiated in respect of CICT or any trust, fund or entity in which CICT has an interest and the CICT Group's general corporate and working capital purposes.

(26) 26 April 2021: 1Q 2021 business updates

CICT provided 1Q 2021 business updates on 26 April 2021, announcing gross revenue of S\$334.8 million (up 63.9% year-on-year) and NPI of S\$247.1 million (up 66.6% year-on-year).

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We wish to highlight that the historical trading performance of the CICT Units serves only as an illustrative guide and should not be relied upon as an indication of the future price performance of the CICT Units, which may be affected by, amongst other factors, the performance and prospects of CICT, prevailing economic conditions, economic outlook, stock market conditions and sentiment.

We further wish to highlight that the underlying financial data used in our analysis has been extracted from announcements released by CICT on the SGX-ST and various press releases as of the Latest Practicable Date. We make no representations or warranties, express or implied, on the accuracy or completeness of such information.

(B) VWAP

We set out in Table 22 below the VWAP and trading volume of the CICT Units for:

- (a) the 12-month period prior to and including the USPD; and
- (b) the period from the Joint Announcement Date up to and including the Latest Practicable Date.

Table 22: VWAP and Trading Volume of CICT

Reference Period	VWAP ⁽¹⁾ (S\$)	Highest Price (S\$)	Lowest Price (S\$)	ADTVol ⁽²⁾ (Shares mm)	ADTVol ⁽²⁾ / Free Float ⁽³⁾ (%)
Period from the JAD up to and including the Latest Practicable Date					
Latest Practicable Date: 3 May 2021 ⁽⁴⁾	2.13	2.19	2.12	29	0.61%
From the JAD up to the Day before Ex Date	2.11	2.25	1.95	18	0.39%
Period Prior to and Including the USPD					
USPD: 19 Mar 2021 ⁽⁴⁾	2.18	2.25	2.17	39	0.83%
1-mth Prior to & Including the USPD	2.12	2.27	2.05	18	0.37%
3-mth Prior to & Including the USPD	2.18	2.39	2.05	18	0.38%
6-mth Prior to & Including the USPD	2.06	2.39	1.72	19	0.41%
12-mth Prior to & Including the USPD	2.04	2.39	1.49	17	0.35%

Source: FactSet

- (1) The VWAP is weighted based on the volume of units traded and the corresponding transacted prices of the units for market days in the reference periods. Unit prices and VWAP figures shown are rounded to the nearest two (2) decimal places. No adjustments to unit prices and VWAP figures have been made for stock splits, rights issues, dividends, bonus issues, or other corporate transactions in the respective reference periods.
- (2) The ADTVol refers to the average number of units that were traded daily for the relevant period prior to and including the Latest Practicable Date.
- (3) Free float refers to the number of units that are available to the public (i.e. not held by insiders) on the Latest Practicable Date. Free float is calculated by taking the total number of units outstanding on the Latest Practicable Date multiplied by the free float percentage on the Latest Practicable Date.
- (4) Refers to last closing price.

We also wish to highlight that the historical trading performance of the CICT Units serves only as an illustrative guide and should not be relied upon as an indication of the future price performance of the CICT Units, which may be affected by, amongst other factors, the performance and prospects of CICT, prevailing market, economic, political, industry, monetary and other general macroeconomic conditions, economic outlook, stock market conditions and sentiment and other company specific factors.

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(ii) CLCT

CLCT is Singapore's largest People's Republic of China ("**PRC**")-focused real estate investment trust. Following the completion of the transformational acquisition of five business parks, CLCT's enlarged portfolio comprises 13 shopping malls and five business park properties valued at approximately S\$4.5 billion as at 31 December 2020. The geographically diversified portfolio has a total GFA of approximately 1.8 million square metres, located across 11 leading PRC cities. CLCT was listed on the SGX-ST in 2006, and established with the objective of investing on a long-term basis in a diversified portfolio of income-producing real estate and real estate-related assets in PRC, Hong Kong and Macau that are used primarily for retail, office and industrial purposes (including business parks, logistics facilities, data centres and integrated developments). CLCT is managed by CapitaLand China Trust Management Limited, a wholly owned subsidiary of CLI. We note that for the purpose of valuation of CLCT, we have utilised the following methodology:

(a) Unit price and trading activity.

The unit price represents historical transacted prices between buyers and sellers of the units. We have focused on the unit price as a market-based valuation approach is more relevant in providing a measure of the value of equity of a publicly-listed company than other valuation approaches which might require more subjective inputs. We note the following key considerations in reference to the valuation of CLCT:

- The units of CLCT ("**CLCT Units**") traded within a range of S\$1.10 and S\$1.48 over the trailing twelve months prior to the Latest Practicable Date which implies an equity value of between approximately S\$368 million and approximately S\$497 million of CLI's 22.2% stake in CLCT;
- The VWAP of CLCT Units over the 1-month period prior to and including the USPD implies an equity value of CLI's 22.2% stake in CLCT of approximately S\$458 million;
- The VWAP of CLCT Units over the period from the Joint Announcement Date to the Latest Practicable Date implies an equity value of CLI's 22.2% stake in CLCT of approximately S\$458 million; and
- The market capitalisation as at the Latest Practicable Date implies an equity value of CLI's 22.2% stake in CLCT of approximately S\$460 million.

In arriving at our SOTP analysis for CLI as at the Latest Practicable Date, we have used a range of values for CLCT of between approximately S\$458 million and approximately S\$458 million.

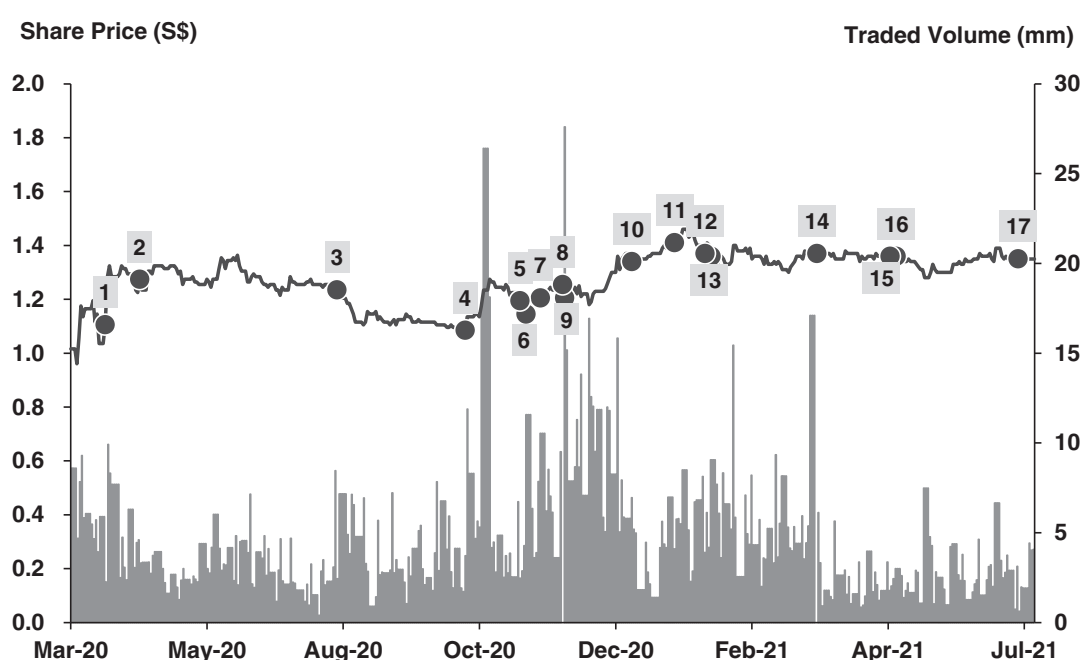
APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE SCHEME

(A) Unit price and trading activity

We set out a chart outlining the daily closing prices and trading volume of the CLCT Units for:

- (a) the 12-month period prior to and including the USPD; and
- (b) the period from the Joint Announcement Date up to and including the Latest Practicable Date.

Chart 3: Historical Unit Price Performance and Trading Volume of CLCT



Sources: FactSet, Company Announcements, Press Articles

Key events based on CLCT's announcements and press releases extracted from the SGX-ST and press articles:

(1) 06 April 2020: CapitaMall Minzhongleyuan in Wuhan resumes operations

CapitaLand Retail China Trust ("CRCT") announced that following the lifting of restrictive measures in Wuhan as China's COVID-19 outbreak abates, CapitaMall Minzhongleyuan has reopened on 2 April 2020 after receiving the necessary clearance from the local authorities. CRCT also reported improving business activities as compared to during the peak of China's lockdown measures in February 2020, with tenants' opening rate reaching as high as 80% to 90% in some malls by end March 2020.

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(2) 23 April 2020: 1Q 2020 business updates

CRCT provided 1Q 2020 business updates on 23 April 2020 stating encouraging signs of activity pick-up, e.g. around 90% of stores have opened by 19 April 2020 and all malls have reopened from 2 April 2020.

(3) 29 July 2020: 1H 2020 results release

CRCT announced 1H 2020 distributable income of S\$37.0 million (down 27.7% year-on-year) and 1H 2020 net property income (“**NPI**”) of RMB328.6 million (down 17.9% year-on-year). The earnings release stated, “*CRCT’s performance in 1H 2020 was impacted mainly by the disruptions to mall operations during China’s nationwide lockdown to combat COVID-19, and provision of a broad-based tenant relief package to assist with its tenants’ business recovery. NPI in 1H 2020 was also affected by the absence of contribution from CapitaMall Erqi, following the cessation of its master lease in 4Q 2019 and its subsequent divestment in May 2020. The drop in NPI was partially mitigated by new contributions from CapitaMall Yuhuating, CapitaMall Xuefu, and CapitaMall Aidemengdun, which were acquired on 30 August 2019.*”

(4) 30 September 2020: Expansion of investment strategy

CapitaLand Retail China Trust Management Limited, as manager of CRCT, announced that with effect from 30 days following the date of announcement, CRCT’s investment strategy will be changed. The press release stated, “*CRCT is a Singapore-based REIT established with the objective of investing on a long-term basis in a diversified portfolio of income-producing real estate and real estate-related assets in China, Hong Kong and Macau that are used primarily for retail, office and industrial purposes (including business parks, logistics facilities, data centres and integrated developments).*”

(5) 20 October 2020: Issuance of S\$100 million fixed rate perpetual securities

CapitaLand Retail China Trust Management Limited, as manager of CRCT, announced the issuance of S\$100 million fixed rate subordinated perpetual securities under its S\$1 billion multicurrency debt issuance programme.

(6) 30 October 2020: 3Q 2020 business updates

CRCT provided 3Q 2020 business updates on 30 October 2020 stating continuous improvement in mall operations, with shopper traffic and tenant sales showing 89.0% and 91.9% recovery year-on-year in 3Q 2020 respectively.

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(7) 6 November 2020: CRCT to acquire 5 business park properties and the balance 49% interest in Rock Square

CapitaLand Retail China Trust Management Limited, as manager of CRCT, announced proposed acquisition of the respective interests in the companies which hold 5 business park properties located in the provincial cities of Suzhou, Xi'an and Hangzhou, China, together with the balance 49% interest in the company which indirectly holds Rock Square in Guangzhou, China, following the recent expansion of its investment mandate. The acquisition is based on an agreed property value of RMB4,945.0 million (approximately S\$1,005.5 million), with an implied NPI yield of 5.8%, and represents a discount of approximately 1.3% to 1.4% to the valuations by independent valuers. CRCT's total acquisition cost is estimated at approximately S\$822.4 million, subject to post completion adjustments, and CRCT intends to finance the Acquisition through an optimal mix of debt, equity and hybrid securities which will result in distribution per unit accretion.

(8) 17 November 2020: Launch of equity fund raising to raise gross proceeds of no less than S\$300 million

CapitaLand Retail China Trust Management Limited, as manager of CRCT, announced proposal of an equity fund raising comprising an offering of new units to raise gross proceeds of no less than S\$300 million by way of:

- (i) a private placement of 184,410,000 new units at an issue price of between S\$1.193 and S\$1.236 per unit to raise gross proceeds of no less than approximately S\$220.0 million, subject to an upsize option being exercised to issue up to 20,956,000 additional new units to raise additional gross proceeds of up to approximately S\$25.0 million; and
- (ii) a *pro-rata* and non-renounceable preferential offering of up to 68,997,855 New Units to eligible unitholders at an issue price of between S\$1.170 and S\$1.210 per new unit to raise gross proceeds of no less than approximately S\$80.0 million.

(9) 18 November 2020: Results of the private placement and pricing of new units under the private placement and preferential offering

CapitaLand Retail China Trust Management Limited, as manager of CRCT, announced the close of the books of orders for the private placement and exercise of option to upsize the private placement exercised in full to raise gross proceeds of S\$245.4 million. The announcement stated, "*the upsized Private Placement was approximately 3 times covered and saw strong participation from new and existing institutional and other accredited investors.*" Total gross proceeds of the equity fund raising will be approximately S\$326.1 million comprising approximately S\$245.4 million from the private placement and approximately S\$80.7 million from the preferential offering.

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(10) 21 December 2020: CRCT opens CapitaMall Nuohemule in Hohhot with 100% occupancy

CapitaLand Retail China Trust Management Limited, as manager of CRCT, announced that CapitaMall Nuohemule (formerly known as Yuquan Mall) was successfully launched on 20 December 2020 with 100% occupancy. All committed tenants, numbering more than 200, opened for business on the same day, attracting a strong footfall of about 100,000 shoppers on the first day of the mall's operations, close to four times the daily traffic of CapitaMall Saihan.

(11) 11 January 2021: Divestment of the company which holds CapitaMall Minzhongleyuan

CapitaLand Retail China Trust Management Limited, as manager of CRCT, announced the divestment of entire equity interest in Wuhan New Min Zhong Le Yuan Co., Ltd, which holds CapitaMall Minzhongleyuan, a heritage building in Jiangnanlu business district with a GFA of approximately 41,717 square metres and a net lettable area of approximately 22,121 square metres. The divestment also includes three sets of premises located at Sanyang Complex, Jiangnan District, Wuhan, with total GFA of 274.13 square meters.

(12) 26 January 2021: Change of Name to CapitaLand China Trust

CapitaLand China Trust Management Limited (formerly known as CapitaLand Retail China Trust Management Limited) (the “**Manager**”), as manager of CLCT, announced that:

- (i) the name of the Manager has changed from “CapitaLand Retail China Trust Management Limited” to “CapitaLand China Trust Management Limited”; and
- (ii) with the approval of HSBC Institutional Trust Services (Singapore) Limited, as trustee of the CRCT, the name of the CRCT has changed from “CapitaLand Retail China Trust” to “CapitaLand China Trust”.

(13) 29 January 2021: 2H 2020 results release

CLCT announced 2H 2020 distributable income of S\$42.7 million (up 15.2% from 1H 2020) and 2H 2020 NPI of S\$69.9 million (down 17.9% year-on-year). The earnings release stated the lower NPI *“was mainly due to measures extended to support tenants’ business recovery amidst a challenging COVID-19 environment, the absence of CapitaMall Erqi’s contribution following its divestment on 1 June 2020 as well as lower average portfolio occupancy and rent; offset by incremental contributions from CapitaMall Yuhuating, CapitaMall Xuefu and CapitaMall Aidemengdun, which were acquired on 30 August 2019.”*

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(14) 22 March 2021: CapitaLand proposes restructuring to sharpen business focus and unlock shareholder value

CapitaLand announced a proposed restructuring of its business to consolidate its investment management platforms and lodging business into CLI, which is to be listed on the SGX-ST, and to privatise its real estate development business through the proposed privatisation of CapitaLand. CLI will hold the stakes in the business trusts, private funds and listed REITs of CapitaLand, among which includes CapitaLand's stake in CLCT.

(15) 27 April 2021: 1Q 2021 business updates

CLCT provided 1Q 2021 business updates on 27 April 2021 stating NPI of RMB264.2 million, representing c.80% of 1H 2020 NPI of RMB328.6 million, with shopper traffic and tenant sales showing 52.1% and 47.2% recovery year-on-year respectively in 1Q 2021.

(16) 30 April 2021: Resignation of director and change in composition of executive committee

CLCT announced the resignation of Mr. Lucas Ignatius Loh Jen Yuh as Non-Executive Non-Independent Director with effect from 1 May 2021. Mr. Lucas Loh will also relinquish his role as Chairman of the Executive Committee.

(17) 29 June 2021: Issuance of S\$150 million 2.40% notes due 2028

CapitaLand China Trust Management Limited, as manager of CLCT, announced the issuance of S\$150 million 2.40% notes due 2028. The notes are issued under its S\$1 billion Multicurrency Debt Issuance Programme, and listing of the notes on the SGX-ST is expected to take place on 30 June 2021.

We wish to highlight that the historical trading performance of the CLCT Units serves only as an illustrative guide and should not be relied upon as an indication of the future price performance of the CLCT Units, which may be affected by, amongst other factors, the performance and prospects of CLCT, prevailing economic conditions, economic outlook, stock market conditions and sentiment.

We further wish to highlight that the underlying financial data used in our analysis has been extracted from announcements released by CLCT on the SGX-ST and various press releases as of the Latest Practicable Date. We make no representations or warranties, express or implied, on the accuracy or completeness of such information.

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(B) VWAP

We set out in Table 23 below the VWAP and trading volume of the CLCT Units for:

- (a) the 12-month period prior to and including the USPD; and
- (b) the period from the Joint Announcement Date up to and including the Latest Practicable Date.

Table 23: VWAP and Trading Volume of CLCT

Reference Period	VWAP ⁽¹⁾ (S\$)	Highest Price (S\$)	Lowest Price (S\$)	ADTVol ⁽²⁾ (Shares mm)	ADTVol ⁽²⁾ / Free Float ⁽³⁾ (%)
Period from the JAD up to and including the Latest Practicable Date					
Latest Practicable Date: 3 May 2021 ⁽⁴⁾	1.37	1.38	1.36	4	0.35%
From the JAD up to the Day before Ex Date	1.36	1.41	1.28	3	0.23%
Period Prior to and including the USPD					
USPD: 19 Mar 2021 ⁽⁴⁾	1.39	1.41	1.37	17	1.46%
1-mth Prior to & Including the USPD	1.36	1.41	1.31	5	0.47%
3-mth Prior to & Including the USPD	1.39	1.48	1.31	6	0.47%
6-mth Prior to & Including the USPD	1.30	1.48	1.10	7	0.57%
12-mth Prior to & Including the USPD	1.28	1.48	0.93	5	0.40%

Source: FactSet

- (1) The VWAP is weighted based on the volume of units traded and the corresponding transacted prices of the units for market days in the reference periods. Unit prices and VWAP figures shown are rounded to the nearest two (2) decimal places. No adjustments to unit prices and VWAP figures have been made for stock splits, rights issues, dividends, bonus issues, or other corporate transactions in the respective reference periods.
- (2) The ADTVol refers to the average number of units that were traded daily for the relevant period prior to and including the Latest Practicable Date.
- (3) Free float refers to the number of units that are available to the public (i.e. not held by insiders) on the Latest Practicable Date. Free float is calculated by taking the total number of units outstanding on the Latest Practicable Date multiplied by the free float percentage on the Latest Practicable Date.
- (4) Refers to last closing price.

We wish to highlight that the historical trading performance of the CLCT Units serves only as an illustrative guide and should not be relied upon as an indication of the future price performance of the CLCT Units, which may be affected by, amongst other factors, the performance and prospects of CLCT, prevailing market, economic, political, industry, monetary and other general macroeconomic conditions, economic outlook, stock market conditions and sentiment and other company specific factors.

(iii) CMMT

CMMT, listed on Bursa Malaysia in 2010, is a shopping mall-focused real estate investment trust in Malaysia with an income-producing and geographically diversified portfolio of five shopping malls and a complementary office block as at 31 December 2020. With a market capitalisation of approximately MYR1.3 billion as at 31 December 2020, the total asset value of CMMT was about MYR4.0 billion. CMMT invests, on a long-term basis, in income-producing real estate which is primarily used for retail purposes in Malaysia. CMMT's portfolio of quality assets is strategically located in key urban centres across Malaysia. In May 2021, an announcement was made in relation to the proposed expansion of CMMT's

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investment objective and policy to include investments in other asset classes, namely commercial, office and industrial. This proposal has been approved by CMMT's unitholders and is in the process of being formalised. Ancillary to the above, CMMT is also proposed to be renamed to CapitaLand Malaysia Trust. CMMT is managed by CapitaLand Malaysia REIT Management Sdn. Bhd. (a joint venture between CLI and Malaysian Industrial Development Finance Berhad). We note that for the purpose of valuation of CMMT, we have utilised the following methodology:

(a) Unit price and trading activity.

The unit price represents historical transacted prices between buyers and sellers of the units. We have focused on the unit price as a market-based valuation approach is more relevant in providing a measure of the value of equity of a publicly-listed company than other valuation approaches which might require more subjective inputs. We note the following key considerations in reference to the valuation of CMMT:

- The units of CMMT ("**CMMT Units**") traded within a range of S\$0.19 and S\$0.26 over the trailing twelve months prior to the Latest Practicable Date which implies an equity value of between approximately S\$152 million and approximately S\$208 million of CLI's 38.1% stake in CMMT;
- The VWAP of CMMT Units over the 1-month period prior to and including the USPD implies an equity value of CLI's 38.1% stake in CMMT of approximately S\$163 million;
- The VWAP of CMMT Units over the period from the Joint Announcement Date to the Latest Practicable Date implies an equity value of CLI's 38.1% stake in CMMT of approximately S\$168 million; and
- The market capitalisation as at the Latest Practicable Date implies an equity value of CLI's 38.1% stake in CMMT of approximately S\$162 million.

In arriving at our SOTP analysis for CLI as at the Latest Practicable Date, we have used a range of values for CMMT of between approximately S\$168 million and approximately S\$163 million.

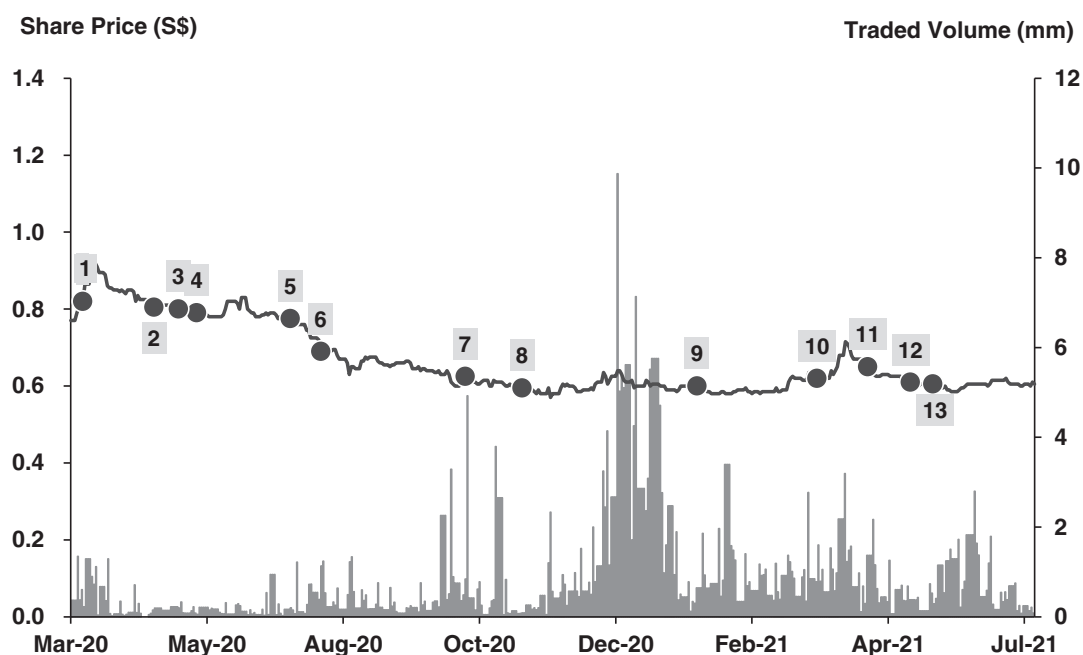
(A) Unit price and trading activity

We set out a chart outlining the daily closing prices and trading volume of the CMMT Units for:

- (a) the 12-month period prior to and including the USPD; and
- (b) the period from the Joint Announcement Date up to and including the Latest Practicable Date.

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Chart 4: Historical Unit Price Performance and Trading Volume of CMMT



Sources: FactSet, Company Announcements, Press Articles

Key events based on CMMT’s announcements and press releases extracted from Bursa Malaysia and press articles:

- (1) 26 March 2020: CapitaLand and CMMT offer 14 days rental waiver for tenants providing non-essential services or supplies**

CapitaLand and CMMT announced provision of 14 days rental waiver to affected tenants who provide non-essential services or supplies across all 7 CapitaLand malls in Malaysia following implementation of the Movement Control Order by the Malaysia government, with the aim of providing immediate cost and cash flow relief to affected tenants.

- (2) 30 April 2020: CMMT commits up to RM35.0 million of rental relief to support affected tenants**

CapitaLand Malaysia Mall REIT Management Sdn. Bhd. (“**CMRM**”), as manager of CMMT, announced commitment of up to RM35.0 million of rental relief to support its shopping mall tenants who provide non-essential services or supplies and are required to close during Malaysia’s Movement Control Order.

- (3) 12 May 2020: Proposed distribution reinvestment plan which will provide unitholders of CMMT with an option to elect to reinvest their cash distribution in new units of CMMT**

CMMT announced proposal to undertake a distribution reinvestment plan that will provide the unitholders of CMMT with an option to elect to reinvest, in whole or in part, their cash distribution, in new units of CMMT. The proceeds reinvested into

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CMMT will be utilised for future working capital requirements of CMMT's existing portfolio of properties to fund daily operations, general administrative and other operating expenditure as well as capital expenditure for asset enhancement initiatives for its properties.

(4) 21 May 2020: 1Q 2020 results release

CMMT announced 1Q 2020 NPI of RM39.4 million (down 25.4% year-on-year). The earnings release stated that *"this was mainly attributed to the 14-day rental waiver from 18 to 31 March 2020 granted to affected tenants."*

(5) 6 July 2020: Change in board and executive committee

CMRM, as manager of CMMT, announced the following changes to the board and executive committee, which will take effect from 6 July 2020:

- (i) appointment of Mr. Yap Neng Tong as Non-Executive Non-Independent Director and Chairman of the Executive Committee of CMRM; and
- (ii) resignation of Mr. Tay Boon Hwee as Non-Executive Non-Independent Director and cessation as Chairman of the Executive Committee of CMRM

(6) 21 July 2020: 1H 2020 results release

CMMT announced 1H 2020 NPI of RM58.7 million (down 43.0% year-on-year). The earnings release stated that *"this was mainly attributed to the rental waiver and rental relief granted to affected tenants over the various phases of Malaysia's Movement Control Order."*

(7) 30 September 2020: Change in board and audit committee

CMRM, as manager of CMMT, announced the following changes to the board and audit committee, which will take effect from 1 October 2020:

- (i) appointment of Mr. Lui Chong Chee as Independent Non-Executive Director and a member of the audit committee of CMRM;
- (ii) appointment of En Mohd Yusof Bin Hussian as Independent Non-Executive Director and a member of the audit committee of CMRM; and
- (iii) resignation of Mr. Ng Chih Kaye and YBhg Dato' Mohammed Bin Haji Che Hussein as Independent Non-Executive Directors and cessation as Members of the audit committee of CMRM

(8) 28 October 2020: 3Q 2020 results release

CMMT announced 3Q 2020 NPI of RM40.8 million (down 17.2% year-on-year). The earnings release stated that *"this was mainly attributed to higher vacancies and the rental relief granted to affected tenants as they progressively resumed operations under Malaysia's Recovery Movement Control Order."*

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(9) 22 January 2021: FY 2020 results release

CMMT announced FY 2020 NPI of RM133.5 million (down 33.9% lower year-on-year). The earnings release stated that *“this was mainly attributed to the rental relief granted to eligible tenants affected by COVID-19 and vacancies.”*

(10) 22 March 2021: CapitaLand proposes restructuring to sharpen business focus and unlock shareholder value

CapitaLand announced a proposed restructuring of its business to consolidate its investment management platforms and lodging business into CLI, which is to be listed on the SGX-ST, and to privatise its real estate development business through the proposed privatisation of CapitaLand. CLI will hold the stakes in the business trusts, private funds and listed REITs of CapitaLand, among which includes CapitaLand’s stake in CMMT.

(11) 16 April 2021: 1Q 2021 results release

CMMT announced 1Q 2021 NPI of RM24.9 million (down 36.7% year-on-year). The earnings release stated that *“this mainly reflected the effect of the nationwide Movement Control Order (MCO) that was reintroduced in January 2021 to contain the spread of COVID-19.”*

(12) 7 May 2021: Changes in board and audit committee

CMRM, as manager of CMMT, announced the following changes to the board and audit committee, which will take effect from 1 June 2021:

- (a) appointment of Mr. Lui Chong Chee as Chairman of the Board. Mr. Lui will also cease to be a member of the audit committee;
- (b) appointment of Mr. Foo Wei Hoong as Non-Executive Independent Director and Chairman of the audit committee;
- (c) appointment of Ms. Tan Ming-Li as Non-Executive Independent Director and member of the audit committee;
- (d) resignation of Mr. David Wong Chin Huat from the Board and cessation from his roles as Chairman of the Board and Non-Executive Independent Director; and
- (e) resignation of Tuan Haji Rosli bin Abdullah from the Board and cessation from his roles as Chairman of the audit committee and Non-Executive Independent Director

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(13) 18 May 2021: Proposed expansion of CMMT’s investment objective and policy and proposed change of name of CMMT and CMRM

CMMT announced proposals to undertake the following:

- (a) the expansion of CMMT’s investment objective and policy, which will include investments in other asset classes, namely commercial, office and industrial in order to enable CMMT to widen its investment opportunities and to diversify its revenue stream; and
- (b) Ancillary to the expansion in investment objective and policy, the names of CMMT and CMRM are also proposed to be changed to “CapitaLand Malaysia Trust” and “CapitaLand Malaysia REIT Management Sdn Bhd” respectively

We wish to highlight that the historical trading performance of the CMMT Units serves only as an illustrative guide and should not be relied upon as an indication of the future price performance of the CMMT Units, which may be affected by, amongst other factors, the performance and prospects of CMMT, prevailing economic conditions, economic outlook, stock market conditions and sentiment.

We further wish to highlight that the underlying financial data used in our analysis has been extracted from announcements released by CMMT on Bursa Malaysia and various press releases as of the Latest Practicable Date. We make no representations or warranties, express or implied, on the accuracy or completeness of such information.

(B) VWAP

We set out in Table 24 below the VWAP and trading volume of the CMMT Units for:

- (a) the 12-month period prior to and including the USPD; and
- (b) the period from the Joint Announcement Date up to and including the Latest Practicable Date.

Table 24: VWAP and Trading Volume of CMMT

Reference Period	VWAP ⁽¹⁾ (S\$)	Highest Price (S\$)	Lowest Price (S\$)	ADTVol ⁽²⁾ (Shares mm)	ADTVol ⁽²⁾ / Free Float ⁽³⁾ (%)
Period from the JAD up to and including the Latest Practicable Date					
Latest Practicable Date: 3 May 2021 ⁽⁴⁾	0.20	0.20	0.20	0	0.01%
From the JAD up to the Day before Ex Date	0.21	0.24	0.19	1	0.08%
Period Prior to and Including the USPD					
USPD: 19 Mar 2021 ⁽⁴⁾	0.21	0.21	0.21	1	0.08%
1-mth Prior to & Including the USPD	0.20	0.22	0.19	1	0.09%
3-mth Prior to & Including the USPD	0.20	0.22	0.19	2	0.16%
6-mth Prior to & Including the USPD	0.20	0.22	0.19	2	0.14%
12-mth Prior to & Including the USPD	0.21	0.31	0.19	1	0.08%

Source: FactSet

- (1) The VWAP is weighted based on the volume of units traded and the corresponding transacted prices of the units for market days in the reference periods. Unit prices and VWAP figures shown are rounded to the nearest two (2) decimal places. No adjustments to unit prices and VWAP figures have been made for stock splits, rights issues, dividends, bonus issues, or other corporate transactions in the respective reference periods.
- (2) The ADTVol refers to the average number of units that were traded daily for the relevant period prior to and including the Latest Practicable Date.

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- (3) Free float refers to the number of units that are available to the public (i.e. not held by insiders) on the Latest Practicable Date. Free float is calculated by taking the total number of units outstanding on the Latest Practicable Date multiplied by the free float percentage on the Latest Practicable Date.
- (4) Refers to last closing price.

We wish to highlight that the historical trading performance of the CMMT Units serves only as an illustrative guide and should not be relied upon as an indication of the future price performance of the CMMT Units, which may be affected by, amongst other factors, the performance and prospects of CMMT, prevailing market, economic, political, industry, monetary and other general macroeconomic conditions, economic outlook, stock market conditions and sentiment and other company specific factors.

(iv) ART

ART is the largest hospitality trust in Asia-Pacific with an asset value of S\$7.2 billion as at 31 December 2020. Listed on the SGX-ST since March 2006, ART's objective is to invest primarily in income-producing real estate and real estate-related assets which are used or predominantly used as serviced residences, hotels, rental housing properties, student accommodation and other hospitality assets in any country in the world. ART is a constituent of the FTSE EPRA Nareit Global Real Estate Index Series (Global Developed Index). ART's international portfolio comprises 86 properties with more than 16,000 units in 38 cities across 15 countries in Asia-Pacific, Europe and USA as at 31 December 2020. ART's properties are mostly operated under the Ascott The Residence, Somerset, Quest and Citadines brands. They are mainly located in key gateway cities such as Barcelona, Berlin, Brussels, Hamburg, Hanoi, Ho Chi Minh City, Jakarta, Kuala Lumpur, London, Manila, Melbourne, Munich, New York, Osaka, Paris, Perth, Seoul, Shanghai, Singapore, Sydney and Tokyo. ART is a stapled group comprising Ascott REIT and Ascott BT. ART is managed by Ascott Residence Trust Management Limited (as manager of Ascott REIT) and Ascott Business Trust Management Pte. Ltd. (as trustee-manager of Ascott BT), both of which are wholly owned subsidiaries of CLI. We note that for the purpose of valuation of ART, we have utilised the following methodology:

(a) Unit price and trading activity.

The unit price represents historical transacted prices between buyers and sellers of the units. We have focused on the unit price as a market-based valuation approach is more relevant in providing a measure of the value of equity of a publicly-listed company than other valuation approaches which might require more subjective inputs. We note the following key considerations in reference to the valuation of ART:

- The units of ART ("**ART Units**") traded within a range of S\$0.81 and S\$1.14 over the trailing twelve months prior to the Latest Practicable Date which implies an equity value of between approximately S\$1,028 million and approximately S\$1,447 million of CLI's 40.7% stake in ART;

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- The VWAP of ART Units over the 1-month period prior to and including the USPD implies an equity value of CLI's 40.7% stake in ART of approximately S\$1,335 million;
- The VWAP of ART Units over the period from the Joint Announcement Date to the Latest Practicable Date implies an equity value of CLI's 40.7% stake in ART of approximately S\$1,306 million; and
- The market capitalisation as at the Latest Practicable Date implies an equity value of CLI's 40.7% stake in ART of approximately S\$1,346 million.

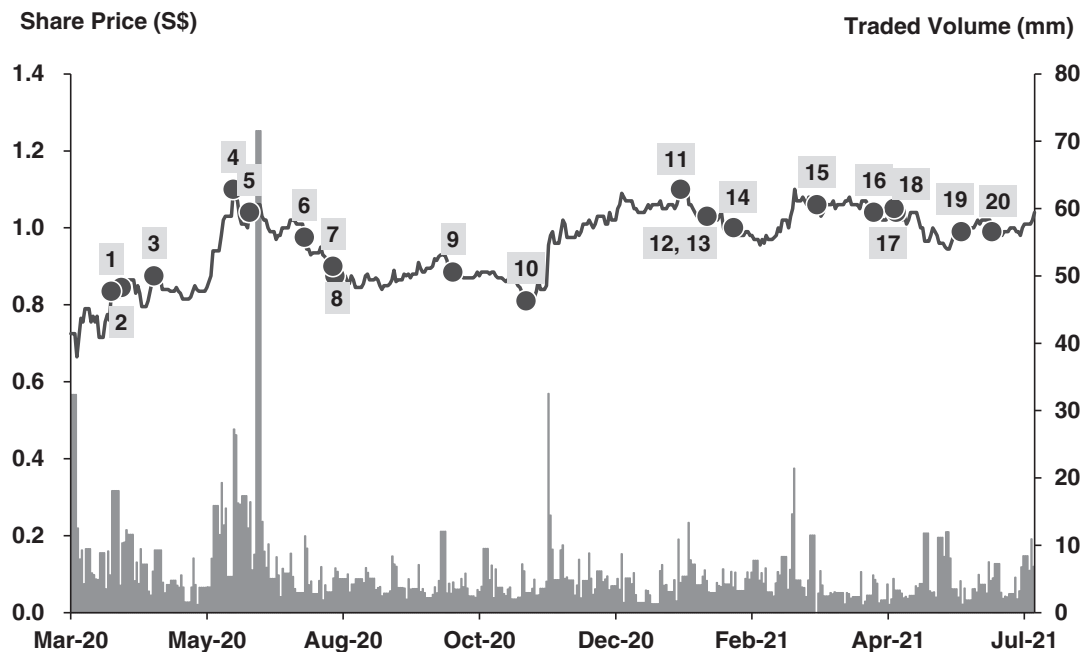
In arriving at our SOTP analysis for CLI as at the Latest Practicable Date, we have used a range of values for ART of between approximately S\$1,306 million and approximately S\$1,335 million.

(A) Unit price and trading activity

We set out a chart outlining the daily closing prices and trading volume of the ART Units for:

- the 12-month period prior to and including the USPD; and
- the period from the Joint Announcement Date up to and including the Latest Practicable Date.

Chart 5: Historical Unit Price Performance and Trading Volume of ART



Sources: FactSet, Company Announcements, Press Articles

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Key events based on ART’s announcements and press releases extracted from the SGX-ST and press articles:

(1) 9 April 2020: Update on COVID-19

ART provided an update on COVID-19 and its impact on the company. The press release stated that *“lower occupancies and room rates have been observed across all our markets, with properties predominantly catering to the transient segments being the most impacted. Amongst our markets with higher transient demand, Australia, Japan, Europe and the United States of America have experienced a greater decline in occupancy in March 2020, while properties catering to the longer-stay segment in countries like China, Vietnam and Singapore were less impacted.”*

(2) 14 April 2020: Changes to Board and Board Committee composition

ART announced the following appointments which will take effect on 15 April 2020:

- (i) the appointment of Mr. Chia Kim Huat as a Non-Executive Independent Director and a member of the audit committee; and
- (ii) the appointment of Mr. Goh Soon Keat Kevin as a Non-Executive Non-Independent Director

(3) 30 April 2020: 1Q 2020 business updates

ART provided 1Q 2020 business updates on 30 April 2020 stating lower occupancies due to COVID-19, cushioned by long stays, stable income sources, alternative sources of business and cost containment measures.

(4) 8 June 2020: ART to join FTSE EPRA NAREIT Global Real Estate Index Series

ART announced its inclusion in the FTSE EPRA NAREIT Global Real Estate Index Series (Global Developed Index) from 22 June 2020. The FTSE EPRA NAREIT Global Real Estate Index Series is an international real estate investment index developed by FTSE Group in cooperation with the European Public Real Estate Association (“EPRA”) and the National Association of Real Estate Investment Trusts (“NAREIT”).

(5) 16 June 2020: Changes to Board and Board Committee composition

ART announced the following changes which will take effect on 17 June 2020:

- (i) the appointment of Ms. Deborah Lee Siew Yin as a Non-Executive Independent Director. Ms. Lee will also assume the role of a member of the audit committee;
- (ii) the stepping down of Ms. Elaine Carole Young as a Non-Executive Independent Director. Consequently, Ms. Young will also cease to be a member of the audit committee; and
- (iii) the appointment of Mr. Goh Soon Keat Kevin, an existing Non-Executive Non-Independent Director, as a member of the executive committee.

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(6) 13 July 2020: Profit guidance on unaudited financial results for 1H 2020

ART guided that financial performance is expected to be adversely impacted due to disruption brought about by the COVID-19 pandemic. ART's available income for distribution for 1H 2020 is expected to reduce by 55% to 65% year-on-year. ART's distribution per stapled security for 1H 2020 is expected to reduce by 65% to 75% year-on-year.

(7) 27 July 2020: Divestment of Ascott Guangzhou and Citadines Didot Montparnasse Paris for over S\$190 million

ART announced it has entered into 2 conditional agreements to divest Ascott Guangzhou in China and Citadines Didot Montparnasse Paris in France to two unrelated third parties respectively, for a total of about S\$191.4 million. ART is expected to realise total estimated net gains of about S\$23.2 million upon the completion of both transactions.

(8) 28 July 2020: 1H 2020 results release

ART announced 1H 2020 distributable income of S\$32.6 million (down 56% year-on-year), including a S\$5.0 million top-up to mitigate the impact of COVID-19 on distributions. ART's revenue declined by 16% to S\$208.5 million while gross profit declined by 28% to S\$88.6 million. The earnings release stated that *"this was mainly attributed to the decrease in contributions from the divestment of Ascott Raffles Place Singapore and Somerset West Lake Hanoi and lower revenue from the existing portfolio."*

(9) 24 September 2020: Resignation of joint company secretary

ART announced the resignation of Ms. Chang Tsuey Woan Karen as joint company secretary of Ascott Residence Trust Management Limited and Ascott Business Trust Management Pte. Ltd. with effect from 25 September 2020.

(10) 30 October 2020: 3Q 2020 business updates

ART provided 3Q 2020 business updated on 30 October 2020 stating that 3Q 2020 portfolio revenue per available unit fell 70% year-on-year to S\$47, but increased 27% from previous quarter, and 3Q 2020 average portfolio occupancy of c.40%, a steady increase from c.30% in 2Q 2020.

(11) 14 January 2021: ART is the first hospitality trust in Singapore to secure green loan

ART announced that it has obtained a S\$50 million five-year green loan from DBS Bank, making ART the first hospitality trust in Singapore to secure a green loan. Proceeds from the green loan will be used to finance ART's maiden development project and co-living property, lyf one-north Singapore, bringing the total number of ART's green properties to 21.

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(12) 27 January 2021: 2H 2020 results release

ART announced 2H 2020 distributable income of S\$61.7 million (down 32% year-on-year) on 2H 2020 revenue of S\$161.4 million (down 39% year-on-year). The earnings release stated that this was *“mainly attributed to the lower revenue from the existing portfolio due to the impact of COVID-19, and a decrease in contributions from the divestment of Somerset Liang Court Singapore and Somerset West Lake Hanoi in Vietnam.”*

(13) 27 January 2021: Acquisition of student accommodation property in Atlanta and expansion of investment strategy

ART announced it has entered into a conditional sale and purchase agreement to acquire a student accommodation property located at 800 Marietta Street NW, Atlanta, USA, for a consideration of US\$95.0 million. The property is a mid-rise building with an aggregate of 183 units and 525 beds. ART also announced expansion of its investment strategy to include investments in real estate and real estate related assets which are income producing and which are used, or predominantly used, as student accommodation.

(14) 9 February 2021: Divestment of 100% owned subsidiary in China

ART announced it has entered into a conditional sale and purchase agreement with an unrelated third party to divest Somerset Xuhui Shanghai, with an agreed aggregate value of RMB1.05 billion. The press release stated that *“operational growth prospects and capital appreciation upside of the property are limited due to the ongoing COVID-19 situation and strict government regulations to cool the property market in China. As such, the sale presents an opportunity to unlock the underlying value of the property and re-deploy the proceeds in higher yielding assets to enhance the returns of ART’s portfolio.”*

(15) 22 March 2021: CapitaLand proposes restructuring to sharpen business focus and unlock shareholder value

CapitaLand announced a proposed restructuring of its business to consolidate its investment management platforms and lodging business into CLI, which is to be listed on the SGX-ST, and to privatise its real estate development business through the proposed privatisation of CapitaLand. CLI will hold the stakes in the business trusts, private funds and listed REITs of CapitaLand, among which includes CapitaLand’s stake in ART.

(16) 19 April 2021: Changes to Board and Board Committees composition

ART announced the following changes which will take effect on 20 April 2021:

- (i) the retirement of Mr. Zulkifli Bin Baharudin as Non-Executive Independent Director. Mr. Zulkifli will also cease to be member of the audit committee;

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- (ii) the retirement of Mr. Lee Chee Koon as Non-Executive Non-Independent Director. Mr. Lee will also cease to be Chairman of the Executive Committee; and
- (iii) the appointment of Mr. Goh Soon Keat Kevin, an existing Non-Executive Non-Independent Director, as Chairman of the Executive Committee.

(17) 29 April 2021: 1Q 2021 business updates

ART provided 1Q 2021 business updates on 29 April 2021 stating that 1Q 2021 portfolio revenue per available unit fell 47% year-on-year to S\$55, but increased 10% from the previous quarter, and the 1Q 2021 average portfolio occupancy of c.50%, a steady increase from mid-40% in 4Q 2020.

(18) 30 April 2021: Changes to board and board committees composition

ART announced the appointment of LG Ong Su Kiat Melvyn as Non-Executive Independent Director, which will take effect on 1 May 2021. LG Ong will also be appointed as a member of the audit committee.

(19) 1 June 2021: Acquisition of 3 rental housing properties in Japan

ART announced that it has entered into agreements to acquire three freehold rental housing properties in central Sapporo for a total of JPY6.78 billion (approximately S\$85.2 million) to expand its rental housing portfolio in Japan. The three rental housing properties are from unrelated third parties and the average EBITDA yield of the three acquisitions is approximately 4%. The transactions are expected to be completed by end June 2021 and will be funded by debt and part of the net proceeds from recent divestments.

(20) 16 June 2021: Ascott and ART jointly invest and develop student accommodation property in South Carolina, USA

CapitaLand's wholly owned lodging business unit, Ascott, and its hospitality trust, ART, announced that they will jointly invest and develop a freehold student accommodation asset located in South Carolina, USA for an expected total amount of US\$109.9 million (approximately S\$146.2 million). The 678-bed student accommodation will serve over 35,000 undergraduate and graduate students from the nearby University of South Carolina, and construction of the asset is scheduled to start in 3Q 2021 and complete in 2Q 2023.

We wish to highlight that the historical trading performance of the ART Units serves only as an illustrative guide and should not be relied upon as an indication of the future price performance of the ART Units, which may be affected by, amongst other factors, the performance and prospects of ART, prevailing economic conditions, economic outlook, stock market conditions and sentiment.

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We further wish to highlight that the underlying financial data used in our analysis has been extracted from announcements released by ART on the SGX-ST and various press releases as of the Latest Practicable Date. We make no representations or warranties, express or implied, on the accuracy or completeness of such information.

(B) VWAP

We set out in Table 25 below the VWAP and trading volume of the ART Units for:

- (a) the 12-month period prior to and including the USPD; and
- (b) the period from the Joint Announcement Date up to and including the Latest Practicable Date.

Table 25: VWAP and Trading Volume of ART

Reference Period	VWAP ⁽¹⁾ (S\$)	Highest Price (S\$)	Lowest Price (S\$)	ADTVol ⁽²⁾ (Shares mm)	ADTVol ⁽²⁾ / Free Float ⁽³⁾ (%)
Period from the JAD up to and including the Latest Practicable Date					
Latest Practicable Date: 3 May 2021 ⁽⁴⁾	1.06	1.06	1.03	7	0.38%
From the JAD up to the Day before Ex Date	1.03	1.10	0.96	4	0.24%
Period Prior to and Including the USPD					
USPD: 19 Mar 2021 ⁽⁴⁾	1.08	1.10	1.06	12	0.65%
1-mth Prior to & Including the USPD	1.05	1.14	0.97	6	0.36%
3-mth Prior to & Including the USPD	1.05	1.14	0.97	6	0.31%
6-mth Prior to & Including the USPD	1.01	1.14	0.81	5	0.30%
12-mth Prior to & Including the USPD	1.00	1.17	0.67	5	0.31%

Source: FactSet

- (1) The VWAP is weighted based on the volume of units traded and the corresponding transacted prices of the units for market days in the reference periods. Unit prices and VWAP figures shown are rounded to the nearest two (2) decimal places. No adjustments to unit prices and VWAP figures have been made for stock splits, rights issues, dividends, bonus issues, or other corporate transactions in the respective reference periods.
- (2) The ADTVol refers to the average number of units that were traded daily for the relevant period prior to and including the Latest Practicable Date.
- (3) Free float refers to the number of units that are available to the public (i.e. not held by insiders) on the Latest Practicable Date. Free float is calculated by taking the total number of units outstanding on the Latest Practicable Date multiplied by the free float percentage on the Latest Practicable Date.
- (4) Refers to last closing price.

We wish to highlight that the historical trading performance of the ART Units serves only as an illustrative guide and should not be relied upon as an indication of the future price performance of the ART Units, which may be affected by, amongst other factors, the performance and prospects of the ART, prevailing market, economic, political, industry, monetary and other general macroeconomic conditions, economic outlook, stock market conditions and sentiment and other company specific factors.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE SCHEME

(v) A-REIT

A-REIT is Singapore's first and largest listed business space and industrial real estate investment trust. As one of Singapore's REIT pioneers, A-REIT has played a crucial role in the development of the S-REIT sector. It provides an attractive platform for investment in business and industrial properties across developed markets. A-REIT owns and manages a well-diversified portfolio, valued at S\$13.7 billion as at 31 December 2020, comprising 200 properties in Singapore, Australia, the UK and USA⁽⁸⁾. A-REIT is managed by Ascendas Funds Management (S) Limited, a wholly owned subsidiary of CLI. We note that for the purpose of valuation of A-REIT, we have utilised the following methodology:

(a) Unit price and trading activity.

The unit price represents historical transacted prices between buyers and sellers of the units. We have focused on the unit price as a market-based valuation approach is more relevant in providing a measure of the value of equity of a publicly-listed company than other valuation approaches which might require more subjective inputs. We note the following key considerations in reference to the valuation of A-REIT:

- The units of A-REIT ("**A-REIT Units**") traded within a range of S\$2.83 and S\$3.65 over the trailing twelve months prior to the Latest Practicable Date which implies an equity value of between approximately S\$2,131 million and approximately S\$2,745 million of CLI's 18.0% stake in A-REIT;
- The VWAP of A-REIT Units over the 1-month period prior to and including the USPD implies an equity value of CLI's 18.0% stake in A-REIT of approximately S\$2,231 million;
- The VWAP of A-REIT Units over the period from the Joint Announcement Date to the Latest Practicable Date implies an equity value of CLI's 18.0% stake in A-REIT of approximately S\$2,244 million; and
- The market capitalisation as at the Latest Practicable Date implies an equity value of CLI's 18.0% stake in A-REIT of approximately S\$2,243 million.

In arriving at our SOTP analysis for CLI as at the Latest Practicable Date, we have used a range of values for A-REIT of between approximately S\$2,244 million and approximately S\$2,231 million.

⁽⁸⁾ Between 31 December 2020 and the Latest Practicable Date, A-REIT has completed the acquisition of a portfolio of 11 data centres in Europe and the remaining 75% interest in Galaxis, Singapore. Assuming the acquisition of Galaxis was completed as of 31 March 2021, A-REIT's investment properties under management stood at S\$15.8 billion as at 31 March 2021.

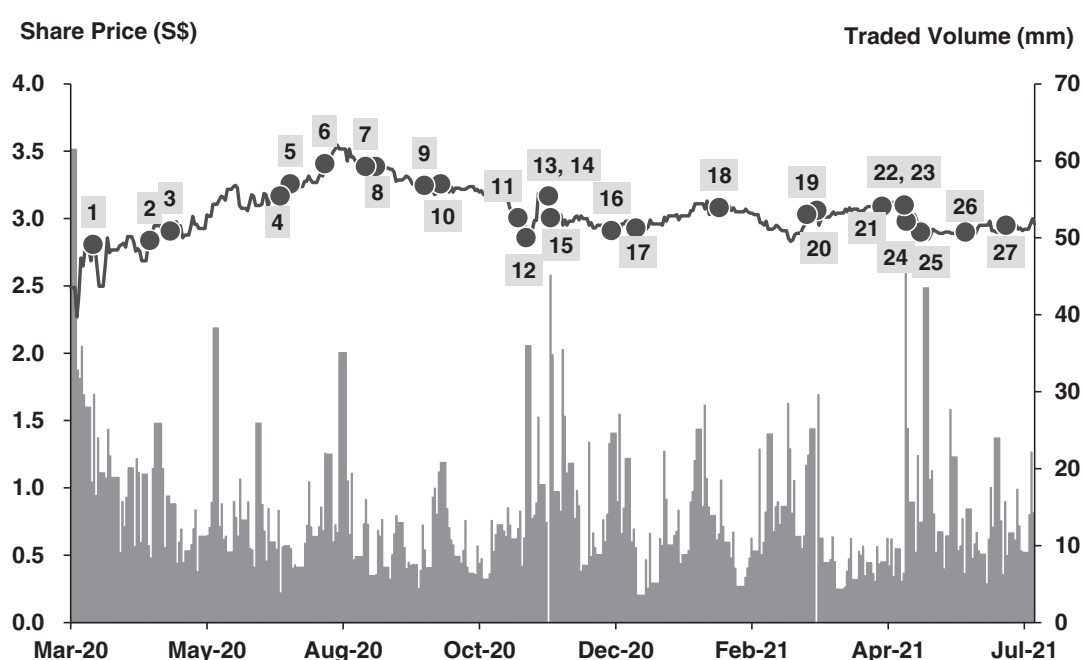
APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE SCHEME

(A) Unit price and trading activity

We set out a chart outlining the daily closing prices and trading volume of the A-REIT Units for:

- (a) the 12-month period prior to and including the USPD; and
- (b) the period from the Joint Announcement Date up to and including the Latest Practicable Date.

Chart 6: Historical Unit Price Performance and Trading Volume of A-REIT



Sources: FactSet, Company Announcements, Press Articles

Key events based on A-REIT's announcements and press releases extracted from the SGX-ST and press articles:

(1) 31 March 2020: Acquisition of 25% stake in Galaxis for S\$102.91 million

A-REIT announced acquisition of a 25% equity stake in Galaxis for S\$102.91 million from MBK Real Estate Asia Pte Ltd, a wholly-owned subsidiary of Mitsui & Co, Ltd. Galaxis is a business park property located at 1 & 3 Fusionopolis Place, in Singapore's one-north precinct.

(2) 28 April 2020: 1Q 2020 business updates

A-REIT provided 1Q 2020 business updates on 28 April 2020 stating that portfolio occupancy rate improved quarter-on-quarter to 91.7% and positive rental reversion of 8.0% was achieved for leases that were renewed in 1Q 2020.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE SCHEME

(3) 8 May 2020: Moody's affirms A-REIT's A3 ratings

Moody's Investors Service has affirmed A-REIT's A3 issuer and senior unsecured ratings, the provisional (P)A3 senior unsecured rating on its S\$5 billion medium-term notes program, and the Baa2 rating on its subordinated perpetual securities. Moody's also affirmed that outlook on all ratings remains stable.

(4) 1 July 2020: A-REIT to acquire a new logistics property in Sydney for A\$23.5 million

A-REIT announced acquisition of a new freehold logistics property to be developed on Lot 7, Kiora Crescent, Yennora, in Sydney, Australia, for A\$23.5 million. The property will be developed by Larapinta Project Pty Ltd and the acquisition is expected to be accretive to A-REIT's distribution per unit.

(5) 6 July 2020: Updates to the composition of the board and board committees

Ascendas Funds Management (S) Limited, the manager of A-REIT, announced the following updates to the composition of its board and board committees:

- (i) the retirement of Mr. Lim Hock San as a Non-Executive Independent Director with effect from 6 July 2020. Mr. Lim will cease to be the Chairman of the board and a member of the investment committee;
- (ii) the appointment of Dr. Beh Swan Gin as a Non-Executive Independent Director with effect from 6 July 2020; and
- (iii) appointment of Dr. Beh Swan Gin as Chairman of the Board and a member of the investment committee with effect from 6 July 2020.

(6) 23 July 2020: 1H 2020 results release

A-REIT announced total amount available for distribution for 1H 2020 of S\$263.2 million (up 3.7% year-on-year). The earnings release stated that this was *"mainly due to contributions from newly acquired properties in December 2019. 1H 2020 distribution per unit was S\$0.0727 (down 10.8% year-on-year), taking into consideration the enlarged number of units in issue after the rights issue in December 2019."*

(7) 12 August 2020: Establishment of S\$7 billion Euro medium term securities programme

A-REIT announced establishment of its S\$7 billion Euro medium term securities programme. The net proceeds will be used towards (a) financing or refinancing the acquisitions and/or investments of A-REIT and any development and asset enhancement works initiated by A-REIT or any trust, fund or entity in which A-REIT has an interest; (b) on-lending to any trust, fund or entity in which A-REIT has an interest; (c) financing the general working capital purposes of A-REIT and its subsidiaries; and (d) refinancing the existing borrowings of A-REIT and its subsidiaries.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE SCHEME

(8) 17 August 2020: A-REIT prices maiden green bond of S\$100 million

A-REIT announced it has raised S\$100 million through its first green bond to be issued under a newly established green finance framework, to refinance 17 green properties from A-REIT's portfolio, which has been selected based on the eligibility criteria in its framework. A-REIT's first green bond, to be issued pursuant to its S\$7 billion Euro medium term securities programme, has a tenure of 10 years and a fixed coupon rate of 2.65%.

(9) 10 September 2020: A-REIT prices first real estate green perpetual securities in Asia

A-REIT announced it has successfully priced its S\$300 million green subordinated perpetual securities, representing the first real estate green perpetual securities in Asia, and will be issued under A-REIT's S\$7 billion Euro medium term securities programme with an initial rate of distribution of 3% per annum.

(10) 18 September 2020: Acquisition of a suburban office in Sydney's Macquarie Park for A\$167.2 million

A-REIT announced the proposed acquisition of a suburban office building, to be developed at 1 Giffnock Avenue, Macquarie Park, in Sydney, Australia, for A\$167.2 million from Frasers Property Individual and Winten Property Group. The property sits on freehold land of 3,308 square metres and on completion will comprise a total net lettable area of 19,384 square metres made up of office (17,753 square metres) and retail (1,631 square metres) space.

(11) 26 October 2020: 3Q 2020 business updates

A-REIT provided 3Q 2020 business updates on 26 October 2020 stating the completion of one acquisition in Australia and two asset enhancement initiatives, and announced two fund-through acquisitions in Australia.

(12) 30 October 2020: Updates to the composition of the Board and Board Committees

Ascendas Funds Management (S) Limited, the manager of A-REIT, announced the following updates to the composition of its board and board committees:

- (i) the retirement of Mr. Wong Yew Meng as a Non-Executive Independent Director and as a member of the audit and risk committee with effect from 1 November 2020;
- (ii) retirement of Ms. Lim Sau Hoong as a Non-Executive Independent Director with effect from 1 November 2020; and
- (iii) appointment of Mr. Chinniah Kunnasagaran as a Non-Executive Independent Director and a member of the audit and risk committee and the investment committee with effect from 1 November 2020.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE SCHEME

(13) 10 November 2020: Launch of equity fund raising to raise gross proceeds of approximately S\$1.2 billion

A-REIT provided proposed equity fund raising comprising an offering of new units in A-REIT to raise gross proceeds of approximately S\$1.2 billion by way of:

- (i) private placement of between 256,329,000 and 264,376,000 new units to institutional and other investors at an issue price of between S\$3.026 and S\$3.121 to raise gross proceeds of approximately S\$800.0 million; and
- (ii) a *pro-rata* and non-renounceable preferential offering of up to 133,948,782 new units to eligible unitholders at an issue price of between S\$2.960 and S\$3.050 per new unit to raise gross proceeds of approximately S\$400.0 million.

(14) 10 November 2020: A-REIT acquires 2 office properties in San Francisco for S\$768.0 million

A-REIT announced the proposed acquisition of 2 office properties located in San Francisco, USA, for US\$560.2 million from B505 Industries, LLC and ARE-San Francisco No. 47, LLC. The first property, located at 510 Townsend Street, is fully leased to Stripe, Inc, while Pinterest, Inc. occupies 100% of the office space at the second property located at 505 Brannan Street.

(15) 11 November 2020: Results of the private placement and pricing of new units under the private placement and the preferential offering

A-REIT announced total gross proceeds of the equity fund raising of approximately S\$1,196.50 million comprising approximately S\$800.0 million from the private placement and approximately S\$396.5 million from the preferential offering. The issue price per private placement new unit has been fixed at S\$3.026 while the issue price per preferential offering new unit under the preferential offering has been fixed at S\$2.960.

(16) 11 December 2020: A-REIT expands footprint in Sydney's Macquarie Park with S\$284.0 million acquisition

A-REIT announced proposed acquisition of a suburban office property, located at 1 – 5 Thomas Holt Drive, Macquarie Park, in Sydney, Australia, for S\$284.0 million (A\$288.9 million) from AMP Capital. The property comprises three suburban office blocks with a net lettable area of 39,188 square metres, located on freehold land.

(17) 23 December 2020: A-REIT continues to grow its Australian logistics portfolio with S\$69.1 million acquisition

A-REIT announced proposed acquisition of a new logistics property, to be developed at 500 Green Road, Crestmead, in Brisbane, Australia, for S\$69.1 million (A\$70.3 million), comprising both land and development cost of the property. The acquisition is intended to aid in extending A-REIT's logistics footprint in key distribution markets that will benefit from robust domestic consumption and e-commerce demand in Australia.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE SCHEME

(18) 2 February 2021: FY 2020 results release

A-REIT announced total amount available for distribution for FY 2020 of S\$538.4 million (up 6.7% year-on-year), mainly due to contributions from newly acquired properties. FY 2020 distribution per unit was S\$0.14688 (down 6.1% year-on-year), partially due to the impact of COVID-19.

(19) 17 March 2021: A-REIT makes debut investment in European data centres for S\$904.6 million

A-REIT announced proposed acquisition of a portfolio of European data centres located for S\$904.6 million from subsidiaries of Digital Realty Trust. The portfolio comprises 11 data centres located across UK (4 properties), Netherlands (3 properties), France (3 properties) and Switzerland (1 property). Mr. William Tay, Executive Director and CEO, stated that *“we see good potential in the data centre business and will continue to source and make further acquisitions when the opportunities arise.”*

(20) 22 March 2021: CapitaLand proposes restructuring to sharpen business focus and unlock shareholder value

CapitaLand announced a proposed restructuring of its business to consolidate its investment management platforms and lodging business into CLI, which is to be listed on the SGX-ST, and to privatise its real estate development business through the proposed privatisation of CapitaLand. CLI will hold the stakes in the business trusts, private funds and listed REITs of CapitaLand, among which includes CapitaLand’s stake in A-REIT.

(21) 23 April 2021: 1Q 2021 business updates

A-REIT provided 1Q 2021 business updates highlighting the acquisition of 11 data centres across 5 key European cities, and the completion of the acquisition of a suburban office at 1 – 5 Thomas Holt Drive, in Sydney, Australia.

(22) 4 May 2021: A-REIT to acquire remaining 75% interest in Galaxis for S\$534.4 million

Ascendas Funds Management (S) Limited, the manager of A-REIT, announced A-REIT’s acquisition of the remaining 75% equity stake in Ascendas Fusion 5 Pte Ltd, the holding entity for Galaxis, from Ascendas Fusion 5 Holding Pte Ltd. The purchase consideration is estimated to be S\$534.4 million. Dr. Beh Swan Gin, Chairman and non-executive independent director, stated that *“Galaxis is a prime example of the type of assets that A-REIT looks to acquire to achieve a stable, long-term revenue stream.”*

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE SCHEME

(23) 4 May 2021: Launch of private placement to raise gross proceeds of approximately S\$420.0 million

Ascendas Funds Management (S) Limited, the manager of A-REIT, announced the proposed private placement to institutional and other investors to raise gross proceeds of approximately S\$420.0 million. The gross proceeds is intended to be used for (i) approximately S\$240.1 million to partially fund the acquisition of Galaxis; (ii) approximately S\$173.4 million to be used for debt repayment purposes; and (iii) approximately S\$6.5 million for the estimated fees and expenses incurred for the private placement.

(24) 5 May 2021: Close of private placement of 142,664,000 new units in A-REIT at an issue price of S\$2.944 per new unit

A-REIT announced close of private placement of 142,664,000 new units at an issue price of S\$2.944 per new unit. The announcement stated that “the private placement was approximately 2.6 times covered and drew strong demand from new and existing institutional, accredited and other investors.”

(25) 12 May 2021: A-REIT enters into its inaugural US\$150 million green interest rate swap with Scotiabank

Ascendas Funds Management (S) Limited, the manager of A-REIT, announced its inaugural US\$150 million green interest rate swap with Scotiabank, working in close collaboration with the bank to design an innovative and bespoke green interest rate swap to support A-REIT’s commitment to meet its key green targets by the swap maturity date. The green targets include maintaining a best-in-class environmental certification for two US office properties, and increasing the total number of green certified properties within A-REIT’s portfolio.

(26) 3 June 2021: Divestment of three logistics properties in Australia

Ascendas Funds Management (S) Limited, the manager of A-REIT, announced that it has entered into two separate agreements with unrelated purchasers for the sale of two logistics properties (82 Noosa Street and 62 Stradbroke Street) located in Brisbane and one logistics property (1314 Ferntree Gully Road) located in Melbourne, for a total sale price of S\$128.7 million. The divestments are in line with the manager’s proactive asset management strategy to improve the quality of A-REIT’s Australian portfolio and optimise returns for unitholders.

(27) 23 June 2021: Issuance of GBP300 million 0.75% notes due 2028

Ascendas Funds Management (S) Limited, the manager of A-REIT, announced the issuance of its GBP300 million 0.75% notes due 2028 under the S\$7 billion Euro Medium Term Securities Programme. The net proceeds arising from the issuance will be used towards financing the general working capital purposes, including the financing and refinancing of acquisitions, of A-REIT and its subsidiaries.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE SCHEME

We wish to highlight that the historical trading performance of the A-REIT Units serves only as an illustrative guide and should not be relied upon as an indication of the future price performance of the A-REIT Units, which may be affected by, amongst other factors, the performance and prospects of A-REIT, prevailing economic conditions, economic outlook, stock market conditions and sentiment.

We further wish to highlight that underlying financial data used in our analysis has been extracted from announcements released by A-REIT on the SGX-ST and various press releases as of the Latest Practicable Date. We make no representations or warranties, express or implied, on the accuracy or completeness of such information.

(B) VWAP

We set out in Table 26 below the VWAP and trading volume of the A-REIT Units for:

- (a) the 12-month period prior to and including the USPD; and
- (b) the period from the Joint Announcement Date up to and including the Latest Practicable Date.

Table 26: VWAP and Trading Volume of A-REIT

Reference Period	VWAP ⁽¹⁾ (S\$)	Highest Price (S\$)	Lowest Price (S\$)	ADTVol ⁽²⁾ (Shares mm)	ADTVol ⁽²⁾ / Free Float ⁽³⁾ (%)
Period from the JAD up to and including the Latest Practicable Date					
Latest Practicable Date: 3 May 2021 ⁽⁴⁾	2.98	3.02	2.97	14	0.41%
From the JAD up to the Day before Ex Date	2.98	3.15	2.85	13	0.37%
Period Prior to and Including the USPD					
USPD: 19 Mar 2021 ⁽⁴⁾	3.08	3.09	3.04	25	0.73%
1-mth Prior to & Including the USPD	2.96	3.09	2.83	17	0.49%
3-mth Prior to & Including the USPD	3.02	3.18	2.83	14	0.40%
6-mth Prior to & Including the USPD	3.04	3.32	2.83	14	0.41%
12-mth Prior to & Including the USPD	3.14	3.65	2.22	12	0.35%

Source: FactSet

- (1) The VWAP is weighted based on the volume of units traded and the corresponding transacted prices of the units for market days in the reference periods. Unit prices and VWAP figures shown are rounded to the nearest two (2) decimal places. No adjustments to unit prices and VWAP figures have been made for stock splits, rights issues, dividends, bonus issues, or other corporate transactions in the respective reference periods.
- (2) The ADTVol refers to the average number of units that were traded daily for the relevant period prior to and including the Latest Practicable Date.
- (3) Free float refers to the number of units that are available to the public (i.e. not held by insiders) on the Latest Practicable Date. Free float is calculated by taking the total number of units outstanding on the Latest Practicable Date multiplied by the free float percentage on the Latest Practicable Date.
- (4) Refers to last closing price.

We wish to highlight that the historical trading performance of the A-REIT Units serves only as an illustrative guide and should not be relied upon as an indication of the future price performance of the A-REIT Units, which may be affected by, amongst other factors, the performance and prospects of A-REIT, prevailing market, economic, political, industry, monetary and other general macroeconomic conditions, economic outlook, stock market conditions and sentiment and other company specific factors.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE SCHEME

(vi) AIT

AIT is a property trust which owns seven IT parks and one logistics park in India valued at S\$2.1 billion as at 31 December 2020⁽⁹⁾. With a portfolio of 13.8 million square feet spread across Bangalore, Chennai, Hyderabad, Pune and Mumbai, AIT is well positioned to capitalise on the growing information technology and logistics industries in India. Its strategy is to generate attractive portfolio returns for unitholders by investing in income-producing real estate used primarily as business space in India. Its properties provide quality and reliable business space to discerning tenants. This differentiation helps to attract and retain prominent tenants that commit to long leases, thereby fostering a stable income profile for the trust. AIT is managed by Ascendas Property Fund Trustee Pte. Ltd., a wholly owned subsidiary of CLI.

We note that for the purpose of valuation of AIT, we have utilised the following methodology:

(a) Unit price and trading activity.

The unit price represents historical transacted prices between buyers and sellers of the units. We have focused on the unit price as a market-based valuation approach is more relevant in providing a measure of the value of equity of a publicly-listed company than other valuation approaches which might require more subjective inputs. We note the following key considerations in reference to the valuation of AIT:

- The units of AIT (“**AIT Units**”) traded within a range of S\$1.26 and S\$1.62 over the trailing twelve months prior to the Latest Practicable Date which implies an equity value of between approximately S\$313 million and approximately S\$403 million of CLI’s 21.6% stake in AIT;
- The VWAP of AIT Units over the 1-month period prior to and including the USPD implies an equity value of CLI’s 21.6% stake in AIT of approximately S\$372 million;
- The VWAP of AIT Units over the period from the Joint Announcement Date to the Latest Practicable Date implies an equity value of CLI’s 21.6% stake in AIT of approximately S\$358 million; and
- The market capitalisation as at the Latest Practicable Date implies an equity value of CLI’s 21.6% stake in AIT of approximately S\$363 million.

In arriving at our SOTP analysis for CLI as at the Latest Practicable Date, we have used a range of values for AIT of between approximately S\$358 million and approximately S\$372 million.

⁽⁹⁾ In July 2021, AIT announced that it will invest an estimated S\$216.6 million to develop and operate phase one of its first data centre campus on a prime site in India. The investment offers AIT the opportunity to diversify into the attractive and highly scalable new economy asset class.

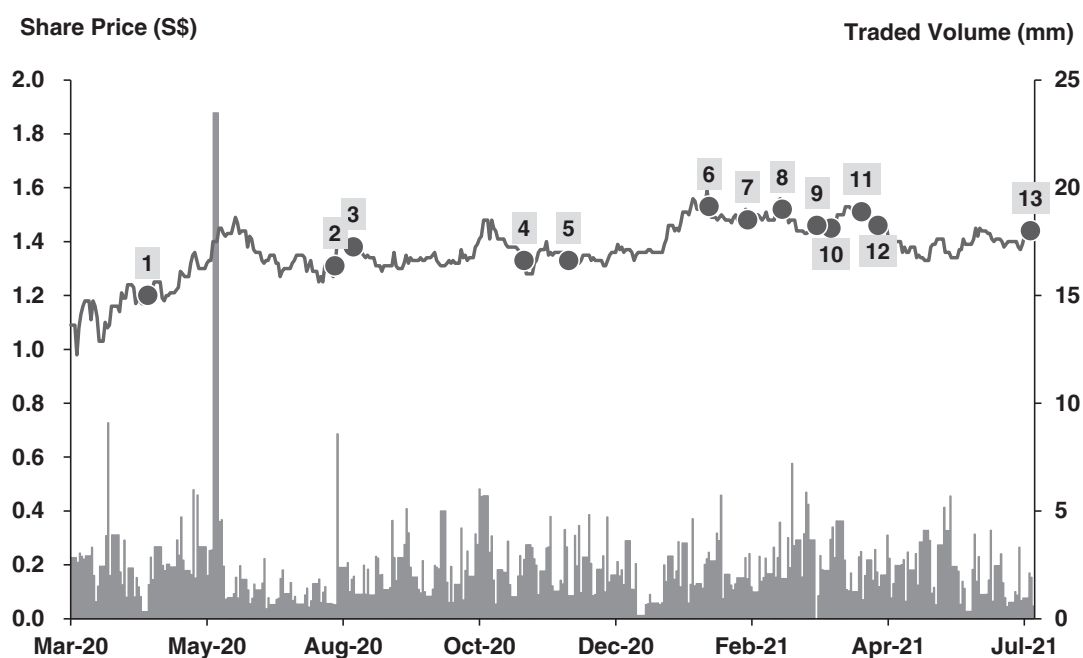
APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE SCHEME

(A) Unit price and trading activity

We set out a chart outlining the daily closing prices and trading volume of the AIT Units for:

- (a) the 12-month period prior to and including the USPD; and
- (b) the period from the Joint Announcement Date up to and including the Latest Practicable Date.

Chart 7: Historical Unit Price Performance and Trading Volume of AIT



Sources: FactSet, Company Announcements, Press Articles

Key events based on AIT's announcements and press releases extracted from the SGX-ST and press articles:

(1) 27 April 2020: 1Q 2020 business updates

AIT provided 1Q 2020 business updates on 27 April 2020 stating that with India's country-wide lockdown, all staff and tenants are working from home except for operation-critical roles and its parks remain open for essential services to support a few tenants' critical operations.

(2) 28 July 2020: 1H 2020 results release

AIT announced 1H 2020 distributable income per unit of S\$0.0464 (up 24% year-on-year) and net property income of S\$73.5 million (up 1% year-on-year). The earnings release that the increase in distributable income per unit "was supported mainly by the reversal of dividend distribution tax provision and higher interest income from investments in forward purchases, with modest growth in net property income."

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE SCHEME

(3) 6 August 2020: Response to queries from SGX-ST on the half year results of AIT

AIT provided responses to the queries raised by the SGX-ST in relation to AIT's unaudited 1H 2020 results.

(4) 29 October 2020: 3Q 2020 business updates

AIT provided 3Q 2020 business updates on 29 October 2020 stating NPI of INR2,006 million for 3Q 2020 (down <1% year-on-year) and total property income of INR2,559 million (up 0.3% year-on-year).

(5) 20 November 2020: Updates to composition of board and board committees of Ascendas Property Fund Trustee Pte Ltd

Ascendas Property Fund Trustee Pte Ltd, trustee-manager of AIT, announced updates to the composition of its board of directors and the board committees:

- (i) the retirement of Mr. Tellicheery Venkataraman Mohandas Pai as a Non-Executive Independent Director, with effect from 20 November 2020. Mr Pai will cease to be a member of the audit and risk committee and the investment committee;
- (ii) the appointment of Dr. Ernest Kan Yaw Kiong as a Non-Executive Independent Director and a member of the audit and risk committee, with effect from 20 November 2020; and
- (iii) the appointment of Ms. Tan Soon Neo, Jessica as a Non-Executive Independent Director and a member of the investment committee, with effect from 20 November 2020.

(6) 28 January 2021: 2H 2020 results release

AIT announced FY 2020 distributable income per unit of S\$0.0813 (up 8% year-on-year). The earnings release stated that *"this increase is largely the result of a one-off reversal of dividend distribution tax provision and higher interest income from investments in forward purchases. Net property income remained stable despite the challenging environment caused by the COVID-19 pandemic, in part due to cost savings from operations. Office rental collections are healthy as reflected in the 4Q 2020 figure of 97%"*.

(7) 16 February 2021: Signing of definitive agreements for the acquisition of aVance 6 in Hyderabad

AIT announced that it has entered into definitive agreements for the proposed acquisition of aVance 6, an IT SEZ building with a total floor area of approximately 639,495 square feet, at HITEC City, Hyderabad. The gross consideration for the acquisition is approximately INR5.06 billion, and approximately 98.3% of aVance 6 is leased to Amazon Development Center (India) Private Limited.

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(8) 5 March 2021: AIT to invest in forward purchase acquisition of its first industrial facility at Mahindra World City, Chennai

AIT announced that it has entered into a forward purchase agreement with Casa Grande Group to acquire its first industrial facility located at Mahindra World City, Chennai. The facility has a net leasable area of approximately 0.42 million square feet and is fully pre-leased to Pegatron Technology India Private Limited, a wholly owned subsidiary of Pegatron Corporation, a listed Taiwanese contract electronics manufacturer. AIT proposes to fund the balance development of the facility and subsequently acquire the asset.

(9) 22 March 2021: CapitaLand proposes restructuring to sharpen business focus and unlock shareholder value

CapitaLand announced a proposed restructuring of its business to consolidate its investment management platforms and lodging business into CLI, which is to be listed on the SGX-ST, and to privatise its real estate development business through the proposed privatisation of CapitaLand. CLI will hold the stakes in the business trusts, private funds and listed REITs of CapitaLand, among which include CapitaLand's stake in AIT.

(10) 29 March 2021: AIT to invest in a forward purchase acquisition of 1.65 million square feet of an IT Park at Hebbal, Bangalore

AIT announced it has entered into a forward purchase agreement with Gardencity Realty Private Limited to acquire two buildings in an IT Park with a total net leasable area of up to 1.65 million square feet located at Hebbal, Bangalore. AIT will also provide funding for the development of the project as part of the forward purchase arrangement.

(11) 13 April 2021: AIT secures maiden S\$100 million sustainability-linked loan from UOB

AIT announced it has successfully obtained a five-year S\$100 million unsecured sustainability-linked loan facility from UOB. It represents AIT's first sustainability-linked loan, and proceeds from the loan will be used for general corporate and working capital requirements, including refinancing existing borrowings, the redevelopment of properties, acquisitions, capital expenditure or asset enhancement works of AIT's properties.

(12) 21 April 2021: 1Q 2021 business updates

AIT provided 1Q 2021 business updates on 21 April 2021 stating NPI of INR2,114 million for 1Q 2021 (down 1% year-on-year) and total property income of INR2,590 million (up 7% year-on-year).

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE SCHEME

(13) 5 July 2021: AIT to invest INR12 billion to develop phase one of its first data centre campus in India

AIT announced it will invest an estimated INR12 billion (approximately S\$216.6 million) to develop and operate phase one of its first data centre campus on a prime site in India. It will be one of the largest data centre campuses in Airoli, a growing data centre hub in Navi Mumbai. The acquisition of the site from third-party vendors is expected to be completed by 3Q 2021, and the data centre campus will comprise two buildings. In phase one, the first building, which is scheduled to be ready by 2Q 2024, will have a built-up area of approximately 325,000 square feet.

We wish to highlight that the historical trading performance of the AIT Units serves only as an illustrative guide and should not be relied upon as an indication of the future price performance of the AIT Units, which may be affected by, amongst other factors, the performance and prospects of AIT, prevailing economic conditions, economic outlook, stock market conditions and sentiment.

We further wish to highlight that the underlying financial data used in our analysis has been extracted from announcements released by AIT on the SGX-ST and various press releases as of the Latest Practicable Date. We make no representations or warranties, express or implied, on the accuracy or completeness of such information.

(B) VWAP

We set out in Table 27 below the VWAP and trading volume of the AIT Units for:

- the 12-month period prior to and including the USPD; and
- the period from the Joint Announcement Date up to and including the Latest Practicable Date.

Table 27: VWAP and Trading Volume of AIT

Reference Period	VWAP ⁽¹⁾ (S\$)	Highest Price (S\$)	Lowest Price (S\$)	ADTVol ⁽²⁾ (Shares mm)	ADTVol ⁽²⁾ / Free Float ⁽³⁾ (%)
Period from the JAD up to and including the Latest Practicable Date					
Latest Practicable Date: 3 May 2021 ⁽⁴⁾	1.46	1.47	1.46	1	0.07%
From the JAD up to the Day before Ex Date	1.44	1.56	1.33	2	0.29%
Period Prior to and Including the USPD					
USPD: 19 Mar 2021 ⁽⁴⁾	1.48	1.49	1.46	4	0.44%
1-mth Prior to & Including the USPD	1.50	1.59	1.44	3	0.41%
3-mth Prior to & Including the USPD	1.50	1.62	1.35	2	0.30%
6-mth Prior to & Including the USPD	1.44	1.62	1.27	3	0.31%
12-mth Prior to & Including the USPD	1.41	1.62	0.98	2	0.27%

Source: FactSet

- The VWAP is weighted based on the volume of units traded and the corresponding transacted prices of the units for market days in the reference periods. Unit prices and VWAP figures shown are rounded to the nearest two (2) decimal places. No adjustments to unit prices and VWAP figures have been made for stock splits, rights issues, dividends, bonus issues, or other corporate transactions in the respective reference periods.
- The ADTVol refers to the average number of units that were traded daily for the relevant period prior to and including the Latest Practicable Date.
- Free float refers to the number of units that are available to the public (i.e. not held by insiders) on the Latest Practicable Date. Free float is calculated by taking the total number of units outstanding on the Latest Practicable Date multiplied by the free float percentage on the Latest Practicable Date.
- Refers to last closing price.

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We note that there is no assurance that the price of the AIT Units will remain at current levels in the event that the Scheme is terminated. We also wish to highlight that the historical trading performance of the AIT Units serves only as an illustrative guide and should not be relied upon as an indication of the future price performance of the AIT Units, which may be affected by, amongst other factors, the performance and prospects of AIT, prevailing market, economic, political, industry, monetary and other general macroeconomic conditions, economic outlook, stock market conditions and sentiment and other company specific factors.

9.7.1.6 Indirect Overhead Cash Expenses

Indirect overhead expenses have been based on a normalised estimate of actual indirect overhead cash expenses incurred within CLI in FY2020 as a proxy for indirect overhead cash expenses incurred within CLI for LTM 1Q 2021.

The total unallocated indirect overhead expenses recognised within CLI were estimated to be approximately S\$167 million in FY2020. Adjusting for extraordinary or non-cash items, we arrived at a normalised indirect overhead cash expenses of approximately S\$47 million in FY2020 that had been incurred at the CapitaLand level and had not been allocated to CLI (“**Indirect Overhead Cash Expenses**”). We thus chose to capitalise the Indirect Overhead Cash Expenses in our SOTP analysis of CLI to account for the impact of Indirect Overhead Cash Expenses on the implied value of CLI had the expenses been incurred at CLI level.

We set out in Table 28 below the capitalisation multiples for overhead costs applied for Selected Listed Investment Management Companies by research analysts.

Table 28: Capitalisation Multiples for Overhead Costs Applied by Research Analysts for Selected Investment Management Companies

Brokers	Date	Capitalisation Multiple (x)
Goodman Group		
Morgan Stanley	20-Jun-21	8.0x
UBS	31-May-21	12.0x
Credit Suisse	7-May-21	7.0x
Jefferies	7-May-21	8.0x
Charter Hall		
UBS	3-May-21	10.0x
Jefferies	2-May-21	8.0x
Credit Suisse	19-Feb-21	8.0x
Morgan Stanley	19-Feb-21	8.0x
Mean		8.6x

Source: Equity Research Reports

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We wish to highlight that under the SOTP approach adopted, the revaluation surpluses of Property Investments Segment have been calculated based on the “as is” valuation estimates provided by the Independent Valuers. As this approach places a value on the property portfolio as it currently stands, the underlying assumption is that the properties will be disposed of in the near future. As such, we have assumed that an orderly disposal of CLI’s assets and liabilities, including its property portfolio, may take up to four years to conclude. Therefore, we have applied a capitalisation multiple of 4 times to the Indirect Overhead Cash Expenses as its upper bound.

We note that the mean valuation multiple applied on corporate expenses in analyst reports for the Selected Listed Investment Management Companies is 8.6 times. Therefore, we have applied a capitalisation multiple of 8.6 times to the Indirect Overhead Cash Expenses as its lower bound.

Accordingly, in arriving at our SOTP analysis for the Indirect Overhead Cash Expenses we have used a range of values for the Indirect Overhead Cash Expenses between S\$188 million to S\$405 million.

9.7.2 Analysis of CICT DIS Units

As part of the Scheme, Eligible Shareholders will be receiving, by way of distribution *in specie*, 388,242,247 CICT DIS Units, representing approximately 6.00% of the total number of CICT Units in issue as at the Joint Announcement Date.

We note that for the purpose of the valuation of the CICT DIS Units, we have utilised the following methodology:

(a) Unit price and trading activity.

The unit price represents historical transacted prices between buyers and sellers of the units. We have focused on the unit price as a market-based valuation approach is more relevant in providing a measure of the value of equity of a publicly-listed company than other valuation approaches which might require more subjective inputs.

We note the following key considerations in reference to the valuation of the CICT DIS Units:

- Based on the closing prices of CICT Units as at the Latest Practicable Date, the implied valuation of the CICT DIS Units is approximately S\$827 million.
- Based on the VWAPs of CICT Units over the period from the Joint Announcement Date up to and including the Latest Practicable Date, the implied valuation of the CICT DIS Units is approximately S\$819 million.
- Based on the VWAPs of CICT Units over the 1-month period prior to and including the USPD, the implied valuation of the CICT DIS Units is approximately S\$824 million.

We set out in Table 29 below a summary of the range of values for the implied valuation of the CICT DIS Units.

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Table 29: Valuation of the CICT DIS Units

	CICT	Aggregate Basis	Per Share Basis To Eligible Shareholders
Percentage to be Issued (%)	6.0%		
No. of Units to be Issued (# mm)	388		
	Unit Price (\$\$)	(\$\$ mm)	(\$\$)
12-mth prior to LPD (Low)	1.72		
12-mth prior to LPD (High)	2.39		
LPD Closing Price	2.13		
JAD to LPD VWAP	2.11		
USPD Closing Price	2.18		
USPD 1-Mth VWAP	2.12		
USPD 3-Mth VWAP	2.18		
USPD 6-Mth VWAP	2.06		
USPD 12-Mth VWAP	2.04		
	Equity Value (\$\$ mm)	(\$\$ mm)	(\$\$)
12-mth prior to LPD (Low)	668	668	0.27
12-mth prior to LPD (High)	928	928	0.37
LPD Closing Price	827	827	0.33
JAD to LPD VWAP	819	819	0.33
USPD Closing Price	846	846	0.34
USPD 1-Mth VWAP	824	824	0.33
USPD 3-Mth VWAP	844	844	0.34
USPD 6-Mth VWAP	798	798	0.32
USPD 12-Mth VWAP	791	791	0.32

Sources: FactSet, Company Filings

Note: The VWAP is weighted based on the volume of the units traded and the corresponding transacted prices of the units for market days in the reference periods. Unit prices and VWAP figures shown are rounded to the nearest two (2) decimal places. No adjustments to the unit prices and VWAP figures have been made for stock splits, rights issues, dividends, bonus issues, or other corporate transactions in the respective reference periods.

In arriving at our analysis for the CICT DIS Units we have used a range of values for the CICT DIS Units between S\$819 million and S\$824 million.

9.7.2.1 Liquidity Analysis

In general, share prices may be affected by various factors including the level of free float, relative liquidity, investor interest and/or market sentiment at a given point in time. In evaluating the Implied Consideration relative to the historical price of the CICT Units, we have considered the relative liquidity of the CICT Units in comparison with the Top 15 STI Companies as of the USPD and the Latest Practicable Date. This analysis is to determine whether historical trading prices of the CICT Units provide a meaningful reference point for comparison against the Implied Consideration.

To analyse the liquidity of the CICT Units, we set out the daily trading volume (“**ADTVol**”) and average daily trading value (“**ADTVol**”) of the Shares:

- (a) on the Latest Practicable Date and for the 1-month, 3-month, 6-month and 12-month periods prior to and including the Latest Practicable Date respectively in Table 30 and Table 32; and

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- (b) on the USPD and for the 1-month, 3-month, 6-month and 12-month periods prior to and including the USPD respectively in Table 31 and Table 32.

We observed that the free float of the CICT Units is 73.6% and 73.6% as of the USPD and Latest Practicable Date respectively.

Table 30: Liquidity of the Top-15 STI Companies by Market Capitalisation for the 12-month Period prior to and including the Latest Practicable Date

Top 15 STI Companies ⁽¹⁾	Market Cap. ⁽²⁾ (S\$ mm)	Free Float Percentage ⁽³⁾ (%)	ADTVol ⁽⁴⁾ (Shares mm)	ADTVol ⁽⁴⁾ / Free Float ⁽⁵⁾ (%)	ADTVol ⁽⁶⁾ (S\$ mm)	ADTVol ⁽⁶⁾ / Market Cap. ⁽²⁾ (%)
DBS Group Holdings Ltd	77,861	69.9%	5	0.28%	127	0.16%
Oversea-Chinese Banking Corporation Limited	53,681	72.6%	6	0.20%	66	0.12%
United Overseas Bank Ltd. (Singapore)	43,716	75.2%	3	0.24%	68	0.16%
Singapore Telecommunications Limited	37,984	40.8%	31	0.46%	74	0.19%
Wilmar International Limited	29,007	29.3%	11	0.57%	50	0.17%
Jardine Matheson Holdings Limited	62,966	28.3%	0	0.17%	19	0.03%
Thai Beverage Public Co., Ltd.	16,830	28.7%	35	0.48%	24	0.14%
Singapore Airlines Ltd.	15,007	43.7%	9	0.67%	39	0.26%
Hongkong Land Holdings Limited	14,937	49.6%	2	0.19%	10	0.06%
Singapore Technologies Engineering Ltd	12,334	48.2%	4	0.29%	16	0.13%
Genting Singapore Limited	10,219	47.0%	29	0.51%	24	0.23%
Singapore Exchange Ltd.	11,906	75.9%	3	0.38%	30	0.25%
Keppel Corporation Limited	9,594	78.0%	5	0.32%	23	0.24%
Jardine Cycle & Carriage Limited	8,379	24.2%	1	0.77%	15	0.18%
Dairy Farm International Holdings Limited	7,710	22.2%	1	0.42%	5	0.07%
Maximum		78.0%		0.77%		0.26%
Mean		48.9%		0.40%		0.16%
Median		47.0%		0.38%		0.16%
Minimum		22.2%		0.17%		0.03%

Sources: FactSet, Company Filings

- (1) Excluding CapitaLand.
- (2) Market capitalisation refers to the closing price on the Latest Practicable Date multiplied by the total number of shares outstanding on the Latest Practicable Date.
- (3) Free float percentage refers to the number of shares that are available to the public (i.e. not held by insiders) over the total number of shares outstanding on the Latest Practicable Date according to FactSet.
- (4) The ADTVol refers to the average number of shares that were traded daily for the relevant period prior to and including the Latest Practicable Date.
- (5) Free float refers to the number of shares that are available to the public (i.e. not held by insiders) on the Latest Practicable Date. Free float is calculated by taking the total number of shares outstanding on the Latest Practicable Date multiplied by the free float percentage on the Latest Practicable Date.
- (6) The ADTVol refers to the average value of shares that were traded daily for the relevant period prior to and including the Latest Practicable Date.

With respect to Table 30 above, we note that for the 12-month period prior to and including the Latest Practicable Date, the mean ADTVol/Free Float of the Top 15 STI Companies is 0.40% and the mean ADTVol/Market Cap. of the Top 15 STI Companies⁽¹⁰⁾ is 0.16%.

⁽¹⁰⁾ Excluding CapitaLand.

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Table 31: Liquidity of the Top-15 STI Companies by Market Capitalisation for the 12-month Period prior to and including the USPD

Top 15 STI Companies ⁽¹⁾	Market Cap. ⁽²⁾ (S\$ mm)	Free Float Percentage ⁽³⁾ (%)	ADTVol ⁽⁴⁾ (Shares mm)	ADTVol ⁽⁴⁾ / Free Float ⁽⁵⁾ (%)	ADTVol ⁽⁶⁾ (S\$ mm)	ADTVol ⁽⁶⁾ / Market Cap. ⁽²⁾ (%)
DBS Group Holdings Ltd	77,861	69.9%	6	0.33%	134	0.17%
Oversea-Chinese Banking Corporation Limited	53,681	72.6%	7	0.22%	68	0.13%
United Overseas Bank Ltd. (Singapore)	43,716	75.2%	4	0.28%	74	0.17%
Singapore Telecommunications Limited	37,984	40.8%	33	0.49%	81	0.21%
Wilmar International Limited	29,007	29.3%	11	0.58%	48	0.16%
Jardine Matheson Holdings Limited	62,765	28.3%	0	0.20%	20	0.03%
Thai Beverage Public Co., Ltd.	16,830	28.7%	33	0.45%	22	0.13%
Singapore Airlines Ltd.	15,007	43.7%	10	0.77%	42	0.28%
Hongkong Land Holdings Limited	14,889	49.6%	3	0.22%	11	0.07%
Singapore Technologies Engineering Ltd	12,334	48.2%	6	0.38%	20	0.16%
Genting Singapore Limited	10,219	47.0%	31	0.55%	24	0.23%
Singapore Exchange Ltd.	11,906	75.9%	4	0.51%	37	0.31%
Keppel Corporation Limited	9,594	78.0%	5	0.33%	24	0.25%
Jardine Cycle & Carriage Limited	8,379	24.2%	1	0.87%	17	0.20%
Dairy Farm International Holdings Limited	7,686	22.2%	1	0.45%	6	0.08%
Maximum		78.0%		0.87%		0.31%
Mean		48.9%		0.44%		0.17%
Median		47.0%		0.45%		0.17%
Minimum		22.2%		0.20%		0.03%

Sources: FactSet, Company Filings

- (1) Excluding CapitaLand.
- (2) Market capitalisation refers to the closing price on the USPD multiplied by the total number of shares outstanding on the USPD.
- (3) Free float percentage is the number of shares that are available to the public (i.e. not held by insiders) over the total number of shares outstanding on the USPD according to FactSet.
- (4) The ADTVol refers to the average number of shares that were traded daily for the relevant period prior to and including the USPD.
- (5) Free float refers to the number of shares that are available to the public (i.e. not held by insiders) on the USPD. Free float is calculated by taking the total number of shares outstanding on the USPD multiplied by the free float percentage on the USPD.
- (6) The ADTVol refers to the average value of shares that were traded daily for the relevant period prior to and including the USPD.

With respect to Table 31 above, we note that for the 12-month period prior to and including the USPD, the mean ADTVol/Free Float of the Top 15 STI Companies is 0.44% and the mean ADTVol/Market Cap. of the Top 15 STI Companies⁽¹¹⁾ is 0.17%.

⁽¹¹⁾ Excluding CapitaLand.

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Table 32: Liquidity Analysis of the Units

Reference Period	ADTVol ⁽¹⁾ (Shares mm)	ADTVol ⁽¹⁾ / Free Float ⁽²⁾ (%)	ADTVol ⁽³⁾ (S\$ mm)	ADTVol ⁽³⁾ / Market Cap. ⁽⁴⁾ (%)
Latest Practicable Date: 7 Jul 2021	29	0.63%	62	0.45%
1-mth Prior to & Including the LPD	18	0.39%	39	0.28%
3-mth Prior to & Including the LPD	18	0.40%	39	0.28%
6-mth Prior to & Including the LPD	18	0.40%	39	0.28%
12-mth Prior to & Including the LPD	18	0.39%	38	0.27%
USPD: 19 Mar 2021	39	0.85%	87	0.63%
1-mth Prior to & Including the USPD	18	0.38%	37	0.27%
3-mth Prior to & Including the USPD	18	0.39%	39	0.29%
6-mth Prior to & Including the USPD	19	0.42%	40	0.29%
12-mth Prior to & Including the USPD	21	0.46%	42	0.30%

Sources: FactSet, Company Filings

- (1) The ADTVol refers to the average number of units that were traded daily for the relevant period prior to and including the USPD.
- (2) Free float refers to the number of units that are available to the public (i.e. not held by insiders) on the USPD. Free float is calculated by taking the total number of units outstanding on the USPD multiplied by the free float percentage on the USPD.
- (3) The ADTVol refers to the average value of units that were traded daily for the relevant period prior to and including the USPD.
- (4) Market capitalisation refers to the closing price on the USPD multiplied by the total number of units outstanding on the USPD.

With respect to Table 32 above, we note that the ADTVol/Free Float of the CICT Units was:

- (a) approximately 0.63% on the Latest Practicable Date and approximately 0.39%, 0.40%, 0.40% and 0.39% in the 1-month, 3-month, 6-month and 12-month periods prior to and including the Latest Practicable Date respectively; and
- (b) approximately 0.85% on the USPD and approximately 0.38%, 0.39%, 0.42% and 0.46% in the 1-month, 3-month, 6-month and 12-month periods prior to and including the USPD respectively.

Moreover, we note that the ADTVol/Market Cap. of the CICT Units was:

- (a) approximately 0.45% on the Latest Practicable Date and approximately 0.28%, 0.28%, 0.28% and 0.27% in the 1-month, 3-month, 6-month and 12-month periods prior to and including the Latest Practicable Date respectively; and
- (b) approximately 0.63% on the USPD and approximately 0.27%, 0.29%, 0.29% and 0.30% in the 1-month, 3-month, 6-month and 12-month periods prior to and including the USPD respectively.

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Table 33: Comparison of the Liquidity of the Shares with that of the Top 15 STI Companies

	Top 15 STI Companies by Market Cap. ⁽¹⁾					CICT's Metric	CICT's Metric Relative to:	
	25 th Percentile	75 th Percentile	Mean	Median	25 th -75 th Percentile Range		Mean- Median Range	
ADTVol ⁽²⁾ / Free Float ⁽³⁾ (%)								
Latest Practicable Date: 7 Jul 2021	0.11%	0.61%	0.35%	0.34%	0.63%	Higher	Higher	
1-mth Prior to & Including the LPD	0.15%	0.54%	0.30%	0.24%	0.39%	Within	Higher	
3-mth Prior to & Including the LPD	0.15%	0.73%	0.34%	0.29%	0.40%	Within	Higher	
6-mth Prior to & Including the LPD	0.17%	0.74%	0.37%	0.30%	0.40%	Within	Higher	
12-mth Prior to & Including the LPD	0.17%	0.77%	0.40%	0.38%	0.39%	Within	Within	
USPD: 19 Mar 2021	0.24%	3.35%	0.66%	0.48%	0.85%	Within	Higher	
1-mth Prior to & Including the USPD	0.23%	1.19%	0.46%	0.39%	0.38%	Within	Lower	
3-mth Prior to & Including the USPD	0.18%	0.75%	0.38%	0.30%	0.39%	Within	Higher	
6-mth Prior to & Including the USPD	0.17%	0.93%	0.41%	0.41%	0.42%	Within	Higher	
12-mth Prior to & Including the USPD	0.20%	0.87%	0.44%	0.45%	0.46%	Within	Higher	
ADTV ⁽⁴⁾ / Market Cap ⁽⁵⁾ (%)								
Latest Practicable Date: 7 Jul 2021	0.03%	0.37%	0.17%	0.16%	0.45%	Higher	Higher	
1-mth Prior to & Including the LPD	0.03%	0.29%	0.14%	0.11%	0.28%	Within	Higher	
3-mth Prior to & Including the LPD	0.03%	0.32%	0.16%	0.14%	0.28%	Within	Higher	
6-mth Prior to & Including the LPD	0.03%	0.32%	0.16%	0.15%	0.28%	Within	Higher	
12-mth Prior to & Including the LPD	0.03%	0.26%	0.16%	0.16%	0.27%	Higher	Higher	
USPD: 19 Mar 2021	0.08%	0.87%	0.28%	0.24%	0.63%	Within	Higher	
1-mth Prior to & Including the USPD	0.04%	0.53%	0.20%	0.17%	0.27%	Within	Higher	
3-mth Prior to & Including the USPD	0.04%	0.29%	0.17%	0.17%	0.29%	Within	Higher	
6-mth Prior to & Including the USPD	0.03%	0.27%	0.16%	0.17%	0.29%	Higher	Higher	
12-mth Prior to & Including the USPD	0.03%	0.31%	0.17%	0.17%	0.30%	Within	Higher	

Legend

Higher / Within = Favourable
Lower = Unfavourable

Sources: FactSet, Company Filings

- (1) Excluding CapitalLand.
- (2) The ADTVol refers to the average number of shares that were traded daily for the relevant period prior to and including the USPD.
- (3) Free float refers to the number of shares that are available to the public (i.e. not held by insiders) on the USPD. Free float is calculated by taking the total number of shares outstanding on the USPD multiplied by the free float percentage on the USPD.
- (4) The ADTV⁽⁴⁾ refers to the average value of shares that were traded daily for the relevant period prior to and including the USPD.
- (5) Market capitalisation refers to the closing price on the USPD multiplied by the total number of shares outstanding on the USPD.

With respect to Table 33 above, we observe that:

- (a) for the 12-month period prior to and including the Latest Practicable Date, the ADTVol/Free Float of the CICT Units, which is 0.39%, is within the mean-median range of ADTV/Free Float of the Top 15 STI Companies;
- (b) for the 12-month period prior to and including the Latest Practicable Date, the ADTV⁽⁴⁾/Market Cap. of the CICT Units, which is 0.27%, is higher than the mean-median range of ADTV/Free Float of the Top 15 STI Companies;
- (c) for the 12-month period prior to and including the USPD, the ADTVol/Free Float of the CICT Units, which is 0.46%, is higher than the mean-median range of ADTV/Free Float of the Top 15 STI Companies; and

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- (d) for the 12-month period prior to and including the USPD, the ADTVol/Market Cap. of the CICT Units, which is 0.30%, is higher than the mean-median range of ADTVol/Market Cap. of the Top 15 STI Companies.

Based on our analysis of the historical trading volumes of the CICT Units and the ADTVol and ADTVol relative to the Top-15 STI Companies, excluding CapitaLand, it appears that there is reasonable liquidity in the CICT Units in the 12-months prior to and including the USPD. *Ceteris paribus*, this suggests that the market prices of the CICT Units should generally reflect the fundamental, market-based value of the CICT Units.

9.7.2.2 Historical Market Performance Analysis of CICT Units

Refer to Paragraph 9.7.1.5 (i) (A).

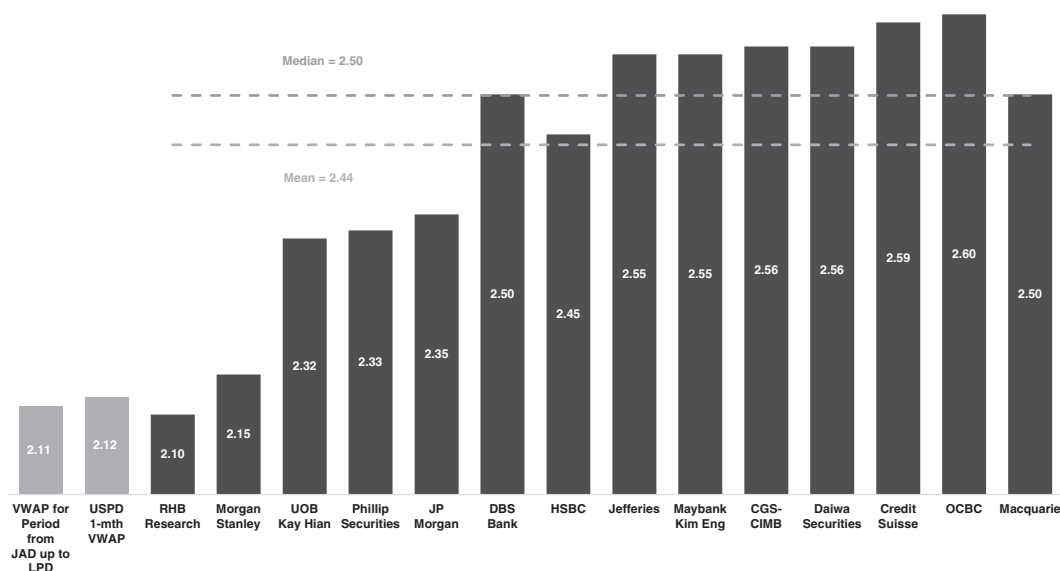
9.7.2.3 VWAP Analysis

Refer to Paragraph 9.7.1.5 (i) (B).

9.7.2.4 Research Analysts' Target Prices of the CICT Units

In our analysis, we have also reviewed the latest publicly available target prices ("TP") for the CICT Units by equity research analysts as summarised in Chart 8.

Chart 8: Research Analysts' Target Prices for the CICT Units



Source: Equity Research Reports

As set out in Chart 8, we observe that the VWAP for the period from the Joint Announcement Date up to the Latest Practicable Date and USPD 1-month VWAP are within the minimum and maximum TP range of S\$2.10 to S\$2.60 as at the USPD and lower than the mean and median USPD TP range of S\$2.44 to S\$2.50 as at the USPD.

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We further observe that the VWAP for the period from the Joint Announcement Date up to the Latest Practicable Date and USPD 1-month VWAP represent a discount of (13.4)% and (12.9)% respectively to the mean research analyst target price as of the USPD.

We wish to highlight that the above research analyst report universe is not exhaustive and price targets for the CICT Units and other statements and opinions contained in the reports within the universe used represent the individual views of the research analysts based on the circumstances (including, amongst others, market, economic, industry and monetary conditions as well as market sentiment and investor perceptions regarding the future prospects of CICT) prevailing at the date of the publication of the respective research analyst reports. The opinions of the research analysts may change over time as a result of, amongst others, changes in market conditions, CICT's market development and the emergence of new information relevant to CICT. As such, the above target prices may not be an accurate prediction of future market prices of the CICT Units, particularly in the context of a control transaction. Any opinions or price targets expressed in such research analyst reports represent the individual views of the respective research analysts and not of Evercore.

9.8 VWAP Analysis

We set out in Table 34 the premium/(discount) implied by the Implied Consideration over:

- (a) the closing price of the Shares on the USPD;
- (b) the VWAP of the Shares for the 1-month, 3-month, 6-month and 12-month period prior to and including the USPD;
- (c) the closing price of the Shares on the Latest Practicable Date; and
- (d) the VWAP of the Shares for the period from the Joint Announcement Date up to the Latest Practicable Date.

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Table 34: Evaluating the Implied Consideration of S\$4.56 – S\$4.99 per Share

Reference Period	Min (\$)	Max (\$)	VWAP ⁽¹⁾ (\$)	Closing Price (\$)	Implied Consideration ⁽²⁾ Min-Max Range	Relative to: VWAP	Closing Price	Implied Consideration ⁽²⁾ Premium / (Discount) to Closing Price / VWAP (%)
Implied Consideration (Upper Bound) ex FY2020 Final Dividend= S\$4.90								
Period from the Ex Date up to and Including the LPD								
Latest Practicable Date: 7 Jul 2021	3.71	3.76	NA	3.74	Higher	NA	Higher	31.0%
From the Ex Date up to the Latest Practicable Date	3.47	3.78	3.66	NA	Higher	Higher	NA	34.0%
Implied Consideration (Upper Bound) = S\$4.99								
Period from the JAD up to and Including the Day before Ex Date								
The Day before Ex Date: 3 May 2021	3.65	3.72	NA	3.67	Higher	NA	Higher	35.9%
From the JAD up to the Day before Ex Date	3.26	4.01	3.78	NA	Higher	Higher	NA	32.1%
Period Prior to and Including the USPD								
USPD: 19 Mar 2021	3.26	3.32	NA	3.31	Higher	NA	Higher	50.7%
1-mth Prior to & Including the USPD	3.08	3.35	3.22	NA	Higher	Higher	NA	54.7%
3-mth Prior to & Including the USPD	3.08	3.51	3.26	NA	Higher	Higher	NA	53.2%
6-mth Prior to & Including the USPD	2.51	3.51	3.04	NA	Higher	Higher	NA	63.9%
12-mth Prior to & Including the USPD	2.51	3.51	2.98	NA	Higher	Higher	NA	67.5%
Implied Consideration (Lower Bound) ex FY2020 Final Dividend = S\$4.47								
Period from the JAD up to and Including the LPD								
Latest Practicable Date: 7 Jul 2021	3.71	3.76	NA	3.74	Higher	NA	Higher	19.4%
From the Ex Date up to the Latest Practicable Date	3.47	3.78	3.66	NA	Higher	Higher	NA	22.2%
Implied Consideration (Lower Bound) = S\$4.56								
Period from the JAD up to and Including the LPD								
The Day before Ex Date: 3 May 2021	3.65	3.72	NA	3.67	Higher	NA	Higher	24.1%
From the JAD up to the Day before Ex Date	3.26	4.01	3.78	NA	Higher	Higher	NA	20.7%
Period Prior to and Including the USPD								
USPD: 19 Mar 2021	3.26	3.32	NA	3.31	Higher	NA	Higher	37.6%
1-mth Prior to & Including the USPD	3.08	3.35	3.22	NA	Higher	Higher	NA	41.3%
3-mth Prior to & Including the USPD	3.08	3.51	3.26	NA	Higher	Higher	NA	39.9%
6-mth Prior to & Including the USPD	2.51	3.51	3.04	NA	Higher	Higher	NA	49.7%
12-mth Prior to & Including the USPD	2.51	3.51	2.98	NA	Higher	Higher	NA	53.0%

Legend
Higher / Within = Favourable
Lower = Unfavourable

Source: FactSet

Note: All share prices and VWAP figures shown are rounded to the nearest two (2) decimal places

- (1) The VWAP is weighted based on the volume of the Shares traded and the corresponding transacted prices of the Shares for market days in the reference periods. Share price and VWAP figures shown are rounded to the nearest two (2) decimal places. We note that the ex-date for FY2020 Final Dividend is 4 May 2021. No adjustments to share prices and VWAP figures have been made for stock splits, rights issues, dividends, bonus issues or other corporate transactions in each respective reference period.
- (2) Implied Consideration (Upper Bound), Implied Consideration (Lower Bound), Implied Consideration (Upper Bound) ex FY2020 Final Dividend, and Implied Consideration (Lower Bound) ex FY2020 Final Dividend respectively derived based on SOTP analysis of Company and analysis of CICT DIS Units.

Based on Table 34, we note that the trading ranges of the Shares are as such:

- (a) between the Ex Date and the Latest Practicable Date, the Shares traded between S\$3.47 and S\$3.78 per Share;
- (b) between the Joint Announcement Date and the day before the Ex Date, the Shares traded between S\$3.26 and S\$4.01 per Share; and
- (c) for the 12-month period prior to and including the USPD, the Shares traded between S\$2.51 and S\$3.51 per Share.

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Based on Table 34, we note that the Implied Consideration (Upper Bound) ex FY2020 Final Dividend premium/(discount) to the closing price and VWAP of the Shares are as such:

- (a) for the period from the Ex Date up to and including the Latest Practicable Date, the Implied Consideration (Upper Bound) ex FY2020 Final Dividend represents:
 - (i) a premium of approximately 31.0% over the Latest Practicable Date closing price of the Shares; and
 - (ii) a premium of approximately 34.0% over the VWAP of the Shares for the period from the Ex Date up to the Latest Practicable Date.

Based on Table 34, we note that the Implied Consideration (Upper Bound) premium/(discount) to the closing price and VWAP of the Shares are as such:

- (a) for the period from the Joint Announcement Date up to and including the day before the Ex Date, the Implied Consideration (Upper Bound) represents:
 - (i) a premium of approximately 35.9% over the closing price of the Shares on the day before the Ex Date; and
 - (ii) a premium of approximately 32.1% over the VWAP of the Shares for the period from the Joint Announcement Date up to the day before the Ex Date.
- (b) for the 12-month period prior to and including the USPD, the Implied Consideration (Upper Bound) represents:
 - (i) a premium of approximately 50.7% over the USPD closing price of the Shares; and
 - (ii) a premium of approximately 54.7%, 53.2%, 63.9% and 67.5% over the VWAP of the Shares for the 1-month, 3-month, 6-month and 12-month periods prior to and including the USPD respectively.

Based on Table 34, we note that the Implied Consideration (Lower Bound) ex FY2020 Final Dividend premium/(discount) to the closing price and VWAP of the Shares are as such:

- (a) for the period from the Ex Date up to and including the Latest Practicable Date, the Implied Consideration (Lower Bound) ex FY2020 Final Dividend represents:
 - (i) a premium of approximately 19.4% over the Latest Practicable Date closing price of the Shares; and
 - (ii) a premium of approximately 22.2% over the VWAP of the Shares for the period from the Ex Date up to the Latest Practicable Date.

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Based on Table 34, we note that the Implied Consideration (Lower Bound) premium/(discount) to the closing price and VWAP of the Shares are as such:

- (a) for the period from the Joint Announcement Date up to and including the Latest Practicable Date, the Implied Consideration (Lower Bound) represents:
 - (i) a premium of approximately 24.1% over the closing price of the Shares on the day before the Ex Date; and
 - (ii) a premium of approximately 20.7% over the VWAP of the Shares for the period from the Joint Announcement Date up to the day before the Ex Date.
- (b) for the 12-month period prior to and including the USPD, the Implied Consideration (Lower Bound) represents:
 - (i) a premium of approximately 37.6% over the USPD closing price of the Shares; and
 - (ii) a premium of approximately 41.3%, 39.9%, 49.7% and 53.0% over the VWAP of the Shares for the 1-month, 3-month, 6-month and 12-month periods prior to and including the USPD respectively.

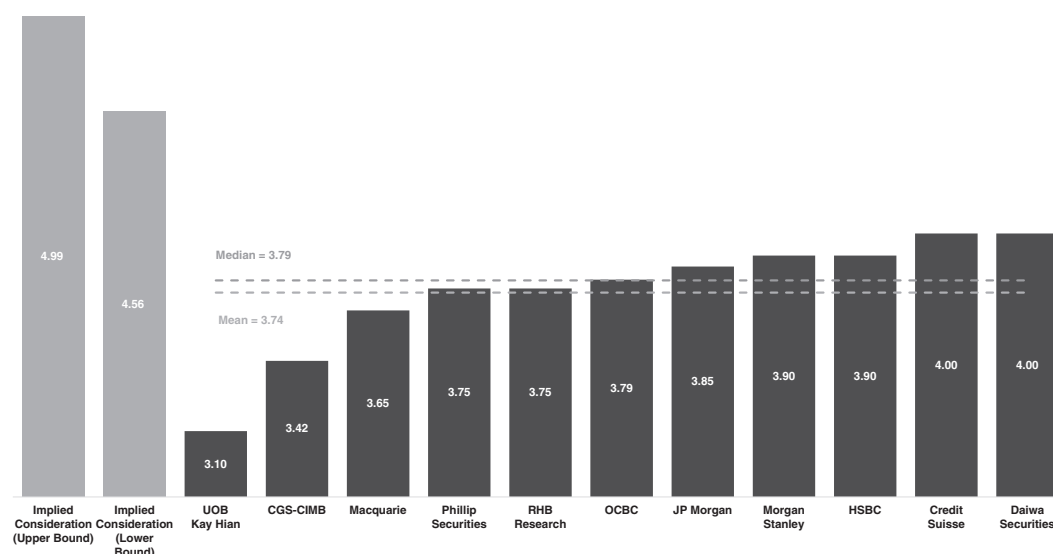
We note that there is no assurance that the price of the Shares will remain at current levels in the event that the Scheme is terminated. We also wish to highlight that the historical trading performance of the Shares serves only as an illustrative guide and should not be relied upon as an indication of the future price performance of the Shares, which may be affected by, amongst other factors, the performance and prospects of CapitaLand, prevailing economic conditions, economic outlook, stock market conditions and sentiment.

9.9 Research Analysts' Target Prices of the Shares

In our analysis, we have also reviewed the latest publicly available target prices ("TP") for the Shares by equity research analysts as summarised in Chart 9.

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Chart 9: Research Analysts' Target Prices for the Shares



Source: Equity Research Reports

As set out in Chart 9, we observe that the Implied Consideration (Upper Bound) and Implied Consideration (Lower Bound) are higher than the minimum and maximum TP range of S\$3.10 to S\$4.00 as at the USPD and higher than the mean and median USPD TP range of S\$3.74 to S\$3.79 as at the USPD.

We further observe that the Implied Consideration (Upper Bound) and Implied Consideration (Lower Bound) represent a premium of 33.5% and 21.9% respectively to the mean research analyst target price as of the USPD.

We wish to highlight that the above research analyst report universe is not exhaustive and price targets for the Shares and other statements and opinions contained in the reports within the universe used represent the individual views of the research analysts based on the circumstances (including, amongst others, market, economic, industry and monetary conditions as well as market sentiment and investor perceptions regarding the future prospects of CapitaLand) prevailing at the date of the publication of the respective research analyst reports. The opinions of the research analysts may change over time as a result of, amongst others, changes in market conditions, CapitaLand's market development and the emergence of new information relevant to CapitaLand. We also note that the research analyst coverage of the Shares is limited. As such, the above target prices may not be an accurate prediction of future market prices of the Shares, particularly in the context of a control transaction. Any opinions or price targets expressed in such research analyst reports represent the individual views of the respective research analysts and not of Evercore.

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10. ANALYSIS OF DEVELOPMENT BUSINESS

The Scheme involves placing the Development Business under private ownership, to be fully held by CLA through the proposed privatisation of CapitaLand on completion of the Scheme. This effectively means that Eligible Shareholders will be giving up their indirect stake in the Development Business, as part of the Scheme. As such, we have evaluated the Development Business Consideration, which is the value received by Eligible Shareholders for their indirect stake in the Development Business.

10.1 Development Business Valuation Analysis

The Development Business represents the real estate development business of CapitaLand which will be placed under private ownership, to be fully held by CLA through the proposed privatisation of CapitaLand on the completion of the Scheme. The Development Business holds both investment properties as well as development properties for sale (“**DPFS**”).

Investment properties are held by subsidiaries and through associates and joint ventures of the Company and are longer-gestation. Investment properties consist of mainly retail and office properties located in Singapore, China, Vietnam, Indonesia and India. Investment properties are held either to earn rental income or for capital appreciation, or both.

DPFS are held for development and sale in the ordinary course of business and consist of mainly commercial and residential properties located in Singapore, China and Vietnam.

(A) NAV of the Development Business

We have relied on the consolidated financials of CapitaLand as at 31 December 2020 as the Company is not required to disclose its financials for 1Q 2021. The aggregate book NAV of the Development Business was approximately S\$6,148 million as at 31 December 2020 after adjusting for transaction costs and dividends.

(B) RNAV of the Development Business

The carrying values of the investment properties in the Development Business were based on independent valuation as at 31 December 2020. CapitaLand has provided valuation reports from Independent Valuers for investment properties which constitute approximately 80% of the total effective valuation of the investment properties to be held under the Development Business (excluding the properties held through private funds and including the components developed for sale for one mixed use development, which entire property was the subject of valuation) as at 31 December 2020 (“**Relevant Properties**”). Since 31 December 2020, certain Relevant Properties in the Development Business were revalued as at 31 March 2021 (the “**Development Business Revaluations**”). With respect to the rest of Relevant Properties in the Development Business, the relevant Independent Valuers have each confirmed that, as of 31 March 2021, their Independent Valuations as of 31 December 2020 remain materially unchanged (the “**Development Business Valuation Confirmations**”). Accordingly, to present an NAV of the Development Business that better reflects the financial position of

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the Development Business as at the Latest Practicable Date, we have adjusted the NAV as at 31 December 2020 to arrive at the RNAV of the Development Business, taking into consideration:

- (a) the Development Business Revaluations;
- (b) the investment property values which are the subject of the Development Business Valuation Confirmations;
- (c) revaluation of selected DPFS based on Independent Valuation or Internal Valuations; and
- (d) subsequent disposals and acquisitions post 31 December 2020 to the Latest Practicable Date.

We set out in Table 35 below a summary of the revaluation approach adopted.

Table 35: Summary of Revaluation Approach

Type	Methodology
Investment Properties	
i. Investment Properties	Valuers have valued the properties based on, amongst others, income capitalisation method, discounted cash flow method and direct comparison method
DPFS	
ii. DPFS with Independent Valuations	Valuers have valued the properties based on residual approach and direct comparison approach
iii. DPFS with Internal Valuations	- For DPFS which are under development and have achieved some pre-sales to date but have not been recognised for book accounting purposes, the Company has valued: - The contracted units based on actual transacted selling prices and associated estimated development costs; and - The uncontracted units based on management estimates of selling prices and associated development costs. - For DPFS which are under development but have no contracted sales, the Company has valued these projects based on management estimates of selling prices and associated development costs

Source: Valuation Reports

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We set out in Table 36 below the revaluation surplus of selected DPFS.

Table 36: Revaluation surplus of selected DPFS

Projects	Revaluation Surplus ⁽¹⁾ (S\$ mm)
Projects based on Internal Valuations ⁽²⁾	949
Projects based on Independent Valuations	371
Total Revaluation Surplus	1,320

(1) Estimated by CapitaLand Management

(2) Includes net gain from sale of stake in two (2) of the projects after 31 December 2020

We set out in Table 37 below the RNAV of the Development Business.

Table 37: RNAV of the Development Business

	S\$ mm ⁽¹⁾
Adjusted NAV of the Development Business as at 31 December 2020 ⁽²⁾	6,148
Add: revaluation surplus/(deficit) from DPFS	1,320
Add: revaluation surplus/(deficit) from investment properties ⁽³⁾	33
RNAV of the Development Business	7,501

(1) Estimated by CapitaLand Management.

(2) Adjusted for transaction costs, dividends and share plans.

(3) Includes net gain from sale of one (1) of the projects after 31 December 2020.

The Independent Directors should note that the above RNAV analysis provides an estimate of the value of the Development Business assuming the hypothetical sale of all the property-related assets and businesses. However, such a hypothetical scenario is assumed to be made without considering factors such as, amongst others, the time value of money, the actual time that would be required to dispose of the assets, market/economic conditions, professional fees, liquidation costs, contractual obligations, any other regulatory requirements and the availability of potential buyers, which would theoretically lower the RNAV that can be realised. The Independent Directors should note that there are no assurances that the revaluation surpluses or gains could be realised at the price levels as appraised by the independent valuers and as estimated by CapitaLand Management.

We have relied on Independent Valuations as well as Internal Valuations and other estimates provided by CapitaLand Management to ascertain the RNAV for the properties. We have not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained any such information, whether written or verbal, and make no representations or warranties, express or implied, on the accuracy or completeness or adequacy of such information. We have made reasonable enquiries and exercised reasonable judgement as we deemed necessary on the reasonable use of such information and we are not aware of any reason to doubt the accuracy of such information.

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In addition, we note that in FY2020, there are S\$116 million of indirect overhead cash expenses incurred at the CapitaLand level and not accounted for in the NAV of the Development Business as at 31 December 2020.

We note that for the purpose of the valuation of the Development Business, we have utilised the following methodology:

(a) Valuation ratios of selected listed companies

We focused on an RNAV-based valuation ratio (e.g. P/RNAV) as an asset-based valuation approach providing an estimate of the value of a company, assuming the hypothetical sale of all of its assets over a reasonable period of time, is more relevant in providing an estimate of the value of an asset-based company than other income-based valuation ratios. Property-related companies such as the Development Business are often valued using an asset-based valuation approach as their asset backings are perceived as providing support for the value of their equity, while the reported annual earnings of property-related companies may vary considerably over time and between companies due to factors such as the timing of project launches and completion, redevelopment of properties and periodic revaluation of properties.

Separately, we focused on an income-based valuation ratio (i.e. LTM P/E) to evaluate the value of the indirect overhead cash expenses (not accounted for in the NAV of the Development Business as at 31 December 2020 as they had been incurred at the CapitaLand level) as the indirect overhead cash expenses would have directly impacted the profit & loss of the Development Business had they been incurred at the Development Business level.

We note the following key considerations in reference to the valuation of the Development Business:

- Based on the RNAV of the Development Business, the implied valuation of the Development Business is approximately S\$7,501 million;
- Based on the 25th and 75th percentile valuation ranges of P/RNAV of the Selected Listed Property Development Companies (as defined below), the implied valuation of the Development Business will range from approximately S\$2,657 million to S\$3,529 million;
- Based on the 25th percentile valuation of LTM P/E of the Selected Listed Property Developers (as defined below), the implied valuation of capitalised indirect overhead cash expenses of the Development Business is approximately S\$995 million; and
- Adjusting for the implied valuation of capitalised indirect overhead cash expenses of S\$995 million, the adjusted valuation of the Development Business will range from approximately S\$1,661 million to S\$2,534 million and approximately S\$0.319 per Share to S\$0.487 per Share.

In arriving at our analysis for the Development Business we have used a range of values for the Development Business of between S\$1,661 million and S\$2,534 million.

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(i) Valuation ratios of selected listed companies

We have selected Singapore and Hong Kong listed property development companies with which have, in our opinion, broadly similar businesses to the Development Business (the “**Selected Listed Property Development Companies**”).

Brief descriptions of the Selected Listed Property Development Companies are set out in the following table.

Table 38: Brief Descriptions of the Selected Listed Property Development Companies

Company	Company Description	Market Cap. ⁽¹⁾ (S\$ mm)
Selected Listed Property Development Companies		
City Development Ltd. (“ CDL ”)	- Established in 1963, CDL is a Singapore-based company that engages in property development and ownership with a network spanning 12 locations and 29 countries and regions - Its income-stable and geographically-diverse portfolio comprises residences, offices, hotels, serviced apartments, shopping malls and integrated developments	Latest Practicable Date: 6,357
Oxley Holdings Ltd. (“ Oxley ”)	- Established in 2010, Oxley is a Singapore-based company that engages in the business of property development and investment - Its property portfolio consists of development and investment projects in Singapore, UK, Ireland, Cyprus, Cambodia, Malaysia, Indonesia, China, Myanmar, Australia, Japan and Vietnam	Latest Practicable Date: 974
China Overseas Land & Investment Ltd. (“ COLI ”)	Established in 1979, COLI is a Hong Kong-based company that engages in property development and commercial property management with presence in Hong Kong, Macau and 80 cities in Mainland China, as well as in countries such as UK, Australia and Singapore	Latest Practicable Date: 34,056

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Company	Company Description	Market Cap. ⁽¹⁾ (S\$ mm)
Selected Listed Property Development Companies		
China Evergrande Group ("Evergrande")	- Established in 2006, Evergrande is a China-based company that mainly engages in the development, investment, and management of real estate properties - Its property portfolio consists of more than 1,300 projects in more than 280 cities in China and it has established strategic cooperation with more than 860 well-known companies around the world	Latest Practicable Date: 22,680

Sources: FactSet, Company Filings, Press Articles

(1) Market capitalisation refers to the closing price on the Latest Practicable Date multiplied by the total number of shares outstanding on the Latest Practicable Date respectively; Foreign exchange rates are derived from FactSet as of the Latest Practicable Date.

We wish to highlight that the Selected Listed Property Development Companies are not exhaustive and there may not be any companies listed on the SGX-ST or other stock exchanges that are directly comparable to the Development Business in terms of, amongst others, market capitalisation, composition of business activities, scale and size of operations, geographical markets, track record, financial performance, operating and financial leverage, future prospects, asset base, risk profile, customer base, liquidity, capital structure, growth profile and other relevant criteria. We also note that the accounting principles used by the respective Selected Listed Property Development Companies may be different. Such differences may therefore render any comparisons carried out less useful than if the same accounting principles were being used. As such, any comparison made is necessarily limited and merely serves only as an illustrative guide.

We further wish to highlight that underlying financial data used to calculate the valuation multiples in our analysis have been extracted from Bloomberg, Factset, Capital IQ, published financial statements and annual reports of the Selected Listed Property Development Companies as of the Latest Practicable Date. We make no representations or warranties, express or implied, on the accuracy or completeness of such information.

We have relied solely upon and assumed the accuracy and completeness of all information that was furnished to or discussed with us by the Company or otherwise reviewed by or for us, and we have not independently verified (nor have we assumed any responsibility or liability for independently verifying such information) any such information or its accuracy or completeness. We do not assume any responsibility for the financial analyses, bases of the valuations and the contents of the information that was furnished to or discussed with us by the Company and whether each of the foregoing has been prepared in accordance with all applicable legal and regulatory requirements, including Rule 26 of the Code. We have not conducted any valuation or appraisal of any assets or liabilities of the Development

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Business. In relying on financial analyses and estimates provided to us by CapitaLand Management, we have assumed that they have been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the financial condition of the Company to which such analyses or estimates relate. We express no view as to such analyses or estimates or the assumptions on which they were based.

We set out below the midpoint trading multiples of the Selected Listed Property Development Companies based on their LTM multiple ranges as at the Latest Practicable Date.

Table 39: Trading Multiples of the Selected Listed Property Development Companies as at the Latest Practicable Date

Trading Multiples of Selected Listed Property Development Companies ⁽¹⁾								
Company	Listing	Local Currency ("LCY")	Share Price (LCY)	Market Capitalisation ⁽²⁾		EV ⁽³⁾ (\$ mm)	P/RNAV (x)	LTM P/E (x)
				(LCY mm)	(\$ mm)			
CDL	SGX	SGD	7.01	6,357	6,357	13,559	0.56x ⁽⁴⁾	NM ⁽⁸⁾
Oxley	SGX	SGD	0.23	974	974	3,366	0.44x ⁽⁵⁾	22.0x ⁽⁹⁾
COLI	HKSE	HKD	17.94	196,334	34,056	55,624	0.38x ⁽⁶⁾	4.6x ⁽¹⁰⁾
Evergrande	HKSE	HKD	9.87	130,750	22,680	175,753	0.29x ⁽⁷⁾	12.5x ⁽¹¹⁾
75th Percentile							0.47x	17.3x
Mean							0.42x	13.1x
Median							0.41x	12.5x
25th Percentile							0.35x	8.6x

Sources: FactSet, Company Filings, Research Analysts

- (1) All figures, unless otherwise stated below, are as of the Latest Practicable Date; P/E that is negative is regarded as "NM".
- (2) Market capitalisation refers to the closing price on the Latest Practicable Date multiplied by the total number of shares issued of the relevant company on the Latest Practicable Date and the foreign exchange rates derived from FactSet as of the same date.
- (3) Enterprise value has been calculated as the sum of the market capitalisation, net debt, minority interests, less interest in joint ventures and associated companies. Enterprise value is computed based on the latest available consolidated financial results as of the Latest Practicable Date.
- (4) Based on the latest RNAV estimates from analyst reports from UOB Kay Hian Securities, Credit Suisse, Morgan Stanley, UBS, Jefferies, JP Morgan, and HSBC.
- (5) Based on the latest RNAV estimates from analyst report from UOB Kay Hian Securities.
- (6) Based on the latest RNAV estimates from analyst reports from Haitong International Research, China International Capital, and JP Morgan.
- (7) Based on the latest RNAV estimates from analyst reports from CGS-CIMB Securities and JP Morgan.
- (8) Financial information reflects data for the LTM ended 31 December 2020. Earnings per share ("EPS") has been adjusted for gain on loss of control in subsidiaries, wage grant, loss on dilution of an associate, intangible assets written off, profit on sale of property, plant and equipment ("PPE") and investment properties, PPE and investment properties written off, fair value gain on financial assets mandatorily measured at fair value through profit or loss ("FVTPL"), net exchange gain, fair value losses on financial derivatives designated at FVTPL (net), and impairment loss on PPE and investment properties.
- (9) Financial information reflects data for the LTM ended 31 December 2020. EPS has been adjusted for gain on disposal of PPE and investment properties, impairment loss on development properties and receivables, loss on disposal of investment in associates, net fair value gain and loss on investment properties and derivative financial instruments, net foreign exchange gain and loss, government grant income, and gain on striking off a subsidiary.
- (10) Financial information reflects data for the LTM ended 31 December 2020. EPS has been adjusted for income on primary land development, gain on disposal of PPE, net foreign exchange gain and loss, and gain arising from changes in fair value of investment properties.
- (11) Financial information reflects data for the LTM ended 31 December 2020. EPS has been adjusted for fair value gain on investment properties, impairment loss on financial assets, fair value loss on financial assets at FVTPL, fair value gain on derivative financial liabilities, gain and loss on disposal of subsidiaries, associates and joint ventures, net foreign exchange gain and loss, loss in relation to the restructures of investors' equity interests in a subsidiary, and gain on disposal of investment properties.

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Based on Table 39, we note that the 25th and 75th percentiles of LTM P/RNAV multiple of the Selected Listed Property Development Companies reflect a range of 0.35 times to 0.47 times. Accordingly, the implied valuation of the Development Business will range from approximately S\$2,657 million to S\$3,529 million.

Based on Table 39, we note that the 25th percentile of LTM P/E multiple of the Selected Listed Property Development Companies is 8.6 times. Accordingly, the implied valuation of capitalised indirect overhead cash expenses of the Development Business will be approximately S\$995 million.

Adjusting for the implied valuation of capitalised indirect overhead cash expenses of S\$995 million, the adjusted valuation of the Development Business will range from approximately S\$1,661 million to S\$2,534 million and approximately S\$0.319 per Share to S\$0.487 per Share.

10.2 Development Business Consideration Analysis

The Development Business Consideration comprises the following:

- (a) a fixed scrip consideration, which is 0.08 CICT DIS Units for each Share (the “**Distribution Ratio**”) with an implied value of S\$2.111 to S\$2.122 per CICT Unit based on its VWAP for the 1-month period prior to and including the USPD as well as the period from the Joint Announcement Date up to and including the Latest Practicable Date (the “**CICT Unit Value**”); and
- (b) a fixed Cash Consideration, which is S\$0.951 for each Share.

Taking into account the CICT Unit Value, the Distribution Ratio and the Cash Consideration, the Development Business Consideration implies a value of S\$1.120 to S\$1.121 per Share, as illustrated below:

Table 40: Development Business Consideration

Segments and Adjustments	Implied Value	
	Lower Bound (\$)	Upper Bound (\$)
CICT Unit Price	2.111	2.122
Multiplied by Distribution Ratio	0.080	0.080
	0.169	0.170
Add: Cash Consideration	0.951	0.951
Development Business Consideration	1.120	1.121

Based on Table 40, we note that the Development Business Consideration of S\$1.120 to S\$1.121 reflects a premium of approximately 130.0% to 251.1% over the adjusted valuation range of the Development Business of S\$0.319 per Share to S\$0.487 per Share.

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10.3 Precedent Transactions of Selected Singapore-listed Property Developers

In view of the Scheme which involves the acquisition of all the Shares from the Eligible Shareholders with the Offeror already owning approximately 51.76% of the total number of Shares in issue at the Joint Announcement Date, we have reviewed all completed precedent transactions during the 10-year period prior to the Joint Announcement Date in relation to privatisation and delisting of Singapore-listed real estate companies which do not involve a change of control of the relevant company (i.e. where the offeror already owns 50% or more of the issues shares in the target company as at the date of the offer announcement) and where the independent financial advisors had issued a fair and reasonable opinion. We have also focused on precedent transactions with an offer price-implied equity value⁽¹²⁾ of more than S\$1 billion given the size of CapitaLand. We have conducted our analysis on the basis of P/NAV and P/RNAV as the key parameters for comparison against the multiples implied by the Development Business Consideration.

Brief descriptions of the precedent transactions selected for our analysis (“**Selected Precedent Transactions**”) are set out in the following table.

Table 41: Brief Descriptions of the Selected Precedent Transactions

Ann. Date	Targets	Description
Selected Precedent Transactions		
12 June 2020	Perennial Real Estate Holdings Limited (“ Perennial ”)	- Founded in 2002, Perennial is a Singapore-based integrated real estate and healthcare company. Perennial a real estate owner, developer and manager and focuses strategically on large-scale mixed-use developments - On 12 June 2020, the offeror, Primero Investment Holdings Pte. Ltd., announced a voluntary conditional cash offer for (i) all issued and paid-up ordinary shares in the capital of Perennial, excluding treasury shares; and (ii) all new shares unconditionally allotted and issued and all shares held in treasury that are transferred prior to or on the closing date pursuant to the valid exercise of any options granted prior to the closing date - As at the date of offer announcement, the offeror and parties acting in concert with it owned 83.54% of all the issued shares in Perennial - At the close of the offer, the offeror and parties acting in concert with it owned 99.01% of the total issued shares in Perennial the offeror exercised its right of compulsory acquisition under Section 215(1) of the Companies Act, Chapter 50 of Singapore IFA’s opinion: fair and reasonable

⁽¹²⁾ Offer price multiplied by all shares in issue of the target company

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Ann. Date	Targets	Description
Selected Precedent Transactions		
19 July 2018	Wheelock Properties (Singapore) Limited ("Wheelock Properties")	- Founded in 1972, Wheelock Properties is a Singapore-based company engaged in property development and investment holding - On 19 July 2018, the offeror, Star Attraction Limited, announced a voluntary unconditional general offer for all the issued and paid-up ordinary shares in the share capital of Wheelock Properties, other than shares already owned or agreed to be acquired by the offeror - As at the date of offer announcement, the offeror and parties acting in concert with it owned 76.21% of the total number of issued shares in Wheelock Properties - At the close of the offer, the offeror and parties acting in concert with it owned 90.10% of the total issued shares of Wheelock Properties and shareholders who have not accepted the offer have a right to require the offeror to acquire their shares under Section 215(3) of the Companies Act, Chapter 50 of Singapore IFA's opinion: fair and reasonable
14 April 2014	CapitaMalls Asia Limited ("CapitaMalls Asia")	- Founded in 2004, CapitaMalls Asia is a Singapore-based company that develops, owns, and manages shopping malls in Asia - On 14 April 2014, the offeror, Sound Investment Holdings Pte. Ltd., a wholly-owned subsidiary of CapitaLand, announced a voluntary conditional cash offer for (i) all the shares in the capital of CapitaMalls Asia in issue; (ii) all new shares unconditionally issued or to be issued pursuant to the vesting and release of any outstanding awards granted under the restricted stock plan and performance share plan of CapitaMalls Asia; and (iii) all new shares unconditionally issued or to be issued in payment of directors' fees payable to the directors for the financial year ended 31 December 2013 - As at the date of offer announcement, the offeror and parties acting in concert with it owned 65.38% of the share capital of CapitaMalls Asia - At the close of the offer, the offeror and parties acting in concert with it owned 98.4% of the issued share capital of CapitaMalls Asia the offeror exercised its right of compulsory acquisition under Section 215(1) of the Companies Act, Chapter 50 of Singapore IFA's opinion: fair and reasonable

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Ann. Date	Targets	Description
Selected Precedent Transactions		
24 February 2014	Singapore Land Limited (“ Singapore Land ”)	- Founded in 1963, Singapore Land is a Singapore-based company that engages in development of real estate properties for investment and trading, investment holding, property management, and investment in hotels and retail centres - On 24 February 2014, the offeror, UIC Enterprise Pte. Ltd., a wholly-owned subsidiary of United Industrial Corporation Limited (“UIC”), announced a voluntary unconditional cash offer for all the issued and paid-up ordinary shares in the capital of Singapore Land other than those held by UIC and its subsidiaries - As at the date of offer announcement, the offeror and parties acting in concert with it owned 80.52% of the total number of issued shares in Singapore Land - At the close of the offer, the offeror and parties acting or deemed to be acting in concert with it owned 97.27% of the total number of issued shares in Singapore Land and shareholders who have not accepted the offer have a right to require the offeror to acquire their shares under Section 215(3) of the Companies Act, Chapter 50 of Singapore - As at the end of the compulsory acquisition process, the offer and parties acting or deemed to be acting in concert with it owned 99.50% of the total number of issued shares in Singapore Land IFA’s opinion: fair and reasonable
23 May 2011	Allgreen Properties Limited (“ Allgreen Properties ”)	- Founded in 1986, Allgreen Properties is a Singapore-based company that is engaged in the development of residential, retail and office space, serviced apartment, and hotel properties - On 23 May 2011, the offeror, Brookvale Investments Pte. Ltd., announced a voluntary conditional cash offer for all (i) the shares in the capital of Allgreen Properties; and (ii) new shares unconditionally issued or to be issued pursuant to the valid exercise of the Allgreen options granted under Allgreen share option scheme - As at the date of offer announcement, the offeror and parties acting or deemed to be acting in concert with it owned 59.44% of the total number of issued shares in Allgreen Properties - At the close of the offer, the offeror and parties acting or deemed to be acting in concert with it owned 97.41% of the total number of issued shares in Allgreen Properties and the offeror exercised its right of compulsory acquisition under Section 215(1) of the Companies Act, Chapter 50 of Singapore IFA’s opinion: fair and reasonable

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Table 42: Selected Precedent Transactions

Ann. Date	Target	Acquirer	Initial Stake ⁽¹⁾ (%)	Stake Acquired (%)	Resulting Stake (%)	Offer Price Implied P/NAV (x)	Offer Price Implied P/RNAV (x)
12-Jun-20	Perennial Real Estate Holdings ⁽²⁾	Primero Investment Holdings	83.54%	16.46%	100.00%	0.60x	0.58x
19-Jul-18	Wheelock Properties ⁽³⁾	Wheelock and Company	76.21%	13.89%	90.10%	0.81x	0.84x
14-Apr-14	CapitaMalls Asia ⁽⁴⁾	CapitaLand	65.38%	34.62%	100.00%	1.02x	0.95x
24-Feb-14	Singapore Land ⁽⁵⁾	UIC	80.52%	18.98%	99.50%	0.72x	0.67x
23-May-11	Allgreen Properties ⁽⁶⁾	Brookvale Investments	59.44%	40.56%	100.00%	0.99x	0.81x
Maximum						1.02x	0.95x
Mean						0.83x	0.77x
Median						0.81x	0.81x
Minimum						0.60x	0.58x
Implied by Development Business Consideration (Upper Bound)						0.949x	0.778x
Min-Max Range						Within	Within
Mean-Median Range						Higher	Within
Implied by Development Business Consideration (Lower Bound)						0.948x	0.777x
Min-Max Range						Within	Within
Mean-Median Range						Higher	Within

Legend
Higher / Within = Favourable
Lower = Unfavourable

Sources: Relevant SGX-ST Filings, Company Announcements, Circulars, Presentations and Scheme Documents

- (1) Combined stake held by the offeror and parties acting in concert with it as at the date of the offer announcement.
- (2) Offer price implied P/NAV and P/RNAV are based on the NAV per share as at 31 December 2019 and adjusted NAV per share as disclosed in the circular.
- (3) Offer price implied P/NAV and P/RNAV are based on the NAV per share as at 30 June 2018 and RNAV per share as disclosed in the circular.
- (4) Offer price implied P/NAV is based on the NAV per share as at 31 March 2014 as disclosed in the circular and adjusted for S\$0.03 NAV per share for CapitaMalls Asia's fund management segment; offer price implied P/RNAV is based on the midpoint adjusted NAV per share as disclosed in the circular and adjusted for S\$0.35 RNAV per share for CapitaMalls Asia's fund management segment (midpoint of RNAV range as estimated by independent financial advisor).
- (5) Offer price implied P/NAV and P/RNAV are based on the net tangible assets ("NTA") per share as at 31 December 2013 and revalued NTA per share as disclosed in the circular.
- (6) Offer price implied P/NAV and P/RNAV are based on the NAV per share as at 31 March 2011 and midpoint RNAV per share as disclosed in the circular.

As set out in Table 42, we observe that:

- (a) The lower and upper bound of the Development Business Consideration's implied P/NAV multiple of 0.948x and 0.949x respectively are both within the minimum and maximum P/NAV multiple range of 0.60x and 1.02x as implied by the Selected Precedent Transactions shown in Table 42; and
- (b) The lower and upper bound of the Development Business Consideration's implied P/RNAV multiple of 0.777x and 0.778x respectively are both within the minimum and maximum P/RNAV multiple range of 0.58x and 0.95x as implied by the Selected Precedent Transactions shown in Table 42.

We further observe that:

- (a) The lower and upper bound of the Development Business Consideration's implied P/NAV multiple of 0.948x and 0.949x are both higher than the mean to median

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P/NAV multiple range of 0.81x to 0.83x as implied by the Selected Precedent Transactions shown in Table 42; and

- (b) The lower and upper bound of the Development Business Consideration's implied P/RNAV multiple of 0.777x and 0.778x respectively are both within the mean to median P/RNAV multiple range of 0.77x to 0.81x as implied by the Selected Precedent Transactions shown in Table 42.

The Selected Precedent Transactions may not be directly comparable with the Development Business Consideration, and the target companies may vary in terms of, amongst others, industry, market capitalisation, capital structure, business mix, size of operations, geographical operations, financial performance, risk profile, growth profile, future prospects, accounting policies and other relevant criteria. Furthermore, the Selected Precedent Transactions were completed at different points in time and were subject to varying market conditions. We note further that there may be commercial and financial merits specific to each of the Selected Precedent Transactions noted. The premium that an offeror will pay in respect of any particular takeover depends on various factors including, amongst others, the offeror's intention for the target, the potential synergy that the offeror can derive from the target, the presence of competing bids, prevailing market conditions and sentiment, the attractiveness and profitability of the target's business and assets and existing and desired level of control in the target. As a result, any comparisons to be drawn can serve only as an illustrative guide and the Selected Precedent Transactions may not provide a meaningful basis for valuation comparison.

We further wish to highlight that the underlying financial data used to calculate the valuation ratios in our analysis has been extracted from the relevant target companies' financial statements, Bloomberg, FactSet, Capital IQ and other relevant information sources. We make no representations or warranties, express or implied, on the accuracy or completeness of such information.

11. OTHER KEY CONSIDERATIONS

11.1 Leverage Structure Analysis

We set out in Table 43 below the consolidated financials of CLI (pro forma) and CapitaLand.

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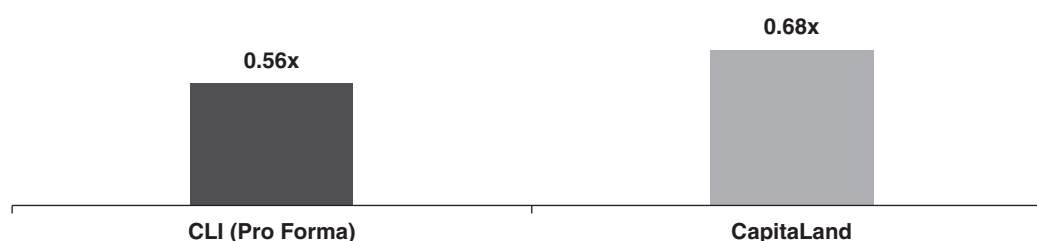
Table 43: Consolidated Financials of CLI (pro forma) and CapitaLand as at 31 December 2020

<i>S\$ bn</i>	CLI (pro forma)	CapitaLand
Consolidated Financials		
Net Debt ⁽¹⁾	10.5	26.0
Equity ⁽¹⁾	18.9	38.3

(1) Company Filings

We set out in Chart 10 below the leverage structure of CLI (pro forma) and CapitaLand.

Chart 10: Net Debt / Equity Ratio



As set out in Chart 10, we observe that the pro forma Net Debt / Equity ratio of CLI (pro forma) is approximately 0.56x, which is lower than the 0.68x Net Debt / Equity ratio of CapitaLand as at 31 December 2020. We note that post Scheme, Shareholders will effectively own a direct stake in a company that is more-asset and capital-efficient, and with a lower gearing ratio, compared to CapitaLand prior to the Scheme.

11.2 Rationale of the Scheme

In connection with the successful combination with the Ascendas-Singbridge group of companies in 2019⁽¹³⁾, CapitaLand has announced its “CapitaLand 3.0” strategy focusing on becoming an agile and growth-oriented real estate company that is balanced and diversified across asset classes and geographies. As part of this strategy, CapitaLand has set itself to look into four key main aspects, namely:

- (a) identify and pivot into new economy sectors capitalising on future megatrends;
- (b) optimise capital allocation and returns;
- (c) strengthen and deepen presence in strategic markets globally; and
- (d) attract the best talent.

⁽¹³⁾ The Company had paid an aggregate consideration of S\$6,035.9 million for the acquisition of the Ascendas-Singbridge group of companies, and such consideration was satisfied in the following manner: 50% of the consideration was satisfied in cash and 50% of the consideration was satisfied through the issuance of Shares by the Company to Temasek at an issue price of S\$3.50 per Share.

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As a continuation to the ongoing “CapitaLand 3.0” transformation, the Company, together with the Offeror, is now proposing a Scheme to:

- (i) effect a proposed restructuring of the Group’s business to consolidate the Group’s investment management platforms, as well as its lodging business, into CLI, which is to be listed by introduction on the SGX-ST; and
- (ii) place the real estate development business of the Group under private ownership, to be fully held by CLA through the proposed privatisation of the Company on completion of the Scheme.

The Scheme will enable the Company to put greater focus on the real estate investment management to drive higher capital productivity, efficiency and returns, while at the same time, separate its capital intensive and longer-gestation real estate development business and assets, the value of which is not adequately appreciated by the public markets as elaborated further in **paragraph 2.2.1** of the “Letter to Shareholders” in the Scheme Document.

The Scheme is intended to deliver strategic and financial benefits for the Shareholders as set out below:

11.2.1 Sharpens business model to facilitate faster growth through creation of CLI

The Scheme is undertaken to accelerate the transformation of the Company’s business model in the public market, the execution of which is on track under the CapitaLand 3.0 strategic plans. As part of its growth strategy, the creation of CLI, which comprises the highly scalable and global funds investment management and lodging platforms, will sharpen its focus on driving fee income and FUM growth.

11.2.2 Allows Shareholders to unlock the value of their existing investment

- (a) The Scheme would allow the Shareholders to remain invested in CLI (which represents approximately 65% of the Group’s NAV ⁽¹⁴⁾ as at 31 December 2020) and participate in CLI’s growth. CLI will be a growth-oriented company and will focus its growth strategies around increasing FUM and capital efficiency. There will be more direct allocation of resources and capital to the growth opportunities identified under CLI with its dedicated mandates to achieve FUM growth in an asset-light manner. CLI aims to grow its fee-related earnings contribution over time, which is a key valuation benchmark for public markets.

Furthermore, through the Scheme, Shareholders will own CLI Shares whose business profile more closely resembles that of a real estate investment manager. Public markets value real estate investment managers differently from listed developers. Listed real estate investment managers tend to trade at a premium to book value, while developers tend to trade at a discount to book value.

⁽¹⁴⁾ Based on the approximate NAV split between CLI and the Pro Forma Group as at 31 December 2020.

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- (b) At the same time, while a Shareholder will no longer have vested interest in the development business of the Company, he will continue to retain exposure to the benefits of the privatised development business of the Company through CLI. CLI will retain the benefit of being part of the ecosystem with the privatised CapitaLand. The Company has over time developed an integrated suite of capabilities and built an ecosystem within the Group to support its real estate businesses and platforms. In part to preserve and sustain the ecosystem, a reciprocal rights of first refusal agreement has been entered into between CLI and the Company. It is envisaged that the Company will continue, through its development arm, supporting CLI through its strong development capabilities through participating and collaborating in the development and/or redevelopment of projects within CLI, as required and appropriate, as well as in providing to CLI development or project management services as CLI may require in respect of any property investments held within CLI. CLI will also be able to tap on a key pipeline source of investment opportunities through the Company as and when its development projects complete and are available for sale to augment the growth of CLI's FUM, which would in turn drive fee-related earnings to CLI.
- (c) CLI will also continue to retain full stack capabilities differentiating itself from other investment managers, with its established operating platforms, access to a deep pool of capital partners such as sovereign wealth funds and insurance firms and its highly liquid, established platforms for capital recycling.
- (d) CLI's focus would be to extend its market leadership in the Asian fund management business, in particular, for its listed REITs and BTs. CLI would continue to manage six Listed Funds (in which CLI would also hold stakes, as set out in **paragraph 4.1.2** of the "Letter to Shareholders" in the Scheme Document) with total market capitalisation of S\$33.8 billion as of the Latest Practicable Date.

11.2.3 Crystallises and unlocks value for Shareholders

An Eligible Shareholder will receive the following consideration under the Scheme in respect of each Share that he holds as at the Record Date: 1 CLI Share and 0.155 CICT DIS Units⁽¹⁵⁾ via the DIS, and S\$0.951 in cash. The aggregate of these components of Consideration translates to a value of S\$4.102⁽¹⁶⁾ representing approximately 95.6% of the Group's NAV per share of S\$4.29⁽¹⁷⁾ and 24% above the last traded price of the Company of S\$3.31 and 39% over the VWAP of the Shares for the 12-month period up to and including the USPD of S\$2.957. In addition, the Shareholders were paid the FY2020 Final Dividend. This represents an immediate unlocking of value to the Shareholders.

⁽¹⁵⁾ Assuming there is no change to the distribution ratio for CICT DIS as at the Record Date.

⁽¹⁶⁾ This is the implied Consideration determined based on the Current Share Capital. Please see **paragraph 1.5** of the "Letter to Shareholders" in the Scheme Document for the breakdown of the Consideration.

⁽¹⁷⁾ Based on the NAV of the Group as at 31 December 2020 divided by the number of Shares as at the date hereof.

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11.3 CapitaLand Ecosystem

After the completion of the Scheme, the CLI Group intends to, in collaboration with the Company, preserve and sustain the ecosystem with the Parent Group. The Company has over time developed an integrated suite of capabilities to support its real estate businesses and platforms. A key feature of the ecosystem is that it supports the different business units within the Group in building different core competencies across the real estate value chain and at the same time enabling them to separately capitalise on the real estate capabilities residing across the multiple platforms operating as a collective whole throughout the life cycle of the real estate investment.

The overriding objective of preserving and sustaining the existing ecosystem is to optimise the value unlocked by the strategic restructuring and demerger of CLI and the investment management business of the Company, through preserving and sustaining the inherent business advantages of scale, synergy, capabilities and expertise embedded within the existing Group ecosystem, in order to fully benefit the CLI Group (of which the Company will remain a majority shareholder). Being part of this ecosystem will provide the CLI Group the opportunity, through the right of first refusal (“**ROFR**”) from the Company to CLI, to tap on a key pipeline source of investment opportunities and multi-sector development capabilities to further augment the CLI Group’s FUM growth, a key distinguishing characteristic amongst real estate investment managers. Preserving and sustaining the existing ecosystem will enable both the CLI Group’s and the Parent Group’s development arm to optimise both groups’ respective strategies and operations to create and capture value to drive the growth of the CLI Group in the interests of CLI Shareholders (including the Company) as well as leverage both the CLI Group’s and the Parent Group’s development arm’s respective and collective strengths, to drive a sustainable competitive advantage for CLI (of which the Company will remain a majority shareholder).

As part of the strategic objectives underlying the Scheme, the CLI Group’s business will principally comprise the investment management and lodging platforms of the Group, whereas the Parent Group’s development arm will focus on real estate development business. The separation of businesses between the CLI Group and the Parent Group is a key feature of the strategic restructuring. Following the completion of the Scheme, the Company and CLI will continue to operate in the real estate business space, albeit operating in the differentiated businesses of real estate developer and real estate investment management, respectively, with different business objectives and business models, the former focusing on development and the latter focusing on fee generation and managed investment opportunities to capital partners. Hence, the businesses of the CLI Group and the Parent Group will be distinct and separate from, and will not be in competition with, each other.

After the Proposed CLI Listing, the CLI Group envisages the Parent Group to continue supporting the CLI Group through its development arm by leveraging on its strong development capabilities by participating and collaborating in the development and/or redevelopment of projects by the CLI Group, its Listed Funds and/or Unlisted Funds, and providing to the CLI Group development or project management services as the CLI Group may require in respect of any property investments held within the CLI Group. The CLI Group will also be able to tap on a key pipeline source of investment opportunities from the Parent Group’s development arm as and when its development projects complete and are available for sale to augment the growth of the CLI Group’s FUM, as discussed in the Introductory Document.

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In this regard, as part of a reciprocal right of first refusal arrangement between CLI and the Company, CLI and the Company had on 17 July 2021 entered into a reciprocal rights of first refusal agreement (the “**Reciprocal ROFRs Agreement**”) pursuant to which the Company has granted a ROFR to CLI in support of the CLI Group’s growth. The ROFR will become effective on the Listing Date and operate to give CLI a right of first refusal under certain terms and conditions to acquire Relevant Assets that the Company or any of its subsidiaries wishes to dispose of. CLI may exercise the right to acquire the Relevant Assets (or, as the case may be, the interests in the Relevant Assets) for its own portfolio of pipeline assets, or CLI may exercise it in favour of any Relevant CLI Entity. The ROFR from the Company to CLI does not extend to any interests which are or may be in the future subject to other contractual rights of first refusal which have been or may be granted to third parties unless such third party declines or does not exercise such rights to acquire.

In addition, pursuant to the Reciprocal ROFRs Agreement, a reciprocal ROFR has been extended from CLI to the Company, such that the latter, given its development focus, will be given a first right to invest up to 100% in any Development Opportunity on its own, save in situations, among others, where the grant of such a first right to the Company would constitute a breach of the terms of any contractual arrangement or such Development Opportunity is to be made available to an Unlisted Fund of the CLI Group and falls within such fund’s investment mandate, in each case existing at the Listing Date. In the event that the Company exercises the ROFR to invest in a Development Opportunity, it shall (to the extent that any decision on the appointment of developer or project manager for the purposes of the Development Opportunity is within the unfettered control of the Relevant CLI Entity and/or is included in the Development Opportunity offered by the relevant third party) be entitled to appoint any party (including any Parent Group entity) as developer and project manager for the Development Opportunity. Subject to the Company’s rights under the ROFR, the CLI Group shall not be precluded from investing in the Development Opportunity as an investor or co-investor alongside the Company, including the seeding and establishment of new development funds to be set up by the CLI Group.

The ROFR will continue to operate until terminated by either CLI or the Company. Under the terms of the Reciprocal ROFRs Agreement between CLI and the Company, the Reciprocal ROFRs Agreement may be terminated by either party by written notice if the following events occur: (a) the Company ceases to be a controlling shareholder (as defined in the Listing Manual) of CLI; or (b) the Company ceases to be the deemed or direct single largest shareholder of CLI.

For further details, please refer to the section “Interested Person Transactions and Conflicts of Interests – Conflicts of Interests” of the Introductory Document.

A CapitaLand Co-ordinating Committee will be formed comprising CLI’s Group CEO as its chairman, the Parent Group’s development arm’s CEO and selective key senior management from CLI and the Parent Group’s development arm. The main function of the CapitaLand Co-ordinating Committee is to coordinate activities between the Parent Group and the CLI Group, with the chief purpose of facilitating planning by each group. The CapitaLand Co-ordinating Committee is an ad-hoc working group, rather than a decision-making group, and its meetings (which are expected to take place on a regular basis) will provide a forum for the Parent Group and the CLI Group to discuss matters and share industry information, including through joint consultations with market intelligence experts, to explore opportunities whereby the groups may be able to

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leverage on their respective and collective core competencies through activities such as asset recycling. The CapitaLand Co-ordinating Committee will also oversee efforts to minimise disruptions to human capital to foster smooth transition and business continuity to the CLI Group from and after the Proposed CLI Listing, which includes the transfer of relevant employees from the Parent Group to the CLI Group pursuant to the Internal Restructuring. As it is an ad hoc working group rather than a board committee of either CLI, the Company or any group entity, the decisions of the CapitaLand Co-ordinating Committee will not be binding on either the Parent Group or the CLI Group. Each of the Parent Group and the CLI Group will be governed by their respective boards and each group will ensure that the CapitaLand Co-ordinating Committee adheres to appropriate governance requirement⁽¹⁸⁾.

11.4 No Cash Outlay

Shareholders should note that no cash outlay (including any stamp duties or brokerage expenses) will be required from the Eligible Shareholders under the DIS and the Scheme.

11.5 Absence of Alternative Offers

To the best of the Directors' knowledge, there is no publicly available information of any alternative offer for the Shares as at the Latest Practicable Date.

11.6 The Offeror's Stake in the Company

We note that, prior to the Joint Announcement Date, the Offeror was already the largest shareholder and owned approximately 51.76% of the total number of issued Shares in the CapitaLand. Under such circumstances, any competing offer for the Shares is unlikely to be forthcoming without the support of the majority control represented by the percentage of the total number of Shares that the Offeror holds.

11.7 Waiver of Rights to a General Offer

Shareholders should note that by voting in favour of the Scheme, Shareholders will be regarded as having waived their rights to a general offer by the Offeror and the Offeror Concert Parties to acquire the Shares under the Code and are agreeing to the Offeror and the Offeror Concert Parties acquiring or consolidating effective control of the Company without having to make a general offer for the Company.

11.8 Outstanding Convertible Bonds

We note that the Company had announced on 29 April 2021 the results of the meetings, acceptance of valid tenders of bonds for purchase, and execution of supplemental trust deed in respect of the Company's outstanding convertible bonds. We note that following the Company's acceptance of all validly tendered bonds for purchase, less than 10% of the aggregate principal amount originally issued will be outstanding for each of the convertible bonds. As a result, CapitaLand will exercise its qualifying clean up call right of the bonds. In light of this, there are no outstanding convertible bonds as at the Latest Practicable Date, and we have excluded the convertible bonds as part of our analysis.

⁽¹⁸⁾ This includes putting in place the necessary safeguards with respect to handling and controlling the flow of confidential information. All members of the CapitaLand Co-ordinating Committee will also be made aware of their obligations to comply with all applicable laws and regulations while in possession of unpublished material information.

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11.9 Acquisition of Hyperscale Data Centre Campus in China

We note that the Company had announced on 28 April 2021 that it is investing RMB3.66 billion (approximately S\$757.7 million) to acquire its first hyperscale data centre campus in China (“**Hyperscale Data Centre Acquisition**”), the world’s second largest data centre market and the largest in Asia Pacific. The Hyperscale Data Centre Acquisition is expected to be completed only in 3Q 2021, subject to fulfilment of certain conditions precedent. We understand from CapitaLand Management that the impact of the Hyperscale Data Centre Acquisition on the Company is not expected to be significant. As such, we have excluded the Hyperscale Data Centre Acquisition from our analysis.

11.10 Divestment of 75% Interest in Ascendas Fusion 5 Pte Ltd

We note that CapitaLand announced divestment of the remaining 75% of its interest in Ascendas Fusion 5 Pte Ltd, the holding entity for Galaxis, through its indirect wholly-owned subsidiary Ascendas Fusion 5 Holding Pte Ltd, to A-REIT. The consideration of the divestment for the 75% equity stake is approximately S\$534.4 million based on an agreed property value of S\$720 million. We have accounted for the provisional gain from the divestment of Galaxis to A-REIT under Paragraph 9.7.1.3 (B).

11.11 Acquisition of Equity Interest in DLSP-Ascendas Co., Ltd.

We note that CapitaLand announced that it has increased its interest in DLSP-Ascendas Co., Ltd., which holds Dalian Ascendas IT Park, from 50% to 100%, by acquiring the 50% equity interest held by its joint venture partner. The acquisition is made through Ascendas (China) Pte Ltd, a Singapore wholly owned subsidiary of CapitaLand and the cash consideration for the Acquisition is RMB501 million (approximately S\$103 million). We have accounted for the net of tax value uplift for CapitaLand’s original 50% equity interest in Dalian Ascendas IT Park as a result of this acquisition under Paragraph 9.7.1.3 (B).

11.12 Divestment of Partial Stakes in Six Raffles City Developments in China

We note that CapitaLand had announced on 28 June 2021 that it has entered into conditional agreements to divest partial stakes in a group of companies that own six of its Raffles City developments in China, to Ping An Life Insurance Company of China. The agreed value for the portfolio – comprising Raffles City Shanghai, Raffles City Beijing, Raffles City Ningbo, Raffles City Chengdu, Raffles City Changning (Shanghai) and Raffles City Hangzhou – is RMB46.7 billion (approximately S\$9.6 billion), and post transaction, CapitaLand will retain an effective stake of 12.6% to 30% in each development. The transaction is targeted for completion in 3Q 2021 and is expected to generate net proceeds of more than S\$2 billion. Given that completion is targeted to take place in 3Q 2021, we have accounted for the provisional divestment gains under Paragraph 9.7.1.4.

11.13 Acquisition of Logistics Asset in Japan

We note that CapitaLand had announced on 1 July 2021 that it will invest about JPY7.5 billion (approximately S\$90.8 million) to fully acquire a freehold site and develop a four-storey modern logistics facility in Ibaraki City, Osaka, Japan (“**Logistics Asset Acquisition**”). The new logistics facility will be located within a major logistics hub in

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Osaka, well-connected to Kyoto and Kobe, and is expected to be completed in 3Q 2023 with a gross floor area of approximately 27,000 square metres. We understand from CapitaLand Management that the impact of the Logistics Asset Acquisition on the Company is not expected to be significant. As such, we have excluded the Logistics Asset Acquisition from our analysis.

11.14 Divestment of Two Retail Malls in Japan

We note that CapitaLand had announced on 1 July 2021 that it has divested its two remaining retail malls in Japan, Olinas Mall and Seiyu & Sundrug Higashimatsuyama, in Greater Tokyo for a total of over JPY42 billion (approximately S\$520 million) ("**Retail Malls Divestment**"). Olinas Mall and Seiyu & Sundrug Higashimatsuyama were divested above their total valuation and CapitaLand is expected to realise a net gain from the divestment of the two malls. We have accounted for the gain from the Retail Malls Divestment under Paragraph 9.7.1.3 (B).

12. CONCLUSION AND RECOMMENDATION

In arriving at our opinion to the Independent Directors, we have considered the financial and other information that have been made available to us, and have taken into consideration, amongst others, the following factors:

General

- (a) the transaction is by way of a Scheme, under which if effected, each Eligible Shareholder will be entitled to receive the Implied Consideration which comprises 1 CLI Share, 0.155 CICT DIS Units, a fixed Cash Consideration of S\$0.951 per Share and the FY2020 Final Dividend⁽¹⁹⁾;
- (b) the Shares have adequate liquidity and research analyst coverage. The historical share price of the Shares provides a reasonable basis against which the Implied Consideration can be compared against;

Implied Consideration ex FY2020 Final Dividend

- (c) the Implied Consideration ex FY2020 Final Dividend of S\$4.47 to S\$4.90 per Share represents a premium of 19.4% to 31.0% over the Latest Practicable Date closing price of the Shares;
- (d) the Implied Consideration ex FY2020 Final Dividend of S\$4.47 to S\$4.90 per Share represents a premium of 22.2% to 34.0% over the VWAP of the Shares for the period from the Ex Date up to the Latest Practicable Date;

⁽¹⁹⁾ The Ex Date for the FY2020 Final Dividend is 4 May 2021. Shareholders of the Company prior to the Ex Date (after the Joint Announcement Date) will be entitled to the FY2020 Final Dividend.

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Implied Consideration

- (e) the Implied Consideration of S\$4.56 to S\$4.99 per Share represents a premium of 24.1% to 35.9% over the closing price of the Shares on the day before the Ex Date;
- (f) the Implied Consideration of S\$4.56 to S\$4.99 per Share represents a premium of 20.7% to 32.1% over the VWAP of the Shares for the period from the Joint Announcement Date up to the day before the Ex Date;
- (g) the Implied Consideration of S\$4.56 to S\$4.99 per Share represents a premium of 37.6% to 50.7% over the USPD closing price of the Shares;
- (h) the Implied Consideration of S\$4.56 to S\$4.99 per Share represents a premium of 41.3% to 54.7% over the VWAP of the Shares for the 1-month period prior to and including the USPD;
- (i) the Implied Consideration of S\$4.56 to S\$4.99 per Share represents a premium of 39.9% to 53.2% over the VWAP of the Shares for the 3-month period prior to and including the USPD;
- (j) the Implied Consideration of S\$4.56 to S\$4.99 per Share represents a premium of 49.7% to 63.9% over the VWAP of the Shares for the 6-month period prior to and including the USPD;
- (k) the Implied Consideration of S\$4.56 to S\$4.99 per Share represents a premium of 53.0% to 67.5% over the VWAP of the Shares for the 12-month period prior to and including the USPD;
- (l) the Implied Consideration of S\$4.56 to S\$4.99 per Share is higher than the minimum and maximum TP range of S\$3.10 to S\$4.00 per Share as at the USPD and higher than the mean and median USPD TP range of S\$3.74 to S\$3.79 per Share as at the USPD;
- (m) the Implied Consideration of S\$4.56 to S\$4.99 per Share represents a premium of 21.9% to 33.5% to the mean research analyst target price as of the USPD;

Development Business Consideration

- (n) we have considered the fact that, as part of the Scheme, the Development Business will be privatised and fully held by CLA. As such, we have evaluated the Development Business Consideration which is the value received by the Eligible Shareholders in exchange for their indirect stake in the Development Business as part of our assessment of the Scheme from a financial perspective:
 - (i) the Development Business Consideration of S\$1.120 to S\$1.121 per Share reflects a premium of approximately 130.0% to 251.1% over the adjusted valuation range of the Development Business of S\$0.319 to S\$0.487 per Share;

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- (ii) the lower and upper bound of the Development Business Consideration's implied P/NAV multiple of 0.948x and 0.949x respectively are both within the minimum and maximum P/NAV multiple range of 0.60x and 1.02x as implied by the Selected Precedent Transactions⁽²⁰⁾;
- (iii) the lower and upper bound of the Development Business Consideration's implied P/RNAV multiple of 0.777x and 0.778x respectively are both within the minimum and maximum P/RNAV multiple range of 0.58x and 0.95x as implied by the Selected Precedent Transactions⁽²⁰⁾;
- (iv) the lower and upper bound of the Development Business Consideration's implied P/NAV multiple of 0.948x and 0.949x are both higher than the mean to median P/NAV multiple range of 0.81x to 0.83x as implied by the Selected Precedent Transactions⁽²⁰⁾; and
- (v) the lower and upper bound of the Development Business Consideration's implied P/RNAV multiple of 0.777x and 0.778x respectively are both within the mean to median P/RNAV multiple range of 0.77x to 0.81x as implied by the Selected Precedent Transactions⁽²⁰⁾;

Other Considerations

- (o) Net Debt / Equity ratio of 0.56x of CLI (pro forma) is lower than the 0.68x Net Debt / Equity ratio of CapitaLand as at 31 December 2020, and Shareholders will effectively own a direct stake in a company with a lower leverage post Scheme;
- (p) CLI will retain the benefit of being part of the ecosystem with the privatised CapitaLand and will enter into strategic arrangements with CapitaLand such that CLI will be provided with certain opportunities over the development projects undertaken by the privatised CapitaLand;
- (q) the Company has granted a ROFR to CLI in support of the CLI Group's growth and the ROFR will operate to give CLI a right of first refusal under certain terms and conditions to acquire Relevant Assets that the Company or any of its subsidiaries wishes to dispose of;
- (r) no cash outlay is required from the Eligible Shareholders under the DIS and the Scheme; and
- (s) the Directors have advised Evercore that no competing offers for the Shares have been received as of the Latest Practicable Date.

⁽²⁰⁾ "Selected Precedent Transactions" refers to the privatisation of Singapore real estate companies without involving a change of control and where independent financial advisors had issued a fair and reasonable opinion, comprising the privatisation of Perennial Real Estate Holdings Limited, Wheelock Properties (Singapore) Limited, CapitaMalls Asia Limited and Singapore Land Limited.

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Tables 44 and 45 below summarise the abovementioned key financial analyses performed.

Table 44: Summary Analysis of the Implied Consideration

Reference Period	Min (\$)	Max (\$)	Mean ⁽¹⁾ (\$)	Median ⁽¹⁾ (\$)	Closing Price (\$)	Implied Consideration ⁽²⁾ (\$)	Implied Consideration Relative to:		
							Min- Max Range	Mean- Median Range ⁽¹⁾	Closing Price
Implied Consideration (Upper Bound) ex FY2020 Final Dividend = S\$4.90 ⁽⁴⁾									
Historical Trading Range of the Shares⁽³⁾									
Latest Practicable Date: 7 Jul 2021	3.71	3.76	NA		3.74	4.90	Higher	NA	Higher
From the Ex Date up to the Latest Practicable Date	3.47	3.78	VWAP = 3.66		NA	4.90	Higher	Higher	NA
Implied Consideration (Upper Bound) = S\$4.99									
Historical Trading Range of the Shares⁽³⁾									
The Day before Ex Date: 3 May 2021	3.65	3.72	NA		3.67	4.99	Higher	NA	Higher
From the JAD up to the Day before Ex Date	3.26	4.01	VWAP = 3.78		NA	4.99	Higher	Higher	NA
USPD: 19 Mar 2021	3.26	3.32	NA		3.31	4.99	Higher	NA	Higher
1-mth Prior to & Including the USPD	3.08	3.35	VWAP = 3.22		NA	4.99	Higher	Higher	NA
3-mth Prior to & Including the USPD	3.08	3.51	VWAP = 3.26		NA	4.99	Higher	Higher	NA
6-mth Prior to & Including the USPD	2.51	3.51	VWAP = 3.04		NA	4.99	Higher	Higher	NA
12-mth Prior to & Including the USPD	2.51	3.51	VWAP = 2.98		NA	4.99	Higher	Higher	NA
Research Analyst Target Prices for the Shares									
Target Prices (As of USPD)	3.10	4.00	3.74	3.79	NA	4.99	Higher	Higher	NA
Implied Consideration (Lower Bound) ex FY2020 Final Dividend = S\$4.47 ⁽⁴⁾									
Historical Trading Range of the Shares⁽³⁾									
Latest Practicable Date: 7 Jul 2021	3.71	3.76	NA		3.74	4.47	Higher	NA	Higher
From the Ex Date up to the Latest Practicable Date	3.47	3.78	VWAP = 3.66		NA	4.47	Higher	Higher	NA
Implied Consideration (Lower Bound) = S\$4.56									
Historical Trading Range of the Shares⁽³⁾									
The Day before Ex Date: 3 May 2021	3.65	3.72	NA		3.67	4.56	Higher	NA	Higher
From the JAD up to the Day before Ex Date	3.26	4.01	VWAP = 3.78		NA	4.56	Higher	Higher	NA
USPD: 19 Mar 2021	3.26	3.32	NA		3.31	4.56	Higher	NA	Higher
1-mth Prior to & Including the USPD	3.08	3.35	VWAP = 3.22		NA	4.56	Higher	Higher	NA
3-mth Prior to & Including the USPD	3.08	3.51	VWAP = 3.26		NA	4.56	Higher	Higher	NA
6-mth Prior to & Including the USPD	2.51	3.51	VWAP = 3.04		NA	4.56	Higher	Higher	NA
12-mth Prior to & Including the USPD	2.51	3.51	VWAP = 2.98		NA	4.56	Higher	Higher	NA
Research Analyst Target Prices for the Shares									
Target Prices (As of USPD)	3.10	4.00	3.74	3.79	NA	4.56	Higher	Higher	NA

Legend

Higher / Within = Favourable

Lower = Unfavourable

Legend
Higher / Within = Favourable
Lower = Unfavourable

Sources: FactSet, Company Filings

- (1) Mean-Median Range for historical trading range of the Shares reflects the VWAP for the respective periods. The VWAP is weighted based on the volume of the Shares traded and the corresponding transacted prices of the Shares for market days in the reference periods.
- (2) Implied Consideration (Upper Bound), Implied Consideration (Lower Bound), Implied Consideration (Upper Bound) ex FY2020 Final Dividend, and Implied Consideration (Lower Bound) ex FY2020 Final Dividend respectively derived based on SOTP analysis of Company and analysis of CICT DIS Units.
- (3) Share prices and VWAP figures shown are rounded to the nearest two (2) decimal places. We note that ex-date for FY2020 Final Dividend is 4 May 2021. No adjustments to share prices and VWAP figures have been made for stock splits, rights issues, dividends, bonus issues or other corporate transactions in the respective reference periods.
- (4) We note that the Implied Consideration ex FY2020 Final Dividend of S\$4.47 to S\$4.90 are higher than the min-max ranges, mean-median ranges and closing prices of the Shares for the reference periods.

Table 45: Summary Analysis of the Development Business Consideration

Reference Period	Min (\$)	Max (\$)	Mean (\$)	Median (\$)	Closing Price (\$)	Transaction Parameters (\$)	Transaction Parameters Relative to:			
							Min- Max Range	Mean- Median Range	Closing Price	
Development Business Consideration (Upper Bound) = \$S1.121										
Selected Precedent Transactions										
Implied P/NAV	0.60x	1.02x	0.83x	0.81x	NA	0.949x	Within	Higher	NA	
Implied P/RNAV	0.58x	0.95x	0.77x	0.81x	NA	0.778x	Within	Within	NA	
Development Business Consideration (Lower Bound) = \$S1.120										
Selected Precedent Transactions										
Implied P/NAV	0.60x	1.02x	0.83x	0.81x	NA	0.948x	Within	Higher	NA	
Implied P/RNAV	0.58x	0.95x	0.77x	0.81x	NA	0.777x	Within	Within	NA	
Legend										
Higher / Within = Favourable										
Lower = Unfavourable										

Legend
Higher / Within = Favourable
Lower = Unfavourable

Sources: FactSet, Company Filings

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Based upon, and subject to the foregoing, we are of the opinion that as of the Latest Practicable Date, from a financial point of view, the Consideration is fair and reasonable.

Accordingly, we advise the Independent Directors to recommend Shareholders to vote in favour of the Scheme and the DIS.

The Independent Directors may wish to advise Shareholders who wish to realise their investments in the Company that they can choose to sell their Shares in the open market if they can obtain a price higher than the Implied Consideration (after deducting transaction costs) and provided there is no trading halt or suspension of the Shares on the Mainboard of the SGX-ST.

In addition, the Independent Directors may wish to highlight to Shareholders that the Scheme, when it becomes effective, will be binding on all Shareholders, whether or not they have attended or voted at the Scheme Meeting, and if they have attended and voted, whether or not they have voted in favour of the Scheme and the DIS.

In rendering our opinions expressed herein, the Independent Directors should note that we did not have regard to nor took into account any general or specific investment objectives, financial situation, risk profiles, tax position or particular needs and constraints of any Shareholder or the Shareholders as a whole. As each Shareholder may have different investment objectives and profiles, the Independent Directors may wish to advise that any Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax advisor or other professional advisors immediately.

Our opinions are based on financial analyses and do not incorporate any assessment of commercial, legal, tax, regulatory or other matters. For the purposes of providing this Letter and our evaluation, from a financial point of view, of the Scheme, we have not received or relied upon any financial projections or forecasts in respect of the Shares. Our opinions also do not incorporate an assessment of the price at which the Shares may trade following the success or failure of the Scheme. Such factors (including the aforesaid illustrations) are beyond the ambit of our review and do not fall within our terms of reference in connection with the Scheme.

The Independent Directors may wish to highlight to Shareholders to note that trading in the Shares is subject to possible market fluctuations and there is no certainty that the share price of the Shares will remain at current levels, including without limitation, following the close or termination of the Scheme. The Independent Directors may wish to highlight to Shareholders to also note that there is no certainty on the trading liquidity levels of the Shares. Accordingly, our opinions do not and cannot take into account trading activities or patterns or price levels that may be established for the Shares after the Latest Practicable Date. The Independent Directors may wish to advise Shareholders that the trading of the

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE SCHEME

Shares is subject to, amongst other things, the performance and prospects of CapitaLand, prevailing economic conditions, economic outlook, stock market conditions and sentiments.

We wish to emphasise that we have been appointed to render our opinions as of the Latest Practicable Date. Our terms of reference do not require us to express, and we do not express, an opinion on the future growth prospects or returns of the Shares. This Letter (which for the avoidance of doubt, includes the opinions expressed therein) is addressed to the Independent Directors for their benefit in connection with and for the purposes of their consideration of the Scheme, and for the purposes of advising on the Scheme, and should not be relied on by any other party or for any other purpose. The responsibility for providing a recommendation to the Shareholders in respect of the Scheme rests with the Independent Directors. This Letter, and our advice and opinions herein, are governed by, and construed in accordance with the laws of Singapore, and are strictly limited to the matters stated herein and do not apply by implication to any other matter. No other person may use, reproduce, disseminate or quote this Letter (or any part thereof) for any purpose, except in connection with the Scheme and the DIS, at any time and in any manner except with our prior written consent in each specific case.

The Independent Directors may wish to consider advising Shareholders that the opinions and advice of Evercore should not be relied upon by any Shareholder as the sole basis for deciding whether to vote in favour of or against the Scheme and the DIS.

Yours faithfully,
For and on behalf of
EVERCORE ASIA (SINGAPORE) PTE. LTD.



Keith Magnus
Chairman, Asia
Chief Executive Officer
Evercore Asia (Singapore) Pte. Ltd.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

CLA REAL ESTATE HOLDINGS PTE. LTD.

(Company Registration No: 201429036E)
(Incorporated in Singapore)

17 July 2021

To: Shareholders of CapitaLand Limited

Dear Sir/Madam

PROPOSED STRATEGIC RESTRUCTURING AND DEMERGER OF THE INVESTMENT MANAGEMENT BUSINESS OF CAPITALAND LIMITED

1. INTRODUCTION

1.1 The Scheme. On 22 March 2021 (the “**Joint Announcement Date**”), CapitaLand Limited (the “**Company**” or “**CapitaLand**”) and CLA Real Estate Holdings Pte. Ltd. (the “**Offeror**”), the existing controlling shareholder of the Company holding approximately 51.76% of the issued and paid-up ordinary shares in the capital of the Company (the “**Shares**”) as at the Latest Practicable Date, jointly announced that the Company and the Offeror are proposing to undertake a scheme of arrangement (the “**Scheme**”) pursuant to Section 210 of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”) involving:

- (a) **CLI (CapitaLand Investment Limited) DIS:** a capital reduction exercise by the Company to distribute approximately 48.24%¹ of the issued and paid-up ordinary shares (the “**CLI Shares**”) in the capital of CapitaLand Investment Limited (formerly known as CapitaLand Financial Limited and CapitaLand Investment Management Limited) (“**CLI**”, and such distribution, the “**CLI DIS**”), to all shareholders of the Company (excluding the Offeror) as at the Record Date (the “**Eligible Shareholders**”) on a *pro-rata* basis;
- (b) **CICT (CapitaLand Integrated Commercial Trust) DIS:** a capital reduction exercise by the Company to distribute 388,242,247 issued units (the “**CICT Units**”) in CapitaLand Integrated Commercial Trust (“**CICT**”) to all shareholders of the Company (the “**Shareholders**”) on a *pro-rata* basis (the “**CICT DIS**”, the capital reduction, the CLI DIS and the CICT DIS are collectively referred to as the “**DIS**”); and
- (c) **Acquisition:** upon the DIS taking effect, a proposed acquisition (the “**Acquisition**”) by the Offeror of all the Shares (excluding the treasury Shares and the Shares held by the Offeror) from the Eligible Shareholders. In consideration for the Acquisition, the Offeror will pay the cash consideration of S\$0.951 for each Share (the “**Cash Consideration**”) held by the Eligible Shareholders. In addition, the Offeror will not participate in the CICT DIS. The CICT Units that the Offeror would otherwise be entitled to receive had it participated in the CICT DIS, which comprise approximately 3.10% of the total number of CICT Units in issue as at the Latest Practicable Date, will accordingly be distributed to the Eligible Shareholders on a *pro-rata* basis, as part of the consideration for the Acquisition (as defined below), thereby resulting in a proportionate increase of each Eligible Shareholder’s entitlement to the CICT DIS.

¹ The number of Distribution CLI Shares and the percentage shareholding represented by such Distribution CLI Shares as at the Record Date will be equal to the number of Shares held by the Eligible Shareholders and the percentage shareholding represented by such Shares as at the Record Date.

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Pursuant to the Scheme, the CLI Shares and CICT Units will be distributed to the Eligible Shareholders on a *pro-rata* basis, fractional entitlements to be disregarded.

- 1.2 Implementation Agreement.** In connection with the Scheme, the Company and the Offeror (each, a “**Party**”) entered into an implementation agreement (the “**Implementation Agreement**”) dated 22 March 2021 setting out the terms and conditions on which the Offeror and the Company will implement the Scheme.
- 1.3 Scheme Document.** This letter from the Offeror (this “**Letter**”) to the Shareholders should be read and construed together with, and in the context of, the scheme document dated 17 July 2021 (the “**Scheme Document**”) issued by the Company to the Shareholders containing details of the Scheme. Unless otherwise stated, terms used but not defined in this Letter shall have the same meanings as defined in the Scheme Document.

If you are in doubt about this Letter or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

2. THE SCHEME

- 2.1 The Scheme.** Pursuant to the Scheme, subject to the satisfaction and/or waiver of all of the Scheme Conditions:

- (a) The DIS: subject to and conditional upon the completion of the Internal Restructuring (as defined below), the Company will undertake a proposed capital reduction of an amount equal to the aggregate sum of (i) the cost of investment of the Distribution CLI Shares as at the Record Date and (ii) the market price of 388,242,247 CICT Units as at the Record Date. Based on the pro forma cost of investment of the Distribution CLI Shares of S\$5.2 billion as at the Latest Practicable Date and the closing price of the CICT Units of S\$2.13 per CICT Unit as at the Latest Practicable Date, and assuming that there is no change to such cost of investment and closing price as at the Record Date, the amount of the capital to be reduced is approximately S\$6.0 billion. The proposed capital reduction will be effected by the Company by way of distribution *in specie* of:
- (i) the Distribution CLI Shares, representing the Relevant Percentage of the total number of CLI Shares in issue, to the Eligible Shareholders on a *pro-rata* basis, fractional entitlements to be disregarded; and
 - (ii) 388,242,247 CICT Units, representing approximately 6.00% of the total number of CICT Units in issue as at the Latest Practicable Date, to all Shareholders on a *pro-rata* basis.

The Offeror will not participate in the CICT DIS. The CICT Units that the Offeror would otherwise be entitled to receive had it participated in the CICT DIS will accordingly be distributed to the Eligible Shareholders on a *pro-rata* basis, as part of the consideration for the Acquisition, thereby resulting in a proportionate increase of each Eligible Shareholder’s entitlement to the CICT DIS. Accordingly, the 388,242,247 CICT Units will be distributed to the Eligible Shareholders on a *pro-rata* basis, fractional entitlements to be disregarded.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

The proposed terms of the DIS are set out in paragraph 7 of the Letter to Shareholders in the Scheme Document; and

(b) The Acquisition:

(i) all the Shares held by the Eligible Shareholders will be transferred to the Offeror:

(A) fully paid-up;

(B) free from any charge, mortgage, security, pledge, lien, option, equity, power of sale, hypothecation, retention of title, right of pre-emption, right of first refusal or security interest of any kind; and

(C) together with all rights, benefits and entitlements attaching thereto as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Joint Announcement Date (except for the DIS and the FY2020 Final Dividend).

If any dividend, right or other distribution (other than the DIS and the FY2020 Final Dividend) is declared, paid or made by the Company on or after the Joint Announcement Date, the Offeror reserves the right to reduce the Cash Consideration by the amount of such dividend, right or distribution; and

(ii) in consideration for such transfer, each of the Eligible Shareholders will be entitled to receive the **Cash Consideration of S\$0.951 for each Share** held by such Eligible Shareholder as at the Record Date. In addition, as stated above, the Offeror will not participate in the CICT DIS. The CICT Units that the Offeror would otherwise be entitled to receive had it participated in the CICT DIS will accordingly be distributed to the Eligible Shareholders on a *pro-rata* basis as part of the consideration for the Acquisition.

The aggregate Cash Consideration that is payable by the Offeror to any Eligible Shareholder in respect of the Shares held by such Eligible Shareholder as at the Record Date will be rounded to the nearest whole cent.

The Scheme will be extended to all Shares (other than treasury Shares and Shares held by the Offeror) unconditionally issued or delivered pursuant to: (1) the valid vesting of Shares under any outstanding Awards granted pursuant to the PSP and RSP; and (2) the issue and/or delivery of Shares as payment of directors' fees to the directors of the Company, in each case, on or prior to the Record Date.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

- 2.2 Eligible Shareholders' Entitlement.** Assuming that the Scheme becomes effective, the total consideration to be received by an Eligible Shareholder (the "**Consideration**"), and the value of such Consideration, are set out below:

Consideration breakdown	Value per Share (S\$)
	Based on Current Share Capital ⁽⁴⁾
1 CLI Share⁽¹⁾	2.823
0.155 CICT Units comprising: ⁽²⁾	
• Eligible Shareholder's <i>pro-rata</i> entitlement – 0.075 CICT Units	0.158
• Offeror's entitlement distributed in favour of the Eligible Shareholders – 0.080 CICT Units ⁽³⁾	0.170
Cash Consideration payable by the Offeror	0.951
Consideration	4.102

Notes:

- (1) This represents the pro forma net asset value ("**NAV**") per CLI Share as at 31 December 2020, adjusted for transaction-related costs. CLI is valued at 1x NAV for illustrative purposes to determine the value of the Consideration.
- (2) The distribution ratio of the CICT DIS will be derived based on 388,242,247 CICT Units divided by the number of Shares held by the Eligible Shareholders as at the Record Date. Based on the number of Shares held by the Shareholders other than the Offeror as at the Latest Practicable Date, the distribution ratio of the CICT DIS is 0.155 CICT Units for each Share. Assuming there is no change to the Offeror's shareholding as at the Record Date, such distribution ratio will remain unchanged as at the Record Date.
- For the purposes of this paragraph, the value of the CICT Units is determined based on the one (1)-month volume weighted average price (the "**VWAP**") of the CICT Units up to the last full trading day immediately prior to the Joint Announcement Date (the "**Last Trading Day**") of 19 March 2021, being S\$2.122 per CICT Unit. The one (1)-month VWAP of the CICT Units up to the Latest Practicable Date is S\$2.120. Please refer to paragraph 7 of Part 2 of Appendix 4 to the Scheme Document for further information on historical traded prices of the CICT Units.
- For the avoidance of doubt, (i) the total number of CICT Units to be distributed by the Company to all Eligible Shareholders pursuant to the CICT DIS and (ii) the amount of Cash Consideration payable by the Offeror to each Eligible Shareholder are fixed and will not vary based on the market prices of CICT Units.
- (3) The CICT DIS is to be made to all Shareholders on a *pro-rata* basis. The Offeror would have been entitled to its *pro-rata* share of the CICT Units to be distributed, being 200,949,143 CICT Units, if it had participated in the CICT DIS, by virtue of it being a Shareholder. As the Offeror has decided not to participate in the CICT DIS, its entitlement to 200,949,143 CICT Units will be distributed to all Eligible Shareholders on a *pro-rata* basis as part of the consideration for the Scheme, resulting in each Eligible Shareholder receiving an additional 0.080 CICT Units per Share.
- (4) As at the Latest Practicable Date, the share capital of the Company comprises 5,203,195,792 Shares (excluding treasury Shares). As no further Shares under the Awards are expected to vest for the period up to the Record Date, the total number of Shares is expected to remain unchanged as at the Record Date. Accordingly, on the basis that there is no change to the Offeror's shareholding as at the Record Date, the Consideration detailed in this table and the value of such Consideration determined on the basis set out herein will remain unchanged as at the Record Date.

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Further information on the Eligible Shareholders' entitlement to the Consideration is set out in paragraph 2.8 of this Letter.

Eligible Shareholders should note that they may receive odd lots of CICT Units pursuant to the Scheme. Eligible Shareholders who hold odd lots of Shares as at the Record Date will also receive odd lots of CLI Shares. The Company will facilitate the trading of odd lots of CLI Shares and CICT Units for a period of four (4) weeks after the completion of the DIS so that Shareholders who wish to round up or down their holdings to the nearest 100 CLI Shares or nearest 100 CICT Units can do so. Details of such arrangement are set out in paragraph 11.4 of the Explanatory Statement in the Scheme Document.

2.3 Scheme Conditions. The Scheme is conditional upon the satisfaction (or, where applicable, the waiver) of certain conditions precedent (the “**Scheme Conditions**”) by no later than 31 December 2021 or such other date as may be agreed in writing between the Offeror and the Company. Additional information on the Scheme Conditions is set out in paragraph 6.2 of the Letter to Shareholders in the Scheme Document and Appendix 11 to the Scheme Document.

2.4 Internal Restructuring. In connection with the Scheme, the Company intends to undertake the Internal Restructuring to consolidate certain assets and businesses of the Group under CLI and CLI's subsidiaries and associated companies such that CLI's portfolio will comprise, among others:

- (a) the investment management platforms for the Listed Funds (which comprise CICT, Ascendas Real Estate Investment Trust, Ascott Residence Trust, CapitaLand China Trust, Ascendas India Trust and CapitaLand Malaysia Mall Trust, being the real estate investment trusts (“**REITs**”), business trusts (“**BTs**”) and/or stapled trusts managed by the CLI Group as of the Latest Practicable Date), as well as the Unlisted Funds (which comprise private funds and/or investment vehicles (including but not limited to programs, joint ventures and co-investments) managed by the CLI Group from time to time);
- (b) the Group's stakes in the Listed Funds and Unlisted Funds;
- (c) the lodging business of the Group, via the transfer of the entire issued share capital of The Ascott Limited (“**Ascott**”), being the entity holding the lodging business;
- (d) certain assets held by the Group, some of which could be the pipeline investment opportunities for the Listed Funds and Unlisted Funds; and
- (e) certain operating platforms for the office and retail malls, business park properties and data centres comprised in CLI's portfolio (for instance, property managers and entities providing support for the operation and maintenance of these properties).

Certain assets, businesses and/or platforms as well as employees that are not currently held by the CLI Group will be transferred to the CLI Group as part of the Internal Restructuring. The Internal Restructuring is a pre-requisite to the DIS and, subject to the requisite approvals (including regulatory and third party consents such as consents from banks and joint venture partners) being obtained, will be completed prior to the Company effecting the DIS pursuant to the Scheme.

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Additional information on the Internal Restructuring is set out in paragraph 1.7 of the Letter to Shareholders in the Scheme Document. Paragraph 4.1 of the Letter to Shareholders in the Scheme Document sets out in greater detail the proposed portfolio of the CLI Group subsequent to the completion of the Internal Restructuring.

2.5 CLI Listing and Delisting of CapitaLand

- (a) Upon the Scheme becoming effective and binding in accordance with its terms, the CLI Shares will be listed on the Mainboard of the SGX-ST by way of introduction. As mentioned in paragraph 12.1 of the Letter to Shareholders in the Scheme Document, the Company has received the letter of eligibility from the SGX-ST for the listing and quotation of the CLI Shares on the Mainboard of the SGX-ST. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Proposed CLI Listing, the CLI Shares or the DIS.
- (b) Upon the Scheme becoming effective and binding in accordance with its terms, the Company will become a wholly owned subsidiary of the Offeror, and will be delisted from the Mainboard of the SGX-ST.

As mentioned in paragraph 12.2 of the Letter to Shareholders in the Scheme Document, an application was made to seek approval from the SGX-ST to delist the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms. On 25 June 2021, the SGX-ST advised that it has no objection to the Company's application to delist from the Official List of the SGX-ST, subject to:

- (i) compliance with the SGX-ST's listing requirements;
- (ii) approval of the Scheme by a majority in number of Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority holding not less than three-fourths in value of the Shares voted at the Scheme Meeting;
- (iii) the independent financial adviser opining that the financial terms of the Scheme are fair and reasonable; and
- (iv) the Court's approval being obtained for the Scheme.

The above decision of the SGX-ST is not an indication of the merits of the proposed delisting of the Company from the Official List of the SGX-ST.

SHAREHOLDERS SHOULD NOTE THAT BY VOTING IN FAVOUR OF THE SCHEME, THE SHARES WILL BE DELISTED FROM THE OFFICIAL LIST OF THE SGX-ST IF THE SCHEME BECOMES EFFECTIVE AND BINDING IN ACCORDANCE WITH ITS TERMS.

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2.6 Agreements with the CLI Group

As of 3 July 2021 (unless indicated otherwise), the CLI Group has entered into several present and ongoing arrangements with the Parent Group, including the following:

- (a) **Intercompany Loans from and to the Parent Group.** Members of the CLI Group have, from time to time, obtained loans from and extended loans to a subsidiary of the Company, CapitaLand Treasury Limited, and certain other subsidiaries of the Company (the “**Ongoing Loans**”). The Ongoing Loans extended to the CLI Group are for purposes such as the funding of acquisitions and operations while the Ongoing Loans extended by the CLI Group are in the form of deposits of surplus cash (which are recallable on demand). In connection with the Internal Restructuring, the Ongoing Loans extended to the CLI Group and the Ongoing Loans extended by the CLI Group will be settled and the net loan amount remaining will be extended to the CLI Group, pursuant to a loan agreement to be entered into between CapitaLand Treasury Limited (as lender) and CLI Treasury Limited (a wholly owned subsidiary of CLI) (as borrower). Such net loan amount will remain in effect after the Listing Date until the CLI Group has secured alternative sources of financing. For the avoidance of doubt, as of the Listing Date, no loans from the CLI Group to the Parent Group will remain outstanding.
- (b) **Master Corporate Services Agreement.** In connection with the Proposed CLI Listing, CLI entered into a master corporate services agreement (the “**Master Corporate Services Agreement**”) with the Company on 17 July 2021 which will become effective on the Listing Date. Pursuant to the Master Corporate Services Agreement, the CLI Group will provide various services to the Parent Group such as (i) human resources, finance, information technology and general procurement functions; (ii) sharing the use of office space and facilities and related services; and (iii) retainer for corporate support services. For the purposes of the Master Corporate Services Agreement, the CLI Group includes CLI’s associated companies. The Master Corporate Services Agreement will become effective on the Listing Date.
- (c) **Trademark Licence Agreement.** In connection with the Proposed CLI Listing, CLI entered into a trademark licence agreement (the “**Trademark Licence Agreement**”) with the Company on 17 July 2021. Pursuant to the Trademark Licence Agreement, CLI is granted the licence to use trademarks relevant to the CLI Group’s businesses, such as the “CapitaLand”, “Raffles City” and “CapitaMall” trademarks (as well as the right to sub-licence such trademarks to CLI’s subsidiaries, associated companies and managed investment vehicles). In keeping with the Company’s commitment to support the CLI Group via working with each other in the ecosystem, the licence fee for the Trademark Licence Agreement is the nominal sum of S\$1.00.
- (d) **Provision of Property Management Services to the Parent Group and the Master Property Management Services Agreement.** There are existing arrangements between the CLI Group and the Parent Group pursuant to which the CLI Group has provided or is providing various property management services to the Parent Group such as retail property management services, office property management services, business park, industrial and logistics property management services, data centre management services and lodging (including serviced residences) management and related services. These agreements (to the extent they are subsisting) will remain effective after the Listing Date.

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In connection with the Proposed CLI Listing, CLI entered into a master property management services agreement (the “**Master Property Management Services Agreement**”) on 17 July 2021 with the Company pursuant to which the CLI Group may provide various property management services to the Parent Group in Singapore and PRC in the ordinary course of the CLI Group’s business, including retail property management services, office property management services and business park, industrial and logistics property management services. For the purposes of the Master Property Management Services Agreement, the CLI Group includes CLI’s associated companies while the Parent Group excludes the Offeror. The Master Property Management Services Agreement will become effective on the Listing Date.

- (e) **Provision of Technical Advisory Services by the Parent Group and the Master Project Management Services Agreement.** There are existing arrangements between the CLI Group and the Parent Group pursuant to which technical advisory services (“**Technical Advisory Services**”) are provided by the Parent Group. These agreements (to the extent they are subsisting) will remain effective after the Listing Date.

In connection with the Proposed CLI Listing, CLI entered into a master project management services agreement (the “**Master Project Management Services Agreement**”) on 17 July 2021 with CapitaLand Development Pte. Ltd. (“**CLD**”), a wholly owned subsidiary of the Company, pursuant to which the CLI Group may engage CLD or any of its subsidiaries and associated companies (excluding the CLI Group) for the provision of Project Management Services and Technical Advisory Services in Singapore and PRC in the ordinary course of the CLI Group’s business. For the purposes of the Master Project Management Services Agreement, the CLI Group includes CLI’s associated companies. The Master Project Management Services Agreement will become effective on the Listing Date.

- (f) **Provision of Fund Management Services by the CLI Group and Provision of Fund Management Related Services to the CLI Group.** There are existing arrangements between the CLI Group and the Parent Group pursuant to which fund management services are provided by relevant members of the CLI Group for certain funds and trusts of the Parent Group while services related to fund management (“**Related Services**”) are provided by relevant members of the Parent Group to members of the CLI Group which are fund managers. Fund management services include managing a fund’s investments and providing regular reports to fund investors while Related Services include providing investment and asset management support to fund managers. The relevant Parent Group members which procure such fund management services are the Parent Group’s CapitaLand Township Development Fund I, CapitaLand Township Development Fund II, CapitaLand Vietnam Commercial Value-Added Fund and CapitaLand Data Centre Trust. The relevant Parent Group members which provide such Related Services are CapitaLand Management (China) Co., Ltd, CapitaLand Township (Chengdu) Management Co., Ltd, CapitaLand Regional Investment Management Pte Ltd and CapitaLand Real Estate Management (Vietnam) Limited. These agreements (to the extent they are subsisting) will remain effective after the Listing Date.

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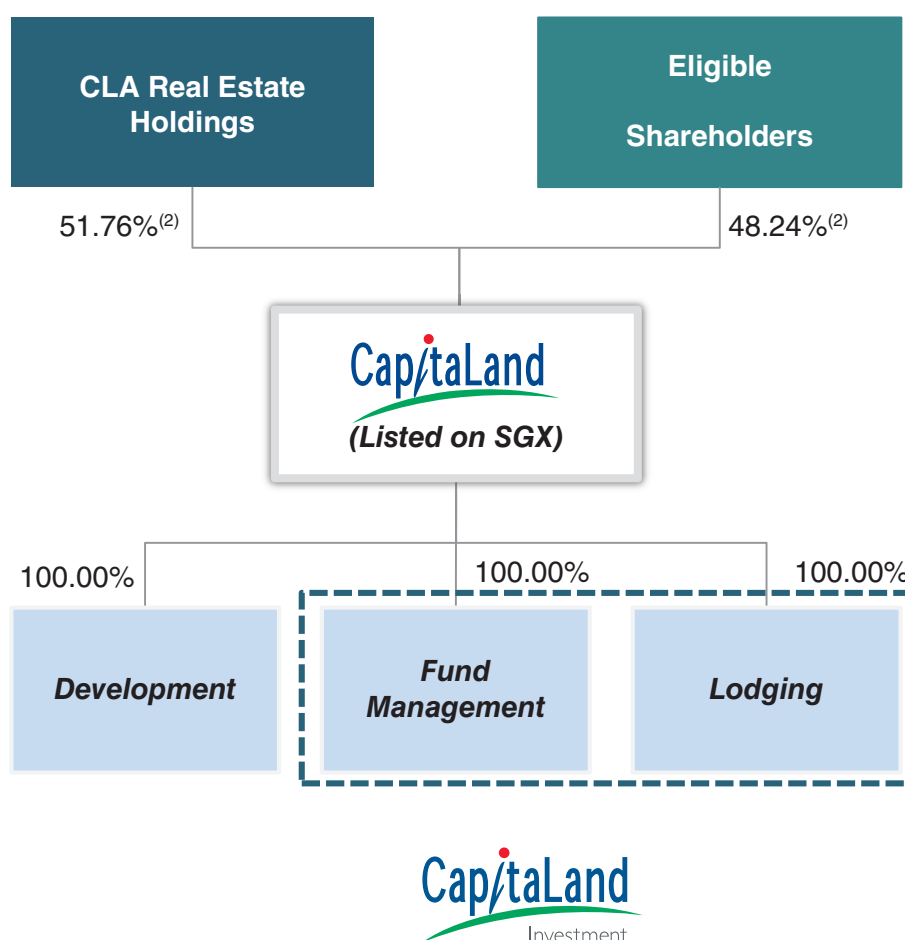
- (g) **Lease by the Parent Group.** A member of the Parent Group has a lease for office space at 79 Robinson Road (the “**Lease**”), which is a building owned by a member of the CLI Group, for the purpose of operating the Bridge+ business. The premises under the Lease were handed over to the tenant in FY2020. The term of the Lease will end in December 2031.

Further details of the arrangements between the CLI Group and the Parent Group (including the fees under the arrangements) are set out in paragraph 7.5 of the Letter to Shareholders in the Scheme Document and the section “Interested Person Transactions and Conflicts of Interests – Present and Ongoing Interested Person Transactions – Transactions with the Parent Group” in the Introductory Document.

2.7 Illustrative Structure Charts

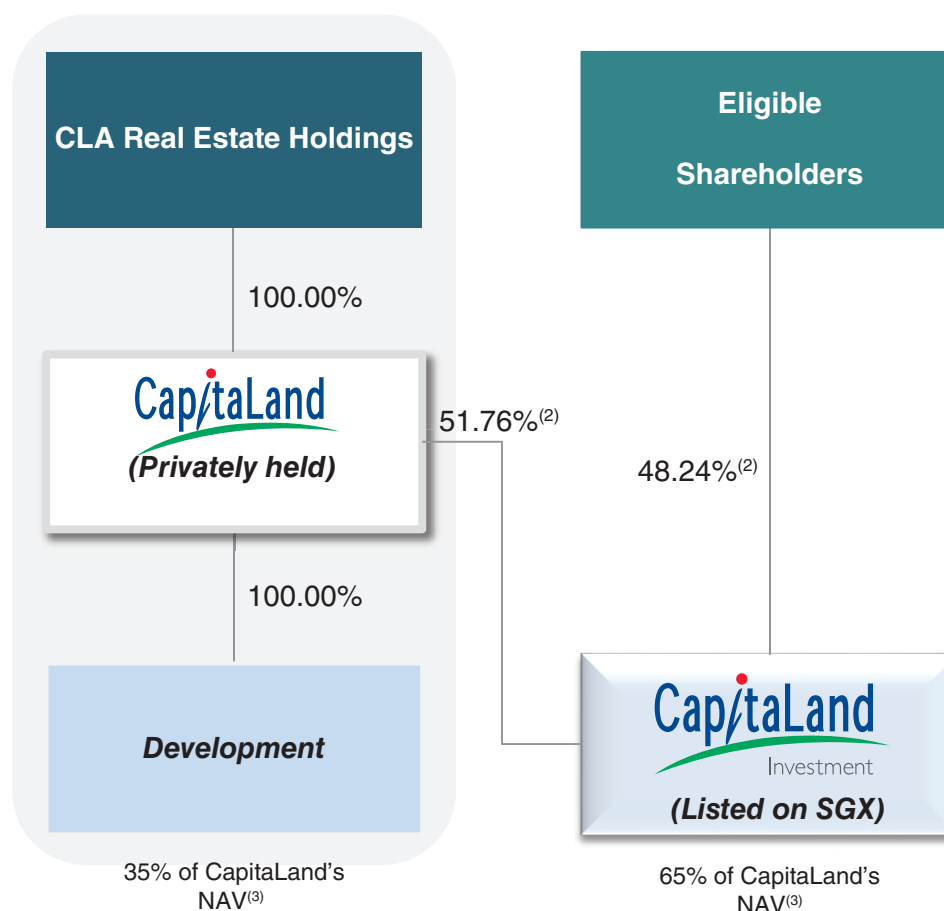
The following illustrative structure charts illustrate the changes to the shareholding structure of the Company and CLI following completion of the Scheme:

- (a) **Present Structure**⁽¹⁾:



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(b) On Completion of the Scheme⁽¹⁾:



Notes:

- (1) Illustrating relevant entities only.
- (2) Based on shareholdings as at the Latest Practicable Date.
- (3) This represents the approximate relative proportions of the Group's NAV as at 31 December 2020 attributable to the Pro Forma Group and the CLI Group.

2.8 Further Information on Eligible Shareholders' Entitlement

Distribution Ratio for the DIS

- (a) **CLI DIS.** As at the Latest Practicable Date, CLI has an issued and paid-up share capital of S\$2.00 comprising two (2) CLI Shares. The share capital of CLI will be increased pursuant to the Internal Restructuring as described in paragraph 1.7.2 of the Letter to Shareholders in the Scheme Document, such that the number of CLI Shares will be equivalent to the number of Shares (excluding treasury Shares) as at the Record Date. Accordingly, the CLI DIS will be effected on the basis of **one (1) CLI Share for each Share** held by the Eligible Shareholders as at the Record Date, fractional entitlements to be disregarded.

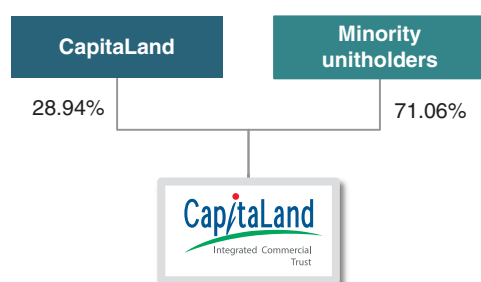
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- (b) **CICT DIS.** As the number of CICT Units to be distributed pursuant to the DIS is fixed, the distribution ratio in respect of the CICT DIS will vary depending on the total number of Shares in issue as at the Record Date and the number of Shares held by the Offeror as at the Record Date.

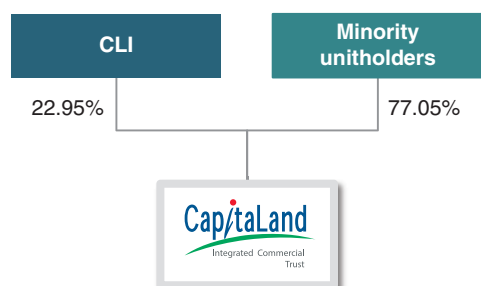
As at the Latest Practicable Date, the Offeror is the largest Shareholder, holding 2,693,106,549 Shares, representing approximately 51.76% of the Current Share Capital. Pursuant to the Scheme, the Offeror will not participate in the CICT DIS. The CICT Units that the Offeror would otherwise be entitled to receive will accordingly be distributed to the Eligible Shareholders on a *pro-rata* basis as part of the consideration for the Acquisition, thereby resulting in a proportionate increase of each Eligible Shareholder's entitlement to the CICT DIS. For illustrative purposes, on the basis that there is no change to the Offeror's shareholding as at the Record Date, the CICT DIS will be effected on the basis of **0.155 CICT Units for one (1) Share** held by an Eligible Shareholder as at the Record Date, fractional entitlements to be disregarded.

The unitholdings of CICT prior to and after the completion of the Scheme are as follows:

Prior to the completion of the Scheme



After the completion of the Scheme



- (c) **Cash Consideration.** Immediately upon the DIS taking effect, all Shares held by the Eligible Shareholders will be transferred to the Offeror pursuant to the Acquisition, and the Offeror will pay each Eligible Shareholder the Cash Consideration of **S\$0.951 for each Share**.

The Cash Consideration is determined after having taken into account, among others, the DIS, including the Offeror's non-participation in the CICT DIS and the resultant increase of the Eligible Shareholders' entitlement to the CICT Units pursuant to the CICT DIS.

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The Company had on 24 February 2021 announced a proposed tax-exempt ordinary dividend of S\$0.09 per Share (the “**FY2020 Final Dividend**”) for FY2020. The FY2020 Final Dividend was approved by the Shareholders on 27 April 2021 and paid on 18 May 2021. The Cash Consideration will not be reduced by the amount of the FY2020 Final Dividend.

The aggregate Cash Consideration that is payable by the Offeror to an Eligible Shareholder in respect of the Shares held by such Eligible Shareholder as at the Record Date will be rounded to the nearest whole cent.

If the Scheme becomes effective, each Eligible Shareholder will be entitled to receive one (1) CLI Share, 0.155 CICT Units² and S\$0.951 in cash in respect of each Share that he holds as at the Record Date. For the avoidance of doubt, the Eligible Shareholders will not have any option to elect to receive only cash instead of a combination of cash and CLI Shares and CICT Units.

- 2.9 Effect of Termination.** In the event of termination of the Implementation Agreement by any Party pursuant to the terms of the Implementation Agreement, the Implementation Agreement shall terminate (except for certain surviving clauses) and there shall be no other liability on any Party.

3. CONVERTIBLE BONDS

- 3.1** As announced in the Joint Announcement, the Company had outstanding convertible bonds in the aggregate principal amount of S\$1,176,000,000 which were convertible into 206,664,763 Shares based on their prevailing conversion prices (the “**Convertible Bonds**”) as at the Joint Announcement Date. On 7 April 2021, the Company launched invitations to Bondholders to tender their relevant Convertible Bonds for purchase by the Company (the “**Tender Offer**”).

- 3.2** Pursuant to the terms and conditions of the Convertible Bonds, the Company shall have a clean-up call option to redeem outstanding Convertible Bonds in whole if the aggregate principal amount of the Convertible Bonds is within the stipulated threshold in the terms and conditions of the Convertible Bonds. Following the close of the Tender Offer on 27 April 2021 and the exercise of the clean-up call option by the Company on 18 May 2021, all the Convertible Bonds have been fully repurchased or redeemed. As at the Latest Practicable Date, the Company has no convertible bonds outstanding.

4. RATIONALE FOR THE SCHEME

The overarching objective of the Scheme is to sharpen the Group’s focus and position it to be an asset-light and capital-efficient business through CLI. It follows the progress the Company has made to pivot itself to the new economy sectors, expanding its global footprint and growing its fee income business. It is a significant and important milestone in the Company’s transformation. It will provide the impetus for CLI to further expand and scale up its asset and investment management, and lodging businesses whilst benefitting from the pipeline of projects from the privatised Company as part of the ecosystem. It will also extend CLI’s market leadership in the Asian real estate investment management business. Shareholders will get an opportunity to remain invested in these asset-light growth businesses through CLI. At the same time, Shareholders will benefit from the significant value that will be unlocked from the Scheme.

² Assuming there is no change to the distribution ratio for CICT DIS as at the Record Date.

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The Company, together with the Offeror, is proposing a Scheme to:

- (a) effect a proposed restructuring of the Group's business to consolidate the Group's investment management platforms, as well as its lodging business, into CLI, which is to be listed by introduction on the SGX-ST; and
- (b) place the real estate development business of the Group under private ownership, to be fully held by the Offeror through the proposed privatisation of the Company on completion of the Scheme.

The Scheme will enable the Company to put greater focus on real estate investment management to drive higher capital productivity, efficiency and returns, while at the same time, separate its capital intensive and longer-gestation real estate development business and assets, the value of which is not adequately appreciated by the public markets.

The Offeror further notes and concurs with the following rationale of the Company set out in paragraph 2 of the Letter to Shareholders in the Scheme Document:

“The Scheme is intended to deliver strategic and financial benefits for the Shareholders as set out below:

2.1 Sharpens business model to facilitate faster growth through creation of CLI

The Scheme is undertaken to accelerate the transformation of the Company's business model in the public market, the execution of which is on track under the CapitaLand 3.0 strategic plans. As part of its growth strategy, the creation of CLI, which comprises the highly scalable and global funds investment management and lodging platforms, will sharpen its focus on driving fee income and FUM growth.

2.2 Allows Shareholders to unlock the value of their existing investment

2.2.1 *The Scheme would allow the Shareholders to remain invested in CLI (which represents approximately 65% of the Group's NAV³ as at 31 December 2020) and participate in CLI's growth. CLI will be a growth-oriented company and will focus its growth strategies around increasing FUM and capital efficiency. There will be more direct allocation of resources and capital to the growth opportunities identified under CLI with its dedicated mandates to achieve FUM growth in an asset-light manner. CLI aims to grow its fee-related earnings contribution over time, which is a key valuation benchmark for public markets.*

Furthermore, through the Scheme, Shareholders will own CLI Shares whose business profile more closely resembles that of a real estate investment manager. Public markets value real estate investment managers differently from listed developers. Listed real estate investment managers tend to trade at a premium to book value, while developers tend to trade at a discount to book value.

³ Based on the approximate NAV split between CLI and the Pro Forma Group as at 31 December 2020.

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2.2.2 *At the same time, while a Shareholder will no longer have vested interest in the development business of the Company, he will continue to retain exposure to the benefits of the privatised development business of the Company through CLI. CLI will retain the benefit of being part of the ecosystem with the privatised CapitaLand. The Company has over time developed an integrated suite of capabilities and built an ecosystem within the Group to support its real estate businesses and platforms. In part to preserve and sustain the ecosystem, a reciprocal rights of first refusal agreement has been entered into between CLI and the Company. It is envisaged that the Company will continue, through its development arm, supporting CLI through its strong development capabilities through participating and collaborating in the development and/or redevelopment of projects within CLI, as required and appropriate, as well as in providing to CLI development or project management services as CLI may require in respect of any property investments held within CLI. CLI will also be able to tap on a key pipeline source of investment opportunities through the Company as and when its development projects complete and are available for sale to augment the growth of CLI's FUM, which would in turn drive fee-related earnings to CLI.*

2.2.3 *CLI will also continue to retain full stack capabilities differentiating itself from other investment managers, with its established operating platforms, access to a deep pool of capital partners such as sovereign wealth funds and insurance firms and its highly liquid, established platforms for capital recycling.*

2.2.4 *CLI's focus would be to extend its market leadership in the Asian fund management business, in particular, for its listed REITs and BTs. CLI would continue to manage six Listed Funds (in which CLI would also holds stakes, as set out in **paragraph 4.1.2** of the Letter to Shareholders) with total market capitalisation of S\$33.8 billion as of the Latest Practicable Date.*

2.3 Crystallises and unlocks value for Shareholders

An Eligible Shareholder will receive the following consideration under the Scheme in respect of each Share that he holds as at the Record Date: 1 CLI Share and 0.155 CICT Units⁴ via the DIS, and S\$0.951 in cash. The aggregate of these components of Consideration translates to a value of S\$4.102⁵ representing approximately 95.6% of the Group's NAV per share of S\$4.29⁶ and 24% above the last traded price of the Company of S\$3.31 and 39% over the VWAP of the Shares for the 12-month period up to and including the Last Trading Day of S\$2.957. In addition, the Shareholders were paid the FY2020 Final Dividend. This represents an immediate unlocking of value to the Shareholders."

⁴ Assuming there is no change to the distribution ratio for CICT DIS as at the Record Date.

⁵ This is the implied Consideration determined based on the Current Share Capital. Please see paragraph 1.5 of the Letter to Shareholders in the Scheme Document for the breakdown of the Consideration.

⁶ Based on the NAV of the Group as at 31 December 2020 divided by the number of Shares as at the date of the Scheme Document.

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5. THE OFFEROR'S FUTURE INTENTIONS FOR THE COMPANY

Upon completion of the Scheme, the Company will be privatised. The business of the Company will continue to be focused on real estate development. Post the restructuring, Mr Jason Leow, currently President, Singapore & International of the Group, will be the CEO of CapitaLand Development Pte. Ltd., the development business arm of the privatised CapitaLand. Mr Lee Chee Koon will be CLI's Group CEO, and will also be appointed as a non-executive director of the privatised CapitaLand. In tandem with this strategic reorganisation, suitable arrangements will be entered into to facilitate interaction and engagement between the listed CLI and the private development arm, to ensure the inherent business advantages of scale, synergy, capabilities and expertise embedded within the existing ecosystem are preserved to benefit the restructured Group of which CLI is a part.

With this management organisation structure, the restructured Group will continue to be led by an experienced and highly professional management team, with both depth and breadth in experience.

As mentioned in paragraph 2.4 of this Letter, in connection with the Scheme, the Company intends to undertake the Internal Restructuring. As part of the Internal Restructuring, certain assets, businesses and/or platforms as well as employees that are not currently held by the CLI Group will be transferred to the CLI Group.

Further details on the arrangements between the listed CLI and the privatised CapitaLand are set out in paragraph 4.4 of the Letter to Shareholders in the Scheme Document.

Save as set out above, in the Scheme Document and in the Introductory Document, the Offeror has no current intention to (a) introduce any major changes to the existing business of the Company; (b) re-deploy the fixed assets of the Company; or (c) discontinue the employment of existing employees of the Company or the Group other than in the ordinary course of business. The Offeror retains the flexibility at any time to consider any options and opportunities which may present themselves and which it may regard to be in the interests of the Company and/or the Group.

6. INFORMATION ON THE COMPANY, CLI AND CICT

6.1 The Company

- (a) The Company, listed on the Mainboard of the SGX-ST, is one of Asia's largest diversified real estate groups. Incorporated and headquartered in Singapore, it owns and manages a global portfolio worth about S\$132.5 billion as at 31 December 2020. The Group's portfolio spans across diversified real estate classes which include commercial, retail; business park, industrial and logistics; integrated development, urban development; as well as lodging and residential. With a presence across more than 230 cities in over 30 countries as at 31 December 2020, the Group focuses on Singapore and China as its core markets, while it continues to expand in markets such as India, Vietnam, Australia, Europe and the USA. The Group's principal businesses currently comprise development, investment management (through CLI) and lodging (through Ascott).

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- (b) **Material Changes in the Financial Position of the Company.** Save for the information of the Company which is publicly available (including, without limitation, the Audited FY2020 Financial Statements and announcements which are released by the Company on the SGXNET) and save as disclosed in the Scheme Document, there has not been, to the knowledge of the Offeror, any material change in the financial position or prospects of the Group since 31 December 2020, being the date of the last balance sheet laid before the Shareholders in a general meeting.
- (c) **Transfer Restrictions.** The Constitution does not contain any restrictions on the right to transfer the Shares in connection with the Scheme.

- 6.2 CLI.** CLI, incorporated in Singapore on 29 August 2003 and a wholly owned subsidiary of the Company, currently operates and manages the investment management business of the Group. As at the Latest Practicable Date, CLI, through its subsidiaries and/or related corporations⁷, manages six (6) Listed Funds, and over 20 Unlisted Funds.

Further information on CLI is set out in Appendix 4 to the Scheme Document and in the Introductory Document.

- 6.3 CICT.** CICT is the first and largest REIT listed on the SGX-ST with a portfolio value of S\$22.3 billion as at 31 December 2020 and a market capitalisation of approximately S\$13.8 billion as at the Latest Practicable Date.

It debuted on the SGX-ST as CapitaLand Mall Trust in July 2002 and was renamed CICT in November 2020 following its merger with CapitaLand Commercial Trust. CICT is managed by CapitaLand Integrated Commercial Trust Management Limited, which is a wholly owned subsidiary of CLI.

CICT owns and invests in quality income-producing assets primarily used for commercial (including retail and/or office) purpose, located predominantly in Singapore.

Further information on CICT is set out in Appendix 4 to the Scheme Document.

7. INFORMATION ON THE OFFEROR

- 7.1** The Offeror is an investment holding company incorporated in Singapore on 30 September 2014. The Offeror is an indirect wholly owned subsidiary of Temasek Holdings (Private) Limited ("**Temasek**").

⁷ Including certain Group entities which are outside of the CLI Group but which will, pursuant to the Internal Restructuring, be held by the CLI Group.

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7.2 As at the Latest Practicable Date, the directors of the Offeror are as follows:

Directors	Designation
Wong Kan Seng	Chairman and Non-Executive Director
Ko Kai Kwun Miguel @ Ko Miguel	Deputy Chairman and Non-Executive Director
Ong Yew Huat	Non-Executive Director
Tan Chong Lee	Non-Executive Director
Nagi Adel Hamiyeh	Non-Executive Director
Wu Yibing	Non-Executive Director

7.3 As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of approximately S\$5.54 billion.

7.4 Schedule 1 to this Letter sets out certain additional information on the Offeror.

8. NO SPECIAL ARRANGEMENTS

8.1 No Agreement having any Connection with or Dependence on the Scheme

Save for (a) the Implementation Agreement and (b) the financing agreements in relation to the financing of the Acquisition and the Scheme entered or to be entered into with, among others, DBS Bank Ltd. (the “**New Facility**”), and save as disclosed in this Letter and the Scheme Document, as at the Latest Practicable Date, there is no agreement, arrangement or understanding between (i) the Offeror or any person acting in concert with it in connection with the Scheme, and (ii) any of the current or recent directors of the Company or any of the current or recent Shareholders or any other person that has any connection with, or is dependent on or is conditional upon the outcome of the Scheme.

8.2 Transfer of Shares

As at the Latest Practicable Date, there is no agreement, arrangement or understanding whereby any of the Shares acquired by the Offeror pursuant to the Scheme will be transferred to any other person.

8.3 No Payment or Benefit to Directors of the Company

As at the Latest Practicable Date, save as disclosed in the Scheme Document and the Introductory Document, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any director of the Company or of any related corporation of the Company (within the meaning of Section 6 of the Companies Act) as compensation for loss of office or otherwise in connection with the Scheme.

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8.4 Directors' Service Contracts

As at the Latest Practicable Date, save as disclosed in the Scheme Document and the Introductory Document, there are no agreements, arrangements or understandings between (a) the Offeror or any person acting in concert with it in connection with the Scheme, and (b) any of the directors of the Offeror, whereby the emoluments received or to be received by the directors of the Offeror will be varied or affected by the Scheme.

9. DISCLOSURE OF INTERESTS

9.1 Save as disclosed in Schedule 2 to this Letter, as at the Latest Practicable Date, based on the latest information available to the Offeror, none of the Offeror and persons acting in concert with the Offeror in connection with the Scheme (collectively, the **"Offeror Concert Party Group"**):

- (a) owns, controls or has agreed to acquire any (i) Shares, (ii) securities which carry voting rights in the Company or (iii) convertible securities, warrants, options or derivatives in respect of such Shares or securities which carry voting rights in the Company (collectively, the **"Company Securities"**); or
- (b) has dealt for value during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date (the **"Relevant Period"**) in any Company Securities.

9.2 Save as disclosed in Schedule 3 to this Letter, as at the Latest Practicable Date, based on the latest information available to the Offeror, no member of the Offeror Concert Party Group:

- (a) owns, controls or has agreed to acquire any (i) CICT Units, (ii) securities which carry voting rights in CICT or (iii) convertible securities, warrants, options or derivatives in respect of the CICT Units or securities which carry voting rights in CICT (collectively, the **"CICT Securities"**); or
- (b) has dealt for value during the Relevant Period in any CICT Securities.

9.3 Disclosures relating to Other Arrangements in Company Securities

(a) Undertakings to vote in favour of or against the Scheme

As at the Latest Practicable Date, no person has given any undertaking to any member of the Offeror Concert Party Group to vote in favour of or against the Scheme.

(b) Arrangements of the kind referred to in Note 7 on Rule 12 of the Code

As at the Latest Practicable Date, no member of the Offeror Concert Party Group has entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Code, including indemnity or option arrangements and any agreement or understanding, formal or informal, of whatever nature, relating to the Company Securities which may be an inducement to deal or refrain from dealing in the Company Securities.

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(c) No security interest over or borrowing/lending of Company Securities

Save as disclosed in this Letter, as at the Latest Practicable Date, based on the latest information available to the Offeror, no member of the Offeror Concert Party Group has (i) granted a security interest over any Company Securities to another person, whether through a charge, pledge or otherwise, (ii) borrowed from another person any Company Securities (excluding borrowed Company Securities which have been on-lent or sold), or (iii) lent any Company Securities to another person. The Offeror has granted a charge over 2,542,968,854 Shares (representing approximately 48.87% of the Current Share Capital) held by it to DBS Bank Ltd. (as security agent) in connection with certain financing arrangements (the “**Existing Facility**”) entered into with, among others, DBS Bank Ltd. In connection with the New Facility, the Offeror will also grant a charge over the Shares to be acquired pursuant to the Acquisition and the Shares currently owned by the Offeror but not charged under the Existing Facility. Accordingly, upon completion of the Acquisition, all the Shares held by the Offeror will be charged.

10. FINANCIAL ADVISER TO THE OFFEROR AND CONFIRMATION OF FINANCIAL RESOURCES

10.1 DBS Bank Ltd. (the “**Offeror Financial Adviser**”) is the financial adviser to the Offeror in respect of the Scheme.

10.2 The Offeror Financial Adviser confirms that sufficient financial resources are available to the Offeror to satisfy in full the aggregate Cash Consideration payable by the Offeror for all the Shares to be acquired by the Offeror pursuant to the Acquisition.

11. CONSENT

The Offeror Financial Adviser has given and has not withdrawn its written consent to the issue of this Letter with the inclusion herein of its name and all references thereto in the form and context in which they appear in this Letter.

12. SETTLEMENT AND REGISTRATION PROCEDURES

Please refer to paragraph 13 of the Explanatory Statement in the Scheme Document for details on the settlement and registration procedures.

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13. MARKET QUOTATIONS FOR COMPANY SECURITIES

13.1 Transacted Prices

The highest, lowest and last closing prices and transacted volume of the Shares on the SGX-ST on a monthly basis from September 2020 (being six (6) calendar months preceding the Joint Announcement Date) to the Latest Practicable Date, as reported by Bloomberg L.P., are set out below:

Monthly Trades	Highest Closing Price (\$)	Lowest Closing Price (\$)	Last Closing Price (\$)	Transacted Volume of the Shares ('000)
1 July 2021 to the Latest Practicable Date	3.77	3.70	3.74	40,651,100
June 2021	3.78	3.66	3.71	162,959,600
May 2021	3.68	3.51	3.66	182,299,688
April 2021	3.79	3.71	3.72	178,786,500
March 2021	3.85	3.17	3.76	351,887,835
February 2021	3.23	3.10	3.18	153,251,893
January 2021	3.50	3.21	3.21	197,766,700
December 2020	3.29	3.12	3.28	184,122,500
November 2020	3.17	2.51	3.13	373,519,000
October 2020	2.81	2.57	2.57	173,293,530
September 2020	2.79	2.67	2.71	164,835,038

13.2 Highest and Lowest Prices

During the period commencing six (6) months prior to the Joint Announcement Date and ending on the Latest Practicable Date, the highest closing price was S\$3.85 per Share, transacted on 26 March 2021, and the lowest closing price was S\$2.51 per Share, transacted on 2 November 2020.

13.3 Closing Prices

The closing price on:

- (a) 19 March 2021, being the last full trading day immediately prior to the Joint Announcement Date, was S\$3.310 per Share; and
- (b) the Latest Practicable Date, was S\$3.74 per Share.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

14. DOCUMENTS FOR INSPECTION

A copy of the following documents will be made available for inspection⁸ during normal business hours at the registered office of the Offeror from the Joint Announcement Date up until the Effective Date:

- (a) the Implementation Agreement;
- (b) the letter of consent referred to in paragraph 11 above; and
- (c) the audited financial statements of the Offeror for the financial year ended 31 March 2019 (“**FY2018/19**”), the financial year ended 31 December 2019 (“**FY2019**”) and FY2020.

15. RESPONSIBILITY STATEMENT

The directors of the Offeror (including those who may have delegated detailed supervision of the preparation of this Letter) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Letter (excluding information relating to the Company, the Group, CICT and/or CLI or any opinion expressed by the Company) are fair and accurate and that, where appropriate, no material facts in relation thereto have been omitted from this Letter, and the directors of the Offeror jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Company, the sole responsibility of the directors of the Offeror has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Letter. The directors of the Offeror do not accept any responsibility for any information relating to the Company, the Group, CICT and/or CLI or any opinion expressed by the Company.

Yours faithfully

For and on behalf of

CLA Real Estate Holdings Pte. Ltd.

(Company Registration No.: 201429036E)

Ko Kai Kwun Miguel @ Ko Miguel

Deputy Chairman and Non-Executive Director

17 July 2021

⁸ Prior appointment is required in light of the COVID-19 situation. Any person who wishes to inspect the aforesaid documents should contact Jane Sim at +65 6713 3995 to make an appointment to inspect the documents.

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Schedule 1

Additional Information on the Offeror

1. DIRECTORS OF THE OFFEROR

The names, addresses and descriptions of the directors of the Offeror as at the Latest Practicable Date are as follows:

Name	Address	Description
Wong Kan Seng	79 Robinson Road #07-01 Singapore 068897	Chairman and Non-Executive Director
Ko Kai Kwun Miguel @ Ko Miguel	168 Robinson Road #30-01 Capital Tower Singapore 068912	Deputy Chairman and Non-Executive Director
Ong Yew Huat	79 Robinson Road #07-01 Singapore 068897	Non-Executive Director
Tan Chong Lee	60B Orchard Road #06-18 The Atrium @ Orchard Singapore 238891	Non-Executive Director
Nagi Adel Hamiyeh	60B Orchard Road #06-18 The Atrium @ Orchard Singapore 238891	Non-Executive Director
Wu Yibing	60B Orchard Road #06-18 The Atrium @ Orchard Singapore 238891	Non-Executive Director

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

2. SUMMARY OF FINANCIAL INFORMATION OF THE OFFEROR

A summary of the financial information relating to the Offeror for FY2018/19, FY2019 and FY2020 is set out below. The summary of the financial information should be read together with the audited financial statements of the Offeror for FY2018/19, FY2019 and FY2020 (copies of which are available for inspection as set out in paragraph 14 of this Letter).

Consolidated Income Statements of the Offeror

A summary of the audited consolidated income statements of the Offeror for FY2018/19, FY2019 and FY2020 is set out below:

	FY2020 1 Jan 2020 – 31 Dec 2020 S\$ million (Audited)	FY2019⁽¹⁾ 1 Apr 2019 – 31 Dec 2019 S\$ million (Audited)	FY2018/19 1 Apr 2018 – 31 Mar 2019 S\$ million (Audited)
Revenue	6,559	4,341	772
Net profit before tax	(915)	4,184	759
Net profit after tax	(1,843)	3,459	614
Attributable to:			
Owners of the company	(1,017)	2,205	427
Non-controlling interests	(827)	1,254	187
Net earnings per share (S\$)	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾
Net dividends per ordinary share (S\$)	Nil	Nil	Nil
Net dividends per redeemable convertible preference share (S\$)	Nil	1.1739	Nil

Notes:

(1) The financial year end of the Offeror was changed from 31 March to 31 December.

(2) The Offeror is not required to state earnings per share in its audited financial statements.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

Consolidated Balance Sheet of the Offeror

The audited consolidated balance sheet of the Offeror as at 31 December 2020 is summarised below:

	FY2020 S\$ million (Audited)
<i>Cash and bank balance</i>	9,656
<i>Total assets</i>	84,231
<i>Total borrowings</i>	39,490
<i>Total liabilities</i>	50,536
<i>Net assets</i>	33,696
<i>Equity attributable to owners of the company</i>	7,281
<i>Non-controlling interests</i>	26,415
<i>Total equity</i>	33,696

3. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save for (a) the Scheme (and the financing thereof), and (b) any publicly available information on the Offeror, there have been no known material changes in the financial position of the Offeror subsequent to 31 December 2020, being the date of its last published audited accounts.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Offeror are disclosed in Note 3 of the audited financial statements of the Offeror for FY2020, a copy of which is available for inspection as set out in paragraph 14 of this Letter.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

Schedule 2

Holdings and Dealings in Company Securities

1. Holdings in Company Securities

1.1 Holdings in Shares. As at the Latest Practicable Date, based on the latest information available to the Offeror, the interests in the Shares held by the Offeror Concert Party Group are set out below:

Name	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾⁽²⁾	No. of Shares	% ⁽¹⁾⁽²⁾	No. of Shares	% ⁽¹⁾⁽²⁾
Offeror	2,693,106,549	51.76%	–	–	2,693,106,549	51.76%
Directors of the Offeror						
Tan Chong Lee	4,125	0.0001%	–	–	4,125	0.0001%
Ko Kai Kwun Miguel @ Ko Miguel ⁽³⁾	3,679	0.0001%	–	–	3,679	0.0001%
Temasek Entities						
TJ Holdings (III) Pte. Ltd.	–	–	2,693,106,549 ⁽⁵⁾	51.76%	2,693,106,549	51.76%
Glenville Investments Pte. Ltd.	–	–	2,693,106,549 ⁽⁵⁾	51.76%	2,693,106,549	51.76%
Mawson Peak Holdings Pte. Ltd.	–	–	2,693,106,549 ⁽⁵⁾	51.76%	2,693,106,549	51.76%
Bartley Investments Pte. Ltd.	–	–	2,693,106,549 ⁽⁵⁾	51.76%	2,693,106,549	51.76%
Tembusu Capital Pte. Ltd.	–	–	2,715,798,249 ⁽⁵⁾⁽⁶⁾	52.19%	2,715,798,249	52.19%
Temasek	–	–	2,718,033,903 ⁽⁵⁾⁽⁷⁾	52.24%	2,718,033,903	52.24%
Directors of Temasek						
Stephen Lee Ching Yen ⁽⁴⁾	120,726	0.0023%	–	–	120,726	0.0023%
DBS Bank Ltd.	2,042,955	0.039%	62,800	0.001%	2,105,755	0.040%
Other Concert Parties						
Deemed Concert Parties ⁽⁸⁾	22,691,700	0.44%	–	–	22,691,700	0.44%

Notes:

- (1) Rounded to the nearest two (2) decimal places (unless indicated otherwise).
- (2) Computed based on a total of 5,203,195,792 Shares (excluding 73,795,890 treasury Shares) as at the Latest Practicable Date.
- (3) The Shares are held by Ko Kai Kwun Miguel @ Ko Miguel and his spouse through DBS Nominees (Private) Limited.
- (4) The Shares are held through DBS Nominees (Private) Limited.
- (5) The Offeror is a wholly owned subsidiary of TJ Holdings (III) Pte. Ltd. ("**TJIII**"), which in turn is a wholly owned subsidiary of Glenville Investments Pte. Ltd. ("**Glenville**"), which in turn is a wholly owned subsidiary of Mawson Peak Holdings Pte. Ltd. ("**Mawson**"), which in turn is a wholly owned subsidiary of Bartley Investments Pte. Ltd. ("**Bartley**"), which in turn is a wholly owned subsidiary of Tembusu Capital Pte. Ltd. ("**Tembusu**"), which in turn is a wholly owned subsidiary of Temasek.

TJIII, Glenville, Mawson, Bartley, Tembusu and Temasek, respectively, are deemed to have an interest in the Shares in which the Offeror has, by virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**").

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

- (6) Tembusu is deemed to have an interest in the Shares in which its subsidiaries have or are deemed to have an interest, by virtue of Section 4 of the SFA.
- (7) Temasek's deemed interest in the Shares under the SFA arises through the Offeror, DBS Group Holdings Ltd, Fullerton Fund Management Company Ltd, SeaTown Holdings Pte. Ltd. and Keppel Corporation Limited, each of which are independently-managed portfolio companies of Temasek.
- (8) Certain deemed concert parties of the Offeror (the **"Deemed Concert Parties"**) have an aggregate interest in 22,691,700 Shares, representing approximately 0.44% of the total Shares.

1.2 Holdings in Derivatives. As at the Latest Practicable Date, based on the latest information available to the Offeror, the interests in the derivatives of the Company held by the Offeror Concert Party Group are set out below:

Name	Type of Derivative	No. of Reference Securities	Maturity Date	Reference Price per Share (\$)
DBS Bank Ltd.	Call Option	62,800 Shares	11/3/2022	3.5530

2. Dealings in Company Securities

2.1 Dealings in Shares. Based on the latest information available to the Offeror, the details of dealings in the Shares during the Relevant Period by the Offeror Concert Party Group are set out below:

Name	Transaction Date	Transaction Type	Number of Shares	Transaction Price per Share (\$)	Percentage of total number of Shares
Ko Kai Kwun Miguel @ Ko Miguel	25/5/2021	Grant of Shares under Awards ⁽¹⁾	3,679 ⁽²⁾	Not Applicable ⁽²⁾	0.0001%
Stephen Lee Ching Yen	25/5/2021	Grant of Shares under Awards	13,918 ⁽²⁾	Not Applicable ⁽²⁾	0.0003%
DBS Bank Ltd.	14/4/2021	Sale	50,000	3.7800	0.0010%
DBS Bank Ltd.	17/3/2021	Sale	12,300	2.9468	0.0002%
DBS Bank Ltd.	17/3/2021	Purchase	12,300	2.9468	0.0002%
DBS Bank Ltd.	17/3/2021	Purchase	6,800	3.0587	0.0001%
DBS Bank Ltd.	16/3/2021	Sale	47,970	2.9830	0.0009%
DBS Bank Ltd.	16/3/2021	Sale	47,931	2.9939	0.0009%
DBS Bank Ltd.	16/3/2021	Sale	47,736	3.0022	0.0009%
DBS Bank Ltd.	16/3/2021	Sale	47,970	2.9830	0.0009%
DBS Bank Ltd.	16/3/2021	Sale	47,931	2.9939	0.0009%
DBS Bank Ltd.	16/3/2021	Sale	47,736	3.0022	0.0009%
DBS Bank Ltd.	15/3/2021	Purchase	300,000	3.2400	0.0058%
DBS Bank Ltd.	15/3/2021	Sale	9,520	3.3354	0.0002%
DBS Bank Ltd.	15/3/2021	Purchase	9,520	3.3354	0.0002%
DBS Bank Ltd.	12/3/2021	Purchase	208,000	3.2200	0.0040%
DBS Bank Ltd.	12/3/2021	Sale	20,000	3.2300	0.0004%

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Name	Transaction Date	Transaction Type	Number of Shares	Transaction Price per Share (S\$)	Percentage of total number of Shares
DBS Bank Ltd.	10/3/2021	Purchase	300,000	3.2300	0.0058%
DBS Bank Ltd.	10/3/2021	Sale	2,440	3.0352	0.0000%
DBS Bank Ltd.	9/3/2021	Sale	14,500	2.9025	0.0003%
DBS Bank Ltd.	8/3/2021	Sale	12,000	2.9569	0.0002%
DBS Bank Ltd.	3/3/2021	Sale	12,300	2.9468	0.0002%
DBS Bank Ltd.	3/3/2021	Purchase	12,300	2.9468	0.0002%
DBS Bank Ltd.	3/3/2021	Purchase	6,800	3.0587	0.0001%
DBS Bank Ltd.	25/2/2021	Sale	49,608	2.8922	0.0010%
DBS Bank Ltd.	24/2/2021	Purchase	288,000	3.1200	0.0055%
DBS Bank Ltd.	24/2/2021	Sale	4,500	2.9025	0.0001%
DBS Bank Ltd.	24/2/2021	Sale	4,500	3.0352	0.0000%
DBS Bank Ltd.	22/2/2021	Purchase	200,000	3.1100	0.0038%
DBS Bank Ltd.	22/2/2021	Sale	7,400	3.1863	0.0001%
DBS Bank Ltd.	22/2/2021	Purchase	7,400	3.1863	0.0001%
DBS Bank Ltd.	22/2/2021	Sale	10,800	2.9569	0.0002%
DBS Bank Ltd.	18/2/2021	Sale	30,000	3.1600	0.0006%
DBS Bank Ltd.	17/2/2021	Sale	11,070	2.9468	0.0002%
DBS Bank Ltd.	17/2/2021	Purchase	11,070	2.9468	0.0002%
DBS Bank Ltd.	17/2/2021	Purchase	6,120	3.0587	0.0001%
DBS Bank Ltd.	15/2/2021	Sale	8,806	3.3354	0.0002%
DBS Bank Ltd.	15/2/2021	Purchase	8,806	3.3354	0.0002%
DBS Bank Ltd.	10/2/2021	Purchase	105,000	3.1600	0.0020%
DBS Bank Ltd.	10/2/2021	Sale	2,440	3.0352	0.0000%
DBS Bank Ltd.	8/2/2021	Sale	12,000	2.9569	0.0002%
DBS Bank Ltd.	5/2/2021	Sale	53,556	3.7344	0.0010%
DBS Bank Ltd.	5/2/2021	Sale	26,778	3.7344	0.0005%
DBS Bank Ltd.	3/2/2021	Sale	66,600	3.7536	0.0013%
DBS Bank Ltd.	3/2/2021	Sale	12,300	2.9468	0.0002%
DBS Bank Ltd.	3/2/2021	Purchase	12,300	2.9468	0.0002%
DBS Bank Ltd.	3/2/2021	Purchase	6,800	3.0587	0.0001%
DBS Bank Ltd.	2/2/2021	Purchase	100,000	3.1300	0.0019%
DBS Bank Ltd.	1/2/2021	Purchase	300,000	3.1167	0.0058%
DBS Bank Ltd.	1/2/2021	Sale	78,696	3.8121	0.0015%
DBS Bank Ltd.	28/1/2021	Sale	65,580	3.8121	0.0013%
DBS Bank Ltd.	28/1/2021	Sale	26,438	3.7824	0.0005%
DBS Bank Ltd.	27/1/2021	Purchase	25,000	3.2700	0.0005%
DBS Bank Ltd.	25/1/2021	Purchase	150,000	3.2500	0.0029%
DBS Bank Ltd.	21/1/2021	Sale	54,252	3.6864	0.0010%
DBS Bank Ltd.	20/1/2021	Sale	12,300	2.9468	0.0002%

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Name	Transaction Date	Transaction Type	Number of Shares	Transaction Price per Share (S\$)	Percentage of total number of Shares
DBS Bank Ltd.	20/1/2021	Purchase	12,300	2.9468	0.0002%
DBS Bank Ltd.	20/1/2021	Purchase	6,800	3.0587	0.0001%
DBS Bank Ltd.	14/1/2021	Sale	50,000	3.4500	0.0010%
DBS Bank Ltd.	13/1/2021	Sale	8,568	3.3354	0.0002%
DBS Bank Ltd.	13/1/2021	Sale	2,160	3.7201	0.0000%
DBS Bank Ltd.	13/1/2021	Purchase	8,568	3.3354	0.0002%
DBS Bank Ltd.	13/1/2021	Purchase	2,160	3.7201	0.0000%
DBS Bank Ltd.	12/1/2021	Sale	200,000	3.4850	0.0038%
DBS Bank Ltd.	12/1/2021	Sale	2,160	3.7332	0.0000%
DBS Bank Ltd.	12/1/2021	Purchase	2,160	3.7332	0.0000%
DBS Bank Ltd.	12/1/2021	Sale	3,745	2.9688	0.0001%
DBS Bank Ltd.	11/1/2021	Sale	2,160	3.7099	0.0000%
DBS Bank Ltd.	11/1/2021	Purchase	2,160	3.7099	0.0000%
DBS Bank Ltd.	8/1/2021	Sale	200,000	3.4000	0.0038%
DBS Bank Ltd.	8/1/2021	Sale	2,100	2.8746	0.0000%
DBS Bank Ltd.	8/1/2021	Purchase	2,100	2.8746	0.0000%
DBS Bank Ltd.	8/1/2021	Sale	3,300	2.8739	0.0001%
DBS Bank Ltd.	7/1/2021	Sale	1,800	2.8089	0.0000%
DBS Bank Ltd.	7/1/2021	Sale	1,680	3.6390	0.0000%
DBS Bank Ltd.	7/1/2021	Purchase	1,800	2.8089	0.0000%
DBS Bank Ltd.	7/1/2021	Purchase	1,680	3.6390	0.0000%
DBS Bank Ltd.	6/1/2021	Sale	9,840	2.9468	0.0002%
DBS Bank Ltd.	6/1/2021	Sale	2,200	3.5853	0.0000%
DBS Bank Ltd.	6/1/2021	Purchase	9,840	2.9468	0.0002%
DBS Bank Ltd.	6/1/2021	Purchase	2,200	3.5853	0.0000%
DBS Bank Ltd.	6/1/2021	Purchase	5,440	3.0587	0.0001%
DBS Bank Ltd.	5/1/2021	Sale	3,480	3.5928	0.0001%
DBS Bank Ltd.	5/1/2021	Purchase	3,480	3.5928	0.0001%
DBS Bank Ltd.	4/1/2021	Sale	8,800	2.8739	0.0002%
DBS Bank Ltd.	30/12/2020	Sale	2,160	3.7201	0.0000%
DBS Bank Ltd.	30/12/2020	Purchase	2,160	3.7201	0.0000%
DBS Bank Ltd.	30/12/2020	Sale	11,235	2.9688	0.0002%
DBS Bank Ltd.	29/12/2020	Sale	3,150	2.8746	0.0001%
DBS Bank Ltd.	29/12/2020	Sale	2,160	3.7332	0.0000%
DBS Bank Ltd.	29/12/2020	Purchase	3,150	2.8746	0.0001%
DBS Bank Ltd.	29/12/2020	Purchase	2,160	3.7332	0.0000%
DBS Bank Ltd.	28/12/2020	Sale	2,700	2.8089	0.0001%
DBS Bank Ltd.	28/12/2020	Sale	2,160	3.7099	0.0000%
DBS Bank Ltd.	28/12/2020	Purchase	2,700	2.8089	0.0001%

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Name	Transaction Date	Transaction Type	Number of Shares	Transaction Price per Share (S\$)	Percentage of total number of Shares
DBS Bank Ltd.	28/12/2020	Purchase	2,160	3.7099	0.0000%
DBS Bank Ltd.	24/12/2020	Sale	2,100	3.6390	0.0000%
DBS Bank Ltd.	24/12/2020	Purchase	2,100	3.6390	0.0000%
DBS Bank Ltd.	23/12/2020	Purchase	50,000	3.1700	0.0010%
DBS Bank Ltd.	23/12/2020	Sale	12,300	2.9468	0.0002%
DBS Bank Ltd.	23/12/2020	Sale	2,750	3.5853	0.0001%
DBS Bank Ltd.	23/12/2020	Purchase	12,300	2.9468	0.0002%
DBS Bank Ltd.	23/12/2020	Purchase	2,750	3.5853	0.0001%
DBS Bank Ltd.	23/12/2020	Purchase	6,800	3.0587	0.0001%
DBS Bank Ltd.	22/12/2020	Sale	4,350	3.5928	0.0001%
DBS Bank Ltd.	22/12/2020	Purchase	4,350	3.5928	0.0001%

Notes:

- (1) Ko Kai Kwun Miguel @ Ko Miguel was appointed as non-executive deputy chairman of the Offeror with effect from 1 November 2020 and hence, in view of the change of his role in the Offeror from an executive director to a non-executive director, his fees as a director of the Company for the period (a) from 1 January 2020 to 31 October 2020 were paid fully in cash to his ex-employer, the Offeror; and (b) from 1 November 2020 to 31 December 2020 were paid 70% in cash and 30% in the form of share awards under the RSP2020 to him.
- (2) The number of Shares awarded is determined based on S\$3.571 per Share which is the VWAP of a Share on the SGX over the 14 trading days from (and including) the ex-dividend date following the annual general meeting of the Company. The number of Shares is rounded down to the nearest whole Share.

2.2 Dealings in Shares by Deemed Concert Parties. Certain Deemed Concert Parties have, during the Relevant Period, dealt in Shares, details of which are set out below:

Transaction Type	Aggregate Number of Shares	Price per Share (S\$)
Sale	23,700	3.1984
Purchase	7,014,200	3.1075 to 3.4879

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2.3 Dealings in Derivatives. Based on the latest information available to the Offeror, the details of dealings in the derivatives of the Company during the Relevant Period by the Offeror Concert Party Group are set out below:

Names	Transaction Date	Nature of Transaction	Type of Derivative	No. of Reference Securities	Maturity Date	Reference Price per Share (S\$)
DBS Bank Ltd.	07/07/2021	Sale	Call Option	12,300 Shares	04/08/2021	2.9468
DBS Bank Ltd.	07/07/2021	Purchase	Call Option	12,300 Shares	04/08/2021	2.9468
DBS Bank Ltd.	07/07/2021	Purchase	Call Option	6,800 Shares	10/11/2021	3.0587
DBS Bank Ltd.	23/06/2021	Sale	Call Option	12,300 Shares	04/08/2021	2.9468
DBS Bank Ltd.	23/06/2021	Purchase	Call Option	12,300 Shares	04/08/2021	2.9468
DBS Bank Ltd.	23/06/2021	Purchase	Call Option	6,800 Shares	10/11/2021	3.0587
DBS Bank Ltd.	14/06/2021	Sale	Call Option	4,760 Shares	13/08/2021	3.3354
DBS Bank Ltd.	14/06/2021	Purchase	Call Option	4,760 Shares	13/08/2021	3.3354
DBS Bank Ltd.	09/06/2021	Sale	Call Option	12,300 Shares	04/08/2021	2.9468
DBS Bank Ltd.	09/06/2021	Purchase	Call Option	12,300 Shares	04/08/2021	2.9468
DBS Bank Ltd.	09/06/2021	Purchase	Call Option	6,800 Shares	10/11/2021	3.0587
DBS Bank Ltd.	25/05/2021	Sale	Call Option	9,840 Shares	04/08/2021	2.9468
DBS Bank Ltd.	25/05/2021	Purchase	Call Option	9,840 Shares	04/08/2021	2.9468
DBS Bank Ltd.	25/05/2021	Purchase	Call Option	5,440 Shares	10/11/2021	3.0587
DBS Bank Ltd.	14/05/2021	Sale	Call Option	5,236 Shares	13/08/2021	3.3354
DBS Bank Ltd.	14/05/2021	Purchase	Call Option	5,236 Shares	13/08/2021	3.3354
DBS Bank Ltd.	12/05/2021	Sale	Call Option	12,300 Shares	04/08/2021	2.9468
DBS Bank Ltd.	12/05/2021	Purchase	Call Option	12,300 Shares	04/08/2021	2.9468
DBS Bank Ltd.	12/05/2021	Purchase	Call Option	6,800 Shares	10/11/2021	3.0587
DBS Bank Ltd.	28/04/2021	Sale	Call Option	12,300 Shares	04/08/2021	2.9468
DBS Bank Ltd.	28/04/2021	Purchase	Call Option	12,300 Shares	04/08/2021	2.9468
DBS Bank Ltd.	28/04/2021	Purchase	Call Option	6,800 Shares	10/11/2021	3.0587
DBS Bank Ltd.	22/04/2021	Expiry	Call Option	108,908 Shares	22/04/2021	3.3170
DBS Bank Ltd.	22/04/2021	Purchase	Call Option	108,908 Shares	22/04/2021	3.3170
DBS Bank Ltd.	14/04/2021	Sale	Call Option	11,070 Shares	04/08/2021	2.9468
DBS Bank Ltd.	14/04/2021	Purchase	Call Option	11,070 Shares	04/08/2021	2.9468
DBS Bank Ltd.	14/04/2021	Purchase	Call Option	6,120 Shares	10/11/2021	3.0587
DBS Bank Ltd.	13/04/2021	Sale	Call Option	5,474 Shares	13/08/2021	3.3354
DBS Bank Ltd.	13/04/2021	Purchase	Call Option	5,474 Shares	13/08/2021	3.3354
DBS Bank Ltd.	07/04/2021	Purchase	Call Option	12,300 Shares	04/08/2021	3.7600
DBS Bank Ltd.	31/03/2021	Sale	Call Option	12,300 Shares	04/08/2021	2.9468
DBS Bank Ltd.	31/03/2021	Purchase	Call Option	12,300 Shares	04/08/2021	2.9468
DBS Bank Ltd.	31/03/2021	Purchase	Call Option	6,800 Shares	10/11/2021	3.0587
DBS Bank Ltd.	23/03/2021	Sale	Call Option	7,030 Shares	26/01/2022	3.1863
DBS Bank Ltd.	23/03/2021	Sale	Call Option	7,030 Shares	26/01/2022	3.7500
DBS Bank Ltd.	23/03/2021	Purchase	Call Option	7,030 Shares	26/01/2022	3.1863

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Names	Transaction Date	Nature of Transaction	Type of Derivative	No. of Reference Securities	Maturity Date	Reference Price per Share (S\$)
DBS Bank Ltd.	23/03/2021	Purchase	Call Option	7,030 Shares	26/01/2022	3.7500
DBS Bank Ltd.	23/03/2021	Sale	Call Option	10,800 Shares	24/01/2022	2.9569
DBS Bank Ltd.	23/03/2021	Sale	Call Option	1,708 Shares	26/01/2022	3.0352
DBS Bank Ltd.	23/03/2021	Purchase	Call Option	10,800 Shares	24/01/2022	2.9569
DBS Bank Ltd.	23/03/2021	Purchase	Call Option	1,708 Shares	26/01/2022	3.0352
DBS Bank Ltd.	18/3/2021	Expiry	Call Option	140,000 Shares	18/03/2021	3.3180
DBS Bank Ltd.	12/3/2021	Purchase	Call Option	62,800 Shares	11/03/2022	3.5530
DBS Bank Ltd.	22/2/2021	Purchase	Call Option	108,908 Shares	22/04/2021	3.3170
DBS Bank Ltd.	18/2/2021	Purchase	Call Option	140,000 Shares	18/03/2021	3.3180
DBS Bank Ltd.	15/2/2021	Expiry	Call Option	140,000 Shares	15/02/2021	3.6015
DBS Bank Ltd.	14/1/2021	Purchase	Call Option	140,000 Shares	15/02/2021	3.6015

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Schedule 3

Holdings and Dealings in CICT Securities

1. Holdings in CICT Securities

As at the Latest Practicable Date, based on the latest information available to the Offeror, the interests in CICT Units held by the Offeror Concert Party Group are set out below:

Name	Direct Interest		Deemed Interest		Total Interest	
	No. of CICT Units	% ⁽¹⁾⁽²⁾	No. of CICT Units	% ⁽¹⁾⁽²⁾	No. of CICT Units	% ⁽¹⁾⁽²⁾
Offeror	–	–	1,874,357,090 ⁽³⁾	28.94%	1,874,357,090	28.94%
Directors of the Offeror						
Ko Kai Kwun Miguel @ Ko Miguel	181,347 ⁽⁴⁾	0.003%	–	–	181,347	0.003%
Tan Chong Lee	1,679	n.m. ⁽⁵⁾	–	–	1,679	n.m.
Temasek Entities						
TJIII	–	–	1,874,357,090 ⁽⁶⁾	28.94%	1,874,357,090	28.94%
Glenville	–	–	1,874,357,090 ⁽⁶⁾	28.94%	1,874,357,090	28.94%
Mawson	–	–	1,874,357,090 ⁽⁶⁾	28.94%	1,874,357,090	28.94%
Bartley	–	–	1,874,357,090 ⁽⁶⁾	28.94%	1,874,357,090	28.94%
Tembusu	–	–	1,948,767,016 ⁽⁶⁾⁽⁷⁾	30.09%	1,948,767,016	30.09%
Temasek	–	–	1,959,823,405 ⁽⁶⁾⁽⁸⁾	30.26%	1,959,823,405	30.26%
DBS Bank Ltd.	8,612,393	0.13%	–	–	8,612,393	0.13%
Other Concert Parties						
Deemed Concert Parties ⁽⁹⁾	74,409,926	1.15%	–	–	74,409,926	1.15%

Notes:

- (1) Rounded to the nearest two (2) decimal places (unless indicated otherwise).
- (2) Computed based on a total of 6,475,996,046 CICT Units as at the Latest Practicable Date.
- (3) The Offeror is deemed to have an interest in the CICT Units which the Company has or is deemed to have an interest pursuant to Section 4 of the SFA.
- (4) The CICT Units are held by Ko Kai Kwun Miguel @ Ko Miguel and his spouse through DBS Nominees (Private) Limited.
- (5) “n.m.” means not meaningful.
- (6) The Offeror is a wholly owned subsidiary of TJIII, which in turn is a wholly owned subsidiary of Glenville, which in turn is a wholly owned subsidiary of Mawson, which in turn is a wholly owned subsidiary of Bartley, which in turn is a wholly owned subsidiary of Tembusu, which in turn is a wholly owned subsidiary of Temasek.
TJIII, Glenville, Mawson, Bartley, Tembusu and Temasek, respectively, are deemed to have an interest in the CICT Units in which the Offeror has or is deemed to have an interest, by virtue of Section 4 of the SFA.
- (7) Tembusu is deemed to have an interest in the CICT Units in which its subsidiaries have or are deemed to have an interest, by virtue of Section 4 of the SFA.
- (8) Temasek is deemed to have an interest in the CICT Units in which its subsidiaries and associated companies have or are deemed to have an interest, by virtue of Section 4 of the SFA.
- (9) Certain Deemed Concert Parties have an aggregate interest in 74,409,926 CICT Units, representing approximately 1.15% of the total CICT Units.

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2. Dealings in CICT Securities

2.1 Dealings in CICT Units. As at the Latest Practicable Date, based on the latest information available to the Offeror, the details of dealings in CICT Units during the Relevant Period by the Offeror Concert Party Group are set out below:

Name	Transaction Date	Transaction Type	Number of CICT Units	Transaction Price per CICT Unit (S\$)	Percentage of total number of CICT Units
DBS Bank Ltd.	22/03/2021	Sale	400,000	2.2550	0.0062%
DBS Bank Ltd.	19/03/2021	Purchase	7,200	2.2400	0.0001%
DBS Bank Ltd.	19/03/2021	Sale	7,200	2.2300	0.0001%
DBS Bank Ltd.	19/03/2021	Sale	511,900	2.2022	0.0079%
DBS Bank Ltd.	12/03/2021	Purchase	130,000	2.1123	0.0020%
DBS Bank Ltd.	11/03/2021	Purchase	100,000	2.1200	0.0015%
DBS Bank Ltd.	08/03/2021	Purchase	100,000	2.0900	0.0015%
DBS Bank Ltd.	05/03/2021	Purchase	200,000	2.0900	0.0031%
DBS Bank Ltd.	04/03/2021	Purchase	26,500	2.0800	0.0004%
DBS Bank Ltd.	02/03/2021	Purchase	200,000	2.1000	0.0031%
DBS Bank Ltd.	01/03/2021	Purchase	213,293	2.1424	0.0033%
DBS Bank Ltd.	26/02/2021	Purchase	200,000	2.0700	0.0031%
DBS Bank Ltd.	25/02/2021	Purchase	300,000	2.1200	0.0046%
DBS Bank Ltd.	24/02/2021	Purchase	200,000	2.0800	0.0031%
DBS Bank Ltd.	23/02/2021	Purchase	25,000	2.0600	0.0004%
DBS Bank Ltd.	23/02/2021	Purchase	260,000	2.0769	0.0040%
DBS Bank Ltd.	19/02/2021	Purchase	125,000	2.0720	0.0019%
DBS Bank Ltd.	19/02/2021	Purchase	900,000	2.0683	0.0139%
DBS Bank Ltd.	16/02/2021	Purchase	300,100	2.1483	0.0046%
DBS Bank Ltd.	11/02/2021	Purchase	300,000	2.1400	0.0046%
DBS Bank Ltd.	08/02/2021	Purchase	500,000	2.1500	0.0077%
DBS Bank Ltd.	05/02/2021	Purchase	378,600	2.1559	0.0058%
DBS Bank Ltd.	03/02/2021	Purchase	100,000	2.1800	0.0015%
DBS Bank Ltd.	02/02/2021	Purchase	137,400	2.1546	0.0021%
DBS Bank Ltd.	01/02/2021	Purchase	400,000	2.1200	0.0062%
DBS Bank Ltd.	29/01/2021	Purchase	1,703,200	2.1488	0.0263%
DBS Bank Ltd.	28/01/2021	Purchase	978,500	2.1456	0.0151%
DBS Bank Ltd.	27/01/2021	Purchase	1,700,000	2.1848	0.0263%
DBS Bank Ltd.	26/01/2021	Purchase	432,000	2.1746	0.0067%
DBS Bank Ltd.	25/01/2021	Purchase	300,000	2.2500	0.0046%
DBS Bank Ltd.	20/01/2021	Purchase	213,293	2.3970	0.0033%
DBS Bank Ltd.	20/01/2021	Sale	75,000	2.3800	0.0012%
DBS Bank Ltd.	20/01/2021	Sale	100,000	2.3500	0.0015%
DBS Bank Ltd.	19/01/2021	Sale	75,000	2.3400	0.0012%
DBS Bank Ltd.	18/01/2021	Sale	900,000	2.3011	0.0139%

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Name	Transaction Date	Transaction Type	Number of CICT Units	Transaction Price per CICT Unit (S\$)	Percentage of total number of CICT Units
DBS Bank Ltd.	14/01/2021	Purchase	100,000	2.2500	0.0015%
DBS Bank Ltd.	13/01/2021	Purchase	1,000	2.2500	0.0000%
DBS Bank Ltd.	11/01/2021	Purchase	200,000	2.2500	0.0031%
DBS Bank Ltd.	08/01/2021	Sale	500,000	2.2660	0.0077%
DBS Bank Ltd.	06/01/2021	Sale	100,000	2.2400	0.0015%
DBS Bank Ltd.	06/01/2021	Sale	400,000	2.2450	0.0062%
DBS Bank Ltd.	05/01/2021	Sale	282,600	2.2000	0.0044%
DBS Bank Ltd.	04/01/2021	Purchase	150,000	2.1400	0.0023%
DBS Bank Ltd.	30/12/2020	Sale	50,000	2.1800	0.0008%

2.2 Dealings in CICT Units by Deemed Concert Parties. Certain Deemed Concert Parties have, during the Relevant Period, dealt in CICT Units, details of which are set out below:

Transaction Type	Aggregate Number of CICT Units	Price per CICT Unit (S\$)
Sale	30,551,458	2.104 to 2.3387
Purchase	25,582,578	2.0719 to 2.1376

2.3 Dealings in Derivatives. Based on the latest information available to the Offeror, the details of dealings in the derivatives of CICT during the Relevant Period by the Offeror Concert Party Group are set out below:

Name	Transaction Date	Nature of Transaction	Type of Derivative	No. of Reference Securities	Maturity Date	Reference Price per CICT Unit (S\$)
DBS Bank Ltd.	01/07/2021	Sale	Call Option	6,000 Securities	27/01/2022	1.9520
DBS Bank Ltd.	30/06/2021	Sale	Call Option	19,000 Securities	12/01/2022	2.0369
DBS Bank Ltd.	29/06/2021	Sale	Call Option	15,000 Securities	11/01/2022	2.0562
DBS Bank Ltd.	28/06/2021	Sale	Call Option	10,000 Securities	24/01/2022	2.0108
DBS Bank Ltd.	17/06/2021	Sale	Call Option	6,000 Securities	27/01/2022	1.9520
DBS Bank Ltd.	16/06/2021	Sale	Call Option	19,000 Securities	12/01/2022	2.0369
DBS Bank Ltd.	16/06/2021	Sale	Call Option	11,550 Securities	16/02/2022	1.9119
DBS Bank Ltd.	15/06/2021	Sale	Call Option	15,000 Securities	11/01/2022	2.0562
DBS Bank Ltd.	14/06/2021	Sale	Call Option	10,000 Securities	24/01/2022	2.0108
DBS Bank Ltd.	03/06/2021	Sale	Call Option	5,400 Securities	27/01/2022	1.9520

Name	Transaction Date	Nature of Transaction	Type of Derivative	No. of Reference Securities	Maturity Date	Reference Price per CICT Unit (\$\$)
DBS Bank Ltd.	02/06/2021	Sale	Call Option	20,900 Securities	12/01/2022	2.0369
DBS Bank Ltd.	01/06/2021	Sale	Call Option	21,000 Securities	11/01/2022	2.0562
DBS Bank Ltd.	31/05/2021	Sale	Call Option	9,000 Securities	24/01/2022	2.0108
DBS Bank Ltd.	19/05/2021	Sale	Call Option	123,282 Securities	21/05/2021	2.1900
DBS Bank Ltd.	19/05/2021	Sale	Call Option	20,900 Securities	12/01/2022	2.0369
DBS Bank Ltd.	18/05/2021	Sale	Call Option	16,500 Securities	11/01/2022	2.0562
DBS Bank Ltd.	17/05/2021	Sale	Call Option	11,000 Securities	16/02/2022	1.9119
DBS Bank Ltd.	17/05/2021	Sale	Call Option	10,000 Securities	24/01/2022	2.0108
DBS Bank Ltd.	06/05/2021	Sale	Call Option	6,000 Securities	27/01/2022	1.9520
DBS Bank Ltd.	05/05/2021	Sale	Call Option	19,000 Securities	12/01/2022	2.0369
DBS Bank Ltd.	04/05/2021	Sale	Call Option	15,000 Securities	11/01/2022	2.0562
DBS Bank Ltd.	03/05/2021	Sale	Call Option	78,848 Securities	05/05/2021	2.5365
DBS Bank Ltd.	03/05/2021	Sale	Call Option	10,000 Securities	24/01/2022	2.0108
DBS Bank Ltd.	22/04/2021	Sale	Call Option	128,774 Securities	22/04/2021	2.4073
DBS Bank Ltd.	22/04/2021	Sale	Call Option	6,000 Securities	27/01/2022	1.9520
DBS Bank Ltd.	21/04/2021	Sale	Call Option	19,000 Securities	12/01/2022	2.0369
DBS Bank Ltd.	20/04/2021	Sale	Call Option	15,000 Securities	11/01/2022	2.0562
DBS Bank Ltd.	19/04/2021	Sale	Call Option	10,000 Securities	26/01/2022	2.0108
DBS Bank Ltd.	16/04/2021	Sale	Call Option	12,100 Securities	24/01/2022	1.9119
DBS Bank Ltd.	14/04/2021	Purchase	Call Option	213,293 Securities	14/04/2021	2.1424
DBS Bank Ltd.	14/04/2021	Expiry	Call Option	213,293 Securities	14/04/2021	2.1424
DBS Bank Ltd.	08/04/2021	Sale	Call Option	5,400 Securities	27/01/2022	1.952
DBS Bank Ltd.	07/04/2021	Sale	Call Option	17,100 Securities	12/01/2022	2.037
DBS Bank Ltd.	06/04/2021	Sale	Call Option	13,500 Securities	11/01/2022	2.056
DBS Bank Ltd.	05/04/2021	Sale	Call Option	9,000 Securities	24/01/2022	2.011
DBS Bank Ltd.	25/03/2021	Sale	Call Option	6,000 Securities	27/01/2022	1.952

Name	Transaction Date	Nature of Transaction	Type of Derivative	No. of Reference Securities	Maturity Date	Reference Price per CICT Unit (\$)
DBS Bank Ltd.	24/03/2021	Sale	Call Option	19,000 Securities	12/01/2022	2.037
DBS Bank Ltd.	23/03/2021	Purchase	Call Option	15,000 Securities	11/01/2022	2.100
DBS Bank Ltd.	23/03/2021	Purchase	Call Option	10,000 Securities	24/01/2022	2.100
DBS Bank Ltd.	23/03/2021	Purchase	Call Option	15,000 Securities	11/01/2022	2.056
DBS Bank Ltd.	23/03/2021	Purchase	Call Option	10,000 Securities	24/01/2022	2.011
DBS Bank Ltd.	18/03/2021	Sale	Call Option	15,000 Securities	22/03/2021	2.393
DBS Bank Ltd.	18/03/2021	Sale	Call Option	10,000 Securities	15/02/2022	1.977
DBS Bank Ltd.	17/03/2021	Sale	Call Option	125,376 Securities	19/03/2021	2.256
DBS Bank Ltd.	17/03/2021	Sale	Call Option	19,000 Securities	27/01/2022	1.962
DBS Bank Ltd.	17/03/2021	Sale	Call Option	88,640 Securities	18/02/2022	1.849
DBS Bank Ltd.	16/03/2021	Sale	Call Option	19,000 Securities	18/02/2022	1.918
DBS Bank Ltd.	16/03/2021	Sale	Call Option	4,300 Securities	16/02/2022	1.912
DBS Bank Ltd.	16/03/2021	Sale	Call Option	55,593 Securities	15/02/2022	1.977
DBS Bank Ltd.	12/03/2021	Sale	Call Option	11,000 Securities	12/03/2021	2.205
DBS Bank Ltd.	11/03/2021	Sale	Call Option	10,000 Securities	11/03/2021	2.314
DBS Bank Ltd.	11/03/2021	Sale	Call Option	90,688 Securities	11/03/2021	2.308
DBS Bank Ltd.	11/03/2021	Sale	Call Option	216,060 Securities	27/01/2022	1.962
DBS Bank Ltd.	11/03/2021	Sale	Call Option	116,104 Securities	27/01/2022	1.952
DBS Bank Ltd.	10/03/2021	Sale	Call Option	19,000 Securities	10/03/2021	2.183
DBS Bank Ltd.	10/03/2021	Sale	Call Option	6,000 Securities	12/01/2022	2.037
DBS Bank Ltd.	09/03/2021	Sale	Call Option	114,547 Securities	09/03/2021	2.266
DBS Bank Ltd.	09/03/2021	Sale	Call Option	19,000 Securities	11/01/2022	2.056
DBS Bank Ltd.	08/03/2021	Sale	Call Option	242,770 Securities	24/01/2022	2.011
DBS Bank Ltd.	05/03/2021	Sale	Call Option	15,000 Securities	18/02/2022	1.918
DBS Bank Ltd.	05/03/2021	Sale	Call Option	10,000 Securities	18/02/2022	1.849
DBS Bank Ltd.	04/03/2021	Sale	Call Option	19,170 Securities	04/03/2021	2.334

Name	Transaction Date	Nature of Transaction	Type of Derivative	No. of Reference Securities	Maturity Date	Reference Price per CICT Unit (\$)
DBS Bank Ltd.	04/03/2021	Sale	Call Option	4,300 Securities	04/03/2021	2.440
DBS Bank Ltd.	04/03/2021	Sale	Call Option	192,798 Securities	04/03/2021	2.470
DBS Bank Ltd.	03/03/2021	Sale	Call Option	109,200 Securities	03/03/2021	2.356
DBS Bank Ltd.	02/03/2021	Sale	Call Option	80,988 Securities	02/03/2021	2.330
DBS Bank Ltd.	02/03/2021	Sale	Call Option	169,808 Securities	15/02/2022	1.977
DBS Bank Ltd.	26/02/2021	Sale	Call Option	128,766 Securities	26/02/2021	2.353
DBS Bank Ltd.	26/02/2021	Sale	Call Option	10,000 Securities	26/02/2021	2.454
DBS Bank Ltd.	24/02/2021	Sale	Call Option	339,920 Securities	24/02/2021	2.093
DBS Bank Ltd.	24/02/2021	Sale	Call Option	81,496 Securities	24/02/2021	2.327
DBS Bank Ltd.	24/02/2021	Sale	Call Option	477,880 Securities	12/01/2022	2.037
DBS Bank Ltd.	23/02/2021	Sale	Call Option	85,948 Securities	11/01/2022	2.056
DBS Bank Ltd.	22/02/2021	Sale	Call Option	17,100 Securities	22/02/2021	2.376
DBS Bank Ltd.	22/02/2021	Sale	Call Option	13,500 Securities	24/01/2022	2.011
DBS Bank Ltd.	11/02/2021	Sale	Call Option	84,176 Securities	27/01/2022	1.962
DBS Bank Ltd.	11/02/2021	Sale	Call Option	9,000 Securities	27/01/2022	1.952
DBS Bank Ltd.	10/02/2021	Sale	Call Option	19,000 Securities	12/01/2022	2.037
DBS Bank Ltd.	09/02/2021	Sale	Call Option	6,000 Securities	11/01/2022	2.056
DBS Bank Ltd.	08/02/2021	Sale	Call Option	19,000 Securities	08/02/2021	2.438
DBS Bank Ltd.	08/02/2021	Sale	Call Option	15,000 Securities	24/01/2022	2.011
DBS Bank Ltd.	04/02/2021	Sale	Call Option	82,044 Securities	04/02/2021	2.428
DBS Bank Ltd.	04/02/2021	Sale	Call Option	10,000 Securities	04/02/2021	2.444
DBS Bank Ltd.	04/02/2021	Sale	Call Option	308,895 Securities	04/02/2021	2.469
DBS Bank Ltd.	04/02/2021	Sale	Call Option	163,656 Securities	04/02/2021	2.507
DBS Bank Ltd.	04/02/2021	Sale	Call Option	80,992 Securities	04/02/2021	2.564
DBS Bank Ltd.	04/02/2021	Sale	Call Option	79,760 Securities	04/02/2021	2.580
DBS Bank Ltd.	03/02/2021	Sale	Call Option	78,000 Securities	03/02/2021	2.392

Name	Transaction Date	Nature of Transaction	Type of Derivative	No. of Reference Securities	Maturity Date	Reference Price per CICT Unit (S\$)
DBS Bank Ltd.	03/02/2021	Sale	Call Option	77,516 Securities	03/02/2021	2.419
DBS Bank Ltd.	03/02/2021	Sale	Call Option	585,396 Securities	03/02/2021	2.453
DBS Bank Ltd.	03/02/2021	Sale	Call Option	330,720 Securities	03/02/2021	2.366
DBS Bank Ltd.	01/02/2021	Sale	Call Option	264,927 Securities	01/02/2021	2.467
DBS Bank Ltd.	01/02/2021	Sale	Call Option	105,645 Securities	01/02/2021	2.381
DBS Bank Ltd.	01/02/2021	Sale	Call Option	1,986,166 Securities	01/02/2021	2.363
DBS Bank Ltd.	01/02/2021	Sale	Call Option	1,826,652 Securities	01/02/2021	2.387
DBS Bank Ltd.	01/02/2021	Sale	Call Option	338,528 Securities	01/02/2021	2.435
DBS Bank Ltd.	01/02/2021	Sale	Call Option	293,286 Securities	01/02/2021	2.380
DBS Bank Ltd.	01/02/2021	Sale	Call Option	287,518 Securities	01/02/2021	2.380
DBS Bank Ltd.	01/02/2021	Sale	Call Option	231,044 Securities	01/02/2021	2.427
DBS Bank Ltd.	01/02/2021	Sale	Call Option	195,804 Securities	01/02/2021	2.512
DBS Bank Ltd.	01/02/2021	Sale	Call Option	164,598 Securities	01/02/2021	2.414
DBS Bank Ltd.	01/02/2021	Sale	Call Option	119,412 Securities	01/02/2021	2.470
DBS Bank Ltd.	01/02/2021	Sale	Call Option	103,555 Securities	01/02/2021	2.456
DBS Bank Ltd.	01/02/2021	Sale	Call Option	83,460 Securities	01/02/2021	2.428
DBS Bank Ltd.	29/01/2021	Sale	Call Option	82,748 Securities	29/01/2021	2.500
DBS Bank Ltd.	28/01/2021	Sale	Call Option	82,372 Securities	28/01/2021	2.442
DBS Bank Ltd.	28/01/2021	Sale	Call Option	106,379 Securities	28/01/2021	2.423
DBS Bank Ltd.	28/01/2021	Sale	Call Option	1,105,866 Securities	28/01/2021	2.470
DBS Bank Ltd.	28/01/2021	Sale	Call Option	701,726 Securities	28/01/2021	2.347
DBS Bank Ltd.	28/01/2021	Sale	Call Option	202,400 Securities	28/01/2021	2.396
DBS Bank Ltd.	28/01/2021	Sale	Call Option	106,515 Securities	28/01/2021	2.448
DBS Bank Ltd.	28/01/2021	Sale	Call Option	97,244 Securities	28/01/2021	2.479
DBS Bank Ltd.	27/01/2021	Sale	Call Option	81,696 Securities	12/01/2022	2.037
DBS Bank Ltd.	26/01/2021	Sale	Call Option	80,688 Securities	11/01/2022	2.056

Name	Transaction Date	Nature of Transaction	Type of Derivative	No. of Reference Securities	Maturity Date	Reference Price per CICT Unit (S\$)
DBS Bank Ltd.	25/01/2021	Sale	Call Option	19,000 Securities	25/01/2021	2.387
DBS Bank Ltd.	06/01/2021	Sale	Call Option	15,000 Securities	09/12/2021	1.899
DBS Bank Ltd.	06/01/2021	Sale	Call Option	107,405 Securities	03/01/2022	1.891
DBS Bank Ltd.	04/01/2021	Sale	Call Option	70,000 Securities	04/01/2021	2.378
DBS Bank Ltd.	04/01/2021	Sale	Call Option	20,000 Securities	18/06/2021	1.823
DBS Bank Ltd.	28/12/2020	Sale	Call Option	105,150 Securities	28/12/2020	2.222
DBS Bank Ltd.	28/12/2020	Sale	Call Option	5,510 Securities	28/12/2020	2.381
DBS Bank Ltd.	24/12/2020	Sale	Call Option	900,160 Securities	09/12/2021	1.899

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

1. DIRECTORS

The names, addresses and designations of the Directors as at the Latest Practicable Date are as follows:

Name	Address	Designation
Ko Kai Kwun Miguel @ Ko Miguel	168 Robinson Road #30-01 Capital Tower Singapore 068912	Chairman and Non-Executive Non-Independent Director
Lee Chee Koon	168 Robinson Road #30-01 Capital Tower Singapore 068912	Group CEO and Executive Non-Independent Director
Anthony Lim Weng Kin	168 Robinson Road #30-01 Capital Tower Singapore 068912	Lead Independent Director
Goh Swee Chen	168 Robinson Road #30-01 Capital Tower Singapore 068912	Non-Executive and Independent Director
Hsu Chung Wei Judy	168 Robinson Road #30-01 Capital Tower Singapore 068912	Non-Executive and Independent Director
Kee Teck Koon	168 Robinson Road #30-01 Capital Tower Singapore 068912	Non-Executive and Independent Director
Stephen Lee Ching Yen	168 Robinson Road #30-01 Capital Tower Singapore 068912	Non-Executive and Independent Director
Gabriel Lim Meng Liang	168 Robinson Road #30-01 Capital Tower Singapore 068912	Non-Executive and Independent Director
Chaly Mah Chee Kheong	168 Robinson Road #30-01 Capital Tower Singapore 068912	Non-Executive and Independent Director
Philip Nalliah Pillai	168 Robinson Road #30-01 Capital Tower Singapore 068912	Non-Executive and Independent Director

2. PRINCIPAL ACTIVITIES

The Company, listed on the Mainboard of the SGX-ST, is one of Asia's largest diversified real estate groups. Incorporated and headquartered in Singapore, it owns and manages a global portfolio worth about S\$132.5 billion as at 31 December 2020. The Group's portfolio spans across diversified real estate classes which include commercial, retail; business park, industrial and logistics; integrated development, urban development; as well as lodging and residential. With a presence across more than 230 cities in over 30 countries as at 31 December 2020, the Group focuses on Singapore and China as its core markets, while it continues to expand in markets such as India, Vietnam, Australia, Europe and the USA.

The Group's principal businesses currently comprise development, investment management (through CLI) and lodging (through TAL).

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

3. SHARE CAPITAL

3.1 Shares

As at the Latest Practicable Date, there is only one class of shares in the capital of the Company, comprising ordinary shares.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$9,715,255,728.37, comprising 5,203,195,792 Shares (excluding 73,795,890 treasury Shares).

3.2 Rights of the Shareholders in respect of Capital, Dividends and Voting

Selected texts of the Constitution relating to the rights of the Shareholders in respect of capital, dividends and voting have been extracted and reproduced in **Appendix 5** to this Scheme Document.

3.3 Convertible Instruments

3.3.1 PSP and RSP. As at the Latest Practicable Date, the Company has 9,324,048 outstanding PSP Awards and 16,386,029 outstanding RSP Awards (excluding 3,872,548 cash-settled awards) granted to eligible employees of the Group.

The Awards represent the right of a participant to receive fully paid Shares free of charge. The details of the outstanding PSP and RSP are set out below:

Year of Award	Outstanding Awards as at the Latest Practicable Date	Vesting Date/ Vesting Period	Performance Conditions
RSP2020 Awards			
2021 Baseline Award (Contingent RSP Awards)	8,361,325* equity-settled Shares excluding 2,088,587 cash-settled Shares. *Inclusive of 160,000 time-based Shares that will vest one year from grant date without further performance adjustments.	Vest in or around March following end of performance period and released over a period of 3 years thereafter	The final number of Shares to be released will depend on the achievement of pre-determined targets at the end of a one-year performance period and the release will be over a vesting period of three years. Depending on the extent of the achievement of the pre-determined targets at the end of the performance period, the ERCC has the discretion to release the final number of Shares ranging from between 0% to 150% of the baseline award.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

Year of Award	Outstanding Awards as at the Latest Practicable Date	Vesting Date/ Vesting Period	Performance Conditions
			On the final vesting, an additional number of Shares of a total value equal to the value of the accumulated dividends which are declared during each of the vesting periods and deemed foregone due to the vesting mechanism of the RSP2020, will also be released.
2020 Finalised Award ⁽¹⁾	4,502,649 equity-settled Shares excluding 1,077,242 cash-settled Shares	Vest in or around March following end of performance period and released over a period of 3 years thereafter	On the final vesting, an additional number of Shares of a total value equal to the value of the accumulated dividends which are declared during each of the vesting periods and deemed foregone due to the vesting mechanism of the RSP2020, will also be released.
RSP2010 Awards			
2019 Finalised Award ⁽¹⁾	3,522,055 equity-settled shares excluding 706,719 cash-settled shares	Vest in or around March following end of performance period and released over a period of 3 years thereafter	On the final vesting, an additional number of Shares of a total value equal to the value of the accumulated dividends which are declared during each of the vesting periods and deemed foregone due to the vesting mechanism of the RSP2010, will also be released.
PSP2020 Awards			
2021 Baseline Award (Contingent RSP Awards)	3,614,800	Vest and released in or around March following end of performance period	The final number of Shares to be released will depend on the achievement of pre-determined targets over a three-year performance period. No Share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more Shares than the baseline award could be delivered up to a maximum of 200% of the baseline award. The ERCC has the discretion to adjust the number of Shares released taking into consideration other relevant quantitative and qualitative factors.
2020 Baseline Award (Contingent RSP Awards)	2,877,157	Vest and released in or around March following end of performance period	

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

Year of Award	Outstanding Awards as at the Latest Practicable Date	Vesting Date/ Vesting Period	Performance Conditions
PSP2010 Awards			
2019 Baseline Award (Contingent RSP Awards)	2,832,091	Vest and released in or around March following end of performance period	The final number of Shares to be released will depend on the achievement of pre-determined targets over a three-year performance period. No Share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more Shares than the baseline award could be delivered up to a maximum of 200% of the baseline award. The ERCC has the discretion to adjust the number of Shares released taking into consideration other relevant quantitative and qualitative factors.

Note:

- (1) The reference to finalised awards refers to the awards where the number of Shares comprised in such awards have been finalised and determined.

3.3.2 Convertible Bonds. As announced in the Joint Announcement, the Company had outstanding convertible Bonds as at the Joint Announcement Date. On 7 April 2021, the Company had launched Tender Offers. Following the close of the Tender Offer on 27 April 2021 and the exercise of a clean-up call option by the Company on 18 May 2021, all the Convertible Bonds have been fully repurchased or redeemed. As at the Latest Practicable Date, the Company has no convertible bonds outstanding.

3.3.3 No Other Convertible Instruments. Saved as disclosed above, as at the Latest Practicable Date, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of, Shares or securities which carry voting rights affecting the Shares.

3.3.4 ERCC's Decision in relation to the Share Plans and the Awards

In light of the Scheme, the ERCC has exercised its discretion under the Share Plans and approved the PSP Proposal and the RSP Proposal that, subject to and conditional upon the Scheme becoming effective:

- (a) in relation to all outstanding Contingent PSP Awards:
 - (i) in light of the delisting of the Company following the Scheme and the Proposed CLI Listing, the outstanding Contingent PSP Awards granted to the employees (whether such employees are transferred to CLI or

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

otherwise) shall, upon the Scheme becoming effective, vest on the basis of the maximum multiplier of 200% of the baseline awards and the employees will receive, in lieu of Shares, the Replacement Awards in accordance with the methodology and formula set out in **paragraph 7.4.2(e)** of the Letter to Shareholders; and

- (ii) in the interest of ensuring the retention of the employees, the CLI Shares will be released to the relevant share award holders progressively over three (3) years in accordance with the original vesting schedule of the PSP Awards; and

(b) in relation to all outstanding RSP Awards:

- (i) the finalised RSP Awards will, upon the Scheme becoming effective, vest on the basis of the finalised number of Shares comprised in such RSP Awards;
- (ii) all outstanding Contingent RSP Awards will, upon the Scheme becoming effective, vest on the basis of the maximum multiplier of 150% of the baseline awards; and
- (iii) all the RSP Awards will be cash settled based on the implied consideration per Share under the Scheme (i.e. S\$4.102 per Share); however, in the interest of ensuring the retention of the employees, the cash settlement amount will be paid based on the original vesting schedule of the RSP Awards.

Please refer to **paragraph 7.4.2** of the Letter to Shareholders for further details relating to the ERCC's decision in relation to the Share Plans and the Awards.

3.4 Issue of Shares

Since 31 December 2020, being the end of last financial year:

3.4.1 no new Shares have been issued;

3.4.2 10,223,917 Shares¹ have been transferred from the treasury to the employees of the Group as a result of the vesting of the Awards held by employees; and

3.4.3 90,350 Shares have been transferred from the treasury to the Directors as a result of the vesting of the Awards held by such Directors.

3.5 SHARE BUYBACK

The Company has not purchased any Shares during the period commencing six (6) months prior to the Joint Announcement Date, and ending on the Latest Practicable Date.

¹ This includes 142,834 Shares transferred to an ex-employee of the Group as a result of the vesting of the Awards held by such ex-employee.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

4. FINANCIAL INFORMATION

4.1 Financial Information of the Group

4.1.1 Selected Financial Information relating to the Consolidated Income Statements of the Group

Set out below is certain financial information extracted from the annual reports of the Company for FY2018, FY2019 and FY2020 respectively.

The financial information for FY2018, FY2019 and FY2020 should be read in conjunction with the audited consolidated financial statements of the Group and the accompanying notes as set out in the annual reports of the Company for FY2018, FY2019 and FY2020 respectively.

	Audited FY2018 S\$'M	Audited FY2019 S\$'M	Audited FY2020 S\$'M
Revenue	5,602	6,235	6,533
Cost of sales	(2,913)	(3,235)	(3,614)
Gross profit	2,689	3,000	2,919
Other operating income	990	1,772	720
Administrative expenses	(450)	(609)	(605)
Other operating expenses	(43)	(84)	(2,854)
Profit from operation	3,186	4,079	180
Finance costs	(636)	(839)	(913)
Share of results (net of tax) of:			
– Associates	625	643	23
– Joint ventures	334	345	28
	959	988	51
Profit/(loss) before tax	3,509	4,228	(682)
Tax expense	(659)	(814)	(953)
Profit/(loss) for the year	2,850	3,414	(1,635)
Attributable to:–			
Shareholders of the Company	1,763	2,136	(1,574)
Non-controlling interests	1,087	1,278	(61)
Profit/(loss) for the year	2,850	3,414	(1,635)
Basic earnings per share (cents)	42.1	46.4	(31.0)
Diluted earnings per share (cents)	39.0	43.8	(31.0)

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

Set out below is also a summary of the dividend per Share declared in respect of each of FY2018, FY2019 and FY2020. This information was extracted from the annual reports of the Company for FY2018, FY2019 and FY2020.

Dividend per Share	Final Tax Exempt Dividend (S\$ cents)
In respect of FY2020	9.0
In respect of FY2019	12.0
In respect of FY2018	12.0

4.1.2 Statements of Assets and Liabilities of Group as at 31 December 2020

The audited consolidated balance sheet of the Group as at 31 December 2020, being the latest published audited consolidated balance sheet of the Group prior to the Latest Practicable Date is set out below.

The audited consolidated balance sheet of the Group as at 31 December 2020 should be read in conjunction with the audited consolidated financial statements of the Group and the accompanying notes as set out in the annual report of the Company for FY2020.

	Audited As at 31 December 2020 S\$' million
Non-current assets	
Property, plant and equipment	1,435
Intangible assets	1,067
Investment properties	47,873
Associates	7,726
Joint ventures	4,802
Deferred tax assets	503
Other non-current assets	1,572
	64,978
Current assets	
Development properties for sale and stocks	6,778
Contract assets	—
Trade and other receivables	3,076
Other current assets	40
Assets held for sale	323
Cash and cash equivalents	9,175
	19,392
Total assets	84,370

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

	Audited As at 31 December 2020 S\$' million
Current liabilities	
Trade and other payables	5,257
Contract liabilities	862
Short term borrowings	3,938
Current portion of debt securities	999
Current tax payable	2,651
Liabilities held for sale	32
	13,739
Net current assets	5,653
Non-current liabilities	
Long term borrowings	19,573
Debt securities	10,648
Deferred tax liabilities	1,367
Other non-current liabilities	751
	32,339
Total liabilities	46,078
Net assets	38,292
Equity attributable to owners of our Company	
Share capital	9,715
Revenue reserve	12,904
Other reserves	(313)
	22,306
Perpetual securities	997
Non-controlling interests	14,989
Total equity	38,292

Copies of the annual reports of the Company for FY2018, FY2019 and FY2020 are available for inspection at the Company's registered office at 168 Robinson Road, #30-01 Capital Tower, Singapore 068912, during normal business hours from the date of this Scheme Document up until the Effective Date.

4.1.3 Selected Financial Information relating to the Company's 1Q 2021 Business Update

Based on the 1Q 2021 Business Update released by the Company dated 12 May 2021, as at 31 March 2021, the net tangible asset per share of the Group was S\$4.18 and the net asset value per share of the Group was S\$4.38.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

4.2 Material Changes in Financial Position

Save as disclosed in this Scheme Document, the Introductory Document and any other information on the Group which is publicly available (including without limitation, the announcements released by the Company on the SGXNET), there have been no known material changes in the financial position of the Company since 31 December 2020, being the date of the last published audited consolidated financial statements of the Group.

4.3 Significant Accounting Policies

The significant accounting policies for the Group are set out in the notes to the audited consolidated financial statements of the Group for FY2020, which are set out in **Appendix 6** to this Scheme Document.

4.4 Changes in Accounting Policies

As at the Latest Practicable Date, there are no changes in the accounting policy of the Group which will cause the figures disclosed in this **paragraph 4** not to be comparable to a material extent.

5. DISCLOSURE OF INTERESTS

5.1 Holdings of Offeror Securities, CLI Securities and CICT Securities by the Company

As at the Latest Practicable Date:

5.1.1 the Company owns 100% of the issued share capital of CLI;

5.1.2 the Company's holdings in CICT Units is as set out below:

Entity	Direct Interest		Deemed Interest	
	No. of CICT Units	%	No. of CICT Units	%
The Company ⁽¹⁾	–	–	1,874,357,090	28.94
CLI ⁽²⁾	–	–	176,417,145	2.72
CapitaLand Integrated Commercial Trust Management Limited	51,510,624	0.80	–	–
CapitaLand Commercial Trust Management Limited	124,500,541	1.92	–	–
Carmel Plus Pte. Ltd.	405,980	0.01	–	–
CapitaLand Singapore Limited ⁽³⁾	–	–	1,697,939,945	26.22
CL Retail Singapore Pte. Ltd. ⁽⁴⁾	–	–	1,004,927,939	15.52
Albert Complex Pte Ltd	279,300,000	4.31	–	–

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

Entity	Direct Interest		Deemed Interest	
	No. of CICT Units	%	No. of CICT Units	%
Pyramex Investments Pte Ltd	571,784,814	8.83	–	–
Premier Healthcare Services International Pte Ltd	153,843,125	2.38	–	–
CLI Singapore Pte. Ltd. (formerly known as CapitaLand Investments Pte Ltd) ⁽⁵⁾	–	–	155,426,214	2.40
E-Pavilion Pte. Ltd.	155,426,214	2.40	–	–
CapitaLand (Office) Investments Pte Ltd ⁽⁶⁾	–	–	537,585,792	8.30
SBR Private Limited	537,585,792	8.30	–	–

Notes:

- (1) The Company is deemed to have an interest in the CICT Units in which its wholly owned subsidiaries, CLI and CapitaLand Singapore Limited, have or are deemed to have an interest, by virtue of section 4 of the SFA.
- (2) CLI is deemed to have an interest in the CICT Units in which its wholly owned subsidiaries, CapitaLand Integrated Commercial Trust Management Limited, CapitaLand Commercial Trust Management Limited and Carmel Plus Pte. Ltd., have or are deemed to have an interest, by virtue of section 4 of the SFA.
- (3) CapitaLand Singapore Limited is deemed to have an interest in the CICT Units in which its wholly owned subsidiaries, CL Retail Singapore Pte. Ltd., CLI Singapore Pte. Ltd. (formerly known as CapitaLand Investments Pte Ltd) and CapitaLand (Office) Investments Pte Ltd, have or are deemed to have an interest, by virtue of section 4 of the SFA.
- (4) CL Retail Singapore Pte. Ltd. is deemed to have an interest in the CICT Units in which its wholly owned subsidiaries, Albert Complex Pte Ltd, Pyramex Investments Pte Ltd and Premier Healthcare Services International Pte Ltd, have or are deemed to have an interest, by virtue of section 4 of the SFA.
- (5) CLI Singapore Pte. Ltd. (formerly known as CapitaLand Investments Pte Ltd) is deemed to have an interest in the CICT Units in which its wholly owned subsidiary, E-Pavilion Pte. Ltd., has or is deemed to have an interest, by virtue of section 4 of the SFA.
- (6) CapitaLand (Office) Investments Pte Ltd is deemed to have an interest in the CICT Units in which its wholly owned subsidiary, SBR Private Limited, has or is deemed to have an interest, by virtue of section 4 of the SFA.

5.1.3 save as disclosed above, none of the Group Entities owns, controls or has agreed to acquire any Offeror Securities, CLI Securities and CICT Securities.

5.2 Interests of Directors in Offeror Securities

As at the Latest Practicable Date, save as disclosed in this Scheme Document, none of the Directors has any direct or indirect interests in the Offeror Securities.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

5.3 Interests of Directors in Relevant Securities, CLI Securities and CICT Securities

As at the Latest Practicable Date, save as disclosed in this **paragraph 5.3** and this Scheme Document, as well as based on the Register of Directors maintained by the Company, none of the Directors has any direct or indirect interests in the Relevant Securities, CLI Securities and CICT Securities:

Directors	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares	% ^{(1),(2)}	No. of Shares	% ^{(1),(2)}	No. of CICT units	% ^{(1),(2)}	No. of CICT units	% ^{(1),(2)}
Ko Kai Kwun Miguel @ Ko Miguel	3,679 ⁽³⁾	0.0001	–	–	181,347 ⁽⁵⁾	0.0028	–	–
Lee Chee Koon ⁽⁹⁾	1,490,196 ⁽⁴⁾	0.0286	–	–	–	–	–	–
Anthony Lim Weng Kin	50,145	0.0010	1,000 ⁽⁶⁾	n.m. ⁽⁷⁾	–	–	–	–
Goh Swee Chen	41,709	0.0008	5,000 ⁽⁸⁾	0.0001	–	–	–	–
Hsu Chung Wei Judy	–	–	–	–	–	–	–	–
Kee Teck Koon	100,647	0.0019	–	–	18,311	0.0003	–	–
Stephen Lee Ching Yen	120,726 ⁽⁴⁾	0.0023	–	–	–	–	–	–
Gabriel Lim Meng Liang	–	–	–	–	–	–	–	–
Chaly Mah Chee Kheong	121,654 ⁽⁴⁾	0.0023	–	–	–	–	–	–
Philip Nalliah Pillai	99,882	0.0019	–	–	–	–	–	–

Notes:

- (1) All references to percentage shareholding of the issued share capital of the Company in this **paragraph 5.3** are based on the total issued Shares being 5,203,195,792 (excluding 73,795,890 treasury Shares) as at the Latest Practicable Date, and all references to percentage unitholding of the issued units of CICT in this **paragraph 5.3** are based on a total of 6,475,996,046 CICT Units in issue as at the Latest Practicable Date.
- (2) Rounded to the nearest four decimal places.
- (3) Shares are held by Mr Ko Kai Kwun Miguel @ Ko Miguel and his spouse through DBS Nominees (Private) Limited.
- (4) Shares are held through DBS Nominees (Private) Limited.
- (5) Units are held by Mr Ko Kai Kwun Miguel @ Ko Miguel and his spouse through DBS Nominees (Private) Limited.
- (6) Mr Anthony Lim Weng Kin is deemed to have an interest in the 1,000 Shares held by his spouse.
- (7) “n.m.” means not meaningful.
- (8) Ms Goh Swee Chen is deemed to have an interest in the 5,000 Shares held by her spouse.
- (9) Mr Lee Chee Koon also has the following number of Shares comprised in outstanding Awards:
 - (a) 221,967 Shares under Awards granted pursuant to the RSP2010 and 233,918 Shares under Awards granted pursuant to the RSP2020, the respective number of Shares being the unreleased remaining Shares under each of the Awards, and the Contingent RSP Awards granted on 12 April 2021 pursuant to RSP2020 which are capable of vesting into a maximum of 576,444 Shares; and
 - (b) Contingent PSP Awards granted pursuant to the PSP2010 which are capable of vesting into a maximum of 640,286 Shares and Contingent PSP Awards granted pursuant to the PSP2020 (including the Contingent PSP Awards granted on 12 April 2021) which are capable of vesting into a maximum of 2,056,650 Shares.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

Pursuant to the RSP Proposal and the PSP Proposal approved by the ERCC, upon the Scheme becoming effective:

- (a) the finalised Awards granted to Mr Lee Chee Koon pursuant to the RSP2010 and RSP2020 will vest into an aggregate of 455,885 Shares, and the Contingent RSP Awards granted on 12 April 2021 pursuant to RSP2020 will vest into 576,444 Shares based on the maximum multiplier. In lieu of Shares, on and subject to the terms of the Share Plans, Mr Lee Chee Koon will be paid cash (on the basis of S\$4.102 per Share), and such cash settlement amount will be paid in accordance with the original vesting schedule of these Awards; and
- (b) the Contingent PSP Awards granted to Mr Lee Chee Koon pursuant to PSP2010 and PSP2020 will vest into an aggregate of 2,056,650 Shares. In lieu of Shares, Mr Lee Chee Koon will be granted awards under the CLI Performance Share Plan, in accordance with the formula and methodology set out in **paragraph 7.4.2(e)** of the Letter to Shareholders. Based on such formula and methodology, it is contemplated that Mr Lee Chee Koon will be granted Replacement Awards comprising 2,988,443 CLI Shares under the CLI Performance Share Plan. These Replacement Awards will vest progressively over three (3) years on and subject to the terms of the CLI Performance Share Plan in accordance with the original vesting schedule of the Awards granted pursuant to PSP2010 and PSP2020.

Pursuant to the DIS, the Directors will, as with the Eligible Shareholders, receive the DIS Securities in respect of the Shares that they hold as at the Record Date. In addition, pursuant to the PSP Proposal, upon the Scheme becoming effective, employees of the Group who hold PSP Awards (including Mr Lee Chee Koon) will also be granted Replacement Awards under the CLI Share Plans in respect of the PSP Awards that they hold. Please refer to section “Share Capital and Shareholders – Current Shareholders” in the Introductory Document for further information on the Directors’ interests in the CLI Securities as at the Listing Date.

5.4 Interests of Substantial Shareholders in Shares

As at the Latest Practicable Date, based on the information available to the Company, the interests of the substantial shareholders of the Company in the Shares are set out below:

Substantial shareholder	Direct Interest as at the Latest Practicable Date		Deemed Interest as at the Latest Practicable Date	
	No. of Shares	%	No. of Shares	% ⁽⁴⁾
The Offeror	2,693,106,549	51.76	–	–
TJ Holdings (III) Pte. Ltd.	–	–	2,693,106,549 ⁽¹⁾	51.76
Glenville Investments Pte. Ltd.	–	–	2,693,106,549 ⁽¹⁾	51.76
Mawson Peak Holdings Pte. Ltd.	–	–	2,693,106,549 ⁽¹⁾	51.76
Bartley Investments Pte. Ltd.	–	–	2,693,106,549 ⁽¹⁾	51.76
Tembusu Capital Pte. Ltd.	–	–	2,715,798,249 ^{(1),(2)}	52.19
Temasek Holdings (Private) Limited	–	–	2,718,033,903 ^{(1),(3)}	52.24

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

Notes:

- (1) The Offeror was formerly known as Ascendas-Singbridge Pte. Ltd.. The Offeror is a wholly owned subsidiary of TJIII, which in turn is a wholly owned subsidiary of Glenville, which in turn is a wholly owned subsidiary of Mawson, which in turn is a wholly owned subsidiary of Bartley, which in turn is a wholly owned subsidiary of Tembusu, which in turn is a wholly owned subsidiary of Temasek.

TJIII, Glenville, Mawson, Bartley, Tembusu and Temasek, respectively, are deemed to have an interest in the Shares in which the Offeror has an interest, by virtue of section 4 of the SFA.
- (2) Tembusu is deemed to have an interest in the Shares in which its subsidiaries have or are deemed to have an interest, by virtue of section 4 of the SFA.
- (3) Temasek's deemed interest in the Shares under the SFA arises through the Offeror, DBS Group Holdings Ltd, Fullerton Fund Management Company Ltd, SeaTown Holdings Pte. Ltd. and Keppel Corporation Limited, each of which are independently-managed portfolio companies of Temasek.
- (4) Percentage is calculated based on 5,203,195,792 issued Shares, excluding treasury Shares.

6. DEALINGS DISCLOSURE

6.1 Dealings in Offeror Securities, CLI Securities and CICT Securities by the Company

Save as disclosed in this **paragraph 6.1** and this Scheme Document, none of the Group Entities has dealt for value in the Offeror Securities, CLI Securities and CICT Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date:

- 6.1.1** on 25 February 2021, 2,888,465 new CICT Units were issued at an issue price of S\$2.1445 per CICT Unit to CICTML as payment of 50% of the base component and 50% of the performance component of the management fee for the period from 3 November 2020 to 31 December 2020 (both dates inclusive) in relation to the management of investments (including properties) based on the proportionate interest as held by CICT or its subsidiaries². CICTML has sold the 2,888,465 CICT Units which it is entitled to receive, to Premier, an entity nominated by CICTML to receive the 2,888,465 CICT Units in its place, and in connection with the sale, CICTML has directed that such CICT Units be issued directly to Premier instead of CICTML;
- 6.1.2** on 1 March 2021, CICTML transferred 183,237 CICT Units from its unitholding to the key management personnel and eligible employees of CICTML in accordance with the terms of the RUP;
- 6.1.3** on 1 March 2021 CapitaLand Commercial Trust Management Limited ("**CCTML**") transferred 153,691 CICT Units from its unitholdings to the eligible former key employees of CCTML in accordance with the terms of CCTML's Restricted Unit Plan;
- 6.1.4** on 10 March 2021, CICTML transferred 82,858 CICT Units from its unitholding to the key management personnel and eligible employees of CICTML in accordance with the terms of the PUP;

² This excludes (a) CICT's 8.9% interest in CLCT as at 31 December 2020, (b) CICT's 45% interest in each of Glory Office Trust and Glory SR Trust, which collectively hold CapitaSpring and (c) CICT's 50% interest in OGS LLP, which holds One George Street.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

- 6.1.5** on 10 March 2021, CCTML transferred 30,717 CICT Units from its unitholding to the eligible former key employees of CCTML in accordance with the terms of CCTML's Performance Unit Plan;
- 6.1.6** on 29 April 2021, CICTML granted contingent awards of up to 709,002 CICT Units³ to the key management personnel and eligible employees of CICTML in accordance with the terms of the RUP and PUP;
- 6.1.7** on 5 May 2021, 2,403,465 new CICT Units were issued at an issue price of S\$2.1613 per CICT Unit to CICTML as payment of 50% of the base component of the management fee for the period from 1 January 2021 to 31 March 2021 (both dates inclusive) in relation to the management of investments (including properties) that are held by CICT and/or its subsidiaries⁴; and
- 6.1.8** on 5 May 2021, CICTML made partial payment of directors' fees for the year ended 31 December 2020 by way of transfer of 22,595 CICT Units to the following non-executive CICT Directors:

CICT Directors	Number of CICT Units issued	Price per CICT Unit (S\$)
Ms Teo Swee Lian	10,800	Not applicable
Mr Lee Khai Fatt, Kyle	9,395	Not applicable
Mrs Quek Bin Hwee	1,200	Not applicable
Mr Ng Wai King	1,200	Not applicable

6.2 Dealings in Offeror Securities by the Directors

None of the Directors has dealt for value in the Offeror Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

6.3 Dealings in Relevant Securities, CLI Securities and CICT Securities by the Directors

Save as disclosed in this **paragraph 6.3**, none of the Directors has dealt for value in any Relevant Securities, CLI Securities or CICT Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

³ This refers to the maximum number of CICT Units which are the subject of the contingent awards. The final number of CICT Units that will be released could range from: (a) 0% to a maximum of 200% of the baseline award under the PUP; and (b) 0% to 150% of the baseline award under the RUP. The final number of CICT Units to be released will depend on the extent of achievement of pre-determined targets at the end of the respective performance periods for the PUP and RUP. For the avoidance of doubt, when the CICT Units which are the subject of such contingent awards are subsequently released pursuant to the PUP and RUP, such CICT Units will be transferred by CICTML from its holdings of CICT Units to the relevant individuals.

⁴ This excludes (a) CICT's 45% indirect interest in each of Glory Office Trust and Glory SR Trust, which collectively hold CapitaSpring that is currently undergoing redevelopment and (b) CICT's 50% indirect interest in OGS LLP, which holds One George Street.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

- 6.3.1** on 1 March 2021, the Company vested 99,705 Shares under the PSP Awards⁵ and 116,958 Shares under the RSP Awards⁶ to Mr Lee Chee Koon and the Company had consequently transferred 216,663 Shares from treasury to Mr Lee Chee Koon pursuant to the vesting of such Awards;
- 6.3.2** on 12 April 2021, the Company granted 384,296 Shares under the PSP Awards⁵ and 384,296 Shares under the RSP Awards⁶ to Mr Lee Chee Koon; and
- 6.3.3** on 25 May 2021, as payment of the share component of directors' fees equivalent to approximately 30% of their directors' fees, the Company granted Awards comprising 90,350 Shares to certain non-executive directors of the Company, particulars of which are set out below. The number of the Awards granted is determined based on S\$3.571 per Share which is the VWAP per Share on the SGX-ST over the 14 trading days from (and including) the ex-dividend date following the annual general meeting held on 27 April 2021. The foregoing Awards had vested on the same day and the Company had consequently transferred 90,350 Shares from treasury to the Directors pursuant to the vesting of such Awards.

Directors	Number of Awards granted	Number of Shares transferred to the Directors pursuant to vesting of the Awards
Ko Kai Kwun Miguel @ Miguel Ko ⁽¹⁾	3,679	3,679
Anthony Lim Weng Kin	14,669	14,669
Goh Swee Chen	12,117	12,117
Kee Teck Koon	14,222	14,222
Stephen Lee Ching Yen	13,918	13,918
Chaly Mah Chee Kheong	18,050	18,050
Philip Nalliah Pillai	13,695	13,695

Note:

- (1) Mr Miguel Ko was appointed as non-executive deputy chairman of the Offeror with effect from 1 November 2020 and hence, in view of the change of his role in the Offeror from an executive director to a non-executive director, his director's fees for the period (a) from 1 January 2020 to 31 October 2020 were paid fully in cash to his ex-employer, the Offeror; and (b) from 1 November 2020 to 31 December 2020 were paid 70% in cash and 30% in the form of Awards under the RSP2020 to him.

⁵ The final number of Shares to be released will depend on the achievement of pre-determined targets over a three-year performance period. No Shares will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more Shares than the baseline award could be delivered up to a maximum of 200% of the baseline award. The ERCC has the discretion to adjust the number of Shares released taking into consideration other relevant quantitative and qualitative factors.

⁶ The final number of Shares to be released will depend on the achievement of pre-determined targets at the end of a one-year performance period and the release will be over a vesting period of three years. No Shares will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more Shares than the baseline award could be delivered up to a maximum of 150% of the baseline award. The ERCC has the discretion to adjust the number of Shares released taking into consideration other relevant quantitative and qualitative factors. An additional number of Shares of a total value equal to the value of the accumulated dividends which are declared during each of the vesting periods and deemed forgone due to the vesting mechanism of the RSP2020, will also be released on the final vesting.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

7. INTERESTS OF THE INDEPENDENT FINANCIAL ADVISER

7.1 Interests of the IFA in Relevant Securities, CLI Securities and CICT Securities

As at the Latest Practicable Date, none of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis, owns or controls any Relevant Securities, CLI Securities or CICT Securities.

7.2 Dealings in Relevant Securities, CLI Securities and CICT Securities by the IFA

None of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis has dealt for value in the Relevant Securities, CLI Securities or CICT Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

8. ARRANGEMENTS AFFECTING DIRECTORS

8.1 No Payment or Benefit to Directors

As at the Latest Practicable Date, save as disclosed in this Scheme Document and the Introductory Document, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any Director or to any director of any other related corporation of the Company as compensation for loss of office or otherwise in connection with the Scheme.

8.2 No Agreement Conditional upon Outcome of the Scheme

As at the Latest Practicable Date, save as disclosed in this Scheme Document and the Introductory Document, there is no agreement, arrangement or understanding made between any of the Directors and any other person in connection with or conditional upon the outcome of the Scheme.

8.3 No Material Interest in Material Contracts

As at the Latest Practicable Date, save as disclosed in this Scheme Document and the Introductory Document, there are no material contracts entered into by the Offeror in which any Director has a material personal interest, whether direct or indirect.

9. MATERIAL LITIGATION

9.1 As at the Latest Practicable Date, save as disclosed in paragraph 5.1 of Part 1 of Appendix 4 to this Scheme Document:

- 9.1.1** none of the Group Entities is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Group taken as a whole; and
- 9.1.2** the Directors are not aware of any proceedings pending or threatened against any of the Group Entities or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position of the Group taken as a whole.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

10. GENERAL DISCLOSURE

10.1 Financial Statements for FY2020

The audited consolidated financial statements of the Group for FY2020 are set out in **Appendix 6** to this Scheme Document.

10.2 Directors' Service Contracts

As at the Latest Practicable Date:

10.2.1 there are no service contracts between any of the Directors or proposed directors with any Group Entity which have more than twelve (12) months to run and which are not terminable by the employing company within the next twelve (12) months without paying any compensation; and

10.2.2 there are no such contracts entered into or amended during the period commencing six (6) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

10.3 Material Contracts with Interested Persons

As at the Latest Practicable Date, save as disclosed in this Scheme Document, the Introductory Document, the annual reports of the Company for FY2018, FY2019 and FY2020 and any other information on the Group which is publicly available (including without limitation, the announcements released by the Company on the SGXNET) as to the material contracts with interested persons (within the meaning of the Note on Rule 23.12 of the Code) which are not in the ordinary course of business, none of the Group Entities has entered into any material contracts with interested persons (other than those entered into in the ordinary course of business) during the period beginning three (3) years before the Joint Announcement Date and ending on the Latest Practicable Date.

10.4 Costs and Expenses

In the event that the Scheme does not become effective and binding for any reason, the expenses and costs incurred by the Company in connection with the Scheme will be borne by the Company.

10.5 Directors' Intentions with respect to their Shares

10.5.1 Each of the Relevant Directors will abstain from voting his Shares at the Scheme Meeting. In addition, Mr Lee Chee Koon is a holder of the PSP Awards and, accordingly, he will abstain from voting his Shares at the EGM and the Scheme Meeting in compliance with the SIC's ruling set out in **paragraph 7.4.2** of the Letter to Shareholders.

As disclosed in Schedule 2 of the Offeror's Letter, as at the Latest Practicable Date, the Offeror Concert Parties own, control or have agreed to acquire an aggregate of 2,717,969,734 Shares⁷, representing approximately 52.24% of the

⁷ Excluding call options over 62,800 Shares with maturity dates of 11 March 2022 held by the Offeror Financial Adviser.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

total number of Shares. This includes 124,405 Shares, representing approximately 0.002% of the total number of Shares, in which Mr Ko Kai Kwun Miguel @ Ko Miguel and Stephen Lee Ching Yen, who are Relevant Directors, are interested.

10.5.2 As at the Latest Practicable Date, all of the Independent Directors who legally and/or beneficially own Shares (amounting to approximately 0.007% of the total number of Shares), as set out in **paragraph 5.3** of this **Appendix 3**, have informed the Company that they will **VOTE IN FAVOUR** of the Scheme.

11. VALUATION

11.1 Properties in Singapore, China, France, United Kingdom, United States, India, Japan and Malaysia

The Company has commissioned independent valuations of the Relevant Properties in Singapore, China, France, United Kingdom, United States, India, Japan and Malaysia. A summary of the Valuation Reports is set out in **Appendix 16** to this Scheme Document and Appendix G of the Introductory Document. The Relevant Properties constitute approximately 80% of the effective valuation of all the valuations of all the investment properties held by the Group as at 31 December 2020 (excluding the properties held through Listed Funds and Unlisted Funds and including the components developed for sale for one mixed use development, which entire property was the subject of valuation).

Under Rule 26.3 of the Code, the Company is required, *inter alia*, to make an assessment of any potential tax liability which would arise if the assets, which are the subject of a valuation given in connection with an offer, were to be sold at the amount of the valuation. Based on the valuations in the Valuation Reports, the potential tax liabilities that may be incurred by the Group on the hypothetical disposal of the above properties on an “as is” basis is approximately S\$246 million⁸.

The Group is constantly evaluating potential opportunities and may, in its ordinary course of business, dispose of its interest in certain of the Relevant Properties from time to time. The actual tax liabilities that may arise in connection with such disposal will be dependent on a number of factors including but not limited to the value, the tax laws and regulations and interpretations or practice thereof applicable at the time of disposal, and the holding period of the interest in the Relevant Properties that are subject to the disposal.

12. CONSENTS

12.1 General

Allen & Gledhill LLP, J.P. Morgan and the Share Registrar have each given and have not withdrawn their respective written consents to the issue of this Scheme Document and the Gatefold with the inclusion herein of their names and all the references to their names in the form and context in which they respectively appear in this Scheme Document and the Gatefold.

⁸ The potential tax liability is assessed on the basis that the Relevant Properties are disposed on an “as is basis” assuming that there is no Internal Restructuring.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

12.2 IFA

Evercore has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion herein of its name, the IFA Letter as set out in **Appendix 1** to this Scheme Document, the letter dated 17 July 2021 in relation to the condensed interim combined financial statements for the three-month period ended 31 March 2021 of the CLI Group as set out in **Appendix 8** to this Scheme Document and the Gatefold and all references thereto in the form and context in which it appears in this Scheme Document and the Gatefold.

12.3 KPMG

KPMG has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion herein of its name, the auditors' report relating to the audited consolidated financial statements of the Group for FY2020 as set out in **Appendix 6** to this Scheme Document, the independent auditors' report in relation to the combined financial statements for FY2020 and FY2019 of the CLI Group as set out in **Appendix 7** to this Scheme Document, the independent auditors' review report in relation to the condensed interim combined financial statements for the three-month period ended 31 March 2021 for the CLI Group as set out in **Appendix 8** to this Scheme Document, the auditors' report relating to the audited financial statements of the CICT Group for the FY2020 as set out in **Appendix 9** to this Scheme Document and all references to its name in the form and context in which it appears in this Scheme Document.

12.4 Independent Valuers

Each of the Independent Valuers has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion herein of the references to the valuation date(s), valuation(s), Valuation Report(s) and valuation methodology of the Relevant Properties set out against its name in **Appendix 16** of this Scheme Document and references to its name, in the form and context in which it appears in this Scheme Document. Where the valuations of the Relevant Properties were conducted on 31 December 2020, each of the Independent Valuers of such Relevant Properties has confirmed that as of 31 March 2021, the value of such Relevant Properties would not be materially different from the valuations conducted on 31 December 2020.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's registered office at 168 Robinson Road #30-01 Capital Tower Singapore 068912 during normal business hours from the date of this Scheme Document up until the Effective Date:

- (a) the Constitution;
- (b) the annual reports of the Company for FY2018, FY2019 and FY2020;
- (c) the Implementation Agreement;
- (d) the Valuation Reports;
- (e) the IFA Letter; and
- (f) the letters of consent referred to in **paragraph 12** of this **Appendix 3**.

APPENDIX 4 – GENERAL INFORMATION RELATING TO CLI AND CICT

Part 1 – Information on CLI

1. DIRECTORS

The names, addresses and designations of the CLI Directors as at the Latest Practicable Date are as follows:

Name	Address	Designation
Ko Kai Kwun Miguel @ Ko Miguel	168 Robinson Road #30-01 Capital Tower Singapore 068912	Chairman and Non-Executive Non-Independent Director
Lee Chee Koon	168 Robinson Road #30-01 Capital Tower Singapore 068912	Group CEO and Executive Non-Independent Director
Anthony Lim Weng Kin	168 Robinson Road #30-01 Capital Tower Singapore 068912	Lead Independent Director
Goh Swee Chen ¹	168 Robinson Road #30-01 Capital Tower Singapore 068912	Independent Director
Hsu Chung Wei Judy	168 Robinson Road #30-01 Capital Tower Singapore 068912	Independent Director
Kee Teck Koon	168 Robinson Road #30-01 Capital Tower Singapore 068912	Independent Director
Stephen Lee Ching Yen	168 Robinson Road #30-01 Capital Tower Singapore 068912	Independent Director
Gabriel Lim Meng Liang	168 Robinson Road #30-01 Capital Tower Singapore 068912	Independent Director
Chaly Mah Chee Kheong	168 Robinson Road #30-01 Capital Tower Singapore 068912	Independent Director

Further details of the CLI Directors are set out in the section “Directors, Management and Staff” in the Introductory Document.

¹ Ms Goh Swee Chen has indicated that she will step down as a CLI Director at the conclusion of CLI’s Annual General Meeting to be held in 2022. As a result of recent public responsibilities that she has accepted, she carefully considered on whether she should not seek a further term from the Shareholders at the April 2021 annual general meeting of the Company. However, in light of the major restructuring underway, she has decided to continue to assist in a seamless completion of the restructuring as well as transitioning in the initial year in CLI. Accordingly, she will step down from the CLI board of directors as a CLI Director at CLI’s Annual General Meeting to be held in 2022.

APPENDIX 4 – GENERAL INFORMATION RELATING TO CLI AND CICT

2. GENERAL

- 2.1 Incorporation.** CLI was incorporated in Singapore on 29 August 2003 under the Companies Act as a public company limited by shares under the name of CapitaLand Financial Holdings Limited. On 29 October 2003 and 22 March 2021, CLI changed its name to CapitaLand Financial Limited and CapitaLand Investment Management Limited, respectively. On 18 June 2021, CLI made a further change to its name to CapitaLand Investment Limited.
- 2.2 Nature of Business.** Upon the Proposed CLI Listing, the CLI Group will become a leading listed global real estate investment manager with a strong Asia foothold and *pro forma* total RE AUM of S\$115 billion as of 31 December 2020. As at 31 December 2020, the CLI Group's S\$78 billion of real estate funds under management² ("**FUM**") is held via its managed Listed Funds and Unlisted Funds across the Asia-Pacific, Europe and USA. CLI's FUM is well-diversified across asset classes, namely, integrated developments, retail, office, lodging and new economy sectors such as business parks, industrial, logistics and data centres.
- 2.3 Principal Activities.** As at the Latest Practicable Date, the CLI Group manages six Listed Funds with five listed on the SGX-ST and one listed on Bursa Malaysia, and over 20 Unlisted Funds.
- 2.4 Registered Address and Address of Principal Office in Singapore.** The registered office and principal place of business of CLI is 168 Robinson Road #30-01 Capital Tower Singapore 068912.

3. SHARE CAPITAL

3.1 CLI Shares

As at the Latest Practicable Date, there is only one class of shares in the capital of CLI, comprising ordinary shares.

As at the Latest Practicable Date, CLI has an issued and paid-up ordinary share capital of S\$2.00, comprising two (2) CLI Shares. After the Subscription, the Issuance and the Change in Capital Structure, CLI's issued and paid-up ordinary share capital will be approximately S\$10,754 million. The number of CLI Shares will be equivalent to the number of Shares (excluding treasury Shares) as at the Record Date. The share capital of the Company comprises 5,203,195,792 Shares (excluding treasury Shares) as at the Latest Practicable Date and is expected to remain unchanged for the period up to the Record Date. Accordingly, CLI is expected to have 5,203,195,792 CLI Shares immediately prior to the DIS.

3.2 Rights of the Shareholders in respect of Capital, Dividends and Voting

Selected texts of the constitution of CLI relating to the rights of the CLI Shareholders in respect of capital, dividends and voting have been extracted and reproduced in the sections "Dividend Policy", "Share Capital and Shareholders" and Appendix B of the Introductory Document.

² As at 31 March 2020, CLI's FUM was approximately S\$79 billion.

APPENDIX 4 – GENERAL INFORMATION RELATING TO CLI AND CICT

3.3 Convertible Instruments

3.3.1 CLI Share Plans.

In conjunction with the Proposed CLI Listing, CLI has established the CLI Share Plans. Please refer to **paragraph 4.5** of the Letter to Shareholders and the section “Share Plans” of the Introductory Document for further details.

As of the Latest Practicable Date, no awards have been granted under the CLI Share Plans.

3.3.2 No Other Convertible Instruments. Saved as disclosed above, as at the Latest Practicable Date, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of, CLI Shares or securities which carry voting rights affecting the CLI Shares.

3.4 Issue of CLI Shares and Reorganisation of Capital

3.4.1 Since 31 December 2020, no CLI Shares have been issued. As at the Latest Practicable Date, CLI has an issued and paid-up ordinary share capital of S\$2.00, comprising two (2) CLI Shares. After the Subscription, the Issuance and the Change in Capital Structure, CLI's issued and paid-up ordinary share capital will be approximately S\$10,754 million. The number of CLI Shares will be equivalent to the number of Shares (excluding treasury Shares) as at the Record Date. On the basis of the Company's share capital comprising 5,203,195,792 Shares (excluding treasury Shares) as at the Latest Practicable Date and assuming that there is no change to the number of Shares as at the Record Date, CLI will have 5,203,195,792 CLI Shares immediately prior to the DIS.

3.4.2 Further details regarding the reorganisation of capital of CLI are set out in the section “Share Capital of our Company” in the Introductory Document.

3.5 Share Buyback

CLI has not purchased any CLI Shares during the period commencing six (6) months prior to the Joint Announcement Date, and ending on the Latest Practicable Date.

4. FINANCIAL INFORMATION

4.1 Financial Information of the CLI Group

Appendix 7 to this Scheme Document sets out the combined financial statements of the CLI Group for FY2019 and FY2020 with the independent auditors' report thereon (the “**Combined Financial Statements**”) and **Appendix 8** to this Scheme Document sets out the condensed interim combined financial statements of the CLI Group for the three-month period ended 31 March 2021 with the independent auditors' review letter and the IFA's review letter thereon (the “**Unaudited Condensed Interim Combined Financial Statements**”). Please refer to the Introductory Document for further financial information on the CLI Group, including the section “Selected Financial Information” of the Introductory Document and **Appendix F** of the Introductory Document which sets out the unaudited pro forma financial information of the CLI Group for FY2020 and the three-month period ended 31 March 2021 with the independent auditors' report thereon.

APPENDIX 4 – GENERAL INFORMATION RELATING TO CLI AND CICT

4.2 Material Changes in Financial Position

Save as disclosed in this Scheme Document, the Introductory Document and any other information on the CLI Group which is publicly available (including without limitation, the announcements released by the Company on the SGXNET), as of 3 July 2021, there have been no known material changes in the financial position of CLI since 31 March 2021, being the date of the last combined financial statements of the CLI Group.

4.3 Significant Accounting Policies

The significant accounting policies for the CLI Group are set out in the notes to the Combined Financial Statements which are set out in **Appendix 7** to this Scheme Document and the Unaudited Condensed Interim Combined Financial Statements which are set out in **Appendix 8** to this Scheme Document.

4.4 Changes in Accounting Policies

As at the Latest Practicable Date, there are no changes in the accounting policy of the CLI Group which will cause the figures disclosed in this **paragraph 4** not to be comparable to a material extent.

5. MATERIAL LITIGATION

5.1 A tax authority has issued notices of additional assessment to CMMT Investment Limited, which will be a wholly owned subsidiary of CLI upon the completion of the Internal Restructuring (the “**Relevant Subsidiary**”), in respect of certain additional taxes and penalties amounting to the equivalent of approximately S\$40 million in total. The Relevant Subsidiary has filed an application for a judicial review and a stay order with respect to the tax claim and as at the date of this Scheme Document, the application is pending. There is no assurance that a stay order will be granted or if a stay order is granted, that the outcome of the judicial review will be favourable. The tax claim represents approximately 7.2% of the CLI Group’s loss for the year attributable to CLI Shareholders of approximately S\$559 million for FY2020 and approximately 2.8% of the CLI Group’s profit for the year attributable to CLI Shareholders of approximately S\$1,444 million for FY2019. Despite the issuance of the notices of additional assessment, the Relevant Subsidiary has been advised by its tax and legal adviser that the tax and legal adviser is of the view that there is no non-compliance of laws and regulations by the Relevant Subsidiary. Please refer to the sections “Risk Factors” and “General and Statutory Information – Legal Proceedings” of the Introductory Document for further information.

5.2 As at the Latest Practicable Date, save as disclosed above and in the Introductory Document:

5.2.1 none of the CLI Group Entities is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the CLI Group taken as a whole; and

5.2.2 the Directors are not aware of any proceedings pending or threatened against any of the CLI Group Entities or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position of the CLI Group taken as a whole.

APPENDIX 4 – GENERAL INFORMATION RELATING TO CLI AND CICT

6. GENERAL DISCLOSURE

6.1 Financial Statements for FY2019, FY2020 and the three-month period ended 31 March 2021

The audited combined financial statements of the CLI Group for FY2019 and FY2020 are set out in **Appendix 7** to this Scheme Document and the unaudited condensed interim combined financial statements of the CLI Group for the three-month period ended 31 March 2021 (“**1Q 2021**”) are set out in **Appendix 8** to this Scheme Document.

The audited combined financial statements of the CLI Group for FY2019 and FY2020 and the unaudited condensed interim combined financial statements of the CLI Group for 1Q 2021 should be read in conjunction with the Introductory Document, including, but not limited to, the section “Management’s Discussion and Analysis of Financial Position and Results of Operations” of the Introductory Document.

6.2 Material Contracts with Interested Persons

Information on, and details relating to, material contracts entered into by the CLI Group Entities with interested persons (other than those entered into in the ordinary course of business) are set out in **paragraphs 1.7.2 and 7.5** of the Letter to Shareholders and the section “Interested Person Transactions and Conflicts of Interests” of the Introductory Document (which is deemed to be incorporated by reference in this Scheme Document).

As at 3 July 2021, save as disclosed in this Scheme Document and the Introductory Document, none of the CLI Group Entities has entered into any material contracts with interested persons (other than those entered into in the ordinary course of business) in FY2019 and FY2020, and for the period commencing on 1 January 2021 and ending on 3 July 2021.

6.3 Indebtedness

Information on, and details relating to, the indebtedness of the CLI Group as at 31 May 2021 are set out in section “Capitalisation and Indebtedness” of the Introductory Document (which is deemed to be incorporated by reference in this Scheme Document).

Save as disclosed above and in this Scheme Document and the Introductory Document, there is no other indebtedness (including contingent indebtedness) of the CLI Group.

7. NO DISPOSAL OF CLI SHARES

There has been no disposal of CLI Shares by the Company in the period between the start of the six (6) months preceding the Joint Announcement Date and the Latest Practicable Date.

8. INTRODUCTORY DOCUMENT

Further information on CLI is set out in the Introductory Document, and the information relating to CLI and the CLI Group in this Scheme Document should be read in conjunction with the information set out in the Introductory Document.

APPENDIX 4 – GENERAL INFORMATION RELATING TO CLI AND CICT

Part 2 – Information on CICT

1. DIRECTORS

The names, addresses and designations of the CICT Directors as at the Latest Practicable Date are as follows:

Name	Address	Designation
Teo Swee Lian	168 Robinson Road, #30-01, Capital Tower, Singapore 068912	Chairman & Non-Executive Independent Director
Tony Tan Tee Hieong	168 Robinson Road, #30-01, Capital Tower, Singapore 068912	Chief Executive Officer & Executive Non-Independent Director
Lee Khai Fatt, Kyle	168 Robinson Road, #30-01, Capital Tower, Singapore 068912	Non-Executive Independent Director
Quek Bin Hwee	168 Robinson Road, #30-01, Capital Tower, Singapore 068912	Non-Executive Independent Director
Ng Wai King	168 Robinson Road, #30-01, Capital Tower, Singapore 068912	Non-Executive Independent Director
Leo Mun Wai	168 Robinson Road, #30-01, Capital Tower, Singapore 068912	Non-Executive Independent Director
Jonathan Yap Neng Tong	168 Robinson Road, #30-01, Capital Tower, Singapore 068912	Non-Executive Non-Independent Director
Lim Cho Pin Andrew Geoffrey	168 Robinson Road, #30-01, Capital Tower, Singapore 068912	Non-Executive Non- Independent Director

2. GENERAL

2.1 Incorporation. CICT made its debut on SGX-ST as CapitaLand Mall Trust in July 2002. On 21 October 2020, CapitaLand Mall Trust and CapitaLand Commercial Trust were merged by way of a trust scheme of arrangement with the merged entity renamed CICT on 3 November 2020.

2.2 Nature of Business. CICT is the first and largest REIT listed on the SGX-ST and one of the largest REITs in Asia-Pacific based on its market capitalisation of approximately S\$13.8 billion as at the Latest Practicable Date.

2.3 Principal Activities. CICT owns and invests in quality income-producing assets primarily used for commercial (including retail and/or office) purpose, located predominantly in Singapore. As the largest proxy for Singapore commercial real estate, CICT's portfolio comprises 22 properties in Singapore and two in Frankfurt, Germany.

APPENDIX 4 – GENERAL INFORMATION RELATING TO CLI AND CICT

2.4 Registered Address. 10 Marina Boulevard, Marina Bay Financial Centre, Tower 2 #48-01, Singapore 018983.

2.5 Address of Principal Office in Singapore. 10 Marina Boulevard, Marina Bay Financial Centre, Tower 2 #45-01, Singapore 018983.

3. UNIT CAPITAL

3.1 Units

As at the Latest Practicable Date, there is only one class of units of CICT, comprising CICT Units.

As at the Latest Practicable Date, CICT has 6,475,996,046 issued and paid-up units with a market capitalisation of S\$13,793,871,578 based on a closing unit price of S\$2.13.

3.2 Rights of the Unitholders in respect of Capital, Dividends and Voting

Selected texts of the trust deed constituting CapitaLand Mall Trust (now known as CICT) (as amended) relating to the rights of the CICT Unitholders in respect of capital, dividends and voting have been extracted and reproduced in **Appendix 5** to this Scheme Document.

3.3 Convertible Instruments

To the best of the Directors' knowledge and based on publicly available information, as at the Latest Practicable Date, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of, CICT Units or securities which carry voting rights affecting the CICT Units.

3.4 Issue of CICT Units and Reorganisation of Capital

3.4.3 Since 31 December 2020, being the end of last financial year:

- (a) on 25 February 2021, 2,888,465 new CICT Units were issued at an issue price of S\$2.1445 per CICT Unit to Premier Healthcare Services International Pte Ltd ("**Premier**"), an entity nominated by CICTML to receive such new CICT Units in its place, as payment of (i) 50% of the base component, and (ii) 50% of the performance component, of the management fee for the period from 3 November 2020 to 31 December 2020 (both dates inclusive) in relation to the management of investments (including properties) based on the proportionate interest as held by CICT or its subsidiaries³. CICTML sold the 2,888,465 CICT Units which it is entitled to receive, to Premier, an entity nominated by CICTML to receive the 2,888,465 CICT Units in its place, and in connection with the sale, CICTML has directed that such CICT Units be issued directly to Premier instead of CICTML; and

³ This excludes (a) CICT's 8.9% interest in CLCT as at 31 December 2020, (b) CICT's 45% interest in each of Glory Office Trust and Glory SR Trust, which collectively hold CapitaSpring and (c) CICT's 50% interest in OGS LLP, which holds One George Street.

APPENDIX 4 – GENERAL INFORMATION RELATING TO CLI AND CICT

- (b) on 5 May 2021, 2,403,465 new CICT Units were issued at an issue price of S\$2.1613 per CICT Unit to CICTML as payment of 50% of the base component of the management fee for the period from 1 January 2021 to 31 March 2021 (both dates inclusive) in relation to the management of investments (including properties) that are held by CICT or its subsidiaries⁴.

3.4.4 On 21 October 2020, CapitaLand Mall Trust (“**CMT**”) and CapitaLand Commercial Trust (“**CCT**”) were merged by way of a trust scheme of arrangement whereby all units of CapitaLand Commercial Trust were acquired by CapitaLand Mall Trust, with the merged entity renamed CICT on 3 November 2020.

Prior to the merger of CMT and CCT, since 1 January 2018:

- (a) CMT had the following changes in capital:
 - (i) on 8 November 2018, the CMT Manager issued 134,089,000 new units in CMT at an issue price of S\$2.07 for each new unit in CMT pursuant to a private placement announced on 25 October 2018, 31 October 2018 and 8 November 2018; and
 - (ii) from the date falling three financial years preceding the Latest Practicable Date, an aggregate of 9,642,537 new units in CMT were issued to the CMT Manager or to an entity nominated by the CMT Manager (in the case of payments of management fees) and to the CMT Manager (in the case of payments of acquisition fees and divestment fees); and
- (b) CCT had the following changes in capital:
 - (i) on 29 July 2019, the CCT Manager issued 105,012,000 new units in CCT at an issue price of S\$2.095 for each new unit in CCT pursuant to a private placement announced on 17 July 2019, 18 July 2019 and 25 July 2019;
 - (ii) on 28 May 2018, the CCT Manager issued 130,000,000 new units in CCT at an issue price of S\$1.676 for each new unit in CCT pursuant to a private placement announced on 17 May 2018, 18 May 2018 and 23 May 2018; and
 - (iii) from the date falling three financial years preceding the Latest Practicable Date, an aggregate of 18,718,547 new units in CCT were issued to the CCT Manager or to an entity nominated by the CCT Manager (in the case of payments of management fees) and to the CCT Manager (in the case of payments of acquisition fees).

⁴ This excludes (a) CICT’s 45% indirect interest in each of Glory Office Trust and Glory SR Trust, which collectively hold CapitaSpring that is currently undergoing redevelopment and (b) CICT’s 50% indirect interest in OGS LLP, which holds One George Street.

APPENDIX 4 – GENERAL INFORMATION RELATING TO CLI AND CICT

Save as disclosed above, in the annual report of CICT for FY2020, the annual reports of CMT and CCT for FY2018 and FY2019 and in any other information which is publicly available (including without limitation, the announcements released by the CMT Manager on behalf of CMT, by the CCT Manager on behalf of CCT and by CICTML on behalf of CICT, on SGXNET), CICT has not undergone any reorganisation of capital during the three financial years preceding the Latest Practicable Date.

3.5 Unit Buyback

CICT has not purchased any CICT Units during the period commencing six (6) months prior to the Joint Announcement Date, and ending on the Latest Practicable Date.

4. FINANCIAL INFORMATION

4.1 Financial Information of the CICT Group

4.1.1 Selected Financial Information relating to the Consolidated Income Statements of the CICT Group

Set out below is certain financial information extracted from the annual report of CICT for FY2020.

The financial information for FY2020 should be read in conjunction with the audited consolidated financial statements of the CICT Group, as set out in **Appendix 9** to this Scheme Document and the accompanying notes as set out in the annual report of CICT for FY2020.

	Audited FY2020 S\$'M
Gross revenue	745
Property operating expenses	(232)
Net property income	513
Interest and other income	2
Investment income	13
Management fees	(51)
Professional fees	*
Valuation fees	(1)
Trustee's fees	(2)
Audit fees	*
Transaction costs relating to the Merger ¹	(11)
Finance costs	(133)
Other expenses	(2)
Net income before share of results of joint ventures	327
Share of results (net of tax) of joint ventures	(14)

APPENDIX 4 – GENERAL INFORMATION RELATING TO CLI AND CICT

	Audited FY2020 S\$'M
Net income	313
Net change in fair value of investment properties	(393)
Gain relating to negative goodwill arising from the Merger	430
Total return for the year before tax	350
Taxation	*
Total return for the year	350
Total return attributable to:	
Unitholders	350
Non-controlling interest	*
Total return for the year	350
Earnings per unit (cents)	
Basic	8.36
Diluted	8.35

¹ On 21 October 2020, the Manager announced the completion of the merger between CapitaLand Mall Trust and CapitaLand Commercial Trust (the “**Merger**”) through acquisition by CMT of all the issued and paid-up units in CCT by way of a trust scheme of arrangement, in accordance with the Code

* amount less than S\$1 million

Set out below is also a summary of the distributions per CICT Unit declared in respect of FY2020. This information was extracted from the annual report of CICT for FY2020.

Distribution per Unit	Taxable Distribution (S\$ cents)
In respect of FY2020	8.69

4.1.2 Statements of Assets and Liabilities of CICT Group as at 31 December 2020

The audited consolidated balance sheet of the CICT Group as at 31 December 2020, being the latest published audited consolidated balance sheet of the CICT Group prior to the Latest Practicable Date is set out below.

The audited consolidated balance sheet of the CICT Group as at 31 December 2020 should be read in conjunction with the audited consolidated financial statements of the CICT Group and the accompanying notes as set out in the annual report of CICT for FY2020.

APPENDIX 4 – GENERAL INFORMATION RELATING TO CLI AND CICT

	Audited FY2020 S\$'M
Non-current assets	
Plant and equipment	7
Investment properties	21,366
Joint ventures	508
Deferred tax asset	10
Other non-current assets	252
	22,143
Current assets	
Trade and other receivables	83
Cash and cash equivalents	184
Financial derivatives	6
	273
Total assets	22,416
Current liabilities	
Trade and other payables	393
Loans and borrowings	934
Provision for taxation	7
	1,334
Non-current liabilities	
Loans and borrowings	7,801
Other non-current liabilities	208
Deferred tax liability	5
	8,014
Total liabilities	9,348
Net assets	
Represented by:	
Unitholders' funds	13,038
Non-controlling interests ("NCI")	30
	13,068
Units in issue ('000)	6,470,404
Net asset value per unit attributable to Unitholders (\$)	2.01

Copies of the annual report of the CICT for FY2020 are available for inspection at CICT's registered office at 10 Marina Boulevard, Marina Bay Financial Centre, Tower 2 #48-01, Singapore 018983 during normal business hours from the date of this Scheme Document up until the Effective Date.

APPENDIX 4 – GENERAL INFORMATION RELATING TO CLI AND CICT

4.1.3 Selected Financial Information relating to CICT's 1Q 2021 Business Update

Based on the 1Q 2021 Business Update released by CICT dated 26 April 2021, selected financial information of the CICT Group for the first quarter of 2021 were disclosed as follows:

	1Q 2021 S\$'M
Gross revenue	334.8
Property operating expenses	(87.7)
Net property income	247.1

4.2 Material Changes in Financial Position

To the best of the Directors' knowledge and based on publicly available information, save as disclosed in this Scheme Document and any other information on the CICT Group which is publicly available (including, without limitation, the announcements released by CICT on the SGXNET), there have been no known material changes in the financial position of CICT since 31 December 2020, being the date of the last published audited consolidated financial statements of the CICT Group.

4.3 Significant Accounting Policies

The significant accounting policies for the CICT Group are set out in the notes to the audited consolidated financial statements of the CICT Group for FY2020, which are set out in **Appendix 9** to this Scheme Document.

4.4 Changes in Accounting Policies

To the best of the Directors' knowledge and based on publicly available information, as at the Latest Practicable Date, there are no changes in the accounting policy of the CICT Group which will cause the figures disclosed in this **paragraph 4** not to be comparable to a material extent.

5. MATERIAL LITIGATION

5.1 As at the Latest Practicable Date, to the best of the Directors' knowledge and based on publicly available information:

- (a) none of the CICT Group Entities is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the CICT Group taken as a whole; and
- (b) the Directors are not aware of any proceedings pending or threatened against any of the CICT Group Entities or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position of the CICT Group taken as a whole.

APPENDIX 4 – GENERAL INFORMATION RELATING TO CLI AND CICT

6. GENERAL DISCLOSURE

6.1 Financial Statements for FY2020

The audited consolidated financial statements of the CICT Group for FY2020 is set out in **Appendix 9** to this Scheme Document.

6.2 Material Contracts with Interested Persons

To the best of the Directors' knowledge and based on publicly available information, as at the Latest Practicable Date, save as disclosed in the annual report of CICT for FY2020, the annual reports of CMT and CCT for FY2018 and FY2019 and any other information on the CICT Group which is publicly available (including without limitation, the announcements released by the CMT Manager on behalf of CMT, by the CCT Manager on behalf of CCT, and by CICTML on behalf of CICT on SGXNET) as to the material contracts with interested persons (within the meaning of the Note on Rule 23.12 of the Code) which are not in the ordinary course of business, none of the CICT Group Entities has entered into any material contracts with interested persons (other than those entered into in the ordinary course of business) during the period beginning three (3) years before the Joint Announcement Date and ending on the Latest Practicable Date.

6.3 Indebtedness

Based on information provided by CICT, as at the Latest Practicable Date, the CICT Group has total borrowings of approximately S\$8.7 billion, comprising the following:

- (a) S\$3.0 billion unsecured bank borrowings⁵;
- (b) S\$0.4 billion secured bank borrowings⁶;
- (c) S\$3.2 billion outstanding principal amount of notes issued by CMT MTN Pte. Ltd., a wholly owned subsidiary of CICT, pursuant to the S\$7.0 billion Multicurrency Medium Term Note Programme established on 16 April 2007. The notes are guaranteed by the CICT Trustee;
- (d) S\$0.3 billion outstanding principal amount of notes issued by CMT MTN Pte. Ltd. pursuant to the US\$3.0 billion Euro-Medium Term Note Programme established on 29 March 2010. The notes are guaranteed by the CICT Trustee;
- (e) S\$1.0 billion outstanding principal amount of notes issued by CCT MTN Pte. Ltd., a wholly owned subsidiary of CICT, pursuant to the S\$2.0 billion Multicurrency Medium Term Note Programme established on 20 November 2007. The notes are guaranteed by the CCT Trustee; and
- (f) S\$0.7 billion outstanding principal amount of notes issued by the Trustee-Manager of RCS Trust pursuant to the US\$2.0 billion Euro-Medium Term Note Programme established on 22 March 2017.

⁵ These include the equivalent amount in SGD of the Euro loans based on a conversion using the month end exchange rate for June 2021.

⁶ The secured Euro loans are based on CICT's 94.9% interest in the two properties in Frankfurt, Germany.

APPENDIX 4 – GENERAL INFORMATION RELATING TO CLI AND CICT

In addition, as at the Latest Practicable Date, the CICT Group has issued approximately S\$4.1 million of banker's guarantees.

To the best of the Directors' knowledge and based on publicly available information, save as disclosed above, in the annual report of CICT for FY2020, the 1Q 2021 Business Update released by CICT dated 26 April 2021 and any other information on the CICT Group which is publicly available (including without limitation, the announcements released by CICT on the SGXNET), apart from intra-group indebtedness and guarantees (including guarantees provided in respect of the medium term note programmes detailed under **paragraphs 6.3(c), (d) and (e)** above and international swaps and derivatives association agreements entered into by CMT MTN Pte. Ltd.), as at the Latest Practicable Date, none of the CICT Group Entities has any outstanding bank overdrafts or loans, or other similar indebtedness, mortgages, charges, guarantees or other material contingent liabilities.

7. MARKET QUOTATION

7.1 Closing Prices of the CICT Units. The following table sets out the closing prices of the CICT Units on SGX-ST as at the following dates:

Date	Closing Price (S\$)
30 September 2020	1.93
31 October 2020	1.73
30 November 2020	1.94
31 December 2020	2.16
31 January 2021	2.14
28 February 2021	2.10
19 March 2021 (being the Last Trading Day)	2.18
31 March 2021	2.17
30 April 2021	2.15
31 May 2021	2.09
30 June 2021	2.09
7 July 2021, being the Latest Practicable Date	2.13

7.2 Highest and Lowest Prices of CICT Units. The highest and lowest closing prices of the CICT Units on SGX-ST during the period commencing six (6) months prior to the Joint Announcement Date and ending on the Latest Practicable Date are as follows:

- (a) highest closing price: S\$2.35 on 20 January 2021; and
- (b) lowest closing price: S\$1.73 on 30 October 2020.

APPENDIX 5 – EXTRACTS FROM THE COMPANY'S AND CLI'S CONSTITUTION AND CICT'S CONSTITUTING TRUST DEED

The Company

The rights of Shareholders in respect of capital, dividends and voting as extracted and reproduced from the Constitution of the Company are set out below:

All capitalised terms used in the following extracts shall have the same meanings given to them in the Constitution of the Company, a copy of which is available for inspection at the Company's registered office during normal business hours from the date of this Scheme Document up until Effective Date.

1. The rights of Shareholders in respect of capital

"ISSUE OF SHARES

6. (A) Shares of a class other than ordinary shares

The rights attaching to shares of a class other than ordinary shares shall be expressed in this Constitution.

(B) Issue of shares for no consideration

The Company may issue shares for which no consideration is payable to the Company.

7. Issue of shares

Subject to the Statutes and this Constitution, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to article 11, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, Provided always that:

- (a) (subject to any direction to the contrary that may be given by the Company in General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of article 11(A) with such adaptations as are necessary shall apply; and*
- (b) any other issue of shares, the aggregate of which would exceed the limits referred to in article 11(B), shall be subject to the approval of the Company in General Meeting.*

8. (A) Preference shares

Preference shares may be issued subject to such limitation thereof as may be prescribed by the Stock Exchange. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrear.

(B) Preference shares

The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

APPENDIX 5 – EXTRACTS FROM THE COMPANY'S AND CLI'S CONSTITUTION AND CICT'S CONSTITUTING TRUST DEED

VARIATION OF RIGHTS

9. Variation of rights

Whenever the share capital of the Company is divided into different classes of shares, subject to the provisions of the Statutes, preference capital, other than redeemable preference capital, may be repaid and the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so repaid, varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up. To every such separate General Meeting all the provisions of this Constitution relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, Provided always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-quarters of the issued shares of the class concerned within two months of such General Meeting shall be as valid and effectual as a Special Resolution carried at such General Meeting. The foregoing provisions of this article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

10. Issue of further shares ranking pari passu

The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.

ALTERATION OF SHARE CAPITAL

11. (A) Offer of new shares to members

Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the listing rules of the Stock Exchange, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this article 11(A).

(B) General authority

Notwithstanding article 11(A), the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:

(a)

APPENDIX 5 – EXTRACTS FROM THE COMPANY'S AND CLI'S CONSTITUTION AND CICT'S CONSTITUTING TRUST DEED

- (i) *issue shares of the Company ("shares") whether by way of rights, bonus or otherwise; and/or*
- (ii) *make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and*

- (b) *(notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,*

Provided always that:

- (1) *the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Stock Exchange;*
 - (2) *in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the listing rules of the Stock Exchange for the time being in force (unless such compliance is waived by the Stock Exchange) and this Constitution; and*
 - (3) *(unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Statutes (whichever is the earliest).*
- (C) *Except so far as otherwise provided by the conditions of issue or by this Constitution, all new shares shall be subject to the provisions of the Statutes and of this Constitution with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.*

12. (A) Power to consolidate, sub-divide and redenominate shares

The Company may by Ordinary Resolution:

- (a) *consolidate and divide all or any of its shares;*
 - (b) *sub-divide its shares, or any of them (subject, nevertheless, to the provisions of the Statutes and this Constitution), and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to new shares; and*
 - (c) *subject to the provisions of the Statutes, convert its share capital or any class of shares from one currency to another currency.*
- (B) *The Company may by Special Resolution, subject to and in accordance with the Statutes, convert one class of shares into another class of shares.*

13. (A) Power to reduce capital

The Company may reduce its share capital or any undistributable reserve in any manner and with and subject to any incident authorised and consent required by law.

(B) Power to repurchase shares

APPENDIX 5 – EXTRACTS FROM THE COMPANY'S AND CLI'S CONSTITUTION AND CICT'S CONSTITUTING TRUST DEED

The Company may, subject to and in accordance with the Act, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. If required by the Act, any share which is so purchased or acquired by the Company shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to this Constitution, the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.

(C) Treasury shares

The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.

SHARES

14. Absolute owner of shares

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by this Constitution or by law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository or its nominee (as the case may be)) entered in the Register of Members as the registered holder thereof or (as the case may be) the person whose name is entered in the Depository Register in respect of that share.

15. Rights and privileges of new shares

Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution or, if required by the Statutes, by Special Resolution determine (or, in the absence of any such determination, but subject to the Statutes, as the Directors may determine) and subject to the provisions of the Statutes, the Company may issue preference shares which are, or at the option of the Company are, liable to be redeemed.

16. Power of Directors to issue shares

Subject to the provisions of this Constitution and of the Statutes relating to authority, pre-emption rights and otherwise and of any resolution of the Company in General Meeting passed pursuant thereto, all new shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.

17. Power to pay commission and brokerage

The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.

APPENDIX 5 – EXTRACTS FROM THE COMPANY’S AND CLI’S CONSTITUTION AND CICT’S CONSTITUTING TRUST DEED

18. Allotment of shares

Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten Market Days of the closing date (or such other period as may be approved by the Stock Exchange) of any such application. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder or (as the case may be) before that share is entered against the name of a Depositor in the Depository Register, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

SHARE CERTIFICATES

19. Share certificates

Every share certificate shall be issued in accordance with the requirements of the Act and be under the Seal or signed in the manner set out in the Act. No certificate shall be issued representing shares of more than one class.

20. (A) Joint holders

The Company shall not be bound to register more than three persons as the registered holders of a share except in the case of executors or administrators (or trustees) of the estate of a deceased member.

(B) Issue of certificate to joint holders

In the case of a share registered jointly in the names of several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to any one of the registered joint holders shall be sufficient delivery to all.

21. Entitlement to certificate

Every person whose name is entered as a member in the Register of Members shall be entitled to receive, within ten Market Days (or such other period as may be approved by the Stock Exchange) of the closing date of any application for shares or, as the case may be, the date of lodgement of a registrable transfer, one certificate for all his shares of any one class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred. Where such a member transfers part only of the shares comprised in a certificate, the old certificate shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and such member shall pay a maximum fee of S\$2 for each new certificate or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by the Stock Exchange.

22. (A) Consolidation of share certificates

Any two or more certificates representing shares of any one class held by any person whose name is entered in the Register of Members may at his request be cancelled and a single new certificate for such shares issued in lieu without charge.

(B) Sub-division of share certificates

If any person whose name is entered in the Register of Members shall surrender for cancellation a share certificate representing shares held by him and request the Company to issue in lieu two or more share certificates representing such shares in such proportions as he may specify, the Directors may, if they think fit, comply with such request. Such person shall (unless such fee is waived by the Directors) pay a maximum fee of S\$2 for each share certificate issued in lieu of a share certificate surrendered for cancellation or such

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other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by the Stock Exchange.

(C) Requests by joint holders

In the case of shares registered jointly in the names of several persons any such request may be made by any one of the registered joint holders.

23. Replacement share certificates

Subject to the provisions of the Statutes, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Stock Exchange or on behalf of its or their client or clients as the Directors of the Company shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding S\$2 as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.

CALLS ON SHARES

24. Calls on shares

The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.

25. Notice of calls

Each member shall (subject to receiving at least 14 days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.

26. Interest on unpaid calls

If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding ten per cent. per annum) as the Directors may determine but the Directors shall be at liberty in any case or cases to waive payment of such interest wholly or in part.

27. When calls made and payable

Any sum which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of this Constitution be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In case of non-payment all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

28. Power of Directors to differentiate

The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment.

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29. Payment of cash in advance

The Directors may if they think fit receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish pro tanto the liability upon the shares in respect of which it is made and upon the money so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding eight per cent. per annum) as the member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not, while carrying interest, confer a right to participate in profits.

FORFEITURE AND LIEN

30. Notice requiring payment of calls

If a member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment.

31. Notice to state place and time of payment

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call has been made will be liable to be forfeited.

32. Forfeiture on non-compliance with notice

If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.

33. Sale of forfeited shares

A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. The Directors may, if necessary, authorise some person to transfer or effect the transfer of a forfeited or surrendered share to any such other person as aforesaid.

34. Rights and liabilities of members whose shares have been forfeited

A member whose shares have been forfeited or surrendered shall cease to be a member in respect of the shares but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the shares with interest thereon at eight per cent. per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment and the Directors may at their absolute discretion enforce payment without any allowance for the value of the shares at that time of forfeiture or surrender or waive payment in whole or in part.

35. Company to have paramount lien

The Company shall have a first and paramount lien on every share (not being a fully paid share) and dividends from time to time declared in respect of such shares. Such lien shall be restricted to unpaid calls and instalments upon

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the specific shares in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the member or deceased member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this article.

36. Sale of shares subject to lien

The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of 14 days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.

37. Application of sale proceeds

The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities and any residue shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assigns, or as he may direct. For the purpose of giving effect to any such sale the Directors may authorise some person to transfer or effect the transfer of the shares sold to the purchaser.

38. Title to forfeited or surrendered shares

A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together (where the same be required) with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, to the Depository or its nominee (as the case may be)) or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute good title to the share and the share shall be registered in the name of the person to whom the share is sold, re-allotted or disposed of or, where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

TRANSFER OF SHARES

39. Form and execution of transfer

All transfers of the legal title in shares may be effected by the registered holders thereof by transfer in writing in the form for the time being approved by the Stock Exchange or in any other form acceptable to the Directors. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, Provided always that an instrument of transfer in respect of which the transferee is the Depository or its nominee (as the case may be) shall be effective although not signed or witnessed by or on behalf of the Depository or its nominee (as the case may be). The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.

40. Closure of transfer books and Register of Members

The Register of Members may be closed at such times and for such period as the Directors may from time to time determine, Provided always that such Register shall not be closed for more than 30 days in any calendar year, Provided always that the Company shall give prior notice of such closure as may be required to the Stock Exchange, stating the period and purpose or purposes for which the closure is made.

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41. (A) Directors' power to decline to register transfer

There shall be no restriction on the transfer of fully paid-up shares (except where required by law or the listing rules of, or bye-laws and rules governing, the Stock Exchange) but the Directors may, in their sole discretion, decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid-up may refuse to register a transfer to a transferee of whom they do not approve, Provided always that in the event of the Directors refusing to register a transfer of shares, they shall within ten Market Days beginning with the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.

(B) When Directors may refuse to register a transfer

The Directors may in their sole discretion refuse to register any instrument of transfer of shares unless:

- (a) such fee not exceeding S\$2 as the Directors may from time to time require, is paid to the Company in respect thereof;*
- (b) the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;*
- (c) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if any), the certificates of the shares to which the transfer relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and*
- (d) the instrument of transfer is in respect of only one class of shares.*

42. Notice of refusal to register a transfer

If the Directors refuse to register a transfer of any shares, they shall within ten Market Days after the date on which the transfer was lodged with the Company send to the transferor and the transferee notice of the refusal as required by the Statutes.

43. Retention of transfers

All instruments of transfer which are registered may be retained by the Company.

44. Fees for registration of transfer

There shall be paid to the Company in respect of the registration of any instrument of transfer or probate or letters of administration or certificate of marriage or death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members affecting the title to any shares such fee not exceeding S\$2 as the Directors may from time to time require or prescribe.

45. Destruction of transfers

The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register of Members purporting

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to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company; Provided always that:

- (a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;*
- (b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this article; and*
- (c) references herein to the destruction of any document include references to the disposal thereof in any manner.*

46. Survivor or legal personal representatives of deceased member

(A) Survivor or legal personal representatives of deceased member

In the case of the death of a member whose name is entered in the Register of Members, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.

(B) Survivor or legal personal representatives of deceased Depositor

In the case of the death of a member who is a Depositor, the survivors or survivor where the deceased is a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder and where such executors or administrators are entered in the Depository Register in respect of any shares of the deceased member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.

(C) Estate of deceased holder

Nothing in this article shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.

47. Transmission of shares

Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the Register of Members may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his legal title to the share either be registered himself as holder of the share upon giving to the Company notice in writing of such desire or transfer such share to some other person. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the person whose name is entered in the Register of Members had not occurred and the notice or transfer were a transfer executed by such person.

48. Rights of person on transmission of shares

Save as otherwise provided by or in accordance with this Constitution, a person becoming entitled to a share pursuant to article 46(A) or (B) or article 47 (upon supplying to the Company such evidence as the Directors may

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reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages as those to which he would be entitled if he were the member in respect of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to meetings of the Company until he shall have been registered as a member in the Register of Members or his name shall have been entered in the Depository Register in respect of the share.

STOCK

49. Conversion of shares to stock and reconversion

The Company may from time to time by Ordinary Resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares.

50. Transfer of stock

The holders of stock may transfer the same or any part thereof in the same manner and subject to the same articles as and subject to which the shares from which the stock arose might previously to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units as the Directors may from time to time determine.

51. Rights of stockholders

The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by the number of stock units which would not, if existing in shares, have conferred such privilege or advantage; and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted."

2. The rights of Shareholders in respect of dividends

"DIVIDENDS

124. Declaration of dividends

The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.

125. Interim dividends

If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

126. Apportionment of dividends

Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:

- a. all dividends in respect of shares must be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and*

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- b. all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.*

For the purposes of this article, an amount paid or credited as paid on a share in advance of a call is to be ignored.

127. *Dividends payable out of profits*

No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.

128. *No interest on dividends*

No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.

129. *Retention of dividends on shares subject to lien*

The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

130. *Retention of dividends pending transmission*

The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.

131. *Waiver of dividends*

The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

132. *Unclaimed dividends or other moneys*

The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or any such moneys unclaimed after a period of six years from the date they are first payable shall be forfeited and shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six years has elapsed from the date such dividend or other moneys are first payable.

133. *Payment of a dividend in specie*

The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty

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arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

133A.

(A) Scrip dividend scheme

Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on shares of a particular class in the capital of the Company, the Directors may further resolve that members entitled to such dividend be entitled to elect to receive an allotment of shares of that class credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:

- (a) the basis of any such allotment shall be determined by the Directors;*
- (b) the Directors shall determine the manner in which members shall be entitled to elect to receive an allotment of shares of the relevant class credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to members, providing for forms of election for completion by members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this article 133A;*
- (c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded, Provided always that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and*
- (d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on the shares of the relevant class in respect whereof the share election has been duly exercised (the "elected shares") and, in lieu and in satisfaction thereof, shares of the relevant class shall be allotted and credited as fully paid to the holders of the elected shares on the basis of allotment determined as aforesaid. For such purpose and notwithstanding the provisions of article 138, the Directors shall (i) capitalise and apply out of the amount standing to the credit of any of the Company's reserve accounts or any amount standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of shares for allotment and distribution to and among the holders of the elected shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected shares towards payment of the appropriate number of shares of the relevant class for allotment and distribution to and among the holders of the elected shares on such basis.*

(B) Ranking of shares

The shares of the relevant class allotted pursuant to the provisions of article 133A(A) shall rank pari passu in all respects with the shares of that class then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid,

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made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.

(C) Record date

The Directors may, on any occasion when they resolve as provided in article 133A(A), determine that rights of election under that article shall not be made available to the persons who are registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of shares, the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of this article 133A shall be read and construed subject to such determination.

(D) Eligibility

The Directors may, on any occasion when they resolve as provided in article 133A(A), further determine that no allotment of shares or rights of election for shares under article 133A(A) shall be made available or made to members whose registered addresses entered in the Register of Members or (as the case may be) the Depository Register is outside Singapore or to such other members or class of members as the Directors may in their sole discretion decide and in such event the only entitlement of the members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.

(E) Disapplication

Notwithstanding the foregoing provisions of this article 133A, if at any time after the Directors' resolution to apply the provisions of article 133A(A) in relation to any dividend but prior to the allotment of shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their discretion and as they deem fit in the interest of the Company and without assigning any reason therefor, cancel the proposed application of article 133A(A).

(F) Fractional entitlements

The Directors may do all acts and things considered necessary or expedient to give effect to the provisions of article 133A(A), with full power to make such provisions as they think fit in the case of shares of the relevant class becoming distributable in fractions (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down).

134. Dividends payable by cheque or warrant

Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

135. Payment to Depository good discharge

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Notwithstanding the provisions of article 134 and the provisions of article 137, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.

136. Resolution declaring dividends

If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.

137. Payment of dividends to joint holders

Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.

BONUS ISSUES AND CAPITALISATION OF PROFITS AND RESERVES

138A.

(A) Power to issue free bonus shares and/or to capitalise reserves

The Directors may, with the sanction of an Ordinary Resolution of the Company, including any Ordinary Resolution passed pursuant to article 11(B):

- (a) *issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:*

- (i) *the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or*
- (ii) *(in the case of an Ordinary Resolution passed pursuant to article 11(B)) such other date as may be determined by the Directors,*

in proportion to their then holdings of shares; and/or

- (b) *capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:*

- (i) *the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or*
- (ii) *(in the case of an Ordinary Resolution passed pursuant to article 11(B)) such other date as may be determined by the Directors,*

in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full new shares (or, subject to any special rights previously conferred on any shares or

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class of shares for the time being issued, new shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.

(B) Power of Directors to give effect to bonus issues and capitalisations

The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue and/or capitalisation under article 138(A), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

138. Resolution declaring dividends

In addition and without prejudice to the powers provided for by article 138, the Directors shall have power to issue shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new shares, in each case on terms that such shares shall, upon issue:

- a. be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting and on such terms as the Directors shall think fit; or*
- b. be held by or for the benefit of non-executive Directors as part of their remuneration under article 82 and/or article 83(A) approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit.*

The Directors may do all such acts and things considered necessary or expedient to give effect to any of the foregoing.”

3. The rights of Shareholders in respect of voting

“PROCEEDINGS AT GENERAL MEETINGS

58. Chairman of General Meeting

The Chairman of the Board of Directors, failing whom the Deputy Chairman, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any meeting neither be present within ten minutes after the time appointed for holding the meeting and willing to act, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the members present shall choose one of their number) to be chairman of the meeting.

59. Quorum

No business other than the appointment of a chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two or more members present in person or by proxy. Provided always that (i) a proxy representing more than one member shall only count as one member for the purpose of determining the quorum; and (ii) where a member is represented by more than one proxy such proxies shall count as only one member for the purpose of determining the quorum.

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60. If quorum not present, adjournment or dissolution of meeting

If within 30 minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday then to the next business day following that public holiday) at the same time and place or such other day, time or place as the Directors may by not less than ten days' notice appoint. At the adjourned meeting any one or more members present in person or by proxy shall be a quorum.

61. Business at adjourned meeting

The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for 30 days or more or sine die, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.

62. Notice of adjournment not required

Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

63. Amendment of resolutions

If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

64. (A) Mandatory polling

If required by the listing rules of the Stock Exchange, all resolutions at General Meetings shall be voted by poll (unless such requirement is waived by the Stock Exchange).

(B) Method of voting where mandatory polling not required

Subject to article 64(A), at any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:

- (a) the chairman of the meeting; or*
- (b) not less than two members present in person or by proxy and entitled to vote at the meeting; or*
- (c) a member present in person or by proxy and representing not less than five per cent. of the total voting rights of all the members having the right to vote at the meeting; or*
- (d) a member present in person or by proxy and holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than five per cent. of the total sum paid up on all the shares conferring that right.*

A demand for a poll made pursuant to this article 64(B) may be withdrawn only with the approval of the chairman of the meeting, and any such demand shall not prevent the continuance of the meeting for the transaction of

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any business other than the question on which the poll has been demanded. Unless a poll is demanded, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution.

65. Taking a poll

Where a poll is taken, it shall be taken in such manner (including the use of ballot or voting papers) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was taken. The chairman of the meeting may (and, if required by the listing rules of the Stock Exchange or if so directed by the meeting, shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

66. Timing for taking a poll

A poll on the choice of a chairman or on a question of adjournment shall be taken immediately. A poll on any other question shall be taken either immediately or at such subsequent time (not being more than 30 days from the date of the meeting) and place as the chairman may direct. No notice need be given of a poll not taken immediately.

67. Casting vote of chairman

In the case of an equality of votes, whether on a poll or on a show of hands, the chairman of the meeting at which the poll or show of hands takes place shall be entitled to a casting vote.

VOTES OF MEMBERS

68. How members may vote

Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to article 13(C), each member entitled to vote may vote in person or by proxy. Every member who is present in person or by proxy shall:

(A) on a poll, have one vote for every share which he holds or represents; and

(B) on a show of hands, have one vote, Provided always that:

(a) in the case of a member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and

(b) in the case of a member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.

For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company.

69. Voting rights of joint holders

In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined

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by the order in which the names stand in the Register of Members or (as the case may be) the Depository Register in respect of the share.

70. Voting by receivers

Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member to vote in person or by proxy at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company.

71. Entitlement of members to vote

No member shall, unless the Directors otherwise determine, be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company if any call or other sum presently payable by him to the Company in respect of such shares remains unpaid.

72. When objection to admissibility of votes may be made

No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.

73. Vote on a poll

On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

74. (A) Appointment of proxies

Save as otherwise provided in the Act:

- (a) a member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the same General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy; and*
- (b) a member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.*

(B) Shares entered in Depository Register

In any case where a member is a Depositor, the Company shall be entitled and bound:

- (a) to reject any instrument of proxy lodged by that Depositor if he is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company; and*

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- (b) *to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by that Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.*

(C) Notes and instructions

The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.

(D) Proxy need not be a member

A proxy need not be a member of the Company.

75. (A) Execution of proxies

An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and:

(a) *in the case of an individual, shall be:*

- (i) *signed by the appointor or his attorney if the instrument is delivered personally or sent by post; or*
- (ii) *authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and*

(b) *in the case of a corporation, shall be:*

- (i) *either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation if the instrument is delivered personally or sent by post; or*
- (ii) *authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.*
- (iii) *The Directors may, for the purposes of articles 75(A)(a)(ii) and 75(A)(b)(ii), designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.*

(B) Witness and authority

The signature on, or authorisation of, such instrument need not be witnessed. Where an instrument appointing a proxy is signed or authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to article 76(A), failing which the instrument may be treated as invalid.

(C) Directors may approve method and manner, and designate procedure, for electronic communications

The Directors may, in their absolute discretion:

- (a) *approve the method and manner for an instrument appointing a proxy to be authorised; and*

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(b) *designate the procedure for authenticating an instrument appointing a proxy,*

as contemplated in articles 75(A)(a)(ii) and 75(A)(b)(ii) for application to such members or class of members as they may determine. Where the Directors do not so approve and designate in relation to a member (whether of a class or otherwise), article 75(A)(a)(i) and/or (as the case may be) article 75(A)(b)(i) shall apply.

76. Deposit of proxies

(A) *An instrument appointing a proxy:*

(a) if sent personally or by post, must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office); or

(b) if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting,

and in either case, not less than 72 hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates; Provided always that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered in accordance with this article 76 for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.

(B) Directors may specify means for electronic communications

The Directors may, in their absolute discretion, and in relation to such members or class of members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in article 76(A)(b). Where the Directors do not so specify in relation to a member (whether of a class or otherwise), article 76(A)(a) shall apply.

77. Rights of proxies

An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting.

78. Intervening death or mental disorder

A vote cast by proxy shall not be invalidated by the previous death or mental disorder of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made, Provided always that no intimation in writing of such death, mental disorder or revocation shall have been received by the Company at the Office at least one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

CORPORATIONS ACTING BY REPRESENTATIVES

79. Corporations acting by representatives

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Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of this Constitution (but subject to the Act) be deemed to be present in person at any such meeting if a person so authorised is present thereat.”

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CLI

The rights of CLI Shareholders in respect of capital, dividends and voting as extracted and reproduced from the Constitution of CLI are set out below:

All capitalised terms used in the following extracts shall have the same meanings given to them in the Constitution of CLI, a copy of which is available for inspection at the CLI's registered office during normal business hours from the date of this Scheme Document up until Effective Date.

1. The rights of CLI Shareholders in respect of capital

"ISSUE OF SHARES

6. (A) Shares of a class other than ordinary shares

The rights attaching to shares of a class other than ordinary shares shall be expressed in this Constitution.

(B) Issue of shares for no consideration

The Company may issue shares for which no consideration is payable to the Company.

7. Issue of shares

Subject to the Statutes and this Constitution, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to article 11, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, Provided always that:

(a) (subject to any direction to the contrary that may be given by the Company in General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of article 11(A) with such adaptations as are necessary shall apply; and

(b) any other issue of shares, the aggregate of which would exceed the limits referred to in article 11(B), shall be subject to the approval of the Company in General Meeting.

8. (A) Preference shares

Preference shares may be issued subject to such limitation thereof as may be prescribed by the Stock Exchange. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrear.

(B) Preference shares

The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

VARIATION OF RIGHTS

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9. Variation of rights

Whenever the share capital of the Company is divided into different classes of shares, subject to the provisions of the Statutes, preference capital, other than redeemable preference capital, may be repaid and the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so repaid, varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up. To every such separate General Meeting all the provisions of this Constitution relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, Provided always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-quarters of the issued shares of the class concerned within two months of such General Meeting shall be as valid and effectual as a Special Resolution carried at such General Meeting. The foregoing provisions of this article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

10. Issue of further shares ranking pari passu

The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.

ALTERATION OF SHARE CAPITAL

11. (A) Offer of new shares to members

Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the listing rules of the Stock Exchange, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this article 11(A).

(B) General authority

Notwithstanding article 11(A), the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:

(a)

- (i) *issue shares of the Company ("shares") whether by way of rights, bonus or otherwise; and/or*

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(ii) *make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and*

(b) *(notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,*

Provided always that:

(1) *the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Stock Exchange;*

(2) *in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the listing rules of the Stock Exchange for the time being in force (unless such compliance is waived by the Stock Exchange) and this Constitution; and*

(3) *(unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Statutes (whichever is the earliest).*

(C) *Except so far as otherwise provided by the conditions of issue or by this Constitution, all new shares shall be subject to the provisions of the Statutes and of this Constitution with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.*

12. (A) Power to consolidate, sub-divide and redenominate shares

The Company may by Ordinary Resolution:

(a) *consolidate and divide all or any of its shares;*

(b) *sub-divide its shares, or any of them (subject, nevertheless, to the provisions of the Statutes and this Constitution), and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to new shares; and*

(c) *subject to the provisions of the Statutes, convert its share capital or any class of shares from one currency to another currency.*

(B) *The Company may by Special Resolution, subject to and in accordance with the Statutes, convert one class of shares into another class of shares.*

13. (A) Power to reduce capital

The Company may reduce its share capital or any undistributable reserve in any manner and with and subject to any incident authorised and consent required by law.

(B) Power to repurchase shares

The Company may, subject to and in accordance with the Act, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. If required by

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the Act, any share which is so purchased or acquired by the Company shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to this Constitution, the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.

(C) Treasury shares

The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.

SHARES

14. Absolute owner of shares

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by this Constitution or by law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository or its nominee (as the case may be)) entered in the Register of Members as the registered holder thereof or (as the case may be) the person whose name is entered in the Depository Register in respect of that share.

15. Rights and privileges of new shares

Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution or, if required by the Statutes, by Special Resolution determine (or, in the absence of any such determination, but subject to the Statutes, as the Directors may determine) and subject to the provisions of the Statutes, the Company may issue preference shares which are, or at the option of the Company are, liable to be redeemed.

16. Power of Directors to issue shares

Subject to the provisions of this Constitution and of the Statutes relating to authority, pre-emption rights and otherwise and of any resolution of the Company in General Meeting passed pursuant thereto, all new shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.

17. Power to pay commission and brokerage

The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.

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18. Allotment of shares

Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten Market Days of the closing date (or such other period as may be approved by the Stock Exchange) of any such application. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder or (as the case may be) before that share is entered against the name of a Depositor in the Depository Register, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

SHARE CERTIFICATES

19. Share certificates

Every share certificate shall be issued in accordance with the requirements of the Act and be under the Seal or signed in the manner set out in the Act. No certificate shall be issued representing shares of more than one class.

20. (A) Joint holders

The Company shall not be bound to register more than three persons as the registered holders of a share except in the case of executors or administrators (or trustees) of the estate of a deceased member.

(B) Issue of certificate to joint holders

In the case of a share registered jointly in the names of several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to any one of the registered joint holders shall be sufficient delivery to all.

21. Entitlement to certificate

Every person whose name is entered as a member in the Register of Members shall be entitled to receive, within ten Market Days (or such other period as may be approved by the Stock Exchange) of the closing date of any application for shares or, as the case may be, the date of lodgement of a registrable transfer, one certificate for all his shares of any one class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred. Where such a member transfers part only of the shares comprised in a certificate, the old certificate shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and such member shall pay a maximum fee of S\$2 for each new certificate or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by the Stock Exchange.

22. (A) Consolidation of share certificates

Any two or more certificates representing shares of any one class held by any person whose name is entered in the Register of Members may at his request be cancelled and a single new certificate for such shares issued in lieu without charge.

(B) Sub-division of share certificates

If any person whose name is entered in the Register of Members shall surrender for cancellation a share certificate representing shares held by him and request the Company to issue in lieu two or more share certificates representing such shares in such proportions as he may specify, the Directors may, if they think fit, comply with such request. Such person shall (unless such fee is waived by the Directors) pay a maximum fee of S\$2 for each share certificate issued in lieu of a share certificate surrendered for cancellation or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by the Stock Exchange.

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(C) Requests by joint holders

In the case of shares registered jointly in the names of several persons any such request may be made by any one of the registered joint holders.

23. Replacement share certificates

Subject to the provisions of the Statutes, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Stock Exchange or on behalf of its or their client or clients as the Directors of the Company shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding S\$2 as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.

CALLS ON SHARES

24. Calls on shares

The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.

25. Notice of calls

Each member shall (subject to receiving at least 14 days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.

26. Interest on unpaid calls

If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding ten per cent. per annum) as the Directors may determine but the Directors shall be at liberty in any case or cases to waive payment of such interest wholly or in part.

27. When calls made and payable

Any sum which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of this Constitution be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In case of non-payment all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

28. Power of Directors to differentiate

The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment.

29. Payment of cash in advance

The Directors may if they think fit receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish

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pro tanto the liability upon the shares in respect of which it is made and upon the money so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding eight per cent. per annum) as the member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not, while carrying interest, confer a right to participate in profits.

FORFEITURE AND LIEN

30. Notice requiring payment of calls

If a member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment.

31. Notice to state place and time of payment

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call has been made will be liable to be forfeited.

32. Forfeiture on non-compliance with notice

If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.

33. Sale of forfeited shares

A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. The Directors may, if necessary, authorise some person to transfer or effect the transfer of a forfeited or surrendered share to any such other person as aforesaid.

34. Rights and liabilities of members whose shares have been forfeited

A member whose shares have been forfeited or surrendered shall cease to be a member in respect of the shares but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the shares with interest thereon at eight per cent. per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment and the Directors may at their absolute discretion enforce payment without any allowance for the value of the shares at that time of forfeiture or surrender or waive payment in whole or in part.

35. Company to have paramount lien

The Company shall have a first and paramount lien on every share (not being a fully paid share) and dividends from time to time declared in respect of such shares. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the member or deceased member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this article.

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36. Sale of shares subject to lien

The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of 14 days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.

37. Application of sale proceeds

The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities and any residue shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assigns, or as he may direct. For the purpose of giving effect to any such sale the Directors may authorise some person to transfer or effect the transfer of the shares sold to the purchaser.

38. Title to forfeited or surrendered shares

A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together (where the same be required) with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, to the Depository or its nominee (as the case may be)) or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute good title to the share and the share shall be registered in the name of the person to whom the share is sold, re-allotted or disposed of or, where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

TRANSFER OF SHARES

39. Form and execution of transfer

All transfers of the legal title in shares may be effected by the registered holders thereof by transfer in writing in the form for the time being approved by the Stock Exchange or in any other form acceptable to the Directors. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, Provided always that an instrument of transfer in respect of which the transferee is the Depository or its nominee (as the case may be) shall be effective although not signed or witnessed by or on behalf of the Depository or its nominee (as the case may be). The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.

40. Closure of transfer books and Register of Members

The Register of Members may be closed at such times and for such period as the Directors may from time to time determine, Provided always that such Register shall not be closed for more than 30 days in any calendar year, Provided always that the Company shall give prior notice of such closure as may be required to the Stock Exchange, stating the period and purpose or purposes for which the closure is made.

41. (A) Directors' power to decline to register transfer

There shall be no restriction on the transfer of fully paid-up shares (except where required by law or the listing rules of, or bye-laws and rules governing, the Stock Exchange) but the Directors may, in their sole discretion, decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid-up may refuse to register a transfer to a transferee of whom they do not approve,

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Provided always that in the event of the Directors refusing to register a transfer of shares, they shall within ten Market Days beginning with the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.

(B) When Directors may refuse to register a transfer

The Directors may in their sole discretion refuse to register any instrument of transfer of shares unless:

- (a) such fee not exceeding S\$2 as the Directors may from time to time require, is paid to the Company in respect thereof;*
- (b) the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;*
- (c) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if any), the certificates of the shares to which the transfer relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and*
- (d) the instrument of transfer is in respect of only one class of shares.*

42. Notice of refusal to register a transfer

If the Directors refuse to register a transfer of any shares, they shall within ten Market Days after the date on which the transfer was lodged with the Company send to the transferor and the transferee notice of the refusal as required by the Statutes.

43. Retention of transfers

All instruments of transfer which are registered may be retained by the Company.

44. Fees for registration of transfer

There shall be paid to the Company in respect of the registration of any instrument of transfer or probate or letters of administration or certificate of marriage or death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members affecting the title to any shares such fee not exceeding S\$2 as the Directors may from time to time require or prescribe.

45. Destruction of transfers

The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company; Provided always that:

- (a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;*

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(b) *nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this article; and*

(c) *references herein to the destruction of any document include references to the disposal thereof in any manner.*

46. Survivor or legal personal representatives of deceased member

(A) Survivor or legal personal representatives of deceased member

In the case of the death of a member whose name is entered in the Register of Members, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.

(B) Survivor or legal personal representatives of deceased Depositor

In the case of the death of a member who is a Depositor, the survivors or survivor where the deceased is a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder and where such executors or administrators are entered in the Depository Register in respect of any shares of the deceased member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.

(C) Estate of deceased holder

Nothing in this article shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.

47. Transmission of shares

Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the Register of Members may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his legal title to the share either be registered himself as holder of the share upon giving to the Company notice in writing of such desire or transfer such share to some other person. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the person whose name is entered in the Register of Members had not occurred and the notice or transfer were a transfer executed by such person.

48. Rights of person on transmission of shares

Save as otherwise provided by or in accordance with this Constitution, a person becoming entitled to a share pursuant to article 46(A) or (B) or article 47 (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages as those to which he would be entitled if he were the member in respect of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to meetings of the Company until he shall have been registered as a member in the Register of Members or his name shall have been entered in the Depository Register in respect of the share.

STOCK

49. Conversion of shares to stock and reconversion

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The Company may from time to time by Ordinary Resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares.

50. Transfer of stock

The holders of stock may transfer the same or any part thereof in the same manner and subject to the same articles as and subject to which the shares from which the stock arose might previously to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units as the Directors may from time to time determine.

51. Rights of stockholders

The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by the number of stock units which would not, if existing in shares, have conferred such privilege or advantage; and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted."

2. The rights of CLI Shareholders in respect of dividends

"DIVIDENDS

124. Declaration of dividends

The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.

125. Interim dividends

If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

126. Apportionment of dividends

Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:

- a. all dividends in respect of shares must be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and*
- b. all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.*

For the purposes of this article, an amount paid or credited as paid on a share in advance of a call is to be ignored.

127. Dividends payable out of profits

No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.

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128. No interest on dividends

No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.

129. Retention of dividends on shares subject to lien

The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

130. Retention of dividends pending transmission

The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.

131. Waiver of dividends

The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

132. Unclaimed dividends or other moneys

The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or any such moneys unclaimed after a period of six years from the date they are first payable shall be forfeited and shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six years has elapsed from the date such dividend or other moneys are first payable.

133. Payment of a dividend in specie

The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

133A.

(A) Scrip dividend scheme

Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on shares of a particular class in the capital of the Company, the Directors may further resolve that members entitled to such dividend be entitled to

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elect to receive an allotment of shares of that class credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:

- (a) the basis of any such allotment shall be determined by the Directors;*
- (b) the Directors shall determine the manner in which members shall be entitled to elect to receive an allotment of shares of the relevant class credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to members, providing for forms of election for completion by members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this article 133A;*
- (c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded, Provided always that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and*
- (d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on the shares of the relevant class in respect whereof the share election has been duly exercised (the “elected shares”) and, in lieu and in satisfaction thereof, shares of the relevant class shall be allotted and credited as fully paid to the holders of the elected shares on the basis of allotment determined as aforesaid. For such purpose and notwithstanding the provisions of article 138, the Directors shall (i) capitalise and apply out of the amount standing to the credit of any of the Company’s reserve accounts or any amount standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of shares for allotment and distribution to and among the holders of the elected shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected shares towards payment of the appropriate number of shares of the relevant class for allotment and distribution to and among the holders of the elected shares on such basis.*

(B) Ranking of shares

The shares of the relevant class allotted pursuant to the provisions of article 133A(A) shall rank pari passu in all respects with the shares of that class then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.

(C) Record date

The Directors may, on any occasion when they resolve as provided in article 133A(A), determine that rights of election under that article shall not be made available to the persons who are registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of shares, the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of this article 133A shall be read and construed subject to such determination.

(D) Eligibility

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The Directors may, on any occasion when they resolve as provided in article 133A(A), further determine that no allotment of shares or rights of election for shares under article 133A(A) shall be made available or made to members whose registered addresses entered in the Register of Members or (as the case may be) the Depository Register is outside Singapore or to such other members or class of members as the Directors may in their sole discretion decide and in such event the only entitlement of the members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.

(E) Disapplication

Notwithstanding the foregoing provisions of this article 133A, if at any time after the Directors' resolution to apply the provisions of article 133A(A) in relation to any dividend but prior to the allotment of shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their discretion and as they deem fit in the interest of the Company and without assigning any reason therefor, cancel the proposed application of article 133A(A).

(F) Fractional entitlements

The Directors may do all acts and things considered necessary or expedient to give effect to the provisions of article 133A(A), with full power to make such provisions as they think fit in the case of shares of the relevant class becoming distributable in fractions (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down).

134. Dividends payable by cheque or warrant

Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

135. Payment to Depository good discharge

Notwithstanding the provisions of article 134 and the provisions of article 137, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.

136. Resolution declaring dividends

If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.

137. Payment of dividends to joint holders

Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered

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as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.

BONUS ISSUES AND CAPITALISATION OF PROFITS AND RESERVES

138A.

(A) Power to issue free bonus shares and/or to capitalise reserves

The Directors may, with the sanction of an Ordinary Resolution of the Company, including any Ordinary Resolution passed pursuant to article 11(B):

(a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:

(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an Ordinary Resolution passed pursuant to article 11(B)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares; and/or

(b) capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:

(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an Ordinary Resolution passed pursuant to article 11(B)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full new shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, new shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.

(B) Power of Directors to give effect to bonus issues and capitalisations

The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue and/or capitalisation under article 138(A), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

138. Resolution declaring dividends

In addition and without prejudice to the powers provided for by article 138, the Directors shall have power to issue shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of

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the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new shares, in each case on terms that such shares shall, upon issue:

- a. *be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting and on such terms as the Directors shall think fit; or*
- b. *be held by or for the benefit of non-executive Directors as part of their remuneration under article 82 and/or article 83(A) approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit.*

The Directors may do all such acts and things considered necessary or expedient to give effect to any of the foregoing."

3. The rights of CLI Shareholders in respect of voting

"PROCEEDINGS AT GENERAL MEETINGS

58. Chairman of General Meeting

The Chairman of the Board of Directors, failing whom the Deputy Chairman, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any meeting neither be present within ten minutes after the time appointed for holding the meeting and willing to act, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the members present shall choose one of their number) to be chairman of the meeting.

59. Quorum

No business other than the appointment of a chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two or more members present in person or by proxy. Provided always that (i) a proxy representing more than one member shall only count as one member for the purpose of determining the quorum; and (ii) where a member is represented by more than one proxy such proxies shall count as only one member for the purpose of determining the quorum.

60. If quorum not present, adjournment or dissolution of meeting

If within 30 minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday then to the next business day following that public holiday) at the same time and place or such other day, time or place as the Directors may by not less than ten days' notice appoint. At the adjourned meeting any one or more members present in person or by proxy shall be a quorum.

61. Business at adjourned meeting

The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for 30 days or more or sine die, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.

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62. Notice of adjournment not required

Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

63. Amendment of resolutions

If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

64. (A) Mandatory polling

If required by the listing rules of the Stock Exchange, all resolutions at General Meetings shall be voted by poll (unless such requirement is waived by the Stock Exchange).

(B) Method of voting where mandatory polling not required

Subject to article 64(A), at any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:

- (a) the chairman of the meeting; or*
- (b) not less than two members present in person or by proxy and entitled to vote at the meeting; or*
- (c) a member present in person or by proxy and representing not less than five per cent. of the total voting rights of all the members having the right to vote at the meeting; or*
- (d) a member present in person or by proxy and holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than five per cent. of the total sum paid up on all the shares conferring that right.*

A demand for a poll made pursuant to this article 64(B) may be withdrawn only with the approval of the chairman of the meeting, and any such demand shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded. Unless a poll is demanded, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution.

65. Taking a poll

Where a poll is taken, it shall be taken in such manner (including the use of ballot or voting papers) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was taken. The chairman of the meeting may (and, if required by the listing rules of the Stock Exchange or if so directed by the meeting, shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

66. Timing for taking a poll

A poll on the choice of a chairman or on a question of adjournment shall be taken immediately. A poll on any other question shall be taken either immediately or at such subsequent time (not being more than 30 days from the date of the meeting) and place as the chairman may direct. No notice need be given of a poll not taken immediately.

67. Casting vote of chairman

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In the case of an equality of votes, whether on a poll or on a show of hands, the chairman of the meeting at which the poll or show of hands takes place shall be entitled to a casting vote.

VOTES OF MEMBERS

68. How members may vote

Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to article 13(C), each member entitled to vote may vote in person or by proxy. Every member who is present in person or by proxy shall:

(A) on a poll, have one vote for every share which he holds or represents; and

(B) on a show of hands, have one vote, Provided always that:

(a) in the case of a member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and

(b) in the case of a member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.

For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company.

69. Voting rights of joint holders

In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or (as the case may be) the Depository Register in respect of the share.

70. Voting by receivers

Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member to vote in person or by proxy at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company.

71. Entitlement of members to vote

No member shall, unless the Directors otherwise determine, be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company if any call or other sum presently payable by him to the Company in respect of such shares remains unpaid.

72. When objection to admissibility of votes may be made

No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for

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all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.

73. Vote on a poll

On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

74. (A) Appointment of proxies

Save as otherwise provided in the Act:

- (a) a member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the same General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy; and*
- (b) a member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.*

(B) Shares entered in Depository Register

In any case where a member is a Depositor, the Company shall be entitled and bound:

- (a) to reject any instrument of proxy lodged by that Depositor if he is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company; and*
- (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by that Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.*

(C) Notes and instructions

The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.

(D) Proxy need not be a member

A proxy need not be a member of the Company.

75. (A) Execution of proxies

An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and:

- (a) in the case of an individual, shall be:*
 - (i) signed by the appointor or his attorney if the instrument is delivered personally or sent by post;*
 - or*

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(ii) *authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and*

(b) *in the case of a corporation, shall be:*

(i) *either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation if the instrument is delivered personally or sent by post; or*

(ii) *authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.*

(iii) *The Directors may, for the purposes of articles 75(A)(a)(ii) and 75(A)(b)(ii), designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.*

(B) Witness and authority

The signature on, or authorisation of, such instrument need not be witnessed. Where an instrument appointing a proxy is signed or authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to article 76(A), failing which the instrument may be treated as invalid.

(C) Directors may approve method and manner, and designate procedure, for electronic communications

The Directors may, in their absolute discretion:

(a) *approve the method and manner for an instrument appointing a proxy to be authorised; and*

(b) *designate the procedure for authenticating an instrument appointing a proxy,*

as contemplated in articles 75(A)(a)(ii) and 75(A)(b)(ii) for application to such members or class of members as they may determine. Where the Directors do not so approve and designate in relation to a member (whether of a class or otherwise), article 75(A)(a)(i) and/or (as the case may be) article 75(A)(b)(i) shall apply.

76. Deposit of proxies

(A) *An instrument appointing a proxy:*

(a) *if sent personally or by post, must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office); or*

(b) *if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting,*

and in either case, not less than 72 hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates; Provided always that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered in accordance with this article 76 for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.

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(B) Directors may specify means for electronic communications

The Directors may, in their absolute discretion, and in relation to such members or class of members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in article 76(A)(b). Where the Directors do not so specify in relation to a member (whether of a class or otherwise), article 76(A)(a) shall apply.

77. Rights of proxies

An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting.

78. Intervening death or mental disorder

A vote cast by proxy shall not be invalidated by the previous death or mental disorder of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made, Provided always that no intimation in writing of such death, mental disorder or revocation shall have been received by the Company at the Office at least one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

CORPORATIONS ACTING BY REPRESENTATIVES

79. Corporations acting by representatives

Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of this Constitution (but subject to the Act) be deemed to be present in person at any such meeting if a person so authorised is present thereat.

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CICT

The rights of CICT Unitholders in respect of capital, distribution and voting as extracted and reproduced from the trust deed constituting CapitaLand Mall Trust (now known as CICT) (as amended) are set out below:

All capitalised terms used in the following extracts shall have the same meanings given to them in the CICT Trust Deed, a copy of which is available for inspection at the CICT Manager's registered office during normal business hours from the date of this Scheme Document up until Effective Date.

1. The rights of CICT Unitholders in respect of capital

"PROVISIONS AS TO UNITS, HOLDERS AND STATEMENTS OF HOLDINGS"

2. (A) No Certificates.

No certificate shall be issued to Holders by either the Manager or the Trustee in respect of Units (whether Listed or Unlisted) issued to Holders. For so long as the Trust is Listed, the Manager shall pursuant to the Depository Agreement appoint the Depository as the Unit depository for the Trust, and all Units issued will be represented by entries in the Register in the name of, and deposited with, the Depository as the registered Holder thereof. The Manager or the agent appointed by the Manager shall issue to the Depository not more than 14 days after the issue of Units a confirmation note confirming the date of issue and the number of Units so issued and if applicable, also stating that the Units are issued under a moratorium and the expiry date of such moratorium and for the purposes of this Deed, such confirmation note shall be deemed to be a certificate evidencing title to the Units issued.

(B) Form of Statements of Holdings.

(i) In the event the Trust is Unlisted, the Manager or the agent appointed by the Manager shall issue to each Holder of Unlisted Units not more than one month after the allotment of Units to such Holder a confirmation note confirming such allotment. The Manager or its agent shall for so long as the Trust is Unlisted issue to each Holder of Units on a calendar quarterly basis (or such other period as may be agreed between the Manager and the Trustee) a statement of holdings (the "Statement of Holdings"). A Statement of Holdings shall be dated and shall specify the number of Units held by each Holder in respect of the preceding quarter (or such other relevant period) and the transactions in respect of such Units and shall be in such form as may from time to time be agreed between the Manager and the Trustee.

(ii) For so long as the Trust is Listed and Units are registered in the name of the Depository, the Depository shall within the relevant periods issue to each Depositor the relevant confirmation notes, monthly statements and statements of account on account of transactions in Units completed in respect of such Depositor's Securities Account.

3. Sub-division and Consolidation of Units.

The Manager may at any time with the approval of the Trustee and on prior written notice as may be approved by the Trustee given by the Manager or the Trustee to each Holder (or (as the case may be) to each Depositor by the Manager or the Trustee delivering such notice in writing to the Depository for onward delivery to the Depositors), determine that each Unit shall be sub-divided into two or more Units or consolidated and the Holders or (as the case may be), the Depositors, shall be bound accordingly. The Manager shall alter the Register accordingly as to the new number of Units held by such Holder as a result of such subdivision or consolidation and the Manager shall cause the Depository to alter the Depository Register accordingly in each relevant Depositor's Securities Account the new number of Units held by such Depositor as a result of such sub-division or consolidation.

4. Terms and Conditions of Trust Deed and Supplemental Deeds to Bind Holders.

The terms and conditions of this Deed shall be binding on each Holder or (as the case may be), each Depositor and all persons claiming through him as if he had been party thereto and as if this Deed contained covenants on the part of each Holder or (as the case may be), each Depositor to observe and be bound by all the provisions thereof and an authorisation by each Holder or (as the case may be), each Depositor to do all such acts and things

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as this Deed may require the Trustee or the Manager (as the case may be) to do. A copy of this Deed and of any supplemental deed for the time being in force shall be made available for inspection at the respective registered offices of the Trustee and of the Manager at all times during usual Business Hours and shall be supplied by the Manager to any person on application at a charge of not exceeding \$10 per copy document.

5. Units to be Held Free from Equities.

A Holder entered in the Register as the registered holder of Units or (as the case may be), a Depositor whose name is entered in the Depository Register in respect of Units registered to him, shall be the only person to be recognised by the Trustee or by the Manager as having any right, title or interest in or to the Units registered in his name and the Trustee and the Manager may recognise such Holder or Depositor as absolute owner thereof and shall not be bound by any notice to the contrary and shall not be bound to take notice of or to see to the execution of any trust, express, implied or constructive, save as herein expressly provided or save as by some court of competent jurisdiction ordered to recognise any trust or equity or other interest affecting the title to any Units. Save as herein provided in this Deed, no notice of any trust, express, implied or constructive shall be entered on the Register or the Depository Register.

6. Rights of Manager in Respect of Units not Registered.

For so long as the Trust is Unlisted, the Manager shall be treated for all the purposes of this Deed as the Holder of each Unit during such times as there shall be no other person registered or entitled to be registered as the Holder and any such Unit shall be deemed to be in issue, but so that nothing herein contained shall prevent the Manager from becoming registered as the Holder of Units.

7. Restrictions.

The Holders shall not give any directions to the Manager or the Trustee (whether at a meeting of Holders convened pursuant to Clause 39 or otherwise) if it would require the Trustee or Manager to do or omit doing anything which may result in:-

- (i) the Trust on and after the Listing Date ceasing to comply with the Listing Rules or the Property Funds Appendix; or
- (ii) the exercise of any discretion expressly conferred on the Trustee or Manager by this Deed or the determination of any matter which under this Deed requires the agreement of either or both of the Trustee and Manager.

REGISTRATION OF HOLDERS

8. (A) Register of Holders.

An up-to-date Register shall be kept and maintained in Singapore by the Trustee or its agent (including, without limitation, the Registrar) in such manner as may be required by applicable law and regulation. The Register shall be maintained at all times whether the Trust is Listed or Unlisted. The Register may be kept either in written form or by such other means (including electronic recording) as the Trustee may from time to time determine. For so long as the Trust is Listed, the Trustee shall record the Depository as the registered Holder of all Units in issue. In the event the Trust is Unlisted, the Trustee shall record each Holder as the registered Holder of Units held by such Holder. There shall be entered in the Register the following information as soon as practicable after any of the relevant events:-

- (i) the names and addresses of the Holders (and in the case where the registered Holder is the Depository, the name and address of the Depository);
- (ii) the number of Units held by each Holder;
- (iii) the date at which the name of every such person entered in respect of the Units standing in his name and where he became a Holder by virtue of an instrument of transfer a sufficient reference to enable the name and address of the transferor to be identified;

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(iv) the date on which any transfer is registered and the name and address of the transferee;
and

(v) the date on which any Units have been repurchased or redeemed pursuant to Clause 13.

Units may be issued to Joint Holders with no limit as to the number of persons who may be registered as Joint Holders.

(B) Unlisted Units.

For so long as the Trust is Unlisted, the entries in the Register shall be conclusive evidence of the number of Units held by each Holder and, in the event of discrepancy between the entries in the Register and the details appearing on any Statement of Holdings, the entries in the Register shall prevail unless the Holder proves, to the satisfaction of the Manager and the Trustee, that the Register is incorrect.

(C) Listed Units.

For so long as the Trust is Listed, the entries in the Register shall be conclusive evidence of the number of Units held by the Depository and, in the event of discrepancy between the entries in the Register and the confirmation notes issued by the Manager to the Depository, the entries in the Register shall prevail unless the Manager, the Trustee and the Depository mutually agree that the Register is incorrect. For so long as the Trust is Listed, the Manager shall have entered into the Depository Agreement for the Depository to maintain a record in the Depository Register of the Depositors having Units credited into their respective Securities Accounts and to record in the Depository Register the information referred to in sub-Clause (A)(i) to (v) in relation to each Depositor. Each Depositor named in the Depository Register shall for such period as the Units are entered against his name in the Depository Register, be deemed to be the owner in respect of the number of Units entered against such Depositor's name in the Depository Register and the Manager and the Trustee shall be entitled to rely on any and all such information in the Depository Register kept by the Depository. There is no limit to the number of persons who may be registered as Joint Depositors of Units. The entries in the Depository Register shall be conclusive evidence of the number of Units held by each Depositor and, in the event of discrepancy between the entries in the Depository Register and the details appearing as any credit confirmation note issued by the Depository, the entries in the Depository Register shall prevail unless the Depositor proves, to the satisfaction of the Manager and the Trustee, that the Depository Register is incorrect.

(D) Change of Name or Address.

For so long as the Trust is Unlisted, any change of name or address on the part of any Holder of Unlisted Units shall forthwith be notified to the Manager in writing or in such other manner as the Manager may approve, who on being satisfied thereof and on compliance with such formalities as they may require shall notify the Trustee of the same and the Trustee shall alter or cause to be altered the Register accordingly.

(E) Inspection of Register.

(i) The Trustee shall at all reasonable times during Business Hours give the Manager and its representatives access to the Register and all subsidiary documents and records and allow them to inspect and to take copies of the same with or without notice and without charge but neither the Manager nor its representatives shall be entitled to remove the same (save in the case where the Manager is required to produce the Register to a court of competent jurisdiction) or to make any entries therein or alterations thereto; and except when the Register is closed in accordance with the provisions in that behalf hereinafter contained, the Register shall during Business Hours (subject to such reasonable restrictions as the Trustee may impose but so that not less than two hours in each Business Day shall be allowed for inspection) be open to the inspection of any Holder or (as the case may be), any Depositor, without charge Provided Always That if the Register is kept on magnetic tape or in accordance with some other mechanical or electrical system the

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provisions of this sub-Clause (D) may be satisfied by the production of legible evidence of the contents of the Register.

(ii) If the Trustee is removed or retires in accordance with the provisions of Clause 31, the Trustee shall, upon receipt of a request in writing from the Manager, deliver to the Manager the Register and all subsidiary documents and records relating thereto as soon as possible and in any event so as to enable the new Trustee, if any, to carry out their obligations with regard to maintaining the Register as required by applicable law, unless the Trustee has made arrangements for the delivery of the Register and all subsidiary documents and records relating thereto to the duly appointed new Trustee (or its nominee) and have notified the Manager of the same.

(F) Closure of Register.

The Register may be closed at such times and for such periods as the Trustee may from time to time determine Provided That it shall not be closed for more than thirty days in any one year.

(G) Transfer of Units.

(i) For so long as the Trust is Listed, transfers of Units between Depositors shall be effected electronically through the Depository making an appropriate entry in the Depository Register of the Units that have been transferred in accordance with Depository Requirements and the provisions of sub-Clauses 8(G)(iii) through (vi) shall not apply. The Manager shall be entitled to appoint the Depository to facilitate transactions of Units within the Depository and maintain records of Units of Holders credited into Securities Accounts and to pay out of the Deposited Property all fees, costs and expenses of the Depository arising out of or in connection with such services to be provided by the Depository. Any transfer or dealing on the SGX-ST in Units between a Depositor and another person shall be transacted at a price agreed between the parties and settled in accordance with the Depository Requirements. The broker or other financial intermediary effecting any transfer or dealing in Units on the SGX-ST shall be deemed to be the agent duly authorised by any such Depositor or person on whose behalf the broker or intermediary is acting. In any case of transfer, all charges in relation to such transfer as may be imposed by the Manager and/or the Depository shall be borne by the Holder or (as the case may be), the Depositor, who is the transferor. There are no restrictions as to the number of Units (whether Listed or Unlisted) which may be transferred by a transferor to a transferee. For so long as the Trust is Listed, a transfer of Units credited into a Securities Account into another Securities Account, the instrument of transfer shall be in such form as provided by the Depository if applicable and the transferor shall be deemed to remain the Depositor of the Units transferred until the relevant Units have been credited into the Securities Account of the transferee or transferred out of a Securities Account and registered on the Depository Register.

(ii) For so long as the Trust is Unlisted, every Holder shall be entitled to transfer the Units or any of the Units held by him or in the case of Joint Holders by all the Joint All-Holders or by any one of the Joint-Alternate Holders as follows. For so long as the Trust is Unlisted, a transfer of Units shall be effected by an instrument of transfer in writing in common form (or in such other form as the Manager and the Trustee may from time to time approve). For so long as the Trust is Unlisted, every instrument of transfer relating to Units must be signed by the transferor and the transferee and subject to the provisions of Clause 7 and of sub-Clause (O) of this Clause, the transferor shall be deemed to remain the Holder of the Units transferred until the name of the transferee is entered in the Register in respect thereof. The instrument of transfer need not be a deed. In any case of transfer, all charges in relation to such transfer as may be imposed by the Manager shall be borne by the Holder who is the transferor. There are no restrictions as to the number of Units which may be transferred by a transferor to a transferee. Units purchased with monies from a CPF Account are not transferable.

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(iii) Every instrument of transfer must be duly stamped (if required by law) and left with the Manager who shall forthwith forward the same to the Trustee for registration accompanied by any necessary declarations or other documents that may be required in consequence of any legislation for the time being in force and by such evidence as the Trustee may require to prove the title of the transferor or his right to transfer the Units.

(iv) For so long as the Trust is Unlisted, the Trustee shall cause to be entered in the Register the date of each transfer effected in respect of Units and the name and address of the transferee.

(v) For so long as the Trust is Unlisted, all instruments of transfer which shall be registered in respect of Units shall be retained by the Trustee.

(vi) For so long as the Trust is Unlisted, a fee not exceeding \$10 (or such other amount as the Manager and the Trustee may from time to time agree), which excludes any stamp duty or other governmental taxes or charges payable, may be charged by the Trustee for the registration of any transfer by an instrument of transfer of Units. Such fee must, if required by the Trustee, be paid before the registration of any transfer.

(vii) No transfer or purported transfer of a Unit other than a transfer made in accordance with this Clause 8 shall entitle the transferee to be registered in respect thereof; neither shall any notice of such transfer or purported transfer (other than as aforesaid) be entered upon the Register or the Depository Register.

(H) Discharge to Trustee or Manager.

The receipt by the Holder of any moneys payable in respect of the Units shall be a good discharge to the Trustee or the Manager (as the case may be) and if persons are registered as Joint Holders or in consequence of the death of a Holder several persons are entitled so to be registered any one of them may give effectual receipts for any such moneys.

(I) Death of Holders.

In case of the death of any one of the Joint Holders of Units and subject to applicable law for the time being in force the survivor(s), upon producing such evidence of death as the Manager and the Trustee may require, shall be the only person or persons recognised by the Trustee and the Manager as having any title to or interest in the Units Provided That where the sole survivor is a Minor, the Manager or the Trustee shall act only on the requests, applications or instructions of the surviving Minor after he attains the age of 21 years and shall not be obligated to act on the requests, applications or instructions of the heirs, executors or administrators of the deceased Joint Holder, and shall not be liable for any claims or demands whatsoever by the heirs, executors or administrators of the deceased Joint Holder, the Minor Joint Holder or the Minor Joint Holder's legal guardian in omitting to act on any request, application or instruction given by the Minor before he attains such age or by the heirs, executors or administrators of the deceased Joint Holder.

(J) Body Corporate.

A body corporate may be registered as a Holder or as one of the Joint Holders. The successor in title of any corporate Holder which loses its legal entity by reason of a merger or amalgamation, subject to sub-Clause (O) below, shall be the only person recognised by the Trustee and the Manager as having title to the Units of such corporate Holder. A body corporate may be registered as a Depositor or as one of two Joint Depositors. The successor in title of any corporate Depositor resulting from a merger or amalgamation shall, upon producing such evidence as may be required by the Manager and the Trustee of such succession, be the only person recognised by the Trustee and the Manager as having title to the Units.

(K) Deceased Holder.

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The executors or administrators of a deceased Holder of Units (not being a Joint Holder) shall be the only persons recognised by the Trustee and the Manager as having title to the Units. In the case of the death of a Depositor, the survivors or survivor where the deceased is a Joint Depositor, and the executors or administrators of the deceased where he was a sole or only surviving Depositor and where such executors or administrators are entered in the Depository Register in respect of any Units of the deceased member, shall be the only person(s) recognised by the Manager and the Trustee as having any title to his interest in the Units.

(L) Minors.

A Minor shall not be registered as a sole Holder or as one of the Joint-Alternate Holders but may be registered as one of the Joint-All Holders Provided That each of the other Joint-All Holders is a person who has attained the age of 21 years. In the event that one of the Joint-All Holders is a Minor, the Manager and the Trustee need only act on the instructions given by the adult Joint-All Holder.

(M) Transmission.

(i) *Any person becoming entitled to a Unit in consequence of the death or bankruptcy of any sole Holder or of the survivor of Joint Holders may (subject as hereinafter provided) upon producing such evidence as to his title as the Trustee and the Manager shall think sufficient either be registered himself as Holder of such Unit upon giving to the Manager notice in writing of his desire or transfer such Unit to some other person. All the limitations, restrictions and provisions of this Deed relating to transfers shall be applicable to any such notice or transfer as if the death or bankruptcy had not occurred and such notice or transfer were a transfer executed by the Holder. All the limitations, restrictions and provisions of this Deed relating to transfers shall be applicable to any such notice or transfer as if the death or bankruptcy had not occurred and such notice or transfer were a transfer executed by the Depositor.*

(ii) *A person becoming entitled to a Unit in consequence of death or bankruptcy as aforesaid may give a discharge for all moneys payable in respect of the Unit but he shall not be entitled in respect thereof to receive notices of or to attend or vote at any meeting of Holders until he shall have been registered as the Holder of such Unit in the Register or (as the case may be), the Depositor of such Unit in the Depository Register.*

(iii) *The Trustee may retain any moneys payable in respect of any Unit of which any person is under the provisions as to the transmission of Units hereinbefore contained entitled to be registered as the Holder or which any person under those provisions is entitled to transfer until such person shall be registered as the Holder of such Units or shall duly transfer the same.*

(N) Payment of Fee.

In respect of the registration of any probate, letters of administration, power of attorney, marriage or death certificate, stop notice, order of the court, deed poll or other document relating to or affecting the title to any Unit the Trustee may require from the person applying for such registration a fee of \$10 (or such other amount as the Trustee and the Manager may from time to time agree) together with a sum sufficient in the opinion of the Trustee to cover any stamp duty or other governmental taxes or charges that may be payable in connection with such registration.

(O) Removal from Register.

For so long as the Trust is Unlisted, upon the registration of a transfer in favour of the Manager, the name of the Holder shall be removed from the Register in respect of such Units but the name of the Manager need not be entered in the Register as the Holder of such Units. Such removal shall not be treated for any purposes of this Deed as a cancellation of the Units or as withdrawing the same from issue.

(P) Registrar.

The Trustee may with the approval of the Manager at any time or from time to time appoint an agent on its behalf to keep and maintain the Register. The fees and expenses of the Registrar (as may be agreed

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from time to time between the Manager, the Trustee and the Registrar) shall be payable out of the Deposited Property of the Trust.

CONSTITUTION OF THE TRUST

9. **Deposited Property.**

The Deposited Property shall be initially constituted out of the proceeds of the issue of Units and moneys borrowed or raised to finance the acquisition of Authorised Investments.

10. (A) **Declaration of Trust.**

The Trustee shall stand possessed of the Deposited Property for the time being held by the Trustee pursuant hereto upon the trusts for the benefit of the Holders pari passu, each of whom has an undivided interest in the Deposited Property as a whole subject to the Liabilities of the Trust and subject to the provisions of this Deed and any moneys forming part of the Deposited Property shall from time to time be invested at the direction of the Manager in accordance with the provisions herein contained and so that no Unit shall confer on any Holder or (as the case may be), any Depositor or person claiming under or through him any interest or share in any particular part of the Deposited Property. Subject to this Deed:-

- (i) a Holder or a Depositor has no equitable or proprietary interest in the Deposited Property and is not entitled to the transfer to it of the Deposited Property or any part of the Deposited Property or of any estate or interest in the Deposited Property or in any part of the Deposited Property;*
- (ii) the right of a Holder in the Deposited Property and under this Deed is limited to the right to require the due administration of the Trust in accordance with this Deed including, without limitation, by suit against the Trustee or the Manager; and*
- (iii) without limiting the generality of the foregoing, each Holder or (as the case may be), each Depositor, acknowledges and agrees that:-*
 - (a) it will not commence or pursue any action against the Trustee or the Manager seeking an order for specific performance or for injunctive relief in respect of the Deposited Property or any part of the Deposited Property and hereby waives any rights it may otherwise have to such relief;*
 - (b) if the Trustee or the Manager breaches or threatens to breach its duties or obligations to a Holder under this Deed, that Holder's recourse against the Trustee or the Manager is limited to a right to recover damages or compensation from the Trustee or the Manager in a court of competent jurisdiction; and*
 - (c) damages or compensation is an adequate remedy for such breach or threatened breach.*

A Holder or (as the case may be), a Depositor, may not:-

- (iv) interfere or seek to interfere with the rights, powers, authority or discretion of the Manager or the Trustee;*
- (v) exercise any right in respect of the Deposited Property or any part of the Deposited Property or lodge any caveat or other notice affecting the Deposited Property or any part of the Deposited Property; and*
- (vi) require that any Authorised Investment forming part of the Deposited Property be transferred to a Holder or (as the case may be), a Depositor.*

(B) **Charges and Fees.**

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There shall be established an Administration Fund (the "Administration Fund") as may be required by the relevant authorities if the Trust is declared as an authorised unit trust under the Trustee Act (Chapter 337) in which the Trustee shall be entitled, from time to time, to retain such sum (if any) from the Deposited Property as the Trustee may determine, in consultation with the Manager, to be necessary for the defrayment of expenses arising from the administration of the Trust. Any sum for the time being held in the Administration Fund may be invested in such manner as the Trustee and the Manager may agree, subject always to the provision of Clauses 16 and 17 and any Income derived therefrom shall be treated as Income of the Trust. Any sum or any investment for the time being constituting part of the Administration Fund shall continue to be treated as part of the Deposited Property. There shall be payable out of the Administration Fund (if applicable) or the Deposited Property in addition to any other charges or fees expressly authorised by this Deed by way of direct payment or reimbursement of the Manager or the Trustee:-

- (i) all outgoings (including fees, costs, charges and expenses) which are necessary or desirable for the investment, management, administration or operation of the Trust and the Deposited Property including but not limited to rates, property taxes and any other statutory or regulatory charges, utility charges, repairs and maintenance, insurance, marketing and promotional charges, computer related charges, energy charges, wages and salaries and cleaning charges;*
- (ii) the cost of engaging or employing any expert or independent adviser and the fees and expenses of such expert or independent adviser;*
- (iii) all stamp duty and other charges and duty payable from time to time on or in respect of this Deed;*
- (iv) all Acquisition Costs and Fiscal and purchase charges or Fiscal and sale charges, including any fees payable to real estate agents in connection with any acquisition or divestment of Real Estate;*
- (v) all expenses incurred and transaction fees charged in relation to the acquisition, holding, registration and realisation of any Investment or the holding in the name of the Trustee or its nominee of any Investment or the custody of the documents of title thereto (including insurance of documents of title against loss in shipment, transit or otherwise and charges made by agents of the Trustee for retaining documents in safe custody) and all fees and expenses of the custodians, joint custodians and sub-custodians appointed pursuant to Clause 26(A) and all transactional fees of the Trustee as may be agreed from time to time between the Manager and the Trustee in relation to all transactions involving the whole or any part of the Deposited Property of the Trust;*
- (vi) all issuing fees and expenses, and to the extent permitted by applicable law, regulation and the Code, underwriting fees and expenses, placement fees and expenses and brokerage for any sale of Units by any issue manager, underwriter or placement agent appointed in relation to any issue of Units under Clause 11;*
 - (vii) all fees, charges and expenses incurred in connection with the investigation, research, negotiation, acquisition, development, registration, custody, holding, management, supervision, repair, maintenance, valuation, sale of or other dealing with an Investment (or attempting or proposing to do so) and the receipt, collection or distribution of income or other Investments;*
 - (viii) all fees, charges, expenses and liabilities incurred or to be incurred in relation to any indemnity given to the IRAS (including without limitation an indemnity to the IRAS in relation to any failure by a Holder or (as the case may be), a Depositor, to pay any Tax payable by the Holder or (as the case may be), the Depositor, on any part of a distribution by the Trustee under this Deed to the Holder or (as the case may be), the Depositor);*
- (ix) all fees, charges and expenses incurred in relation to the assigning and maintaining of a credit rating to the Trust;*

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- (x) *all expenses incurred in the collection of income or the determination of taxation (including expenses incurred in obtaining tax repayments or relief and agreement of tax liabilities);*
- (xi) *all taxation payable in respect of Income or the holding of or Dealings with the Deposited Property or any Investment;*
- (xii) *all expenses incurred in the collection of Income (including expenses incurred in obtaining tax repayments or relief and agreement of tax liabilities), or the determination of taxation in relation to the Trust;*
- (xiii) *all interest, fees, charges and expenses (including, without limitation, legal fees and costs) on borrowings effected under Clause 17(D);*
- (xiv) *all costs and expenses of and incidental to preparing any such supplemental deed as is referred to in Clause 37 or any supplemental deeds for the purpose of ensuring that the Trust conforms to legislation coming into force after the date hereof;*
- (xv) *all costs and expenses incurred in the convening and holding of a meeting of Holders or (as the case may be), the Depositors;*
- (xvi) *any amounts required to indemnify the Trustee pursuant to Clause 26(I);*
- (xvii) *the Management Fee, the Acquisition Fee, the Divestment Fee and the remuneration of the Trustee, including the Trustee's inception fee, pursuant to Clause 23;*
- (xviii) *all fees and expenses incurred for the provision and maintenance of Register and the provision of fund valuation, accounting services in relation to the Trust;*
- (xix) *all fees or costs incurred in the administration of the Trust;*
- (xx) *all GST paid or to be paid in respect of services rendered to and by the Manager or the Trustee pursuant to Clause 25(H);*
- (xxi) *all fees and expenses of the Auditors in connection with the Trust and all fees and expenses related to keeping of accounting records incurred by the Trustee or any of its agents in connection with the Trust;*
- (xxii) *all costs and disbursements in connection with (a) the negotiation for and acquisition of any Investment and (b) any dealing with or disposal of any Investment, including selling commissions and advisory fees payable to real estate agents or advisors;*
- (xxiii) *all fees and expenses incurred in connection with the retirement or removal of the Manager, the Auditors or the Trustee or the appointment of a new manager, new auditors or a new trustee;*
- (xxiv) *the expenses incurred by the Manager and the Trustee (including the inception fee of the Trustee pursuant to Clause 23(C)) in establishing the Trust and, to the extent permitted by the Code or any applicable law or regarding, the initial and subsequent marketing and sale of Units, including the fees and expenses of any consultants, marketing and sales agents appointed by the Manager and in terminating the Trust;*
- (xxv) *all fees and expenses of any bankers, accountants, legal advisers, tax advisers, computer experts or other professional advisers employed or engaged by the Manager or the Trustee in the performance of their respective obligations and duties under this Deed and by issue managers, underwriters and placement agents in connection with the listing of Units and/or the Trust on the SGX-ST or any other Recognised Stock Exchange;*
- (xxvi) *all costs and expenses of and incidental to preparing statements of holding, cheques, warrants, statements and notices;*
- (xxvii) *all fees and expenses incurred as a result of and incidental to preparing, printing, issuing and lodging any Prospectus pursuant to the Securities and Futures Act and, to the extent permitted by the Code or any applicable law or regulation, any explanatory memorandum or other sales*

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literature in connection with the Trust or determining and publishing the Current Unit Value, any Issue Price or any Repurchase Price, advertising and marketing of the Trust;

- (xxviii) all printing, publishing, postage, telex, facsimile, telephone, on-line computer and web development costs and other disbursements properly incurred by the Manager or the Trustee in sending, publishing or otherwise disseminating to Holders or (as the case may be), to the Depository for onward delivery to the Depositors or, to the Depositors, copies of the Accounts, the annual performance report referred to in Clause 28(A) or any reports or statements issued by the Manager to the Holders or (as the case may be), the Depositors or, otherwise in the performance of their respective obligations and duties under this Deed;*
- (xxix) all other expenses, charges or fees properly and reasonably incurred by the Manager or the Trustee as a consequence of the due performance by the Manager or the Trustee of its respective obligations and duties under this Deed, including (without limitation) any expense, charge or fee incurred as a result of (a) the introduction of any change in, or in the interpretation or application of, any law or regulation or (b) compliance by the Trustee or the Manager with any directive of any agency of state or regulatory body;*
- (xxx) all costs and expenses incurred in the sub-division or consolidation of Units pursuant to Clause 3;*
- (xxxi) all costs and fees incurred in connection with the authorisation or approval of the Trust under any law or regulation;*
- (xxxii) all costs and expenses incurred by the Manager and the Trustee in obtaining and/or maintaining the listing of Units on the SGX-ST or any other Recognised Stock Exchange and/or the authorisation or other official approval or sanction of the Trust under the Securities and Futures Act or any other law or regulation in any part of the world;*
- (xxxiii) all fees, costs and expenses charged by the Depository pursuant to the Depository Agreement and/or the Depository Requirements in relation to the listing of Units on the SGX-ST or any other Recognised Stock Exchange and all charges payable to the Depository in respect of Units to be credited or debited from Securities Accounts of Depositors;*
- (xxxiv) all fees incurred in relation to the calculation of the Value of Authorised Investments and the Net Asset Value of the Deposited Property and/or preparing the financial statements of the Trust;*
- (xxxv) the fees of and expenses incurred by the Manager and the Trustee or their respective agents or delegates in acquiring or incorporating any company or companies, including Special Purpose Vehicles and Treasury Companies, and the costs of maintaining, managing and administering such companies and, where applicable, the costs of liquidating, winding up or terminating such companies;*
- (xxxvi) all property management fees incurred by the Trustee and/or the Manager or its agent in respect of the Investments;*
- (xxxvii) all fees, charges and expenses of asset managers, property managers, project managers and collection agents appointed in relation to the operation and management of the Investments which are Real Estate or Real Estate Related Assets notwithstanding such asset managers, property managers, project managers and collection agents may be the Manager or an Associate of the Manager;*
- (xxxviii) rates, development, insurance and redevelopment costs, insurance broking and quantity surveyor's fees, subdivision and building costs, normal building operating expenses not paid by tenants and costs of leasing any Investment; and*
- (xxxix) all fees, charges, expenses and liabilities incurred or to be incurred in relation to any indemnity given to the Depository;*

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and Provided That there are sufficient funds in the Trust (in the event that any of the foregoing fees, charges and expenses is invoiced to the Manager) the Trustee shall make the relevant payment of such fees, expenses, and charges within 21 days upon the production by the Manager (if applicable) of the supporting invoices and other documents..

ISSUE OF UNITS

11. (A) Issue of Units.

- (i) *Subject to the provisions of this Deed, the Manager shall have the exclusive right to effect for the account of the Trust the issue of Units (whether on an issue of Units or a rights issue, a placement issue or pursuant to a reinvestment of income arrangement or a conversion of Securities) Provided That the Manager shall not be bound to accept an initial application for Units so as to give rise to a holding of fewer than that number of Units which at the current Issue Price of the Units can be purchased for \$1,000 or a holding of fewer than 1,000 Units. No fractions of a Unit shall be issued (whether on an issue of Units or a rights issue, a placement issue or pursuant to a reinvestment of income arrangement or a conversion of Securities) and in issuing such number of Units as correspond to the relevant subscription proceeds, the Manager shall in respect of each Holder's entitlement to Units truncate but not round off to the nearest whole Unit and any balance arising from such truncation shall be retained as part of the Deposited Property. Issues of Units shall only be made on a Business Day unless and to the extent that the Manager with the previous consent of the Trustee otherwise prescribe. Issues of Units for cash shall be made at the price hereinafter mentioned.*
- (ii) *The Manager may by deed supplemental hereto with the Trustee issue Classes of Units under such terms and conditions as may be contained therein.*
- (iii) *The Trust may be listed on the SGX-ST pursuant to Clause 15 and if so listed may be traded on the SGX-ST and settled through the Depository. Units already in issue may be transferred or otherwise dealt with through Securities Accounts into which Units are credited in accordance with Clause 8(G).*
- (iv) *If the Trust is Listed on the SGX-ST, the Manager shall not issue any Units in numbers exceeding the limit (if any), set out in any applicable laws, regulations and the Listing Rules, relating to the issue of Units unless the Holders approve the issue of Units exceeding the aforesaid limit by ordinary resolution in general meeting.*

(B) Issue Price.

- (i) (a) *Prior to the Listing Date, the Manager may issue Units at any time to any person at an Issue Price on such terms and conditions as the Manager may determine.*
- (b) *The issue of Units for the purpose of an initial public offering of Units in connection with the Listing Date shall be at an Issue Price initially stated to be in the range of \$0.90 to \$0.96 per Unit (in respect of which no Preliminary Charge will be imposed), with the actual Issue Price within such range to be definitively determined by the Manager on or before the Listing Date for such Units, provided that the Manager may cede the right to make such determination to any underwriter, manager or placement agent engaged in connection with the initial public offering. The actual Issue Price shall be determined by the Manager or such underwriter, manager or placement agent after a book building process. The manner of and amount payable and any applicable refund on an application for Units during the initial public offering will be stated in the Prospectus. Any such offer of Units for the purpose of an initial public offering may remain open for a period not exceeding 60 days (or such longer period as may be agreed between the Manager and the Trustee).*
- (c) *The Manager may extend a discount to the Issue Price per Unit in connection with the initial public offering to any applicant whose application to subscribe or purchase*

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30,000,000 or more Units at the initial public offering has been accepted by the Manager provided that any such discount shall be limited to no more than \$0.015 off the actual Issue Price per Unit.

- (ii) *For so long as the Trust is Listed, the Manager may issue Units on any Business Day at an Issue Price equal to the Market Price. For this purpose "Market Price" shall mean:-*

- (a) *the volume weighted average traded price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days immediately preceding the relevant Business Day; or*
- (b) *if the Manager believes that the calculation in paragraph (a) does not provide a fair reflection of the Market Price of a Unit, an amount as determined by the Manager after consultation with a stockbroker approved by the Trustee and the Trustee, as being the fair Market Price of the Unit.*

- (iii) *Where Units are Unlisted after the Listing Date (whether they have been suspended from quotation on the SGX-ST) or the Trust has been de-listed from the SGX-ST (other than temporarily) or have otherwise ceased to be quoted on the SGX-ST, the Manager may issue Units at an Issue Price equal to the Current Unit Value on the date of the issue of the Unit and if so determined by the Manager, plus an amount equal to the Preliminary Charge and plus an amount to adjust the resultant total upwards to the nearest whole cent. The Preliminary Charge shall be retained by the Manager for its own benefit and the amount of the adjustment shall be retained as part of the Deposited Property.*

- (iv) *The Manager shall comply with the Listing Rules in determining the Issue Price, including the Issue Price of a Unit for a rights issue offered on a pro rata basis to all existing Holders, the Issue Price of a Unit issued other than by way of a rights issue offered on a pro rata basis to all existing Unitholders, and the Issue Price of a Unit for any reinvestment of distribution arrangement.*

The Issue Price of any Unit issued in payment of the Manager’s Performance Component shall be determined in accordance with Clause 23(A)(iv). Save for this Clause 11 (B)(iv), and as otherwise provided by Clause 23(A)(iv), Clause 11(B) shall not apply to any issue of Units to the Manager in payment of the Manager’s Performance Component.

For the purposes of sub-paragraph (iv), "Market Price" shall have the meaning ascribed to it in Clause 11 (B)(ii).

- (v) *Where Units are issued as partial consideration for the acquisition of an Authorised Investment by the Trust in conjunction with an issue of Units to raise cash for the balance of the consideration for the said Authorised Investment (or part thereof) or to acquire other Authorised Investments in conjunction with the said Authorised Investment, the Manager shall have the discretion to determine that the Issue Price of a Unit so issued as partial consideration shall be the same as the Issue Price for the Units issued in conjunction with an issue of Units to raise cash for the aforesaid purposes.*

- (vi) *If a Unit is to be issued to a person resident outside Singapore, the Manager shall be entitled to charge an additional amount to the Issue Price thereof which is equal to the excess of the expenses actually incurred over the amount of expenses which would have been incurred if such person had been resident in Singapore. In relation to any rights issue, the Manager may in its absolute discretion elect not to extend an offer of Units under the rights issue to those Holders or (as the case may be), Depositors, whose addresses are outside Singapore. In such event, the rights or entitlements to the Units of such Holders or Depositors will be offered for sale by the Manager as the nominee and authorised agent of each such relevant Holder or Depositor in such manner, at such price and on such other terms and conditions as are approved by the Trustee. The proceeds of any such sale if successful will be paid to the relevant Holders or Depositors.*

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- (vii) *Where payment of the Issue Price payable in respect of any Unit agreed to be issued by the Manager has not been received by the Trustee before the seventh Business Day after the date on which the Unit was agreed to be issued (or such other date as the Manager and the Trustee may agree) the agreement to issue such Unit may, in the absolute discretion of the Manager, at that time or any time thereafter be cancelled by the Manager by giving notice to that effect to the Trustee and such Unit shall thereupon be deemed never to have been issued or agreed to be issued and the applicant therefor shall have no right or claim in respect thereof against the Manager or the Trustee, Provided That:-*
- (a) *no previous valuations of the Trust shall be re-opened or invalidated as a result of the cancellation of such Units;*
- (b) *the Manager shall be entitled to charge the applicant (and retain for its own account) a cancellation fee of such amount as it may from time to time determine to represent the administrative costs involved in processing the application for such Units from such applicant; and*
- (c) *the Manager may, but shall not be bound to, require the applicant to pay to the Manager for the account of the Trust in respect of each Unit so cancelled the amount (if any) by which the Issue Price of each such Unit exceeds the Repurchase Price which would have applied in relation to each such Unit if the Manager had received on such day a request from such applicant for the repurchase or redemption thereof.*
- (viii) *For so long as the Trust is Listed, the Manager shall cause the Depository to effect the book entry of Units issued to a Holder into such Holder's Securities Account no later than the tenth Business Day after the date on which those Units are agreed to be issued by the Manager.*
- (ix) *The Manager may, subject to the prior approval of the Trustee, change the method of determining the Issue Price as provided in this Clause 11(B), and the Trustee shall determine if the Holders should be informed of such changes.*

(C) *Selling Price of Manager's Units.*

For so long as the Trust is Unlisted, each Unit of which the Manager is or is deemed to be the Holder may be sold or offered for sale by the Manager at a price equal to the total of the Current Unit Value of that Unit on the day of the sale or offer, the Preliminary Charge and an amount to adjust the resultant total upwards to the nearest whole cent. The Preliminary Charge shall be retained by the Manager for its own benefit and the amount of the adjustment shall be retained as part of the Deposited Property.

(D) *Discounts.*

In the event a Preliminary Charge is imposed on the issue of Units where the Trust is Unlisted, the Manager may on any day differentiate between applicants as to the amount of the Preliminary Charge to be imposed (within the permitted limit) in the Issue Price of Units issued to them respectively and likewise the Manager may on any day on the issue of Units allow to any person or persons applying for larger numbers of Units than others a discount or discounts on the Issue Price of their Units on such basis or on such scale as the Manager may think fit (Provided That no such discount shall exceed the Preliminary Charge included in the Issue Price of the Units concerned) and in any such case the amount of such Preliminary Charge to be deducted from the proceeds of issue of such Units shall be reduced by the amount of the discount and accordingly the discount shall be borne by the Manager. Besides the number of Units purchased, the bases on which the Manager may differentiate between applicants as to the amount of the Preliminary Charge to be included in the Issue Price of their Units depends on several other factors, including but not limited to, the performance of and the marketing strategy adopted by the Manager for the Trust.

(E) *Statement of Dealings.*

The Manager shall furnish to the Trustee from time to time on demand a statement of all issues of Units and of the terms on which the same are issued and of any Investments which it determines to direct to be

APPENDIX 5 – EXTRACTS FROM THE COMPANY'S AND CLI'S CONSTITUTION AND CICT'S CONSTITUTING TRUST DEED

purchased for account of the Trust, and also a statement of any Investments which in accordance with the powers hereinafter contained they determine to direct to be sold for account of the Trust, and any other information which may be necessary so that the Trustee may be in a position to ascertain at any moment the Net Asset Value of the Deposited Property. The Trustee shall be entitled to require that the Manager refuse to issue a Unit if at any time the Trustee is of the opinion that the provisions of this Clause in regard to the issue of Units are being infringed; but nothing in this sub-Clause (E) or elsewhere in this Deed contained shall impose upon the Trustee any responsibility for satisfying itself before issuing Units that the Manager has complied with the conditions of this Clause.

(F) Suspension of Issue.

The Manager or the Trustee may, with the prior written approval of the other at any time and subject to the Listing Rules on and after the Listing Date, suspend the issue of Units during:-

- (i) any period when the SGX-ST or any other relevant Recognised Stock Exchange is closed (otherwise than for public holidays) or during which dealings are restricted or suspended;*
- (ii) the existence of any state of affairs which, in the opinion of the Manager or the Trustee (as the case may be) might seriously prejudice the interests of the Holders as a whole or of the Deposited Property;*
- (iii) any breakdown in the means of communication normally employed in determining the price of any of such Investments or the current price thereof on the SGX-ST or any other relevant Recognised Stock Exchange or when for any reason the prices of any of such Investments cannot be promptly and accurately ascertained;*
- (iv) any period when remittance of money which will or may be involved in the realisation of such Investments or in the payment for such Investments cannot, in the opinion of the Manager, be carried out at normal rates of exchange;*
- (v) 48 hours (or such longer period as the Manager and the Trustee may agree) prior to the date of any meeting of Holders (or any adjournment thereof); or*
- (vi) any period where dealing of Units is suspended pursuant to any order or direction of the Authority.*

Such suspension shall take effect forthwith upon the declaration in writing thereof by the Manager and shall terminate on the day following the first Business Day on which the condition giving rise to the suspension shall have ceased to exist and no other conditions under which suspension is authorised under this sub-Clause (F) shall exist upon the declaration in writing thereof by the Manager. In the event of any suspension while the Trust is Listed, the Manager shall ensure that immediate announcement of such is made through the SGX-ST.

VALUATION

12. (A) Valuation of Investments.

The Value of an Authorised Investment at any given date means:-

- (i) (in the case of Investments falling within one or other of paragraphs of the definition of "Authorised Investment" which is not in the nature of a Real Estate and subject to paragraphs (iii), (iv) and (v) below) the Acquisition Cost thereof on its Acquisition Date;*
- (ii) (in the case of Investments falling within one or other of paragraphs of the definition of "Authorised Investment" which is in the nature of a Real Estate and subject to sub-Clause (B) to (D) of this Clause) (a) on the Trust's acquisition of an Authorised Investment, its Acquisition Cost thereof on its Acquisition Date and (b) on a subsequent valuation by an Approved Valuer of such Authorised Investment obtained pursuant to any of the provisions of this Deed since the date of the Trust's acquisition of the Investment, the Value of such Authorised Investment as determined by such valuation;*

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- (iii) *(in the case of Investments falling within any paragraph of the definition of "Authorised Investment" which is in the nature of a listed securities or a unit in a unit trust or participation in a collective investment scheme or a money market investment) the Value of such Investment calculated by reference to the price appearing to the Manager to be the last transacted price on the market in which such Investment is dealt or if there is no such transacted price, the mean of the last offer and bid price quoted by any market maker for such Investment, or other appropriate closing prices determined by the Manager in consultation with the Trustee in relation to such Investment provided that if such quotations do not, in the opinion of the Manager, represent a fair value of such Investment, then the Value of such Investment shall be any reasonable value as may be determined by the Manager with the consent of the Trustee and in determining such reasonable value, the Manager may rely on quotations for such Investments on an over-the-counter or telephone market or any certified valuation by a Stockbroker. The Manager and the Trustee shall not incur any liability by reason of the fact that a price reasonably believed by them to be the last sale price or other appropriate closing price may be found not to be such provided that such liability shall not have arisen out of the negligence or willful acts or omissions of the Manager or the Trustee;*
- (iv) *(in the case of Investments falling within any paragraph of the definition of "Authorised Investment" which is not quoted, listed or dealt in on any Recognised Stock Exchange) the Value of such Investment shall be calculated by reference to the mean of bid and offered prices quoted by such persons, firms or institutions determined by the Manager to be dealing or making a market in that Investment at the close of trading in the relevant market on which the particular Investment is traded. However, if such price quotations are not available, value shall be determined by reference to the face value of such Investments, the prevailing term structure of interest rates and the accrued interest thereon for the relevant period; or*
- (v) *(in the case of Investments falling within any paragraph of the definition of "Authorised Investment" which is in the nature of cash, deposits and similar assets) such Investment shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager (after consultation with the Trustee), any adjustment should be made to reflect the value thereof,*

and the Value of the Deposited Property at any given date means the aggregate Value of all Authorised Investments comprising the Deposited Property at the relevant date.

(B) Valuation of Real Estate Investments.

- (i) *A full valuation of each of the Trust's Real Estate assets must be conducted by an Approved Valuer at least once a year, in accordance with the Property Funds Appendix and any applicable code of practice for asset valuations, except that the next valuation of the Trust's Real Estate assets following the establishment of the Trust will be effected before the Listing Date.*
- (ii) *Where the Manager proposes to issue new Units for subscription or redeem existing Units on and after the Listing Date, a valuation of all the Real Estate assets of the Trust must be conducted by an Approved Valuer in accordance with the Property Funds Appendix. The Manager or the Trustee may at any other time arrange for the valuation of any parcel of Real Estate of the Trust if it is of the opinion that it is in the best interests of Holders or (as the case may be), Depositors, to do so.*

(C) Basis of Valuation.

Valuations made by Approved Valuers pursuant to this Clause 12 shall be carried out on such basis as the Approved Valuers respectively may determine to be appropriate subject always to the terms of this Deed and the provisions of the Property Funds Appendix.

(D) Approved Valuer.

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The Trustee covenants that it will appoint an Approved Valuer recommended by the Manager and approved by the Trustee to make a valuation of Real Estate if the Approved Valuer complies with the requirements for a "valuer" set out in the Property Funds Appendix, Provided That the Trustee shall not be liable for the acts or omissions of such Approved Valuer if the Trustee has acted in good faith and without negligence in the appointment of such Approved Valuer.

(E) Approved Valuer to Receive Information.

The Manager covenants that it will ensure that each Approved Valuer appointed to make a valuation of Real Estate receives all information reasonably required by him to make the valuation including particulars of leases and the rents currently payable thereunder.

(F) Valuations Addressed to Trustee and Valuation Costs Borne by Deposited Property.

Each valuation carried out pursuant to the foregoing provisions of this Clause by an Approved Valuer shall be either addressed to the Trustee or acknowledged in writing by the Approved Valuer as being able to be relied upon by the Trustee and the cost of each and every such valuation shall be borne by the Deposited Property.

REDEMPTION OF UNITS BY MANAGER

13. (A) Redemption Restrictions When Trust is Listed.

The Manager is not obliged to cause the redemption of Units so long as the Trust is Listed. In the event the Manager decides to make any offer to redeem Units, the Redemption Price for a Unit shall be in accordance with the provisions of Clause 13(D). In the event the Manager decides to permit the redemption of Units, such redemption must comply with the Property Funds Appendix and the Listing Rules. The Manager may, subject to the Listing Rules, suspend the redemption of Units for any period when the issue of Units is suspended pursuant to Clause 11(F). At all times during which the Trust is Listed, sub-Clause (B) and sub-Clause (F) of the Clause shall not apply. Any offer of redemption of Units under this Clause 13(A) shall be offered on a pro rata basis to all Holders.

(B) Redemption When Trust is Unlisted.

(i) *For so long as the Trust is Unlisted after the Listing Date, at the request in writing of a Holder (or, in the case of Joint-All Holders, all the Joint-All Holders and in the case of Joint-Alternate Holders, any one of the Joint-Alternate Holders), the Manager will redeem Units, in accordance with this Clause and the Property Funds Appendix. Any redemption of Units under this Clause 13(B)(i) shall be offered on a pro rata basis to all Holders.*

(ii) *Prior to the Listing Date, the Manager is not obliged to cause the redemption of Units and a Holder has no right to request for the redemption of Units. For the avoidance of doubt, it is expressly provided herein that at any time prior to the Listing Date, the Trust is not subject to compliance with the provisions of the Property Funds Appendix relating to the obligation of the Manager to redeem Units at least once a year. The Manager may offer to cause the redemption of Units issued prior to the Listing Date, and in such an event, the Manager upon acceptance of its offer to redeem any such Units by way of the request for redemption sent by a Holder received in the hands of the Manager, shall do so at a Redemption Price in accordance with Clause 13(D).*

(C) Minimum Holding.

A Holder shall not be entitled hereunder to the redemption of part only of his holding of Units if thereby his holding would be reduced to less than the Minimum Holding and in any such event, the Manager shall be entitled to cause all of his holding of Units to be redeemed if by such Holder's request his holding would be so reduced, and the following provisions of this Clause are to be read and construed subject thereto.

(D) Redemption Price.

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Following acceptance of the Manager's offer to redeem by way of the request for redemption sent by a Holder received in the hands of the Manager, the Redemption Price for the Units the subject of such offer shall be paid by the Manager or caused by the Manager to be paid to the Holder as soon as practicable after the date of acceptance of the Manager's offer. For the purposes of Clauses 13(B) and 13(D), the Redemption Price shall be:-

- (i) in respect of Units issued prior to the Listing Date (but not including Units issued for purpose of an initial public offer of Units) to be redeemed prior to the Listing Date, an amount determined by the Manager which may be less than, equal to or more than the Current Unit Value of the relevant Unit, on the day of acceptance of the Manager's offer;*
- (ii) in respect of Units to be redeemed after the Listing Date, subject to compliance with the Property Funds Appendix, the Listing Rules and any applicable laws and regulations, an amount equal to the Market Price (as provided in Clause 11(B)(ii)) of the relevant Unit, on the day of acceptance of the Manager's offer, less the Redemption Charge and less an amount to adjust the resultant total downwards to the nearest whole cent; and*
- (iii) in respect of Units to be redeemed after Units are Unlisted after the Listing Date (whether they have been suspended from quotation on the SGX-ST) or the Trust has been de-listed from the SGX-ST (other than temporarily) or have otherwise ceased to be quoted on the SGX-ST, subject to compliance with the Property Funds Appendix, the Listing Rules and any applicable laws and regulations, an amount equal to the Current Unit Value per Unit, less the Redemption Charge and less an amount to adjust the resultant total downwards to the nearest whole cent.*

The Manager may on any day differentiate between Holders as to the amount of the Redemption Charge to be included (within the permitted limit) in the Redemption Price of Units to be redeemed by the Manager from them respectively. The Redemption Charge shall be retained by the Manager for its own benefit and the adjustment shall be retained as part of the Deposited Property. The bases on which the Manager may make any differentiation as between Holders shall include, without limitation, Holders with large holdings of Units, Holders who have opted for a distribution reinvestment arrangement and as an incentive to Holders to hold the Units for longer periods of time. An acceptance of the Manager's offer for redemption once given cannot be revoked without the consent of the Manager. The Manager may suspend the redemption of Units during any period when the issue of Units is suspended pursuant to Clause 11(F). The Manager may, subject to the prior approval of the Trustee, change the method of determining the Redemption Price as provided in this Clause 13(D), and the Trustee shall determine if the Holders should be informed of such change.

(E) Redemption Procedure.

In the case of an offer by the Manager to redeem Units, the Manager shall have the option, provided that there are sufficient funds in the Trust, to request and cause the Trustee to redeem the Units out of the assets of the Trust by paying from the Deposited Property a sum sufficient to satisfy the Redemption Price of the Units.

(F) Requirements under Property Funds Appendix.

Where the Trust is Unlisted after the Listing Date, the Manager must first offer to redeem Units after the occurrence of the Trust becoming Unlisted, and subsequent thereto, offer to redeem Units at least once a year, all in accordance with the Property Funds Appendix.

(G) Amendments to Register.

Upon delivery to the Trustee of a written statement signed by or on behalf of the Manager that all the Units or a specified number of Units held by a Holder have been redeemed, the Manager shall remove the name of the Holder from the Register in respect of all or such number of Units, as the case may be.

(H) Deleted.

(I) Redemption of Units.

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If the Manager decides in its absolute discretion to take the course of action referred to in Clause 13(E) then it shall give to the Trustee a redemption notice within 30 Business Days of receipt of the request for redemption, requesting the Trustee to redeem the relevant Units and shall specify therein the Redemption Price to be paid for such Units. Subject to the provisions of Clause 13(J) the Trustee shall as soon as practicable after its receipt of the redemption notice comply with the redemption notice by releasing to the Manager out of the available money of the Deposited Property the Redemption Price of the Units and the Redemption Charge and shall thereupon redeem the relevant Units.

(J) Funds Available for Redemption.

The Trustee shall only comply with any redemption notice if, in the opinion of the Trustee, sufficient cash would be retained in the Deposited Property after the release of funds necessary to comply with the redemption notice to meet other liabilities of the Trust, including but without limiting the generality thereof remuneration due to the Trustee and the Manager under this Deed.

(K) Procedure if Insufficient Funds.

Should the Trustee advise the Manager that in the opinion of the Trustee sufficient cash would not be retained in the Deposited Property to meet other liabilities of the Trust if the Trustee were to release the funds necessary to comply with any redemption notice, then the Manager may at its absolute discretion request the Trustee to sell, mortgage or otherwise deal with the Investments or borrow to raise sufficient cash to redeem the Units pursuant to Clause 13(E)

(L) Deleted.

(M) Redeemed Units are Cancelled.

Units which are redeemed shall thereupon be cancelled and shall not thereafter be reissued but this sub-Clause (M) shall not limit or restrict the right of the Manager to cause the creation of and/or issue of further or other Units.

13A Repurchase of Units by the Manager

This Clause 13A shall apply to all Units, currently in issue or to be issued, including any Units which are issued, or to be issued, with preferred rights, and shall apply subject to, and in accordance with, any relevant laws, regulations and guidelines in force at the relevant time.

13A.1 Holders' Approval

For so long as the Trust is Listed, the Manager may repurchase Units if it has obtained the prior approval of Holders in general meeting by the passing of an Ordinary Resolution (the "Unit Buy-Back Mandate"), in accordance with the provisions of this Deed but subject to the requirements of the Listing Rules, the Property Funds Appendix and any other applicable laws and/or regulations in force at the relevant time.

13A.2 Repurchase Price

For so long as the Trust is Listed and the Manager decides to repurchase Units, the repurchase price to be paid for such Units will be determined by the Manager in its absolute discretion, subject to the requirements of the Listing Rules, and the applicable laws and/or regulations in force at the relevant time.

13A.3 Authority and Limits on the Repurchase of Units

13A.3.1 Maximum Limit

The total number of Units which may be repurchased pursuant to any Unit Buy-Back Mandate shall not exceed 10% (or such other percentage as may be provided for under the Listing Rules or any applicable law or regulation) of the total number of issued Units as at the date of the general meeting when such Unit Buy-Back Mandate is approved by Holders.

13A.3.2 Duration of Authority

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Repurchases of Units may be made during the Relevant Period. For the purpose of this Clause 13A.3.2, unless revoked or varied by Holders in a general meeting, "Relevant Period" is the period commencing from the date of the general meeting at which a Unit Buy-Back Mandate is sought and the resolution relating to the Unit Buy-Back Mandate is passed, and expiring on the earliest of:

- (i) the date on which the next annual general meeting of Holders is held;*
- (ii) the date by which the next annual general meeting of Holders is required by applicable laws and regulations or the provisions of this Deed to be held; or*
- (iii) the date on which the repurchases of Units by the Manager pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated.*

For the avoidance of doubt, the authority conferred on the Manager by the Unit Buy-Back Mandate to repurchase Units may be renewed at the next annual general meeting of Holders.

13A.4 Dealing with Repurchased Units

Units which are repurchased shall be cancelled and shall not thereafter be reissued or dealt with in any manner, subject to the applicable laws and/or regulations in force at the relevant time. For the avoidance of doubt, this Clause 13A.4 shall not limit or restrict the right of the Manager to cause the creation and/or issue of further or other Units. On the cancellation of any Unit under this Clause 13A.4, the rights and privileges attached to that Unit shall expire.

13A.5 Source of Funds

The Manager may not repurchase Units pursuant to the Unit Buy-Back Mandate for a consideration other than in cash. The Manager may utilise any source of funds available to it, including the Trust's internal sources of funds or external borrowings or a combination of both, to finance the Manager's repurchase of Units on behalf of the Trust pursuant to any Unit Buy-Back Mandate, subject always to the requirements of the applicable laws and/or regulations in force at the relevant time.

13A.6 Manner of Repurchase

13A.6.1 *For so long as the Trust is Listed, the Manager may repurchase Units in the following manner:*

- (i) repurchase or acquire Units on the SGX-ST or such other stock exchange on which the Units are Listed ("Market Repurchase"); or*
- (ii) make an offer to repurchase Units, otherwise than on the SGX-ST or such other stock exchange on which the Units are Listed and by way of an "off-market" acquisition of the Units on an equal access scheme ("Off-Market Repurchase"),*

subject always to the requirements of the applicable laws and/or regulations in force at the relevant time.

13A.6.2 *For the purpose of this Clause 13A, an "equal access scheme" is a scheme which satisfies the following criteria:*

- (i) the offers under the scheme are to be made to every person who holds Units to repurchase or acquire the same percentage of their Units;*
- (ii) all of those persons have a reasonable opportunity to accept the offers made to them; and*
- (iii) the terms of all the offers are the same except that there shall be disregarded:*
 - (a) differences in consideration attributable to the fact that the offers relate to Units with different accrued distribution entitlements;*
 - (b) differences in consideration attributable to the fact that the offers relate to Units with different amounts remaining unpaid; and*

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- (c) *differences in the offers introduced solely to ensure that each Holder is left with a whole number of Units.*

13A.7 Procedure for Repurchase of Units via a Market Repurchase

13A.7.1 *For so long as the Trust is Listed, where Units are repurchased by way of a Market Repurchase, the notice of general meeting of Holders specifying the intention to propose a resolution to authorise a Market Repurchase shall:*

- (i) specify the maximum number of Units or the maximum percentage of Units authorised to be acquired or repurchased;*
- (ii) determine the maximum price which may be paid for the Units (either by specifying a particular sum or by providing a basis or formula for calculating the amount of the price in question without reference to any person's discretion or opinion);*
- (iii) specify a date on which the authority is to expire, being a date that must not be later than the date on which the next annual general meeting of Holders is, or is required by applicable laws and regulations or the provisions of this Deed to be, held, whichever is earlier; and*
- (iv) specify the sources of funds to be used for the repurchase or acquisition including the amount of financing, if any, and its impact on the Trust's financial position, if any.*

13A.7.2 *The resolution authorising a Market Repurchase may be unconditional or subject to conditions and shall state the particulars set out in Clauses 13A.7.1(i) to 13A.7.1(iii).*

13A.7.3 *The authority for a Market Repurchase may, from time to time, be varied or revoked by Holders in a general meeting by passing an Ordinary Resolution. A resolution to confer or vary the authority for a Market Repurchase may determine the maximum price for repurchase or acquisition by:*

- (i) specifying a particular sum; or*
- (ii) providing a basis or formula for calculating the amount of the price in question without reference to any person's discretion or opinion.*

13A.8 Procedure for Repurchase of Units via an Off-Market Repurchase

13A.8.1 *For so long as the Trust is Listed, where Units are repurchased by way of an Off-Market Repurchase, the notice of general meeting of Holders specifying the intention to propose a resolution to authorise an Off-Market Repurchase shall:*

- (i) specify the maximum number of Units or the maximum percentage of Units authorised to be acquired or repurchased;*
- (ii) determine the maximum price which may be paid for the Units (either by specifying a particular sum or by providing a basis or formula for calculating the amount of the price in question without reference to any person's discretion or opinion);*
- (iii) specify a date on which the authority is to expire, being a date that must not be later than the date on which the next annual general meeting of Holders is, or is required by applicable laws and regulations or the provisions of this Deed to be, held, whichever is earlier; and*
- (iv) specify the sources of funds to be used for the repurchase or acquisition including the amount of financing, if any, and its impact on the Trust's financial position, if any.*

13A.8.2 *The resolution authorising an Off-Market Repurchase may be unconditional or subject to conditions and shall state the particulars set out in Clauses 13A.8.1(i) to 13A.8.1(iii).*

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13A.8.3 *The authority for an Off-Market Repurchase may, from time to time, be varied or revoked by Holders in a general meeting by passing an Ordinary Resolution. A resolution to confer or vary the authority for an Off-Market Repurchase may determine the maximum price for repurchase or acquisition by:*

- (i) specifying a particular sum; or*
- (ii) providing a basis or formula for calculating the amount of the price in question without reference to any person's discretion or opinion.*

13A.8.4 *For so long as the Trust is Listed, in the event that the Manager decides to make any offer to repurchase Units by way of an Off-Market Repurchase, the Manager will send an offer notice to Holders. Holders wishing to take up the offer will be asked to respond by sending a request in writing for the repurchase of their Units. At such request in writing of a Holder (or, in the case of Joint Holders, all the Joint Holders), the Manager will repurchase, in accordance with this Clause 13A and the applicable laws and/or regulations in force at the relevant time, such number of Units as are required by the Holder to be repurchased from Units entered against such person's name in the Register or the Depository Register (as the case may be).*

13A.9 Amendments to Register

Where a number of Units held by a Holder have been repurchased by the Manager, the Manager shall amend, or procure the amendment of, the details of the Register, in respect of such number of Units.

13A.10 Reporting Requirements

Subject to the relevant laws, regulations and guidelines, for so long as the Trust is Listed, the Manager shall notify the SGX-ST (in the form of an announcement on the SGX-ST) of all repurchases of Units in accordance with the Listing Rules and in such form and with such details as the SGX-ST may prescribe."

2. The rights of CICT Unitholders in respect of distributions

"DISTRIBUTIONS

18. (A) Manager to collect.

The Manager must collect and pay to the Trustee and the Trustee must receive all moneys, rights and property paid or receivable in respect of the Trust.

(B) Determination of Income and Reserves.

The Manager (acting after consulting the Auditors) is to determine whether any item is income in nature or capital in nature and the extent to which reserves or provisions need to be made. If the Manager determines any item to be capital it may apply it to any item in the balance sheet of the Trust including, without limitation, unitholders' funds and Investments. This Clause applies to distributions and to books of account.

(C) Distribution of Income.

(i) The Manager must ensure that for each Financial Year:-

- (a) there is at least one Distribution Period; and*
- (b) the last Distribution Period ends on the last day of the Financial Year.*

(ii) For each Distribution Period the Manager must calculate, and the Trustee must distribute, each Holder's Distribution Entitlement.

(D) Distribution Entitlement.

(i) "Distribution Amount" for a period is to be determined in accordance with the following formula:-

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$$DA = NTI + I + C$$

Where:-

DA is the amount of Distribution Amount;

NTI (for any period after the Listing Date) is the Net Taxable Income for the period determined by the Manager less an amount equal to so much of the Net Taxable Income for that period directly assessed to Tax on the Trustee and in respect of which Tax has been paid or is payable by the Trustee;

(for any period prior to the Listing Date) is the Net Taxable Income for the period determined by the Manager;

I (for any period after the Listing Date) is so much of the amount (which may be a negative amount) by which Net Taxable Income as agreed between the Manager and the IRAS for any Tax Basis Period preceding the Financial Year in which the Distribution Period occurs (less an amount equal to so much of the Net Taxable Income for that Tax Basis Period directly assessed to Tax on the Trustee and in respect of which Tax has been paid or is payable by the Trustee), exceeds or is less than the Net Taxable Income for that preceding Tax Basis Period distributed pursuant to this Clause as NTI, but so that the amount is only taken into account in determining the Distribution Amount for the Distribution Period immediately following the agreement between the IRAS and the Manager;

(for any period prior to the Listing Date) is so much of the amount (which may be a negative amount) by which Net Taxable Income as agreed between the Manager and the IRAS for any Distribution Period preceding the Distribution Period for which the Distribution Amount is being calculated, exceeds or is less than the Net Taxable Income for that preceding Distribution Period distributed pursuant to this Clause as NTI, but so that the amount is only taken into account in determining the Distribution Amount for the Distribution Period prior to the Listing Date and immediately following the agreement between the IRAS and the Manager; and

C is any additional amount (including capital), which may be a negative amount, which the Manager has determined is to be distributed or if thought fit by the Manager, to be transferred to or from an undistributed income reserve account.

(ii) Each Holder's Distribution Entitlement is to be determined in accordance with the following formula:-

$$DA \times \frac{UH}{UI}$$

where:-

DA is the Distribution Amount;

UH is the number of Units held by the Holder or (as the case may be), the Depositor, at the close of business on the Record Date for the relevant Distribution Period adjusted to the extent he is entitled to participate in the Distribution Amount; and

UI is the number of Units in issue in the Trust at the close of business on the Record Date for the relevant Distribution Period adjusted to the extent he is entitled to participate in the Distribution Amount.

(E) Distribution of Entitlement.

(i) The Trustee must in respect of each Distribution Period pay to each Holder or (as the case may be), the Depositor, his Distribution Entitlement on or before the Distribution Date for the Distribution Period.

(ii) For the purpose of determining the entitlement to the Distribution Entitlement for a Distribution Period, the persons who are Holders or (as the case may be), Depositors on the Record Date

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for that Distribution Period have an absolute, vested and indefeasible interest in the Income of that Distribution Period.

- (iii) *The Manager and the Trustee must deduct from each Holder's or (as the case may be), each Depositor's Distribution Entitlement all amounts which:-*
- (a) *are necessary to avoid distributing a fraction of a cent;*
 - (b) *the Manager determines it is not practical to distribute on a Distribution Date;*
 - (c) *equal any amount of Tax which has been paid or which the Manager determines is or may be payable by the Trustee or Manager in respect of the Holder or (as the case may be), the Depositor, on the amount of the income of the Trust and attributable to the Holder or (as the case may be), the Depositor, or the amount of the distribution otherwise distributable to that Holder or (as the case may be), that Depositor;*
 - (d) *are required to be deducted by law or this Deed;*
 - (e) *are required to be deducted pursuant to any undertakings given by the Manager and the Trustee in consideration of the Tax Ruling by IRAS in respect of the Trust; or*
 - (f) *are payable by the Holder or (as the case may be), the Depositor, to the Trustee or the Manager.*
- (iv) *The Manager must direct the Trustee how any sum so retained is to be applied and/or paid.*

(F) *Holder Notification.*

Each Holder or (as the case may be), each Depositor, must as and when required by the Manager provide such information as to his place of residence for taxation purposes as the Manager may from time to time determine.

(G) *Composition of Distribution.*

Following the end of each Financial Year, the Manager must notify each Holder or (as the case may be), each Depositor, of:-

- (i) *the extent to which a distribution under this Clause 18 is composed of, and the types of, income and capital; and*
- (ii) *any amounts deducted under sub-Clauses (E)(iii)(c), (d) and (e).*

(H) *Tax Declaration Forms and Tax Distribution Vouchers.*

- (i) *The Manager shall where necessary in respect of each Distribution Period before the Distribution Amounts are paid out send to each Holder or (as the case may be), each Depositor, a tax declaration form for the purpose of each Holder or Depositor declaring his tax status. The Manager and the Trustee may rely on any representation made by a Holder or Depositor as to his tax status made on each relevant tax declaration form returned to the Manager (or its agent) or the Trustee to determine whether or not to deduct Tax from the Distribution Amount. If a Holder or Depositor fails to make any such declaration in time for a distribution, the Manager and the Trustee shall proceed to deduct the appropriate amount of Tax from the Distribution Amount due to that Holder or that Depositor.*
- (ii) *On a distribution having been made, the Trustee shall where necessary issue to each Holder or (as the case may be), each Depositor, a tax distribution voucher prepared by the Manager in a form approved by the Trustee and IRAS. In the case of any distribution made or on termination of the Trust, each tax distribution voucher shall show what proportion of the distribution represents capital and what proportion represents income.*

(I) *Categories and Sources of Income.*

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- (i) *For any category or source of income the Manager may keep separate accounts and allocate the income from any category or source to any Holder or (as the case may be), any Depositor.*
- (ii) *The Manager may cause the distribution of any amount recorded in an account or record kept pursuant to sub-Clause (I)(i) before the distribution of any other amount.*
- (J) *Distribution Reinvestment Arrangements.*

The Manager may advise Holders or (as the case may be), Depositors, from time to time in writing that Holders or (as the case may be), Depositors, may on terms specified in the notice participate in an arrangement under which Holders or (as the case may be), Depositors, may request that all or a proportion of specified distributions due to them be applied to the issue of further Units, Provided that the Issue Price for any such Units to be issued shall be the Issue Price specified in Clause 11(B)(ii) as appropriate if the Units are Listed and Clause 11(B)(iii) if the Units are Unlisted. The Units so issued shall be deemed to be purchased by such Holder or (as the case may be), such Depositor.
- (K) *Capitalisation of Undistributed Distribution Amount.*

Prior to the Listing Date, the Manager, with the agreement of all Holders, may elect not to distribute in accordance with Clause 18(C) and in lieu of such distribution capitalise the undistributed Distribution Amount.

PLACE AND CONDITIONS OF PAYMENT

19. (A) *Place and Conditions of Payment.*
- Any moneys payable by the Trustee to any Holder or (as the case may be) Depositor, on the relevant Record Date under the provisions of this Deed shall be paid in the case of Units of such Holder by cheque or warrant sent through the post to the registered address of such Holder or, in the case of Joint Holders to the registered address of that one of the Joint Holders who is first named on the Register or to the registered address of any other of the Joint Holders as may be authorised by all of them. Every such cheque or warrant shall be made payable to the order of the person to whom it is delivered or sent and payment of the cheque or warrant by the banker upon whom it is drawn shall be a satisfaction of the moneys payable and shall be a good discharge to the Trustee. Where an authority in that behalf shall have been received by the Trustee in such form as the Trustee shall consider sufficient the Trustee shall pay the amount due to any Holder to his bankers or other agent and the receipt of such bankers or other agent shall be a good discharge therefor. Any moneys payable by the Trustee to any Depositor appearing in the Depository Register in respect of Units on the relevant Record Date under the provisions of this Deed shall be made in the case of Units of such Holder credited into a Securities Account by the payment of such monies into the Depository's bank account as notified to the Manager and the Trustee and the Trustee shall cause the Depository to make payment thereof to such Depositor by cheque sent through the post to the address of such Depositor on record with the Depository or, in the case of Joint Depositors to the address of that one of the Joint Depositors on record with the Depository or by any other form as may be agreed between the Manager and the Depository. Payment of the moneys by the Trustee to the Depository shall be a satisfaction of the monies payable to the relevant Holder and shall be a good discharge to the Trustee. Any charges payable to the Depository for the distribution of moneys to Depositors under this Deed shall be borne by the Deposited Property. No amount payable to any Holder or Depositor shall bear interest.*
- (B) *Deductions.*
- Before any payment is made to a Holder, there shall be deducted such amounts as any law of Singapore or any law of any other country in which such payment is made may require or allow in respect of any income or other taxes, charges or assessments whatsoever and there may also be deducted the amount of any stamp duties or other government taxes or charges payable by the Manager or the Trustee (as the case may be) for which the Manager or the Trustee (as the case may be) might be made liable in respect of or in connection therewith. Neither the Manager or the Trustee shall be liable to account to a Holder or (as the case may be), a Depositor for any payment made or suffered by the*

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Manager or the Trustee (as the case may be) in good faith and without negligence to any duly empowered fiscal authority of Singapore or elsewhere for taxes or other charges in any way arising out of or relating to any transaction of whatsoever nature under this Deed notwithstanding that any such payments ought not to be, or need not have been, made or suffered.

(C) Receipt of Holders.

The receipt of the Holder or (as the case may be), the Depository in respect of the Depositors, for any amounts payable in respect of Units shall be a good discharge to the Manager or the Trustee (as the case may be) and if several persons are registered as Joint Holders or (as the case may be), Joint Depositors or, in consequence of the death of a Holder or (as the case may be), a Depositor, are entitled to be so registered, any one of them may give effectual receipts for any such amounts.

(D) Unclaimed Moneys.

Any moneys payable to a Holder or (as the case may be), a Depositor under this Deed which remain unclaimed after a period of 12 months shall be accumulated in a special account (the "Unclaimed Moneys Account") from which the Trustee may from time to time make payments to a Holder claiming any such moneys and, subject to Clause 34, the Trustee shall cause such sums which represent moneys remaining in the Unclaimed Moneys Account for five years after the date for payment of such moneys into the Unclaimed Moneys Account and interest, if any, earned thereon to be paid into Court after deducting all fees, costs and expenses incurred in relation to such payment into Court from such sum thereof Provided That if the said moneys is insufficient to meet all such fees, costs and expenses, the Trustee shall be entitled to have recourse to the Deposited Property."

3. The rights of CICT Unitholders in respect of voting

"MEETINGS OF HOLDERS"

39. *The provisions set out in the Schedule relating to meetings of Holders shall have effect as if the same were included herein.*

SCHEDULE

MEETINGS OF HOLDERS

1. *A general meeting to be called the "Annual General Meeting" shall, in addition to any other meeting, be held once in every calendar year, commencing from the year 2010, at such time (within a period of not more than 15 months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Trustee and the manager. All other general meetings shall be called "Extraordinary General meetings".*
2. *The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Holders or Holders representing not less than 10 per cent. of the issued Units of the Trust) at any time convene a meeting of Holders at such time and place (subject as hereinafter provided) as may be thought fit and the following provisions of this Schedule shall apply thereto. The Manager or (being a Holder) any Associate thereof shall be entitled to receive notice of and attend at any such meeting but shall on and after the Listing Date not be entitled to vote or be counted in the quorum thereof at a meeting convened to consider a matter in respect of which the Manager or any Associate has a material interest (save for a resolution to remove the Manager as provided in Clause 32 (A) of this Deed) and accordingly for the purposes of the following provisions of this Schedule Units held or deemed to be held by the Manager or any Associate thereof shall not be regarded as being in issue under such circumstances. Prior to the Listing Date, the Manager or (being a Holder) any Associate thereof shall be entitled to receive notice of and attend at any such meeting and shall be entitled to vote or be counted in the quorum thereof at a meeting convened to consider a matter in respect of which the Manager or any Associate has a material interest. Any director, the secretary and the solicitor of the Manager, the Trustee and directors and any*

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authorised official and the solicitor of the Trustee shall be entitled to attend and be heard at any such meeting. Any such meeting shall be held in Singapore.

3. *A meeting of Holders duly convened and held in accordance with the provisions of this Schedule shall be competent:-*
- (i) by Extraordinary Resolution to sanction any modification, alteration or addition to the provisions of this Deed which shall be agreed by the Trustee and the Manager as provided in Clause 37 of this Deed;*
 - (ii) by Extraordinary Resolution to sanction a supplemental deed increasing the maximum permitted percentage of the Management Fee, the Acquisition Fee, the Divestment Fee and the Trustee's remuneration as provided in Clause 23 of this Deed;*
 - (iii) Deleted;*
 - (iv) by Extraordinary Resolution to remove the Auditors as provided in Clause 30(A) of this Deed;*
 - (v) by Extraordinary Resolution to remove the Trustee as provided in Clause 31(C)(iv) of this Deed;*
 - (vi) by Extraordinary Resolution to direct the Trustee to take any action including the termination of the Trust pursuant to Section 295 of the Securities and Futures Act,*
- and shall have such further or other powers under such terms and conditions as may be determined by the Manager with the prior written approval of the Trustee. Any decision to be made by resolution of the Holders other than those specified in this paragraph 3(i) to (vi) shall be made by Ordinary Resolution.*
4. (A) *Subject to paragraph (B) below prior to the Listing Date, 2 days' notice and after the Listing Date, 14 days' notice, at the least (inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting shall be given to the Holders in manner provided in this Deed. The notice shall specify the place, day and hour of meeting and the terms of the resolutions to be proposed. A copy of the notice shall be sent by post to the Trustee unless the meeting shall be convened by the Trustee. The accidental omission to give notice to or the non-receipt of notice by any of the Holders shall not invalidate the proceedings at any meeting.*
- (B) *Notwithstanding the provisions of paragraph (A) above, a meeting of Holders convened by the Trustee under Section 295 of the Securities and Futures Act shall be summoned:-*
- (i) by 21 days' notice at least (inclusive of the day on which the notice is given) of such meeting given to the Holders in the manner provided in this Deed; and*
 - (ii) by publishing, at least 21 days before the proposed meeting, an advertisement giving notice of the meeting in at least four local daily newspapers, one each published in the English, Malay, Chinese and Tamil languages.*
- (C) *Notwithstanding anything to the contrary in this Deed, in the event that a notice of a general meeting of Holders has been given to Holders, and such meeting is required to be postponed or cancelled pursuant to, or can no longer be held in accordance with, the relevant laws, regulations and guidelines or any changes thereto, the Manager may postpone or cancel such general meeting by giving a notice to Holders of such postponement or cancellation via an announcement on the SGXNet, subject to compliance with the relevant laws, regulations and guidelines (including the provision of any other notice as may be prescribed in any waiver, exemption or other direction issued by the relevant authorities or any conditions pursuant to such waiver, exemption or direction). Notice of the date and time of the postponed meeting, when fixed, shall be given to Holders in accordance with the Listing Rules and the provisions in this Deed concerning notices of general meetings.*
5. *The quorum shall be not less than two Holders present in person or by proxy of one-tenth in value of all the Units for the time being in issue. No business shall be transacted at any meeting unless the requisite quorum is present at the commencement of business.*
6. *If within half an hour from the time appointed for the meeting a quorum is not present the meeting shall stand adjourned to such day and time being not less than 15 days thereafter and to such place as shall be determined*

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for the purpose by the Chairman of the meeting. Notice of the adjourned meeting shall be given in the same manner as for an original meeting. Such notice shall state that the Holders present at the adjourned meeting whatever their number and the value of the Units held by them will form a quorum thereat. At any such adjourned meeting the Holders present in person or by proxy thereat shall be a quorum.

7. *Some person nominated in writing by the Trustee shall preside as Chairman at every meeting and if no such person is nominated or if at any meeting the person nominated shall not be present within fifteen minutes after the time appointed for holding the meeting the Holders present shall choose one of their number to be Chairman.*
8. *The Chairman may with the consent of any meeting at which a quorum is present and shall if so directed by the meeting adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.*
9. *At any meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or by five or more Holders present in person or by proxy, or holding or representing one-tenth in value of the Units represented at the meeting. Unless a poll is so demanded a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.*
10. *If a poll is duly demanded it shall be taken in such manner as the Chairman may direct and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.*
11. *A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and place as the Chairman directs. A demand for a poll may be withdrawn at any time.*
12. *The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.*
13. *On a show of hands every Holder who (being an individual) is present in person or by proxy or (being a corporation) is present by one of its officers as its proxy shall have one vote. On a poll every Holder who is present in person or by proxy shall have one vote for every Unit of which he is the Holder. A person entitled to more than one vote need not use all his votes or cast them the same way.*
14. *In the case of Joint Holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the vote of the other Joint Holders and for this purpose seniority shall be determined by the order in which the names stand in the Register, the first being the senior.*
15. *On a poll votes may be given either personally or by proxy.*
16. *The instrument appointing a proxy shall be in writing, under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under the common seal or under the hand of an officer or attorney so authorised.*
17. *The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited at such place as the Trustee or the Manager with the approval of the Trustee may in the notice convening the meeting direct or if no such place is appointed then at the registered office of the Manager not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. A person appointed to act as a proxy need not be a Holder.*
18. *An instrument of proxy may be in the usual common form or in any other form which the Trustee shall approve.*
19. *A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed or the transfer of the Units in respect of which the proxy is given provided that no intimation in writing of such death,*

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insanity, revocation or transfer shall have been received at the place appointed for the deposit of proxies or if no such place is appointed at the registered office of the Manager before the commencement of the meeting or adjourned meeting at which the proxy is used.

20. *Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Manager at the expense of the Manager and any such minute as aforesaid if purporting to be signed by the Chairman of the meeting shall be conclusive evidence of the matters therein stated and until the contrary is proved every such meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed thereat to have been duly passed.*
21. *A resolution in writing signed by or on behalf of all the Holders for the time being entitled to receive notice of any meeting of Holders shall be as valid and effectual as an Extraordinary Resolution passed at a meeting of those Holders duly called and constituted. Such resolution may be contained in one document or in several documents in the like form each signed by or on behalf of one or more of the Holder concerned.*
22. *For the purpose of this Deed, an Extraordinary Resolution means a resolution proposed and passed as such by a majority consisting of 75 per cent. or more of the total number of votes cast for and against such resolution at a meeting of Holders or (as the case may be), Depositors named in the Depository Register as at 48 hours before the time of such meeting as certified by the Depository to the Manager and an Ordinary Resolution means a resolution proposed and passed as such by a majority being greater than 50 per cent. of the total number of votes cast for and against such resolution at a meeting of Holders or (as the case may be), Depositors named in the Depositing Register as at 48 hours before the time of such meeting as certified by the Depository to the Manager. An Extraordinary Resolution or an Ordinary Resolution shall be binding on all Holders whether or not present at the relevant meeting and each of the Holders and the Trustee and the Manager shall, subject to the provision relating to indemnity in this Deed, be bound to give effect thereto accordingly.*
23. *A corporation, being a Holder, may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of Holders and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.*
24. *After the Listing Date, for the purposes of determining the number of Units held in respect of Units registered in the name of the Depository and the number of votes which a particular Holder may cast in respect of such Units, each of the Trustee and the Manager shall be entitled and bound to accept as accurate the number of Units credited into the Securities Account(s) of the relevant depositor as shown in the records of the Depository as at a time not earlier than 48 hours prior to the time of the relevant meeting, supplied by the Depository to the Trustee, and to accept as the maximum number of votes which in aggregate that depositor and his proxy(ies) (if any) are able to cast on a poll a number which is the number of Units credited into the Securities Account(s) of the relevant depositor, as shown in the aforementioned records of the Depository, whether that number is greater or smaller than that specified by the depositor or in the instrument of proxy. Neither the Trustee nor the Manager shall under any circumstances be responsible for, or liable to any person as a result of it, acting upon or relying on the aforementioned records of the Depository.*
25. *The Manager will within twenty-one days after an application is delivered to it at its registered office, being an application by not less than fifty Holders or one-tenth in number of the Holders, whichever is the lesser:-*
 - (a) *by sending notice by post of the proposed meeting at least seven days before the proposed meeting to each of those Holders in accordance with Clause 36 hereof; and*
 - (b) *by publishing at least fourteen days before the proposed meeting an advertisement giving notice of the meeting in a newspaper circulating generally in Singapore,*

summon a meeting of Holders for the purpose of laying before the meeting the Accounts and balance sheet of the Trust which were laid before the last preceding Annual General Meeting of the Manager or the last audited statement of accounts of the Trust and for the purpose of giving to the Trustee such directions as the meeting thinks proper."

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DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company, together with the audited financial statements for the financial year ended 31 December 2020.

In our opinion:

- (a) the financial statements set out on pages 156 to 295 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity of the Group and of the Company, and the cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50, Singapore Financial Reporting Standards (International) and International Financial Reporting Standards (IFRS); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

The directors in office at the date of this statement are as follows:

Ng Kee Choe
Miguel Ko
Lee Chee Koon
Tan Sri Amirsham Bin A Aziz
Stephen Lee Ching Yen
Dr Philip Nalliah Pillai
Kee Teck Koon
Chaly Mah Chee Kheong
Anthony Lim Weng Kin
Gabriel Lim Meng Liang
Goh Swee Chen

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DIRECTORS' STATEMENT

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by spouse and infant children) in shares, debentures, options and awards in the Company and its related corporations are as follows:

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year	At end of the year
The Company		
Ordinary shares		
Ng Kee Choe	410,636	492,344
Lee Chee Koon	714,371	1,273,533
Tan Sri Amirsham Bin A Aziz	128,297	152,394
Stephen Lee Ching Yen	87,969	106,808
Dr Philip Nalliah Pillai	67,556	86,187
Kee Teck Koon	64,297	86,425
Chaly Mah Chee Kheong	80,178	103,604
Anthony Lim Weng Kin	20,526	36,476
Goh Swee Chen	20,217	34,592
Contingent award of Performance shares^{1a} to be delivered after 2019		
Lee Chee Koon (197,653 shares)	0 to 395,306 ³	— ⁴
⁴ During the year, 211,488 shares were released.		
Contingent award of Performance shares^{1a} to be delivered after 2020		
Lee Chee Koon (142,437 shares)	0 to 284,874 ³	0 to 284,874 ³
Contingent award of Performance shares^{1a} to be delivered after 2021		
Lee Chee Koon (320,143 shares)	0 to 640,286 ³	0 to 640,286 ³
Contingent award of Performance shares^{1b} to be delivered after 2022		
Lee Chee Koon (323,886 shares)	—	0 to 647,772 ³
Unvested Restricted shares^{2a} to be delivered after 2017		
Lee Chee Koon	47,926 ^{5,6}	— [*]
[*] During the year, 54,491 shares were released.		
Unvested Restricted shares^{2a} to be delivered after 2018		
Lee Chee Koon	142,437 ^{5,7}	— [^]
[^] During the year, 151,837 shares were released, of which 80,619 shares were settled in cash.		
Unvested Restricted shares^{2a} to be delivered after 2019		
Lee Chee Koon	0 to 768,343 ^{4,5}	221,967 ^{5,6,@}
[@] During the year, 443,930 shares were released, of which 221,965 shares were settled in cash.		

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DIRECTORS' STATEMENT

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year	At end of the year
The Company (continued)		
Contingent award of Restricted shares^{2b} to be delivered after 2020		
Lee Chee Koon (269,905 shares)	–	0 to 404,857 ^{4,5}
Related Corporations		
Ascendas Pte Ltd		
S\$100 million 2.965% Fixed Rate Notes due 2021		
Kee Teck Koon	S\$250,000	S\$250,000
CapitaLand Treasury Limited		
S\$800 million 2.90% Fixed Rate Senior Notes due 2032		
Kee Teck Koon	–	S\$250,000
Fullerton India Credit Company Limited		
S\$150 million 3.70% Senior Secured Notes due 2023		
Kee Teck Koon	S\$250,000	S\$250,000
Mapletree Treasury Services Limited		
S\$300 million 3.4% Notes due 2026		
Miguel Ko	S\$500,000	S\$500,000
Olam International Limited		
US\$500 million 5.35% Perpetual Capital Securities		
Kee Teck Koon	US\$200,000	–
A\$150 million 4.875% Fixed Rate Notes due 2020		
Miguel Ko	A\$200,000	–
SIA Engineering Company Limited		
Ordinary Shares		
Kee Teck Koon	5,000	5,000

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DIRECTORS' STATEMENT

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year	At end of the year
Related Corporations (continued)		
Singapore Airlines Limited		
<i>Ordinary Shares</i>		
Miguel Ko	–	75,000
Stephen Lee Ching Yen	9,400	9,400
Kee Teck Koon	–	38,906
Goh Swee Chen	1,300	18,550
<i>S\$200 million 3.145% Fixed Rate Notes due 2021</i>		
Miguel Ko	S\$250,000	S\$250,000
<i>S\$600 million 3.16% Fixed Rate Notes due 2023</i>		
Ng Kee Choe	S\$250,000	S\$250,000
Miguel Ko	S\$500,000	S\$500,000
Kee Teck Koon	S\$750,000	S\$750,000
<i>S\$750 million 3.03% Bond due 2024</i>		
Miguel Ko	S\$250,000	S\$250,000
<i>S\$700 million 3.035% Fixed Rate Notes due 2025</i>		
Miguel Ko	S\$250,000	S\$250,000
Kee Teck Koon	S\$250,000	S\$250,000
<i>S\$850 million 1.625% Mandatory Convertible Bond due 2025</i>		
Goh Swee Chen	–	S\$3,835
Singapore Technologies Engineering Ltd		
<i>Ordinary Shares</i>		
Miguel Ko	70,500	70,500
Singapore Telecommunications Limited		
<i>Ordinary Shares</i>		
Ng Kee Choe	1,907	1,907
Miguel Ko	34,000	34,000
Stephen Lee Ching Yen	380	380
Dr Philip Nalliah Pillai	3,040	3,040
Kee Teck Koon	490	10,490
Anthony Lim Weng Kin	940	940
Goh Swee Chen	5,000	5,000

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DIRECTORS' STATEMENT

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year	At end of the year
Related Corporations (continued)		
SP Power Assets Limited		
US\$700 million 3.25% Fixed Rate Notes due 2025		
Ng Kee Choe	US\$200,000	US\$200,000
StarHub Ltd		
Ordinary Shares		
Miguel Ko	66,600	66,600
S\$220 million 3.08% Fixed Rate Notes due 2022		
Miguel Ko	S\$250,000	S\$250,000
Surbana Jurong Private Limited		
S\$350 million 4.11% Notes due 2025		
Lee Chee Koon	S\$500,000	—

Footnotes:

- 1a Awards made pursuant to the CapitaLand Performance Share Plan 2010.
- 1b Awards made pursuant to the CapitaLand Performance Share Plan 2020.
- 2a Awards made pursuant to the CapitaLand Restricted Share Plan 2010 (RSP 2010).
- 2b Awards made pursuant to the CapitaLand Restricted Share Plan 2020 (RSP 2020).
- 3 The final number of shares to be released will depend on the achievement of pre-determined targets over a three-year performance period. No share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 200% of the baseline award. The Executive Resource and Compensation Committee (ERCC) has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors.
- 4 The final number of shares to be released will depend on the achievement of pre-determined targets at the end of a one-year performance period and the release will be over a vesting period of three years. No share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 150% of the baseline award. The ERCC has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors.
- 5 An additional number of shares of a total value equal to the value of the accumulated dividends which are declared during each of the vesting periods and deemed forgone due to the vesting mechanism of the RSP 2010 and RSP 2020, will also be released on the final vesting.
- 6 Being the unvested one-third of the award.
- 7 Being the unvested two-thirds of the award.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures or options of the Company or of related corporations either at the beginning or at the end of the financial year.

There was no change in any of the above-mentioned directors' interests in the Company between the end of the financial year and 21 January 2021.

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BECAUSE TOMORROW MATTERS

DIRECTORS' STATEMENT

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed under the Directors' Interests in Shares or Debentures and Share Plans sections of this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE PLANS – PERFORMANCE SHARE PLANS AND RESTRICTED SHARE PLANS

The ERCC of the Company has been designated as the Committee responsible for the administration of the Share Plans. The ERCC members at the date of this statement are Mr Ng Kee Choe (Chairman), Mr Miguel Ko, Mr Stephen Lee Ching Yen and Ms Goh Swee Chen.

The CapitaLand Performance Share Plan 2010 (PSP 2010) and CapitaLand Restricted Share Plan 2010 (RSP 2010) were approved by the members of the Company at the Extraordinary General Meeting held on 16 April 2010. The duration of each share plan is 10 years commencing on 16 April 2010. The PSP 2010 and RSP 2010 have expired on 15 April 2020. Awards made prior to expiry are not affected and no further awards were made subsequent to expiry. No new awards were made under PSP 2010 and RSP 2010 during the year.

The CapitaLand Performance Share Plan 2020 (PSP 2020) and CapitaLand Restricted Share Plan 2020 (RSP 2020) were approved by the members of the Company at the Extraordinary General Meeting held on 12 April 2019. The duration of each share plan is 10 years commencing on 1 April 2020.

The ERCC has instituted a set of share ownership guidelines for members of senior management who receive shares under the Share Plans. Under these guidelines, members of senior management are required to retain a portion of the total number of CapitaLand shares received under the Share Plans, which varies according to their respective job grades and base salaries.

The total number of new shares which may be allotted, issued and/or delivered pursuant to awards granted under the Share Plans on any date, when aggregated with existing shares (including treasury shares and cash equivalents) delivered and/or to be delivered, pursuant to the Share Plans and all shares, options or awards granted under any other share schemes of the Company then in force, shall not exceed 8% of the total number of issued shares (excluding treasury shares) from time to time.

Details of awards granted under each Share Plan are provided in the following sections.

(a) Awards under the CapitaLand Performance Share Plans

Under the Performance Share Plans, the awards granted are conditional on performance targets set based on medium-term corporate objectives. Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the Company achieving prescribed performance target(s).

The ERCC grants an initial number of shares (baseline award) which are conditional on targets set for a performance period, currently prescribed to be a three-year performance period. A specified number of shares will only be released by the ERCC to the recipients at the end of the qualifying performance period, provided the threshold targets are achieved. The final number of shares to be released will depend on the achievement of pre-determined targets over a three-year performance period. No share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 200% of the baseline award. The ERCC has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors.

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DIRECTORS' STATEMENT

SHARE PLANS – PERFORMANCE SHARE PLANS AND RESTRICTED SHARE PLANS (continued)

(a) Awards under the CapitaLand Performance Share Plans (continued)

For grants made in 2017 to 2020, the performance conditions and number of shares to be released subject to the achievement of performance targets are as follows:

Performance conditions		Final number of shares to be released
1.	Group's absolute total shareholder return measured as a multiple of cost of equity	0% to 200% of baseline award
2.	Group's relative total shareholder return ranking against a peer group of selected companies	
3.	Average of Group's return on equity to be achieved in 2018 and 2019 for the grant made in 2017; average of Group's return on equity to be achieved in 2018 to 2020 for the grant made in 2018; average of Group's return on equity to be achieved in 2019 to 2021 for the grant made in 2019; average of Group's return on equity to be achieved in 2021 and 2022 for the grant made in 2020	

Details of the movement in the awards of the Company during the year were as follows:

Year of award	Balance as at 1 January 2020		<— Movements during the year —>			Balance as at 31 December 2020	
	No. of holders	No. of shares	Granted No. of shares	Released No. of shares	Lapsed/ Cancelled No. of shares	No. of holders	No. of shares
2017	57	3,301,739	222,127	(3,395,863)	(128,003)	—	—
2018	60	2,443,787	—	—	(178,193)	55	2,265,594
2019	84	3,414,304	—	—	(117,240)	79	3,297,064
2020	—	—	3,194,293	—	—	72	3,194,293
		9,159,830	3,416,420	(3,395,863)	(423,436)		8,756,951

(b) Awards under the CapitaLand Restricted Share Plans

Under the Restricted Share Plans, awards granted to eligible participants vest only after the satisfactory completion of time-based service conditions or where the award is performance-related, after a further period of service beyond the performance target completion date (performance-based restricted awards). In addition, the plans also enable grants of fully paid shares to be made to non-executive directors as part of their remuneration in respect of their office as such in lieu of cash.

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BECAUSE TOMORROW MATTERS

DIRECTORS' STATEMENT

SHARE PLANS – PERFORMANCE SHARE PLANS AND RESTRICTED SHARE PLANS (continued)

(b) Awards under the CapitaLand Restricted Share Plans (continued)

The ERCC grants an initial number of shares (baseline award) which are conditional on targets set for a performance period, currently prescribed to be a one-year performance period. A specified number of shares will only be released by the ERCC to the recipients at the end of the qualifying performance period, provided the threshold targets are achieved. The final number of shares to be released will depend on the achievement of pre-determined targets at the end of a one-year performance period. No share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 150% of the baseline award. The ERCC has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors. Once the final number of shares has been determined, it will be released over a vesting period of three years. Recipients can receive fully paid shares, their equivalent cash value or combinations thereof, at no cost.

For grants made in 2017 to 2020, the performance conditions and number of shares to be released subject to the achievement of performance targets are as follows:

Performance conditions		Final number of shares to be released
1.	Group's operating earnings before interest and tax	0% to 150% of baseline award
2.	Group's operating return on equity	An additional number of shares of a total value equal to the value of the accumulated dividends declared during each of the vesting periods and deemed forgone due to the vesting mechanism, will also be released upon the final vesting

Details of the movement in the awards of the Company during the year were as follows:

Year of award	Balance as at 1 January 2020		<— Movements during the year —>			Balance as at 31 December 2020	
	No. of holders	No. of shares	Granted No. of shares	Released ⁺ No. of shares	Lapsed/ Cancelled No. of shares	No. of holders	No. of shares
2017	1,179	4,231,622	571,042	(4,743,499)	(59,165)	—	—
2018	1,351	8,942,586	63,216	(4,954,231)	(445,487)	1,146	3,606,084
2019	2,238	14,951,746	1,309,810	(5,816,170)	(1,760,301)	1,957	8,685,085
2020	—	—	9,132,455 ^{#^}	(212,897)	(109,885)	1,560	8,809,673
		28,125,954	11,076,523	(15,726,797)	(2,374,838)		21,100,842

⁺ The number of shares released during the year was 15,726,797, of which 4,078,753 were cash-settled.

[#] Comprised RSP to employees 8,919,558 and to non-executive directors 212,897.

[^] Includes time-based awards granted under RSP 2020 vesting on 1 March 2021 for selected senior management new hires.

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DIRECTORS' STATEMENT

SHARE PLANS – PERFORMANCE SHARE PLANS AND RESTRICTED SHARE PLANS (continued)

(b) Awards under the CapitaLand Restricted Share Plans (continued)

As at 31 December 2020, the number of shares in awards granted under the Restricted Share Plans was as follows:

	Equity-settled	Cash-settled	Total
Final number of shares has not been determined (baseline award) [#]	6,882,580	1,767,093	8,649,673
Final number of shares determined but not released	10,136,163 [^]	2,315,006	12,451,169
	17,018,743	4,082,099	21,100,842

[#] The final number of shares released could range from 0% to 150% of the baseline award.

[^] Includes time-based awards granted under RSP 2020 vesting on 1 March 2021 for selected senior management new hires.

AUDIT COMMITTEE

The Audit Committee members at the date of this statement are Mr Chaly Mah Chee Kheong (Chairman), Tan Sri Amirsham Bin A Aziz, Dr Philip Nalliah Pillai, Mr Gabriel Lim Meng Liang and Mr Anthony Lim Weng Kin.

The Audit Committee shall discharge its duties in accordance with the Companies Act (Chapter 50) and the Listing Manual of the SGX-ST. The Audit Committee shall also be guided by the Code of Corporate Governance (2 May 2012) and the Guidebook for Audit Committee in Singapore (Second Edition), and any such codes or regulations as may be applicable from time to time.

The principal responsibility of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities. Areas of review by the Audit Committee include:

- the reliability and integrity of the financial statements;
- the impact of new, revised or proposed changes in accounting standards and policies or regulatory requirements on the financial statements;
- the compliance with laws and regulations, particularly those of the Act and the Listing Manual of the SGX-ST;
- the appropriateness of half-yearly and full year announcements and reports;
- in conjunction with the assessment by the Risk Committee, assesses the adequacy and effectiveness of the internal control (including financial, operational, compliance and information technology controls) and risk management systems established by management to manage risks;
- the adequacy and effectiveness of internal and external audits;
- the appointment and re-appointment of external auditors and the level of auditors' remuneration;
- the nature and extent of non-audit services and their impact on independence and objectivity of the external auditors;
- interested person transactions;
- the findings of internal investigation, if any;
- the processes put in place to manage any material conflicts of interest within the Group; and
- all conflicts of interest matters referred to it.

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BECAUSE TOMORROW MATTERS

DIRECTORS' STATEMENT

AUDIT COMMITTEE (continued)

The Audit Committee also reviews the policy and arrangements by which employees of the Company 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. Where the Audit Committee becomes aware of any improprieties, the Audit Committee shall discuss such matter with the external auditors and, at an appropriate time, report the matter to the Board. Where appropriate, the Audit Committee shall also commission internal investigations into such matters. Pursuant to this, the Audit Committee has introduced a whistle blowing policy where employees or any person may raise improprieties to the Audit Committee Chairman in good faith, with the confidence that employees or any person making such reports will be treated fairly and be protected from reprisal.

The Audit Committee met 4 times in 2020. Specific functions performed during the year included reviewing the scope of work and strategies of both the internal and external auditors, and the results arising therefrom, including their evaluation of the system of internal controls. The Audit Committee also reviewed the assistance given by the Company's officers to the auditors. The financial statements of the Group and the Company were reviewed by the Audit Committee prior to the submission to the Board of Directors of the Company for adoption. The Audit Committee also met with the internal and external auditors, without the presence of management, to discuss any issues of concern with them.

The Audit Committee has, in accordance with Chapter 9 of the Listing Manual of the SGX-ST, reviewed the requirements for approval and disclosure of interested person transactions, reviewed the procedures set by the Group and the Company to identify and report and where necessary, seek approval for interested person transactions and, with the assistance of the internal auditors, reviewed interested person transactions.

The Audit Committee also undertook half-yearly reviews of all non-audit services provided by KPMG LLP and its member firms and was satisfied that they did not affect their independence as external auditors of the Company.

The Audit Committee has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Ng Kee Choe
Director

Lee Chee Koon
Director

Singapore
5 March 2021

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INDEPENDENT AUDITORS' REPORT

To the Members of CapitaLand Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of CapitaLand Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2020, the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the income statement, statement of comprehensive income and statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 156 to 295.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act), Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS) so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2020 and the financial performance and changes in equity of the Group and the Company, and the cash flows of the Group for the year ended on that date.

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 the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Valuation of investment properties

(Refer to Note 5 and 35 to the financial statements)

Risk:

The Group owns a portfolio of investment properties comprising shopping malls, offices, serviced residences, integrated development projects and business park, industrial and logistic properties, located primarily in Singapore, China and Europe. Investment properties represent the single largest category of assets on the balance sheets at \$47.9 billion as at 31 December 2020 (2019: \$48.7 billion).

These investment properties are stated at their fair values based on independent external valuations.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied and a small change in the assumptions can have a significant impact to the valuation.

The valuation reports obtained from the external valuers of certain properties highlighted that given the unprecedented set of circumstances on which to base a judgment, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. Due to the unknown future impact that the Coronavirus Disease ("COVID-19") pandemic might have on the real estate market, the external valuers have also recommended to keep the valuation of these properties under frequent review.

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BECAUSE TOMORROW MATTERS

INDEPENDENT AUDITORS' REPORT

To the Members of CapitalLand Limited

Our response:

We assessed the Group's processes for the selection of the external valuers, the determination of the scope of work of the valuers, and the review and acceptance of the valuations reported by the external valuers.

We evaluated the qualifications and competence of the external valuers. We also read the terms of engagement of the valuers with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work.

We considered the valuation methodologies used against those applied by other valuers for similar property types. We also considered other alternative valuation methods. We tested the integrity of inputs of the projected cash flows used in the valuations to supporting leases and other documents. We challenged the key assumptions used in the valuations, which included capitalisation, discount and terminal yield rates by comparing them against historical rates 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.

We also considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.

Our findings:

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

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

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

Our opinion on the financial statements does not cover the other information and we do not and 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020

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INDEPENDENT AUDITORS' REPORT

To the Members of CapitalLand Limited

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, SFRS(I) and IFRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the financial statements

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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BECAUSE TOMORROW MATTERS

INDEPENDENT AUDITORS' REPORT

To the Members of CapitaLand Limited

Auditors' responsibilities for the audit of the financial statements (continued)

We communicate with the directors 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 directors 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 directors, 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Ling Su Min.

KPMG LP

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
5 March 2021

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020

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BALANCE SHEETS

As at 31 December 2020

	Note	The Group		The Company	
		31 Dec 2020 \$'000	31 Dec 2019 \$'000	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Non-current assets					
Property, plant and equipment	3	1,435,084	1,268,517	35,918	47,128
Intangible assets	4	1,067,382	988,081	323	436
Investment properties	5	47,872,910	48,731,897	–	–
Subsidiaries	6	–	–	16,922,621	15,511,154
Associates	7	7,726,017	8,080,868	–	–
Joint ventures	8	4,801,796	4,915,307	–	–
Deferred tax assets	9	503,456	353,816	423	423
Other non-current assets	10(a)	1,571,500	1,382,447	–	–
		64,978,145	65,720,933	16,959,285	15,559,141
Current assets					
Development properties for sale and stocks	11	6,778,210	7,725,059	–	–
Trade and other receivables	12	3,075,988	2,301,597	804,034	889,759
Other current assets	10(b)	39,495	45,611	–	–
Assets held for sale	15	322,662	385,111	–	–
Cash and cash equivalents	16	9,175,378	6,167,606	25,199	18,098
		19,391,733	16,624,984	829,233	907,857
Less: current liabilities					
Trade and other payables	17	5,256,615	5,047,568	402,791	112,429
Contract liabilities	27(b)	862,127	1,501,306	–	–
Short term borrowings	19	3,938,561	2,501,026	10,808	10,453
Current portion of debt securities	20	998,728	1,449,027	–	646,236
Current tax payable		2,651,176	1,900,452	2,281	3,998
Liabilities held for sale	15	31,678	27,797	–	–
		13,738,885	12,427,176	415,880	773,116
Net current assets		5,652,848	4,197,808	413,353	134,741
Less: non-current liabilities					
Long term borrowings	19	19,573,143	17,008,518	23,969	34,777
Debt securities	20	10,647,959	10,452,492	1,172,783	1,170,531
Deferred tax liabilities	9	1,366,831	1,462,440	549	1,572
Other non-current liabilities	21	751,019	712,416	672,315	1,282,605
		32,338,952	29,635,866	1,869,616	2,489,485
Net assets		38,292,041	40,282,875	15,503,022	13,204,397
Representing:					
Share capital	23	9,715,256	9,327,422	9,715,256	9,327,422
Revenue reserve		12,903,455	15,074,009	6,018,041	4,103,135
Other reserves	24	(312,634)	(1,041,961)	(230,275)	(226,160)
Equity attributable to owners of the Company		22,306,077	23,359,470	15,503,022	13,204,397
Perpetual securities	25	996,657	897,047	–	–
Non-controlling interests	6	14,989,307	16,026,358	–	–
Total equity		38,292,041	40,282,875	15,503,022	13,204,397

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

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020

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BECAUSE TOMORROW MATTERS

INCOME STATEMENTS

Year ended 31 December 2020

	Note	The Group		The Company	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
Revenue	27	6,532,572	6,234,764	2,617,224	517,113
Cost of sales		(3,613,302)	(3,234,962)	–	–
Gross profit		2,919,270	2,999,802	2,617,224	517,113
Other operating income	28(a)	719,916	1,772,158	53,048	66,288
Administrative expenses		(605,372)	(608,740)	(104,375)	(161,480)
Other operating expenses		(2,854,044)	(84,385)	(38,884)	(13,526)
Profit from operations		179,770	4,078,835	2,527,013	408,395
Finance costs	28(d)	(913,149)	(839,141)	(56,405)	(79,344)
Share of results (net of tax) of:					
– associates		22,893	643,824	–	–
– joint ventures		28,824	344,951	–	–
		51,717	988,775	–	–
(Loss)/Profit before tax	28	(681,662)	4,228,469	2,470,608	329,051
Tax expense	29	(953,485)	(814,828)	2,560	1,254
(Loss)/Profit for the year		(1,635,147)	3,413,641	2,473,168	330,305
Attributable to:					
Owners of the Company		(1,574,259)	2,135,894	2,473,168	330,305
Non-controlling interests		(60,888)	1,277,747	–	–
(Loss)/Profit for the year		(1,635,147)	3,413,641	2,473,168	330,305
Basic earnings per share (cents)	30	(31.0)	46.4		
Diluted earnings per share (cents)	30	(31.0)	43.8		

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

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020

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STATEMENTS OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	Note	The Group		The Company	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
(Loss)/Profit for the year		(1,635,147)	3,413,641	2,473,168	330,305
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations		700,103	(206,259)	–	–
Effective portion of change in fair value of cash flow hedges		(97,742)	(70,176)	–	–
Share of other comprehensive income of associates and joint ventures		349,320	(161,143)	–	–
Items that will not be reclassified subsequently to profit or loss					
Change in fair value of equity investments at fair value through other comprehensive income		(50,940)	144,372	–	–
Revaluation of a property, plant and equipment		–	6,161	–	–
Total other comprehensive income for the year, net of tax	26	900,741	(287,045)	–	–
Total comprehensive income for the year		<u>(734,406)</u>	<u>3,126,596</u>	<u>2,473,168</u>	<u>330,305</u>
Attributable to:					
Owners of the Company		(881,562)	1,952,983	2,473,168	330,305
Non-controlling interests		147,156	1,173,613	–	–
Total comprehensive income for the year		<u>(734,406)</u>	<u>3,126,596</u>	<u>2,473,168</u>	<u>330,305</u>

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

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020

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BECAUSE TOMORROW MATTERS

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2020

	Attributable to owners of the Company												
	Share capital \$'000	Revenue reserve \$'000	Reserve for own shares \$'000	Capital reserve \$'000	Equity compensation reserve \$'000	Hedging reserve \$'000	Fair value reserve \$'000	Asset revaluation reserve \$'000	Foreign currency translation reserve \$'000	Total \$'000	Perpetual securities \$'000	Non-controlling interests \$'000	Total equity \$'000
The Group													
At 1 January 2020	9,327,422	15,074,009	(342,225)	295,073	77,869	(104,727)	138,489	6,161	(1,112,601)	23,359,470	897,047	15,026,358	40,282,875
Total comprehensive income													
Loss for the year	–	(1,574,259)	–	–	–	–	–	–	–	(1,574,259)	–	(60,888)	(1,635,147)
Other comprehensive income													
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	–	–	–	–	–	–	–	–	468,882	468,882	–	231,221	700,103
Change in fair value of equity investment at fair value through other comprehensive income	–	–	–	–	–	–	(44,975)	–	–	(44,975)	–	(5,965)	(50,940)
Effective portion of change in fair value of cash flow hedges	–	–	–	–	–	(74,940)	–	–	–	(74,940)	–	(22,802)	(97,742)
Share of other comprehensive income of associates and joint ventures	–	–	–	–	–	(19,952)	–	–	363,682	343,730	–	5,590	349,320
Total other comprehensive income, net of tax	–	–	–	–	–	(94,892)	(44,975)	–	832,564	692,697	–	208,044	900,741
Total comprehensive income	–	(1,574,259)	–	–	–	(94,892)	(44,975)	–	832,564	(881,562)	–	147,156	(734,406)

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

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020

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CAPITALAND LIMITED • ANNUAL REPORT 2020

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2020

	Attributable to owners of the Company										Non-controlling interests	Total equity
	Share capital	Revenue reserve	Reserve for own shares	Capital reserve	Equity compensation reserve	Hedging reserve	Fair value reserve	Asset revaluation reserve	Foreign currency translation reserve	Total	Perpetual securities	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners												
Issue of treasury shares	–	–	735	–	–	–	–	–	–	735	–	735
Issue of new shares	387,834	–	–	–	–	–	–	–	–	387,834	–	387,834
Contributions from non-controlling interests (net)	–	–	–	–	–	–	–	–	–	–	–	–
Redemption of convertible bonds	–	46,990	–	–	–	–	–	–	–	–	–	–
Dividends paid/payable	–	(606,279)	–	(46,990)	–	–	–	–	–	–	–	–
Reclassification of equity compensation reserve	–	1,027	51,188	–	(52,215)	–	–	–	–	(606,279)	–	–
Issue of perpetual securities (net)	–	–	–	–	–	–	–	–	–	–	–	–
Distribution attributable to perpetual securities	–	(24,749)	–	–	–	–	–	–	–	(24,749)	–	–
Distribution paid to perpetual securities	–	–	–	–	–	–	–	–	–	–	–	–
Share-based payments	–	–	–	–	27,680	–	–	–	–	27,680	–	31,378
Total contributions by and distributions to owners	387,834	(583,011)	51,923	(46,990)	(24,535)	–	–	–	–	(214,779)	99,610	(498,100)
Changes in ownership interests in subsidiaries and other capital transactions												
Changes in ownership interests in subsidiaries with a change in control	–	3,662	–	(2,046)	–	–	–	–	1,220	2,836	–	(18,655)
Changes in ownership interests in subsidiaries with no change in control	–	47,318	–	(1,030)	–	91	108	–	3,701	50,188	–	(773,832)
Share of reserves of associates and joint ventures	–	(21,321)	–	18,617	–	–	–	–	–	(2,704)	–	(16)
Others	–	(42,943)	–	35,571	–	–	–	–	–	(7,372)	–	(5,937)
Total changes in ownership interests in subsidiaries and other capital transactions	–	(13,284)	–	51,112	–	91	108	–	4,921	42,948	–	(801,276)
Total transactions with owners	387,834	(596,295)	51,923	4,122	(24,535)	91	108	–	4,921	(171,831)	99,610	(1,256,428)
At 31 December 2020	9,715,256	12,903,455	(290,302)	299,195	53,334	(199,528)	93,622	6,161	(275,116)	22,306,077	996,657	38,292,041

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

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020

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BECAUSE TOMORROW MATTERS

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2020

	Attributable to owners of the Company										Non-controlling interests	Total equity
	Share capital	Revenue reserve	Reserve for own shares	Capital reserve	Equity compensation reserve	Hedging reserve	Fair value reserve	Asset revaluation reserve	Foreign currency translation reserve	Total	Perpetual securities	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The Group												
As previously reported at 01/01/2019	6,309,496	13,460,921	(385,078)	401,141	69,345	(45,716)	2,311	—	(859,708)	18,952,712	397,127	33,306,939
Adoption of SFRS(I) 16	—	(22,597)	—	—	—	—	—	—	—	(22,597)	—	(21,025)
At 1 January 2019	6,309,496	13,438,324	(385,078)	401,141	69,345	(45,716)	2,311	—	(859,708)	18,930,115	397,127	33,285,914
Total comprehensive income												
Profit for the year	—	2,135,894	—	—	—	—	—	—	—	2,135,894	—	3,413,641
Other comprehensive income												
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	—	—	—	—	—	—	—	—	(131,519)	(131,519)	—	(74,740)
Change in fair value of equity investment at fair value through other comprehensive income	—	—	—	—	—	—	136,147	—	—	136,147	—	8,225
Revaluation of a property, plant and equipment	—	—	—	—	—	—	—	6,161	—	6,161	—	6,161
Effective portion of change in fair value of cash flow hedges	—	—	—	—	—	(34,884)	—	—	—	(34,884)	—	(35,292)
Share of other comprehensive income of associates and joint ventures	—	—	—	—	—	(25,277)	—	—	(133,539)	(158,816)	—	(2,327)
Total other comprehensive income, net of tax	—	—	—	—	—	(60,161)	136,147	6,161	(265,058)	(182,911)	—	(104,134)
Total comprehensive income	—	2,135,894	—	—	—	(60,161)	136,147	6,161	(265,058)	1,952,983	—	3,126,596

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

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STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2020

	Attributable to owners of the Company										Total equity \$'000
	Share capital \$'000	Revenue reserve \$'000	Reserve for own shares \$'000	Capital reserve \$'000	Equity compensation reserve \$'000	Hedging reserve \$'000	Fair value reserve \$'000	Asset revaluation reserve \$'000	Foreign currency translation reserve \$'000	Total \$'000	Non-controlling interests \$'000
Transactions with owners, recorded directly in equity											
Issue of treasury shares	–	–	596	–	–	–	–	–	–	596	–
Contributions by and distributions to owners	3,017,926	–	–	–	–	–	–	–	–	3,017,926	–
Issue of new shares	–	–	–	–	–	–	–	–	–	–	–
Contributions from non-controlling interests (net)	–	–	–	–	–	–	–	–	–	–	606,048
Redemption of convertible bonds	–	18,483	–	(18,483)	–	–	–	–	–	–	–
Dividends paid/payable	–	(501,007)	–	–	–	–	–	–	–	(501,007)	–
Reclassification of equity compensation reserve	–	1,245	–	–	(1,245)	–	–	–	–	–	(836,465)
Issue of perpetual securities (net)	–	–	–	–	–	–	–	–	–	–	–
Redemption of perpetual securities	–	–	–	–	–	–	–	–	–	–	645,579
Distribution attributable to perpetual securities	–	(12,628)	–	–	–	–	–	–	–	(12,628)	–
Distribution paid to perpetual securities	–	–	–	–	–	–	–	–	–	–	(19,200)
Share-based payments	–	–	42,257	–	9,769	–	–	–	–	52,028	–
Total contributions by and distributions to owners	3,017,926	(493,907)	42,853	(18,483)	8,524	–	–	–	2	2,556,915	1,499
											(239,831)
											2,817,004
Changes in ownership interests in subsidiaries and other capital transactions											
Changes in ownership interests in subsidiaries with a change in control	–	23,830	–	(24,228)	–	1,150	–	–	1,338	2,090	–
Changes in ownership interests in subsidiaries with no change in control	–	(96,510)	–	(292)	–	–	31	–	9,681	(87,090)	–
Share of reserves of associates and joint ventures	–	(36,043)	–	40,141	–	–	–	–	–	4,098	–
Transfer of reserves upon divestment of an associate	–	119,928	–	(119,928)	–	–	–	–	–	–	–
Others	–	(17,507)	–	16,722	–	–	–	–	1,144	359	–
Total changes in ownership interests in subsidiaries and other capital transactions	–	(6,302)	–	(87,585)	–	1,150	31	–	12,163	(80,543)	–
Total transactions with owners	3,017,926	(500,209)	42,853	(106,068)	8,524	1,150	31	–	12,165	2,476,372	1,133,904
At 31 December 2019	9,327,422	15,074,009	(342,225)	295,073	77,869	(104,727)	138,489	6,161	(1,112,601)	23,359,470	894,073
											16,026,358
											40,282,875

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

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020

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BECAUSE TOMORROW MATTERS

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2020

	Attributable to owners of the Company					
	Share capital \$'000	Revenue reserve \$'000	Reserve for own shares \$'000	Capital reserve \$'000	Equity compensation reserve \$'000	Total equity \$'000
The Company						
At 1 January 2020	9,327,422	4,103,135	(342,225)	92,799	23,266	13,204,397
Total comprehensive income						
Profit for the year	–	2,473,168	–	–	–	2,473,168
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Issue of new shares	387,834	–	–	–	–	387,834
Issue of treasury shares	–	–	51,923	–	(15,643)	36,280
Dividends paid	–	(606,279)	–	–	–	(606,279)
Share-based payments	–	–	–	–	7,622	7,622
Reclassification of equity compensation reserve	–	1,027	–	–	(1,027)	–
Redemption of convertible bonds	–	46,990	–	(46,990)	–	–
Total transactions with owners	387,834	(558,262)	51,923	(46,990)	(9,048)	(174,543)
At 31 December 2020	9,715,256	6,018,041	(290,302)	45,809	14,218	15,503,022
At 1 January 2019	6,309,496	4,257,059	(385,078)	111,282	19,105	10,311,864
Total comprehensive income						
Profit for the year	–	330,305	–	–	–	330,305
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Issue of new shares	3,017,926	–	–	–	–	3,017,926
Issue of treasury shares	–	–	42,853	–	(14,422)	28,431
Dividends paid	–	(501,007)	–	–	–	(501,007)
Share-based payments	–	–	–	–	16,878	16,878
Reclassification of equity compensation reserve	–	(1,705)	–	–	1,705	–
Redemption of convertible bonds	–	18,483	–	(18,483)	–	–
Total transactions with owners	3,017,926	(484,229)	42,853	(18,483)	4,161	2,562,228
At 31 December 2019	9,327,422	4,103,135	(342,225)	92,799	23,266	13,204,397

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

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020

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CAPITALAND LIMITED • ANNUAL REPORT 2020

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	2020 \$'000	2019 \$'000
Cash flows from operating activities		
(Loss)/Profit after tax	(1,635,147)	3,413,641
Adjustments for:		
Allowance for/(Write-back of):		
– impairment loss on receivables	32,906	10,477
– foreseeable losses	251,329	(3,499)
– impairment on interests in associates and joint ventures	283	18,251
– impairment on intangible assets	152,868	5,263
– impairment on property, plant and equipment	26,594	8,682
Amortisation of intangible assets	22,922	18,461
Depreciation of property, plant and equipment and right-of-use assets	156,806	118,418
Dividend income	(13,629)	(8,726)
Fair value loss/(gain) from assets held for sale	416,479	(135,024)
Finance costs	913,149	839,141
Gain on disposal of investment properties	(40,156)	(124,744)
Interest income	(98,542)	(98,323)
Loss on disposal and write off of property, plant and equipment	527	1,682
Write-off of intangible assets	1,712	–
Net change in fair value of investment properties	2,085,197	(1,028,920)
Net change in fair value of financial instruments	15,041	(11,412)
Net gain from change of ownership interests in subsidiaries, associates and joint ventures	(232,457)	(218,520)
Share of results of associates and joint ventures	(51,717)	(988,775)
Share-based expenses	36,846	66,734
Tax expense	953,485	814,828
	<u>4,629,643</u>	<u>(716,006)</u>
Operating profit before working capital changes	<u>2,994,496</u>	<u>2,697,635</u>
Changes in working capital:		
Trade and other receivables	(825,630)	(135,537)
Development properties for sale	1,043,981	338,357
Contract assets	–	24,805
Trade and other payables	(484,489)	52,154
Contract liabilities	(705,494)	(199,094)
Restricted bank deposits	17,190	(61,034)
	<u>(954,442)</u>	<u>19,651</u>
Cash generated from operations	<u>2,040,054</u>	<u>2,717,286</u>
Taxation paid	(511,787)	(471,314)
Net cash generated from operating activities	<u>1,528,267</u>	<u>2,245,972</u>

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

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020

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BECAUSE TOMORROW MATTERS

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Note	2020 \$'000	2019 \$'000
Cash flows from investing activities			
Acquisition/Development expenditure of investment properties		(837,780)	(1,009,955)
Acquisition of subsidiaries, net of cash acquired	32(b)	(213,361)	(2,543,698)
Deposits placed for acquisition of investment properties		(155,386)	–
Deposits received for disposal of investment property/subsidiaries		21,168	86,850
Disposal of subsidiaries, net of cash disposed of	32(d)	468,614	1,537,188
Dividends received from associates, joint ventures and other investments		403,276	291,405
Interest income received		78,947	90,143
(Investments in)/Return of investments from associates and joint ventures		(364,881)	101,269
Proceeds from disposal of/(Investment in) other financial assets		3,097	(18,241)
Proceeds from disposal of investment properties		360,184	782,982
Proceeds from disposal of assets held for sale		351,188	386,300
Proceeds from disposal of property, plant and equipment		9,802	6,831
Purchase of intangible assets and property, plant and equipment		(80,111)	(81,465)
Settlement of hedging instruments		(13,072)	1,284
Restricted bank deposit for acquisition of a subsidiary		–	10,590
Net cash generated from/(used in) investing activities		31,685	(358,517)
Cash flows from financing activities			
Repayment of shareholder loans from non-controlling interests		(52,000)	(7,792)
(Distributions to)/Contributions from non-controlling interests		(332,940)	593,708
Dividends paid to non-controlling interests		(737,114)	(825,182)
Distributions to perpetual securities holders		(33,849)	(19,200)
Dividends paid to shareholders		(217,949)	(501,007)
Interest expense paid		(990,427)	(890,764)
Loans from associates and joint ventures		515,760	–
Payment for acquisition of ownership interests in subsidiaries with no change in control		(3,194)	(118,370)
Proceeds from bank borrowings		7,569,655	9,529,542
Proceeds from issuance of debt securities		1,124,220	1,551,841
Proceeds from issue of perpetual securities by subsidiaries		98,821	645,579
Redemption of perpetual securities by a subsidiary		–	(150,000)
Repayments of lease liabilities		(68,341)	(63,256)
Repayments of bank borrowings		(4,184,389)	(9,302,399)
Repayments of debt securities and convertible bonds		(1,392,588)	(1,208,925)
Receipt/(Placement) of bank deposits pledged for bank facilities		2,714	(771)
Net cash generated from/(used) in financing activities		1,298,379	(766,996)
Net increase in cash and cash equivalents		2,858,331	1,120,459
Cash and cash equivalents at beginning of the year		6,061,398	5,004,755
Effect of exchange rate changes on cash balances held in foreign currencies		171,975	(41,880)
Changes in cash and cash equivalents reclassified to assets held for sale		(2,868)	(21,936)
Cash and cash equivalents at end of the year	16	9,088,836	6,061,398

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

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020

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NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 5 March 2021.

1 DOMICILE AND ACTIVITIES

CapitalLand Limited (the Company) is incorporated in the Republic of Singapore and has its registered office at 168 Robinson Road, #30-01, Capital Tower, Singapore 068912.

The Company's immediate and ultimate holding companies are CLA Real Estate Holdings Pte Ltd and Temasek Holdings (Private) Limited respectively, both companies incorporated in the Republic of Singapore.

The principal activities of the Company during the financial year are those relating to investment holding and consultancy services as well as the corporate headquarters which gives direction, provides management support services and integrates the activities of its subsidiaries.

The principal activities of the significant subsidiaries are those relating to investment holding, real estate development, investment in real estate financial products and real estate assets, investment advisory and management services as well as management of real estate assets.

The consolidated financial statements relate to the Company and its subsidiaries (the Group) and the Group's interests in associates and joint ventures.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS). SFRS(I) are issued by the Accounting Standards Council and comprise standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB). All references to SFRS(I) and IFRS are subsequently referred to as SFRS(I) in these financial statements unless otherwise stated.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

These financial statements are presented in Singapore Dollars, which is the Company's functional currency. All financial information presented in Singapore Dollars have been rounded to the nearest thousand, unless otherwise stated.

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020

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BECAUSE TOMORROW MATTERS

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Information about critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 2.6, Note 3(a)	–	classification of investment properties
Note 6	–	consolidation; whether the Group has control over an investee
Note 9	–	recognition of deferred tax assets
Note 2.15	–	revenue recognition: whether revenue from sale of residential units is recognised over time or at point in time
Note 2.2(a), Note 33	–	accounting for acquisitions as business combinations or asset acquisitions

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	–	measurement of recoverable amounts of goodwill
Note 5, Note 35	–	determination of fair value of investment properties
Note 11	–	estimation of the progress of completion of the projects' attributable profits for development properties for sale and allowance for foreseeable losses
Note 34(c)	–	measurement of expected credit loss (ECL) allowance for trade receivables: key assumptions in determining the expected loss rate
Note 33	–	determination of fair value of assets, liabilities and contingent liabilities acquired in business combinations
Note 35	–	determination of fair value of financial instruments

The accounting policies set out below have been applied consistently by the Group entities to all periods presented in these financial statements, except as explained in note 2.14 and note 41 which address changes in accounting policies.

2.2 Basis of consolidation

(a) Business combinations and property acquisitions

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets or acquisition of a property is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

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NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

(a) Business combinations and property acquisitions (continued)

Goodwill arising from business combinations are measured as described in note 2.5(a).

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

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

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition date fair value, unless another measurement basis is required by SFRS(I). If the business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at each acquisition date and any changes are taken to the profit or loss.

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

(b) 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 these returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as transactions with owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognised in the profit or loss. 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.

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NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

(c) Associates and joint ventures

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. Joint ventures are entities over whose activities the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Associates and joint ventures are accounted for using the equity method (collectively referred to as "equity-accounted investees") and are recognised initially at cost. The cost of the investments includes transaction costs. The Group's investments in equity-accounted investees include goodwill identified on acquisition, net of any accumulated impairment losses. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operation or has made payments on behalf of the investee.

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2.11. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(d) Joint operations

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

(e) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with 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.

(f) Accounting for subsidiaries, associates and joint ventures by the Company

Investments in subsidiaries, associates and joint ventures are stated in the Company's balance sheet at cost less accumulated impairment losses.

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NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Foreign currencies

Foreign currency transactions

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the functional currency).

Transactions in foreign currencies are translated to the respective functional currencies of the Group's entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting date are translated to the functional currency at the exchange rate prevailing at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which 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 from translation are recognised in the profit or loss, except for differences arising from the translation of monetary items that in substance form part of the Group's net investment in a foreign operation, financial assets fair value through other comprehensive income and financial liabilities designated as hedges of net investment in a foreign operation (note 2.8) or qualifying cash flow hedges to the extent such hedges are effective, which are recognised in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisitions, are translated to Singapore Dollars at exchange rates prevailing at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore Dollars at exchange rates prevailing at the dates of the transactions. Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rates at the reporting date.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is transferred to the profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or a joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is transferred to the profit or loss.

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 to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income and are presented in the translation reserve in equity.

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NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment

Property, 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. Certain of the Group's property, plant and equipment acquired through interests in subsidiaries, are accounted for as acquisition of assets (note 2.2(a)).

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset if 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 and its cost can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use. Freehold land has unlimited useful life and therefore is not depreciated. Depreciation on property, plant and equipment is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment as follows:

Leasehold land and buildings (excluding serviced residence properties)	Lease period ranging from 25 years to 50 years
Plant, machinery and improvements	1 to 10 years
Motor vehicles	5 years
Furniture, fittings and equipment	1 to 10 years

For serviced residence properties where the residual value at the end of the intended holding period is lower than the carrying amount, the difference in value is depreciated over the Group's intended holding period. The intended holding period (the period from the date of commencement of serviced residence operations to the date of expected strategic divestment of the properties) ranges from three to five years. No depreciation is recognised where the residual value is higher than the carrying amount.

Assets under construction are stated at cost and are not depreciated. Expenditure relating to assets under construction (including borrowing costs) are capitalised when incurred. Depreciation will commence when the development is completed and ready to use.

The assets' residual values, useful lives and depreciation methods are reviewed at each reporting date, and adjusted if appropriate.

2.5 Intangible assets

(a) Goodwill

For business combinations, the Group measures goodwill as at acquisition date based on the fair value of the consideration transferred (including the fair value of any pre-existing equity interest in the acquiree) and the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the amount is negative, a gain on bargain purchase is recognised in the profit or loss. Goodwill is subsequently measured at cost less accumulated impairment losses.

Goodwill arising from the acquisition of subsidiaries is included in intangible assets. Goodwill arising from the acquisition of associates and joint ventures is presented together with interests in associates and joint ventures.

Goodwill is tested annually for impairment as described in note 2.11.

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NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Intangible assets (continued)

(b) Other intangible assets

Other intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. These are amortised in the profit or loss on a straight-line basis over their estimated useful lives of one to 10 years, from the date on which the assets are available for use.

Other intangible assets with indefinite useful lives are not amortised and are measured at cost less accumulated impairment losses.

2.6 Investment properties and investment properties under development

Investment properties are properties held either to earn rental or for capital appreciation or both. Investment properties under development are properties being constructed or developed for future use as investment properties. Certain of the Group's investment properties acquired through interests in subsidiaries, are accounted for as acquisition of assets (note 2.2(a)).

Investment properties and investment properties under development are initially recognised at cost, including transaction costs, and subsequently at fair value with any change therein recognised in the profit or loss. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. The fair value is determined based on internal valuation or independent professional valuation. Independent valuation is also carried out on occurrence of acquisition and on completion of construction of investment property.

When an investment property or investment property under development is disposed of, the resulting gain or loss recognised in the profit or loss is the difference between the net disposal proceed and the carrying amount of the property.

Transfers to, or from, investment properties are made where there is a change in intent and use, evidenced by:

- development with a view to sell, for a transfer from investment properties to development properties for sale;
- commencement of leasing activities for a transfer from development properties for sale to investment properties;
- commencement of owner-occupation, for a transfer from investment properties to property, plant and equipment; and
- end of owner-occupation, for a transfer from property, plant and equipment to investment properties.

2.7 Non-current assets and liabilities held for sale

Non-current assets and liabilities, that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the applicable SFRS(I). Thereafter, the assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment classified as held for sale are not amortised or depreciated. In addition, equity accounting of associates and joint ventures ceases once the investments are classified as held for sale.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial instruments

(a) Non-derivative financial assets

Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVTPL).

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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

At initial recognition

A financial asset is recognised if the Group becomes a party to the contractual provisions of the financial asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

(i) Financial assets at amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method.

(ii) Financial assets at FVOCI

Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in OCI and accumulated in fair value reserve, except for the recognition of impairment, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other operating income and expenses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

The Group has elected to recognise changes in fair value of equity securities not held for trading in OCI as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of equity investments classified as FVOCI are presented as "fair value gains/losses" in OCI. Dividends from equity investments are recognised in profit or loss as dividend income. On disposal of an equity investment, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in OCI relating to that asset.

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NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial instruments (continued)

(a) Non-derivative financial assets (continued)

At subsequent measurement (continued)

(iii) Financial assets at FVTPL

Financial assets that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other operating income".

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

(c) Non-derivative financial liabilities

The Group initially recognises debt securities issued on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the acquisition date. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

A financial liability is classified as fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

The Group classifies non-derivative financial liabilities under the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method. Other financial liabilities comprise loans, borrowings, debt securities and trade and other payables.

(d) Derecognition

Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or transfers substantially all the risks and rewards of the assets. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

(e) Offsetting

Financial assets and liabilities are offset and the net amount presented in the balance sheet 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.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial instruments (continued)

(f) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates each hedge as either: (a) fair value hedge; (b) cash flow hedge; or (c) net investment hedge.

On initial designation of the derivative as the hedging instrument, the Group formally documents the economic 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. 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 reported profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Hedges directly affected by interest rate benchmark reform

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. There is uncertainty as to the timing and the methods of transition for replacing existing benchmark interbank offered rates (IBORs) with alternative rates. In Singapore, the fundamental review and reform of the two key Singapore Dollar interest rate benchmarks that are widely referenced in financial contracts, namely Singapore interbank offered rates (SIBORs) and Singapore swap offer rates (SORs), and the transition from SOR to the Singapore overnight rate average (SORA), is also ongoing.

The Group has adopted the principles of the amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 issued in December 2019 in relation to the project on interest rate benchmark reform ("the amendments").

A hedging relationship is directly affected by the uncertainties arising from the IBOR reform with respect to the hedged risk and the timing and amount of the interest rate benchmark-based cash flows of the hedged item and hedge instruments. For the purpose of evaluating whether the hedging relationship is expected to be highly effective (i.e. prospective effectiveness assessment), the Group assumes that the benchmark interest rate on which the cash flows are based is not altered as a result of IBOR reform.

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

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NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial instruments (continued)

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

Cash flow hedges

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

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

Where the hedged forecast transaction subsequently results in the recognition of a non-financial item, such as inventory, the amounts recognised as OCI is included in the initial cost of the non-financial item.

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

Fair value hedges

The firm commitment of contracts entered into with various customers denominated in foreign currencies are designated as the hedged item. The Group uses foreign currency forwards to hedge its exposure to foreign currency risk arising from these contracts. Under the Group's policy, the critical terms of the forward exchange contracts must align with the hedged items. The Group designates the spot component of forward contracts as the hedging instrument. The fair value changes on the hedged item resulting from currency risk are recognised in profit or loss. The fair value changes on the spot of the currency forwards designated as fair value hedges are recognised in profit or loss within the same line item as the fair value changes from the hedged item. The fair value changes on the ineffective portion of currency forwards are recognised in profit or loss and presented separately in "other operating income or expenses".

Net investment hedge

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

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss on disposal of the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial instruments (continued)

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

Separable embedded derivatives

Changes in the fair value of separated embedded derivatives are recognised immediately in the profit or loss.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in the profit or loss.

(g) Convertible bonds

Convertible bonds that can be converted into share capital where the number of shares issued does not vary with changes in the fair value of the bonds are accounted for as compound financial instruments. The gross proceeds of the convertible bonds issued (including any directly attributable transaction costs) are allocated to the equity and liability components, with the equity component being assigned the residual amount after deducting the fair value of the liability component from the fair value of the compound financial instrument.

Subsequent to initial recognition, the liability component of convertible bonds is measured at amortised cost using the effective interest method. The equity component of convertible bonds is not re-measured. When the conversion option is exercised, the carrying amount of the liability and equity components will be transferred to the share capital. When the conversion option lapses, the carrying amount of the equity component will be transferred to revenue reserve.

When a convertible bond is being repurchased before its maturity date, the purchase consideration (including directly attributable costs, net of tax effects) is allocated to the liability and equity components of the convertible bond at the date of transaction. Any resulting gain or loss relating to the liability component is recognised in the profit or loss. In an exchange of convertible bond, the difference between the net proceeds of new convertible bond and the carrying value of the existing convertible bond (including its equity component) is recognised in the profit or loss.

(h) Perpetual securities

The perpetual securities do not have a maturity date and distribution payment is optional at the discretion of the Group. As the Group does not have a contractual obligation to repay the principal nor make any distributions, perpetual securities are classified as a separate class of equity.

Any distributions made are directly debited from total equity. Incremental costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial instruments (continued)

(i) *Financial guarantees*

Financial guarantee contracts are classified as financial liabilities unless the Group has previously asserted explicitly that it regards such contracts as insurance contracts and accounted for them as such.

Financial guarantees classified as financial liabilities

Such financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount of loss allowance. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to the profit or loss.

Financial guarantees classified as insurance contracts

These financial guarantees are accounted for as insurance contracts. Provision is recognised based on the Group's estimates of the ultimate cost of settling all claims incurred but unpaid at the end of the reporting period.

The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

(j) *Impairment of financial assets*

The Group assesses on a forward looking basis the ECL associated with its financial assets carried at amortised cost and FVOCI, contract assets and financial guarantee contracts. For trade receivables, lease receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group applies the general approach of 12-month ECL at initial recognition for all other financial assets and financial guarantee contracts.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

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NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial instruments (continued)

(j) *Impairment of financial assets (continued)*

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

2.9 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares and options are recognised as a deduction from equity.

Where share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in reserve for own shares account. Where treasury shares are subsequently reissued, sold or cancelled, the consideration received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

2.10 Development properties for sale and stocks

Development properties are measured at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the property. The write-down to net realisable value is presented as allowance for foreseeable losses.

The cost of development properties comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure.

When the development properties for sale are being transferred to investment property, any difference between the fair value of the property and its previous carrying amount at the date of transfer is recognised in profit or loss.

2.11 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, development properties for sale and stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified, an impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Impairment of non-financial assets (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGU that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the CGU 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 indication 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.

Goodwill that forms part of the carrying amount of an investment in an associate or a joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate or a joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate or a joint venture may be impaired.

2.12 Employee benefits

All short-term employee benefits, including accumulated compensated absences, are measured on an undiscounted basis and are recognised in the period in which the employees render their services.

The Group's obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value.

A provision is recognised for the amount expected to be paid under cash bonus or profit-sharing plans 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.

Defined contribution plans

Contributions to post-employment benefits under defined contribution plans are recognised as an expense in profit or loss in the period during which the related services are rendered by employees.

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NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Employee benefits (continued)

Share-based payments

For equity-settled share-based payment transactions, the fair value of the services received is recognised as an expense with a corresponding increase in equity over the vesting period during which the employees become unconditionally entitled to the equity instrument. The fair value of the services received is determined by reference to the fair value of the equity instrument granted at the grant date. At each reporting date, the number of equity instruments that are expected to be vested are estimated. The impact on the revision of original estimates is recognised as an expense and as a corresponding adjustment to equity over the remaining vesting period, unless the revision to original estimates is due to market conditions. No adjustment is made if the revision or actual outcome differs from the original estimate due to market conditions.

For cash-settled share-based payment transactions, the fair value of the goods or services received is recognised as an expense with a corresponding increase in liability. The fair value of the services received is determined by reference to the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

2.13 Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for onerous contract is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with the contract.

2.14 Leases

(i) As a lessee

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

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

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Leases (continued)

(i) *As a lessee (continued)*

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property carried at fair value in accordance with note 2.6.

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

The Group presents the right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" and lease liabilities in "loans and borrowings" in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including office equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

COVID-19-related rent concessions

The Group has applied COVID-19-Related Rent Concessions – Amendment to SFRS(I) 16. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

(ii) *As a lessor*

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group recognises lease payments received from investment property under operating leases as rental income on a straight-line basis over the lease term as part of "revenue". Rental income from sub-leased property is recognised as "other income".

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Revenue recognition

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 pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

Development properties for sale

The Group develops and sells residential projects to customers through fixed-price contracts. Revenue is recognised when the control over the residential project has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the residential project over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

The residential projects have no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the construction of the residential project. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

For certain contracts where the Group does not have enforceable right to payment, revenue is recognised only when the completed residential project is delivered to the customers and the customers have accepted it in accordance with the sales contract.

Under certain payment schemes, the time when payments are made by the buyer and the transfer of control of the property to the buyer do not coincide and where the difference between the timing of receipt of the payments and the satisfaction of a performance obligation is 12 months or more, the entity adjusts the transaction price with its customer and recognises a financing component. In adjusting for the financing component, the entity uses a discount rate that would reflect that of a separate financing transaction between the entity and its customer at contract inception. A finance income or finance expense will be recognised depending on the arrangement. The Group has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component when the period between the transfer of control of good or service to a customer and the payment date is 12 months or less.

Revenue is measured at the transaction price agreed under the contract. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The customer is invoiced on a payment schedule and are typically triggered upon achievement of specified construction milestones. If the value of the goods transferred by the Group exceed the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

For costs incurred in fulfilling the contract, the Group will capitalise these as contract costs assets only if (a) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Revenue recognition (continued)

Development properties for sale (continued)

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

Financial advisory and management fee

Financial advisory and management fee is recognised as and when the service is rendered.

Dividends

Dividend income is recognised on the date that the Group's right to receive payment is established.

Interest income

Interest income is recognised as it accrues, using the effective interest rate method.

2.16 Government grants

Government grants related to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as "other operating income" on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as "other operating income" on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

2.17 Finance costs

Borrowing costs are recognised in the profit or loss using the effective interest rate method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

2.18 Tax

Income tax expense comprises current and deferred tax expense, as well as land appreciation tax in China. Income tax expense is recognised in the profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Tax (continued)

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to 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 to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Land appreciation tax in China relates to the gains arising from the transfer of land use right and the buildings that are constructed on the land. Land appreciation tax is levied from 30% to 60% on gain from sale of landed properties with reference to the percentage of appreciated value over the deductible expenditure.

2.19 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to owners of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise issued convertible bonds and share plans granted to employees.

2.20 Operating segments

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-maker. The chief operating decision-maker has been identified as the CapitaLand Management Council that makes strategic resource allocation decisions. The Council comprises the Group Chief Executive Officer (CEO), all Presidents and/or CEOs of business units and key management officers of the Corporate Office.

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NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re-presented as if operation had been discontinued from the start of the comparative year.

3 PROPERTY, PLANT AND EQUIPMENT

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment owned	1,009,006	1,058,980	2,662	2,892
Right-of-use assets classified within property, plant and equipment	426,078	209,537	33,256	44,236
	<u>1,435,084</u>	<u>1,268,517</u>	<u>35,918</u>	<u>47,128</u>

Property, plant and equipment owned

		Land and buildings	Plant, machinery and improvements	Motor vehicles	Furniture, fittings and equipment	Assets under construction	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

The Group

Cost

At 1 January 2020		856,775	95,672	12,410	510,170	26,402	1,501,429
Translation differences		31,459	3,481	648	16,634	966	53,188
Additions		3,626	15,319	103	33,471	12,202	64,721
Acquisition of subsidiaries	32(b)	895	–	–	83	–	978
Disposal of subsidiaries		–	(377)	–	(3,918)	–	(4,295)
Disposals/Written off		(14,019)	(3,707)	(858)	(15,088)	(524)	(34,196)
Reclassification to other categories of assets		(1,648)	(2,951)	–	(12,830)	(5,098)	(22,527)
Reclassifications		7,642	10,116	–	3,681	(21,439)	–
At 31 December 2020		<u>884,730</u>	<u>117,553</u>	<u>12,303</u>	<u>532,203</u>	<u>12,509</u>	<u>1,559,298</u>

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NOTES TO THE FINANCIAL STATEMENTS

3 PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment owned (continued)

Note	Land and buildings \$'000	Plant, machinery and improvements \$'000	Motor vehicles \$'000	Furniture, fittings and equipment \$'000	Assets under construction \$'000	Total \$'000
The Group						
Accumulated depreciation and impairment loss						
At 1 January 2020	66,997	38,110	10,720	326,600	22	442,449
Translation differences	1,842	1,166	599	10,098	–	13,705
Depreciation for the year 28(c)(ii)	21,987	15,538	566	57,692	–	95,783
Disposal of subsidiaries	–	(377)	–	(2,827)	–	(3,204)
Disposals/Written off	(4,740)	(3,489)	(824)	(13,778)	–	(22,831)
Reclassification to other categories of assets	215	(1,150)	–	(1,269)	–	(2,204)
Impairment	26,594	–	–	–	–	26,594
Reclassifications	11	–	–	(11)	–	–
At 31 December 2020	112,906	49,798	11,061	376,505	22	550,292
Carrying amounts						
At 1 January 2020	789,778	57,562	1,690	183,570	26,380	1,058,980
At 31 December 2020	771,824	67,755	1,242	155,698	12,487	1,009,006

Note	Serviced residence properties \$'000	Land and buildings \$'000	Plant, machinery and improvements \$'000	Motor vehicles \$'000	Furniture, fittings and equipment \$'000	Assets under construction \$'000	Total \$'000
The Group							
Cost							
At 1 January 2019	280,136	322,485	53,147	12,240	477,374	21,322	1,166,704
Translation differences	380	(11,248)	(2,934)	(390)	(8,103)	(478)	(22,773)
Additions	–	2,439	4,658	549	39,050	20,421	67,117
Acquisition of subsidiaries 32(b)	–	545,805	46,525	183	34,853	9,034	636,400
Disposal of subsidiaries	–	(4,692)	(5,041)	(86)	(10,553)	–	(20,372)
Disposals/Written off	–	–	(4,756)	(55)	(21,720)	(698)	(27,229)
Reclassification to other categories of assets	(286,677)	153	(1,172)	(31)	(12,846)	(4,006)	(304,579)
Reclassifications	–	1,833	5,245	–	12,115	(19,193)	–
Revaluation surplus	6,161	–	–	–	–	–	6,161
At 31 December 2019	–	856,775	95,672	12,410	510,170	26,402	1,501,429

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3 PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment owned (continued)

	Note	Serviced residence properties \$'000	Land and buildings \$'000	Plant, machinery and improvements \$'000	Motor vehicles \$'000	Furniture, fittings and equipment \$'000	Assets under construction \$'000	Total \$'000
The Group								
Accumulated depreciation and impairment loss								
At 1 January 2019		4,685	44,982	37,531	10,533	316,318	–	414,049
Translation differences		6	(1,719)	(1,932)	(349)	(5,048)	–	(9,042)
Depreciation for the year	28(c)(ii)	–	15,890	10,690	806	52,839	–	80,225
Disposal of subsidiaries		–	(279)	(3,434)	(73)	(5,533)	–	(9,319)
Disposals/ Written off		–	–	(3,600)	(166)	(20,220)	–	(23,986)
Reclassification to other categories of assets		(4,691)	–	(1,314)	(31)	(12,124)	–	(18,160)
Impairment		–	8,123	162	–	375	22	8,682
Reclassifications		–	–	7	–	(7)	–	–
At 31 December 2019		–	66,997	38,110	10,720	326,600	22	442,449
Carrying amounts								
At 1 January 2019		275,451	277,503	15,616	1,707	161,056	21,322	752,655
At 31 December 2019		–	789,778	57,562	1,690	183,570	26,380	1,058,980

- (a) The classification of lodging properties as property, plant and equipment or investment properties is based on the level of ancillary services, length of stay, amongst other factors. In 2019, the Group evaluated and reclassified a serviced residence property in United Kingdom to investment properties based on the fair value obtained from independent professional valuation and a gain of \$6.2 million was recognised in equity.
- (b) As at 31 December 2020, certain property, plant and equipment with carrying value totalling approximately \$22.5 million (2019: \$23.9 million) were mortgaged to banks to secure credit facilities for the Group (note 19).

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NOTES TO THE FINANCIAL STATEMENTS

3 PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment owned (continued)

- (c) Hotel properties are measured at cost less accumulated depreciation and accumulated impairment losses. During the financial year ended 31 December 2020, an impairment loss of \$26.6 million (2019: \$6.2 million) was recognised in respect of certain hotel properties in Australia as the net carrying value of the assets exceed the recoverable amount. The decrease in recoverable amount was mainly due to the lower expected operating cashflow from the properties as the properties' performance was impacted by the travel restriction imposed by government amid the COVID-19 pandemic. Recoverable amount was determined based on the independent professional valuation using discounted cashflow method and fair value measurement is categorised as Level 3 on the fair value hierarchy.

Details of valuation techniques and significant unobservable inputs are set out in the table below.

Type	Valuation method	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Hotel properties in Australia	Discounted cashflow approach	– Discount rate: 6.0% to 7.8% (2019: 7.8% to 8.5%) – Terminal yield rate: 5.0% to 6.3% (2019: 6.0% to 6.8%) – RevPau: \$94 to \$169 (2019: \$113 to \$220) – Occupancy rate: 41.0% to 90.0% (2019: 80.0% to 92.0%)	The estimated fair value varies inversely against the discount rate and terminal yield rate and increases with higher RevPau and higher occupancy rates.

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3 PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment owned (continued)

	Note	Renovations and improvements \$'000	Furniture, fittings and equipment \$'000	Motor vehicles \$'000	Total \$'000
The Company					
Cost					
At 1 January 2020		2,049	9,320	424	11,793
Additions		–	80	–	80
Disposals/Written off		–	(265)	–	(265)
At 31 December 2020		2,049	9,135	424	11,608
Accumulated depreciation and impairment loss					
At 1 January 2020		2,024	6,791	86	8,901
Depreciation for the year	28(c)(ii)	14	211	85	310
Disposals/Written off		–	(265)	–	(265)
At 31 December 2020		2,038	6,737	171	8,946
Carrying amounts					
At 1 January 2020		25	2,529	338	2,892
At 31 December 2020		11	2,398	253	2,662
Cost					
At 1 January 2019		2,049	9,582	2	11,633
Additions		–	164	422	586
Disposals/Written off		–	(426)	–	(426)
At 31 December 2019		2,049	9,320	424	11,793
Accumulated depreciation and impairment loss					
At 1 January 2019		1,981	6,608	2	8,591
Depreciation for the year	28(c)(ii)	43	396	84	523
Disposals/Written off		–	(213)	–	(213)
At 31 December 2019		2,024	6,791	86	8,901
Carrying amounts					
At 1 January 2019		68	2,974	–	3,042
At 31 December 2019		25	2,529	338	2,892

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NOTES TO THE FINANCIAL STATEMENTS

3 PROPERTY, PLANT AND EQUIPMENT (continued)

Right-of-use assets classified within property, plant and equipment

	Note	Buildings \$'000	Plant and machinery \$'000	Motor vehicles \$'000	Total \$'000
The Group					
Cost					
At 1 January 2020		307,979	60	496	308,535
Translation differences		24,757	–	14	24,771
Additions		29,312	–	277	29,589
Acquisition of subsidiaries	32(b)	233,241	–	–	233,241
Expiry/Termination of leases		(31,756)	(11)	(82)	(31,849)
Reclassification to other categories of assets		(1,803)	–	–	(1,803)
At 31 December 2020		561,730	49	705	562,484
Accumulated depreciation					
At 1 January 2020		98,815	49	134	98,998
Translation differences		4,607	–	6	4,613
Depreciation for the year	28(c)(ii)	60,708	11	304	61,023
Expiry/Termination of leases		(28,018)	(11)	(44)	(28,073)
Reclassification to other categories of assets		(155)	–	–	(155)
At 31 December 2020		135,957	49	400	136,406
Carrying amounts					
At 1 January 2020		209,164	11	362	209,537
At 31 December 2020		425,773	–	305	426,078
Cost					
At 1 January 2019		169,862	96	1,066	171,024
Translation differences		(245)	–	–	(245)
Additions		64,198	20	243	64,461
Acquisition of subsidiaries	32(b)	76,380	–	–	76,380
Disposal of subsidiaries		–	(33)	–	(33)
Expiry/Termination of leases		(2,216)	(23)	(813)	(3,052)
At 31 December 2019		307,979	60	496	308,535
Accumulated depreciation					
At 1 January 2019		62,830	–	–	62,830
Translation differences		(1,864)	–	–	(1,864)
Depreciation for the year	28(c)(ii)	38,007	52	134	38,193
Disposal of subsidiaries		–	(3)	–	(3)
Expiry/Termination of leases		(158)	–	–	(158)
At 31 December 2019		98,815	49	134	98,998
Carrying amounts					
At 1 January 2019		107,032	96	1,066	108,194
At 31 December 2019		209,164	11	362	209,537

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NOTES TO THE FINANCIAL STATEMENTS

3 PROPERTY, PLANT AND EQUIPMENT (continued)

Right-of-use assets classified within property, plant and equipment (continued)

	Note	Buildings \$'000	Furniture fittings and equipment \$'000	Total \$'000
The Company				
Cost				
At 1 January 2020		55,216	30	55,246
Additions		135	–	135
At 31 December 2020		55,351	30	55,381
Accumulated depreciation				
At 1 January 2020		10,980	30	11,010
Depreciation for the year	28(c)(iii)	11,115	–	11,115
At 31 December 2020		22,095	30	22,125
Carrying amounts				
At 1 January 2020		44,236	–	44,236
At 31 December 2020		33,256	–	33,256
Cost				
At 1 January 2019 and 31 December 2019		55,216	30	55,246
Accumulated depreciation				
At 1 January 2019		–	–	–
Depreciation for the year	28(c)(iii)	10,980	30	11,010
At 31 December 2019		10,980	30	11,010
Carrying amounts				
At 1 January 2019		55,216	30	55,246
At 31 December 2019		44,236	–	44,236

4 INTANGIBLE ASSETS

	Note	Goodwill \$'000	Management contracts \$'000	Others ^A \$'000	Total \$'000
The Group					
Cost					
At 1 January 2020		648,004	313,209	167,247	1,128,460
Additions		–	–	15,080	15,080
Acquisition of subsidiaries	32(b)	148,698	–	59,834	208,532
Written off	28(c)(iii)	–	–	(2,661)	(2,661)
Reclassification from other categories of assets		–	–	18,885	18,885
Translation differences		10,718	3,336	3,386	17,440
At 31 December 2020		807,420	316,545	261,771	1,385,736

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NOTES TO THE FINANCIAL STATEMENTS

4 INTANGIBLE ASSETS (continued)

	Note	Goodwill \$'000	Management contracts \$'000	Others^ \$'000	Total \$'000
The Group					
Accumulated amortisation and impairment loss					
At 1 January 2020		64,148	–	76,231	140,379
Amortisation for the year	28(c)(ii)	–	–	22,922	22,922
Impairment for the year	28(c)(iii)	150,209	–	2,659	152,868
Written off	28(c)(iii)	–	–	(949)	(949)
Reclassification from other categories of assets		–	–	3,568	3,568
Translation differences		(361)	–	(73)	(434)
At 31 December 2020		213,996	–	104,358	318,354
Carrying amounts					
At 1 January 2020		583,856	313,209	91,016	988,081
At 31 December 2020		593,424	316,545	157,413	1,067,382
Cost					
At 1 January 2019		612,756	–	173,379	786,135
Additions		–	–	10,682	10,682
Acquisition of subsidiaries	32(b)	49,565	314,495	–	364,060
Disposal of subsidiaries		(13,715)	–	(3,626)	(17,341)
Written off		–	–	(17,207)	(17,207)
Reclassification from other categories of assets		–	–	4,464	4,464
Translation differences		(602)	(1,286)	(445)	(2,333)
At 31 December 2019		648,004	313,209	167,247	1,128,460
Accumulated amortisation and impairment loss					
At 1 January 2019		78,132	–	73,288	151,420
Amortisation for the year	28(c)(ii)	–	–	18,461	18,461
Impairment for the year	28(c)(iii)	–	–	5,263	5,263
Disposal of subsidiaries		(13,715)	–	(3,577)	(17,292)
Written off		–	–	(17,150)	(17,150)
Reclassification from other categories of assets		–	–	110	110
Translation differences		(269)	–	(164)	(433)
At 31 December 2019		64,148	–	76,231	140,379
Carrying amounts					
At 1 January 2019		534,624	–	100,091	634,715
At 31 December 2019		583,856	313,209	91,016	988,081

^ Others comprise trademarks, software and licences and club memberships.

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NOTES TO THE FINANCIAL STATEMENTS

4 INTANGIBLE ASSETS (continued)

	Note	Software \$'000	Club memberships \$'000	Total \$'000
The Company				
Cost				
At 1 January 2020		509	147	656
Additions		4	–	4
At 31 December 2020		513	147	660
Accumulated amortisation				
At 1 January 2020		220	–	220
Amortisation for the year	28(c)(ii)	117	–	117
At 31 December 2020		337	–	337
Carrying amounts				
At 1 January 2020		289	147	436
At 31 December 2020		176	147	323
Cost				
At 1 January 2019		365	147	512
Additions		144	–	144
At 31 December 2019		509	147	656
Accumulated amortisation				
At 1 January 2019		107	–	107
Amortisation for the year	28(c)(ii)	113	–	113
At 31 December 2019		220	–	220
Carrying amounts				
At 1 January 2019		258	147	405
At 31 December 2019		289	147	436

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BECAUSE TOMORROW MATTERS

NOTES TO THE FINANCIAL STATEMENTS

4 INTANGIBLE ASSETS (continued)

(a) Impairment test for goodwill

The key assumptions used in the estimation of the recoverable amount are set below:

	← Key assumptions →					
	Terminal growth rates		Discount rates		Carrying value	
	2020	2019	2020	2019	2020	2019
	%	%	%	%	\$'000	\$'000
The Ascott Limited (Ascott)	0.2	2.6	4.9	6.2	416,706	416,706
A serviced residence in London	2.0	2.0	5.8	5.8	–	14,923
Synergy Global Housing	2.0	2.0	10.0	10.0	4,592	27,296
TAUZIA Hotel Management (TAUZIA)	3.3	3.0	14.0	14.0	9,533	19,036
QSA Group Pty Ltd (QSA Group)	1.8	–	10.0	–	56,698	–
Ascendas-Singbridge (ASB)	1.0	1.0	4.9	5.9	49,565	49,565
CapitaLand Integrated Commercial Trust					56,330	56,330
At 31 December					593,424	583,856

Ascott, a serviced residence in London, Synergy Global Housing, TAUZIA and QSA Group

The recoverable amounts of the CGUs are determined based on value in use calculations. The value in use calculation is a discounted cash flow model using cash flow projections based on the most recent forecasts approved by management covering three to five years. In 2020, the discounted cash flow models also took into account the probability of changes to cashflow projection based on various business scenarios under the COVID-19 pandemic. Cash flows beyond these periods are extrapolated using the estimated terminal growth rates stated in the table above. The discount rates applied are the weighted average cost of capital from the relevant business segments. The key assumptions are those relating to expected changes in average rental and occupancy rates and direct costs. The terminal growth rates used for each CGU are based on management's expectation of the long-term average growth rates of the respective industry and countries in which the CGUs operate.

As disclosed in note 33, goodwill of \$148.7 million was recorded on the acquisition of QSA Group in July 2020, following a change in control over the entity as stipulated in the shareholder agreement. Prior to July 2020 and since July 2017, it was recorded as investment in joint venture.

During the year, impairment losses of \$47.7 million were recognised on goodwill relating to Synergy Global Housing, TAUZIA and a serviced residence in London as the recoverable amounts from these CGUs were lower than their carrying amounts. The decrease was mainly due to lower expected operating cashflows from the CGUs as the operating performance in the hospitality sector was heavily impacted by the travel restrictions imposed amid the COVID-19 pandemic.

The revenue drivers of QSA Group include one-time sale of business income to franchisees as well as recurring franchisee fees. However, with the worsening market conditions in the second half of 2020 in Australia which has impacted the QSA Group's business such that new properties have to be operated directly by the company. The traditional sale of business income and recurring franchise fees have also impacted cashflow and the sale of business income to new franchisees will be affected until the situation recovers. Accordingly, an impairment loss of \$102.5 million was made in respect of the goodwill from QSA Group as at 31 December 2020.

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NOTES TO THE FINANCIAL STATEMENTS

4 INTANGIBLE ASSETS (continued)

(a) Impairment test for goodwill (continued)

CapitaLand Integrated Commercial Trust (formerly known as CapitaLand Mall Trust)

The recoverable amount of the CGU is determined based on the higher of its value in use and its quoted market price. As at 31 December 2020, the recoverable amount based on quoted market price is higher than its carrying amount.

ASB

The recoverable amount of the CGU is determined based on value in use calculations. The value in use calculation is a discounted cash flow model using cash flow projections based on the most recent forecasts approved by management covering 10 years. Cash flows beyond the third year are extrapolated using the estimated terminal growth rate of 1.0% (2019: 1.0%). The discount rate of 4.9% (2019: 5.9%) is applied using the weighted average cost of capital from the relevant business segment. Management has assessed that the recoverable amount to be higher than its carrying amount.

(b) Management contracts

These relate to the management contracts entered into between subsidiary companies and Ascendas Real Estate Investment Trust and Ascendas India Trust. These contracts are deemed to have indefinite useful lives and are measured at cost less accumulated impairment losses.

The recoverable amount of the CGU is determined based on value in use calculations. Cash flow projections are based on forecast using discount rates of 6.4% to 8.9% (2019: 12.5% to 15.1%) and growth rates of 1.0% to 2.5% (2019: 1.0% to 3.0%) covering a 10-year period and beyond. The forecast is reviewed, updated and approved by management on an annual basis. The Group has assessed and determined that no impairment in the value of management contracts has arisen.

5 INVESTMENT PROPERTIES

	Note	The Group	
		2020	2019
		\$'000	\$'000
At 1 January		48,731,897	39,882,135
Acquisition of subsidiaries	32(b)	222,929	9,115,132
Disposal of subsidiaries	32(d)	(376,699)	(1,618,548)
Additions		966,130	1,334,680
Disposals		(312,105)	(669,478)
Reclassification to assets held for sale		(46,367)	(274,550)
Reclassifications from/(to) development properties for sale		3,075	(63,815)
Reclassification from property, plant and equipment		7,010	279,978
Changes in fair value		(2,085,197)	966,340
Translation differences		762,237	(219,977)
At 31 December		47,872,910	48,731,897

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NOTES TO THE FINANCIAL STATEMENTS

5 INVESTMENT PROPERTIES (continued)

- (a) Investment properties, which include those in the course of development, are stated at fair value based on independent professional valuations or internal valuations. 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 knowledgeably and without compulsion. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation rate, terminal yield rate, discount rate, comparable market price and occupancy rate. The outbreak of the COVID-19 pandemic has impacted market activity in many property sectors in the countries that the Group operates in. As the impact of COVID-19 is fluid and evolving, significant market uncertainty exists. Consequently, the valuations of certain investment properties are currently subject to material valuation uncertainty. The carrying amounts of the investment properties were current as at 31 December 2020 only. Values may change more rapidly and significantly than during normal market conditions. In relying on the valuation reports, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.

The valuers have considered valuation techniques including the direct comparison method, capitalisation approach, discounted cash flows and residual method in arriving at the open market value as at the balance sheet date. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. In the residual method of valuation, the total gross development costs and developer's profit are deducted from the gross development value to arrive at the residual value of land. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation. Details of valuation methods and key assumptions used to estimate the fair values of investment properties are set out in note 35.

- (b) The Group's investment properties which are classified under Level 3 are analysed as below:

	Shopping mall \$'000	Office \$'000	Integrated development \$'000	Lodging \$'000	Business park, industrial and logistics \$'000	Total \$'000

The Group

31 December 2020

Singapore	10,010,541	8,433,335	4,729,089	1,070,915	2,050,715	26,294,595
China (includes Hong Kong)	4,705,925	1,036,422	2,873,408	946,407	750,324	10,312,486
Others*	1,847,156	2,016,039	335,579	6,472,589	594,466	11,265,829
	<u>16,563,622</u>	<u>11,485,796</u>	<u>7,938,076</u>	<u>8,489,911</u>	<u>3,395,505</u>	<u>47,872,910</u>

31 December 2019

Singapore	10,129,844	8,337,804	4,742,937	1,077,567	1,961,973	26,250,125
China (includes Hong Kong)	4,899,888	1,004,869	3,354,678	992,783	586,186	10,838,404
Others*	2,198,003	2,045,196	362,286	6,735,615	302,268	11,643,368
	<u>17,227,735</u>	<u>11,387,869</u>	<u>8,459,901</u>	<u>8,805,965</u>	<u>2,850,427</u>	<u>48,731,897</u>

* Others include countries in Asia (excluding Singapore, China and Hong Kong), Europe, United States of America and Australia.

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5 INVESTMENT PROPERTIES (continued)

- (c) As at 31 December 2020, investment properties valued at \$2,819.0 million (2019: \$3,351.5 million) were under development.
- (d) As at 31 December 2020, certain investment properties with carrying value of approximately \$17,720.0 million (2019: \$18,040.9 million) were mortgaged to banks to secure credit facilities (notes 19 and 20) and under finance lease arrangements for the Group.
- (e) During the financial year ended 31 December 2020, interest capitalised as cost of investment properties amounted to approximately \$52.5 million (2019: \$46.3 million) (note 28(d)).
- (f) Investment properties of the Group are held mainly for use by tenants under operating leases. Minimum lease payments receivable under non-cancellable operating leases of investment properties and not recognised in the financial statements are as follows:

	The Group	
	2020	2019
	\$'000	\$'000
Lease rentals receivable:		
Less than one year	2,006,036	2,017,895
One to two years	1,431,044	1,587,143
Two to three years	944,511	993,378
Three to four years	556,795	616,693
Four to five years	427,330	412,374
More than five years	1,528,243	1,680,870
	<u>6,893,959</u>	<u>7,308,353</u>

- (g) Contingent rents, representing income based on sales turnover achieved by tenants, amounted to \$63.5 million for the year (2019: \$91.1 million).
- (h) The right-of-use of the land and buildings that are classified within investment properties has carrying amount of \$561.9 million (2019: \$461.4 million) as at 31 December 2020.

6 SUBSIDIARIES

	Note	The Company	
		2020	2019
		\$'000	\$'000
(a) Unquoted shares, at cost		11,227,076	11,126,510
Less:			
Allowance for impairment loss		(151,127)	(151,127)
		<u>11,075,949</u>	<u>10,975,383</u>
Add:			
Amounts due from subsidiaries, at amortised cost:			
Loan accounts (unsecured)			
– interest bearing		1,176,000	1,176,000
– interest free		4,769,034	3,443,450
Less:			
Allowance for impairment loss on receivables	34	(98,362)	(83,679)
		<u>5,846,672</u>	<u>4,535,771</u>
		<u>16,922,621</u>	<u>15,511,154</u>

In 2019, the Group acquired all the issued and paid-up ordinary shares of Ascendas Pte Ltd and Singbridge Pte. Ltd., respectively, for a total consideration of \$6,035.9 million. More information on the acquisition is set out in note 33.

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NOTES TO THE FINANCIAL STATEMENTS

6 SUBSIDIARIES (continued)

- (i) Loans due from subsidiaries are unsecured and not expected to be repaid within the next twelve months.
- (ii) As at 31 December 2020, the effective interest rates for amounts due from subsidiaries ranged from 1.95% to 2.95% (2019: 1.95% to 2.95%) per annum.
- (iii) Movements in allowance for impairment loss were as follows:

	Note	The Company	
		2020 \$'000	2019 \$'000
At 1 January		(151,127)	(151,105)
Allowance during the year		–	(23)
Reversal of allowance during the year	28(a)	–	1
At 31 December		(151,127)	(151,127)

- (iv) The Company's exposure to credit risk on the amounts due from subsidiaries is disclosed in note 34.
- (b) The significant subsidiaries directly and indirectly held by the Company, which are incorporated and conducting business in the Republic of Singapore, are as set out below:

Name of Company	Effective interest	
	2020 %	2019 %
CapitaLand China Holdings Pte Ltd ¹	100	100
CapitaLand VN Limited	100	100
CapitaLand China Investments Limited	100	100
CapitaLand Singapore Limited (formerly known as CapitaLand Singapore (R&R) Limited)	100	100
CapitaLand Treasury Limited	100	100
CapitaLand Mall Asia Limited	100 ²	100 ²
CapitaLand Business Services Pte Ltd	100	100
The Ascott Limited	100	100
CapitaLand Financial Limited	100	100
CapitaLand International Pte Ltd	100	100
Ascendas Pte Ltd	100	100

All the above subsidiaries are audited by KPMG LLP Singapore.

¹ Indirectly held through CapitaLand China Investments Limited.

² Includes 15.2% (2019: 15.2%) interest indirectly held through CapitaLand Business Services Pte Ltd.

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NOTES TO THE FINANCIAL STATEMENTS

6 SUBSIDIARIES (continued)

- (c) Determining whether the Group has control over the REITs it manages requires management judgement. In exercising its judgement, management considers the proportion of its ownership interest and voting rights, the REIT managers' decision making authority over the REITs as well as the Group's overall exposure to variable returns, both from the REIT managers' remuneration and their interests in the REITs.

The Group assesses that it controls CapitaLand Malaysia Mall Trust (CMMT), Ascott Residence Trust (ART), CapitaLand Integrated Commercial Trust (CICT) (formerly known as CapitaLand Mall Trust) and CapitaLand China Trust (CLCT) (formerly known as CapitaLand Retail China Trust (CRCT)) (collectively referred to as REITs), although the Group owns less than half of the ownership interest and voting power of the REITs.

The activities of the REITs are managed by the Group's wholly-owned subsidiaries, namely CapitaLand Malaysia Mall REIT Management Sdn Bhd, Ascott Residence Trust Management Limited, CapitaLand Integrated Commercial Trust Management Limited (formerly known as CapitaLand Mall Trust Management Limited) and CapitaLand China Trust Management Limited (formerly known as CapitaLand Retail China Trust Management Limited) (collectively referred to as REIT Managers). REIT Managers have decision-making authority over the REITs, subject to oversight by the trustee of the respective REITs. The Group's overall exposure to variable returns, both from the REIT Managers' remuneration and the interests in the REITs, is significant and any decisions made by the REIT Managers affect the Group's overall exposure.

- (d) The following subsidiaries of the Group have material non-controlling interests (NCI):

Name of Company	Principal place of business	Effective interest held by NCI	
		2020 %	2019 %
Ascott Residence Trust ¹	Asia Pacific, Europe and United States of America	59.4	59.9
CapitaLand Commercial Trust ^{2,4}	Singapore	–	70.6
CapitaLand Integrated Commercial Trust ^{3,4} (formerly known as CapitaLand Mall Trust ³)	Singapore	71.1	71.5

All the above subsidiaries are audited by KPMG LLP Singapore.

¹ Indirectly held through The Ascott Limited.

² Indirectly held through CapitaLand Singapore Limited. CCT was delisted following the completion of merger with CICT on 21 October 2020.

³ Indirectly held through CapitaLand Mall Asia Limited and CapitaLand Singapore Limited.

⁴ On 21 October 2020, the proposed combination of CapitaLand Mall Trust (CMT) and CapitaLand Commercial Trust (CCT) to be effected by way of a trust scheme of arrangement with CMT acquiring all units of CCT for total consideration of S\$6,311.1 million, comprising S\$1,002.2 million in cash and 2,780.5 million new CMT Units issued at a price of S\$1.91 per CMT Unit was completed. Following the transaction, the Group's stake in CICT increased from 28.5% to 28.9%.

The following table summarises the financial information of each of the Group's subsidiaries with material NCI, based on their respective consolidated financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The information is before inter-company eliminations with other entities in the Group.

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NOTES TO THE FINANCIAL STATEMENTS

6 SUBSIDIARIES (continued)

	ART Group \$'000	CICT Group \$'000	Other subsidiaries with individually immaterial NCI \$'000	Total \$'000
31 December 2020				
Revenue	369,872	1,209,944		
Loss after tax	(225,296)	(90,155)		
Other comprehensive income	61,650	(28,070)		
Total comprehensive income	(163,646)	(118,225)		
Attributable to NCI:				
– (Loss)/Profit	(135,008)	(64,097)	138,217	(60,888)
– Total comprehensive income	(98,681)	(84,057)	329,894	147,156
Current assets	622,183	272,983		
Non-current assets	6,541,643	22,132,983		
Current liabilities	(537,540)	(1,331,214)		
Non-current liabilities	(2,584,216)	(7,955,980)		
Net assets	4,042,070	13,118,772		
Net assets attributable to NCI	2,594,836	9,330,213	3,064,258	14,989,307
Cash flows from:				
– Operating activities	74,095	394,002		
– Investing activities	296,097	(911,735)		
– Financing activities ¹	(166,465)	499,152		
Net increase/(decrease) in cash and cash equivalents	203,727	(18,581)		
¹ Includes dividends paid to NCI	(82,930)	(263,951)		

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NOTES TO THE FINANCIAL STATEMENTS

6 SUBSIDIARIES (continued)

	ART Group \$'000	CCT Group \$'000	CMT Group \$'000	Other subsidiaries with individually immaterial NCI \$'000	Total \$'000
31 December 2019					
Revenue	514,956	412,348	784,433		
Profit after tax	216,322	435,886	696,930		
Other comprehensive income	(33,612)	(19,208)	20,852		
Total comprehensive income	182,710	416,678	717,782		
Attributable to NCI:					
– Profit	119,610	306,539	498,514	353,084	1,277,747
– Total comprehensive income	100,888	294,300	513,429	264,996	1,173,613
Current assets	594,859	267,529	228,589		
Non-current assets	6,827,926	9,923,222	11,503,070		
Current liabilities	(565,413)	(140,869)	(494,770)		
Non-current liabilities	(2,515,064)	(2,835,477)	(3,469,650)		
Net assets	4,342,308	7,214,405	7,767,239		
Net assets attributable to NCI	2,794,227	5,160,551	5,555,906	2,515,674	16,026,358
Cash flows from:					
– Operating activities	228,995	306,773	511,514		
– Investing activities	258,663	(248,538)	(58,185)		
– Financing activities ¹	(439,777)	(27,681)	(599,634)		
Net (decrease)/increase in cash and cash equivalents	47,881	30,554	(146,305)		
¹ Includes dividends paid to NCI	(91,612)	(249,926)	(274,901)		

- (e) ART, CICT and CLCT (2019: ART, CCT, CMT and CRCT) are regulated by the Monetary Authority of Singapore and are supervised by the Singapore Exchange Securities Trading Limited for compliance with the Singapore Listing Rules. Under the regulatory framework, transactions with the REITs are either subject to review by the REITs' trustees or significant transaction must be approved by a majority of votes by the remaining holders of units in the REITs at a meeting of unitholders.

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BECAUSE TOMORROW MATTERS

NOTES TO THE FINANCIAL STATEMENTS

7 ASSOCIATES

		The Group	
		2020	2019
		\$'000	\$'000
(a)	Investment in associates	7,644,782	7,909,078
	Less:		
	Allowance for impairment	(5,008)	(4,504)
		7,639,774	7,904,574
	Add:		
	Amounts due from associates, at amortised cost:		
	Loan accounts- interest free	86,243	176,294
		7,726,017	8,080,868

(i) Movements in allowance for impairment loss were as follows:

	Note	The Group	
		2020	2019
		\$'000	\$'000
At 1 January		(4,504)	(12,463)
Allowance during the year	28(c)(iii)	(402)	-
Reversal during the year	28(a)	-	7,571
Disposal during the year		-	10
Translation differences		(102)	378
At 31 December		(5,008)	(4,504)

(ii) Loans due from associates are unsecured and not expected to be repaid within the next twelve months.

(iii) Loan accounts include an amount of approximately \$3.8 million (2019: \$93.8 million), the repayment of which is subordinated to that of the external borrowings of certain associates.

	Note	The Group	
		2020	2019
		\$'000	\$'000
(b)	Amounts due from associates:		
	Current accounts (unsecured)		
	– interest free (trade)	96,046	40,007
	– interest free (non-trade)	325,254	107,237
	– interest bearing (non-trade)	41,951	51,649
		463,251	198,893
	Less:		
	Allowance for impairment loss on receivables	34 (110)	(105)
	Presented in trade and other receivables	12 463,141	198,788
	Non-current loans (unsecured)		
	– interest bearing	248,482	227,753
	Presented in other non-current assets	10 248,482	227,753

(i) The effective interest rates for amounts due from associates ranged from 1.50% to 5.50% (2019: 1.50% to 5.15%) per annum.

(ii) The Group and the Company's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in note 34.

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NOTES TO THE FINANCIAL STATEMENTS

7 ASSOCIATES (continued)

	Note	The Group	
		2020 \$'000	2019 \$'000
(c) Amounts due to associates:			
Current accounts (mainly non-trade and unsecured)			
– interest free		(738,809)	(562,140)
– interest bearing		(4,972)	(5,217)
Presented in trade and other payables	17	<u>(743,781)</u>	<u>(567,357)</u>

(i) The effective interest rates for amounts due to associate is 8.00% (2019: 8.00%) per annum.

(d) The following are the material associates of the Group:

Name of Company	Nature of relationship with the Group	Principal place of business	Effective interest	
			2020 %	2019 %
Raffles City China Income Ventures Limited ^{1,3,4} (RCCIV)	Private equity fund which invests in five Raffles City integrated developments in China	China	55.0	55.0
CapitaLand Mall China Funds ^{1, 4, 5}	Private equity funds which invest in shopping malls in China	China	30.0 to 50.0	30.0 to 50.0
Ascendas Real Estate Investment Trust (A-REIT) ²	Singapore-based REIT which invests in industrial properties and business park in Singapore, Australia, United States of America and United Kingdom	Singapore	18.0	19.0

¹ Audited by KPMG LLP Singapore.

² Audited by Ernst & Young LLP Singapore.

³ Indirectly held through CapitaLand Mall Asia Limited and CapitaLand China Holdings Pte Ltd.

⁴ Considered to be an associate as key decisions are made by an independent board which the Group does not have majority control.

⁵ CapitaLand Mall China Funds comprised four private property funds investing in China held indirectly through the Group's subsidiary, CapitaLand Mall Asia Limited, namely, CapitaLand Mall China Income Fund I, CapitaLand Mall China Income Fund II, CapitaLand Mall China Income Fund III and CapitaLand Mall China Development Fund III.

Management assessed the extent of its control over A-REIT, taking into consideration the manager of A-REIT which is a wholly-owned subsidiary of the Group, its effective stake and the returns (both marginal and absolute returns) generated from its investment in and management of A-REIT. Management concluded that the Group does not have sufficient interest to control A-REIT and therefore accounts for its investment in A-REIT as an associate.

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BECAUSE TOMORROW MATTERS

NOTES TO THE FINANCIAL STATEMENTS

7 ASSOCIATES (continued)

(d) The following are the material associates of the Group (continued):

The following summarises the financial information of the Group's material associates based on their respective consolidated financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also includes summarised aggregate financial information for the Group's interest in other individually immaterial associates, based on the amounts reported in the Group's consolidated financial statements.

	RCCIV Group \$'000	A-REIT \$'000	CapitaLand Mall China Funds \$'000	Other individually immaterial associates \$'000	Total \$'000
31 December 2020					
Revenue ¹	406,835	1,049,460	330,553		
Profit/ (Loss) after tax	75,796	457,078	(60,218)		
Other comprehensive income	260,971	41,478	242,435		
Total comprehensive income	336,767	498,556	182,217		
Attributable to:					
– NCI	85,207	–	13,023		
– Associate's shareholders	251,560	498,556	169,194		
	336,767	498,556	182,217		
¹ Includes:					
– Revenue from contract with customers for sale of residential, commercial strata and urban development	8,500	–	587		
– Rental and related income from investment properties	398,335	1,049,460	329,966		
Current assets	1,313,647	352,927	356,758		
Non-current assets	6,529,066	14,770,292	6,573,804		
Current liabilities	(295,324)	(843,066)	(1,246,794)		
Non-current liabilities	(3,119,261)	(5,089,600)	(1,715,802)		
Net assets	4,428,128	9,190,553	3,967,966		
Attributable to:					
– NCI	873,291	298,938	215,223		
– Associate's shareholders	3,554,837	8,891,615	3,752,743		
Carrying amount of interest in associate at beginning of the year	1,834,449	2,022,924	1,664,981		
Group's share of:					
– Profit/ (Loss)	21,980	88,105	(24,949)	(62,243)	22,893
– Other comprehensive income	116,296	7,847	100,585	42,840	267,568
– Total comprehensive income	138,276	95,952	75,636	(19,403)	290,461
Dividends received during the year	–	(114,779)	(84,284)		
Capital contributions during the year	–	105,931	–		
Translation and other adjustments	(17,565)	16,180	(3,726)		
Carrying amount of interest in associate at end of the year	1,955,160	2,126,208	1,652,607	1,905,799	7,639,774
Fair value of effective ownership interest (if listed) [^]	N/A	2,155,523	N/A		

[^] Based on the quoted market price at 31 December 2020.

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NOTES TO THE FINANCIAL STATEMENTS

7 ASSOCIATES (continued)

(d) The following are the material associates of the Group (continued):

	RCCIV Group \$'000	A-REIT \$'000	CapitaLand Mall China Funds \$'000	Other individually immaterial associates \$'000	Total \$'000
31 December 2019					
Revenue ¹	559,391	469,383	452,584		
Profit after tax	256,006	250,111	390,048		
Other comprehensive income	(62,011)	(18,139)	(41,000)		
Total comprehensive income	193,995	231,972	349,048		
Attributable to:					
– NCI	61,633	–	8,120		
– Associate's shareholders	132,362	231,972	340,928		
	193,995	231,972	349,048		
¹ Includes:					
– Revenue from contract with customers for sale of residential, commercial strata and urban development	137,985	–	916		
– Rental and related income from investment properties	421,009	418,937	449,143		
Current assets	1,289,023	251,272	381,830		
Non-current assets	6,213,967	13,612,863	6,443,963		
Current liabilities	(354,763)	(978,966)	(479,082)		
Non-current liabilities	(2,985,249)	(4,773,931)	(2,354,193)		
Net assets	4,162,978	8,111,238	3,992,518		
Attributable to:					
– NCI	827,616	–	206,088		
– Associate's shareholders	3,335,362	8,111,238	3,786,430		
Carrying amount of interest in associate at beginning of the year	1,823,559	–	1,835,643		
Acquisition during the year	–	1,771,446	–		
Group's share of:					
– Profit	103,693	47,621	168,126	324,384	643,824
– Other comprehensive income	(30,849)	(3,058)	(18,377)	(90,054)	(142,338)
– Total comprehensive income	72,844	44,563	149,749	234,330	501,486
Dividends received during the year	(48,672)	(47,585)	(142,793)		
Capital contribution/ (returned) during the year	–	254,500	(176,502)		
Translation and other adjustments	(13,282)	–	(1,116)		
Carrying amount of interest in associate at end of the year	1,834,449	2,022,924	1,664,981	2,382,220	7,904,574
Fair value of effective ownership interest (if listed) [^]	N/A	2,043,040	N/A		

[^] Based on the quoted market price at 31 December 2019.

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NOTES TO THE FINANCIAL STATEMENTS

7 ASSOCIATES (continued)

- (e) As at 31 December 2020, the Group's share of the contingent liabilities of the associates is \$156.0 million (2019: \$26.9 million).
- (f) The Group reclassified its investment in an associate listed in Hong Kong, Lai Fung Holdings Limited (Lai Fung) to asset held for sale in 2020 (see note 15(b)).

8 JOINT VENTURES

	Note	The Group 2020 \$'000	2019 \$'000
(a) Investment in joint ventures		4,179,138	4,208,174
Less:			
Allowance for impairment loss		(25,819)	(36,189)
		4,153,319	4,171,985
Add:			
Amounts due from joint ventures, at amortised cost:			
Loan accounts			
– interest free		631,790	726,634
– interest bearing		31,696	31,827
Less:			
Allowance for impairment loss on receivables	34	(15,009)	(15,139)
		648,477	743,322
		4,801,796	4,915,307

- (i) Loans due from joint ventures are unsecured and not expected to be repaid within the next twelve months.
- (ii) Movements in allowance for impairment loss were as follows:

	Note	The Group 2020 \$'000	2019 \$'000
At 1 January		(36,189)	(11,866)
Allowance during the year	28(c)(iii)	(17)	(25,822)
Writeback during the year	28(a)	136	–
Disposals during the year		10,582	1,244
Translation differences		(331)	255
At 31 December		(25,819)	(36,189)

- (iii) As at 31 December 2020, the effective interest rates for the interest-bearing loans to joint ventures ranged from 3.00% to 6.50% (2019: 3.00% to 6.50%) per annum.
- (iv) Loan accounts include an amount of approximately \$410.7 million (2019: \$511.3 million), the repayment of which is subordinated to that of the external borrowings of certain joint ventures.

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NOTES TO THE FINANCIAL STATEMENTS

8 JOINT VENTURES (continued)

	Note	The Group 2020 \$'000	2019 \$'000
(b) Amounts due from joint ventures:			
Current accounts (unsecured)			
– interest free (trade)		41,062	37,396
– interest free (non-trade)		163,048	141,072
– interest bearing (mainly non-trade)		21,881	21,173
		<u>225,991</u>	<u>199,641</u>
Less:			
Allowance for impairment loss on receivables	34	(24,639)	(20,814)
Presented in trade and other receivables	12	<u>201,352</u>	<u>178,827</u>
Non-current loans (unsecured)			
– interest free		176,055	5,618
– interest bearing		431,230	373,865
Presented in other non-current assets	10	<u>607,285</u>	<u>379,483</u>
(i) The effective interest rates for amounts due from joint ventures ranged from 0.14% to 3.85% (2019: 1.38% to 4.00%) per annum.			
(ii) The Group and the Company's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in note 34.			

	Note	The Group 2020 \$'000	2019 \$'000
(c) Amounts due to joint ventures:			
Current accounts (unsecured)			
– interest free (mainly non-trade)		(27,099)	(76,054)
– interest bearing (non-trade)		(673,266)	(339,740)
Presented in trade and other payables	17	<u>(700,365)</u>	<u>(415,794)</u>
(i) The effective interest rates for amounts due to joint ventures ranged from 3.85% to 4.35% (2019: 4.35% to 5.22%) per annum.			

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BECAUSE TOMORROW MATTERS

NOTES TO THE FINANCIAL STATEMENTS

8 JOINT VENTURES (continued)

(d) The following are the material joint ventures of the Group:

Name of Company	Nature of relationship with the Group	Principal place of business	Effective interest	
			2020 %	2019 %
Orchard Turn Holding Pte Ltd ^{1,3} (OTH)	Owner of an integrated development in Singapore	Singapore	50.0	50.0
CapitaLand Shanghai Malls ^{2,3,4,5}	Owner of two integrated developments in China	China	65.0 to 73.0	65.0 to 73.0
Sino-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd. (GKC) ²	Owner of urban development projects in China	China	50.0	50.0

¹ Audited by KPMG LLP Singapore.

² Audited by other member firms of KPMG International.

³ Indirectly held through CapitaLand Mall Asia Limited.

⁴ Considered to be a joint venture as the Group had joint control over the relevant activities of the trust with the joint venture partners.

⁵ CapitaLand Shanghai Malls comprised two joint ventures held through the Group's subsidiary, CapitaLand Mall Asia Limited, namely, Ever Bliss International Limited and Full Grace Enterprises Limited.

The following summarises the financial information of each of the Group's material joint ventures based on their respective consolidated financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also includes summarised financial information for the Group's interest in immaterial joint ventures, based on the amounts reported in the Group's consolidated financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

8 JOINT VENTURES (continued)

	OTH Group \$'000	GKC \$'000	CapitaLand Shanghai Malls \$'000	Other individually immaterial joint ventures \$'000	Total \$'000
31 December 2020					
Revenue ¹	214,381	11,986	157,934		
(Loss)/ Profit ² after tax	(185,203)	101,643	18,106		
Other comprehensive income	3,572	(115)	104,955		
Total comprehensive income	(181,631)	101,528	123,061		
¹ Includes:					
– revenue from contract with customers for sale of residential, commercial strata and urban development	11,500	11,986	–		
– rental and related income from investment properties	202,881	–	157,934		
² Includes:					
– depreciation and amortisation	(2,771)	–	(454)		
– interest income	968	50,768	15,093		
– interest expense	(45,797)	(54)	(49,307)		
– tax expense	(18,337)	(14,462)	(18,974)		
Current assets ³	160,546	1,773,770	354,317		
Non-current assets	3,110,834	868,399	2,917,719		
Current liabilities ⁴	(89,213)	(708,759)	(98,245)		
Non-current liabilities ⁵	(1,682,608)	(66,031)	(1,262,119)		
Net assets	1,499,559	1,867,379	1,911,672		
³ Includes cash and cash equivalents	151,585	675,199	344,182		
⁴ Includes current financial liabilities (excluding trade and other payables and provisions)	(20,148)	–	(29,282)		
⁵ Includes non-current financial liabilities (excluding trade and other payables and provisions)	(1,681,965)	(30,807)	(1,092,988)		
Carrying amount of interest in joint venture at beginning of the year	867,575	837,424	601,695		
Group's share of:					
– (Loss)/ Profit	(92,602)	50,821	8,900	61,705	28,824
– Other comprehensive income	1,804	(57)	54,326	25,679	81,752
– Total comprehensive income	(90,798)	50,764	63,226	87,384	110,576
Dividends received during the year	(27,000)	–	–		
Translation and other adjustments	–	45,501	(4,841)		
Carrying amount of interest in joint venture at end of the year	749,777	933,689	660,080	1,809,773	4,153,319

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BECAUSE TOMORROW MATTERS

NOTES TO THE FINANCIAL STATEMENTS

8 JOINT VENTURES (continued)

	OTH Group \$'000	GKC \$'000	CapitaLand Shanghai Malls \$'000	Other individually immaterial joint ventures \$'000	Total \$'000
31 December 2019					
Revenue ¹	261,236	22,500	177,591		
Profit ² after tax	166,103	164,000	134,320		
Other comprehensive income	179	(14)	(25,278)		
Total comprehensive income	166,282	163,986	109,042		
¹ Includes:					
– revenue from contract with customers for sale of residential, commercial strata and urban development	–	22,500	354		
– rental and related income from investment properties	261,236	–	176,328		
² Includes:					
– depreciation and amortisation	(2,645)	–	(500)		
– interest income	1,910	13,820	8,365		
– interest expense	(50,390)	–	(50,719)		
– tax expense	(8,158)	(9,125)	(60,159)		
Current assets ³	136,158	959,393	492,202		
Non-current assets	3,385,534	1,258,513	3,016,191		
Current liabilities ⁴	(100,021)	(504,203)	(156,776)		
Non-current liabilities ⁵	(1,686,516)	(38,200)	(1,365,841)		
Net assets	1,735,155	1,675,503	1,985,776		
³ Includes cash and cash equivalents	122,937	486,444	356,442		
⁴ Includes current financial liabilities (excluding trade and other payables and provisions)	(17,531)	–	(19,394)		
⁵ Includes non-current financial liabilities (excluding trade and other payables and provisions)	(1,685,981)	–	(1,111,092)		
Carrying amount of interest in joint venture at beginning of the year	844,437	–	552,322		
Acquisition during the year	–	774,210	–		
Group's share of:					
– Profit	83,052	82,012	65,146	114,741	344,951
– Other comprehensive income	89	(7)	(12,428)	(6,459)	(18,805)
– Total comprehensive income	83,141	82,005	52,718	108,282	326,146
Dividends received during the year	(60,000)	–	–		
Translation and other adjustments	–	(18,791)	(3,345)		
Carrying amount of interest in joint venture at end of the year	867,578	837,424	601,695	1,865,288	4,171,985

(e) As at 31 December 2020, the Group's share of the capital commitments of the joint ventures is \$799.5 million (2019: \$1,091.2 million).

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NOTES TO THE FINANCIAL STATEMENTS

9 DEFERRED TAX

The movements in the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) were as follows:

	At 1/1/2020 \$'000	Recognised in profit or loss \$'000	Acquisition/ Disposal of subsidiaries \$'000	Transferred to liabilities held for sale \$'000	Translation differences \$'000	At 31/12/2020 \$'000
The Group						
Deferred tax liabilities						
Accelerated tax depreciation	19,161	1,223	–	–	232	20,616
Discounts on compound financial instruments	1,572	(1,024)	–	–	–	548
Accrued income and interest receivable	4,411	2,784	–	–	193	7,388
Profits recognised on percentage of completion and fair value adjustments on initial recognition of development properties for sale	324,360	(13,718)	–	–	10,511	321,153
Fair value adjustments arising from a business combination	89,129	(2,462)	11,323	–	130	98,120
Fair value changes of investment properties	836,265	(105,070)	(25,844)	(2,473)	25,627	728,505
Unremitted earnings	148,347	6,645	(296)	(20)	957	155,633
Others	39,195	(5,996)	(2)	(1,282)	2,953	34,868
Total	1,462,440	(117,618)	(14,819)	(3,775)	40,603	1,366,831
Deferred tax assets						
Unutilised tax losses	(2,363)	(3,209)	–	–	22	(5,550)
Provisions and expenses	(291,647)	(124,234)	(1,073)	–	(19,069)	(436,023)
Fair value adjustments on initial recognition of development properties for sale	(14,489)	–	–	–	–	(14,489)
Deferred income	(1,562)	471	–	–	(41)	(1,132)
Others	(43,755)	(2,492)	77	–	(92)	(46,262)
Total	(353,816)	(129,464)	(996)	–	(19,180)	(503,456)

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BECAUSE TOMORROW MATTERS

NOTES TO THE FINANCIAL STATEMENTS

9 DEFERRED TAX (continued)

	At 1/1/2019 \$'000	Recognised in profit or loss \$'000	Acquisition/ Disposal of subsidiaries \$'000	Transferred to liabilities held for sale \$'000	Translation differences \$'000	At 31/12/2019 \$'000

The Group

Deferred tax liabilities

Accelerated tax depreciation	7,782	(4,932)	17,723	–	(1,412)	19,161
Discounts on compound financial instruments	3,329	(1,757)	–	–	–	1,572
Accrued income and interest receivable	4,580	(26)	50	–	(193)	4,411
Profits recognised on percentage of completion and fair value adjustments on initial recognition of development properties for sale	231,748	(44,173)	141,026	–	(4,241)	324,360
Fair value adjustments arising from a business combination	29,887	(160)	59,468	–	(66)	89,129
Fair value changes of investment properties	537,703	175,034	142,675	(9,002)	(10,145)	836,265
Unremitted earnings	102,418	24,777	19,200	(126)	2,078	148,347
Others	43,566	(6,993)	3,197	–	(575)	39,195
Total	961,013	141,770	383,339	(9,128)	(14,554)	1,462,440

Deferred tax assets

Unutilised tax losses	(2,402)	50	(5)	–	(6)	(2,363)
Provisions and expenses	(231,291)	(62,135)	(3,243)	–	5,022	(291,647)
Fair value adjustments on initial recognition of development properties for sale	(14,489)	–	–	–	–	(14,489)
Deferred income	(33)	(388)	(1,140)	–	(1)	(1,562)
Others	(37,275)	(2,338)	(4,200)	–	58	(43,755)
Total	(285,490)	(64,811)	(8,588)	–	5,073	(353,816)

	At 1/1/2019 \$'000	Recognised in profit or loss \$'000	At 31/12/2019 \$'000	Recognised in profit or loss \$'000	At 31/12/2020 \$'000

The Company

Deferred tax liabilities

Discounts on compound financial instruments	3,329	(1,757)	1,572	(1,023)	549

Deferred tax assets

Provisions	(423)	–	(423)	–	(423)

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9 DEFERRED TAX (continued)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The following amounts, determined after appropriate offsetting, are shown on the balance sheets:

	Gross Amount \$'000	The Group Offset \$'000	Net Amount \$'000
31 December 2020			
Deferred tax liabilities	1,366,831	–	1,366,831
Deferred tax assets	(503,456)	–	(503,456)
	863,375	–	863,375
31 December 2019			
Deferred tax liabilities	1,462,440	–	1,462,440
Deferred tax assets	(353,816)	–	(353,816)
	1,108,624	–	1,108,624

As at 31 December 2020, deferred tax liabilities amounting to \$5.2 million (2019: \$5.1 million) had not been recognised for taxes that would be payable on the undistributed earnings of certain subsidiaries as these earnings would not be distributed in the foreseeable future.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The Group has not recognised deferred tax assets in respect of the following:

	The Group 2020 \$'000	2019 \$'000
Deductible temporary differences	225,357	289,136
Tax losses	1,359,902	922,731
Unutilised capital allowances	19,648	6,347
	1,604,907	1,218,214

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the subsidiaries of the Group can utilise the benefits.

Temporary differences would expire in the following periods:

Expiry period	2020 \$'000	2019 \$'000
No expiry	616,137	597,777
Not later than 1 year	122,744	47,148
Between 1 and 5 years	653,877	473,251
After 5 years	212,149	100,038
	1,604,907	1,218,214

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NOTES TO THE FINANCIAL STATEMENTS

10 OTHER NON-CURRENT/CURRENT ASSETS

(a) Other non-current assets

	Note	The Group 2020 \$'000	2019 \$'000
Equity investments at FVTPL		368,372	378,671
Equity investments at FVOCI		232,589	280,826
Derivative financial instruments		85,628	95,783
Amounts due from:			
– associates	7(b)	248,482	227,753
– joint ventures	8(b)	607,285	379,483
Other receivables		17,971	17,935
Deposits		8,641	1,272
Prepayments		2,532	724
		<u>1,571,500</u>	<u>1,382,447</u>

(b) Other current assets

	Note	The Group 2020 \$'000	2019 \$'000
Derivative financial instruments		7,508	15,982
Contract costs	(i)	<u>31,987</u>	<u>29,629</u>
Total		<u>39,495</u>	<u>45,611</u>

- (i) Contract costs relate to commission fees paid to property agents and legal fees for securing sale contracts which were capitalised during the year. The capitalised costs are amortised when the related revenue is recognised. During the year, \$31.9 million (2019: \$14.9 million) was amortised and there was no impairment loss in relation to the costs capitalised.

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11 DEVELOPMENT PROPERTIES FOR SALE AND STOCKS

	The Group	
	2020	2019
	\$'000	\$'000
(a) Properties under development, units for which revenue is recognised over time		
Land and land related cost	969,119	1,016,088
Development costs	18,417	12,323
	987,536	1,028,411
Allowance for foreseeable losses	(24,190)	(44,956)
	963,346	983,455
Properties under development, units for which revenue is recognised at a point in time		
Land and land related costs	3,003,754	3,194,164
Development costs	1,265,559	1,791,660
	4,269,313	4,985,824
Allowance for foreseeable losses	(150,316)	–
	4,118,997	4,985,824
Properties under development	5,082,343	5,969,279
(b) Completed development properties, at cost	1,799,622	1,760,895
Allowance for foreseeable losses	(104,371)	(6,159)
Completed development properties	1,695,251	1,754,736
(c) Consumable stocks	616	1,044
Total development properties for sale and stocks	6,778,210	7,725,059

- (d) The Group recognises revenue over time for residential projects under progressive payment scheme in Singapore. The progress towards completing the construction is measured in accordance with the accounting policy stated in note 2.15. Significant assumptions are required in determining the stage of completion and the Group evaluates them by relying the work of specialists.

The Group makes allowance for foreseeable losses by applying its experience in estimating the net realisable values of completed units and properties under development. References were made to comparable properties, timing of sale launches, location of property, management's expected net selling prices and estimated development expenditure. Market conditions may, however, change which may affect the future selling prices of the remaining unsold units of the development properties and accordingly, the carrying value of development properties for sale may have to be written down in future periods.

- (e) As at 31 December 2020, development properties for sale amounting to approximately \$3,017.0 million (2019: \$3,225.0 million) were mortgaged to banks to secure credit facilities of the Group (note 19).

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NOTES TO THE FINANCIAL STATEMENTS

11 DEVELOPMENT PROPERTIES FOR SALE AND STOCKS (continued)

- (f) During the financial year, the following amounts were capitalised as cost of development properties for sale:

	Note	The Group	
		2020	2019
		\$'000	\$'000
Staff costs	28(b)	18,704	19,069
Interest costs paid/payable	28(d)	53,971	41,126
Less:			
Interest income received/receivable from project fixed deposit accounts	28(a)	(135)	(987)
		<u>72,540</u>	<u>59,208</u>

- (g) Movements in allowance for foreseeable losses in respect of development properties for sale were as follows:

	Note	The Group	
		2020	2019
		\$'000	\$'000
At 1 January		(51,115)	(57,086)
(Allowances)/Reversal during the year	28(c)(i)	(251,329)	3,499
Utilisation during the year		29,352	2,472
Translation differences		(5,785)	–
At 31 December		<u>(278,877)</u>	<u>(51,115)</u>

12 TRADE AND OTHER RECEIVABLES

	Note	The Group		The Company	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
Trade receivables	13	373,259	341,620	–	7
Deposits and other receivables	14	750,418	682,698	1,202	474
Amounts due from:					
– subsidiaries	18	–	–	802,599	889,090
– associates	7(b)	463,141	198,788	–	–
– joint ventures	8(b)	201,352	178,827	–	–
– investee (non-trade)	(b)	122,412	116,484	–	–
– non-controlling interests (non-trade)	(c)	188,942	142,755	–	–
		<u>2,099,524</u>	<u>1,661,172</u>	<u>803,801</u>	<u>889,571</u>
Prepayments	(d)	976,464	640,425	233	188
		<u>3,075,988</u>	<u>2,301,597</u>	<u>804,034</u>	<u>889,759</u>

- (a) As at 31 December 2020, certain trade and other receivables amounting to approximately \$8.4 million (2019: \$3.3 million) were mortgaged to banks to secure credit facilities of the Group (note 19).
- (b) Amount due from an investee is unsecured, interest-bearing and effective interest rate for the interest-bearing loan to an investee is 8.00% (2019: 8.00%) per annum.

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12 TRADE AND OTHER RECEIVABLES (continued)

- (c) Amounts due from non-controlling interests are unsecured, interest-free and repayable on demand.
- (d) As at 31 December 2020, prepayments of \$707.1 million (2019: \$227.1 million) were made for the acquisition of shares and land, pending completion of transactions.

13 TRADE RECEIVABLES

	Note	The Group		The Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Trade receivables		410,656	357,075	–	7
Less:					
Allowance for impairment loss on receivables	34	(37,397)	(15,455)	–	–
	12	373,259	341,620	–	7

The Group and the Company's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in note 34.

14 DEPOSITS AND OTHER RECEIVABLES

	Note	The Group		The Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Deposits		29,111	26,435	459	458
Other receivables		724,152	639,405	743	16
Less:					
Allowance for impairment loss on receivables	34	(18,775)	(15,074)	–	–
		705,377	624,331	743	16
Tax recoverable		15,930	31,932	–	–
	12	750,418	682,698	1,202	474

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NOTES TO THE FINANCIAL STATEMENTS

15 ASSETS/LIABILITIES HELD FOR SALE

	Note	The Group	
		2020	2019
		\$'000	\$'000
Property, plant and equipment		53	2,035
Intangible assets		7	36
Investment properties	35(c)	229,404	336,719
Associates		67,388	22,831
Trade and other receivables		1,006	1,554
Cash and cash equivalents		24,804	21,936
Assets held for sale		<u>322,662</u>	<u>385,111</u>
Trade and other payables		4,562	7,929
Current tax payables		81	122
Deferred tax liabilities		12,903	9,128
Loans and borrowings		13,696	10,387
Other non-current liabilities		436	231
Liabilities held for sale		<u>31,678</u>	<u>27,797</u>

Details of assets and liabilities held are as follows:

2020

- (a) On 17 July 2020 and 8 September 2020, ART entered into conditional agreements to divest Citadines Didot Montparnasse Paris and Citadines City Centre Grenoble in France respectively to an unrelated third party. Accordingly, the properties were reclassified from investment property to asset held for sale as at 31 December 2020. The transactions are expected to be completed in 2021.
- (b) During the year, the Group assessed that the synergistic partnership with its investment in associate listed in Hong Kong, Lai Fung, may not be as relevant today due to its transition towards a more rental-led strategy versus a stronger residential development emphasis at the time of the Group's initial investment, as well as its expansion into MICE-related asset in China which is not in line with the Group's strategy. As the Group is now exploring options regarding its investment in Lai Fung, the investment has been reclassified from an associate to assets held for sale. Upon the reclassification, a fair value loss of \$416.5 million was recognised based on Lai Fung's quoted share price as at 31 December 2020.
- (c) On 11 January 2021, CLCT announced that it has, through its wholly owned subsidiary, Somerset (Wuhan) Investments Pte. Ltd., entered into a conditional equity interests transfer agreement to divest its entire equity interest in Wuhan New Min Zhong Le Yuan Co., Ltd. which holds CapitaMall Mingzhongleyuan. Accordingly, all assets and liabilities held by the entity were reclassified to asset held for sale and liabilities held for sale respectively as at 31 December 2020.

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NOTES TO THE FINANCIAL STATEMENTS

15 ASSETS/LIABILITIES HELD FOR SALE (continued)

2019

- (a) On 1 February 2019, the Group announced that it has, through its subsidiary, entered into a co-operative framework agreement with unrelated party to divest the issued shares of Huaxin Saihan Huhhot Real Estate Co., Ltd, which holds CapitaMall Saihan. Accordingly, all assets and liabilities held by the entity were reclassified to asset held for sale and liabilities held for sale respectively as at 31 December 2019. The transaction is expected to be completed in 2021.
- (b) On 21 November 2019, ART entered into a put and call option agreement with an unrelated third party for the sale of its partial interest of the gross floor area of the land, on which Somerset Liang Court Singapore is located, for a purchase consideration of approximately \$163.3 million. The transaction was completed in 2020.
- (c) On 18 December 2019, ART entered into two sale and purchase agreements to divest its wholly-owned subsidiaries, Suzhou Chong Rui Xin Shi Ji Real Estate Co., Ltd and Wuhan Citadines Property Development Co., Ltd. Accordingly, all the assets and liabilities of the entities were reclassified to assets held for sale and liabilities held for sale respectively. As of 31 December 2020, the two subsidiaries were reclassified from assets/liabilities held for sale to the respective assets and liabilities lines due to the termination of the sale and purchase agreement by the buyer.

16 CASH AND CASH EQUIVALENTS

	Note	The Group		The Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Fixed deposits		4,093,420	2,145,037	–	–
Cash at banks and in hand		5,081,958	4,022,569	25,199	18,098
Cash and cash equivalents		9,175,378	6,167,606	25,199	18,098
Restricted bank deposits	(a)	(86,542)	(106,208)		
Cash and cash equivalents in the statement of cash flows		9,088,836	6,061,398		

- (a) These are deposit placed in escrow account for acquisition of a subsidiary; bank balances of certain subsidiaries pledged in relation to bankers' guarantees issued to the subsidiaries' contractors and banking facilities and bank balances required to be maintained as security for outstanding CapitaVoucher, as well as bank balances relating to security deposits from tenants which can only be drawn down as rental payment upon tenants' default or refunded to tenants upon lease expiry.
- (b) As at 31 December 2020, the Group's cash and cash equivalents of \$328.1 million (2019: \$199.9 million) were held under project accounts and withdrawals from which are designated for payments for expenditure incurred on projects.
- (c) The Group's cash and cash equivalents are denominated mainly in Singapore Dollars, Chinese Renminbi, Japanese Yen and US Dollars. As at 31 December 2020, the effective interest rates for cash and cash equivalents denominated in these currencies ranged from 0% to 2.75% (2019: 0% to 2.83%) per annum.

The cash and cash equivalents are placed with banks and financial institutions which meet the appropriate credit criteria.

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NOTES TO THE FINANCIAL STATEMENTS

17 TRADE AND OTHER PAYABLES

	Note	The Group		The Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Trade payables		299,311	282,154	944	903
Accruals	(a)	840,599	967,322	24,891	31,097
Accrued development expenditure		1,223,268	1,249,332	–	–
Other payables	(b)	1,038,906	1,152,654	1,171	980
Rental and other deposits		278,423	276,687	–	–
Derivative financial instruments		44,820	18,035	–	–
Liability for employee benefits	22	55,705	69,571	60	2,469
Amounts due to:					
– subsidiaries	18	–	–	375,725	76,980
– associates	7(c)	743,781	567,357	–	–
– joint ventures	8(c)	700,365	415,794	–	–
– non-controlling interests (unsecured):					
– interest free		30,786	27,746	–	–
– interest bearing	(c)	651	20,916	–	–
		<u>5,256,615</u>	<u>5,047,568</u>	<u>402,791</u>	<u>112,429</u>

- (a) Accruals included accrued operating expenses \$472.1 million (2019: \$527.7 million), accrued interest payable \$141.9 million (2019: \$154.6 million) as well as accrued expenditure for tax and administrative expenses which are individually immaterial.
- (b) Other payables included retention sums and amounts payable in connection with capital expenditure incurred.
- (c) The effective interest rates for amounts due to non-controlling interests ranged from 1.96% to 3.70% (2019: 4.00% to 6.38%) per annum.

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NOTES TO THE FINANCIAL STATEMENTS

18 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Note	The Company 2020 \$'000	2019 \$'000
(a) Current			
Amounts due from subsidiaries:			
– current accounts, mainly trade		67,096	68,952
– loans			
– interest free		344,612	97,002
– interest bearing		465,433	773,478
		810,045	870,480
Less:			
Allowance for impairment loss on receivables	34	(74,542)	(50,342)
		735,503	820,138
	12	802,599	889,090
Current			
Amounts due to subsidiaries:			
– loans, interest free		(364,929)	(63,215)
– current accounts, mainly trade		(10,796)	(13,765)
	17	(375,725)	(76,980)

All balances with subsidiaries are unsecured and repayable on demand. The interest-bearing loans due from a subsidiary bore effective interest rate of 0.09% (2019: 1.06% to 1.85%) per annum.

The Company's exposure to credit risks for amounts due from subsidiaries are disclosed in note 34.

	Note	The Company 2020 \$'000	2019 \$'000
(b) Non-current			
Amounts due to subsidiaries:			
– interest bearing		–	(864,416)
– interest free		(659,114)	(402,500)
	21	(659,114)	(1,266,916)

All balances with subsidiaries are unsecured and not expected to be repaid within twelve months from 31 December 2020. In 2019, the interest-bearing loan due to a subsidiary bore an effective interest rate of 3.05% per annum.

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NOTES TO THE FINANCIAL STATEMENTS

19 BORROWINGS

	Note	The Group		The Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Bank borrowings					
– secured		10,733,194	10,464,389	–	–
– unsecured		11,723,574	8,360,189	–	–
		22,456,768	18,824,578	–	–
Lease liabilities	(c)	1,054,936	684,966	34,777	45,230
		23,511,704	19,509,544	34,777	45,230
Repayable:					
Not later than 1 year		3,938,561	2,501,026	10,808	10,453
Between 1 and 5 years		16,292,269	14,128,079	23,969	34,777
After 5 years		3,280,874	2,880,439	–	–
After 1 year		19,573,143	17,008,518	23,969	34,777
		23,511,704	19,509,544	34,777	45,230

- (a) The Group's borrowings are denominated mainly in Singapore Dollars, Chinese Renminbi, Japanese Yen, Euro and US Dollars. As at 31 December 2020, the effective interest rates for bank borrowings denominated in these currencies ranged from 0.30% to 4.92% (2019: 0.30% to 4.95%) per annum.
- (b) Bank borrowings are secured by the following assets, details of which are disclosed in the respective notes to the financial statements:
- (i) mortgages on the borrowing subsidiaries' property, plant and equipment, investment properties, development properties for sale, trade and other receivables and shares of certain subsidiaries of the Group; and
 - (ii) assignment of all rights, titles and benefits with respect to the properties mortgaged.
- (c) Lease liabilities relate to the leases of property, plant and equipment (note 3) and investment properties (note 5).

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NOTES TO THE FINANCIAL STATEMENTS

19 BORROWINGS (continued)

(d) The reconciliation of liabilities arising from financing activities were as follows:

Note	At 1/1/2020 \$'000	Financing cashflows * \$'000	Non-cash changes							At 31/12/2020 \$'000
			Acquisition of subsidiaries \$'000	Disposal of subsidiaries \$'000	Changes in fair value \$'000	Amortisation of bond discount \$'000	Rent concession \$'000	Modification of lease liability \$'000	Foreign exchange movement \$'000	
The Group										
Bank borrowings	18,824,578	3,385,266	–	(96,278)	–	–	–	–	323,821	19,381
Debt securities	20 11,901,519	(268,368)	–	–	–	6,016	–	–	6,543	977
Lease liabilities	19 684,966	(68,341)	264,969	(13,696)	–	–	(7,500)	(2,230)	22,561	174,207
Derivative liabilities	130,503	–	–	–	130,670	–	–	–	–	–
Derivative assets	(102,878)	–	–	–	15,278	–	–	–	–	–
										(87,600)

Note	At 1/1/2019 \$'000	Financing cashflows * \$'000	Non-cash changes							At 31/12/2019 \$'000
			Acquisition of subsidiaries \$'000	Disposal of subsidiaries \$'000	Changes in fair value \$'000	Amortisation of bond discount \$'000	Rent concession \$'000	Modification of lease liability \$'000	Foreign exchange movement \$'000	
The Group										
Bank borrowings	13,003,206	227,143	–	5,750,625	(56,700)	–	–	–	(97,552)	(2,144)
Debt securities	20 10,630,214	375,891 [^]	–	848,865	–	–	–	10,327	37,987	(1,765)
Lease liabilities	19 525	(63,256)	548,780	173,064	(51,873)	–	–	–	(9)	77,735
Derivative liabilities	128,929	(32,975) [^]	–	36,603	–	–	(2,054)	–	–	–
Derivative assets	(93,431)	–	–	(7,744)	–	–	(1,703)	–	–	–
										(102,878)

* Cashflow from financing activities presented in the consolidated statement of cash flows include interest expense paid of \$990.4 million (2019: \$890.8 million) which are included under accruals, amount due to associates, joint ventures and non-controlling interests of note 17 – trade and other payables. There are no material non-cash changes associated with interest payables. Refer to note 33 for issue of shares for the acquisition of subsidiaries in 2019.

@ Includes borrowings of \$13.7 million (2019: \$10.4 million) under liabilities held for sale.

[^] In 2019, cashflows from debt securities comprise \$375.9 million relate to net proceeds from issuance of debt securities and settlement of derivative financial instruments used to hedge the debt securities amounted to \$33.0 million.

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NOTES TO THE FINANCIAL STATEMENTS

20 DEBT SECURITIES

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Convertible bonds	1,172,050	1,815,209	1,172,783	1,816,767
Notes and bonds	10,474,637	10,086,310	–	–
	11,646,687	11,901,519	1,172,783	1,816,767
Secured notes and bonds	259,420	258,088	–	–
Unsecured notes and bonds	11,387,267	11,643,431	1,172,783	1,816,767
	11,646,687	11,901,519	1,172,783	1,816,767
Repayable:				
Not later than 1 year	998,728	1,449,027	–	646,236
Between 1 and 5 years	6,902,881	6,080,972	1,172,783	526,000
After 5 years	3,745,078	4,371,520	–	644,531
After 1 year	10,647,959	10,452,492	1,172,783	1,170,531
	11,646,687	11,901,519	1,172,783	1,816,767

- (a) The repayment schedule for convertible bonds was based on the final maturity dates.
- (b) As at 31 December 2020, the effective interest rates for debt securities ranged from 0.40% to 4.14% (2019: 0.37% to 4.25%) per annum.
- (c) As at 31 December 2020, the convertible bonds issued by the Company which remained outstanding are as follows:

Principal amount \$ million	Final maturity date Year	Conversion price \$	Convertible into new ordinary shares No. of shares
650.00	2025	4.9697	130,792,603
326.75	2022	11.5218	28,359,284
199.25	2023	4.1936	47,512,876

There has been no conversion of any of the above convertible bonds since the date of their respective issue.

- (d) Details of the outstanding convertible bonds as at 31 December 2020 are as follows:
- (i) \$326.8 million principal amount of convertible bonds of the Company due on 20 June 2022 with interest rate at 2.95% per annum. These bonds are convertible into new ordinary shares at the conversion price of \$11.5218 per share on or after 20 June 2008 and may be redeemed at the option of the Company or at the option of the bondholders on specified dates.
- (ii) \$199.3 million principal amounts of convertible bonds of the Company due on 17 October 2023 with interest rate at 1.95% per annum. These bonds are convertible into new ordinary shares at the conversion price of \$4.1936 per share on or after 27 November 2013 and may be redeemed at the option of the Company or at the option of the bondholders on specified dates.
- (iii) \$650.0 million principal amount of convertible bonds of the Company due on 8 June 2025 with interest rate at 2.8% per annum. These bonds are convertible into new ordinary shares at the conversion price of \$4.9697 per share on or after 19 July 2015 and may be redeemed at the option of the Company or at the option of the bondholders on specified dates.

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20 DEBT SECURITIES (continued)

- (e) During the year, the Company settled convertible bonds with an aggregate principal amount of \$650.0 million (2019: \$245.0 million) due on 19 June 2020 with interest rate of 1.85% (2019: 2.95%) per annum upon the redemption by bondholders.
- (f) Notes and bonds

The Group's notes and bonds are mainly issued by the Company, Capitaland Treasury Limited, Ascendas Pte Ltd, The Ascott Capital Limited, Capitaland Integrated Commercial Trust, Ascott Residence Trust, RCS Trust, Capitaland China Trust and Capitaland Malaysia Mall Trust under their respective issuance programs. These notes and bonds were denominated mainly in Singapore Dollars, Malaysian Ringgit, Japanese Yen, Hong Kong Dollars, Euro and US Dollars. Saved for the secured notes and bonds below, the notes and bonds issued were unsecured.

As at 31 December 2020, the secured notes and bonds amounting to \$259.4 million (2019: \$258.1 million) were fully secured by deposits pledged and mortgages on the investment properties of the Group. Details on assets pledged are disclosed in the respective notes to the financial statements.

21 OTHER NON-CURRENT LIABILITIES

	Note	The Group		The Company	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
Amounts due to non-controlling interests (unsecured):					
– interest free		63,612	68,494	–	–
– interest bearing	(a)	35,300	35,957	–	–
Amounts due to subsidiaries	18	–	–	659,114	1,266,916
Liability for employee benefits	22	26,000	30,419	12,966	15,454
Derivative financial instruments		222,964	113,680	–	–
Security deposits and other non-current payables		396,079	456,471	235	235
Deferred income		7,064	7,395	–	–
		<u>751,019</u>	<u>712,416</u>	<u>672,315</u>	<u>1,282,605</u>

- (a) As at 31 December 2020, the effective interest rate for the amounts due to non-controlling interests is 2.50% (2019: 2.50% to 4.55%) per annum.

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22 EMPLOYEE BENEFITS

	Note	The Group		The Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Liability for short term accumulating compensated absences		13,698	20,800	192	1,195
Liability for staff incentive	(a)	58,135	64,700	12,834	16,728
Liability for cash-settled share- based payments		9,872	14,490	–	–
		81,705	99,990	13,026	17,923
Current	17	55,705	69,571	60	2,469
Non-current	21	26,000	30,419	12,966	15,454
		81,705	99,990	13,026	17,923

(a) Staff incentive

This relates to staff incentive which is based on the achievement of the Group's financial performance and payable over a period of time.

(b) Equity compensation benefits

Share Plans of the Company

The CapitaLand Performance Share Plan 2010 (PSP 2010) and CapitaLand Restricted Share Plan 2010 (RSP 2010) were approved by the members of the Company at the Extraordinary General Meeting held on 16 April 2010. The duration of each share plan is 10 years commencing on 16 April 2010. The PSP 2010 and RSP 2010 have expired on 15 April 2020. Awards made prior to expiry are not affected and no further awards were made subsequent to expiry. No new awards were made under PSP 2010 and RSP 2010 during the year.

The CapitaLand Performance Share Plan 2020 (PSP 2020) and CapitaLand Restricted Share Plan 2020 (RSP 2020) were approved by the members of the Company at the Extraordinary General Meeting held on 12 April 2019. The duration of each share plan is 10 years commencing on 1 April 2020.

The ERCC of the Company has instituted a set of share ownership guidelines for members of senior management who receive shares under the CapitaLand Restricted Share Plans and CapitaLand Performance Share Plans. Under these guidelines, members of senior management are required to retain a portion of the total number of CapitaLand shares received under the aforementioned share-based plans, which will vary according to their respective job grade and salary.

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22 EMPLOYEE BENEFITS (continued)

(b) Equity compensation benefits (continued)

Share Plans of the Company (continued)

The details of awards in the Company since commencement of the Share Plans were as follows:

	← Aggregate shares →			Balance as of 31 December 2020
	Granted No. of shares	Released No. of shares	Lapsed/ Cancelled No. of shares	No. of shares
CapitaLand Performance Share Plan 2010	34,508,581	(5,844,914)	(23,101,009)	5,562,658
CapitaLand Restricted Share Plan 2010	114,232,095	(82,162,115)	(19,778,811)	12,291,169
CapitaLand Performance Share Plan 2020	3,194,293	–	–	3,194,293
CapitaLand Restricted Share Plan 2020	9,132,455	(212,897)	(109,885)	8,809,673

The total number of new shares issued and/or to be issued pursuant to the Share Plans did not exceed 8% (2019: 8%) of the total number of shares (excluding treasury shares) in the capital of the Company.

CapitaLand Performance Share Plans

This relates to compensation costs of the Company's PSP 2010 and PSP 2020 reflecting the benefits accruing to the employees over the service period to which the performance criteria relate.

Movements in the number of shares outstanding under Performance Share Plans were summarised below:

	2020 ('000)	2019 ('000)
At 1 January	9,160	9,503
Granted	3,416	3,462
Released	(3,396)	(1,270)
Lapsed/Cancelled	(423)	(2,535)
At 31 December	8,757	9,160

The final number of shares to be released will depend on the achievement of pre-determined targets over a three-year performance period. No share will be released if the threshold targets are not met at the end of the performance period. Conversely, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 200% of the baseline award. The ERCC has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors.

Recipients can receive fully paid shares, their equivalent cash value or combinations thereof, at no cost.

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22 EMPLOYEE BENEFITS (continued)

(b) Equity compensation benefits (continued)

Share Plans of the Company (continued)

The fair values of the shares are determined using Monte Carlo simulation method which projects future share price assuming log normal distribution based on Geometric Brownian Motion Theory at measurement date. The fair values and assumptions are set out below:

Year of award	2020	2019
<i>Weighted average fair value of shares and assumptions</i>		
Weighted average fair value at measurement date	\$2.11	\$2.74
Expected volatility of Company's share price based on 36 months closing share price prior to grant date	22.63%	17.18%
Average volatility of companies in the peer group based on 36 months prior to grant date	29.73%	27.12%
Share price at grant date	\$2.72	\$3.45
Risk-free interest rate equal to the implied yield on zero- coupon Singapore Government bond with a term equal to the length of vesting period	0.37%	1.65%
Expected dividend yield over the vesting period	1.89% to 3.78%	3.54% to 4.14%
Initial total shareholder return (TSR) performance based on historical TSR performance of the Company and each company in the peer group	–	13.46%
Average correlation of Company's TSR with those companies in the peer group	59.96%	50.11%

CapitaLand Restricted Share Plans – Equity-settled/Cash-settled

This relates to compensation costs of the Company's RSP 2010 and RSP 2020 reflecting the benefits accruing to the employees over the service period to which the performance criteria relate.

Movements in the number of shares outstanding under the Restricted Share Plans were summarised below:

	2020 ('000)	2019 ('000)
At 1 January	28,126	22,971
Granted	11,077	20,744
Released ^a	(15,727)	(13,794)
Lapsed/Cancelled	(2,375)	(1,795)
At 31 December	21,101	28,126

^a The number of shares released during the year was 15,726,797 (2019: 13,794,140) of which 4,078,753 (2019: 2,648,242) were cash-settled.

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22 EMPLOYEE BENEFITS (continued)

(b) Equity compensation benefits (continued)

CapitaLand Restricted Share Plans – Equity-settled/Cash-settled (continued)

As at 31 December 2020, the number of shares in awards granted under the Restricted Share Plans are as follows:

	Equity-settled ('000)	2020 Cash-settled ('000)	Total ('000)	Equity-settled ('000)	2019 Cash-settled ('000)	Total ('000)
Final number of shares has not been determined (baseline award) #	6,883	1,767	8,650	12,244	2,708	14,952
Final number of shares determined but not released	10,136 [^]	2,315	12,451	10,513	2,661	13,174
	17,019	4,082	21,101	22,757	5,369	28,126

The final number of shares released could range from 0% to 150% of the baseline award.

[^] Includes time-based awards granted under RSP 2020 vesting on 1 March 2021 for selected senior management new hires.

The final number of shares to be released will depend on the achievement of pre-determined targets at the end of a one-year performance period. No share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 150% of the baseline award. The ERCC has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors. The shares will vest over a period of three years. Recipients can receive fully paid shares, their equivalent cash value or combinations thereof, at no cost. An additional number of shares of a total value equal to the value of the accumulated dividends which are declared during each of the vesting periods and deemed forgone due to the vesting mechanism of the Restricted Share Plans, will also be released upon the final vesting. For time-based awards granted to facilitate the strategic employment of key executives, the shares will be released upon the completion of a specified period of service following the commencement of employment with the Group.

Cash-settled awards of shares are measured at their current fair values at each balance sheet date.

The fair values of the shares granted to employees are determined using Discounted Cashflow method at the measurement date. The fair values and assumptions are set out below:

Year of award	2020	2019
<i>Weighted average fair value of shares and assumptions</i>		
Weighted average fair value at measurement date	\$2.60	\$3.26
Share price at grant date	\$2.72	\$3.45
Risk-free interest rate equal to the implied yield on zero-coupon Singapore Government bond with a term equal to the length of vesting period	0.22% to 0.37%	1.64% to 1.72%

The fair value of the shares awarded to non-executive directors for the payment of directors' fees in 2020 was \$2.88 (2019: \$3.51) which was the volume-weighted average price of a CapitaLand share on the SGX-ST over the 14 trading days from (and including) the ex-dividend date following the date of CapitaLand's Annual General Meeting.

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22 EMPLOYEE BENEFITS (continued)

(b) Equity compensation benefits (continued)

Unit-based Plans of Subsidiaries

(a) Ascott Residence Trust Management Limited (ARTML)

The ARTML Performance Unit Plan 2016 and the ARTML Restricted Unit Plan 2016 (collectively referred to as the "ARTML Unit Plans") were approved by the Board of Directors of ARTML on 15 April 2016.

(b) CapitaLand Integrated Commercial Trust Management Limited (CICTML) (formerly known as CapitaLand Mall Trust Management Limited (CMTML))

With the merger of CapitaLand Mall Trust and CapitaLand Commercial Trust, the CMTML Performance Unit Plan 2016 and the CMTML Restricted Unit Plan 2016 approved by the Board of Directors of CMTML on 15 April 2016 have been renamed to the CICTML Performance Share Plan 2016 and the CICTML Restricted Share Plan 2016 (collectively referred to as the "CICTML Unit Plans") respectively. Awards previously granted pursuant to the CapitaLand Commercial Trust Management Limited Performance Unit Plan 2016 and Restricted Unit Plan 2016 will be settled in units of CapitaLand Integrated Commercial Trust.

(c) CapitaLand Retail China Trust Management Limited (CRCTML)

The CRCTML Performance Unit Plan 2016 and the CRCTML Restricted Unit Plan 2016 (collectively referred to as the "CRCTML Unit Plans") were approved by the Board of Directors of CRCTML on 13 April 2016. With effect from 25 January 2021, CRCTML has been renamed to CapitaLand China Trust Management Limited (CLCTML). Accordingly, the CRCTML Units Plans have been renamed to CLCTML Performance Unit Plan 2016 and CLCTML Restricted Unit Plan 2016 (collectively referred to as the "CLCTML Unit Plans").

The Boards of ARTML, CICTML and CLCTML have instituted a set of unit ownership guidelines for senior management who receive units under the ARTML Unit Plans, CICTML Unit Plans and CLCTML Unit Plans (collectively referred to as "Subsidiary Unit Plans") respectively. Under these guidelines, members of the senior management team are required to retain a portion of the total number of units received under the Subsidiary Unit Plans, which will vary according to their respective job grade and salary.

During the financial year ended 31 December 2020, the Group recognised share-based expenses in relation to the Subsidiary Unit Plans of \$2,770,462 (2019: \$2,704,630) in profit or loss.

Performance Unit Plan 2016 of ARTML, CICTML and CLCTML

This relates to compensation costs of the Performance Unit Plans of ARTML, CICTML and CLCTML that reflects the benefits accruing to the participants over the service period to which the performance criteria relate.

The final number of units to be released will depend on the achievement of pre-determined relative total unitholder return targets over a three-year performance period. No unit will be released if the threshold targets are not met at the end of the performance period. Conversely, if superior targets are met, up to a maximum of 200% of the baseline award could be released. The Board of Directors of each respective subsidiary has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors. Participants receive fully paid units at no cost upon vesting.

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22 EMPLOYEE BENEFITS (continued)

(b) Equity compensation benefits (continued)

Restricted Unit Plan 2016 of ARTML, CICTML and CLCTML

This relates to compensation costs of the Restricted Unit Plans for ARTML, CICTML and CLCTML that reflects the benefits accruing to the participants over the service period to which the performance criteria relate.

The final number of units to be released will depend on the achievement of pre-determined distribution per unit and net property income or gross profit targets over a one-year performance period. No unit will be released if the threshold targets are not met at the end of the performance period. Conversely, if superior targets are met, up to a maximum of 150% of the baseline award could be released. The Board of Directors of each respective subsidiary has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors. The units will vest over three years. Participants receive fully paid units at no cost upon 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 forgone due to the vesting mechanism of the Restricted Unit Plans, will also be released upon the final vesting.

Units vested to participants will be delivered using existing units held by ARTML, CICTML and CLCTML. No new units will be issued by the respective REITs to meet the obligations under the Subsidiary Unit Plans.

23 SHARE CAPITAL

	Note	The Company	
		2020	2019
		No. of shares	No. of shares
Issued and fully paid, with no par value		('000)	('000)
At 1 January and 31 December, including treasury shares		5,136,648	4,274,384
Add: Issue of new shares	(a)	140,343	862,264
Less: Treasury shares		(84,110)	(99,154)
At 31 December, excluding treasury shares		<u>5,192,881</u>	<u>5,037,494</u>

- (a) On 20 August 2020, the Company issued 140,343,222 shares at an issue price of \$2.767 under the Company's scrip dividend scheme.
- (b) In 2019, the company issued 862,264,714 shares at an issue price of \$3.50 per share for the settlement of 50% consideration for the acquisition of ASB (note 33).
- (c) The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares (excluding treasury shares) rank equally with regard to the Company's residual assets.
- (d) At 31 December 2020, there is a maximum of 17,513,902 (2019: 18,319,660) shares under the Performance Share Plans and 18,646,801 (2019: 30,734,937) shares under the Restricted Share Plans, details of which are disclosed in note 22(b).

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23 SHARE CAPITAL (continued)

(e) Movements in the Company's treasury shares were as follows:

	The Company	
	2020	2019
	No. of shares (‘000)	No. of shares (‘000)
At 1 January	99,154	111,570
Treasury shares transferred pursuant to employee share plans	(14,831)	(12,243)
Payment of directors' fees	(213)	(173)
At 31 December	84,110	99,154

Capital management

The Group's policy is to build a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on capital, which the Group defines as total shareholders' equity, excluding non-controlling interests, perpetual securities and the level of dividends to ordinary shareholders.

The Group also monitors capital using a net debt-to-equity ratio, which is defined as net borrowings divided by total equity (including non-controlling interests and perpetual securities).

	The Group	
	2020	2019
	\$'000	\$'000
Borrowings and debt securities	35,158,391	31,411,063
Cash and cash equivalents	(9,175,378)	(6,167,606)
Net debt	25,983,013	25,243,457
Total equity	38,292,041	40,282,875
Net debt-to-equity ratio	0.68	0.63

The Group seeks to strike a balance between the higher returns that might be possible with higher level of borrowings and the liquidity and security afforded by a sound capital position.

In addition, the Company has a share purchase mandate as approved by its shareholders which allows the Company greater flexibility over its share capital structure with a view to improving, inter alia, its return on equity. The shares which are purchased are held as treasury shares which the Company may transfer for the purposes of or pursuant to its employee share-based incentive schemes so as to enable the Company to take advantage of tax deductions under the current taxation regime. The use of treasury shares in lieu of issuing new shares would also mitigate the dilution impact on existing shareholders.

The Group's subsidiaries in The People's Republic of China (PRC) and India are subject to foreign exchange rules and regulations promulgated by the PRC and India government which may impact how the Group manages capital. In addition, eight of the Group's subsidiaries (2019: nine) are required to maintain certain minimum base capital and financial resources, or shareholders' funds as they are holders of Capital Markets Services licenses registered with the Monetary Authority of Singapore or the Securities Commission Malaysia to conduct the regulated activity of Real Estate Investment Trust management. In addition, the consolidated REITs are subject to the aggregate leverage limit as defined in the Property Funds Appendix of the Code of Investment Scheme. These subsidiaries have complied with the applicable capital requirements throughout the year.

There were no changes in the Group's approach to capital management during the year.

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24 OTHER RESERVES

	The Group		The Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Reserve for own shares	(290,302)	(342,225)	(290,302)	(342,225)
Capital reserve	299,195	295,073	45,809	92,799
Equity compensation reserve	53,334	77,869	14,218	23,266
Hedging reserve	(199,528)	(104,727)	–	–
Fair value reserve	93,622	138,489	–	–
Assets revaluation reserve	6,161	6,161	–	–
Foreign currency translation reserve	(275,116)	(1,112,601)	–	–
	<u>(312,634)</u>	<u>(1,041,961)</u>	<u>(230,275)</u>	<u>(226,160)</u>

Reserve for own shares comprises the purchase consideration for issued shares of the Company acquired and held as treasury shares.

The capital reserve comprises mainly the value of the options granted to bondholders to convert their convertible bonds into ordinary shares of the Company, reserves set aside by certain subsidiaries in compliance with the relevant regulations in the People's Republic of China and share of associates' and joint ventures' capital reserve.

The equity compensation reserve comprises the cumulative value of employee services received for shares under the share plans of the Company (note 22(b)).

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments related to hedge transactions that have not yet affected profit or loss.

The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at FVOCI.

The assets revaluation reserve comprises the revaluation gain of a plant, property and equipment which was reclassified to investment properties.

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign entities, effective portion of the hedging instrument which is used to hedge against the Group's net investment in foreign currencies as well as from the translation of foreign currency loans used to hedge or form part of the Group's net investments in foreign entities. The Group's foreign currency translation reserve arises mainly from Chinese Renminbi, Indian Rupee, Vietnamese Dong and Malaysian Ringgit.

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25 PERPETUAL SECURITIES

The Group's perpetual securities comprise perpetual securities and perpetual notes issued by its subsidiaries, ART, CLCT and CapitaLand Treasury Limited (CTL) (collectively referred to as "Issuers"). The perpetual securities comprise:

Perpetual securities or notes	Issue date	Principal amount \$
ART		
– Fixed rate perpetual securities with an initial distribution rate of 4.68% per annum	30 June 2015	250,000,000
– Fixed rate perpetual securities with an initial distribution rate of 3.88% per annum	4 September 2019	150,000,000
CLCT		
– Fixed rate subordinated perpetual securities with an initial distribution rate of 3.375% per annum	27 October 2020	100,000,000
Issued under CTL's \$5,000,000,000 Euro Medium Term Note Programme:		
– Fixed rate subordinated perpetual notes with an initial distribution rate of 3.65% per annum	17 October 2019	500,000,000

- (a) On 27 October 2020, CLCT issued S\$100.0 million of fixed rate subordinated perpetual notes with an initial distribution rate of 3.375% per annum, with the first distribution rate reset on 27 October 2025 and subsequent resets occurring every five years thereafter. Distributions are payable semi-annually in arrears on a discretionary basis and are non-cumulative in accordance with the terms and conditions of the perpetual securities.

The perpetual securities will constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any parity obligations of the Issuer from time to time outstanding.

- (b) On 4 September 2019, ART issued \$150.0 million of fixed rate perpetual securities with an initial distribution rate of 3.88% per annum, with the first distribution rate reset falling on 4 September 2024 and subsequent resets occurring every five years thereafter. The proceeds were used to redeem the \$150.0 million perpetual securities with its first call date on 27 October 2019.

The perpetual securities have no fixed redemption date and redemption is at the option of the ART in accordance with the terms of issue of the securities. The distribution will be payable semi-annually at the discretion of the ART and will be non-cumulative. These perpetual securities rank *pari passu* with the holders of preferred units (if any) and rank ahead of the stapled security holders of the ART, but junior to the claims of all other present and future creditors of the ART.

- (c) On 17 October 2019, CTL issued \$500.0 million of fixed rate subordinated perpetual notes guaranteed by the Company, with an initial distribution rate of 3.65% per annum with the first distribution rate reset falling on 17 October 2024 and subsequent resets occurring every five years thereafter.

The perpetual notes have no fixed redemption date and redemption is at the option of CTL in accordance to the terms and conditions of the perpetual notes. The distribution will be payable semi-annually at the discretion of CTL and will be cumulative. The perpetual notes will constitute direct, unconditional, unsecured and subordinated obligations of CTL and shall at all times rank *pari passu* and without any preference among themselves and with any parity obligations of CTL.

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25 PERPETUAL SECURITIES (continued)

As the perpetual securities have no fixed maturity date and the payment of distributions is at the discretion of the Issuers, the Issuers are considered to have no contractual obligations to repay the principal or to pay any distributions, and the perpetual securities do not meet the definition for classification as a financial liability under SFRS(I) 1-32 *Financial Instruments: Disclosure and Presentation*, they are presented within equity, and distributions are treated as dividends.

26 OTHER COMPREHENSIVE INCOME

	Before tax \$'000	2020 Tax expense \$'000	Net of tax \$'000	Before tax \$'000	2019 Tax expense \$'000	Net of tax \$'000
The Group						
Exchange differences arising from translation of foreign operations and foreign currency loans, forming part of net investment in foreign operations	677,957	–	677,957	(285,143)	–	(285,143)
Recognition of foreign exchange differences on disposal or liquidation of foreign operations in profit or loss	22,146	–	22,146	78,884	–	78,884
Change in fair value of equity investments at fair value through other comprehensive income	(50,940)	–	(50,940)	144,372	–	144,372
Revaluation of a property, plant and equipment	–	–	–	6,161	–	6,161
Effective portion of change in fair value of cash flow hedges	(107,987)	–	(107,987)	(77,828)	–	(77,828)
Recognition of hedging reserve in profit or loss	10,245	–	10,245	7,652	–	7,652
Share of other comprehensive income of associates and joint ventures	349,320	–	349,320	(161,143)	–	(161,143)
	<u>900,741</u>	<u>–</u>	<u>900,741</u>	<u>(287,045)</u>	<u>–</u>	<u>(287,045)</u>

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27 REVENUE

Revenue of the Group and of the Company is analysed as follows:

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Revenue from contract with customers	3,502,535	2,400,456	78,686	70,319
Rental of investment properties:				
– Retail, office, business park, industrial and logistics rental and related income	2,186,073	2,415,989	–	–
– Lodging properties rental and related income	805,972	1,381,393	–	–
Others	37,992	36,926	–	–
Dividend income from subsidiaries	–	–	2,538,538	446,794
	<u>6,532,572</u>	<u>6,234,764</u>	<u>2,617,224</u>	<u>517,113</u>

(a) Disaggregation of revenue from contracts with customers:

	The Group		The Company	
	Residential, commercial strata and urban development	Fee income	Total	Fee income
2020	\$'000	\$'000	\$'000	\$'000
Primary segment				
CL Singapore and International	449,027	76,876	525,903	–
CL China	2,570,917	140,242	2,711,159	–
CL India	–	17,289	17,289	–
CL Lodging	–	87,765	87,765	–
CL Financial	–	159,942	159,942	–
Corporate and Others	–	477	477	78,686
	<u>3,019,944</u>	<u>482,591</u>	<u>3,502,535</u>	<u>78,686</u>
Secondary segment				
Singapore	44,789	140,544	185,333	78,686
China ¹	2,570,917	223,496	2,794,413	–
Other developed markets	–	43,225	43,225	–
Other emerging markets	404,238	75,326	479,564	–
	<u>3,019,944</u>	<u>482,591</u>	<u>3,502,535</u>	<u>78,686</u>

¹ Includes Hong Kong

Timing of revenue recognition

Product transferred at a point in time	2,975,155	–	2,975,155	–
Products and services transferred over time	44,789	482,591	527,380	78,686
	<u>3,019,944</u>	<u>482,591</u>	<u>3,502,535</u>	<u>78,686</u>

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27 REVENUE (continued)

(a) Disaggregation of revenue from contracts with customers (continued):

	Residential, commercial strata and urban development \$'000	The Group Fee income \$'000	Total \$'000	The Company Fee income \$'000
2019				
Primary segment				
CL Singapore and International	179,206	41,223	220,429	–
CL China	1,838,947	118,436	1,957,383	–
CL India	–	10,114	10,114	–
CL Lodging	–	92,910	92,910	–
CL Financial	–	120,715	120,715	–
Corporate and Others	–	(1,095)	(1,095)	70,319
	2,018,153	382,303	2,400,456	70,319
Secondary segment				
Singapore	128,458	88,084	216,542	70,319
China ¹	1,838,947	199,024	2,037,971	–
Other developed markets	–	22,709	22,709	–
Other emerging markets	50,748	72,486	123,234	–
	2,018,153	382,303	2,400,456	70,319
Timing of revenue recognition				
Product transferred at a point in time	1,889,695	–	1,889,695	–
Products and services transferred over time	128,458	382,303	510,761	70,319
	2,018,153	382,303	2,400,456	70,319

¹ Includes Hong Kong

(b) Contract liabilities

The Group's contract liabilities relate primarily to:

- advance consideration received from customers; and
- progress billings issued in excess of the Group's right to the consideration.

The contract liabilities are recognised as revenue when the Group fulfils its performance obligation under the contract with the customer. The significant changes in the contract liabilities during the year are as follows:

	Note	The Group 2020 \$'000	2019 \$'000
Revenue recognised that was included in contract liabilities at the beginning of the year		1,368,488	720,282
Increase due to cash received, excluding amounts recognised as revenue during the year		(724,938)	(529,753)
Acquisition of subsidiaries	32(b)	–	(808,041)

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BECAUSE TOMORROW MATTERS

NOTES TO THE FINANCIAL STATEMENTS

28 (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax includes the following:

	Note	The Group 2020 \$'000	2019 \$'000	The Company 2020 \$'000	2019 \$'000
(a) Other operating income					
Interest income from:					
– deposits		70,093	77,133	89	164
– subsidiaries		–	–	37,727	51,492
– associates and joint ventures		18,745	18,222	–	–
– investee companies and others		9,839	3,955	–	–
– interest capitalised in development properties for sale	11(f)	(135)	(987)	–	–
		98,542	98,323	37,816	51,656
Dividend income		13,629	8,726	–	–
Foreign exchange gain		22,561	–	109	145
Mark-to-market gain on					
– derivative instruments		–	1,475	–	–
– financial assets designated as fair value through profit or loss		–	9,937	–	–
Net fair value gains from investment properties and assets held for sale		–	1,163,944	–	–
Gain on disposal/redemption of available-for-sale financial assets		–	3	–	–
Gain on disposal of property, plant and equipment		404	677	2	7
Gain from change of ownership interests in subsidiaries, associates and joint ventures		232,457	218,520	–	–
Gain on disposal of investment properties		40,156	124,744	–	–
Service contract income		3,723	170	7,930	8,231
Reversal of allowance for impairment loss on receivables from:					
– subsidiaries		–	–	–	4,678
– others		–	162	–	–
Reversal of impairment of:					
– subsidiary	6(a)(iii)	–	–	–	1
– associates	7(a)(i)	–	7,571	–	–
– joint ventures	8(a)(ii)	136	–	–	–
Income from pre-termination of contracts		22,177	49,884	–	–
Forfeiture of security deposits		15,110	6,546	–	–
Government grants	(i)	204,638	–	5,926	–
Others	(ii)	66,383	81,476	1,265	1,570
		719,916	1,772,158	53,048	66,288

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28 (LOSS)/PROFIT BEFORE TAX (continued)

(Loss)/Profit before tax includes the following (continued):

- (i) Government grants relate to COVID-19 support measures comprising \$139.8 million property tax rebate benefit granted by the Singapore government which were passed on to the tenants and recognise as grant expenses and \$64.8 million grants from the Job Support Scheme or equivalents in Singapore, Australia and Europe.
- (ii) Included an amount of \$1.6 million (2019: nil) recognised during the year relates to the changes in lease payments arising from rent concessions to which the Group has applied practical expedient under COVID-19-Related Rent Concessions – Amendment to SFRS(I) 16 (see note 2.14(ii)).

	Note	The Group		The Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
(b) Staff costs					
Wages and salaries		657,612	669,371	49,091	56,348
Contributions to defined contribution plans		61,448	70,731	4,962	1,187
Share-based expenses:					
– equity-settled		33,039	56,016	10,106	16,877
– cash-settled		3,807	10,718	–	–
(Decrease)/Increase in liability for short term accumulating compensated absences		(3,454)	1,595	(1,003)	129
Staff benefits, training/development costs and others		81,837	87,340	3,161	5,551
		834,289	895,771	66,317	80,092
Less:					
Staff costs capitalised in development properties for sale	11(f)	(18,704)	(19,069)	–	–
		815,585	876,702	66,317	80,092
Recognised in:					
Cost of sales	(c)(i)	586,059	611,037	–	–
Administrative expenses	(c)(ii)	229,526	265,665	66,317	80,092
		815,585	876,702	66,317	80,092

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NOTES TO THE FINANCIAL STATEMENTS

28 (LOSS)/PROFIT BEFORE TAX (continued)

(Loss)/Profit before tax includes the following (continued):

	Note	The Group		The Company	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
(c)(i) Cost of sales include:					
Costs of development properties for sale		1,603,668	1,266,693	–	–
Foreseeable losses / (Reversal of foreseeable losses) on development properties for sale	11(g)	251,329	(3,499)	–	–
Operating expenses of investment properties that generated rental income		958,044	977,569	–	–
Lease expenses (short-term lease)		168,683	247,372	–	–
Lease expenses (low value assets, excluding short-term leases of low value assets)		69	28	–	–
Lease expenses (variable lease payments not included in the measurement of lease liabilities)		1,499	10,020	–	–
Staff costs	(b)	586,059	611,037	–	–
(c)(ii) Administrative expenses include:					
Allowance for impairment loss on trade receivables		22,926	3,572	–	–
Amortisation of intangible assets	4	22,922	18,461	117	113
Auditors' remuneration:					
– auditors of the Company		4,569	5,529	235	359
– other auditors		6,381	6,750	–	–
Non-audit fees:					
– auditors of the Company		531	1,996	368	1,705
– other auditors		3,023	2,095	–	–
Depreciation of property, plant and equipment	3	95,783	80,225	310	523
Depreciation expenses of right-of-use assets	3	61,023	38,193	11,115	11,010
Lease expenses (short-term lease)		2,609	5,403	–	–
Lease expenses (low value assets, excluding short-term leases of low value assets)		230	374	–	–
Lease expenses (variable lease payments not included in the measurement of lease liabilities)		200	178	–	–
Staff costs	(b)	229,526	265,665	66,317	80,092

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28 (LOSS)/PROFIT BEFORE TAX (continued)

(Loss)/Profit before tax includes the following (continued):

	Note	The Group 2020 \$'000	2019 \$'000	The Company 2020 \$'000	2019 \$'000
(c)(iii) Other operating expenses include:					
Allowance for impairment loss on non-trade receivables		9,980	7,067	38,883	13,494
Foreign exchange loss		–	38,238	–	–
Impairment loss on investment in / amounts due from:					
– subsidiaries		–	–	–	24
– joint ventures	8(a)(ii)	17	25,822	–	–
– associates	7(a)(i)	402	–	–	–
Impairment and write-off of property, plant and equipment		27,524	10,984	–	–
Impairment and write-off of intangible assets	4	154,580	5,263	–	–
Mark-to-market loss on					
– derivative instruments		2,051	–	–	–
– financial assets designated as fair value through profit or loss		12,990	–	–	–
Net fair value loss from investment properties	(i)	2,085,197	–	–	–
Fair value loss from assets held for sale	15	416,479	–	–	–
Grant expenses	(ii)	130,009	–	–	–

(i) The COVID-19 pandemic dampened the economic and operating environment in many countries, and negatively impacted the Group's investment property portfolio's performance, particularly the Group's mall, office and lodging properties. As such, the appraised value of the Group's investment properties registered a decline of \$2,085.2 million for the year ended 31 December 2020.

(ii) Relates to property tax rebates from the Singapore government which were passed on to tenants in response to the COVID-19 pandemic (see note 28(a)).

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28 (LOSS)/PROFIT BEFORE TAX (continued)

(Loss)/Profit before tax includes the following (continued):

	Note	The Group		The Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
(d) Finance costs					
Interest costs paid and payable:					
– on bank loans and overdrafts		491,983	495,248	–	–
– on debt securities		317,986	300,509	–	–
– to non-controlling interests		24,533	10,165	–	–
– related party		–	–	11,544	20,160
Convertible bonds:					
– interest expense		37,412	47,116	37,412	47,116
– amortisation of bond discount		6,016	10,327	6,016	10,327
Lease liabilities		33,941	22,369	1,406	1,713
Others		33,390	32,058	27	28
Interest on financial liabilities					
measured at amortised cost		945,261	917,792	56,405	79,344
Derivative financial instruments		74,360	8,765	–	–
Total borrowing costs		1,019,621	926,557	56,405	79,344
Less:					
Borrowing costs capitalised in:					
– investment properties	5(e)	(52,501)	(46,290)	–	–
– development properties for sale	11(f)	(53,971)	(41,126)	–	–
		(106,472)	(87,416)	–	–
		913,149	839,141	56,405	79,344

29 TAX EXPENSE

	The Group		The Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Current tax expense				
– Based on current year's results	485,777	469,148	1,010	503
– Over provision in respect of prior years	(23,026)	(42,938)	(2,547)	–
– Group relief	(2,463)	(23,967)	–	–
	460,288	402,243	(1,537)	503
Deferred tax expense				
– Origination and reversal of temporary differences	(231,618)	78,796	(1,023)	(1,757)
– Over provision in respect of prior years	(15,464)	(1,837)	–	–
	(247,082)	76,959	(1,023)	(1,757)
Land appreciation tax				
– Current year	530,052	302,432	–	–
– Under/(Over) provision in respect of prior years	131,865	(1,600)	–	–
	661,917	300,832	–	–
Withholding tax				
– Current year	73,249	34,926	–	–
– Under/(Over) provision in respect of prior years	5,113	(132)	–	–
	78,362	34,794	–	–
	953,485	814,828	(2,560)	(1,254)

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NOTES TO THE FINANCIAL STATEMENTS

29 TAX EXPENSE (continued)

Reconciliation of effective tax rate

	The Group	
	2020	2019
	\$'000	\$'000
(Loss)/Profit before tax	(681,662)	4,228,469
Less: Share of results of associates and joint ventures	(51,717)	(988,775)
(Loss)/Profit before share of results of associates and joint ventures and tax	(733,379)	3,239,694
Income tax using Singapore tax rate of 17% (2019: 17%)	(124,675)	550,748
Adjustments:		
Expenses not deductible for tax purposes	860,788	209,668
Income not subject to tax	(314,656)	(347,683)
Effect of unrecognised tax losses and other deductible temporary differences	62,684	28,912
Effect of different tax rates in foreign jurisdictions	(110,409)	131,562
Effect of taxable distributions from REITs	51,614	52,450
Land appreciation tax	530,052	302,432
Effect of tax reduction on land appreciation tax	(164,618)	(72,219)
Withholding taxes	73,249	34,926
Under/(Over) provision in respect of prior years	98,488	(46,507)
Group relief	(2,463)	(23,967)
Others	(6,569)	(5,494)
	953,485	814,828

	The Company	
	2020	2019
	\$'000	\$'000
Profit before tax	2,470,608	329,051
Income tax using Singapore tax rate of 17% (2019: 17%)	420,003	55,939
Adjustments:		
Expenses not deductible for tax purposes	20,282	19,307
Income not subject to tax	(437,980)	(75,974)
Effect of other deductible temporary differences	–	1,728
Over provision in respect of prior years	(2,547)	–
Others	(2,318)	(2,254)
	(2,560)	(1,254)

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NOTES TO THE FINANCIAL STATEMENTS

30 EARNINGS PER SHARE

(a) Basic earnings per share

	The Group	
	2020	2019
	\$'000	\$'000

Basic earnings per share is based on:

Net (loss)/profit attributable to owners of the Company	(1,574,259)	2,135,894

	2020	2019
	No. of shares	No. of shares
	('000)	('000)

Weighted average number of ordinary shares in issue during the year

5,085,169	4,607,830

(b) Diluted earnings per share

In calculating diluted earnings per share, the net (loss)/profit attributable to owners of the Company and weighted average number of ordinary shares in issue during the year are adjusted for the effects of all dilutive potential ordinary shares:

	The Group	
	2020	2019
	\$'000	\$'000

Net (loss)/profit attributable to owners of the Company	(1,574,259)	2,135,894
Profit impact of conversion of the potential dilutive shares	–	56,124
Adjusted net (loss)/profit attributable to owners of the Company	(1,574,259)	2,192,018

	2020	2019
	No. of shares	No. of shares
	('000)	('000)

Weighted average number of ordinary shares in issue during the year

5,085,169	4,607,830

Adjustments for dilutive potential ordinary shares under:

– CapitaLand Performance Share Plan	–	18,320
– CapitaLand Restricted Share Plan	–	30,735
– Convertible bonds	–	347,196
	–	396,251

Weighted average number of ordinary shares used in the calculation of diluted earnings per share

5,085,169	5,004,081

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31 DIVIDENDS

The Board of Directors of the Company has proposed a tax-exempt ordinary dividend of 9.0 cents per share in respect of the financial year ended 31 December 2020. This would amount to a payout of approximately \$467.4 million based on the number of issued shares (excluding treasury shares) as at 31 December 2020. The tax-exempt dividends are subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

For the financial year ended 31 December 2019, a tax-exempt ordinary dividend of 12.0 cents per share was approved at the Annual General Meeting held on 29 June 2020. The said dividends of \$606.3 million were paid in August 2020, of which \$388.3 million were settled in shares issued pursuant to the Company Scrip Dividend Scheme (see note 23 (a)).

32 ACQUISITION/DISPOSAL OF SUBSIDIARIES, NET OF CASH ACQUIRED/DISPOSED OF

(a) Acquisition of subsidiaries

The list of significant subsidiaries acquired during 2020 is as follows:

Name of subsidiary	Date acquired	Effective interest acquired
Lux Arlington Sarl	February 2020	100%
QSA Group Pty Ltd	July 2020	80%

The list of significant subsidiaries acquired during 2019 is as follows:

Name of subsidiary	Date acquired	Effective interest acquired
Ascendas Pte Ltd [#]	June 2019	100%
Singbridge Pte. Ltd. [#]	June 2019	100%
CTM Property Trust [#]	June 2019	37.5%
CapitaRetail Harbin Shangdu Real Estate Co., Ltd.*	August 2019	26.5%
Beijing Hualian Harbin Real Estate Development Co., Ltd.*	August 2019	26.5%
LFIE Holding Limited	December 2019	34.9%

[#] Refer to note 33.

* Acquired through the Group's interests in CRCT.

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NOTES TO THE FINANCIAL STATEMENTS

32 ACQUISITION/DISPOSAL OF SUBSIDIARIES, NET OF CASH ACQUIRED/DISPOSED OF (continued)

(b) Effects of acquisitions

The cash flows and net assets of subsidiaries acquired are provided below:

	Note	Recognised values	
		2020	2019
		\$'000	\$'000
The Group			
Property, plant and equipment	3	978	636,400
Right-of-use assets	3	233,241	76,380
Intangible assets	4	59,834	314,495
Investment properties	5	222,929	9,115,132
Associates		–	2,219,878
Joint ventures		–	1,364,292
Other non-current assets		1,073	97,699
Development properties for sale and stocks		–	2,528,103
Trade and other receivables		22,413	449,929
Other current assets		–	16,990
Cash and cash equivalents		8,704	1,052,005
Trade and other payables		(28,623)	(1,090,033)
Contract liabilities	27(b)	–	(808,041)
Current tax payable		–	(138,787)
Borrowings and debt securities		(264,969)	(6,772,554)
Other non-current liabilities		–	(154,896)
Deferred tax liabilities		(11,323)	(442,741)
Non-controlling interests		(3,120)	(1,156,802)
		<u>241,137</u>	<u>7,307,449</u>
Amounts previously accounted for as associates and joint ventures, remeasured at fair value		(161,537)	(827,986)
Net assets acquired		79,600	6,479,463
Goodwill arising from acquisition	4	148,698	49,565
Realisation of reserves previously accounted for as a joint venture		(6,233)	–
Total purchase consideration		222,065	6,529,028
Deferred purchase consideration and other adjustments		–	(19,881)
Deferred purchase consideration paid in relation to prior year's acquisition of subsidiaries		–	60,933
Transaction costs paid		–	43,549
Settlement by way of issuance of new shares	23	–	(3,017,926)
Cash of subsidiaries acquired		(8,704)	(1,052,005)
Cash outflow on acquisition of subsidiaries		<u>213,361</u>	<u>2,543,698</u>

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32 ACQUISITION/DISPOSAL OF SUBSIDIARIES, NET OF CASH ACQUIRED/DISPOSED OF (continued)

(c) Disposal of subsidiaries

The list of significant subsidiaries disposed during 2020 is as follows:

Name of subsidiary	Date disposed	Effective interest disposed
Shengyang Aoyuan Real Estate Development Co. Ltd	May 2020	60%
CapitaRetail Henan Zhongzhou Real Estate Co., Ltd	May 2020	28.1%
Ascendas Korea Office Private Real Estate Investment Trust 5	August 2020	99%
Guangzhou Kai Ke Xing Mao Real Estate Dev Co., Ltd	August 2020	30%
Guangzhou Hai Yi Real Estate Development Co. Ltd	December 2020	40.6%

The disposed subsidiaries previously contributed net profit of \$3.6 million from 1 January 2020 to the date of disposal.

The list of significant subsidiaries disposed during 2019 is as follows:

Name of subsidiary	Date disposed	Effective interest disposed
Storhub Group *	April 2019	100%
Excel Chinese International Limited	November 2019	100%
Ascendas US Holdco Pte Ltd	December 2019	100%

* Comprised 29 entities which own and/or have interests in a portfolio of 12 self-storage properties in Singapore and China.

The disposed subsidiaries previously contributed net profit of \$66.1 million from 1 January 2019 to the date of disposal.

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32 ACQUISITION/DISPOSAL OF SUBSIDIARIES, NET OF CASH ACQUIRED/DISPOSED OF (continued)

(d) Effects of disposals

The cash flows and net assets of subsidiaries disposed are provided below:

	Note	The Group	
		2020	2019
		\$'000	\$'000
Property, plant and equipment		1,091	11,083
Investment properties	5	376,699	1,618,548
Other non-current assets		77	191
Assets held for sale		22,831	–
Other current assets		237,365	10,696
Cash and cash equivalents		107,304	50,849
Trade and other payables		(22,916)	(71,299)
Other current liabilities		(7,911)	(358)
Borrowings		(96,278)	(98,186)
Other non-current liabilities		(40,543)	(10,729)
Non-controlling interests		(20,172)	(3,113)
Equity interest retained as joint ventures		(80,370)	–
Net assets disposed		477,177	1,507,682
Realisation of reserves		25,445	1,655
Gain on disposal of subsidiaries		188,879	109,023
Sale consideration		691,501	1,618,360
Deferred proceeds and other adjustments		(111,718)	(35,381)
Deposits received in prior year		(3,865)	(11,627)
Payment received for prior year disposals		–	16,685
Cash of subsidiaries disposed		(107,304)	(50,849)
Cash inflow on disposal of subsidiaries		468,614	1,537,188

33 BUSINESS COMBINATIONS

The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. Typically, the Group assesses the acquisition as a purchase of business when the strategic management function and the associated processes were purchased along with the underlying properties.

In 2020, the Group had the following significant business combination:

Acquisition of QSA Group

With effect from July 2020, the Group consolidated QSA Group. The Group has assessed that it has control over QSA Group following a change in board composition, amongst other changes, as stipulated in the shareholder agreement. Prior to July 2020, the Group equity accounted for QSA Group as a joint venture as the partner has joint control over the key activities of QSA Group. QSA Group is primarily in the business of establishing and franchising serviced apartments through the Quest brand in the Australian domestic market.

The consolidation of QSA Group resulted in an increase of \$32.6 million in revenue but no change in profit attributable to owners as there is no change in the ownership interest of the Group in QSA Group, from the date of acquisition to 31 December 2020. If the acquisition had occurred on 1 January 2020, management estimates that the contribution from QSA Group in terms of revenue would have been \$63.4 million with no change in profit attributable to owners.

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33 BUSINESS COMBINATIONS (continued)

Acquisition of QSA Group (continued)

The change in control is accounted for using the acquisition method, and the Group's previously held equity interest is re-measured to fair value and a loss of \$10.5 million on deemed disposal was recognised in profit or loss. The fair value of the joint venture was based on external valuation of QSA Group at the date of acquisition. Goodwill of \$148.7 million was attributed to the franchise business acquired, which was recognised as a result of the difference between the fair value of the Group's interest in QSA Group and the fair value of the assets acquired and liabilities assumed.

	2020 \$'000
Property, plant and equipment	978
Right-of-use assets	233,241
Intangible assets	59,834
Other non-current assets	1,073
Other current assets	21,199
Cash and cash equivalents	8,704
Current liabilities	(26,545)
Borrowings	(264,969)
Deferred tax liabilities	(11,323)
Non-controlling interests	(3,120)
Total identifiable net assets	19,072
Less: amount previously accounted for as joint venture, remeasured at fair value	(161,537)
Net identifiable assets acquired	(142,465)
Goodwill on acquisition	148,698
Realisation of reserves previously accounted for as a joint venture	(6,233)
Total purchase consideration	–
Less: cash and cash equivalents in subsidiary acquired	(8,704)
Net cash inflow on acquisition	(8,704)

Measurement of fair value

The valuation techniques used for measuring the fair value of the material assets acquired and liabilities assumed were as follows:

Assets acquired and liabilities assumed	Valuation technique
Right-of-use assets, Lease liabilities (classified as borrowings)	Right-of-use assets and lease liabilities (classified as borrowings) mainly relate to lease arrangements in QSA Group's franchise business and the fair values were determined based on the present value of future rental payments.

The non-controlling interests were measured based on their proportionate interest in the recognised amounts of the assets and liabilities (excluding goodwill) of the acquiree.

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NOTES TO THE FINANCIAL STATEMENTS

33 BUSINESS COMBINATIONS (continued)

In 2019, the Group had the following significant business combination:

Acquisition of ASB

On 28 June 2019, the Group acquired 100% of the shares and voting interests in ASB from CLA Real Estate Holdings Pte Ltd (formerly known as Ascendas-Singbridge Pte Ltd) a related party. Following the acquisition, ASB became wholly owned subsidiaries of the Group.

With the acquisition of ASB, the Group's aggregate equity interests in CTM Property Trust (CTM) increased from 62.5% to 100%. As a result, the Group also consolidated CTM. Prior to the acquisition of ASB, CTM was equity accounted for as joint venture by the Group.

ASB offers real estate solutions, from development and project management to facilities and estate management, as well as property investments and fund management across 11 countries including Singapore, China, India, Australia and the United States of America. ASB also holds interests in, and manages, A-REIT, Ascendas India Trust (A-ITRUST) and A-HTRUST.

The acquisition of ASB allows the Group to create a leading diversified real estate group in Asia and achieve the following benefits:

- i) The ASB added well-established capabilities as a real estate developer, owner, operator and manager in sectors complementary to the Group's portfolio, and which have been benefitting from new economy trends relating to e-commerce, urbanisation and knowledge economies. It also broadens the Group's footprint in existing core markets and provides scale in markets with growth potential;
- ii) Following the acquisition of ASB, the Group will become one of the top 10 real estate investment managers globally. With recurring income from investment properties and fee-based income from fund management contributing to the Group's profit as well as reinforce the earnings quality; and
- iii) The combined leasing network of the groups are expected to bring about scale and cross selling potential, whilst the enhanced digital capabilities through the combined groups collective technological capabilities are expected to drive further business innovation.

From the date of acquisition to 31 December 2019, ASB Group and CTM Group contributed revenue of \$1,097.5 million and net profit of \$365.8 million to the Group's results. If the acquisition had occurred on 1 January 2019, management estimates that the contribution to the Group's revenue and net profits from ASB Group and CTM Group would have been \$1,506.3 million and \$760.8 million respectively. In determining this amount, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019.

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

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33 BUSINESS COMBINATIONS (continued)

Purchase consideration

The consideration for the acquisition was \$6,035.9 million and was settled as follows:

- i) \$3,017.9 million in cash, being 50% of the consideration; and
- ii) Allotted and issued 862,264,714 shares at an issue price of \$3.50 per share amounting to \$3,017.9 million, being the remaining 50% of the consideration.

The Group has performed purchase price allocation exercise (PPA) for ASB Group. Based on the PPA, part of the consideration paid for the assets acquired and liabilities assumed have been identified and allocated to property, plant and equipment, investment properties, management contracts, development properties for sale, associates, joint ventures and deferred tax liabilities. Goodwill of \$49.6 million, attributed to the fund management business acquired, was recognised as a result of the difference between consideration transferred and fair value of the assets acquired and liabilities assumed.

The identifiable assets acquired, liabilities assumed and effect of cash flows are presented as follows:

	2019 \$'000
Property, plant and equipment	635,737
Right-of-use assets	76,380
Intangible assets	314,495
Investment properties	8,674,334
Associates	2,219,878
Joint ventures	1,364,292
Other non-current assets	97,674
Development properties for sale and stocks	1,825,320
Trade and other receivables	341,495
Other current assets	16,990
Cash and cash equivalents	863,707
Trade and other payables	(949,626)
Contract liabilities	(785,490)
Current tax payable	(138,787)
Borrowings and debt securities	(6,313,865)
Deferred tax liabilities	(345,457)
Other non-current liabilities	(148,851)
Non-controlling interests	(1,101,349)
Less: amount previously accounted for as joint venture, remeasured at fair value	(660,590)
Net assets acquired	5,986,287
Goodwill arising from acquisition	49,565
Total purchase consideration	6,035,852
Settlement by way of issuance of new shares	(3,017,926)
Cash of subsidiaries acquired	(863,707)
Transaction costs paid	43,549
Cash outflow on business combination	2,197,768

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NOTES TO THE FINANCIAL STATEMENTS

33 BUSINESS COMBINATIONS (continued)

Acquisition-related costs

Total acquisition-related costs of \$43.5 million related to stamp duties and legal, due diligence and financial advisory service fees were included in administrative expenses in the current and last financial year.

Measurement of fair value

The valuation techniques used for measuring the fair value of the material assets acquired and liabilities assumed were as follows:

Assets acquired and liabilities assumed	Valuation technique
Property, Plant and equipment (PPE)	PPE mainly consist of hospitality properties held by A-HTRUST. These properties are valued by independent valuers using discounted cashflow approach and capitalisation approach.
Intangible assets	Intangible assets mainly consist of REITs management contracts which independent valuation is conducted using the multi-period excess earnings method. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.
Investment properties	Independent valuations are conducted for significant properties under development using the following methods: • Direct comparison approach • Residual value approach • Discounted cashflow approach • Capitalisation approach For operational investment properties, the fair values were determined to approximate the carrying amounts. This is supported by independent valuers' certification confirming that there were no material changes in fair values between March 2019, where last full valuations were carried out, and the date of acquisition.

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NOTES TO THE FINANCIAL STATEMENTS

33 BUSINESS COMBINATIONS (continued)

Measurement of fair value (continued)

Assets acquired and liabilities assumed	Valuation technique
Investments in associates and joint ventures	Investments in associates and joint ventures included two listed REIT and business trust, A-REIT and A-ITRUST, whose valuations are based on share price. The fair values of investment in non-listed associates and jointed ventures approximate the fair value of the properties held by these entities, supported by independent valuations for significant properties under development and development properties for sale using income approach and direct comparison approach. For operational investment properties, the fair values were determined to approximate the carrying amounts. This is supported by independent valuers' certification confirming that there were no material changes in fair values between March 2019, where last full valuations were carried out, and the date of acquisition.
Development properties for sale	Independent valuations conducted using the income approach, direct comparison approach and residual value approach.
Other current assets and liabilities	Other current assets and liabilities include trade and other receivables, cash and cash equivalents, trade and other payables, other current liabilities and short-term borrowings. The fair values of these assets and liabilities are determined to approximate the carrying amounts since they are short term in nature.
Long-term borrowings	Long-term borrowings consist of floating rate loans and fixed rate medium term notes and bank loans. The carrying amount of floating rate loans are determined to approximate the fair values as floating rate instruments are re-priced to market interest rates on or near balance sheet dates. The fair values of fixed rate medium term notes and bank loans are estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing arrangements as at balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT

(a) Financial risk management objectives and policies

The Group and the Company are exposed to market risk (including interest rate, foreign currency and price risks), credit risk and liquidity risk arising from its diversified business. The Group's risk management approach seeks to minimise the potential material adverse effects from these exposures. The Group uses financial instruments such as currency forwards, interest rate swaps and cross currency swaps as well as foreign currency borrowings to hedge certain financial risk exposures.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Committee to strengthen its risk management processes and framework. The Risk Committee is assisted by an independent unit called the Group Risk Management (GRM). GRM generates a comprehensive portfolio risk report to assist the committee. This quarterly report measures a spectrum of risks, including property market risks, construction risks, interest rate risks, refinancing risks and currency risks. In response to COVID-19, the Group has also increased the monitoring of the economic environment, operational risks and impact of the pandemic on its businesses.

(b) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will have on the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

The Group's exposure to market risk for changes in interest rate environment relates mainly to its investment in financial products and debt obligations.

The investments in financial products are short term in nature and they are not held for trading or speculative purposes. The financial products mainly comprise fixed deposits which yield better returns than cash at bank.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group adopts a policy of ensuring that between 60% and 70% of its interest rate risk exposure is at a fixed rate. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve certain level of protection against rate hikes. The Group also uses hedging instruments such as interest rate swaps to minimise its exposure to interest rate volatility and classifies these interest rate swaps as cash flow hedge.

As at 31 December 2020, the Group has interest rate swaps classified as cash flow hedges with notional contractual amount of \$7,716.0 million (2019: \$6,983.5 million) which pay fixed interest rates and receive variable rates equal to the Singapore swap offer rates (SOR), London interbank offered rates (LIBOR), Australia bank bill swap bid rates (BBSY), Tokyo interbank offered rates (TIBOR) and Euro interbank offered rates (EURIBOR) on the notional amount.

As at 31 December 2020, the Group has cross currency swaps classified as cash flow hedges with notional contractual amount of \$2,770.8 million (2019: \$2,483.6 million) which pay fixed interest rates and receive variable rates equal to the swap rates for US Dollars, Japanese Yen, Hong Kong Dollars and Singapore Dollars on the notional amount.

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NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk (continued)

(i) Interest rate risk (continued)

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. There is uncertainty over the timing and the methods of transition in some jurisdictions that the Group operates in. The Group anticipates that IBOR reform will impact its risk management and hedge accounting.

No derivative instruments or loans have been modified in relation to the interest rate benchmark reform as at 31 December 2020.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. If a hedging relationship is directly affected by uncertainty arising from interest rate benchmark reform, then the Group assumes for this purpose that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the critical terms method. When all critical terms match, the economic relationship is considered 100% effective.

Hedge ineffectiveness may occur due to changes in the critical terms of either the interest rate swaps or borrowings. Hedging relationships that are impacted by interest rate benchmark reform may experience ineffectiveness because of a timing mismatch between the hedged item and the hedging instrument regarding interest rate benchmark reform transition.

The net fair value loss of interest rate swaps as at 31 December 2020 was \$172.5 million (2019: \$88.9 million) comprising derivative assets of \$nil (2019: \$0.8 million) and derivative liabilities of \$172.5 million (2019: \$89.7 million).

Sensitivity analysis

For variable rate financial liabilities and interest rate derivative instruments used for hedging, it is estimated that an increase of 100 basis point in interest rate at the reporting date would lead to a reduction in the Group's profit before tax (and revenue reserve) by approximately \$127.5 million (2019: \$98.7 million). A decrease in 100 basis point in interest rate would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant, and has not taken into account the effects of qualifying borrowing costs allowed for capitalisation, the associated tax effects and share of non-controlling interests.

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BECAUSE TOMORROW MATTERS

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk (continued)

(ii) Equity price risk

As at 31 December 2020, the Group has financial assets at FVOCI and at FVTPL in equity securities and is exposed to equity price risk. The securities listed in Malaysia and Singapore are accounted for at FVOCI and FVTPL respectively.

Sensitivity analysis

It is estimated that if the prices for equity securities listed in Malaysia increase by five percentage points with all other variables including tax rate being held constant, the Group's fair value reserve would increase by approximately \$1.7 million (2019: \$1.9 million). A decrease in five percentage points will have an equal but opposite effect.

There is no significant exposure from equity securities listed in Singapore.

(iii) Foreign currency risk

The Group operates internationally and is exposed to various currencies, mainly Chinese Renminbi, Euro, Indian Rupee, Japanese Yen, Malaysian Ringgit, Australian Dollars and US Dollars.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which its property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

As at the reporting date, the Group uses certain foreign currency denominated borrowings, which include bank loans and medium term notes, and cross currency interest rate swaps to hedge against the currency risk arising from the Group's net investments in certain subsidiaries in United States of America, Europe and Japan. The carrying amount of these US Dollars, Euro, Sterling Pound and Japanese Yen denominated borrowings as at 31 December 2020 was \$1,359.8 million (2019: \$1,304.0 million) and the fair value of the borrowings was \$1,367.6 million (2019: \$1,338.1 million).

The Group uses forward exchange contracts or foreign currency loans to hedge its foreign currency risk, where feasible. It generally enters into forward exchange contracts with maturities ranging between three months and one year which are rolled over at market rates at maturity or foreign currency loans which match the Group's highly probable transactions and investment in the foreign subsidiaries. The Group also enters into cross currency swaps to hedge the foreign exchange risk of its loans denominated in a foreign currency. The foreign exchange forwards and currency swaps are denominated in the same currency as the highly probable transactions, therefore the economic relationship is 100% effective.

Hedge ineffectiveness may occur due to:

- Changes in timing of the forecasted transaction from what was originally planned; and
- Changes in the credit risk of the derivative counterparty or the Group.

The net fair value loss of the forward exchange and cross currency swap contracts as at 31 December 2020 was \$2.2 million (2019: gain of \$68.9 million), comprising derivative assets of \$93.1 million (2019: \$111.0 million) and derivative liabilities of \$95.3 million (2019: \$42.1 million).

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

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NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk (continued)

The Group's exposure to foreign currencies were as follows:

	Singapore Dollars \$'000	US Dollars \$'000	Australian Dollars \$'000	Chinese Renminbi \$'000	Indian Rupee \$'000	Japanese Yen \$'000	Euro \$'000	Malaysian Ringgit \$'000	Others [#] \$'000	Total \$'000
The Group										
31 December 2020										
Other financial assets	184,572	93,350	–	34,275	–	254,254	1,223	33,287	–	600,961
Trade and other receivables	1,791,604	226,677	258,403	1,205,007	158,081	176,428	223,716	31,625	281,933	4,353,474
Cash and cash equivalents	4,446,145	383,769	50,914	3,367,413	36,061	441,778	91,067	55,976	302,255	9,175,378
Bank borrowings and debt securities	(19,916,867)	(3,750,739)	(531,735)	(4,579,183)	(102,947)	(2,599,736)	(1,341,796)	(528,542)	(1,806,846)	(35,158,391)
Trade and other payables	(1,875,880)	(588,967)	(91,483)	(3,636,252)	(39,078)	(99,043)	(71,679)	(66,597)	(210,220)	(6,679,199)
Gross currency exposure	(15,370,426)	(3,635,910)	(313,901)	(3,608,740)	52,117	(1,826,319)	(1,097,469)	(474,251)	(1,432,878)	(27,707,777)
Add/Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	14,773,454	1,964,082	371,027	3,537,013	(53,217)	1,128,458	463,375	466,652	451,356	23,102,200
Add: Bank borrowings and debt securities designated for net investment hedge	–	48,523	88,214	–	–	358,833	828,059	–	38,406	1,362,035
Add: Cross currency swaps/foreign exchange forward contracts	–	1,192,828	–	–	–	494,803	–	–	1,009,215	2,696,846
Less: Financial assets at FVOCI	–	–	–	–	–	–	–	(33,287)	–	(33,287)
Net currency exposure	(596,972)	(430,477)	145,340	(71,727)	(1,100)	155,775	193,965	(40,886)	66,099	(579,983)

[#] Others include mainly Korean Won, United Arab Emirates Dirham, Sterling Pound, Thai Baht, Hong Kong Dollars and Vietnamese Dong.

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NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk (continued)

	Singapore Dollars \$'000	US Dollars \$'000	Australian Dollars \$'000	Chinese Renminbi \$'000	Indian Rupee \$'000	Japanese Yen \$'000	Euro \$'000	Malaysian Ringgit \$'000	Others# \$'000	Total \$'000
The Group										
31 December 2019										
Other financial assets	235,207	104,562	–	32,033	–	247,803	1,736	38,156	–	659,497
Trade and other receivables	1,006,195	682,550	214,679	795,801	85,553	205,266	227,867	34,304	450,113	3,702,328
Cash and cash equivalents	2,565,610	395,646	36,254	2,468,010	36,582	226,343	113,349	49,765	276,048	6,167,607
Bank borrowings and debt securities	(17,240,291)	(3,571,299)	(187,420)	(4,147,956)	(117,474)	(2,786,533)	(1,236,427)	(518,424)	(1,605,239)	(31,411,063)
Trade and other payables	(1,087,199)	(783,404)	(61,782)	(3,523,493)	(44,295)	(111,433)	(86,031)	(71,052)	(232,219)	(6,000,908)
Gross currency exposure	(14,520,478)	(3,171,945)	1,731	(4,375,605)	(39,634)	(2,218,554)	(979,506)	(467,251)	(1,111,297)	(26,882,539)
Add: Net financial liabilities denominated in the respective entities'										
functional currencies	14,050,616	2,065,946	125,988	4,080,608	38,884	1,445,844	392,003	511,909	179,199	22,890,997
Add: Bank borrowings and debt securities designated for net investment hedge	–	48,980	83,434	–	–	356,512	781,696	–	37,908	1,308,530
Add: Gross currency swaps/foreign exchange forward contracts	–	947,310	–	–	–	603,607	–	–	948,941	2,499,858
Less: Financial assets at FVOCI	–	(3,398)	–	–	–	–	–	(38,156)	–	(41,554)
Net currency exposure	(469,862)	(113,107)	211,153	(294,997)	(750)	187,409	194,193	6,502	54,751	(224,708)

Others include mainly Korean Won, United Arab Emirates Dirham, Sterling Pound, Thai Baht, Hong Kong Dollars and Vietnamese Dong.

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34 FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk (continued)

Sensitivity analysis

It is estimated that a five percentage point strengthening in foreign currencies against the respective functional currencies of the Group would decrease the Group's profit before tax by approximately \$29.0 million (2019: \$11.2 million) and increase the Group's other components of equity by approximately \$1.7 million (2019: \$2.1 million). A five percentage point weakening in foreign currencies against the Singapore Dollar would have an equal but opposite effect. The Group's outstanding forward exchange contracts and cross currency swaps have been included in this calculation. The analysis assumed that all other variables, in particular interest rates, remain constant and does not take into account the translation related risk, associated tax effects and share of non-controlling interests.

There was no significant exposure to foreign currencies for the Company as at 31 December 2020 and 31 December 2019.

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For trade and other receivables, contract assets and financial assets at amortised cost, the Group has guidelines governing the process of granting credit as a service or product provider in its respective segments of business. Trade and other receivables and contract assets relate mainly to the Group's customers who bought its residential units and tenants from its office buildings, shopping malls, business parks and serviced residences. Financial assets at amortised cost relate mainly to amounts owing by related parties. Investments and financial transactions are restricted to counterparties that meet the appropriate credit criteria.

The principal risk to which the Group and the Company is exposed to in respect of financial guarantee contracts is credit risk in connection with the guarantee contracts they have issued. To mitigate the risk, management continually monitors the risk and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. Guarantees are only given for the benefit of its subsidiaries and related parties. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in note 37.

The Group has a diversified portfolio of businesses and as at balance sheet date, there was no significant concentration of credit risk with any entity. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet, including derivative financial instruments as well as any irrevocable loan undertaking to associates and joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

(i) Trade receivables and contract assets

The Group reviews the customers' credit risk taking into account the aging of the outstanding receivables, amount of security deposit available as well as any indication of credit default, and assess the amount of specific allowance for doubtful receivable required for each customer.

The Group also uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

In measuring the expected credit losses, trade receivables and contract assets are grouped based on similar credit risk characteristics and days past due. When determining the expected credit loss rates, the Group considers historical loss rates for customer grouped by industry sector and forward-looking macroeconomic factors like country's gross domestic product (GDP), which affect the ability of the customers to settle the receivables.

Trade and other receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss. During the year ended 31 December 2020, the Group temporarily extended the credit terms for specific customers with liquidity constraints or as stipulated by government legislation as a direct result of the COVID-19 pandemic. All extensions were granted within current sales limits after careful evaluation of the creditworthiness of the customer and each customer that was granted an extension is closely monitored for credit deterioration.

(ii) Financial assets at amortised cost

The Group assesses on a forward-looking basis the expected credit losses associated with financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

(a) The movements in credit loss allowance are as follows:

	Trade receivables \$'000	Other receivables \$'000	Amounts due from associates \$'000	Amounts due from joint ventures (current) \$'000	Amounts due from joint ventures (non- current) \$'000	Total \$'000
The Group						
At 1 January 2020	15,455	15,074	105	20,814	15,139	66,587
Allowance utilised	(1,298)	(45)	–	–	–	(1,343)
Allowance during the year	24,368	3,480	–	4,661	–	32,509
Reversal of allowance during the year	(1,802)	–	–	–	–	(1,802)
Translation differences	674	266	5	(836)	(130)	(21)
At 31 December 2020	37,397	18,775	110	24,639	15,009	95,930
At 1 January 2019	14,867	15,392	102	14,938	13,778	59,077
Allowance utilised	(598)	(143)	–	–	–	(741)
Allowance during the year	3,431	1,327	–	4,817	–	9,575
Reversal of allowance during the year	(375)	(168)	–	–	–	(543)
Disposal of subsidiaries	(1,726)	(1,346)	–	–	–	(3,072)
Translation differences	(144)	12	3	1,059	1,361	2,291
At 31 December 2019	15,455	15,074	105	20,814	15,139	66,587

The movements in allowance for impairment loss on loans (note 6) and amounts due from subsidiaries (note 18) were as follows:

	Loans/Amounts due from subsidiaries	
	2020 \$'000	2019 \$'000
The Company		
At 1 January	134,021	125,205
Allowance during the year	38,883	13,494
Reversal of allowance during the year	–	(4,678)
At 31 December	172,904	134,021

Cash and cash equivalents are subject to immaterial credit loss.

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BECAUSE TOMORROW MATTERS

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

- (b) The maximum exposure to credit risk for trade receivables and other financial assets at the reporting date (by strategic business units) was:

	Trade receivables	Other financial assets	Trade receivables	Other financial assets
	2020	2020	2019	2019
	\$'000	\$'000	\$'000	\$'000

The Group

CL Singapore and International	159,768	995,165	79,081	764,093
CL China	111,189	1,208,120	157,606	860,354
CL India	12,044	210,835	9,933	184,375
CL Lodging	82,738	84,071	78,289	52,682
CL Financial	7,196	90,110	16,597	67,263
Corporate and Others	324	20,343	114	17,228
	<u>373,259</u>	<u>2,608,644</u>	<u>341,620</u>	<u>1,945,995</u>

- (c) The credit quality of trade and other receivables is assessed based on credit policies established by the Risk Committee. The Group monitors customer credit risk by grouping trade and other receivables based on their characteristics. Trade and other receivables with high credit risk will be identified and monitored by the respective strategic business units. Where a customer has been granted a temporary extension in the credit period as a result of the COVID-19 pandemic, the past-due status is based on the extended credit period. The Group's and the Company's credit risk exposure in relation to trade and other receivables under SFRS(I) 9 as at 31 December 2020 are set out in the provision matrix as follows:

		Past due			
	Current	Within 30 days	30 to 90 days	More than 90 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000

The Group

2020

Expected loss rate	1.6%	5.4%	12.9%	41.0%	
Trade receivables	246,424	76,239	23,464	64,529	410,656
Loss allowance	3,820	4,084	3,032	26,461	37,397
Trade receivables under deferment scheme	26,795	55	56	1,421	28,327
Expected loss rate	—	—	—	0.1%	
Amounts due from associates	288,733	20,662	24,293	129,563	463,251
Loss allowance	—	—	—	110	110
Expected loss rate	0.4%	1.1%	2.2%	13.8%	
Amounts due from joint ventures	45,581	2,234	1,120	177,056	225,991
Loss allowance	194	24	25	24,396	24,639

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NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

		←	Past due	→	
	Current	Within	30 to 90	More than	Total
	\$'000	30 days	days	90 days	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000
The Group					
2019					
Expected loss rate	–	0.7%	0.9%	27.5%	
Trade receivables	206,894	50,101	46,480	53,600	357,075
Loss allowance	–	331	409	14,715	15,455
Expected loss rate	–	–	–	0.4%	
Amounts due from associates	151,834	12,271	7,545	27,243	198,893
Loss allowance	–	–	–	105	105
Expected loss rate	–	–	–	11.8%	
Amounts due from joint ventures	13,038	4,945	4,524	177,134	199,641
Loss allowance	–	–	–	20,814	20,814

No aging analysis of contract assets and other receivables are presented as the majority of outstanding balances as at 31 December 2020 and 31 December 2019 are current.

The Company's credit risk exposure to other receivables as at 31 December 2020 and 31 December 2019 are immaterial.

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that these subsidiaries have sufficient financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash or cash convertible investments to meet its working capital requirement. In addition, the Group strives to maintain sufficient banking facilities to meet working capital and funding needs. As part of its financing strategy, the Group diversifies its borrowings by tapping debt capital markets at the appropriate window and putting in place banking facilities. The Group has been actively managing its liquidity position amid the COVID-19 pandemic. As at 31 December 2020, the Group has approximately \$15.3 billion (31 December 2019: \$13.1 billion) of total cash and available undrawn facilities held under the Group's treasury vehicles, which is sufficient to support the Group's funding requirements for the next 24 months.

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BECAUSE TOMORROW MATTERS

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

The following are the expected contractual undiscounted cash flows of financial liabilities and derivative financial instruments, including interest payments and excluding the impact of netting agreements:

	<———— Contractual cash flows ————>				
	Carrying amount \$'000	Total \$'000	Not later than 1 year \$'000	Between 1 and 5 years \$'000	After 5 years \$'000
The Group					
31 December 2020					
Financial liabilities, at amortised cost					
Bank borrowings	(22,456,768)	(24,039,759)	(4,240,354)	(16,864,188)	(2,935,217)
Debt securities	(11,646,687)	(13,423,861)	(1,327,499)	(7,883,754)	(4,212,608)
Lease liabilities	(1,054,936)	(1,419,462)	(123,845)	(515,773)	(779,844)
Trade and other payables [#]	(5,233,038)	(5,242,340)	(4,771,753)	(448,686)	(21,901)
	(40,391,429)	(44,125,422)	(10,463,451)	(25,712,401)	(7,949,570)
Derivative financial assets/ (liabilities), at fair value					
Interest rate swaps (net-settled)					
– liabilities	(172,488)	(172,872)	(67,654)	(104,808)	(410)
Forward foreign exchange contracts (net-settled)					
– assets	5,535	5,535	5,535	–	–
– liabilities	(6,049)	(5,438)	(5,438)	–	–
Forward foreign exchange contracts (gross-settled)					
– outflow	1	(1,500)	(1,500)	–	–
– inflow		1,501	1,501	–	–
Forward foreign exchange contracts (gross-settled)					
– outflow	(562)	(34,918)	(34,918)	–	–
– inflow		33,745	33,745	–	–
Cross currency swaps (gross-settled)					
– outflow	87,600	(1,021,672)	(174,949)	(846,723)	–
– inflow		1,057,076	175,401	881,675	–
Cross currency swaps (gross-settled)					
– outflow	(88,685)	(1,838,095)	(143,599)	(799,570)	(894,926)
– inflow		1,781,970	150,457	774,143	857,370
	(174,648)	(194,668)	(61,419)	(95,283)	(37,966)
	(40,566,077)	(44,320,090)	(10,524,870)	(25,807,684)	(7,987,536)

[#] Excludes liability for employee benefits and deferred income.

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34 FINANCIAL RISK MANAGEMENT (continued)

	<----- Contractual cash flows ----->				
	Carrying amount \$'000	Total \$'000	Not later than 1 year \$'000	Between 1 and 5 years \$'000	After 5 years \$'000
The Group					
31 December 2019					
Financial liabilities, at amortised cost					
Bank borrowings	(18,824,578)	(20,693,013)	(2,908,007)	(15,187,943)	(2,597,063)
Debt securities	(11,901,519)	(13,689,530)	(1,786,734)	(7,144,966)	(4,757,830)
Lease liabilities	(684,966)	(960,901)	(79,179)	(265,430)	(616,292)
Trade and other payables [#]	(5,003,901)	(5,012,477)	(4,452,082)	(532,703)	(27,692)
	<u>(36,414,964)</u>	<u>(40,355,921)</u>	<u>(9,226,002)</u>	<u>(23,131,042)</u>	<u>(7,998,877)</u>
Derivative financial assets/ (liabilities), at fair value					
Interest rate swaps (net-settled)					
– assets	759	921	726	195	–
– liabilities	(89,647)	(79,055)	(29,841)	(36,715)	(12,499)
Forward foreign exchange contracts (net-settled)					
– assets	4,366	4,427	4,427	–	–
– liabilities	(1,181)	(1,181)	(1,181)	–	–
Forward foreign exchange contracts (gross-settled)					
– outflow	4,521	(201,827)	(201,827)	–	–
– inflow		206,348	206,348	–	–
Forward foreign exchange contracts (gross-settled)					
– outflow	(31)	(5,316)	(5,316)	–	–
– inflow		5,285	5,285	–	–
Cross currency swaps (gross-settled)					
– outflow	102,119	(1,364,337)	(63,638)	(1,190,654)	(110,045)
– inflow		1,439,392	73,579	1,254,217	111,596
Cross currency swaps (gross-settled)					
– outflow	(40,856)	(1,610,694)	(199,494)	(396,490)	(1,014,710)
– inflow		1,556,416	193,514	388,896	974,006
	<u>(19,950)</u>	<u>(49,621)</u>	<u>(17,418)</u>	<u>19,449</u>	<u>(51,652)</u>
	<u>(36,434,914)</u>	<u>(40,405,542)</u>	<u>(9,243,420)</u>	<u>(23,111,593)</u>	<u>(8,050,529)</u>

[#] Excludes liability for employee benefits and deferred income.

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NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

		Contractual cash flows			
	Carrying amount \$'000	Total \$'000	Not later than 1 year \$'000	Between 1 and 5 years \$'000	After 5 years \$'000
The Company					
31 December 2020					
Financial liabilities, at amortised cost					
Debt securities	(1,172,783)	(1,281,703)	(29,402)	(1,252,301)	–
Lease liabilities	(34,777)	(37,019)	(11,886)	(25,133)	–
Amounts due to subsidiaries	(659,114)	(659,114)	–	(659,114)	–
Trade and other payables#	(402,731)	(402,731)	(402,731)	–	–
	(2,269,405)	(2,380,567)	(444,019)	(1,936,548)	–
31 December 2019					
Financial liabilities, at amortised cost					
Debt securities	(1,816,767)	(1,969,116)	(685,090)	(624,951)	(659,075)
Lease liabilities	(45,230)	(48,875)	(11,856)	(37,019)	–
Amounts due to subsidiaries	(1,266,916)	(1,266,916)	–	(1,266,916)	–
Trade and other payables#	(109,959)	(109,959)	(109,959)	–	–
	(3,238,872)	(3,394,866)	(806,905)	(1,928,886)	(659,075)

[#] Excludes liability for employee benefits.

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34 FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

At 31 December 2020, the Group held the following instruments to hedge exposures to changes in foreign currency and interest rates:

	Changes in fair value used for calculating hedge ineffectiveness					Weighted average hedge rate/ interest rate (%)	Maturity date	
	Contractual notional amount \$'000	Assets/ (Liabilities) \$'000	Financial statement line item	Hedging instrument \$'000	Hedge ineffectiveness recognised in profit or loss \$'000			
The Group								
31 December 2020								
Cashflow hedges								
Foreign exchange risk								
– Cross currency swaps to hedge foreign currency borrowings	2,770,760	8,535	Derivative financial instruments	(26,208)	26,208	–	USD: SGD1.307 (USD 2.605%) JPY: SGD0.0120 (JPY 1.040%) HKD: SGD0.1702 (HKD 2.85%)	February 2021 to November 2030
– Forward contracts to hedge foreign currency borrowings	15,107	(611)	Derivative financial instruments	611	(611)	–	EUR: SGD1.564	February 2021
Interest rate risk								
– Interest rate swaps to hedge floating rate borrowings	7,715,988	(172,488)	Derivative financial instruments	(97,764)	97,408	(356)	1.388%	March 2021 to October 2026
Net investment hedges								
Foreign exchange risk								
– Borrowings to hedge net investments in foreign operations	–	(1,359,768)	Borrowings	(38,905)	38,905	–	JPY: SGD0.0127 EUR: SGD1.591 GBP: SGD1.753 AUD: SGD0.98 KRW: SGD0.0009	October 2021 to September 2026
– Forward contracts to hedge net investments in foreign operations	456,672	98	Derivative financial instruments	(2,747)	2,747	–	USD: SGD1.354 RMB: SGD0.203 JPY: SGD0.0130 EUR: SGD1.606 AUD: SGD0.966 GBP: SGD1.759 MYR: SGD0.326	January 2021 to March 2021
– Cross currency swaps to hedge net investments in foreign operations	489,000	(9,620)	Derivative financial instruments	(28,652)	28,652	–	JPY: SGD0.011 EUR: SGD1.531 KRW: SGD0.0009	January 2022 to August 2025

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NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

	Changes in fair value used for calculating					Maturity date
	Contractual notional amount	Carrying amount	Financial statement line item	Hedge ineffectiveness	Weighted average hedge rate/interest rate	
	\$'000	\$'000	\$'000	\$'000	(%)	
The Group						
31 December 2019						
Cashflow hedges						
Foreign exchange risk						
– Cross currency swaps to hedge foreign currency borrowings	2,483,636	45,410	Derivative financial instruments	45,728	(45,728)	USD: SGD1.285 (USD 3.274%) November 2020 to April 2029
– Forward contracts to hedge foreign currency borrowings and receivables from divestment proceeds	211,389	4,178	Derivative financial instruments	1,309	(1,312)	EUR: SGD1.541 HKD: SGD0.176 MYR: SGD0.326 February 2020 to June 2020
Interest rate risk						
– Interest rate swaps to hedge floating rate borrowings	6,983,505	(89,044)	Derivative financial instruments	(59,378)	59,378	2.010% February 2020 to October 2026
Net investment hedges						
Foreign exchange risk						
– Borrowings to hedge net investments in foreign operations	–	(1,303,966)	Borrowings	(16,567)	16,567	JPY: SGD0.0124 EUR: SGD1.500 GBP: SGD1.753 AUD: SGD0.928 August 2020 to September 2026
– Forward contracts to hedge net investments in foreign operations	478,420	2,844	Derivative financial instruments	(665)	665	USD: SGD1.366 RMB: SGD0.194 JPY: SGD0.0126 EUR: SGD1.512 AUD: SGD0.936 January 2020 to March 2020
– Cross currency swaps to hedge net investments in foreign operations	682,203	15,853	Derivative financial instruments	14,498	(14,498)	JPY: SGD0.011 EUR: SGD1.531 KRW: SGD0.00116 April 2020 to April 2023

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NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

The following table provides a reconciliation by risk category of components of equity and analysis of other comprehensive income items (net of tax) resulting from cashflow hedge accounting.

	Hedging reserve	
	2020	2019
	\$'000	\$'000
The Group		
At 1 January	(74,401)	(42,939)
Change in fair value:		
– Foreign currency risk	(28,860)	10,728
– Interest rate risk	(60,619)	(46,206)
Amount reclassified to profit or loss:		
– Foreign currency risk	17,631	(1,614)
– Interest rate risk	(3,092)	5,630
At 31 December	(149,341)	(74,401)

(e) 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 Group's and the Company's balance sheets; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the balance sheets.

Financial instruments such as trade receivables and trade payables are not disclosed in the tables below unless they are offset in the balance sheets.

The Group's derivative transactions that are not transacted through an exchange, are governed by the International Swaps and Derivatives Association (ISDA) Master Netting Agreements. In general, under such agreements, the amounts due on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount and settled between the counterparties. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and set off into a single net amount to be settled.

The above ISDA agreements do not meet the criteria for offsetting in the balance sheets as a right of set-off of recognised amounts is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

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NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT (continued)

(e) Offsetting financial assets and financial liabilities (continued)

Note	Gross amount of recognised financial assets/ (liabilities) \$'000	Gross amount of recognised financial assets/ (liabilities) offset in the balance sheet \$'000	Net amount of financial assets/ (liabilities) presented in the balance sheet \$'000	Related amount not offset in the balance sheet \$'000	Net amount \$'000
The Group					
31 December 2020					
Types of financial assets					
Forward foreign exchange contracts	5,536	–	5,536	(5,439)	97
Cross currency swaps	87,600	–	87,600	(8,897)	78,703
10(a), 10(b)	93,136	–	93,136	(14,336)	78,800
Types of financial liabilities					
Interest rate swaps	(172,488)	–	(172,488)	–	(172,488)
Forward foreign exchange contracts	(6,611)	–	(6,611)	5,439	(1,172)
Cross currency swaps	(88,685)	–	(88,685)	8,897	(79,788)
17, 21	(267,784)	–	(267,784)	14,336	(253,448)
31 December 2019					
Types of financial assets					
Interest rate swaps	759	–	759	(5)	754
Forward foreign exchange contracts	8,887	–	8,887	(1,197)	7,690
Cross currency swaps	102,119	–	102,119	(26,181)	75,938
10(a), 10(b)	111,765	–	111,765	(27,383)	84,382
Types of financial liabilities					
Interest rate swaps	(89,647)	–	(89,647)	5	(89,642)
Forward foreign exchange contracts	(1,212)	–	(1,212)	1,197	(15)
Cross currency swaps	(40,856)	–	(40,856)	26,181	(14,675)
17, 21	(131,715)	–	(131,715)	27,383	(104,332)

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NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT (continued)

(e) Offsetting financial assets and financial liabilities (continued)

		Gross amount of recognised financial assets/ (liabilities) offset in the balance sheet \$'000	Gross amount of recognised financial assets/ (liabilities) offset in the balance sheet \$'000	Net amount of financial assets/ (liabilities) presented in the balance sheet \$'000	Related amount not offset in the balance sheet \$'000	Net amount \$'000
Note						

The Company

31 December 2020

Types of financial assets

Amount due from
subsidiaries,
current account

18	67,096	–	67,096	(10,796)	56,300

Types of financial liabilities

Amount due to
subsidiaries,
current account

18	(10,796)	–	(10,796)	10,796	–

31 December 2019

Types of financial assets

Amount due from
subsidiaries,
current account

18	68,952	–	68,952	(13,765)	55,187

Types of financial liabilities

Amount due to
subsidiaries,
current account

18	(13,765)	–	(13,765)	13,765	–

NOTES TO THE FINANCIAL STATEMENTS

35 FAIR VALUE OF ASSETS AND LIABILITIES

(a) Determination of fair value

The valuation methods and assumptions below are used to estimate the fair values of the Group's significant classes of assets and liabilities. Given the uncertainty of the extent of COVID-19, changes to the estimates and outcomes that have been applied in the valuation of the Group's assets and liabilities may arise in the future.

(i) Derivatives

Forward currency contracts, cross currency swap contracts and interest rate swap contracts are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present valuation calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rate, interest rate curves and forward rate curves.

(ii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted using the market rate of interest at the reporting date.

In respect of the liability component of convertible bonds, the fair value at initial recognition is determined using a market interest rate of similar liabilities that do not have a conversion option.

Fair value of quoted debt securities is determined based on quoted market prices.

(iii) Other financial assets and liabilities

The fair value of quoted securities is their quoted bid price at the balance sheet date. The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

Where other valuation techniques, such as discounted cash flow or net asset techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate for a similar instrument in the balance sheet.

(iv) Investment properties

The Group's investment property portfolio is mostly valued by external and independent valuation companies on an annual basis. Independent valuation is also carried out on occurrence of acquisition and on completion of construction of investment property. 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 knowledgeably and without compulsion. The valuers have considered valuation techniques including direct comparison method, capitalisation approach, discounted cash flows and residual method in arriving at the open market value as at the balance sheet date. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation rate, terminal yield rate and discount rate.

Investment property under development is valued by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete the construction and a reasonable profit margin on construction and development. The estimated cost to complete is determined based on the construction cost per square metre in the pertinent area.

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NOTES TO THE FINANCIAL STATEMENTS

35 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(a) Determination of fair value (continued)

(v) *Assets held for sale*

The fair value of the Group's investment properties held for sale is either valued by an independent valuer or based on agreed contractual selling price on a willing buyer willing seller basis. For investment properties held for sale valued by an independent valuer, the valuer has considered the discounted cash flow, direct comparison and income capitalisation approaches in arriving at the open market value as at the balance sheet date. In determining the fair value, the valuer used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties held for sale include market-corroborated capitalisation rate.

The fair value of the Group's investment in quoted shares held for sale is valued based on its quoted price on 31 December 2020.

(vi) *Property, plant and equipment*

The fair value of the property, plant and equipment is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

(vii) *Share-based payment transactions*

The fair values of employee performance share plan and restricted share plan are measured using valuation methodology described in note 22. Measurement inputs include the share price at grant date, expected volatility (based on an evaluation of the historical volatility of the Company's and peer group's share price), expected correlation of the Company's return with those of peer group, expected dividends and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair values.

(b) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used. The different levels have been defined as follows.

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

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NOTES TO THE FINANCIAL STATEMENTS

35 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(c) Accounting classification and fair values

		Carrying amount				Fair value				
		Fair value – hedging instruments \$'000	FVOCI \$'000	FVTPL \$'000	Amortised Cost \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Note										
The Group										
31 December 2020										
Financial assets measured at fair value										
	Equity investments at FVOCI	10(a)	–	232,589	–	232,589	161,211	–	71,378	232,589
	Equity investments at FVTPL	10(a)	–	–	368,372	368,372	3,285	–	365,087	368,372
	Derivative financial assets:									
	– Forward foreign exchange contracts and cross currency swaps	10(b)	7,508	–	–	7,508	–	7,508	–	7,508
	– Cross currency swaps	10(a)	85,628	–	–	85,628	–	85,628	–	85,628
	Equity investment classified as assets held for sale		–	–	–	67,388	67,388	–	–	67,388
			93,136	232,589	368,372	67,388	761,485			
Financial assets not measured at fair value										
	Other non-current assets		–	–	–	882,379		882,379		
	Loans due from associates	7(a)	–	–	–	86,243		86,243		
	Loans due from joint ventures	8(a)	–	–	–	648,477		648,477		
	Trade and other receivables	12	–	–	–	2,099,524		2,099,524		
	Cash and cash equivalents	16	–	–	–	9,175,378		9,175,378		
			–	–	–	12,892,001		12,892,001		

The above does not include fair value information of financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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NOTES TO THE FINANCIAL STATEMENTS

35 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(c) Accounting classification and fair values (continued)

The Group										
31 December 2020										
Financial liabilities measured at fair value										
Note	Fair value – hedging instruments \$'000	FVOCI \$'000	FVTPL \$'000	Carrying amount		Fair value				
				Amortised Cost \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	
Derivative financial instruments:										
– Interest rate swaps, forward foreign exchange contracts and cross currency swaps										
17	(44,820)	–	–	–	(44,820)	–	(44,820)	–	–	(44,820)
– Interest rate swaps and cross currency swaps										
21	(222,964)	–	–	–	(222,964)	–	(222,964)	–	–	(222,964)
	(267,784)	–	–	–	(267,784)					
Financial liabilities not measured at fair value										
Other non-current liabilities#										
19	–	–	–	(494,991)	(494,991)	–	–	(493,141)	–	(493,141)
20	–	–	–	(22,456,768)	(22,456,768)	–	(22,497,552)	–	–	(22,456,552)
	–	–	–	(11,646,687)	(11,646,687)	(1,804,142)	(10,287,242)	–	–	(12,091,384)
	–	–	–	(4,770,218)	(4,770,218)					
	–	–	–	(39,368,664)	(39,368,664)					

[#] Excludes liability for employee benefits, derivative liabilities and deferred income.

[^] Excludes lease liability.

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NOTES TO THE FINANCIAL STATEMENTS

35 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(c) Accounting classification and fair values (continued)

	Note	Carrying amount			Fair value		
		Fair value – hedging instruments	FVOCI	FVTPL	Amortised Cost	Total	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The Group							
31 December 2019							
Financial assets measured at fair value							
Equity investments at FVOCI	10(a)	–	280,826	–	–	280,826	280,826
Equity investments at FVTPL	10(a)	–	–	378,671	–	378,671	378,671
Derivative financial assets:							
– Forward foreign exchange contracts and cross currency swaps	10(b)	15,982	–	–	–	15,982	15,982
– Interest rate swaps, forward foreign exchange contracts and cross currency swaps	10(a)	95,783	–	–	–	95,783	95,783
		111,765	280,826	378,671	–	771,262	
Financial assets not measured at fair value							
Other non-current assets		–	–	–	626,443	626,443	
Loans due from associates	7(a)	–	–	–	176,294	176,294	
Loans due from joint ventures	8(a)	–	–	–	743,322	743,322	
Trade and other receivables	12	–	–	–	1,661,172	1,661,172	
Cash and cash equivalents	16	–	–	–	6,167,606	6,167,606	
		–	–	–	9,374,837	9,374,837	

The above does not include fair value information of financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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35 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(c) Accounting classification and fair values (continued)

	Note	Carrying amount				Fair value			
		Fair value – hedging instruments	FVOCI	FVTPL	Amortised Cost	Total	Level 1	Level 2	Level 3
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The Group									
31 December 2019									
Financial liabilities measured at fair value									
Derivative financial instruments:									
– Interest rate swaps and forward foreign exchange contracts									
	17	(18,035)	–	–	–	(18,035)	–	(18,035)	–
– Interest rate swaps, forward foreign exchange contracts and cross currency swaps									
	21	(113,680)	–	–	–	(113,680)	–	(113,680)	–
		(131,715)	–	–	–	(131,715)			
Financial liabilities not measured at fair value									
Other non-current liabilities [#]									
	19	–	–	–	(560,922)	(560,922)	–	–	(555,019)
Bank borrowings [^]		–	–	–	(18,824,578)	(18,824,578)	–	(18,856,534)	–
Debt securities	20	–	–	–	(11,901,519)	(11,901,519)	(2,452,455)	(9,939,996)	–
Trade and other payables [#]		–	–	–	(4,443,152)	(4,443,152)			
		–	–	–	(35,730,171)	(35,730,171)			

[#] Excludes liability for employee benefits, derivative liabilities and deferred income.

[^] Excludes lease liability.

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(c) Accounting classification and fair values (continued)

Excludes liability for employee benefits.

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NOTES TO THE FINANCIAL STATEMENTS

35 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(c) Accounting classification and fair values (continued)

The following table shows the carrying amounts and fair values of significant non-financial assets, including their levels in the fair value hierarchy.

	Note	Fair value Level 3 \$'000
The Group		
31 December 2020		
Non-financial assets measured at fair value		
Investment properties	5	47,872,910
Assets held for sale – investment properties	15	229,404
		<u>48,102,314</u>
31 December 2019		
Non-financial assets measured at fair value		
Investment properties	5	48,731,897
Assets held for sale – investment properties	15	336,719
		<u>49,068,616</u>

(d) Level 3 fair value measurements

(i) Reconciliation of Level 3 fair value

The movements of financial and non-financial assets classified under Level 3 and measured at fair value are presented as follows:

	Equity investments at FVOCI \$'000	Equity investments at FVTPL \$'000	Assets held for sale – investment properties \$'000
The Group			
2020			
At 1 January 2020	74,782	375,182	336,719
Additions	1,148	721	46,366
Disposals	–	–	(153,681)
Changes in fair value recognised in profit or loss	–	(12,537)	–
Changes in fair value recognised in other comprehensive income	(5,912)	–	–
Return of capital	–	(5,138)	–
Translation differences	1,360	6,859	–
At 31 December 2020	<u>71,378</u>	<u>365,087</u>	<u>229,404</u>

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NOTES TO THE FINANCIAL STATEMENTS

35 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(d) Level 3 fair value measurements (continued)

(i) Reconciliation of Level 3 fair value (continued)

	Equity investments at FVOCI \$'000	Equity investments at FVTPL \$'000	Assets held for sale – investment properties \$'000
The Group 2019			
At 1 January 2019	71,345	296,858	254,080
Additions	10,647	10,731	274,609
Disposals	–	–	(389,147)
Changes in fair value recognised in profit or loss	–	9,898	197,604
Changes in fair value recognised in other comprehensive income	146,847	–	–
Reclassification to Level 1 fair value hierarchy	(167,888)	–	–
Acquisition of subsidiaries	14,678	51,786	–
Return of capital	(172)	(2,337)	–
Translation differences	(675)	8,246	(427)
At 31 December 2019	<u>74,782</u>	<u>375,182</u>	<u>336,719</u>

Movements for investment properties are set out in note 5.

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35 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(d) Level 3 fair value measurements (continued)

(ii) Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring significant Level 3 fair values, as well as the significant unobservable inputs used.

Investment properties (including investment properties classified as assets held for sale)

Valuation methods	Key unobservable inputs	Shopping mall	Office	Integrated development	Business park, industrial and logistics	Lodging	Inter-relationship between key unobservable inputs and fair value measurement
Capitalisation approach	Capitalisation rate (net)						
	2020	4.4% to 10.0%	3.5% to 5.0%	4.0% to 7.5%	5.0% to 9.0%	4.8% to 5.3%	The estimated fair value varies inversely against the capitalisation rate and increases with higher occupancy rate.
	2019	4.4% to 7.3%	3.5% to 6.0%	4.8% to 7.5%	5.0% to 9.0%	4.5% to 7.0%	
	Occupancy rate						
	2020	45.0% to 100%	82.0% to 99.0%	68.0% to 100%	81.0% to 100%	91.4% to 99.0%	The estimated fair value varies inversely against the discount rate and terminal yield rate and increases with higher occupancy rate.
	2019	58.4% to 100%	95.3% to 99.0%	68.6% to 99.0%	85.0% to 100%	90.0% to 95.0%	
Discounted cash flow approach	Discount rate						
	2020	5.1% to 10.0%	3.1% to 7.8%	6.8% to 15.0%	7.0% to 20.0%	3.9% to 11.0%	The estimated fair value varies inversely against the discount rate and terminal yield rate and increases with higher occupancy rate.
	2019	5.0% to 13.5%	2.9% to 7.8%	6.8% to 15.0%	7.3% to 21.0%	3.8% to 10.7%	
	Terminal yield rate						
	2020	4.4% to 10.5%	3.5% to 4.7%	4.2% to 7.8%	5.0% to 9.0%	3.0% to 8.0%	The estimated fair value increases with higher gross development value and decreases with higher cost to completion.
	2019	4.3% to 11.0%	3.4% to 6.3%	4.2% to 10.0%	5.3% to 9.0%	3.0% to 8.1%	
Residual value method	Occupancy rate						
	2020	45.0% to 99.0%	95.0% to 98.5%	61.0% to 90.0%	87.0% to 99.0%	45.0% to 98.0%	The estimated fair value increases with higher gross development value and decreases with higher cost to completion.
	2019	52.9% to 100%	90.1% to 100%	68.6% to 100%	50.0% to 100%	55.0% to 99.0%	
	Gross development value (\$ million)						
	2020	–	280 to 587	1,978	92	55 to 131	The estimated fair value increases with higher gross development value and decreases with higher cost to completion.
	2019	193	285 to 516	168 to 2,012	92	–	
	Estimated cost to completion (\$ million)						
	2020	–	71 to 161	267	44	31 to 129	
	2019	26	93 to 109	38 to 350	36	–	

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NOTES TO THE FINANCIAL STATEMENTS

35 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(d) Level 3 fair value measurements (continued)

(ii) Valuation techniques and significant unobservable inputs (continued)

Type	Valuation methods	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Equity investments at FVTPL	Income approach	- Enterprise value/ Revenue multiple of comparable companies: 2.8x to 7.3x (2019: 2.4x to 3.9x) - Volatility of comparable companies: 55% (2019: 40% to 47%)	The estimated fair value increases with higher multiple and varies inversely against volatility.
Equity investments at FVTPL	Income approach	- Discount rate: 12% to 13% (2019: 11% to 14%) - Terminal growth rate: 2% (2019: 2%)	The estimated fair value increases with lower discount rate and varies inversely against growth rate.

The fair value of other equity investments at FVTPL amounted to \$261.5 million (2019: \$255.3 million) was estimated based on the fair value of the underlying investment properties of the investee company. The valuation was based on discounted cash flow approach and its significant unobservable inputs were consistent with the investment properties information presented above.

(iii) Valuation processes applied by the Group

The significant non-financial asset of the Group categorised within Level 3 of the fair value hierarchy is investment properties. The fair values of investment properties are determined by external, independent property valuers, who have the appropriate and recognised professional qualifications and recent experience in the location and category of property being valued. The property valuers provide the fair values of the Group's investment property portfolio annually. The valuation and its financial impact are discussed with the Audit Committee and Board of Directors in accordance with the Group's reporting policies.

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36 COMMITMENTS

As at the reporting date, the Group and the Company had the following commitments:

(a) Operating lease

The Group's operating lease relates to leases with lease terms of 12 months or less or low value assets. Future minimum lease payments for the Group and the Company on non-cancellable operating leases are as follows:

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Lease payments payable:				
Not later than 1 year	33,923	68,231	–	–
Between 1 and 5 years	5,181	253	–	–
	<u>39,104</u>	<u>68,484</u>	<u>–</u>	<u>–</u>

(b) Commitments

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Commitments in respect of:				
– capital expenditure contracted but not provided for in the financial statements	128,246	120,214	–	–
– development expenditure contracted but not provided for in the financial statements	1,969,937	2,215,750	–	–
– capital contribution in associates, joint ventures and investee companies	1,755,841	1,754,906	–	–
– purchase of land contracted but not provided for in the financial statements	212,926	196,627	–	–
– shareholders' loan committed to joint ventures and associates	47,435	66,215	–	–
	<u>4,114,385</u>	<u>4,353,712</u>	<u>–</u>	<u>–</u>

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NOTES TO THE FINANCIAL STATEMENTS

36 COMMITMENTS (continued)

(c) As at the reporting date, the notional principal values of financial instruments were as follows:

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Interest rate swaps	7,584,488	6,712,450	–	–
Forward start interest rate swaps	131,500	–	–	–
Forward foreign exchange contracts	492,479	734,382	–	–
Cross currency swaps	3,259,760	3,096,616	–	–
	<u>11,468,227</u>	<u>10,543,448</u>	<u>–</u>	<u>–</u>

The maturity profile of these financial instruments was:

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Not later than 1 year	3,193,921	3,145,778	–	–
Between 1 and 5 years	7,275,544	6,007,007	–	–
After 5 years	998,762	1,390,663	–	–
	<u>11,468,227</u>	<u>10,543,448</u>	<u>–</u>	<u>–</u>

37 FINANCIAL GUARANTEE CONTRACTS

The Group accounts for its financial guarantees as insurance contracts. There are no terms and conditions attached to the financial guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Group's and the Company's future cash flows. At the reporting date, the Group and the Company do not consider that it is probable that a claim will be made against the Group and the Company under the financial guarantee contracts. Accordingly, the Group and the Company do not expect any net cash outflows resulting from the financial guarantee contracts. The Group and the Company issue guarantees only for their subsidiaries and related parties.

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
(a) Guarantees given to banks to secure banking facilities provided to:				
– subsidiaries	–	–	8,864,747	6,579,212
– joint ventures	5,345	99,153	–	–
– associate	134,770	–	–	–
	<u>140,115</u>	<u>99,153</u>	<u>8,864,747</u>	<u>6,579,212</u>

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37 FINANCIAL GUARANTEE CONTRACTS (continued)

(b) Undertakings by the Group:

- (i) Two subsidiaries of the Group provided project completion undertakings on a joint and several basis, in respect of multi-currency term loan and revolving loan facilities amounting to \$500.0 million (2019: \$300.0 million) granted to an associate. In addition, the shares in this associate were pledged as part of the securities to secure the credit facilities. As at 31 December 2020, the total amount outstanding under the facilities was \$484.3 million (2019: \$267.6 million).
- (ii) A subsidiary of the Group has provided several undertakings on cost overrun, security margin and interest shortfall issued on a several basis as well as project completion undertakings on a joint and several basis, in respect of term loan and revolving construction facilities amounting to \$631.0 million (2019: \$631.0 million) granted to joint ventures. As at 31 December 2020, the amounts outstanding under the term loan is \$538.3 million (2019: \$534.8 million).
- (iii) Two subsidiaries of the Group has pledged its shares and redeemable preference shares in an associate for a term loan facility obtained by the associate amounting to \$1,078.3 million (2019: \$1,088.4 million).
- (iv) A subsidiary of the Group provided an indemnity for banker's guarantee issuance on a joint and several basis, in respect of term loan and revolving loan facilities amounting to \$161.7 million granted to a joint venture. As at 31 December 2020, the total amount outstanding under the facilities was \$148.1 million (2019: \$142.3 million).
- (v) Certain subsidiaries of the Group in China, whose principal activities are the trading of development properties, would in the ordinary course of business act as guarantors for the bank loans taken by the buyers to finance the purchase of residential properties developed by these subsidiaries. As at 31 December 2020, the outstanding notional amount of the guarantees amounted to \$892.5 million (2019: \$490.5 million).

(c) Government assistance

In response to the economic impacts of the COVID-19 pandemic, the governments of the Japan, France and United States of America introduced various financial support schemes, which provided guarantees for bank loans borrowed by the Group's subsidiaries amounting to \$51.5 million issued by the respective banks during the year. The interest rates of the loans ranged from 0% to 1.11%.

The Group determined that the interest rates for an equivalent loan issued on an arm's length basis without the guarantee would have ranged from 0.4% to 2.5%. There are no unfilled conditions or contingencies for the government assistance as 31 December 2020.

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NOTES TO THE FINANCIAL STATEMENTS

38 SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the direct and indirect ability to control the party, jointly control 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 control or significant influence. Related parties may be individuals or other entities.

The Group considers the directors of the Company, and CapitaLand Management Council comprising the Group CEO and key management officers of the corporate office as well as CEOs of the strategic business units, to be key management personnel in accordance with SFRS(I) 1-24 *Related Party Disclosures*.

In addition to the related party information disclosed elsewhere in the financial statements, there were significant related party transactions which were carried out in the normal course of business on terms agreed between the parties as follows:

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Related corporations				
Management fee income	904	1,533	–	–
Rental income	32,293	17,357	–	–
Purchase consideration for the acquisition of investments	–	6,035,853	–	4,734,842
Utilities expenses	(9,196)	(5,343)	(1)	(1)
Telecommunication expenses	(7,783)	(2,990)	(297)	(184)
Security services expenses	(9,635)	(2,698)	–	–
Other expenses	(3,168)	(485)	(269)	(352)
Payables included in trade and other payables and non-current liabilities	(3,001)	(1,379)	(1)	(95)
Receivables included in trade and other receivables	797	1,438	–	127
Subsidiaries				
Management fee income	–	–	74,755	67,509
IT and administrative support services	–	–	3,931	2,796
Rental expense	–	–	(646)	–
Others	–	–	(6,782)	(8,185)

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NOTES TO THE FINANCIAL STATEMENTS

38 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Associates and joint ventures				
Management fee income	242,413	197,911	–	–
Construction and project management income	23,965	10,159	–	–
Rental expense	(3,308)	(2,194)	–	–
Proceeds from the sale of properties	–	380,000	–	–
Proceeds from the sale of investment	–	1,295,764	–	–
Purchase consideration for acquisition of investments	–	(436,735)	–	–
Acquisition and divestment fees, accounting service fee, marketing income and others	59,582	66,724	*	(6)
Key management personnel				
Purchase of units pursuant to preferential offering of a subsidiary	30	47	13	30
Units and cash received pursuant to the combination of ART and A-HTRUST	–	2,000	–	1,749
Units and cash received pursuant to the combination of CCT and CMT	844	–	584	–
Interest paid/payable by the Company and its subsidiaries	62	54	53	54
Other benefits	4	6	4	6
Remuneration of key management personnel				
Salary, bonus and other benefits	16,198	20,995	8,421	11,570
Employer's contributions to defined contribution plans	202	160	65	65
Equity compensation benefits	9,753	11,643	5,463	6,259
	26,153	32,798	13,949	17,894

* Less than \$1,000

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NOTES TO THE FINANCIAL STATEMENTS

39 OPERATING SEGMENTS

Management determines the operating segment based on the reports reviewed and used by the CapitaLand Management Council for strategic decision making and resources allocation. The Group organises its reporting structure into strategic business units (SBUs) by geography to more accurately reflect the way the Group manage its businesses. The geographical SBUs comprise the Group's integrated capabilities in the residential, retail, commercial, industrial, logistics and business parks asset classes, strategically deployed in each market. The geographical SBU's are CapitaLand Singapore and International (CL Singapore and International, comprising CL Singapore, Malaysia and Indonesia, CL Vietnam and CL International), CapitaLand China (CL China) and CapitaLand India (CL India). The asset class SBUs comprise CapitaLand Lodging (CL Lodging) and CapitaLand Financial (CL Financial). CL Lodging, with its global network and scale, comprises the Group's lodging business. CL Financial is the real estate fund management unit comprising the Group's REIT managers and Fund managers.

For segment reporting purpose, the Group's primary segment is based on its SBUs. The Group's secondary segment is reported by geographical locations, namely Singapore, China, other emerging markets and other developed markets.

The Group's reportable operating segments are as follows:

- (i) CL Singapore and International – involves in the residential, office, shopping malls, industrial, logistics and business parks property development in Singapore, Malaysia, Indonesia, Vietnam, The United States of America, Europe, Japan and Korea.
- (ii) CL China – involves in the residential, commercial strata and urban development, office, shopping malls, lodging, industrial, logistics and business parks property development in China.
- (iii) CL India – involves in the logistics and business parks property development in India.
- (iv) CL Lodging – an international serviced residence owner-operator with operations in key cities of Asia Pacific, Europe, United States of America and Middle East, under the brands of Ascott, Somerset, Citadines, The Crest Collection, lyf and other brands.
- (v) CL Financial – involves in real estate fund management and financial advisory services.
- (vi) Corporate and Others – includes Corporate office and corporate treasury vehicles.

Information regarding the operations of each reportable segment is included below. Management monitors the operating results of each of its business units for the purpose of making decisions on resource allocation and performance assessment. Performance is measured based on segment earnings before interest and tax (EBIT). EBIT is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments. Segment assets and liabilities are presented net of inter-segment balances. Inter-segment pricing is determined on arm's length basis.

In term of secondary segment, the Group presents its businesses based on geographical locations based on Singapore, China, other emerging markets and other developed markets.

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39 OPERATING SEGMENTS (continued)

Operating Segments – 31 December 2020

	CL Singapore and International \$'000	CL China \$'000	CL India \$'000	CL Lodging \$'000	CL Financial \$'000	Corporate and Others \$'000	Elimination \$'000	Total \$'000
Revenue								
External revenue	2,222,915	3,264,398	40,014	804,316	186,231	14,698	–	6,532,572
Inter-segment revenue	54,367	29,061	2,445	14,313	139,326	446,323	(685,835)	–
Total revenue	2,277,282	3,293,459	42,459	818,629	325,557	461,021	(685,835)	6,532,572
Segmental results								
Company and subsidiaries	629,997	(17,532)	3,542	(606,735)	171,461	34,878	(35,841)	179,770
Associates	41,024	(25,595)	13,553	(7,978)	3,629	(1,740)	–	22,893
Joint ventures	(120,096)	170,796	2,181	(22,894)	(1,702)	539	–	28,824
Earnings before interest and tax	550,925	127,669	19,276	(637,607)	173,388	33,677	(35,841)	231,487
Finance costs								(913,149)
Tax expense								(953,485)
Loss for the year								(1,635,147)
Segment assets	38,772,045	29,221,425	1,136,851	9,586,861	1,234,109	15,494,536	(11,075,949)	84,369,878
Segment liabilities	16,285,284	13,716,855	177,646	4,562,220	582,465	10,753,367	–	46,077,837

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39 OPERATING SEGMENTS (continued)

Operating Segments – 31 December 2020

	CL Singapore and International \$'000	CL China \$'000	CL India \$'000	CL Lodging \$'000	CL Financial \$'000	CL Corporate and Others \$'000	Elimination \$'000	Total \$'000
Other segment items:								
Interest income	21,268	43,616	8,000	4,085	402	21,171	–	98,542
Depreciation and amortisation	(16,637)	(25,345)	(1,609)	(109,904)	(939)	(25,294)	–	(179,728)
Provision for foreseeable losses	(2,424)	(248,905)	–	–	–	–	–	(251,329)
Allowance for impairment losses on assets	(6,563)	(2,926)	(3,684)	(193,993)	–	(5,485)	–	(212,651)
Fair value loss on assets held for sale	–	(416,479)	–	–	–	–	–	(416,479)
Fair value (loss)/gain on investment properties	(645,861)	(955,313)	7,972	(474,879)	(20,931)	3,815	–	(2,085,197)
Share-based expenses	(9,150)	(6,541)	(400)	(2,920)	(6,067)	(11,768)	–	(36,846)
Gains/(loss) on disposal of investments	64,690	141,040	–	57,180	(7)	10,118	(4)	273,017
Associates	2,222,876	5,057,546	345,980	17,371	69,864	12,380	–	7,726,017
Joint ventures	1,336,441	3,189,366	35,381	96,333	146,891	371	(2,987)	4,801,796
Capital expenditure [#]	640,049	239,435	66,407	124,251	898	4,476	–	1,075,516
Non-current assets ¹	34,699,573	17,275,957	749,954	8,000,606	1,111,281	14,818,289	(14,484,659)	62,171,001

[#] Capital expenditure consists of additions of property, plant and equipment, investment properties and intangible assets.

¹ Non-current assets comprised property, plant and equipment, intangible assets, investment properties, investment in associates and joint ventures.

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NOTES TO THE FINANCIAL STATEMENTS

39 OPERATING SEGMENTS (continued)

Operating Segments – 31 December 2019

	CL Singapore and International \$'000	CL China \$'000	CL India \$'000	CL Lodging \$'000	CL Financial \$'000	Corporate and Others \$'000	Elimination \$'000	Total \$'000
Revenue								
External revenue	2,175,718	2,526,229	23,013	1,379,715	129,999	90	–	6,234,764
Inter-segment revenue	41,169	26,387	–	10,908	170,422	422,034	(670,920)	–
Total revenue	2,216,887	2,552,616	23,013	1,390,623	300,421	422,124	(670,920)	6,234,764
Segmental results								
Company and subsidiaries	2,037,576	1,334,661	8,270	563,578	229,160	(58,569)	(35,841)	4,078,835
Associates	84,300	541,532	32,085	978	(1,797)	(13,274)	–	643,824
Joint ventures	85,874	246,163	(1,606)	15,089	(268)	(301)	–	344,951
Earnings before interest and tax	2,207,750	2,122,356	38,749	579,645	227,095	(72,144)	(35,841)	5,067,610
Finance costs								(839,141)
Tax expense								(814,828)
Profit for the year								3,413,641
Segment assets	37,655,404	29,936,882	1,061,618	9,612,088	1,282,776	13,772,531	(10,975,382)	82,345,917
Segment liabilities	15,054,640	12,678,182	223,009	4,159,526	601,257	9,346,428	–	42,063,042

APPENDIX 6 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020

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BECAUSE TOMORROW MATTERS

NOTES TO THE FINANCIAL STATEMENTS

39 OPERATING SEGMENTS (continued)

Operating Segments – 31 December 2019

	CL Singapore and International \$'000	CL China \$'000	CL India \$'000	CL Lodging \$'000	CL Financial \$'000	CL Corporate and Others \$'000	Elimination \$'000	Total \$'000
Other segment items:								
Interest income	33,833	29,453	3,499	5,299	(34)	26,273	–	98,323
Depreciation and amortisation	(10,748)	(20,936)	(1,381)	(78,146)	(751)	(24,917)	–	(136,879)
Reversal of provision for foreseeable losses	3,499	–	–	–	–	–	–	3,499
Allowance for impairment losses on assets	(13,709)	(243)	(1,755)	(20,076)	–	(7,052)	–	(42,835)
Fair value gains on investment properties and assets held for sale	529,588	312,555	12,205	227,421	69,030	13,145	–	1,163,944
Share-based expenses	(16,694)	(17,254)	(961)	(5,024)	(6,465)	(20,336)	–	(66,734)
Gains/(loss) on disposal of investments	172,541	124,483	4,629	54,144	–	(11,853)	–	343,944
Associates	2,161,426	5,484,381	358,559	26,866	47,835	1,801	–	8,080,868
Joint ventures	1,505,257	2,928,241	35,729	307,731	142,279	–	(3,930)	4,915,307
Capital expenditure [#]	631,579	421,178	16,751	228,945	15,333	163,154	–	1,476,940
Non-current assets ¹	35,355,937	17,802,016	704,565	8,269,640	1,067,524	13,988,851	(14,122,754)	63,065,779

[#] Capital expenditure consists of additions of property, plant and equipment, investment properties and intangible assets.

¹ Non-current assets comprised property, plant and equipment, intangible assets, investment properties, investment in associates and joint ventures.

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NOTES TO THE FINANCIAL STATEMENTS

39 OPERATING SEGMENTS (continued)

Geographical Information

	Singapore \$'000	China \$'000	Other developed markets ² \$'000	Other emerging markets ³ \$'000	Group \$'000
31 December 2020					
External revenue	1,601,040	3,388,346	869,491	673,695	6,532,572
Earnings before interest and tax	389,484	139,440	(329,650)	32,213	231,487
Earnings before interest, tax, depreciation and amortisation ⁵	446,341	166,476 ¹	(245,524)	43,922	411,215
Non-current assets ⁴	30,893,567	17,643,854	9,976,071	3,657,509	62,171,001
Total assets	37,308,227	30,919,939	11,289,199	4,852,513	84,369,878
31 December 2019					
External revenue	1,727,562	2,740,641	1,352,711	413,850	6,234,764
Earnings before interest and tax	1,953,289	2,288,159	658,634	167,528	5,067,610
Earnings before interest, tax, depreciation and amortisation ⁵	2,004,725	2,310,375 ¹	710,016	179,373	5,204,489
Non-current assets ⁴	31,945,262	17,189,006	10,193,568	3,737,943	63,065,779
Total assets	34,819,142	30,701,229	11,621,049	5,204,497	82,345,917

¹ Included losses from Hong Kong of \$1.4 million (2019: Profit: \$51.2 million).

² Includes United Kingdom, France, Germany, Spain, Belgium, Ireland, Japan, South Korea, United States of America, Australia and New Zealand.

³ Other Asia excludes Singapore, China, Hong Kong, Japan and South Korea.

⁴ Non-current assets comprised property, plant and equipment, intangible assets, investment properties, investment in associates and joint ventures.

⁵ Fair value losses included in EBITDA \$596.2 million (2019: \$32.2 million)

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BECAUSE TOMORROW MATTERS

NOTES TO THE FINANCIAL STATEMENTS

40 SUBSEQUENT EVENTS

- a) On 11 January 2021, CapitalLand China Trust announced that its wholly owned subsidiary, Somerset (Wuhan) Investments Pte. Ltd had entered into a conditional equity interests transfer agreement to divest its entire equity interest in Wuhan New Min Zhong Le Yuan Co., Ltd., which holds CapitaMall Minzhongleyuan and three sets of premises located at Sanyang Complex, Jiangnan District, Wuhan, to an unrelated third party for an aggregate consideration payable of RMB258.0 million (equivalent to approximately S\$52.6 million).
- b) On 27 January 2021, ART announced that its wholly owned subsidiary has entered into a conditional sale and purchase agreement to acquire a student accommodation property, a mid-rise building with an aggregate of 183 units/ 525 bed, in Georgia, USA for a consideration of USD95.0 million (equivalent to approximately S\$126.3 million).
- c) On 9 February 2021, ART announced that its wholly owned subsidiary has entered into a conditional sale and purchase agreement with an unrelated third party to divest, through the divestment of interests in Shanghai Xinwei Real Estate Development Co., Somerset Xuhui Shanghai (the "Property") at an agreed aggregate value of the Property of RMB1,050 million (equivalent to approximately S\$215.6 million).

41 ADOPTION OF NEW ACCOUNTING STANDARDS

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2020:

- Amendments to References to Conceptual Framework in SFRS(I) Standards
- Definition of a Business (Amendments to SFRS(I) 3)
- Definition of Material (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

The Group applied the amendments relating to definition of a business to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business or a group of assets. The details of accounting policies are set out in note 2.2. See also note 33 for details of the Group's acquisition of subsidiaries during the year.

The Group has early adopted *COVID-19-Related Rent Concessions – Amendment to SFRS(I) 16* issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Group is a lessee – i.e. for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group has applied the amendment retrospectively. The amendment has no impact on retained earnings at 1 January 2020. The details of accounting policies are set out in note 2.14.

Except for the adoption of *COVID-19-Related Rent Concessions – Amendment to SFRS(I) 16*, the Group has not early adopted the new standards, interpretations and amendments to standards (Changes) which are effective for annual periods beginning after 1 January 2020, in preparing these consolidated financial statements. These Changes are not expected to have a significant impact on the Group's financial statements.

APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF THE CLI GROUP FOR FY2019 AND FY2020 WITH THE INDEPENDENT AUDITORS’ REPORT THEREON

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Report on the Audit of the Combined Financial Statements for the financial years ended 31 December 2020 and 2019

Opinion

We have audited the combined financial statements of CapitaLand Investment Limited (the “Company”) and its subsidiaries (collectively the “Group”), which comprise the combined balance sheet of the Group as at 31 December 2020 and 2019 (the “Relevant Periods”), and the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the financial years ended 31 December 2020 and 2019, and notes to the combined financial statements, including a summary of significant accounting policies, as set out on pages D-4 to D-145.

In our opinion, the accompanying combined financial statements of the Group present fairly, in all material respects, the combined financial position of the Group as at 31 December 2020 and 2019, and the combined financial performance, combined changes in equity and combined cash flows of the Group for each of the financial years ended 31 December 2020 and 2019 in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)”) and International Financial Reporting Standards (“IFRS”).

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 the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. We draw attention to Note 2 of the combined financial statements, which describes the basis of preparation of the combined financial statements.

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF THE CLI GROUP FOR FY2019 AND FY2020 WITH THE INDEPENDENT AUDITORS' REPORT THEREON

CapitaLand Investment Limited and its subsidiaries
Independent auditors' report
Years ended 31 December 2020 and 2019

Responsibilities of management and directors for the combined financial statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with IFRS, and for such internal controls as management determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the combined financial statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 combined financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are

APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF THE CLI GROUP FOR FY2019 AND FY2020 WITH THE INDEPENDENT AUDITORS’ REPORT THEREON

CapitalLand Investment Limited and its subsidiaries
Independent auditors’ report
Years ended 31 December 2020 and 2019

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 combined 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 combined 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 those charged with governance 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.

Restriction on distribution and use

This report is made solely to you as a body and for the inclusion in the introductory document to be issued in relation to the proposed listing and quotation of all the issued ordinary shares in the capital of the Company on the Singapore Exchange Securities Trading Limited by way of an introduction.

The engagement partner on the audit resulting in this independent auditors’ report is Ling Su Min.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
17 July 2021

APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF THE CLI GROUP FOR FY2019 AND FY2020 WITH THE INDEPENDENT AUDITORS' REPORT THEREON

COMBINED BALANCE SHEETS AS AT 31 DECEMBER 2020 AND 2019

	Note	2020 \$'M	2019 \$'M
Non-current assets			
Property, plant and equipment	4	1,096	914
Intangible assets	5	1,006	925
Investment properties	6	15,852	16,256
Associates	7	10,908	11,084
Joint ventures	8	2,290	2,609
Deferred tax assets	9	58	54
Other non-current assets	10	770	798
		31,980	32,640
Current assets			
Development properties for sale and stocks	11	211	218
Trade and other receivables	12	4,258	4,302
Other current assets	10	6	8
Assets held for sale	13	32	253
Cash and cash equivalents	14	1,736	1,421
		6,243	6,202
Less: current liabilities			
Trade and other payables	15	5,513	5,293
Contract liabilities		*	*
Short term borrowings	16	1,132	1,263
Current portion of debt securities	17	22	229
Current tax payable		470	386
Liabilities held for sale	13	—	13
		7,137	7,184
Net current liabilities		(894)	(982)
Less: non-current liabilities			
Long term borrowings	16	6,049	5,437
Debt securities	17	1,263	1,204
Deferred tax liabilities	9	464	541
Other non-current liabilities	18	7,576	7,900
		15,352	15,082
Net assets		15,734	16,576
Representing:			
Share capital	20	7,926	7,826
Revenue reserve		8,916	10,202
Other reserves	21	(4,967)	(5,417)
Equity attributable to owners of the Company		11,875	12,611
Perpetual securities	22	396	396
Non-controlling interests	38	3,463	3,569
Total equity		15,734	16,576

* Less than \$1 million

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

**APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF
THE CLI GROUP FOR FY2019 AND FY2020 WITH
THE INDEPENDENT AUDITORS’ REPORT THEREON**

**COMBINED INCOME STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019**

	Note	2020 \$'M	2019 \$'M
Revenue	24	1,983	2,488
Cost of sales		(1,111)	(1,317)
Gross profit		872	1,171
Other operating income	25(a)	364	702
Administrative expenses		(475)	(432)
Other operating expenses		(918)	(58)
(Loss)/Profit from operations		(157)	1,383
Finance costs	25(d)	(377)	(327)
Share of results (net of tax) of:			
- associates		81	793
- joint ventures		(106)	172
		(25)	965
(Loss)/Profit before tax		(559)	2,021
Tax expense	26	(114)	(273)
(Loss)/Profit for the year		(673)	1,748
Attributable to:			
Owners of the Company		(559)	1,444
Non-controlling interests		(114)	304
(Loss)/Profit for the year		(673)	1,748
Basic and diluted earnings per share (cents)	27	(19.9)	54.4

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

APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF THE CLI GROUP FOR FY2019 AND FY2020 WITH THE INDEPENDENT AUDITORS’ REPORT THEREON

COMBINED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019

	Note	2020 \$'M	2019 \$'M
(Loss)/Profit for the year		(673)	1,748
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising from translation of foreign operations and foreign currency loans, forming part of net investment in foreign operations		189	(72)
Recognition of foreign exchange differences on disposal or liquidation of foreign operations in profit or loss		(1)	5
Effective portion of change in fair value of cash flow hedges		(24)	(43)
Recognition of hedging reserve in profit or loss		2	4
Share of other comprehensive income of associates and joint ventures		330	(143)
		<u>496</u>	<u>(249)</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Change in fair value of equity investments at fair value through other comprehensive income		(30)	67
Total other comprehensive income for the year, net of tax	23	<u>466</u>	<u>(182)</u>
Total comprehensive income for the year		<u>(207)</u>	<u>1,566</u>
Attributable to:			
Owners of the Company		(146)	1,307
Non-controlling interests		(61)	259
Total comprehensive income for the year		<u>(207)</u>	<u>1,566</u>

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

**APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF
THE CLI GROUP FOR FY2019 AND FY2020 WITH
THE INDEPENDENT AUDITORS' REPORT THEREON**

**COMBINED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019**

	Share Note capital \$'M	Revenue reserve \$'M	Capital and other reserve \$'M	Hedging reserve \$'M	Fair value reserve \$'M	Asset revaluation reserve \$'M	Foreign currency translation reserve \$'M	Total \$'M	Perpetual controlling securities interests \$'M	Non- controlling interests \$'M	Total equity \$'M
At 1 January 2020	7,826	10,202	(4,792)	(77)	82	6	(636)	12,611	396	3,569	16,576
Total comprehensive income	—	(559)	—	—	—	—	—	(559)	—	(114)	(673)
Loss for the year	—	—	—	—	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	—
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	—	—	—	—	—	—	135	135	—	54	189
Recognition of foreign exchange differences on disposal or liquidation of foreign operations in profit or loss	—	—	—	—	—	—	(1)	(1)	—	—	(1)
Effective portion of change in fair value of cash flow hedges	—	—	—	(20)	—	—	—	(20)	—	(4)	(24)
Recognition of hedging reserve in profit or loss	—	—	—	2	—	—	—	2	—	—	2
Share of other comprehensive income of associates and joint ventures	—	—	—	(15)	—	—	342	327	—	3	330
Change in fair value of equity investment at fair value through other comprehensive income	—	—	—	—	(30)	—	—	(30)	—	—	(30)
Total other comprehensive income,	—	—	—	—	(30)	—	—	(30)	—	—	(30)
net of tax	—	—	—	(33)	(30)	—	476	413	—	53	466
Total comprehensive income	—	(559)	—	(33)	(30)	—	476	(146)	—	(61)	(207)
Transactions with owners, recorded directly in equity	—	—	—	—	—	—	—	—	—	—	—
Contributions by and distributions to owners	—	—	—	—	—	—	—	—	—	—	—
Issue of new shares	100	—	—	—	—	—	—	100	—	—	100
Contributions from non-controlling interests (net)	—	—	—	—	—	—	—	—	—	73	73
Dividends paid/payable	—	(720)	—	—	—	—	—	(720)	—	(113)	(833)
Issue of perpetual securities (net)	—	—	—	—	—	—	—	—	—	—	—
Distribution attributable to perpetual securities	—	(6)	—	—	—	—	—	(6)	16	(10)	—
Distribution paid to perpetual securities	—	—	—	—	—	—	—	—	(16)	—	(16)
Share-based payments	—	—	(3)	—	—	—	—	(3)	—	4	1
Total contributions by and distributions to owners	100	(726)	(3)	—	—	—	—	(629)	—	(46)	(675)

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

* Less than \$1 million

**APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF
THE CLI GROUP FOR FY2019 AND FY2020 WITH
THE INDEPENDENT AUDITORS' REPORT THEREON**

**COMBINED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019**

	Share capital \$'M	Revenue reserve \$'M	Capital and other reserve \$'M	Hedging reserve \$'M	Fair value reserve \$'M	Asset revaluation reserve \$'M	Foreign currency translation reserve \$'M	Total \$'M	Perpetual securities \$'M	Non-controlling interests \$'M	Total equity \$'M
Changes in ownership interests in subsidiaries and other capital transactions											
Changes in ownership interests in subsidiaries with a change in control	-	(3)	17	-	-	-	1	15	-	4	19
Changes in ownership interests in subsidiaries with no change in control	-	49	*	*	*	-	-	49	-	(5)	44
Share of reserves of associates and joint ventures	-	(8)	7	-	-	-	-	(1)	-	-	(1)
Others	-	(39)	15	-	-	-	-	(24)	-	2	(22)
Total changes in ownership interests in subsidiaries and other capital transactions	-	(1)	39	*	*	-	1	39	-	1	40
Total transactions with owners	100	(727)	36	*	*	-	1	(590)	-	(45)	(635)
At 31 December 2020	7,926	8,916	(4,756)	(110)	52	6	(159)	11,875	396	3,463	15,734

* Less than \$1 million

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

**APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF
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**COMBINED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019**

	Share capital \$'M	Revenue reserve \$'M	Capital and other reserve \$'M	Hedging reserve \$'M	Fair value reserve \$'M	Asset revaluation reserve \$'M	Foreign currency translation reserve \$'M	Total \$'M	Perpetual securities interests \$'M	Non-controlling interests \$'M	Total equity \$'M
As 1 January 2019	7,157	9,275	(5,141)	(34)	10	6	(497)	10,776	397	2,321	13,494
Total comprehensive income	–	1,444	–	–	–	–	–	1,444	–	304	1,748
Profit for the year	–	1,444	–	–	–	–	–	1,444	–	304	1,748
Other comprehensive income	–	–	–	–	–	–	–	–	–	–	–
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	–	–	–	–	4	–	(36)	(32)	–	(40)	(72)
Recognition of foreign exchange differences on disposal or liquidation of foreign operations in profit or loss	–	–	–	–	–	–	5	5	–	–	5
Effective portion of change in fair value of cash flow hedges	–	–	–	(39)	–	–	–	(39)	–	(4)	(43)
Recognition of hedging reserve in profit or loss	–	–	–	4	–	–	–	4	–	–	4
Share of other comprehensive income of associates and joint ventures	–	–	–	(32)	–	–	(110)	(142)	–	(1)	(143)
Change in fair value of equity investment at fair value through other comprehensive income	–	–	–	–	67	–	–	67	–	–	67
Total other comprehensive income, net of tax	–	–	–	(67)	71	–	(141)	(137)	–	(45)	(182)
Total comprehensive income	–	1,444	–	(67)	71	–	(141)	1,307	–	259	1,566

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

**APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF
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**COMBINED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019**

	Share capital \$'M	Revenue reserve \$'M	Capital and other reserve \$'M	Hedging reserve \$'M	Fair value reserve \$'M	Asset revaluation reserve \$'M	Foreign currency translation reserve \$'M	Total \$'M	Perpetual controlling securities interests \$'M	Non- controlling interests \$'M	Total equity \$'M
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Issue of new shares	669	—	—	—	—	—	—	669	—	—	669
Contributions from non-controlling interests (net)	—	—	—	—	—	—	—	—	—	146	146
Dividends paid/payable	—	(454)	—	—	—	—	—	(454)	—	(149)	(603)
Issue of perpetual securities (net)	—	—	—	—	—	—	—	—	149	—	149
Redemption of perpetual securities	—	—	—	—	—	—	—	—	(150)	—	(150)
Distribution attributable to perpetual securities	—	(9)	—	—	—	—	—	(9)	20	(11)	—
Distribution paid to perpetual securities	—	—	—	—	—	—	—	—	(19)	—	(19)
Share-based payments	—	1	2	—	—	—	—	3	—	2	5
Total contributions by and distributions to owners	669	(462)	2	—	—	—	—	209	—	(12)	197
Changes in ownership interests in subsidiaries and other capital transactions											
Changes in ownership interests in subsidiaries with a change in control	—	(25)	*	24	—	—	—	(1)	—	951	950
Changes in ownership interests in subsidiaries with no change in control	—	(33)	*	*	1	—	—	(32)	—	930	898
Share of reserves of associates and joint ventures	—	(6)	6	—	—	—	—	—	—	—	—
Others	—	9	341	*	—	—	2	352	(1)	(880)	(529)
Total changes in ownership interests in subsidiaries and other capital transactions	—	(55)	347	24	1	—	2	319	(1)	1,001	1,319
Total transactions with owners	669	(517)	349	24	1	—	2	528	(1)	989	1,516
At 31 December 2019	7,826	10,202	(4,792)	(77)	82	6	(636)	12,611	396	3,569	16,576

* Less than \$1 million

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

APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF THE CLI GROUP FOR FY2019 AND FY2020 WITH THE INDEPENDENT AUDITORS' REPORT THEREON

COMBINED STATEMENT OF CHANGES IN CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019

	Note	2020 \$'M	2019 \$'M
Cash flows from operating activities			
(Loss)/Profit after tax		(673)	1,748
Adjustments for:			
Allowance for:			
- impairment loss on receivables		27	8
- foreseeable losses		17	-
- impairment on interests in joint ventures		-	10
- impairment on intangible assets	5	153	5
- impairment on property, plant and equipment		27	6
Amortisation of intangible assets	5	23	18
Depreciation of property, plant and equipment and right-of-use assets		126	95
Dividend income		(10)	(6)
Finance costs		377	327
Gain on disposal of investment properties		(41)	*
Interest income		(40)	(42)
Loss on disposal and write off of property, plant and equipment		*	2
Net change in fair value of investment properties and assets held for sale		698	(549)
Net change in fair value of financial assets designated at fair value through profit or loss		13	(10)
Net gain from change of ownership interests in subsidiaries, associates and joint ventures		(99)	(59)
Share of results of associates and joint ventures		25	(965)
Share-based expenses		18	29
Tax expense		114	273
		<u>1,428</u>	<u>(858)</u>
Operating profit before working capital changes		755	890
Changes in working capital:			
Trade and other receivables		(208)	(143)
Development properties for sale		(9)	7
Trade and other payables		(212)	(327)
		<u>(429)</u>	<u>(463)</u>
Cash generated from operations		326	427
Taxation paid		(143)	(110)
Net cash generated from operating activities		<u>183</u>	<u>317</u>

* Less than \$1 million

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

APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF THE CLI GROUP FOR FY2019 AND FY2020 WITH THE INDEPENDENT AUDITORS' REPORT THEREON

COMBINED STATEMENT OF CHANGES IN CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019

	Note	2020 \$'M	2019 \$'M
Cash flows from investing activities			
Acquisition/Development expenditure of investment properties		(236)	(175)
Acquisition of subsidiaries, net of cash acquired	28(b)	(213)	(208)
Deposits received for disposal of investment property/subsidiaries		21	4
Disposal of subsidiaries, net of cash disposed of	28(d)	192	571
Dividends received from associates and joint ventures		502	466
Interest income received		39	35
Return of investments from/(Investments in) associates, joint ventures and other investments		301	(912)
Investment in other financial assets		-	(10)
Proceeds from disposal of investment properties		364	-
Proceeds from disposal of assets held for sale		155	345
Proceeds from disposal of property, plant and equipment		-	1
Purchase of intangible assets and property, plant and equipment		(44)	(73)
Settlement of hedging instruments		(13)	14
Net cash generated from investing activities		1,068	58
Cash flows from financing activities			
Contributions from non-controlling interests		73	145
Dividends paid to non-controlling interests		(113)	(149)
Distributions to perpetual securities holders		(16)	(19)
Dividends paid to shareholders		(720)	(454)
Interest expense paid		(365)	(308)
Loans from related companies		194	489
Repayment of loans from associates and joint ventures		(5)	(123)
Payment for acquisition of ownership interests in subsidiaries with no change in control		(3)	(2)
Proceeds from bank borrowings		989	2,981
Proceeds from issuance of debt securities		-	119
Proceeds from issue of perpetual securities by subsidiaries		-	149
Redemption of perpetual securities by a subsidiary		-	(150)
Repayments of lease liabilities		(56)	(60)
Repayments of bank borrowings		(792)	(2,209)
Repayments of debt securities		(166)	(398)
Decrease/(Increase) in bank deposits pledged for bank facilities		8	(59)
Net cash used in financing activities		(972)	(48)

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

**APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF
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**COMBINED STATEMENT OF CHANGES IN CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019**

	Note	2020 \$'M	2019 \$'M
Net increase in cash and cash equivalents		279	327
Cash and cash equivalents at beginning of the year		1,354	1,032
Effect of exchange rate changes on cash balances held in foreign currencies		42	(2)
Changes in cash and cash equivalents reclassified to assets held for sale		3	(3)
Cash and cash equivalents at end of the year	14	1,678	1,354

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

APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF THE CLI GROUP FOR FY2019 AND FY2020 WITH THE INDEPENDENT AUDITORS’ REPORT THEREON

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019

1 General Information

(a) Introduction

The combined financial statements of CapitaLand Investment Limited (the “Company”) and its subsidiaries (together referred to as the “Group”) have been prepared in accordance with the basis and accounting policies set out in Notes 2 and 3.

The combined financial statements have been prepared solely for inclusion in the introductory document to be issued in connection with the listing and quotation of all the issued ordinary shares in the capital of the company on the Singapore Exchange Securities Trading Limited by way of an introduction.

These combined financial statements of the Group were authorised for issue by the directors of the Company on 17 July 2021.

(b) The Company

The Company was incorporated in the Republic of Singapore and has its registered office at 168 Robinson Road, #30-01, Capital Tower, Singapore 068912.

The Company’s immediate and ultimate holding companies are CapitaLand Limited and Temasek Holdings (Private) Limited respectively. Both companies are incorporated in the Republic of Singapore.

The principal activities of the Company are those relating to investment holding and provision of consultancy services as well as being the corporate headquarters which gives direction, provides management support services and integrates the activities of its subsidiaries.

The principal activities of the significant entities included in these combined financial statements are those relating to investment holding, investment in real estate financial products and real estate assets, investment advisory and management services as well as management of real estate assets.

2 Internal Restructuring and Basis of Preparation of the Combined Financial Statements

CapitaLand Limited (“CL”), the immediate holding company of The Company, together with CLA Real Estate Holdings Pte. Ltd. (“CLA”), the immediate holding company of CL, are proposing to undertake a scheme of arrangement pursuant to Section 210 of the Companies Act (“Scheme”) to:

- effect a proposed restructuring of the business of CL and its subsidiaries (“CapitaLand Group”) business so as to consolidate the CapitaLand Group’s investment management platforms, as well as its lodging business, into the Group; and
- place the real estate development business of the CapitaLand Group under private ownership, to be fully held by CLA through the proposed privatisation of CL on completion of the Scheme.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019

The Scheme will involve the following:

- Distribution-in-specie of the shares in the Company
CL will undertake the distribution of approximately 48.24% of the issued ordinary shares in the capital of the Company to eligible shareholders of CL on a pro-rata basis;
- Distribution-in-specie of the units in CapitaLand Integrated Commercial Trust (“CICT”)
CL will undertake the distribution of 388,242,247 issued units in CICT to eligible shareholders of CL on a pro-rata basis.
- Acquisition of shares of CL
Upon the above distribution-in-specie taking effect, it is proposed that CLA will acquire all the shares of CL (excluding the treasury shares) from the shareholders of CL (excluding CLA).

In connection with the Scheme proposed by the Company’s immediate holding company, CapitaLand Limited, the Company intends to acquire the following significant entities which own certain assets and businesses from CapitaLand Limited Group under the internal restructuring (“Internal Restructuring”) exercise:

- (i) The investment management platforms and investments for listed funds and unlisted funds;
- (ii) the lodging business of the CapitaLand Group, via the transfer of the entire issued share capital of The Ascott Limited, being the entity holding the lodging business;
- (iii) certain of the assets held by the CapitaLand Group, some of which would constitute the pipeline of assets for the listed funds or unlisted funds;
- (iv) certain operating platforms for the office, retail malls, business park properties and data centres comprised in the Group’s portfolio (including but not limited to the property managers and entities providing support for the operation and maintenance of these properties); and
- (v) certain corporate office or entities provide corporate and shared services.

Following the completion of the Internal Restructuring of the CapitaLand Group, the Company will become the holding company of the combining entities. The Company together with the combining entities and their interests in associates and joint ventures, are hereinafter referred to as the Group.

The combined financial statements relate to the Company and its subsidiaries (the Group) and the Group’s interests in associates and joint ventures.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019

Subsidiaries, associates and joint ventures

The details of the Group's significant subsidiaries, associates and joint ventures as at the Relevant Periods, taking into account the above-mentioned Internal Restructuring are as follows:

Name of subsidiary/associate/joint venture	Principal Activity	Effective Equity interest held by the Group in	
		2020	2019
Incorporated in Singapore:		%	%
ACCF3 Holding Pte Ltd ²	Investment holding	100	100
Albert Complex Pte Ltd ¹	Investment holding and investment trading	100	100
Ascendas (China) Pte Ltd ²	Investment holding	100	100
Ascendas Fusion 5 Holding Pte. Ltd. ²	Investment holding	100	100
Ascendas India Trust ²	Property trust	21.3	21.0
Ascendas Investment Pte Ltd ²	Investment holding	100	100
Ascendas Jongro Pte Ltd ²	Investment holding	100	100
Ascendas Land International (Investments) Pte Ltd ²	Investment holding	100	100
Ascendas Real Estate Investment Trust ²	Singapore-based REIT invests in industrial and business park properties	18.0	19.0
Ascendas Services Pte Ltd ²	Commercial and industrial real estate management, and investment holding	100	100
Ascendas (Tuas) Pte. Ltd. ²	Property owner and planning, developing and marketing, and management of industrial parks and related facilities	100	100
Ascott Residence Trust ¹	Stapled group comprising a REIT and a Business Trust	40.6	40.1
Ascott Business Trust Management Pte Ltd (incorporated on 2 August 2019)	Collective portfolio investment funds with rental income	100	100
Brilliance Trustee Pte Ltd ¹	Trustee, fiduciary and custody services firms	100	100
CAP1 GP Pte Ltd (incorporated on 5 April 2019)	Fund management	100	100
Capita Card Pte Ltd ¹	Promotion for sign-up and usage of co-brand cards in conjunction with loyalty programme	100	100

APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF THE CLI GROUP FOR FY2019 AND FY2020 WITH THE INDEPENDENT AUDITORS’ REPORT THEREON

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019

Name of subsidiary/associate/joint venture	Principal Activity	Effective equity interest held by the Group	
		2020 %	2019 %
CapitaLand Business Services Pte Ltd ¹	Information technology and computer service activities	100	100
CapitaLand China Trust ¹	China-based REIT invests in commercial and business park properties in China	24.0	24.0
CapitaLand China Trust Management Limited ¹	REIT management	100	100
CapitaLand Commercial Management Pte Ltd ¹	Investment holding and provision of property management and marketing services	100	100
CapitaLand Commercial Trust ¹	Singapore-based REIT invests in office properties	-	22.9
CapitaLand Commercial Trust Management Limited ¹	Property fund management	100	100
CapitaLand Digital Management Pte Ltd ¹	Provision of consultancy and management services	100	100
CapitaLand Fund Management Pte Ltd ¹	Property fund management	100	100
CapitaLand India Fund Management Pte Ltd ¹	Fund management and property management	100	100
CapitaLand India Pte Ltd ¹	Investment holding, and property development	100	100
CapitaLand Integrated Commercial Trust ¹	REIT	22.9	22.9
CapitaLand Integrated Commercial Trust Management Limited ¹	REIT management	100	100
CapitaLand International Pte Ltd ¹	Investment holding, and business and management consultancy services	100	100
CapitaLand Investments Pte Ltd ¹	Investment holding	100	100
CapitaLand (Korea) Pte Ltd ²	Investment holding	100	100
CapitaLand Mall Asia Limited ¹	Investment holding company and provision of management services	100*	100*
CapitaLand Retail Management Pte Ltd ¹	Provision of management services	100	100
CapitaLand Retail Singapore Investments Pte. Ltd ¹	Investment holding	100	100
CapitaLand Retail Trustee Pte Ltd ¹	Provision of trustee, fiduciary and custody services	100	100
CapitaLand Shared Services Pte Ltd ¹	Provision of shared services	100	100
CapitaLand Trustee Pte Ltd ¹	Provision of trustee, fiduciary and custody services	100	100
CapitaLand Voucher Pte Ltd ¹	Provision of business support services	100	100

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NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019

Name of subsidiary/associate/joint venture	Principal Activity	Effective equity interest held by the Group	
		2020 %	2019 %
CapitaStar Pte Ltd ¹	Management activities	100	100
Carmel Plus Pte Ltd (incorporated on 17 January 2019)	Investment holding	100	100
CLC Investment Four Pte Ltd ¹	Investment holding	100	100
CLFMI Pte Ltd ¹	Investment holding	100	100
CMA Excellence Pte Ltd ¹	E-commerce	100	100
CREDO I China GP Pte Ltd ¹	Fund management	100	100
JG Trustee Pte Ltd ¹	Provision of trustee, fiduciary and custody services	100	100
Orchard Turn Holding Pte Ltd ¹	Investment holding	50.0	50.0
Premier Healthcare Services International Pte Ltd ¹	Investment holding	100	100
Pyramex Investments Pte Ltd ¹	Investment holding	100	100
SBR Private Limited ¹	Investment and fund management	100	100
Southernwood Holding Pte Ltd ²	Investment holding	100	100
The Ascott Limited ¹	Investment holding	100	100
Vilabs Pte Ltd ¹	Advertising activities	100	100
Incorporated in People's Republic of China:			
CapitaLand (China) Corporate Management Co., Ltd. ¹	Management consultancy services	100	100
CapitaMalls Beijing Business Co., Ltd. ¹	Provision of consultancy and management services	100	100
Incorporated in Hong Kong:			
Ever Bliss International Limited ¹	Investment holding	72.5	72.5
Full Grace Enterprise Limited ¹	Investment holding	65.0	65.0
Incorporated in British Virgin Island:			
Senning Property Ltd ¹	Investment holding	45.0	45.0
Senway Enterprises Ltd ¹	Investment holding	100	100
Incorporated in Cayman Islands:			
CapitaLand China (RCCF) Holdings Limited ¹	Investment holding	100	100
CAP I SLP GP Ltd (incorporated on 5 April 2019)	General partner	100	100
Carmelian GP Ltd (incorporated on 10 July 2019)	General partner	100	100
CREDO 1 SLP GP Ltd (incorporated on 14 February 2019)	General partner	100	100
Raffles City China Income Venture Limited ¹	Investment holding	55.0	55.0

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FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019**

Name of subsidiary/associate/joint venture	Principal Activity	Effective equity interest held by the Group	
		2020 %	2019 %
Incorporated in Japan:			
CapitaLand (Japan) Kabushiki Kaisha ¹	Consultancy and management services	100	100
Incorporated in Malaysia:			
CapitaLand Malaysia Mall REIT Management Sdn Bhd ¹	REIT management	75.0	75.0
CapitaLand Malaysia Mall Trust ¹	REIT	37.3	37.0
CapitaLand Retail Malaysia Sdn Bhd ¹	Project management and consultancy services	100	100
Incorporated in Luxembourg:			
CAP 1 GP S.A.R.L. ¹	General partner	100	100

* Includes 15.2% interest indirectly held through CapitaLand Business Services Pte Ltd

¹ These entities were included in the combined financial statements from 1 January 2019

² These entities were included in the combined financial statements from 28 June 2019, being the date they were acquired by the CapitaLand Group

APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF THE CLI GROUP FOR FY2019 AND FY2020 WITH THE INDEPENDENT AUDITORS’ REPORT THEREON

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019

Basis of preparation of the combined financial statements

The Group resulting from the above Internal Restructuring is regarded as a continuing entity throughout the Relevant Periods as the Group is ultimately controlled by the immediate holding company, CapitaLand Limited, both before and after the internal restructuring.

Accordingly, the combined financial statements of the Group for the Relevant Periods have been prepared using the principles of merger accounting (except for Note 29) on the basis that the internal restructuring transfers the interest in the combining entities and businesses under common control to the Company has been effected as at the beginning of the Relevant Periods, or the dates of incorporation of the entities, or the dates when common control is established, whichever is later. The accounting policy for merger accounting is described in Note 3.2(f).

In applying merger accounting and preparing the combined financial statements, the Company recognises the assets, liabilities and equity of the combining entities or businesses at their respective historical carrying amounts, with the following adjustments:

- 22.9% of the interest in CapitaLand Integrated Commercial Trust (“CICT”) (2019: 22.9%) and 24.0% of the interest in CapitaLand China Trust (“CLCT”) (2019: 24.0%) were deemed to be transferred by the CapitaLand Group to the Group at the beginning of the Relevant Periods. CICT (2019: CapitaLand Mall Trust (“CMT”) and CapitaLand Commercial Trust (“CCT”)) and CLCT (2019: formerly known as CapitaLand Retail China Trust “CRCT”) have been accounted for as associates for the Relevant Periods.

The CapitaLand Group had held 28.9% (2019: CMT:28.5% and CCT: 29.4%) and 24.0% (2019: CRCT: 27.5%) of CICT and CLCT respectively and accounted for these entities as subsidiaries in 2019 and 2020.

- Ascendas Investment Pte. Ltd. (“AIPL”), Ascendas Real Estate Investment Trust (“A-REIT”) and Ascendas Hospitality Trust (“AHT”) were historically a part of the combining entities identified above, in 2020 only. The Group has elected to represent its 2019 comparatives, as if AIPL, A-REIT and AHT had been a part of the combining entities identified above, from the date of acquisition, 28 June 2019, as these entities are transferred between holding companies under common control.

These adjustments were made to reflect the relevant economic activities of the continuing Group and continuity of the financial information presented.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019

3 Summary of Significant Accounting Policies

3.1 Basis of preparation

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS). SFRS(I) are issued by the Accounting Standards Council and comprise standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB). All references to SFRS(I) and IFRS are subsequently referred to as SFRS(I) in these financial statements unless otherwise stated.

Notwithstanding that the Group has recorded a deficiency in net current assets of \$894 million and \$982 million as at 31 December 2020 and 2019 respectively, the combined financial statements for the years ended 31 December 2020 and 31 December 2019 have been prepared on a going concern basis (which has assumed that the Group will be able to discharge its liabilities including the mandatory repayment terms of the borrowings and debt securities, as and when they fall due). This is because the Group has secured credit facilities commitment from financial institutions, which will come into effect upon the listing of the Company, to enable the Group to continue its operations and meet its obligations as and when they fall due.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

These financial statements are presented in Singapore Dollars, which is the Company’s functional currency. All financial information presented in Singapore Dollars have been rounded to the nearest million, unless otherwise stated.

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 3.6, Note 4(a)	classification of investment properties
Note 9	recognition of deferred tax assets
Note 3.2(a), Note 29	accounting for acquisitions as business combinations or asset acquisitions

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NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019

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 5	measurement of recoverable amounts of goodwill
Note 6, Note 30	determination of fair value of investment properties
Note 31(c)	measurement of expected credit loss (ECL) allowance for trade receivables: key assumptions in determining the expected loss rate
Note 29	determination of fair value of assets, liabilities and contingent liabilities acquired in business combinations
Note 30	determination of fair value of financial instruments

The accounting policies set out below have been applied consistently by the Group entities to all periods presented in these financial statements, except as explained in notes 3.2, 3.14 and 37 which address changes in accounting policies.

3.2 Basis of consolidation

(a) Business combinations and property acquisitions

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets or acquisition of a property is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

From 1 January 2020 onwards, the Group has an option to apply a “concentration test” that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Goodwill arising from business combinations are measured as described in note 3.5(a).

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

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NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019

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

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition date fair value, unless another measurement basis is required by SFRS(I). If the business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at each acquisition date and any changes are taken to the profit or loss.

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

(b) 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 these returns through its power over the entity. The financial statements of subsidiaries are included in the combined financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as transactions with owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

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Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognised in the profit or loss. 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 a financial asset at fair value through other comprehensive income asset depending on the level of influence retained.

(c) Associates and joint ventures

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. Joint ventures are entities over whose activities the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Associates and joint ventures are accounted for using the equity method (collectively referred to as “equity-accounted investees”) and are recognised initially at cost. The cost of the investments includes transaction costs. The Group’s investments in equity-accounted investees include goodwill identified on acquisition, net of any accumulated impairment losses. Subsequent to initial recognition, the combined financial statements include the Group’s share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group’s share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee’s operation or has made payments on behalf of the investee.

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3.11. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(d) Joint operations

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

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(e) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the combined 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.

(f) *Acquisition under common control*

Business combinations arising from transfers of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously and no adjustments are made to reflect the fair values or recognised any new assets or liabilities, including no goodwill is recognised as a result of the combination. The components of equity of the acquired entities are added to the same components within the Group equity. Any difference between the consideration paid for the acquisition and share capital of acquiree is recognised directly to equity as reserve on consolidation.

3.3 *Foreign currencies*

Foreign currency transactions

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the functional currency).

Transactions in foreign currencies are translated to the respective functional currencies of the Group's entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting date are translated to the functional currency at the exchange rate prevailing at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which 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 from translation are recognised in the profit or loss, except for differences arising from the translation of monetary items that in substance form part of the Group's net investment in a foreign operation, financial assets fair value through other comprehensive income and financial liabilities designated as hedges of net investment in a foreign operation (note 3.8) or qualifying cash flow hedges to the extent such hedges are effective, which are recognised in other comprehensive income.

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Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisitions, are translated to Singapore Dollars at exchange rates prevailing at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore Dollars at exchange rates prevailing at the dates of the transactions. Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rates at the reporting date.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is transferred to the profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or a joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is transferred to the profit or loss.

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 to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income and are presented in the translation reserve in equity.

3.4 Property, plant and equipment

Property, 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. Certain of the Group's property, plant and equipment acquired through interests in subsidiaries, are accounted for as acquisition of assets (note 3.2(a)).

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset if 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 and its cost can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

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Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use. Freehold land has unlimited useful life and therefore is not depreciated. Depreciation on property, plant and equipment is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment as follows:

Buildings	30 years
Plant, machinery and improvements	1 to 10 years
Motor vehicles	5 years
Furniture, fittings and equipment	1 to 10 years

For serviced residence properties where the residual value at the end of the intended holding period is lower than the carrying amount, the difference in value is depreciated over the Group's intended holding period. The intended holding period (the period from the date of commencement of serviced residence operations to the date of expected strategic divestment of the properties) ranges from three to five years. No depreciation is recognised where the residual value is higher than the carrying amount.

Assets under construction are stated at cost and are not depreciated. Expenditure relating to assets under construction (including borrowing costs) are capitalised when incurred. Depreciation will commence when the development is completed and ready for use.

The assets' residual values, useful lives and depreciation methods are reviewed at each reporting date, and adjusted if appropriate.

3.5 Intangible assets

(a) Goodwill

For business combinations, the Group measures goodwill as at acquisition date based on the fair value of the consideration transferred (including the fair value of any pre-existing equity interest in the acquiree) and the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the amount is negative, a gain on bargain purchase is recognised in the profit or loss. Goodwill is subsequently measured at cost less accumulated impairment losses.

Goodwill arising from the acquisition of subsidiaries is included in intangible assets. Goodwill arising from the acquisition of associates and joint ventures is presented together with interests in associates and joint ventures.

Goodwill is tested annually for impairment as described in note 3.11.

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(b) Other intangible assets

Other intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. These are amortised in the profit or loss on a straight-line basis over their estimated useful lives of one to ten years, from the date on which the assets are available for use.

Other intangible assets with indefinite useful lives are not amortised and are measured at cost less accumulated impairment losses.

3.6 Investment properties and investment properties under development

Investment properties are properties held either to earn rental or for capital appreciation or both. Investment properties under development are properties being constructed or developed for future use as investment properties. Certain of the Group's investment properties acquired through interests in subsidiaries, are accounted for as acquisition of assets (note 3.2(a)).

Investment properties and investment properties under development are initially recognised at cost, including transaction costs, and subsequently at fair value with any change therein recognised in the profit or loss. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. The fair value is determined based on internal valuation or independent professional valuation. Independent valuation is also carried out on occurrence of acquisition and on completion of construction of investment property.

When an investment property or investment property under development is disposed of, the resulting gain or loss recognised in the profit or loss is the difference between the net disposal proceed and the carrying amount of the property.

Transfers to, or from, investment properties are made where there is a change in intent and use, evidenced by:

- development with a view to sell, for a transfer from investment properties to development properties for sale;
- commencement of leasing activities for a transfer from development properties for sale to investment properties;
- commencement of owner-occupation, for a transfer from investment properties to property, plant and equipment; and
- end of owner-occupation, for a transfer from property, plant and equipment to investment properties.

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3.7 Non-current assets and liabilities held for sale

Non-current assets and liabilities, that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the applicable SFRS(I). Thereafter, the assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment classified as held for sale are not amortised or depreciated. In addition, equity accounting of associates and joint ventures ceases once the investments are classified as held for sale.

3.8 Financial instruments

(a) Non-derivative financial assets

Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVTPL).

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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

At initial recognition

A financial asset is recognised if the Group becomes a party to the contractual provisions of the financial asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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At subsequent measurement

(i) Financial assets at amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method.

(ii) Financial assets at FVOCI

Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets’ cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in OCI and accumulated in fair value reserve, except for the recognition of impairment, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in “other operating income and expenses”. Interest income from these financial assets is recognised using the effective interest rate method and presented in “interest income”.

The Group has elected to recognise changes in fair value of equity securities not held for trading in OCI as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of equity investments classified as FVOCI are presented as “fair value gains/losses” in OCI. Dividends from equity investments are recognised in profit or loss as dividend income. On disposal of an equity investment, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to revenue reserve along with the amount previously recognised in OCI relating to that asset.

(iii) Financial assets at FVTPL

Financial assets that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in “other operating income”.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management are included as a component of cash and cash equivalents.

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(c) *Non-derivative financial liabilities*

The Group initially recognises debt securities issued on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the acquisition date. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

A financial liability is classified as fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

The Group classifies non-derivative financial liabilities under the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method. Other financial liabilities comprise loans, borrowings, debt securities and trade and other payables.

(d) *Derecognition*

Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or transfers substantially all the risks and rewards of the assets. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

(e) *Offsetting*

Financial assets and liabilities are offset and the net amount presented in the balance sheet 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.

(f) *Derivative financial instruments and hedge accounting*

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates each hedge as either: (a) fair value hedge; (b) cash flow hedge; or (c) net investment hedge.

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On initial designation of the derivative as the hedging instrument, the Group formally documents the economic 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. 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 reported profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Hedges directly affected by interest rate benchmark reform

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. There is uncertainty as to the timing and the methods of transition for replacing existing benchmark interbank offered rates (IBORs) with alternative rates. In Singapore, the fundamental review and reform of the two key Singapore Dollar interest rate benchmarks that are widely referenced in financial contracts, namely Singapore interbank offered rates (SIBORs) and Singapore swap offer rates (SORs), and the transition from SOR to the Singapore overnight rate average (SORA), is also ongoing.

The Group has adopted the principles of the amendments to SFRS(I) 9, SFRS(I) 1- 39 and SFRS(I) 7 issued in December 2019 in relation to the project on interest rate benchmark reform (“the amendments”).

A hedging relationship is directly affected by the uncertainties arising from the IBOR reform with respect to the hedged risk and the timing and amount of the interest rate benchmark-based cash flows of the hedged item and hedge instruments. For the purpose of evaluating whether the hedging relationship is expected to be highly effective (i.e. prospective effectiveness assessment), the Group assumes that the benchmark interest rate on which the cash flows are based is not altered as a result of IBOR reform.

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

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Cash flow hedges

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

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

Where the hedged forecast transaction subsequently results in the recognition of a non-financial item, such as inventory, the amounts recognised as OCI is included in the initial cost of the non-financial item.

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

Fair value hedges

The firm commitment of contracts entered into with various customers denominated in foreign currencies are designated as the hedged item. The Group uses foreign currency forwards to hedge its exposure to foreign currency risk arising from these contracts. Under the Group's policy, the critical terms of the forward exchange contracts must align with the hedged items. The Group designates the spot component of forward contracts as the hedging instrument. The fair value changes on the hedged item resulting from currency risk are recognised in profit or loss. The fair value changes on the spot of the currency forwards designated as fair value hedges are recognised in profit or loss within the same line item as the fair value changes from the hedged item. The fair value changes on the ineffective portion of currency forwards are recognised in profit or loss and presented separately in "other operating income or expenses".

Net investment hedge

The Group designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation. When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss on disposal of the foreign operation.

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Separable embedded derivatives

Changes in the fair value of separated embedded derivatives are recognised immediately in the profit or loss.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in the profit or loss.

(g) *Perpetual securities*

The perpetual securities do not have a maturity date and distribution payment is optional at the discretion of the Group. As the Group does not have a contractual obligation to repay the principal nor make any distributions, perpetual securities are classified as a separate class of equity.

Any distributions made are directly debited from total equity. Incremental costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

(h) *Financial guarantees*

Financial guarantee contracts are classified as financial liabilities unless the Group has previously asserted explicitly that it regards such contracts as insurance contracts and accounted for them as such.

Financial guarantees classified as financial liabilities

Such financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount of loss allowance. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to the profit or loss.

Financial guarantees classified as insurance contracts

These financial guarantees are accounted for as insurance contracts. Provision is recognised based on the Group's estimates of the ultimate cost of settling all claims incurred but unpaid at the end of the reporting period.

The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

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(i) *Impairment of financial assets*

The Group assesses on a forward looking basis the ECL associated with its financial assets carried at amortised cost and FVOCI, contract assets and financial guarantee contracts. For trade receivables, lease receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group applies the general approach of 12-month ECL at initial recognition for all other financial assets and financial guarantee contracts.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the balance sheet

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3.9 *Share capital*

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares and options are recognised as a deduction from equity.

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3.10 Development properties for sale and stocks

Development properties are measured at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the property. The write-down to net realisable value is presented as allowance for foreseeable losses.

The cost of development properties comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure.

When the development properties for sale are being transferred to investment property, any difference between the fair value of the property and its previous carrying amount at the date of transfer is recognised in profit or loss.

3.11 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, development properties for sale and stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified, an impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGU that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the CGU on a *pro-rata* basis.

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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 indication 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.

Goodwill that forms part of the carrying amount of an investment in an associate or a joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate or a joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate or a joint venture may be impaired.

3.12 Employee benefits

All short-term employee benefits, including accumulated compensated absences, are measured on an undiscounted basis and are recognised in the period in which the employees render their services.

The Group's obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value.

A provision is recognised for the amount expected to be paid under cash bonus or profit-sharing plans 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.

Defined contribution plans

Contributions to post-employment benefits under defined contribution plans are recognised as an expense in profit or loss in the period during which the related services are rendered by employees.

Share-based payments

For equity-settled share-based payment transactions, the fair value of the services received is recognised as an expense with a corresponding increase in equity over the vesting period during which the employees become unconditionally entitled to the equity instrument. The fair value of the services received is determined by reference to the fair value of the equity instrument granted at the grant date. At each reporting date, the number of equity instruments that are expected to be vested are estimated. The impact on the revision of original estimates is recognised as an expense and as a corresponding adjustment to equity over the remaining vesting period, unless the revision to original estimates is due to market conditions. No adjustment is made if the revision or actual outcome differs from the original estimate due to market conditions.

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For cash-settled share-based payment transactions, the fair value of the goods or services received is recognised as an expense with a corresponding increase in liability. The fair value of the services received is determined by reference to the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

3.13 Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for onerous contract is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with the contract.

3.14 Leases

(i) As a lessee

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

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

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

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The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property carried at fair value in accordance with note 3.6.

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

The Group presents the right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" and lease liabilities in "borrowings" in the balance sheet.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including office equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

COVID-19-related rent concessions

From 1 January 2020 onwards, the Group has applied COVID-19-Related Rent Concessions – Amendment to SFRS(I) 16. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

(ii) As a lessor

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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

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When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group recognises lease payments received from investment property under operating leases as rental income on a straight-line basis over the lease term as part of "revenue". Rental income from sub-leased property is recognised as "other income".

3.15 Revenue recognition

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 pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

Development properties for sale

The Group develops and sells residential projects to customers through fixed-price contracts. Revenue is recognised when the control over the residential project has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the residential project over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

The residential projects have no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the construction of the residential project. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

For certain contracts where the Group does not have enforceable right to payment, revenue is recognised only when the completed residential project is delivered to the customers and the customers have accepted it in accordance with the sales contract.

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Under certain payment schemes, the time when payments are made by the buyer and the transfer of control of the property to the buyer do not coincide and where the difference between the timing of receipt of the payments and the satisfaction of a performance obligation is 12 months or more, the entity adjusts the transaction price with its customer and recognises a financing component. In adjusting for the financing component, the entity uses a discount rate that would reflect that of a separate financing transaction between the entity and its customer at contract inception. A finance income or finance expense will be recognised depending on the arrangement. The Group has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component when the period between the transfer of control of good or service to a customer and the payment date is 12 months or less.

Revenue is measured at the transaction price agreed under the contract. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The customer is invoiced on a payment schedule and are typically triggered upon achievement of specified construction milestones. If the value of the goods transferred by the Group exceed the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

For costs incurred in fulfilling the contract, the Group will capitalise these as contract costs assets only if (a) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

Financial advisory and management fee

Financial advisory and management fee is recognised as and when the service is rendered.

Dividends

Dividend income is recognised on the date that the Group's right to receive payment is established.

Interest income

Interest income is recognised as it accrues, using the effective interest rate method.

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3.16 Government grants

Government grants related to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as "other operating income" on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as "other operating income" on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.17 Finance costs

Borrowing costs are recognised in the profit or loss using the effective interest rate method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

3.18 Tax

Income tax expense comprises current and deferred tax expense, as well as land appreciation tax in China. Income tax expense is recognised in the profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Land appreciation tax in China relates to the gains arising from the transfer of land use right and the buildings that are constructed on the land. Land appreciation tax is levied from 30% to 60% on gain from sale of landed properties with reference to the percentage of appreciated value over the deductible expenditure.

3.19 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to owners of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share plans granted to employees.

3.20 Operating segments

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-maker. The chief operating decision-maker comprises the Group CEO and key management officers of the corporate office.

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3.21 Discontinued operation

A discontinued operation is a component of the Group’s business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re-presented as if operation had been discontinued from the start of the comparative year.

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Property, plant and equipment owned
Right-of-use assets classified within property, plant and equipment

	2020 \$'M	2019 \$'M
	747	785
	349	129
	1,096	914

	Note	Serviced residence properties \$'M	Land and buildings \$'M	Plant, machinery and improvements \$'M	Motor vehicles \$'M	Furniture, fittings and equipment \$'M	Assets under construction \$'M	Total \$'M
The Group								
Cost								
At 1 January 2019		280	58	48	11	392	17	806
Translation differences		1	(11)	(3)	*	(6)	*	(19)
Additions		-	2	5	-	29	26	62
Acquisition of subsidiaries	28(b)	-	546	40	-	17	6	609
Disposal of subsidiaries		-	*	*	*	(6)	*	(6)
Disposals/Written off		-	-	(3)	*	(15)	(1)	(19)
Reclassification to other categories of assets		(287)	-	*	-	(13)	(2)	(302)
Reclassifications		-	2	5	-	19	(26)	-
Revaluation surplus on reclassification (note (a))		6	-	-	-	-	-	6
At 31 December 2019		-	597	92	11	417	20	1,137

600

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The Group		Serviced residence properties \$'M	Land and buildings \$'M	Plant, machinery and improvements \$'M	Motor vehicles \$'M	Furniture, fittings and equipment \$'M	Assets under construction \$'M	Total \$'M
Note								
Cost								
At 1 January 2020		-	597	92	11	417	20	1,137
Translation differences		-	31	3	1	14	1	50
Additions		-	3	10	*	25	10	48
Acquisition of subsidiaries	28(b)	-	1	-	-	*	-	1
Disposal of subsidiaries		-	-	-	-	(4)	-	(4)
Disposals/Written off		-	(1)	(2)	*	(10)	(1)	(14)
Reclassification to other categories of assets		-	(2)	(1)	-	(8)	(5)	(16)
Reclassifications		-	8	6	-	3	(17)	-
At 31 December 2020		-	637	108	12	437	8	1,202

* Less than \$1 million

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	Note	Serviced residence properties \$'M	Land and buildings \$'M	Plant, machinery and improvements \$'M	Motor vehicles \$'M	Furniture, fittings and equipment \$'M	Assets under construction \$'M	Total \$'M
The Group								
Accumulated depreciation and impairment loss								
At 1 January 2019		5	21	33	10	254	-	323
Translation differences		*	(2)	(2)	*	(5)	-	(9)
Depreciation for the year	25(c)(ii)	-	11	8	1	47	-	67
Disposal of subsidiaries		-	-	-	*	(2)	-	(2)
Disposals/Written off		-	-	(2)	*	(14)	-	(16)
Reclassification to other categories of assets		(5)	-	*	-	(12)	-	(17)
Impairment		-	6	-	-	-	-	6
At 31 December 2019		-	36	37	11	268	-	352

* Less than \$1 million

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The Group	Note	Serviced residence properties \$'M	Land and buildings \$'M	Plant, machinery and improvements \$'M	Motor vehicles \$'M	Furniture, fittings and equipment \$'M	Assets under construction \$'M	Total \$'M
Accumulated depreciation and impairment loss								
At 1 January 2020		-	36	37	11	268	-	352
Translation differences		-	2	1	1	7	-	11
Depreciation for the year	25(c)(ii)	-	17	12	*	49	-	78
Disposal of subsidiaries		-	-	-	-	(3)	-	(3)
Disposals/Written off		-	*	(2)	*	(9)	-	(11)
Reclassification to other categories of assets		-	-	-	-	1	-	1
Impairment		-	27	-	-	-	-	27
At 31 December 2020		-	82	48	12	313	-	455
Carrying amounts								
At 1 January 2019		275	37	15	1	138	17	483
At 31 December 2019		-	561	55	-	149	20	785
At 31 December 2020		-	555	60	-	124	8	747

* Less than \$1 million

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- (a) The classification of serviced residence properties as property, plant and equipment or investment properties is based on the level of ancillary services, length of stay, amongst other factors. In 2019, the Group evaluated and reclassified a serviced residence property in United Kingdom to investment properties based on the fair value obtained from independent professional valuation and a gain of \$6 million was recognised in equity.
- (b) As at 31 December 2020 and 2019, certain property, plant and equipment with carrying value totalling approximately \$23 million (2019: \$24 million) were mortgaged to banks to secure credit facilities for the Group (note 16).
- (c) Hotel properties included in land and buildings are measured at cost less accumulated depreciation and accumulated impairment losses. During the financial year ended 31 December 2020, an impairment loss of \$27 million (2019: \$6 million) was recognised in respect of certain hotel properties in Australia as the net carrying value of the assets exceeded the recoverable amount. The decrease in recoverable amount was mainly due to the lower expected operating cashflow from the properties as the properties' performance was impacted by the travel restrictions imposed by governments amid the COVID-19 pandemic. The recoverable amount was determined based on independent professional valuations using the discounted cashflow method and the fair value measurement is categorised as Level 3 on the fair value hierarchy.

Details of valuation techniques and significant unobservable inputs are set out in the table below.

Type	Valuation method	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Hotel properties in Australia	Discounted cashflow approach	- Discount rate: 6.0% to 7.8% (2019: 7.8% to 8.5%) - Terminal yield rate: 5.0% to 6.3% (2019: 6.0% to 6.8%) - Revenue per available unit (RevPau): \$94 to \$169 (2019: \$113 to \$220) - Occupancy rate: 41.0% to 90.0% (2019: 80.0% to 92.0%)	The estimated fair value varies inversely against the discount rate and terminal yield rate and increases with higher RevPau and occupancy rates.

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Right-of-use assets classified within property, plant and equipment

	Note	Buildings \$M	Motor Vehicles \$M	Total \$M
The Group				
Cost				
At 1 January 2019		163	1	164
Translation differences		*	-	*
Additions		55	*	55
Acquisition of subsidiaries	28(b)	3	-	3
Expiry/Termination of leases		(3)	(1)	(4)
At 31 December 2019		218	*	218
At 1 January 2020		218	*	218
Translation differences		21	*	21
Additions		22	*	22
Acquisition of subsidiaries	28(b)	233	-	233
Expiry/Termination of leases		(25)	*	(25)
Reclassification to other categories of assets		(2)	-	(2)
At 31 December 2020		467	*	467
Accumulated depreciation				
At 1 January 2019		63	-	63
Translation differences		(2)	*	(2)
Depreciation for the year	25(c)(ii)	28	*	28
Expiry/Termination of leases		*	-	*
At 31 December 2019		89	*	89
At 1 January 2020		89	*	89
Translation differences		3	*	3
Depreciation for the year	25(c)(ii)	48	*	48
Expiry/Termination of leases		(22)	*	(22)
Reclassification to other categories of assets		*	-	*
At 31 December 2020		118	*	118
Carrying amounts				
At 1 January 2019		100	1	101
At 31 December 2019		129	*	129
At 31 December 2020		349	*	349

* Less than \$1 million

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5 Intangible Assets

	Note	Goodwill \$'M	Management contracts \$'M	Others^ \$'M	Total \$'M
The Group					
Cost					
At 1 January 2019		541	-	111	652
Additions		-	-	10	10
Acquisition of subsidiaries	28(b)	50	314	*	364
Written off		-	-	*	-
Reclassification from other categories of assets		-	-	3	3
Translation differences		(2)	(1)	*	(3)
At 31 December 2019		589	313	124	1,026
At 1 January 2020		589	313	124	1,026
Additions		-	-	14	14
Acquisition of subsidiaries	28(b)	149	-	60	209
Written off		-	-	(1)	(1)
Reclassification from other categories of assets		-	-	16	16
Translation differences		11	4	3	18
At 31 December 2020		749	317	216	1,282
Accumulated amortisation and impairment loss					
At 1 January 2019		62	-	16	78
Amortisation for the year	25(c)(ii)	-	-	18	18
Impairment for the year	25(c)(iii)	-	-	5	5
Written off		-	-	*	*
Reclassification from other categories of assets		-	-	*	*
Translation differences		-	-	*	*
At 31 December 2019		62	-	39	101
At 1 January 2020		62	-	39	101
Amortisation for the year	25(c)(ii)	-	-	23	23
Impairment for the year	25(c)(iii)	150	-	3	153
Written off		-	-	(1)	(1)
Reclassification from other categories of assets		-	-	*	*
Translation differences		*	-	*	*
At 31 December 2020		212	-	64	276
Carrying amounts					
At 1 January 2019		479	-	95	574
At 31 December 2019		527	313	85	925
At 31 December 2020		537	317	152	1,006

^ Others comprise trademarks, software and licences and club memberships.

* Less than \$1 million

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(a) Impairment test for goodwill

The key assumptions used in the estimation of the recoverable amount are set below:

	<----- Key assumptions ----->				Carrying Value	
	Terminal growth rates		Discount rates		2020	2019
	2020	2019	2020	2019	\$'M	\$'M
	%	%	%	%		
The Ascott Limited (Ascott)	0.2	2.6	4.9	6.2	417	417
A serviced residence in London	2.0	2.0	5.8	5.8	-	15
Synergy Global Housing	2.0	2.0	10.0	10.0	5	27
TAUZIA Hotel Management (TAUZIA)	3.3	3.0	14.0	14.0	9	19
QSA Group Pty Ltd (QSA Group)	1.8	-	10.0	-	57	-
Ascendas-Singbridge (ASB)	1.0	1.0	4.9	5.9	49	49
As at 31 December					537	527

Ascott, a serviced residence in London, Synergy Global Housing, TAUZIA and QSA Group

The recoverable amounts of the CGUs are determined based on value in use calculations. The value in use calculation is a discounted cash flow model using cash flow projections based on the most recent forecasts approved by management covering three to five years. In 2020, the discounted cash flow models also took into account the probability of changes to cashflow projection based on various business scenario under the COVID-19 pandemic. Cash flows beyond these periods are extrapolated using the estimated terminal growth rates stated in the table above. The discount rates applied are the weighted average cost of capital from the relevant business segments. The key assumptions are those relating to expected changes in average rental and occupancy rates and direct costs. The terminal growth rates used for each CGU are based on management's expectation of the long-term average growth rates of the respective industry and countries in which the CGUs operate.

As disclosed in note 28, goodwill of \$149 million was recorded on the acquisition of QSA Group in July 2020, following a change in control over the entity as stipulated in the shareholder agreement. Prior to July 2020, it was recorded as investment in joint venture.

During 2020, an impairment loss of \$48 million was recognised on goodwill relating to Synergy Global Housing, TAUZIA and a serviced residence in London as the recoverable amounts from these CGUs were lower than their carrying amounts. The decrease was mainly due to lower expected operating cashflows from the CGUs as the operating performance of the hospitality sector was heavily impacted by the travel restrictions imposed amid the COVID-19 pandemic.

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The revenue drivers of QSA Group include one-time sale of business income to franchisees as well as recurring franchisee fees. However, with the worsening market conditions in the second half of 2020 in Australia which has impacted the Quest's business such that new properties have to be operated directly by the group. The traditional sale of business income and recurring franchise fees have also impacted cashflow and the sale of business income to new franchisees will be affected until the situation recovers. Accordingly, an impairment loss of \$102 million was made in respect of the goodwill relating to QSA Group as at 31 December 2020.

The impairment losses were recognised in 'other operating expenses' in the combined income statement.

ASB

The recoverable amount of the CGU is determined based on value in use calculations. The value in use calculation is a discounted cash flow model using cash flow projections based on the most recent forecasts approved by management covering 10 years. Cash flows beyond the third year are extrapolated using the estimated terminal growth rate of 1.0% (2019: 1.0%). The discount rate of 4.9% (2019: 5.9%) is applied using the weighted average cost of capital from the relevant business segment. Management has assessed that the recoverable amount to be higher than its carrying amount for the Relevant Periods.

(b) Management contracts

These relate to the management contracts entered into between subsidiary companies and Ascendas Real Estate Investment Trust and Ascendas India Trust. These contracts are deemed to have indefinite useful lives and are measured at cost less accumulated impairment losses.

The recoverable amount of the CGU is determined based on value in use calculations. Cash flow projections are based on forecast using discount rates of 6.4% to 8.9% (2019: 12.5% to 15.1%) and growth rates of 1.0% to 2.5% (2019: 1.0% to 3.0%) covering a 10-year period and beyond. The lower discount rates in FY2020 are mainly due to the decrease in key inputs, such as risk free rate, cost of debt and forecast risk premium adopted in the computation of discount rates. The forecast is reviewed, updated and approved by management on an annual basis. The Group has assessed and determined that no impairment in the value of management contracts has arisen.

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6 Investment Properties

	Note	2020 \$'M	2019 \$'M
At 1 January		16,256	11,592
Acquisition of subsidiaries	28(b)	223	4,568
Disposal of subsidiaries	28(d)	(245)	(684)
Additions		244	355
Disposals		(311)	(4)
Reclassification from/(to) assets held for sale		61	(184)
Reclassifications from development properties for sale		-	116
Reclassification from property, plant and equipment		4	280
Changes in fair value		(698)	352
Translation differences		318	(135)
At 31 December		15,852	16,256

- (a) Investment properties, which include those in the course of development, are stated at fair value based on independent professional valuations or internal valuations. 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 knowledgeably and without compulsion. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The valuers have considered valuation techniques including the direct comparison method, capitalisation approach, discounted cash flows and residual method in arriving at the open market value as at the balance sheet date. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation rate, terminal yield rate, discount rate, comparable market price and occupancy rate. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. In the residual method of valuation, the total gross development costs and developer's profit are deducted from the gross development value to arrive at the residual value of land. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation. Details of valuation methods and key assumptions used to estimate the fair values of investment properties are set out in note 30.

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The outbreak of the COVID-19 pandemic in 2020 has impacted market activity in many property sectors in the countries that the Group operates in. As the impact of COVID-19 is fluid and evolving, significant market uncertainty exists. Consequently, the valuations of certain investment properties as at 31 December 2020 are subject to material valuation uncertainty. The carrying amounts of the investment properties were current as at 31 December 2020 only. Values may change more rapidly and significantly than during normal market conditions. In relying on the valuation reports, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.

- (b) The Group's investment properties which are classified under Level 3 are analysed as below:

	Shopping mall \$'M	Office \$'M	Integrated development \$'M	Lodging \$'M	Business park, industrial and logistics \$'M	Total \$'M
The Group						
31 December 2020						
Singapore	-	1,050	-	1,071	834	2,955
China (includes Hong Kong)	482	860	595	445	564	2,946
Others*	1,846	876	162	6,473	594	9,951
	<u>2,328</u>	<u>2,786</u>	<u>757</u>	<u>7,989</u>	<u>1,992</u>	<u>15,852</u>
31 December 2019						
Singapore	-	835	-	1,078	833	2,746
China (includes Hong Kong)	517	838	756	479	519	3,109
Others*	2,195	992	177	6,734	303	10,401
	<u>2,712</u>	<u>2,665</u>	<u>933</u>	<u>8,291</u>	<u>1,655</u>	<u>16,256</u>

* Others include countries in Asia (excluding Singapore, China and Hong Kong), Europe, United States of America and Australia.

- (c) As at 31 December 2020, investment properties valued at \$422 million (2019: \$1,035 million) were under development.
- (d) As at 31 December 2020, certain investment properties with carrying value of approximately \$10,087 million (2019: \$10,511 million) were mortgaged to banks to secure credit facilities (notes 16 and 17).
- (e) During the financial year ended 31 December 2020, interest capitalised as cost of investment properties amounted to approximately \$5 million (2019: \$9 million) (note 25(d)).

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- (f) Investment properties of the Group are held mainly for use by tenants under operating leases. Minimum lease payments receivable under non-cancellable operating leases of investment properties and not recognised in the financial statements are as follows:

	2020 \$'M	2019 \$'M
Lease rentals receivable:		
Less than one year	499	450
One to two years	383	361
Two to three years	272	259
Three to four years	180	182
Four to five years	160	125
More than five years	495	506
	1,989	1,883

- (g) Contingent rents, representing income based on sales turnover achieved by tenants, amounted to \$12 million for the year ended 31 December 2020 (2019: \$17 million).
- (h) As at 31 December 2020, the right-of-use of the land and buildings that are classified within investment properties has carrying amount of \$355 million (2019: \$359 million).

7 Associates

	2020 \$'M	2019 \$'M
(a) Investment in associates	10,906	10,990
Less:		
Allowance for impairment	*	-
	10,906	10,990
Add:		
Amounts due from associates, at amortised cost:		
Loan accounts- interest free	2	94
	10,908	11,084

* Less than \$1 million

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- (i) Loans due from associates are unsecured and not expected to be repaid within the next twelve months.
- (ii) Loan accounts include an amount of approximately \$2 million (2019: \$94 million), the repayment of which is subordinated to that of the external borrowings of certain associates.

	Note	2020 \$'M	2019 \$'M
(b) Amounts due from associates:			
Current accounts (unsecured)			
- interest free (trade)		138	108
- interest free (non-trade)		13	3
		151	111
Less:			
Allowance for impairment loss on receivables		*	*
Presented in trade and other receivables	12	151	111
Non-current loans (unsecured)			
- interest bearing		2	-
Presented in other non-current assets	10	2	-

* Less than \$1 million

- (i) The effective interest rates for interest-bearing amounts due from associates is 5.50% (2019: 5.15%) per annum as at 31 December 2020.
- (ii) The Group exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in note 31.

	Note	2020 \$'M	2019 \$'M
(c) Amounts due to associates:			
Current accounts (mainly non-trade and unsecured)			
- interest free		478	479
- interest bearing		5	5
Presented in trade and other payables	15	483	484

- (i) The effective interest rates for amounts due to associate is 8.00% (2019: 8.00%) per annum as at 31 December 2020.

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(d) The following are the material associates of the Group:

Name of Company	Nature of relationship with the Group	Principal place of business	Effective interest 2020 %	2019 %
CapitaLand Integrated Commercial Trust (CICT) ^{1,4}	Singapore-based REIT which invests in shopping malls and commercial properties in Singapore	Singapore	22.9	-
CapitaLand Mall Trust (CMT) ^{1,4}	Singapore-based REIT which invests in shopping malls in Singapore	Singapore	-	22.9
CapitaLand Commercial Trust (CCT) ^{1,4}	Singapore-based REIT which invests in commercial properties in Singapore	Singapore	-	22.9
Raffles City China Income Ventures Limited ^{1,3} (RCCIV)	Private equity fund which invests in five Raffles City integrated developments in China	China	55.0	55.0
Ascendas Real Estate Investment Trust (A-REIT) ²	Singapore-based REIT which invests in industrial properties and business park in Singapore, Australia, United States of America and United Kingdom	Singapore	18.0	19.0

¹ Audited by KPMG LLP Singapore.

² Audited by Ernst & Young LLP Singapore.

³ Considered to be an associate as key decisions are made by an independent board which the Group does not have majority control.

⁴ On 21 October 2020, the combination of CapitaLand Mall Trust (CMT) and CapitaLand Commercial Trust (CCT) to be effected by way of a trust scheme of arrangement with CMT acquiring all units of CCT for total consideration of S\$6,311 million, comprising S\$1,000 million in cash and 2,781 million new CMT Units issued at a price of S\$1.91 per CMT Unit was completed. The Group's stake in CICT is 22.9%, see note 2.

Management assessed the extent of its control over CICT (2019: CMT and CCT), taking into consideration that the managers of the REIT which is a wholly-owned subsidiary of the Group, its effective stake in the relevant trusts and the returns (both marginal and absolute returns) generated from its investment in and management of both trusts. Management concluded that the Group does not have sufficient interest to control CICT and therefore accounts for its investment in CICT as an associate.

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The following summarises the financial information of the Group's material associates based on their respective consolidated financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also includes summarised aggregate financial information for the Group's interest in other individually immaterial associates, based on the amounts reported in the Group's combined financial statements.

	CICT \$'M	RCCIV Group \$'M	A-REIT \$'M	Other individually immaterial associates \$'M	Total \$'M
31 December 2020					
Revenue ¹	1,210	407	1,049		
(Loss)/Profit after tax	(90)	76	457		
Other comprehensive income	(28)	261	41		
Total comprehensive income	(118)	337	498		
Attributable to:					
- NCI	-	85	-		
- Associate's shareholders	(118)	252	498		
¹ Includes:					
- Revenue from contract with customers for sale of residential, commercial strata and urban development	-	9	-		
- Rental and related income from investment properties	1,210	398	1,049		
Current assets	273	1,313	353		
Non-current assets	22,144	6,529	14,770		
Current liabilities	(1,334)	(295)	(843)		
Non-current liabilities	(8,015)	(3,119)	(5,090)		
Net assets	13,068	4,428	9,190		
Attributable to:					
- NCI	13,038	873	298		
- Associate's shareholders	30	3,555	8,892		
Carrying amount of interest in associate at beginning of the year	3,424	1,834	2,023		
Group's share of:					
- (Loss)/ Profit	(22)	22	88	(7)	81
- Other comprehensive income	(7)	116	8	150	267
- Total comprehensive income	(29)	138	96	143	348
Dividends received during the year	(172)	-	(115)		
Capital contributions during the year	-	-	106		
Additions	144	-	-		
Translation and other adjustments	(383)	(17)	16		
Carrying amount of interest in associate at end of the year	2,984	1,955	2,126	3,843	10,908
Fair value of effective ownership interest (if listed) [^]	3,229	N/A	2,156		

[^] Based on the quoted market price at 31 December 2020.

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	CCT \$'M	CMT \$'M	RCCIV \$'M	A-REIT \$'M	Other individually immaterial associates \$'M	Total \$'M
31 December 2019						
Revenue ¹	412	784	559	469		
Profit after tax	436	697	256	250		
Other comprehensive income	(19)	21	(62)	(18)		
Total comprehensive income	417	718	194	232		
Attributable to:						
- NCI	1	-	62	-		
- Associate's shareholders	416	718	132	232		
	417	718	194	232		
¹ Includes:						
- Revenue from contract with customers for sale of residential, commercial strata and urban development	-	-	138	-		
- Rental and related income from investment properties	483	944	421	419		
Current assets	268	229	1,289	251		
Non-current assets	9,923	11,503	6,214	13,613		
Current liabilities	(141)	(495)	(355)	(979)		
Non-current liabilities	(2,835)	(3,470)	(2,985)	(4,774)		
Net assets	7,215	7,767	4,163	8,111		
Attributable to:						
- NCI	29	-	828	-		
- Associate's shareholders	7,186	7,767	3,335	8,111		
	7,215	7,767				
Carrying amount of interest in associate at beginning of the year	1,604	1,708	1,824	-		
Acquisition during the year	-	-	-	1,771		
Group's share of:						
- Profit	104	162	104	48	375	793
- Other comprehensive income	(2)	(2)	(31)	(3)	(48)	(86)
- Total comprehensive income	102	160	73	45	327	707
Dividends received during the year	(82)	(86)	(49)	(48)		
Capital contribution during the year	-	-	-	255		
Additions	20	3	-	-		
Translation and other adjustments	1	(6)	(14)	-		
Carrying amount of interest in associate at end of the year	1,645	1,779	1,834	2,023	3,803	11,084
Fair value of effective ownership interest (if listed) [^]	1,755	2,075	N/A	2,043		

[^] Based on the quoted market price at 31 December 2019.

(e) As at 31 December 2020, the Group's share of the contingent liabilities of the associates is \$5 million (2019: \$5 million).

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8 Joint Ventures

	Note	2020 \$'M	2019 \$'M
(a) Investment in joint ventures		1,843	2,078
Less:			
Allowance for impairment loss		(10)	(21)
		1,833	2,057
Add:			
Amounts due from joint ventures, at amortised cost:			
Loan accounts			
- interest free		454	549
- interest bearing		18	18
Less:			
Allowance for impairment loss on receivables	31	(15)	(15)
		457	552
		2,290	2,609

(i) Loans due from joint ventures are unsecured and not expected to be repaid within the next twelve months.

(ii) Movements in allowance for impairment loss were as follows:

	2020 \$'M	2019 \$'M
At 1 January	(21)	(11)
Allowance during the year	-	(10)
Utilised during the year	11	-
Translation differences	*	*
At 31 December	(10)	(21)

* Less than \$1 million

(iii) As at 31 December 2020, the effective interest rates for the interest-bearing loans to joint ventures ranged from 4.25% to 6.50% (2019: 5.03% to 6.50%) per annum.

(iv) As at 31 December 2020, loan accounts include an amount of approximately \$235 million (2019: \$338 million), the repayment of which is subordinated to that of the external borrowings of certain joint ventures.

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	Note	2020 \$'M	2019 \$'M
(b) Amounts due from joint ventures:			
Current accounts (unsecured)			
- interest free (trade)		35	32
- interest free (non-trade)		158	126
- interest bearing (mainly non-trade)		8	8
		201	166
Less:			
Allowance for impairment loss on receivables	31	(25)	(20)
Presented in trade and other receivables	12	176	146

- (i) As at 31 December 2020, the effective interest rates for amounts due from joint ventures is 1.80% (2019: 1.80%) per annum.
- (ii) The Group exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in note 31.

	Note	2020 \$'M	2019 \$'M
(c) Amounts due to joint ventures:			
Current accounts (unsecured)			
- interest free (mainly non-trade)		1	1
- interest bearing (non-trade)		-	*
Presented in trade and other payables	15	1	1

* Less than \$1 million

- (i) As at 31 December 2019, the effective interest rates for amounts due to joint ventures is 5.22% per annum.

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(d) The following are the material joint ventures of the Group:

Name of Company	Nature of relationship with the Group	Principal place of business	Effective interest	
			2020 %	2019 %
Orchard Turn Holding Pte Ltd ¹ (OTH)	Owner of an integrated development in Singapore	Singapore	50.0	50.0
CapitaLand Shanghai Malls ^{2,3,4}	Owner of two integrated developments in China	China	65.0 to 73.0	65.0 to 73.0

¹ Audited by KPMG LLP Singapore.

² Audited by other member firms of KPMG International.

³ Considered to be a joint venture as the Group had joint control over the relevant activities of the trust with the joint venture partners.

⁴ CapitaLand Shanghai Malls comprised two joint ventures held through the Group's subsidiary, CapitaLand Mall Asia Limited, namely, Ever Bliss International Limited and Full Grace Enterprises Limited.

The following summarises the financial information of each of the Group's material joint ventures based on their respective consolidated financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also includes summarised financial information for the Group's interest in immaterial joint ventures, based on the amounts reported in the Group's combined financial statements.

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	OTH Group \$'M	CapitaLand Shanghai Malls \$'M	Other individually immaterial joint ventures \$'M	Total \$'M
31 December 2020				
Revenue ¹	214	158		
(Loss)/ Profit ² after tax	(185)	18		
Other comprehensive income	3	105		
Total comprehensive income	(182)	123		
¹ Includes:				
- revenue from contract with customers for sale of residential, commercial strata and urban development	12	-		
- rental and related income from investment properties	203	158		
² Includes:				
- depreciation and amortisation	(3)	*		
- interest income	1	15		
- interest expense	(46)	(49)		
- tax expense	(18)	(19)		
Current assets ³	161	354		
Non-current assets	3,111	2,918		
Current liabilities ⁴	(89)	(98)		
Non-current liabilities ⁵	(1,683)	(1,262)		
Net assets	1,500	1,912		
³ Includes cash and cash equivalents	152	344		
⁴ Includes current financial liabilities (excluding trade and other payables and provisions)	(20)	(29)		
⁵ Includes non-current financial liabilities (excluding trade and other payables and provisions)	(1,682)	(1,093)		
Carrying amount of interest in joint venture at beginning of the year	868	602		
Group's share of:				
- (Loss)/ Profit	(93)	9	(22)	(106)
- Other comprehensive income	2	54	7	63
- Total comprehensive income	(91)	63	(15)	(43)
Dividends received during the year	(27)	-		
Translation and other adjustments	-	(5)		
Carrying amount of interest in joint venture at end of the year	750	660	880	2,290

* Less than \$1 million

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	OTH Group \$'M	CapitalLand Shanghai Malls \$'M	Other individually immaterial joint ventures \$'M	Total \$'M
31 December 2019				
Revenue ¹	261	178		
Profit ² after tax	166	134		
Other comprehensive income	*	(25)		
Total comprehensive income	166	109		
¹ Includes:				
- revenue from contract with customers for sale of residential, commercial strata and urban development	-	*		
- rental and related income from investment properties	261	176		
² Includes:				
- depreciation and amortisation	(3)	(1)		
- interest income	2	8		
- interest expense	(50)	(51)		
- tax expense	(8)	(60)		
Current assets ³	136	492		
Non-current assets	3,386	3,016		
Current liabilities ⁴	(100)	(156)		
Non-current liabilities ⁵	(1,687)	(1,366)		
Net assets	1,735	1,986		
³ Includes cash and cash equivalents	123	356		
⁴ Includes current financial liabilities (excluding trade and other payables and provisions)	(17)	(19)		
⁵ Includes non-current financial liabilities (excluding trade and other payables and provisions)	(1,686)	(1,111)		
Carrying amount of interest in joint venture at beginning of the year	845	552		
Acquisition during the year	-	-		
Group's share of:				
- (Loss)/ Profit	83	65	24	172
- Other comprehensive income	*	(12)	(45)	(57)
- Total comprehensive income	83	53	(21)	115
Dividends received during the year	(60)	-		
Translation and other adjustments	-	(3)		
Carrying amount of interest in joint venture at end of the year	868	602	1,139	2,609

* Less than \$1 million

- (e) As at 31 December 2020, the Group's share of the capital commitments of the joint ventures is \$307 million (2019: \$359 million).

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9

Deferred Tax

The movements in the deferred tax assets and liabilities were as follows:

	At 1/1/2020 \$'M	Recognised in profit or loss \$'M	Acquisition/ Disposal of subsidiaries \$'M	Translation differences \$'M	At 31/12/2020 \$'M
Deferred tax liabilities					
Accelerated tax depreciation	26	(5)	-	1	22
Accrued income and interest receivable	4	*	-	*	4
Fair value adjustments arising from a business combination	89	(2)	11	*	98
Fair value changes of investment properties	380	(86)	-	9	303
Unremitted earnings	16	(4)	-	*	12
Others	26	(3)	-	2	25
Total	541	(100)	11	12	464
Deferred tax assets					
Unutilised tax losses	(2)	(2)	-	*	(4)
Provisions and expenses	(41)	1	(1)	(4)	(45)
Deferred income	(1)	-	-	*	(1)
Others	(10)	2	-	*	(8)
Total	(54)	1	(1)	(4)	(58)

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The Group	At 1/1/2019 \$' M	Recognised in profit or loss \$' M	Acquisition/ Disposal of subsidiaries \$' M	Translation differences \$' M	At 31/12/2019 \$' M
Deferred tax liabilities					
Accelerated tax depreciation	19	7	*	*	26
Accrued income and interest receivable	4	*	*	*	4
Fair value adjustments arising from a business combination	30	*	59	*	89
Fair value changes of investment properties	189	96	97	(3)	379
Unremitted earnings	7	7	2	*	16
Others	23	*	2	2	27
Total	272	110	160	(1)	541
Deferred tax assets					
Unutilised tax losses	(2)	*	*	*	(2)
Provisions and expenses	(43)	4	(3)	1	(41)
Deferred income	-	-	(1)	*	(1)
Others	(3)	(3)	(4)	*	(10)
Total	(48)	1	(8)	1	(54)

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Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The following amounts, determined after appropriate offsetting, are shown on the balance sheets:

	Gross Amount \$'M	Offset \$'M	Net Amount \$'M
31 December 2020			
Deferred tax liabilities	464	-	464
Deferred tax assets	(58)	-	(58)
	<u>406</u>	<u>-</u>	<u>406</u>
31 December 2019			
Deferred tax liabilities	541	-	541
Deferred tax assets	(54)	-	(54)
	<u>487</u>	<u>-</u>	<u>487</u>

As at 31 December 2020, deferred tax liabilities amounting to \$5 million (2019: \$5 million) had not been recognised for taxes that would be payable on the undistributed earnings of certain subsidiaries as these earnings would not be distributed in the foreseeable future.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The Group has not recognised deferred tax assets in respect of the following:

	2020 \$'M	2019 \$'M
Deductible temporary differences	13	19
Tax losses	744	477
Unutilised capital allowances	17	5
	<u>774</u>	<u>501</u>

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the subsidiaries of the Group can utilise the benefits.

Temporary differences would expire in the following periods:

Expiry period	2020 \$'M	2019 \$'M
No expiry	314	236
Not later than 1 year	63	4
Between 1 and 5 years	202	177
After 5 years	195	84
	<u>774</u>	<u>501</u>

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10 Other Non-current/Current Assets

(a) Other non-current assets

	Note	2020 \$'M	2019 \$'M
Equity investments at FVTPL		332	338
Equity investments at FVOCI		64	84
Derivative financial instruments		5	18
Amounts due from:			
- associates	7(b)	2	-
- related parties			
- interest free loan		96	96
- interest bearing loan	(b)	250	250
		346	346
Other receivables		16	10
Deposits		3	1
Prepayments		2	1
		<u>770</u>	<u>798</u>

(a) Loans due from related parties are unsecured and not expected to be repaid within the next twelve months.

(b) As at 31 December 2020, the effective interest rates for amounts due from related parties is 3.7% (2019: 3.7%) per annum.

(b) Other current assets

	2020 \$'M	2019 \$'M
Derivative financial instruments	<u>6</u>	<u>8</u>

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11 Development Properties for Sale and Stocks

	2020 \$M	2019 \$M
(a) Properties under development, units for which revenue is recognised at a point in time		
Land and land related costs	21	20
Development costs	65	62
	86	82
Allowance for foreseeable losses	(17)	-
Properties under development	69	82
(b) Completed development properties, at cost	141	163
Allowance for foreseeable losses	-	(28)
Completed development properties	141	135
(c) Consumable stocks	1	1
Total development properties for sale and stocks	211	218
(d) The Group makes allowance for foreseeable losses by applying its experience in estimating the net realisable values of completed units and properties under development. References were made to comparable properties, timing of sale launches, location of property, management's expected net selling prices and estimated development expenditure. Market conditions may, however, change which may affect the future selling prices of the remaining unsold units of the development properties and accordingly, the carrying value of development properties for sale may have to be written down in future periods.		
(e) During the financial year, the staff costs of \$1 million (2019: NIL) was capitalised as cost of development properties for sale.		
(f) Movements in allowance for foreseeable losses in respect of development properties for sale were as follows:		
	Note	
		2020 \$'M
		2019 \$'M
At 1 January		(28)
Allowance during the year	25(c)(i)	(17)
Utilised during the year		28
At 31 December		(17)

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12 Trade and Other Receivables

	Note	2020 \$'M	2019 \$'M
Trade receivables		222	176
Less:			
Allowance for impairment loss on receivables	31	(29)	(11)
		193	165
Deposits		17	17
Other receivables		98	320
Less:			
Allowance for impairment loss on receivables	31	(18)	(15)
		80	305
Tax recoverable		16	16
Amounts due from:			
- associates	7(b)	151	111
- joint ventures	8(b)	176	146
- non-controlling interest		8	*
- related parties			
Current accounts (unsecured)			
- interest free (trade)		64	53
- interest free (non-trade)		462	295
Loans (unsecured)			
- interest free		1,941	2,348
- interest bearing	(c)	1,185	875
Less:			
Allowance for impairment loss on receivables		(84)	(84)
		3,568	3,487
Loans and receivables		4,209	4,247
Prepayments		49	55
		4,258	4,302

* Less than \$1 million

- (a) As at 31 December 2020 and 2019, certain trade and other receivables amounting to approximately \$1 million (2019: less than \$1 million) were mortgaged to banks to secure credit facilities of the Group (note 16).
- (b) Amounts due from related parties are unsecured and repayable on demand.
- (c) As at 31 December 2020, the effective interest rates for amounts due from related parties ranged from 0.01% to 4.57% (2019: 1.06% to 5.45%) per annum.
- (d) The Group's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in note 31.

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13 Assets/Liabilities Held for Sale

	Note	2020 \$'M	2019 \$'M
Property, plant and equipment		–	2
Investment properties	30(d)(i)	32	247
Trade and other receivables		–	1
Cash and cash equivalents		–	3
Assets held for sale		<u>32</u>	<u>253</u>
Trade and other payables		–	3
Current tax payables		–	*
Loans and borrowings		–	10
Liabilities held for sale		<u>–</u>	<u>13</u>

* Less than \$1 million

Details of assets and liabilities held are as follows:

2020

- (a) On 17 July 2020 and 8 September 2020, Ascott Residence Trust (ART) entered into conditional agreements to divest Citadines Didot Montparnasse Paris and Citadines City Centre Grenoble in France respectively to an unrelated third party. Accordingly, the properties were reclassified from investment properties to assets held for sale as at 31 December 2020. The transactions have been completed in 2021.

2019

- (a) On 21 November 2019, ART entered into a put and call option agreement with an unrelated third party for the sale of its partial interest of the gross floor area of the land, on which Somerset Liang Court Singapore is located, for a purchase consideration of approximately \$163 million. The transaction was completed in 2020.
- (b) On 18 December 2019, ART entered into two sale and purchase agreements to divest its wholly-owned subsidiaries, Suzhou Chong Rui Xin Shi Ji Real Estate Co., Ltd and Wuhan Citadines Property Development Co., Ltd. Accordingly, all the assets and liabilities of the entities were reclassified to assets held for sale and liabilities held for sale respectively. As of 31 December 2020, the two subsidiaries were reclassified from assets/liabilities held for sale to the respective assets and liabilities lines due to the termination of the sale and purchase agreement by the buyer.

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14 Cash and Cash Equivalents

	Note	2020 \$'M	2019 \$'M
Fixed deposits		436	315
Cash at banks and in hand		1,300	1,106
Cash and cash equivalents		1,736	1,421
Restricted bank deposits	(a)	(58)	(67)
Cash and cash equivalents in the statement of cash flows		<u>1,678</u>	<u>1,354</u>

- (a) These are deposits placed in escrow account for bank balances of certain subsidiaries pledged in relation to banking facilities and bank balances required to be maintained as security for outstanding CapitaVoucher, as well as bank balances relating to security deposits from tenants which can only be drawn down as rental payment upon tenants' default or refunded to tenants upon lease expiry.
- (b) The Group's cash and cash equivalents are denominated mainly in Singapore Dollars, Chinese Renminbi and Japanese Yen. As at 31 December 2020, the effective interest rates for cash and cash equivalents denominated in these currencies ranged from 0% to 2.75% (2019: 0% to 2.74%) per annum.

The cash and cash equivalents are placed with banks and financial institutions which meet the appropriate credit criteria.

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15 Trade and Other Payables

	Note	2020 \$'M	2019 \$'M
Trade payables		123	110
Accruals	(a)	403	446
Accrued development expenditure		63	125
Other payables	(b)	221	177
Rental and other deposits		125	125
Derivative financial instruments		6	9
Liability for employee benefits	19	38	45
Amounts due to:			
- associates	7(c)	483	484
- joint ventures	8(c)	1	1
- non-controlling interests (unsecured):			
- interest free		1	1
- interest bearing		1	-
- related parties:			
Loans (unsecured)			
- interest free		2,147	2,450
- interest bearing	(c)	1,751	1,016
Current accounts (unsecured)			
- interest free (trade)		90	98
- interest free (non-trade)		60	206
		5,513	5,293

(a) As at 31 December 2020, accruals included accrued operating expenses of \$262 million (2019: \$279 million), accrued interest payable of \$23 million (2019: \$29 million) as well as accrued expenditure for tax and administrative expenses which are individually immaterial.

(b) Other payables included retention sums and amounts payable in connection with capital expenditure incurred.

(c) As at 31 December 2020, the effective interest rates for amounts due to related parties ranged from 0.40% to 3.85% (2019: 0.01% to 4.79%) per annum.

(d) Amounts due to related parties are unsecured and repayable on demand.

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16 Borrowings

	Note	2020 \$'M	2019 \$'M
Bank borrowings			
- secured		5,209	5,286
- unsecured		1,224	919
		6,433	6,205
Lease liabilities	(c)	748	495
		7,181	6,700
Repayable:			
Not later than 1 year		1,132	1,263
Between 1 and 5 years		4,620	4,195
After 5 years		1,429	1,242
After 1 year		6,049	5,437
		7,181	6,700

- (a) The Group's borrowings are denominated mainly in Singapore Dollars, Chinese Renminbi, Japanese Yen and US Dollars. As at 31 December 2020, the effective interest rates for bank borrowings denominated in these currencies ranged from 0.40% to 4.87% (2019: 0.37% to 4.95%) per annum.
- (b) Bank borrowings are secured by the following assets, details of which are disclosed in the respective notes to the financial statements:
- (i) mortgages on the borrowing subsidiaries' property, plant and equipment, investment properties, trade and other receivables and shares of certain subsidiaries of the Group; and
 - (ii) assignment of all rights, titles and benefits with respect to the properties mortgaged.
- (c) Lease liabilities relate to the leases of property, plant and equipment (note 4) and investment properties (note 6).

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(d) The reconciliation of liabilities arising from financing activities were as follows:

Note	At 1/1/2020 \$'M	Financing cashflows* \$'M	Acquisition of subsidiaries \$'M	Disposal of subsidiaries@ \$'M	Non-cash changes				At 31/12/2020 \$'M
					Changes in fair value \$'M	Modification of lease liability \$'M	Foreign exchange movement \$'M	Others \$'M	
	6,205	197	-	(86)	-	-	113	4	6,433
Bank borrowings	1,433	(166)	-	-	-	-	17	1	1,285
Debt securities	495	(56)	265	-	-	(2)	22	24	748
Lease liabilities									
Net loans from related parties	7,523	194	-	-	-	-	-	1	7,718
Derivative liabilities	55	-	-	-	41	-	-	-	96
Derivative assets	(26)	-	-	-	15	-	-	-	(11)

Note	At 1/1/2019 \$'M	Financing cashflows* \$'M	Adoption of SFRS(I) 16 \$'M	Acquisition of subsidiaries \$'M	Disposal of subsidiaries@ \$'M	Non-cash changes				At 31/12/2019 \$'M
						Changes in fair value \$'M	Foreign exchange movement \$'M	Others \$'M		
	3,409	772	-	2,105	(78)	-	(3)	-	6,205	
Bank borrowings	1,561	(279)	-	144	-	-	7	-	1,433	
Debt securities	-	(60)	487	33	-	-	16	19	495	
Lease liabilities										
Net loans from related parties	4,748	489	-	2,271	(5)	-	-	20	7,523	
Derivative liabilities	5	-	-	-	-	50	-	-	55	
Derivative assets	(11)	-	-	-	-	(15)	-	-	(26)	

* Cashflows from financing activities presented in the consolidated statement of cash flows include interest expense paid of \$365 million (2019: \$308 million) which are included under accruals, amount due to associates, joint ventures, related parties and non-controlling interests of note 15 - trade and other payables. There are no material non-cash changes associated with interest payables.

@ Includes borrowings of \$10 million (2019: \$10 million) under liabilities held for sale.

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17 Debt Securities

	2020 \$'M	2019 \$'M
Secured notes and bonds	259	258
Unsecured notes and bonds	1,026	1,175
	1,285	1,433
Repayable:		
Not later than 1 year	22	229
Between 1 and 5 years	1,263	1,141
After 5 years	-	63
After 1 year	1,263	1,204
	1,285	1,433

(a) As at 31 December 2020, the effective interest rates for debt securities ranged from 0.40% to 4.14% (2019: 0.37% to 4.25%) per annum.

(b) Notes and bonds

The Group's notes and bonds are mainly issued by The Ascott Capital Limited, Ascott Residence Trust and CapitaLand Malaysia Mall Trust under their respective issuance programs. These notes and bonds were denominated mainly in Singapore Dollars, Malaysian Ringgit, Japanese Yen and Euro. Save for the secured notes and bonds below, the notes and bonds issued were unsecured.

As at 31 December 2020 and 2019, the secured notes and bonds amounting to \$259 million (2019: \$258 million) were fully secured by deposits pledged and mortgages on the investment properties of the Group. Details on assets pledged are disclosed in the respective notes to the financial statements.

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18 Other Non-Current Liabilities

	Note	2020 \$'M	2019 \$'M
Amounts due to:			
- non-controlling interests (unsecured):			
- interest free		23	23
- interest bearing		-	1
- related parties:			
Loans (unsecured)			
- interest free		2,912	4,631
- interest bearing	(a)	4,380	2,995
Liability for employee benefits	19	10	12
Derivative financial instruments		90	46
Security deposits and other non-current payables		147	176
Deferred income		14	16
		7,576	7,900

(a) As at 31 December 2020, the effective interest rate for the amounts due to related parties is 0.66% to 2.98% (2019: 0.54% to 3.06%) per annum.

(b) Amounts due to non-controlling interests and related parties are unsecured and not expected to be repaid within the next twelve months.

19 Employee Benefits

	Note	2020 \$'M	2019 \$'M
Liability for short term accumulating compensated absences		10	15
Liability for staff incentive	(a)	31	33
Liability for cash-settled share-based payments		7	9
		48	57
Current	15	38	45
Non-current	18	10	12
		48	57

(a) Staff incentive

This relates to staff incentive which is based on the achievement of the Group's financial performance and payable over a period of time.

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Share Plans of the CapitaLand Limited

The Group's employees participate in the share-based incentive plans of the Company's immediate holding company, CapitaLand Limited which comprise the Performance Share Plan and Restricted Share Plan. The Share Plans are administered by CapitaLand Limited's Executive Resource and Compensation Committee (ERCC).

The CapitaLand Performance Share Plan 2010 (PSP 2010) and CapitaLand Restricted Share Plan 2010 (RSP 2010) were approved by the members of the CapitaLand Limited at the Extraordinary General Meeting held on 16 April 2010. The duration of each share plan is 10 years commencing on 16 April 2010. The PSP 2010 and RSP 2010 have expired on 15 April 2020. Awards made prior to expiry are not affected and no further awards were made subsequent to expiry. No new awards were made under PSP 2010 and RSP 2010 during the year.

The CapitaLand Performance Share Plan 2020 (PSP 2020) and CapitaLand Restricted Share Plan 2020 (RSP 2020) were approved by the members of the CapitaLand Limited at the Extraordinary General Meeting held on 12 April 2019. The duration of each share plan is 10 years commencing on 1 April 2020.

The ERCC of CapitaLand Limited has instituted a set of share ownership guidelines for members of senior management who receive shares under the CapitaLand Restricted Share Plans and CapitaLand Performance Share Plans. Under these guidelines, members of senior management are required to retain a portion of the total number of CapitaLand shares received under the aforementioned share-based plans, which will vary according to their respective job grade and salary.

CapitaLand Performance Share Plans

This relates to compensation costs of the CapitaLand Limited's Performance Share Plans reflecting the benefits accruing to the employees over the service period to which the performance criteria relate.

The final number of shares to be released will depend on the achievement of pre-determined targets over a three-year performance period. No share will be released if the threshold targets are not met at the end of the performance period. Conversely, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 200% of the baseline award could be delivered. The immediate holding company's ERCC has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors.

Recipients can receive fully paid shares, their equivalent cash value or combinations thereof, at no cost.

The fair values of the shares are determined using a Monte Carlo simulation model which projects future share price assuming log normal distribution based on Geometric Brownian Motion Theory at measurement date. The fair values and assumptions are set out below:

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Year of award	2020	2019
<i>Weighted average fair value of shares and assumptions</i>		
Weighted average fair value at measurement date	\$2.11	\$2.74
Expected volatility of CapitaLand Limited 's share price based on 36 months closing share price prior to grant date	22.63%	17.18%
Average volatility of companies in the peer group based on 36 months prior to grant date	29.73%	27.12%
CapitaLand Limited 's share price at grant date	\$2.72	\$3.45
Risk-free interest rate equal to the implied yield on zero-coupon Singapore Government bond with a term equal to the length of vesting period	0.37%	1.65%
CapitaLand Limited's expected dividend yield over the vesting period	1.89% to 3.78%	3.54% to 4.14%
Initial total shareholder return (TSR) performance based on historical TSR performance of the CapitaLand Limited and each company in the peer group	—	13.46%
Average correlation of CapitaLand Limited's TSR with those companies in the peer group	59.96%	50.11%

Restricted Share Plans – Equity-settled/Cash-settled

This relates to compensation costs of the CapitaLand Limited's RSP 2010 and RSP 2020 reflecting the benefits accruing to the employees over the service period to which the performance criteria relate.

The final number of shares to be released will depend on the achievement of pre-determined targets at the end of a one-year performance period. No share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 150% of the baseline award. CapitaLand Limited ERCC has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors. The shares will vest over a period of three years. Recipients can receive fully paid shares, their equivalent cash value or combinations thereof, at no cost. Additional number of shares of a total value equal to the value of the accumulated dividends which were declared during each of the vesting periods and deemed forgone due to the vesting mechanism of the Restricted Share Plans, will also be released upon the final vesting.

Cash-settled awards of shares are measured at their current fair values at each balance sheet date.

The fair values of the shares granted to employees are determined using Discounted Cashflow method at the measurement date. The fair values and assumptions are set out below:

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Year of award	2020	2019
<i>Weighted average fair value of shares and assumptions</i>		
Weighted average fair value at measurement date	\$2.60	\$3.26
CapitaLand Limited’s share price at grant date	\$2.72	\$3.45
Risk-free interest rate equal to the implied yield on zero-coupon Singapore Government bond with a term equal to the length of vesting period	0.22% to 0.37%	1.64% to 1.72%

20 Share Capital

	2020 No. of shares ('000)	2019 No. of shares ('000)
Issued and fully paid, with no par value		
At 1 January	2,772,200	2,536,027
Add: Issue of new shares	35,423	236,173
At 31 December	<u>2,807,623</u>	<u>2,772,200</u>

The number of shares issued in 2019 relates to the estimated shares issued to effect the acquisition of the Ascendas Business, as described in Note 28, at an estimated issue price of \$2.823 per share.

Except as explained above, the number of shares for the Relevant Period relates to the estimated shares issued to effect the acquisition of interests in common control entities pursuant to the Internal Restructuring on the basis that the transfer had taken effect as of 1 January 2019 or the dates of incorporation of common control entities, or the dates when common control is established, whichever is later.

The Group proposes to, on or after the date of Listing, grant share awards pursuant to the share plans of the Group (“CLI Performance Share Plan 2021”) to certain employees of the Group and certain designated CapitaLand Group employees (collectively, “Existing CapitaLand PSP Award Holders”) in replacement of awards previously granted to them pursuant to the CapitaLand Performance Share Plan 2010 and the CapitaLand Performance Share Plan 2020 (“PSP Share Awards”, and the proposal, the “Replacement Awards Proposal”).

The Existing CapitaLand PSP Award Holders hold 9,324,048 PSP Share Awards. Based on the maximum multipliers of 2.0x, these PSP Share Awards would have vested into approximately 18,648,096 CL shares. Pursuant to the Replacement Awards Proposal, the PSP Share Awards will not vest into CL Shares. Instead, these PSP Share Awards will be converted into share awards of the Group comprising 27,096,878 shares of the Group (representing approximately 0.52% of the assumed total number of shares issued by the Group 31 December 2020, upon the completion of the Scheme). The above has not been included in these combined financial statements of the Group as it has not occurred.

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Capital management

The Group’s policy is to build a strong capital base so as to sustain future development of the business. As the Group is part of a larger Group, the Group’s sources of additional capital and policies for distribution of excess capital may also be affected by the larger group’s capital management objectives.

The Group defines “capital” as including all components of equity plus any loans from its immediate holding company or its related company with no fixed terms of repayment. Trading balances that arise as a result of trading transactions with other group companies are not regarded by the Group as capital.

The Group’s capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the company belongs. Adjustments are made to the capital structure in light of changes in economic conditions, regulatory requirements and business strategies affecting the company or the group.

The Group monitors the return on capital, which the Group defines as total shareholders’ equity, excluding non-controlling interests, perpetual securities and the level of dividends to ordinary shareholders.

The Group monitors its capital using a net debt-to-equity ratio, which is defined as net borrowings divided by total equity (including non-controlling interests and perpetual securities).

	2020 \$’M	2019 \$’M
Borrowings and debt securities	8,466	8,133
Cash and cash equivalents	(1,736)	(1,421)
Net debt	6,730	6,712
Total equity	15,734	16,576
Net debt-to-equity ratio	0.43	0.40

The Group’s subsidiaries in The People’s Republic of China (PRC) and India are subject to foreign exchange rules and regulations promulgated by the PRC and India government which may impact how the Group manages capital. In addition, five of the Group’s subsidiaries (2019: six) are required to maintain certain minimum base capital and financial resources, or shareholders’ funds as they are holders of Capital Markets Services licenses registered with the Monetary Authority of Singapore or the Securities Commission Malaysia to conduct the regulated activity of Real Estate Investment Trust management. In addition, the consolidated REITs are subject to the aggregate leverage limit as defined in the Property Funds Appendix of the Code of Investment Scheme. These subsidiaries have complied with the applicable capital requirements throughout the Relevant Periods.

There were no changes in the Group’s approach to capital management during the Relevant Periods.

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21 Other Reserves

	2020	2019
	\$'M	\$'M
Capital and other reserves	(4,756)	(4,792)
Hedging reserve	(110)	(77)
Fair value reserve	52	82
Asset revaluation reserve	6	6
Foreign currency translation reserve	(159)	(636)
	<u>(4,967)</u>	<u>(5,417)</u>

The capital and other reserves comprises mainly the reserves set aside by certain subsidiaries in compliance with the relevant regulations in the People's Republic of China, reserve relating to the cumulative value of employee services received for shares under share plan of CapitalLand Limited, share of associates' and joint ventures' capital reserve and reserves on consolidation amounting to (\$5,590 million) (2019: (\$5,617 million)) which relates to the net assets of entities under common control that were transferred as part of the Internal Restructuring.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments related to hedge transactions that have not yet affected profit or loss.

The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at FVOCI.

The asset revaluation reserve comprises the revaluation gain of a plant, property and equipment which was reclassified to investment properties.

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign entities, effective portion of the hedging instrument which is used to hedge against the Group's net investment in foreign currencies as well as from the translation of foreign currency loans used to hedge or form part of the Group's net investments in foreign entities. The Group's foreign currency translation reserve arises mainly from Chinese Renminbi, Indian Rupee and Malaysian Ringgit.

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22 Perpetual Securities

The Group’s perpetual securities comprise perpetual securities and perpetual notes issued by its subsidiary, ART (“Issuer”). The perpetual securities comprise:

Perpetual securities or notes	Issue date	Principal amount \$
ART		
- Fixed rate perpetual securities with an initial distribution rate of 4.68% per annum	30 June 2015	250,000,000
- Fixed rate perpetual securities with an initial distribution rate of 3.88% per annum	4 September 2019	150,000,000

On 4 September 2019, ART issued \$150 million of fixed rate perpetual securities with an initial distribution rate of 3.88% per annum, with the first distribution rate reset falling on 4 September 2024 and subsequent resets occurring every five years thereafter. The proceeds were used to redeem the \$150 million perpetual securities with its first call date on 27 October 2019.

The perpetual securities have no fixed redemption date and redemption is at the option of the ART in accordance with the terms of issue of the securities. The distribution will be payable semi-annually at the discretion of the ART and will be non-cumulative. These perpetual securities rank *pari passu* with the holders of preferred units (if any) and rank ahead of the stapled security holders of the ART, but junior to the claims of all other present and future creditors of the ART.

As the perpetual securities have no fixed maturity date and the payment of distributions is at the discretion of the Issuer, the Issuer is considered to have no contractual obligations to repay the principal or to pay any distributions, and the perpetual securities do not meet the definition for classification as a financial liability under SFRS(I) 1-32 *Financial Instruments: Disclosure and Presentation*, they are presented within equity, and distributions are treated as dividends.

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23 Other Comprehensive Income

	Before tax \$'M	2020 Tax expense \$'M	Net of tax \$'M	Before tax \$'M	2019 Tax expense \$'M	Net of tax \$'M
Exchange differences arising from translation of foreign operations and foreign currency loans, forming part of net investment in foreign operations	189	-	189	(72)	-	(72)
Recognition of foreign exchange differences on disposal or liquidation of foreign operations in profit or loss	(1)	-	(1)	5	-	5
Change in fair value of equity investments at fair value through other comprehensive income	(30)	-	(30)	67	-	67
Effective portion of change in fair value of cash flow hedges	(24)	-	(24)	(43)	-	(43)
Recognition of hedging reserve in profit or loss	2	-	2	4	-	4
Share of other comprehensive income of associates and joint ventures	330	-	330	(143)	-	(143)
	<u>466</u>	<u>-</u>	<u>466</u>	<u>(182)</u>	<u>-</u>	<u>(182)</u>

24 Revenue

Revenue of the Group is analysed as follows:

	2020 \$'M	2019 \$'M
Revenue from contract with customers – fee-based revenue	668	629
Rental of investment properties:		
- Retail, office, business park, industrial and logistics rental and related income	595	565
- Lodging properties rental and related income	710	1,282
Others	10	12
	<u>1,983</u>	<u>2,488</u>

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(a) Disaggregation of revenue from contracts with customers:

	Fee income \$'M
2020	
Primary segment	
Fee income-related business	625
Corporate and others	43
	<u>668</u>
Secondary segment	
Singapore	308
China ¹	233
Other developed markets	50
Other emerging markets	77
	<u>668</u>
 <i>¹ Includes Hong Kong</i>	
Timing of revenue recognition	
Products and services transferred over time	668
	<u>668</u>

	Development properties for sale \$'M	Fee income \$'M	Total \$'M
2019			
Primary segment			
Fee income-related business	—	594	594
Real estate investments	5	—	5
Corporate and others	—	30	30
	<u>5</u>	<u>624</u>	<u>629</u>
Secondary segment			
Singapore	—	272	272
China ¹	5	242	247
Other developed markets	—	30	30
Other emerging markets	—	80	80
	<u>5</u>	<u>624</u>	<u>629</u>
 <i>¹ Includes Hong Kong</i>			
Timing of revenue recognition			
Product transferred at a point in time	5	—	5
Products and services transferred over time	—	624	624
	<u>5</u>	<u>624</u>	<u>629</u>

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25 (Loss)/Profit Before Tax

(Loss)/Profit before tax includes the following:

	Note	2020 \$'M	2019 \$'M
(a) Other operating income			
Interest income from:			
- deposits		11	13
- related parties		18	23
- associates and joint ventures		8	4
- investee companies and others		3	2
		40	42
Dividend income		10	6
Foreign exchange gain		32	–
Mark-to-market gain on financial assets designated as fair value through profit or loss		–	10
Net fair value gains from investment properties and assets held for sale		–	549
Gain from change of ownership interests in subsidiaries and associates		109	59
Gain on disposal of investment properties		41	*
Income from pre-termination of contracts		17	4
Forfeiture of security deposits		8	2
Government grants	(i)	65	–
Others	(ii)	42	30
		<u>364</u>	<u>702</u>

* Less than \$1 million

- (i) The grants relate to the Job Support Scheme or equivalents in Singapore, Australia and Europe.
- (ii) Included an amount of \$1 million (2019: Nil) recognised during 2020 relating to the changes in lease payments arising from rent concessions to which the Group has applied practical expedient under COVID-19-Related Rent Concessions – Amendment to SFRS(I) 16 (see note 3.14(ii)).

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	Note	2020 \$'M	2019 \$'M
(b) Staff costs			
Wages and salaries		485	491
Contributions to defined contribution plans		46	55
Share-based expenses:			
- equity-settled		16	23
- cash-settled		2	6
(Decrease)/Increase in liability for short term accumulating compensated absences		(1)	1
Staff benefits, training/ development costs and others		47	61
		595	637
Less:			
Staff costs capitalised in development properties for sale	11(e)	(1)	–
		594	637
Recognised in:			
Cost of sales	(c)(i)	484	513
Administrative expenses	(c)(ii)	110	124
		594	637
(c)(i) Cost of sales include:			
Costs of development properties for sale		–	(4)
Foreseeable losses on development properties for sale	11(f)	17	–
Operating expenses of investment properties that generated rental income		490	539
Lease expenses (short-term lease)		167	246
Lease expenses (variable lease payments not included in the measurement of lease liabilities)		1	10
Staff costs	(b)	484	513

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	Note	2020 \$'M	2019 \$'M
(c)(ii) Administrative expenses include:			
Allowance for impairment loss on trade receivables		18	2
Amortisation of intangible assets	5	23	18
Auditors' remuneration:			
- auditors of the Company		2	2
- other auditors		5	5
Non-audit fees:			
- auditors of the Company		*	*
- other auditors		1	1
Depreciation of property, plant and equipment	4	78	67
Depreciation of right-of-use assets	4	48	28
Staff costs	(b)	110	124
(c)(iii) Other operating expenses include:			
Allowance for impairment loss on non-trade receivables		9	6
Foreign exchange loss		—	23
Allowance for impairment loss on investment in joint ventures	8(a)(ii)	—	10
Loss from change of ownership interests in joint venture		10	—
Impairment of property, plant and equipment		27	6
Loss on disposal and write off of property, plant and equipment		*	2
Impairment of intangible assets	5	153	5
Mark-to-market loss on financial assets designated as fair value through profit or loss		13	—
Net fair value loss from investment properties	(i)	698	—
Grant expenses		3	—

* Less than \$1 million

- (i) The COVID-19 pandemic dampened the economic and operating environment in many countries, and negatively impacted the Group's investment portfolio's performance, particularly the Group's malls, office and lodging properties. As such, the appraised value of the Group's investment properties registered a decline of \$698 million for the year ended 31 December 2020.

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	Note	2020 \$'M	2019 \$'M
(d) Finance costs			
Interest costs paid and payable:			
- on bank loans and overdrafts		154	139
- on debt securities		33	40
- to non-controlling interests		*	2
- related parties		142	124
Lease liabilities		23	16
Others		30	15
Total finance costs		382	336
Less:			
Borrowing costs capitalised in investment properties	6(e)	(5)	(9)
		377	327

26 Tax Expense

	2020 \$'M	2019 \$'M
Current tax expense		
- Based on current year's results	126	156
- Over provision in respect of prior years	(9)	(14)
- Group relief	(4)	-
	113	142
Deferred tax expense		
- Origination and reversal of temporary differences	(100)	99
- Over provision in respect of prior years	1	12
	(99)	111
Land appreciation tax		
- Under provision in respect of prior years	49	-
Withholding tax		
- Current year	46	20
- Under provision in respect of prior years	5	-
	51	20
	114	273

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Reconciliation of effective tax rate

	2020 \$'M	2019 \$'M
(Loss)/Profit before tax	(559)	2,021
Less: Share of results of associates and joint ventures	(25)	965
(Loss)/Profit before share of results of associates and joint ventures and tax	(534)	1,056
Income tax using Singapore tax rate of 17% (2019: 17%)	(91)	180
Adjustments:		
Expenses not deductible for tax purposes	323	130
Income not subject to tax	(187)	(168)
Effect of unrecognised tax losses and other deductible temporary differences	40	27
Effect of different tax rates in foreign jurisdictions	(96)	56
Effect of taxable distributions from REITs	52	40
Land appreciation tax	49	-
Effect of tax reduction on land appreciation tax	(12)	-
Withholding taxes	46	20
Overprovision in respect of prior years	(3)	(2)
Group relief	(4)	-
Others	(3)	(10)
	<u>114</u>	<u>273</u>

In June 2021, the Group’s subsidiary, CMMT Investments Limited, was notified by the Inland Revenue Board of Malaysia (the “Tax Authority”) that it had completed a tax audit review on one of the subsidiaries, and has found that certain claims in respect of certain interest payments made to the subsidiary’s holding company outside of the relevant jurisdiction for the years of assessment 2011 to 2018 are subject to withholding tax and not permitted tax deductions and that accordingly, the subsidiary is assessed to pay additional taxes and penalties amounting approximately \$40 million in total (the “Tax Claim”). In this regard, the Tax Authority has issued notices of additional assessment for the Tax Claim. Malaysian law provides taxpayers the right of appeal against such assessments issued by the Tax Authority.

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The Group has obtained a legal opinion from the tax and legal advisers in the relevant jurisdiction, that (a) the subsidiary should fall within an exemption order under the relevant taxation law applicable to the subsidiary, which would exempt the subsidiary from paying any withholding tax for the said years of assessment and that, accordingly, the subsidiary should not be denied a deduction on the interest expense incurred; and (b) as the income tax legislation in the relevant jurisdiction provides that the Tax Authority may make an assessment or additional assessment only within the preceding five years, any assessment with respect to the years of assessment 2015 and prior years would be time-barred. The subsidiary has filed an application for a judicial review and a stay order with respect to the Tax Claim. The application for the judicial review is to seek, on the basis of the foregoing, to challenge and set aside the position by the Tax Authority that the Tax Claim is payable. In the event that the stay order is granted, the subsidiary will not be required to make any payment for the Tax Claim pending a hearing and a decision by the relevant court. No provision has been made in the combined financial statements for the Tax Claim due to the underlying uncertainties.

27 Earnings Per Share

Basic and diluted earnings per share are based on:

	2020 \$'M	2019 \$'M
Net (loss)/profit attributable to owners of the Company	(559)	1,444
	2020 No. of shares (‘000)	2019 No. of shares (‘000)
Weighted average number of ordinary shares at 31 December	2,807,623	2,654,113

For purposes of preparing the combined financial statements, the weighted average number of shares as at 31 December 2019 and 2020 includes the estimated shares issued to effect the acquisition of interests in common control entities pursuant to the Internal Restructuring and applying the estimated conversion price of \$2.823 per share on the basis that the transfer had taken effect as of 1 January 2019 or the respective dates of incorporation, of common control entities, where later.

There were no potential dilutive ordinary shares in existence for the years ended 31 December 2019 and 2020.

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**28 Acquisition/Disposal of Subsidiaries, Net of Cash Acquired/
Disposed of**

(a) Acquisition of subsidiaries

The list of significant subsidiaries acquired during 2020 is as follows:

Name of subsidiary	Date acquired	Effective interest acquired
Lux Arlington Sarl	February 2020	100%
QSA Group Pty Ltd (“QSA Group”)	July 2020	80%

The list of significant subsidiaries acquired during 2019 is as follows:

Name of subsidiary	Date acquired	Effective interest acquired
ACCF3 Holding Pte. Ltd.#	June 2019	100%
Ascendas Land International (Investments) Pte. Ltd. #	June 2019	100%
Ascendas (China) Pte. Ltd. #	June 2019	100%
Ascendas (Tuas) Pte. Ltd. #	June 2019	100%
Ascendas Fusion 5 Holding Pte. Ltd. #	June 2019	100%
Ascendas Hospitality Trust#	June 2019	28%
Ascendas India Development VII Pte Ltd#	June 2019	100%
Ascendas India Fund Holdings Pte. Ltd. #	June 2019	100%
Ascendas India Logistics Holdings Pte. Ltd. #	June 2019	100%
Ascendas Investment Pte Ltd#	June 2019	100%
Ascendas Jongro Pte. Ltd. #	June 2019	100%
Ascendas Korea Pte. Ltd. #	June 2019	100%
Ascendas Services Pte. Ltd. #	June 2019	100%
Southernwood Holding Pte. Ltd. #	June 2019	100%
Shanghai Jingyi Industrial Co., Ltd.	July 2019	100%
Shanghai Rungong Industrial Co., Ltd.	July 2019	100%
Shanghai Runrong Industrial Co., Ltd.	July 2019	100%

The above subsidiaries are collectively known as “Ascendas Business”.

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(b) Effects of acquisitions

The cash flows and net assets of subsidiaries acquired are provided below:

	Note	2020 \$'M	2019 \$'M
The Group			
Property, plant and equipment	4	1	609
Right-of-use assets	4	233	3
Intangible assets	5	60	314
Investment properties	6	223	4,568
Associates		-	1,226
Joint ventures		-	265
Other non-current assets		1	260
Development properties for sale and stocks		-	24
Trade and other receivables		22	628
Other current assets		-	25
Cash and cash equivalents		9	196
Trade and other payables		(29)	(1,323)
Current tax payable		-	(52)
Borrowings and debt securities		(265)	(2,282)
Deferred tax liabilities		(11)	(187)
Other non-current liabilities		-	(994)
Non-controlling interests		(3)	(886)
		241	2,394
Amounts previously accounted for as joint venture, remeasured at fair value		(161)	-
Net assets acquired		80	2,394
Goodwill arising from acquisition	5	149*	50
Realisation of reserves previously accounted for as a joint venture		(6)	-
Total purchase consideration		223	2,444
Settlement by way of intercompany loans from Capitaland Group		-	(2,040)
Cash of subsidiaries acquired		(9)	(196)
Cash outflow on acquisition of subsidiaries		213	208

* Goodwill is attributable to the acquisition of QSA Group

Acquisition-related costs

Acquisition-related costs relating to stamp duties and legal, due diligence and financial advisory service fees were paid for by the immediate holding company.

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c) Disposal of subsidiaries

The list of significant subsidiaries disposed during 2020 is as follows:

Name of subsidiary	Date disposed	Effective interest disposed
Ascendas Korea Office Private Real Estate Investment Trust 5	August 2020	99%
Guangzhou Hai Yi Real Estate Development Co. Ltd	December 2020	40.6%

The disposed subsidiaries contributed net profit of \$2 million from 1 January 2020 to the date of disposal.

The list of significant subsidiaries disposed during 2019 is as follows:

Name of subsidiary	Date disposed	Effective interest disposed
Citadines Ming Zhu (Chongqing) Property Co., Ltd	August 2019	100%
CapitaMalls Hunan Commercial Property Co., Ltd	September 2019	100%
MAC Property Company B.V. and MAC Car Park Company B.V.	September 2019	94.9%
Excel Chinese International Limited	November 2019	100%

The disposed subsidiaries contributed net profit of \$46 million from 1 January 2019 to the date of disposal.

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(d) Effects of disposals

The cash flows and net assets of subsidiaries disposed are provided below:

	Note	2020 \$'M	2019 \$'M
Property, plant and equipment		1	4
Investment properties	6	245	684
Other current assets		13	12
Cash and cash equivalents		11	24
Trade and other payables		(7)	(29)
Other current liabilities		(2)	-
Borrowings		(96)	(68)
Other non-current liabilities		(4)	(38)
Non-controlling interests		-	(54)
Equity interest retained as other investments		-	(9)
Net assets disposed		161	526
Realisation of reserves		3	5
Gain on disposal of subsidiaries		70	50
Sale consideration		234	581
Deferred proceeds and other adjustments		(31)	8
Deposits received in prior year		-	(11)
Payment received for prior year disposals		-	17
Cash of subsidiaries disposed		(11)	(24)
Cash inflow on disposal of subsidiaries		192	571

29 Business Combinations

The Group acquires subsidiaries/entities that own real estate which are not under common control. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. Typically, the Group assesses the acquisition as a purchase of business when the strategic management function and the associated processes were purchased along with the underlying properties.

2020

In 2020, the Group had the following significant business combination involving entities not under common control:

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Acquisition of QSA Group Pty Ltd

With effect from July 2020, the Group consolidated QSA Group Pty Ltd (QSA). The Group has assessed that it has control over QSA following a change in board composition, amongst other changes, as stipulated in the shareholder agreement. Prior to July 2020, the Group equity accounted for QSA as a joint venture as the partner has joint control over the key activities of QSA. QSA is primarily in the business of establishing and franchising serviced apartments through the Quest brand in the Australian domestic market.

The consolidation of QSA resulted in an increase of \$33 million in revenue but no change in profit attributable to owners as there is no change in the ownership interest of the Group in QSA, from the date of acquisition to 31 December 2020. If the acquisition had occurred on 1 January 2020, management estimated that the contribution from QSA in terms of revenue would have been \$63 million with no change in profit attributable to owners.

The change in control is accounted for using the acquisition method, and the Group's previously held equity interest is re-measured to fair value and a loss of \$11 million on deemed disposal was recognised in profit or loss. The fair value of the joint venture was based on external valuation of QSA at the date of acquisition. Goodwill of \$149 million was attributed to the franchise business acquired, which was recognised as a result of the difference between the fair value of the Group's interest in QSA and the fair value of the assets acquired and liabilities assumed.

	2020 \$'M
Property, plant and equipment	1
Right-of-use assets	233
Intangible assets	60
Other non-current assets	1
Other current assets	22
Cash and cash equivalents	9
Current liabilities	(29)
Borrowings	(265)
Deferred tax liabilities	(11)
Non-controlling interests	(3)
Total identifiable net assets	18
Less: amount previously accounted for as joint venture, remeasured at fair value	(161)
Net identifiable assets acquired	(143)
Goodwill on acquisition	149
Realisation of reserves previously accounted for as a joint venture	(6)
Total purchase consideration	-
Less: cash and cash equivalents in subsidiary acquired	(9)
Net cash inflow on acquisition	(9)

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Measurement of fair value

The valuation techniques used for measuring the fair value of the material assets acquired and liabilities assumed were as follows:

Assets acquired and liabilities assumed	Valuation technique
Right-of-use assets, Lease liabilities (classified as borrowings)	Right-of-use assets and lease liabilities (classified as borrowings) mainly relate to lease arrangements in QSA's franchise business and the fair values were determined based on the present value of future rental payments.

The non-controlling interests were measured based on their proportionate interest in the recognised amounts of the assets and liabilities (excluding goodwill) of the acquiree.

2019

In 2019, the Group had the following significant business combination involving entities not under common control:

Acquisition of Ascendas Business

On 28 June 2019, CapitalLand Group acquired 100% of the shares and voting interests in Ascendas Pte Ltd and Singbridge Pte Ltd from CLA Real Estate Holdings Pte Ltd (formerly known as Ascendas-Singbridge Pte Ltd), a related party, at a purchase consideration of \$6,036 million. For the purpose of the combined financial statements, it is deemed that entities in the Ascendas Business (Note 28) were acquired by CLI Group on 28 June 2019.

The Ascendas Business comprised the funds and property management capabilities across 11 countries including Singapore, China, India and Australia as well as investments in A-REIT, Ascendas India Trust (A-ITRUST) and A-HTRUST.

The acquisition of Ascendas Business allows the Group to be a leading real estate investment manager (REIM) with strong Asia foothold and domain knowledge across asset classes and geographies and achieve the following benefits:

- i) Following the acquisition of Ascendas Business, the Group will become one of the top three largest listed REIMs globally.
- ii) It has a well-established track record of diversifying and growing its funds under management (FUM) base. Along with the growing FUM, it has consistently demonstrated growth of fee income and margins from REITs and fund management and has remained disciplined in capital recycling, continually exceeding its annual target in the last three years. The Ascendas Business also possesses a good track record in raising third-party capital.

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From the date of acquisition to 31 December 2019, the Ascendas Business contributed revenue of \$383 million and net profit of \$219 million to the Group’s results. If the acquisition had occurred on 1 January 2019, management estimates that the contribution to the Group’s revenue and net profits from the Ascendas Business would have been \$526 million and \$272 million respectively. In determining this amount, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019.

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

Purchase consideration

The consideration for the acquisition was \$2,040 million and was settled by intercompany loans from Capitaland Group.

The Group has performed purchase price allocation exercise (PPA) for the Ascendas Business. Based on the PPA, part of the consideration paid for the assets acquired and liabilities assumed have been identified and allocated to property, plant and equipment, investment properties, management contracts, development properties for sale, associates, joint ventures and deferred tax liabilities. Goodwill of \$50 million, attributed to the fund management business acquired, was recognised as a result of the difference between consideration transferred and fair value of the assets acquired and liabilities assumed.

The identifiable assets acquired, liabilities assumed and effect of cash flows are presented as follows:

	2019 \$’M
Property, plant and equipment	609
Right-of-use assets	3
Intangible assets	314
Investment properties	3,948
Associates	1,226
Joint ventures	265
Other non-current assets	260
Development properties for sale and stocks	24
Trade and other receivables	627
Other current assets	25
Cash and cash equivalents	190
Trade and other payables	(1,295)
Current tax payable	(52)
Borrowings and debt securities	(2,087)
Deferred tax liabilities	(187)
Other non-current liabilities	(994)
Non-controlling interests	(886)
Net assets acquired	<u>1,990</u>

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	2019 \$'M
Goodwill arising from acquisition	50
Total purchase consideration	2,040
Settlement by way of intercompany loans from CapitalLand Group	<u>(2,040)</u>

Acquisition-related costs

Acquisition-related costs relating to stamp duties and legal, due diligence and financial advisory service fees were borne by the immediate holding company and not recharged to the Company.

Measurement of fair value

The valuation techniques used for measuring the fair value of the material assets acquired and liabilities assumed were as follows:

Assets acquired and liabilities assumed	Valuation technique
Property, Plant and equipment (PPE)	PPE mainly consist of hospitality properties held by A-HTRUST. These properties are valued by independent valuers using discounted cashflow approach and capitalisation approach.
Intangible assets	Intangible assets mainly consist of asset management contracts for the relevant REITs for which independent valuations are undertaken using the multi-period excess earnings method. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.

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Assets acquired and liabilities assumed	Valuation technique
Investment properties	Independent valuations are conducted for significant properties under development using the following methods: • Direct comparison approach • Residual value approach • Discounted cashflow approach • Capitalisation approach For operational investment properties, the fair values were determined to approximate the carrying amounts. This is supported by independent valuers’ certification confirming that there were no material changes in fair values between March 2019, where last full valuations were carried out, and the date of acquisition.
Investments in associates and joint ventures	Investments in associates and joint ventures included two listed REIT and business trust, A-REIT and A-ITRUST, whose valuations are based on share price. The fair values of investment in non-listed associates and jointed ventures approximate the fair value of the properties held by these entities, supported by independent valuations for significant properties under development and development properties for sale using income approach and direct comparison approach.
Investments in associates and joint ventures	For operational investment properties, the fair values were determined to approximate the carrying amounts. This is supported by independent valuers’ certification confirming that there were no material changes in fair values between March 2019, where last full valuations were carried out, and the date of acquisition.

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Assets acquired and liabilities assumed	Valuation technique
Other current assets and liabilities	Other current assets and liabilities include trade and other receivables, cash and cash equivalents, trade and other payables, other current liabilities and short-term borrowings. The fair values of these assets and liabilities are determined to approximate the carrying amounts since they are short term in nature.
Long-term borrowings	Long-term borrowings consist of floating rate loans and fixed rate medium term notes and bank loans. The carrying amount of floating rate loans are determined to approximate the fair values as floating rate instruments are re-priced to market interest rates on or near balance sheet dates. The fair values of fixed rate medium term notes and bank loans are estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing arrangements as at balance sheet date.

30 Fair Value of Assets and Liabilities

(a) Determination of fair value

The valuation methods and assumptions below are used to estimate the fair values of the Group's significant classes of assets and liabilities. Given the uncertainty of the extent of COVID-19, changes to the estimates and outcomes that have been applied in the valuation of the Group's assets and liabilities may arise in the future.

(i) Derivatives

Forward currency contracts, cross currency swap contracts and interest rate swap contracts are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present valuation calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rate, interest rate curves and forward rate curves.

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(ii) *Non-derivative financial liabilities*

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted using the market rate of interest at the reporting date.

Fair value of quoted debt securities is determined based on quoted market prices.

(iii) *Other financial assets and liabilities*

The fair value of quoted securities is their quoted bid price at the balance sheet date. The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

Where other valuation techniques, such as discounted cash flow or net asset techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate for a similar instrument in the balance sheet.

(iv) *Investment properties*

The Group's investment property portfolio is mostly valued by external and independent valuation companies on an annual basis. Independent valuation is also carried out on occurrence of acquisition and on completion of construction of investment property. 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 knowledgeably and without compulsion. The valuers have considered valuation techniques, mainly including capitalisation approach, discounted cash flows and residual method in arriving at the open market value as at the balance sheet date. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation rate, terminal yield rate and discount rate.

Investment property under development is valued using the residual method by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete the construction and a reasonable profit margin on construction and development. The estimated cost to complete is determined based on the construction cost per square metre in the pertinent area.

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(v) *Assets held for sale*

The fair value of the Group's investment properties held for sale is either valued by an independent valuer or based on agreed contractual selling price on a willing buyer willing seller basis. For investment properties held for sale valued by an independent valuer, the valuer has considered the discounted cash flow and income capitalisation approaches in arriving at the open market value as at the balance sheet date. In determining the fair value, the valuer used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties held for sale include market-corroborated capitalisation rate.

(vi) *Share-based payment transactions*

The fair values of employee performance share plan and restricted share plan are measured using valuation methodology described in note 19. Measurement inputs include the share price at grant date, expected volatility (based on an evaluation of the historical volatility of the Group's and peer group's share price), expected correlation of the Group's return with those of peer group, expected dividends and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair values.

(b) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used. The different levels have been defined as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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(c) Accounting classification and fair values

The table does not include fair value information of financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		<----- Carrying amount ----->				<----- Fairvalue ----->				
		Fair value - hedging instruments \$'M	FVOCI \$'M	FVTPL \$'M	Amortised Cost \$'M	Total \$'M	Level 1 \$'M	Level 2 \$'M	Level 3 \$'M	Total \$'M
31 December 2020										
Financial assets measured at fair value										
	Equity investments at FVOCI	-	64	-	-	64	64	-	-	64
	Equity investments at FVTPL	-	-	332	-	332	3	-	329	332
Derivative financial assets:										
	Forward foreign exchange contracts and cross currency swaps	6	-	-	-	6	-	6	-	6
	Cross currency swaps	5	-	-	-	5	-	5	-	5
		11	64	332	-	407				
Financial assets not measured at fair value										
	Other non-current assets	-	-	-	365	365				
	Loans due from associates	-	-	-	2	2				
	Loans due from joint ventures	-	-	-	457	457				
	Trade and other receivables	-	-	-	4,209	4,209				
	Cash and cash equivalents	-	-	-	1,736	1,736				
		-	-	-	6,769	6,769				

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		<----- Carrying amount ----->				<----- Fair value ----->				
	Note	Fair value - hedging instruments \$'M	FVOCI \$'M	FVTPL \$'M	Amortised Cost \$'M	Total \$'M	Level 1 \$'M	Level 2 \$'M	Level 3 \$'M	Total \$'M
31 December 2020										
Financial liabilities										
measured at fair value										
Derivative financial instruments:										
- Interest rate swaps, forward foreign exchange contracts and cross currency swaps	15	(6)	-	-	-	(6)	-	(6)	-	(6)
- Interest rate swaps and cross currency swaps	18	(90)	-	-	-	(90)	-	(90)	-	(90)
		(96)	-	-	-	(96)				
Financial liabilities not measured at fair value										
Other non-current liabilities#		-	-	-	(7,462)	(7,462)	-	-	(7,451)	(7,451)
Bank borrowings^	16	-	-	-	(6,433)	(6,433)	-	(6,446)	-	(6,446)
Debt securities	17	-	-	-	(1,285)	(1,285)	-	(1,299)	-	(1,299)
Trade and other payables#		-	-	-	(5,277)	(5,277)	-	-	-	-
		-	-	-	(20,457)	(20,457)				

[#] Excludes liability for employee benefits, derivative liabilities and deferred income.

[^] Excludes lease liability.

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		Fair value - hedging instruments \$'M	FVOCI \$'M	FVTPL \$'M	Amortised Cost \$'M	Total \$'M	Level 1 \$'M	Level 2 \$'M	Level 3 \$'M	Total \$'M
	Note									
31 December 2019										
Financial assets										
measured at fair value										
Equity investments at FVOCI	10(a)	-	84	-	-	84	84	-	-	84
Equity investments at FVTPL	10(a)	-	-	338	-	338	4	-	334	338
Derivative financial assets:										
- Forward foreign exchange contracts and cross currency swaps	10(b)	8	-	-	-	8	-	8	-	8
- Interest rate swaps, forward foreign exchange contracts and cross currency swaps	10(a)	18	-	-	-	18	-	18	-	18
		26	84	338	-	448				
Financial assets not measured at fair value										
Other non-current assets		-	-	-	357	357				
Loans due from associates	7(a)	-	-	-	94	94				
Loans due from joint ventures	8(a)	-	-	-	552	552				
Trade and other receivables	12	-	-	-	4,247	4,247				
Cash and cash equivalents	14	-	-	-	1,421	1,421				
		-	-	-	6,671	6,671				

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Excludes liability for employee benefits, derivative liabilities and deferred income.
^ Excludes lease liability.

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The following table shows the carrying amounts and fair values of significant non-financial assets, including their levels in the fair value hierarchy.

	Note	Fair value Level 3 \$'M
31 December 2020		
Non-financial assets measured at fair value		
Investment properties	6	15,852
Assets held for sale – investment properties	13	32
		<u>15,884</u>
31 December 2019		
Non-financial assets measured at fair value		
Investment properties	6	16,256
Assets held for sale – investment properties	13	247
		<u>16,503</u>

(d) Level 3 fair value measurements

(i) Reconciliation of Level 3 fair value

The movements of financial and non-financial assets classified under Level 3 and measured at fair value are presented as follows:

	Equity investments at FVTPL \$'M	Assets held for sale – investment properties \$'M
2020		
At 1 January 2020	334	247
Additions	1	32
Disposals	–	(154)
Reclassification to investment property	–	(93)
Changes in fair value recognised in profit or loss	(13)	–
Translation differences	7	–
At 31 December 2020	<u>329</u>	<u>32</u>

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	Equity investments at FVOCI \$'M	Equity investments at FVTPL \$'M	Assets held for sale – investment properties \$'M
2019			
At 1 January 2019	–	297	213
Additions	–	11	184
Disposals	–	–	(348)
Changes in fair value recognised in profit or loss	–	10	197
Acquisition of subsidiaries	15	7	–
Changes in fair value recognised in other comprehensive income	67	–	–
Reclassification to Level 1 fair value hierarchy^	(84)	–	–
Translation differences	2	9	1
At 31 December 2019	<u>–</u>	<u>334</u>	<u>247</u>

Movements for investment properties are set out in note 6.

** Less than \$1 million*

^ At 31 December 2019, the Group's equity investment measured at FVOCI with a carrying amount of \$84 million was transferred from Level 3 to Level 1 as the underlying investment was listed in Shanghai Stock Exchange during the year.

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(ii) Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring significant Level 3 fair values, as well as the significant, unobservable inputs used.

Investment properties (including investment properties classified as assets held for sale)

Valuation methods	Key unobservable inputs	Shopping mall	Office	Integrated development	Business park, industrial and logistics	Lodging	Inter-relationship between key unobservable inputs and fair value measurement
Capitalisation approach							
	Capitalisation rate (net)						The estimated fair value varies inversely against the capitalisation rate and increases with higher occupancy rate.
	2020	5.0% to 7.0%	4.3% to 4.5%	4.8% to 6.5%	5.0% to 9.0%	4.8% to 5.3%	
	2019	5.0% to 7.3%	4.1%	4.8% to 6.5%	4.5% to 8.8%	4.5% to 5.3%	
	Occupancy rate						
	2020	73.0% to 95.0%	90.0% to 95.0%	68.0% to 90.0%	81.0% to 100%	91.4% to 99.0%	
	2019	86.1% to 98.0%	95.3%	68.6% to 95.0%	85.0% to 100%	90.0% to 95.0%	

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Valuation methods	Key unobservable inputs	Shopping mall	Office	Integrated development	Business park, industrial and logistics	Lodging	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flow approach	Discount rate	5.1% to 9.0%	4.1% to 7.8%	8.8% to 9.5%	7.0% to 20.0%	3.9% to 11.0%	The estimated fair value varies inversely against the discount rate and terminal yield rate and increases with higher occupancy rate.
	2020	5.0% to 9.0%	4.1% to 7.5%	9.0% to 9.5%	7.0% to 21.0%	3.8% to 10.7%	
	Terminal yield rate	5.2% to 6.0%	4.3% to 4.7%	5.0% to 6.3%	5.0% to 9.0%	3.5% to 8.0%	
	2020	5.1% to 5.9%	4.3% to 4.7%	5.0% to 6.5%	5.3% to 9.0%	4.4% to 7.7%	
Residual value method	Occupancy rate	73.0%	95.0% to 97.0%	61.0% to 78.0%	87.0% to 99.0%	45.0% to 98.0%	The estimated fair value increases with higher gross development value and decreases with higher estimated cost to completion
	2020	86.1% to 100%	90.1% to 97.0%	68.6% to 93.8%	50.0% to 100%	55.0% to 99.0%	
	Gross development value (\$ million)	—	—	—	—	55 to 131	
	2020	—	—	—	—	49 to 140	
	Estimated cost to completion (\$ million)	—	—	—	—	31 to 129	
	2020	—	—	—	—	31 to 129	

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Type	Valuation methods	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Equity investments at FVTPL	Income approach	- Enterprise value/ Revenue multiple of comparable companies: 2.8x to 7.3x (2019: 2.4x to 3.9x)	The estimated fair value increases with higher multiple and varies inversely against volatility.
Equity investments at FVTPL	Income approach	- Discount rate: 13% (2019: 14%) - Terminal growth rate: 2% (2019: 2%)	The estimated fair value increases with lower discount rate and varies inversely against growth rate.

The fair value of other equity investments at FVTPL amounted to \$262 million (2019: \$255 million) was estimated based on the fair value of the underlying investment properties of the investee company. The valuation was based on discounted cash flow approach and its significant unobservable inputs were consistent with the investment properties information presented above.

(iii) Valuation processes applied by the Group

The significant non-financial asset of the Group categorised within Level 3 of the fair value hierarchy is investment properties. The fair values of investment properties are determined by external, independent property valuers, who have the appropriate and recognised professional qualifications and recent experience in the location and category of property being valued. The property valuers provide the fair values of the Group's investment property portfolio annually. The valuation and its financial impact are discussed with the management in accordance with the Group's reporting policies.

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31 Financial Risk Management

(a) Financial risk management objectives and policies

The Group is exposed to market risk (including interest rate, foreign currency and price risks), credit risk and liquidity risk arising from its business. The Group's risk management approach seeks to minimise the potential material adverse effects from these exposures. The Group uses financial instruments such as currency forwards, interest rate swaps and cross currency swaps as well as foreign currency borrowings to hedge certain financial risk exposures.

The management has overall responsibility for the compliance and oversight of CapitalLand Investment Limited Group's risk management framework. For the Relevant Periods, this is based on CapitalLand Group's risk management framework. The CapitalLand Group has established the Risk Committee to strengthen its risk management processes and framework. The Risk Committee is assisted by an independent unit called the CapitalLand Group Risk Management (GRM). GRM generates a comprehensive portfolio risk report to assist the committee. This quarterly report measures a spectrum of risks, including property market risks, construction risks, interest rate risks, refinancing risks and currency risks.

As the COVID-19 outbreak is ongoing, the actual extent of the outbreak and its impact on the domestic, regional and global economy remains uncertain, and the actual extent of the impact on the Group's business, financial condition and results of operations will depend on, amongst other things, the duration of the COVID-19 outbreak, the severity and length of the economic downturn and the speed and strength of the subsequent recovery. As a result, there may be further adverse effects on the Group's business, revenue, funds from operations and profit. In addition, the COVID-19 pandemic also creates the risk of volatility in financial markets (including interest rate and foreign exchange rate risks) and may adversely impact the cost, availability, duration or terms of financing and credit available to the Group. Uncertainty about the effects of COVID-19 has resulted in significant disruption to capital and securities markets, which, if it continues, may affect the Group's ability to raise new capital and refinance its existing debt. In response to COVID-19, the management has also increased the monitoring of the economic environment, operational risks and impact of the pandemic on its businesses.

(b) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will have on the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

The Group's exposure to market risk for changes in interest rate environment relates mainly to its investment in financial products and debt obligations.

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The investments in financial products are short term in nature and they are not held for trading or speculative purposes. The financial products mainly comprise fixed deposits which yield better returns than cash at bank.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group strives to ensure that between 60% and 70% of its interest rate risk exposure is at a fixed rate following the listing of the Company. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve certain level of protection against rate hikes. The Group also uses hedging instruments such as interest rate swaps to minimise its exposure to interest rate volatility and classifies these interest rate swaps as cash flow hedge.

As at 31 December 2020, the Group has interest rate swaps classified as cash flow hedges with notional contractual amount of \$1,591 million (2019: \$2,324 million) and for which the Group pays fixed interest rates and receives variable rates equal to the Singapore swap offer rates (SOR), London interbank offered rates (LIBOR), Australia bank bill swap bid rates (BBSY), Tokyo interbank offered rates (TIBOR) and Euro interbank offered rates (EURIBOR) on the notional amount.

As at 31 December 2020 and 2019, the Group has cross currency swaps classified as cash flow hedges with notional contractual amount of \$207 million (2019: \$69 million) and for which the Group pays fixed interest rates and receives variable rates equal to the swap rates for US Dollars and Singapore Dollars on the notional amount.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as ‘IBOR reform’). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. There is uncertainty over the timing and the methods of transition in some jurisdictions that the Group operates in. The Group anticipates that IBOR reform will impact its risk management and hedge accounting.

No derivative instruments or loans have been modified in relation to the interest rate benchmark reform as at 31 December 2020.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. If a hedging relationship is directly affected by uncertainty arising from interest rate benchmark reform, then the Group assumes for this purpose that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the critical terms method. When all critical terms match, the economic relationship is considered 100% effective.

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Hedge ineffectiveness may occur due to changes in the critical terms of either the interest rate swaps or borrowings. Hedging relationships that are impacted by interest rate benchmark reform may experience ineffectiveness because of a timing mismatch between the hedged item and the hedging instrument regarding interest rate benchmark reform transition.

The net carrying amount of interest rate swaps as at 31 December 2020 was \$68 million (2019: \$49 million) comprising derivative assets of \$nil (2019: \$1 million) and derivative liabilities of \$68 million (2019: \$50 million).

Sensitivity analysis

For variable rate financial liabilities and interest rate derivative instruments used for hedging, it is estimated that an increase of 100 basis point in interest rate at the reporting date would lead to a reduction in the Group's profit before tax (and revenue reserve) by approximately \$39 million (2019: \$29 million). A decrease in 100 basis point in interest rate would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant, and has not taken into account the effects of qualifying borrowing costs allowed for capitalisation, the associated tax effects and share of non-controlling interests.

(ii) Equity price risk

As at 31 December 2020, the Group has financial assets at FVTPL and financial assets at FVOCI in equity securities and is exposed to equity price risk. The securities are listed in Singapore.

Sensitivity analysis

There is no significant exposure from equity securities listed in Singapore.

(iii) Foreign currency risk

The Group operates internationally and is exposed to various currencies, mainly Chinese Renminbi, Euro, Indian Rupee, Japanese Yen, Malaysian Ringgit, Australian Dollars and US Dollars.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which its property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

As at the reporting date, the Group uses certain foreign currency denominated borrowings, which include bank loans and medium term notes, and cross currency interest rate swaps to hedge against the currency risk arising from the Group's net investments in certain subsidiaries in United States of America, Europe and Japan. The carrying amount of these US Dollars, Euro, Sterling Pound and Japanese Yen denominated borrowings as at 31 December 2020 was \$846 million (2019: \$820 million).

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The Group uses forward exchange contracts or foreign currency loans to hedge its foreign currency risk, where feasible. It generally enters into forward exchange contracts with maturities ranging between three months and one year which are rolled over at market rates at maturity or foreign currency loans which match the Group’s highly probable transactions and investment in the foreign subsidiaries. The Group also enters into cross currency swaps to hedge the foreign exchange risk of its loans denominated in a foreign currency. The foreign exchange forwards and currency swaps are denominated in the same currency as the highly probable transactions, therefore the economic relationship is 100% effective.

Hedge ineffectiveness may occur due to:

- Changes in timing of the forecasted transaction from what was originally planned; and
- Changes in the credit risk of the derivative counterparty or the Group.

The net carrying amount of the forward exchange and cross currency swap contracts as at 31 December 2020 was \$17 million (2019: net assets of \$20 million), comprising derivative assets of \$11 million (2019: \$25 million) and derivative liabilities of \$28 million (2019: \$5 million).

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

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The Group's exposure to major foreign currencies was as follows:

The Group	Singapore Dollars \$'M	US Dollars \$'M	Australian Dollars \$'M	Japanese Yen \$'M	Euro \$'M
31 December 2020					
Equity securities	86	56	-	254	-
Trade and other receivables	4,039	220	258	176	218
Cash and cash equivalents	336	60	51	442	63
Bank borrowings and debt securities	(1,878)	(1,854)	(532)	(1,687)	(382)
Trade and other payables	(12,576)	(538)	(91)	(100)	(73)
Gross currency exposure	(9,993)	(2,056)	(314)	(915)	(174)
Add: Net financial liabilities denominated in the respective entities' functional currencies	9,001	1,679	372	711	47
Add: Bank borrowings and debt securities designated for net investment hedge	-	49	88	359	314
Add: Cross currency swaps/foreign exchange forward contracts	-	69	-	-	-
Net currency exposure	(992)	(259)	146	155	187
31 December 2019					
Equity securities	107	67	-	248	-
Trade and other receivables	3,867	606	215	205	223
Cash and cash equivalents	244	112	36	226	86
Bank borrowings and debt securities	(1,817)	(1,863)	(187)	(1,787)	(331)
Trade and other payables	(11,512)	(640)	(60)	(115)	(78)
Gross currency exposure	(9,111)	(1,718)	4	(1,223)	(100)
Add/Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	8,003	1,823	127	1,050	(7)
Add: Bank borrowings and debt securities designated for net investment hedge	-	50	83	357	296
Net currency exposure	(1,108)	155	214	184	189

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Sensitivity analysis

It is estimated that a five percentage point strengthening in foreign currencies against the respective functional currencies of the Group would decrease the Group's profit before tax by approximately \$43 million (2019: \$24 million). A five percentage point weakening in foreign currencies against the Singapore Dollar would have an equal but opposite effect. The Group's outstanding forward exchange contracts and cross currency swaps have been included in this calculation. The analysis assumed that all other variables, in particular interest rates, remain constant and does not take into account the translation related risk, associated tax effects and share of non-controlling interests.

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For trade and other receivables, contract assets and financial assets at amortised cost, the Group has guidelines governing the process of granting credit as a service or product provider in its respective segments of business. Trade and other receivables and contract assets relate mainly to the Group's customers who bought its residential units and tenants from its office buildings, shopping malls, business parks and serviced residences. Financial assets at amortised cost relate mainly to amounts owing by related parties. Investments and financial transactions are restricted to counterparties that meet the appropriate credit criteria.

The principal risk to which the Group is exposed to in respect of financial guarantee contracts is credit risk in connection with the guarantee contracts they have issued. To mitigate the risk, management continually monitors the risk and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. Guarantees are only given for the benefit of its subsidiaries and related parties. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in note 33.

The Group has a diversified portfolio of businesses and as at balance sheet date, there was no significant concentration of credit risk with any entity. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet, including derivative financial instruments as well as any irrevocable loan undertaking to associates and joint ventures.

Financial assets at amortised cost

The Group assesses on a forward-looking basis the expected credit losses associated with financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(i) Trade receivables and contract assets

The Group reviews the customers' credit risk taking into account the aging of the outstanding receivables, amount of security deposit available as well as any indication of credit default, and assess the amount of specific allowance for doubtful receivable required for each customer.

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The Group also uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

In measuring the expected credit losses, trade receivables and contract assets are grouped based on similar credit risk characteristics and days past due. When determining the expected credit loss rates, the Group considers historical loss rates for customer grouped by industry sector and forward-looking macroeconomic factors like country's gross domestic product (GDP), which affect the ability of the customers to settle the receivables.

Trade and other receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss. During the year ended 31 December 2020, the Group temporarily extended the credit terms for specific customers with liquidity constraints or as stipulated by government legislation as a direct result of the COVID-19 pandemic. All extensions were granted within current sales limits after careful evaluation of the creditworthiness of the customer and each customer that was granted an extension is closely monitored for credit deterioration.

(a) The movements in credit loss allowance are as follows:

	Trade receivables \$'M	Other receivables \$'M	Amounts due from related parties (current) \$'M	Amounts due from associates (current) \$'M	Amounts due from joint ventures (current) \$'M	Amounts due from joint ventures (non- current) \$'M
	←----- Note 12-----→			Note 7(b)	Note 8(b)	Note 8(a)
At 1 January 2020	11	15	84	*	20	15
Allowance utilised	(1)	*	—	*	*	—
Allowance during the year	20	4	—	*	5	—
Reversal of allowance during the year	(2)	—	—	*	*	—
Translation differences	1	(1)	—	*	*	*
At 31 December 2020	29	18	84	*	25	15

* Less than \$1 million

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	Trade receivables \$'M	Other receivables \$'M	Amounts due from related parties (current) \$'M	Amounts due from associates (current) \$'M	Amounts due from joint ventures (current) \$'M	Amounts due from joint ventures (non- current) \$'M
	←-----	Note 12-----	-----→	Note 7(b)	Note 8(b)	Note 8(a)
At 1 January 2019	11	15	84	*	15	14
Allowance utilised	*	*	—	*	—	—
Allowance during the year	2	2	—	*	4	—
Reversal of allowance during the year	*	*	—	*	—	—
Disposal of subsidiaries	(2)	(2)	—	*	—	—
Translation differences	*	*	—	*	1	1
At 31 December 2019	11	15	84	*	20	15

* Less than \$1 million

- (b) The maximum exposure to credit risk for trade receivables and other financial assets (by business activities) at the reporting date was:

	Trade receivables 2020 \$'M	Other financial assets 2020 \$'M	Trade receivables 2019 \$'M	Other financial assets 2019 \$'M
The Group				
Fee income-related business	75	610	76	418
Real Estate Investments	117	2,987	89	3,565
Corporate and Others	1	786	*	456
	193	4,383	165	4,439

- (c) The credit quality of trade and other receivables is assessed based on credit policies established by management. The Group monitors customer credit risk by grouping trade and other receivables based on their characteristics. Trade and other receivables with high credit risk will be identified and monitored by the respective strategic business units. Where a customer has been granted a temporary extension in the credit period as a result of the COVID-19 pandemic, the past-due status is based on the extended credit period. The Group's credit risk exposure in relation to trade and other receivables under SFRS(I) 9 as at 31 December 2020 are set out in the provision matrix as follows:

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		<----- Past due ----->			
	Current \$'M	Within 30 days \$'M	30 to 90 days \$'M	More than 90 days \$'M	Total \$'M
2020					
Expected loss rate	1.5%	8.8%	18.8%	53.8%	
Trade receivables	133	34	16	39	222
Loss allowance	2	3	3	21	29
Trade receivables under deferment scheme	*	*	*	*	1
Expected loss rate	-	-	-	*	
Amounts due from associates	110	16	17	8	151
Loss allowance	-	-	-	*	*
Expected loss rate	4.1%	-	-	64.3%	
Amounts due from joint ventures (current)	171	1	1	28	201
Loss allowance	7	*	*	18	25
Expected loss rate	3.2%	-	-	-	
Amounts due from joint ventures (non- current)	472	-	-	-	472
Loss allowance	15	-	-	-	15
Expected loss rate	2.4%	-	-	-	
Amounts due from related parties	3,526	30	2	94	3,652
Loss allowance	84	-	-	-	84
2019					
Expected loss rate	-	-	-	61.1%	
Trade receivables	115	28	15	18	176
Loss allowance	*	*	*	11	11
Expected loss rate	-	-	-	-	
Amounts due from associates	91	12	5	3	111
Loss allowance	-	-	-	*	*
Expected loss rate	4.1%	-	-	39.5%	
Amounts due from joint ventures (current)	122	3	3	38	166
Loss allowance	5	-	-	15	20
Expected loss rate	2.6%	-	-	-	
Amounts due from joint ventures (non- current)	567	-	-	-	567
Loss allowance	15	-	-	-	15
Expected loss rate	2.5%	-	-	-	
Amounts due from related parties	3,375	2	6	188	3,571
Loss allowance	84	-	-	-	84

* Less than \$1 million

No aging analysis of contract assets and other receivables are presented as the majority of outstanding balances as at 31 December 2020 and 31 December 2019 are current.

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(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash or cash convertible investments to meet its working capital requirement. In addition, the Group strives to maintain sufficient available banking facilities to meet working capital and funding needs.

Uncertainty about the effects of COVID-19 has resulted in significant disruption to capital and securities markets, which, if it continues, may affect the Group's ability to raise new capital and refinance its existing debt. While the Group has unutilised facilities and funds available for use, there can be no assurance that the Group will be able to refinance its indebtedness, as and when such indebtedness becomes due, on commercially reasonable terms or at all. The significant economic disruption as a result of the COVID-19 pandemic may also affect the Group's ability to refinance its existing debt. The Group's level of indebtedness means that a material portion of the Group's expected cash flow may be required to be dedicated to the payment of interest on the Group's indebtedness, thereby reducing the funds available to the Group for use in the general business operations.

As part of the Group's borrowing activities, the Group is exposed to the risk of potential and actual breaches of financial covenants in the Group's indebtedness which may also result in accelerated demands of payment or calls for events of default by lenders. This may restrict the Group's ability to obtain additional financing for capital expenditure, acquisitions or general corporate purposes and may cause the Group to be particularly vulnerable in any general economic downturn or instability in the global financial capital markets.

The Group has been actively managing its liquidity position amid the COVID-19 pandemic. As at 31 December 2020, the Group has approximately \$3 billion (2019: \$2 billion) of total cash and available undrawn committed facilities held under the Group, which is sufficient to support the Group's funding requirements for the next 24 months.

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The following are the expected contractual undiscounted cash flows of financial liabilities and derivative financial instruments, including interest payments and excluding the impact of netting agreements:

	<----- Contractual cash flows ----->				
	Carrying amount \$M	Total \$M	Not later than 1 year \$M	Between 1 and 5 years \$M	After 5 years \$M
The Group					
31 December 2020					
Financial liabilities, at amortised cost					
Bank borrowings	(6,433)	(7,095)	(1,285)	(4,747)	(1,063)
Debt securities	(1,285)	(1,386)	(59)	(1,327)	-
Lease liabilities	(748)	(1,033)	(85)	(308)	(640)
Trade and other payables [#]	(12,739)	(12,858)	(7,297)	(4,541)	(1,020)
	<u>(21,205)</u>	<u>(22,372)</u>	<u>(8,726)</u>	<u>(10,923)</u>	<u>(2,723)</u>
Derivative financial assets/(liabilities), at fair value					
Interest rate swaps (net-settled)					
- liabilities	(68)	(68)	(25)	(43)	-
Forward foreign exchange contracts (net-settled)					
- assets	6	6	6	-	-
- liabilities	(5)	(5)	(5)	-	-
Cross currency swaps (gross-settled)	5				
- outflow		(163)	(2)	(161)	-
- inflow		171	4	167	-
Cross currency swaps (gross-settled)	(23)				
- outflow		(586)	(9)	(577)	-
- inflow		584	18	566	-
	<u>(85)</u>	<u>(61)</u>	<u>(13)</u>	<u>(48)</u>	<u>-</u>
	<u>(21,290)</u>	<u>(22,433)</u>	<u>(8,739)</u>	<u>(10,971)</u>	<u>(2,723)</u>

[#] Excludes liability for employee benefits, derivative liabilities and deferred income.

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		<----- Contractual cash flows ----->			
	Carrying amount \$'M	Total \$'M	Not later than 1 year \$'M	Between 1 and 5 years \$'M	After 5 years \$'M
The Group					
31 December 2019					
Financial liabilities, at amortised cost					
Bank borrowings	(6,205)	(7,730)	(1,384)	(4,742)	(1,604)
Debt securities	(1,433)	(1,584)	(266)	(1,239)	(79)
Lease liabilities	(495)	(692)	(54)	(176)	(462)
Trade and other payables [#]	(12,873)	(13,019)	(7,097)	(3,708)	(2,214)
	<u>(20,006)</u>	<u>(23,025)</u>	<u>(8,801)</u>	<u>(9,865)</u>	<u>(4,359)</u>
Derivative financial assets/(liabilities), at fair value					
Interest rate swaps (net-settled)					
- assets	1	2	1	1	-
- liabilities	(50)	(45)	(17)	(28)	-
Forward foreign exchange contracts (net-settled)					
- assets	4	4	4	-	-
- liabilities	(1)	(1)	(1)	-	-
Cross currency swaps (gross-settled)	21				
- outflow		(527)	(28)	(499)	-
- inflow		579	41	538	-
Cross currency swaps (gross-settled)	(4)				
- outflow		(150)	(36)	(114)	-
- inflow		153	37	116	-
	<u>(29)</u>	<u>15</u>	<u>1</u>	<u>14</u>	<u>-</u>
	<u>(20,035)</u>	<u>(23,010)</u>	<u>(8,800)</u>	<u>(9,851)</u>	<u>(4,359)</u>

[#] Excludes liability for employee benefits, derivative liabilities and deferred income.

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At 31 December 2020, the Group held the following instruments to hedge exposures to changes in foreign currency and interest rates:

	Carrying amount----->		Changes in fair value used for calculating -----hedge ineffectiveness----->				Maturity date	
	Contractual notional amount \$'M	Assets/ (Liabilities) \$'M	Financial statement line item	Hedging instrument \$'M	Hedge ineffectiveness recognised in profit or loss \$'M	Weighted average hedge forex rate/ interest rate (%)		
31 December 2020								
Cashflow hedges								
Foreign exchange risk								
- Cross currency swaps to hedge foreign currency borrowings	207	(8)	Derivative financial instruments	(4)	4	USD: SGD1.307 (USD 2.605%)	January 2022 to August 2025	
Interest rate risk								
- Interest rate swaps to hedge floating rate borrowings	1,591	(68)	Derivative financial instruments	(27)	27	1.493%	April 2021 to October 2023	

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	Contractual notional amount \$'M	Assets/ (Liabilities) \$'M	Financial statement line item	Carrying amount \$'M	Changes in fair value used for calculating hedge ineffectiveness Hedge ineffectiveness recognised in profit or loss \$'M	Hedging instrument \$'M	Hedged item \$'M	Weighted average hedge forex rate/ interest rate (%)	Maturity date
31 December 2019									
Cashflow hedges									
Foreign exchange risk									
- Gross currency swaps to hedge foreign currency borrowings	69	(1)	Derivative financial instruments	(1)	(2)	2	USD: SGD 1.3508	USD: SGD 1.3508	November 2023
- Forward contracts to hedge foreign currency borrowings and receivables from divestment proceeds	2	*	Derivative financial instruments	*	(2)	2	MYR: SGD0326	MYR: SGD0326	April 2020
Interest rate risk									
- Interest rate swaps to hedge floating rate borrowings	2,324	(49)	Derivative financial instruments	(49)	(34)	34	1.736%	1.736%	March 2020 to October 2023
Net investment hedges									
Foreign exchange risk									
- Borrowings to hedge net investments in foreign operations	-	(820)	Borrowings	(820)	*	*		JPY: SGD0.0124 EUR: SGD1.503 GBP: SGD1.753 AUD: SGD0.928	August 2020 to September 2023
- Forward contracts to hedge net investments in foreign operations	493	3	Derivative financial instruments	3	(1)	1		USD: SGD1.366 RMB: SGD0.194 JPY: SGD0.0126 EUR: SGD1.512 AUD: SGD0.936	January 2020 to March 2020
- Gross currency swaps to hedge net investments in foreign operations	613	18	Derivative financial instruments	18	14	(14)		JPY: SGD0.011 EUR: SGD1.531 KRW: SGD0.00116	April 2020 to April 2023
* Less than \$1M									

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The following table provides a reconciliation by risk category of components of equity and analysis of other comprehensive income items (net of tax) resulting from cashflow hedge accounting.

	2020 \$'M	2019 \$'M
At 1 January	(33)	(22)
Change in fair value:		
- Foreign currency risk	*	*
- Interest rate risk	(20)	(15)
Amount reclassified to profit or loss:		
- Foreign currency risk	*	*
- Interest rate risk	2	4
At 31 December	(51)	(33)

(e) 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 Group's balance sheets; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the balance sheets.

Financial instruments such as trade receivables and trade payables are not disclosed in the tables below unless they are offset in the balance sheets.

The Group's derivative transactions that are not transacted through an exchange, are governed by the International Swaps and Derivatives Association (ISDA) Master Netting Agreements. In general, under such agreements, the amounts due on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount and settled between the counterparties. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and set off into a single net amount to be settled.

The above ISDA agreements do not meet the criteria for offsetting in the balance sheets as a right of set-off of recognised amounts is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

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Note	Gross amount of recognised financial assets/ (liabilities) \$'M	Gross amount of recognised financial assets/ (liabilities) offset in the balance sheet \$'M	Net amount of financial assets/ (liabilities) presented in the balance sheet \$'M	Related amount not offset in the balance sheet \$'M	Net amount \$'M
31 December 2020					
Types of financial assets					
Forward foreign exchange contracts	6	–	6	(5)	1
Cross currency swaps	5	–	5	–	5
10(a), 10(b)	<u>11</u>	<u>–</u>	<u>11</u>	<u>(5)</u>	<u>6</u>
Types of financial liabilities					
Interest rate swaps	(68)	–	(68)	–	(68)
Forward foreign exchange contracts	(5)	–	(5)	5	–
Cross currency swaps	(23)	–	(23)	–	(23)
15, 18	<u>(96)</u>	<u>–</u>	<u>(96)</u>	<u>5</u>	<u>91</u>
31 December 2019					
Types of financial assets					
Interest rate swaps	1	–	1	–	1
Forward foreign exchange contracts	4	–	4	(1)	3
Cross currency swaps	21	–	21	–	21
10(a), 10(b)	<u>26</u>	<u>–</u>	<u>26</u>	<u>(1)</u>	<u>25</u>
Types of financial liabilities					
Interest rate swaps	(50)	–	(50)	–	(50)
Forward foreign exchange contracts	(1)	–	(1)	1	*
Cross currency swaps	(4)	–	(4)	–	(4)
15, 18	<u>(55)</u>	<u>–</u>	<u>(55)</u>	<u>1</u>	<u>(54)</u>

* Less than \$1M

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32 Commitments

As at the reporting date, the Group had the following commitments:

(a) Operating lease

The Group's operating lease relates to leases with lease terms of 12 months or less or low value assets. Future minimum lease payments for the Group on non-cancellable operating leases are as follows:

	2020	2019
	\$'M	\$'M
Lease payments payable:		
Not later than 1 year	30	66
Between 1 and 5 years	1	*
	<u>31</u>	<u>66</u>

* Less than \$1 million

(b) Commitments

	2020	2019
	\$'M	\$'M
Commitments in respect of:		
- capital expenditure contracted but not provided for in the financial statements	15	26
- development expenditure contracted but not provided for in the financial statements	128	114
- capital contribution in associates and joint ventures	847	863
- purchase of land contracted but not provided for in the financial statements	8	—
	<u>998</u>	<u>1,003</u>

(c) As at the reporting date, the notional principal values of financial instruments were as follows:

	2020	2019
	\$'M	\$'M
Interest rate swaps	1,591	2,324
Forward foreign exchange contracts	457	495
Cross currency swaps	696	682
	<u>2,744</u>	<u>3,501</u>

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The maturity profile of these financial instruments was:

	2020 \$'M	2019 \$'M
Not later than 1 year	718	1,483
Between 1 and 5 years	2,026	2,018
	<u>2,744</u>	<u>3,501</u>

33 Financial Guarantee Contracts and Contingent Liabilities

The Group accounts for its financial guarantees as insurance contracts. At the reporting date, the Group does not consider that it is probable that a claim will be made against the Group under the financial guarantee contracts. Accordingly, the Group does not expect any net cash outflows resulting from the financial guarantee contracts. The Group issue guarantees only for subsidiaries and related parties of the CapitaLand Group.

	2020 \$'M	2019 \$'M
(a) Guarantees given to banks to secure banking facilities provided to joint ventures	<u>5</u>	<u>6</u>
(b) Undertakings by the Group:		
(i) As at 31 December 2020, a subsidiary of the Group has pledged its shares in an associate for the revolving loan facilities amounting to \$500 million (2019: \$300 million) granted to a related party. As at 31 December 2020, the total amount outstanding under the facilities was \$484 million (2019: \$267 million).		
(ii) As at 31 December 2020, two subsidiaries of the Group has pledged its shares and redeemable preference shares in an associate for a term loan facility obtained by the associate amounting to \$1,078 million (2019: \$1,088 million).		
(iii) As at 31 December 2020, a subsidiary of the Group provided an indemnity for banker's guarantee issuance on a joint and several basis, in respect of term loan and revolving loan facilities amounting to \$162 million (2019: \$163 million) granted to a joint venture. As at 31 December 2020, the total amount outstanding under the facilities was \$148 million (2019: \$142 million).		
(iv) As at 31 December 2020, a subsidiary of the Group in China, whose principal activity is the trading of development properties, would in the ordinary course of business act as guarantors for the bank loans taken by the buyers to finance the purchase of residential properties developed by this subsidiary. As at 31 December 2020, the outstanding notional amount of the guarantees amounted to \$30 million (2019: \$31 million).		

APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF THE CLI GROUP FOR FY2019 AND FY2020 WITH THE INDEPENDENT AUDITORS' REPORT THEREON

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019

(c) Government assistance

In response to the economic impacts of the COVID-19 coronavirus pandemic, the governments of the Japan, France and United States of America introduced various financial support schemes, which provided guarantees for bank loans borrowed by the Group's subsidiaries amounting to \$52 million issued by the respective banks during the year. The interest rates of the loans ranged from 0% to 1.11%.

The Group determined that the interest rates for an equivalent loan issued on an arm's length basis without the guarantee would have ranged from 0.4% to 2.5%. There are no unfilled conditions or contingencies for the government assistance as at 31 December 2020.

34 Significant Related Party Transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the direct and indirect ability to control the party, jointly control 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 control or significant influence. Related parties may be individuals or other entities.

The Group considers the directors of the Company, Group CEO and key management officers of the corporate office as well as CEOs of the businesses and functions to be key management personnel in accordance with SFRS(I) 1-24 Related Party Disclosures. All key management personnel are employees of the immediate holding company and no consideration is paid to the immediate holding company for services rendered by the key management personnel. No apportionment has been made as the services provided by these directors to the Company are incidental to their responsibilities to the larger group.

In addition to the related party information disclosed elsewhere in the financial statements, there were significant related party transactions which were carried out in the normal course of business on terms agreed between the parties as follows:

	2020 \$M	2019 \$'M
Related corporations		
Management fee income	1	*
Rental income	-	*
Utilities expenses	(1)	(1)
Telecommunication expenses	(7)	(2)
Security services expenses	*	*
Other expenses	*	*
Payables included in trade and other payables and non-current liabilities	*	*
Receivables included in trade and other receivables	*	*

**APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF
THE CLI GROUP FOR FY2019 AND FY2020 WITH
THE INDEPENDENT AUDITORS’ REPORT THEREON**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019**

	2020 \$M	2019 \$'M
Immediate holding company		
IT support services income	10	2
Management fee expenses	(31)	(29)
Administrative support services expenses	(6)	(6)
Others	(5)	(6)
	<u>(5)</u>	<u>(6)</u>
Fellow subsidiaries under the immediate holding company		
Management fee income	32	36
IT support services income	31	24
Rental Income	9	3
Administrative support services income	7	2
Management fee expenses	(47)	(48)
Rental expense	(6)	(3)
Purchase consideration for the acquisition of investments	2,616	493
Others	(3)	8
	<u>(3)</u>	<u>8</u>
Associates and joint ventures		
Management fee income	387	351
Construction and project management income	4	3
Rental expense	(3)	(3)
Acquisition and divestment fees, accounting service fee, marketing income and other fees	104	131
Proceeds from sale of investment	66	-
	<u>66</u>	<u>-</u>

APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF THE CLI GROUP FOR FY2019 AND FY2020 WITH THE INDEPENDENT AUDITORS' REPORT THEREON

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019

35 Operating Segments

Management determines the operating segment based on the reports reviewed and used for strategic decision making and resources allocation. The Group organises its reporting structure into segments by business activities to more accurately reflect the way the Group manage its businesses. The segments comprise the Group's integrated capabilities in the residential, retail, commercial, industrial, logistics and business parks asset classes, strategically deployed in each market.

For segment reporting purpose, the Group's primary segment is based on business activities. The Group's secondary segment is reported by geographical locations, namely Singapore, China, other emerging markets and other developed markets.

The Group's reportable operating segments are as follows:

- (i) Fee income-related business involves Group fee income businesses from investment and asset management of listed and unlisted funds, lodging and project management services.
- (ii) Real Estate Investments involves real estate investments in office, shopping malls, lodging, data centre, industrial, logistics and business parks.
- (iii) Corporate and Others includes Corporate office.

Information regarding the operations of each reportable segment is included below. Management monitors the operating results of each of its primary segments for the purpose of making decisions on resource allocation and performance assessment. Performance is measured based on segment earnings before interest, tax, depreciation and amortisation (EBITDA). EBITDA is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments. Segment assets and liabilities are presented net of inter-segment balances. Inter-segment pricing is determined on arm's length basis.

In term of secondary segment, the Group presents its businesses based on geographical locations based on Singapore, China, other emerging markets and other developed markets.

APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF THE CLI GROUP FOR FY2019 AND FY2020 WITH THE INDEPENDENT AUDITORS' REPORT THEREON

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019

Operating Segments – 31 December 2020

	Fee Income- related Business \$'M	Real Estate Investments \$'M	Corporate and Others \$'M	Elimination \$'M	Total \$'M
Revenue					
External revenue	634	1,292	57	–	1,983
Inter-segment revenue	152	22	153	(327)	–
Total revenue	786	1,314	210	(327)	1,983
Segmental results					
Company and combining entities	170	(196)	18	–	(8)
Associates	–	81	–	–	81
Joint ventures	4	(110)	–	–	(106)
EBITDA	174	(225)	18	–	(33)
Depreciation and amortisation					(149)
Finance costs					(377)
Tax expense					(114)
Loss for the year					(673)
Segment assets	1,740	36,057	7,036	(6,610)	38,223
Segment liabilities	586	19,842	2,061	–	22,489

APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF THE CLI GROUP FOR FY2019 AND FY2020 WITH THE INDEPENDENT AUDITORS' REPORT THEREON

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019

Operating Segments – 31 December 2020

	Fee Income- related Business \$'M	Real Estate Investments \$'M	Corporate and Others \$'M	Elimination \$'M	Total \$'M
Other segment items:					
Interest income	12	19	9	–	40
Depreciation and amortisation	(16)	(110)	(23)	–	(149)
Allowance for foreseeable losses	–	(17)	–	–	(17)
Impairment losses on assets	(119)	(85)	(3)	–	(207)
Fair value loss on investment properties	–	(698)	–	–	(698)
Share-based expenses	(13)	(2)	(3)	–	(18)
Net gains on disposal of investments	(9)	149	*	–	140
Associates	*	10,908	–	–	10,908
Joint ventures	–	2,290	–	–	2,290
Capital expenditure [#]	20	291	17	–	328
Non-current assets ¹	906	29,740	6,659	(6,610)	30,695

* Less than \$1 million

[#] Capital expenditure consists of additions of property, plant and equipment, investment properties and intangible assets.

¹ Non-current assets comprised property, plant and equipment, intangible assets, investment properties, investment in associates and joint ventures and prepayments.

APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF THE CLI GROUP FOR FY2019 AND FY2020 WITH THE INDEPENDENT AUDITORS' REPORT THEREON

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019

Operating Segments – 31 December 2019

	Fee Income- related Business \$'M	Real Estate Investments \$'M	Corporate and Others \$'M	Elimination \$'M	Total \$'M
Revenue					
External revenue	597	1,849	42	–	2,488
Inter-segment revenue	173	7	154	(334)	–
Total revenue	770	1,856	196	(334)	2,488
Segmental results					
Company and combining entities	246	1,255	(5)	–	1,496
Associates	–	793	–	–	793
Joint ventures	17	155	–	–	172
EBITDA	263	2,203	(5)	–	2,461
Depreciation and amortisation					(113)
Finance costs					(327)
Tax expense					(273)
Profit for the year					1,748
Segment assets	1,696	36,766	6,997	(6,617)	38,842
Segment liabilities	569	19,996	1,699	–	22,266

* Less than \$1 million

APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF THE CLI GROUP FOR FY2019 AND FY2020 WITH THE INDEPENDENT AUDITORS' REPORT THEREON

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019

Operating Segments – 31 December 2019

	Fee Income- related Business \$'M	Real Estate Investments \$'M	Corporate and Others \$'M	Elimination \$'M	Total \$'M
Other segment items:					
Interest income	10	22	10	–	42
Depreciation and amortisation	(15)	(78)	(20)	–	(113)
Impairment losses on assets	(10)	(15)	(4)	–	(29)
Fair value gain on investment properties	–	549	–	–	549
Share-based expenses	(21)	(4)	(4)	–	(29)
Gains on disposal of investments	*	59	*	–	59
Associates	*	11,084	–	–	11,084
Joint ventures	178	2,431	–	–	2,609
Capital expenditure [#]	27	444	11	–	482
Non-current assets ¹	1,012	30,084	6,664	(6,617)	31,143

* Less than \$1 million

[#] Capital expenditure consists of additions of property, plant and equipment, investment properties and intangible assets.

¹ Non-current assets comprised property, plant and equipment, intangible assets, investment properties, investment in associates and joint ventures and prepayments.

APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF THE CLI GROUP FOR FY2019 AND FY2020 WITH THE INDEPENDENT AUDITORS' REPORT THEREON

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019

Geographical Information

	Singapore \$'M	China \$'M	Other developed markets ¹ \$'M	Other emerging markets ² \$'M	Group \$'M
31 December 2020					
External revenue	580	363	816 ⁵	224	1,983
EBITDA ⁴	420	(101)	(307)	(45)	(33)
Non-current assets ³	9,518	9,336	8,788 ⁶	3,053	30,695
Total assets	13,088	11,524	10,008	3,603	38,223
31 December 2019					
External revenue	430	476	1,271 ⁵	311	2,488
EBITDA ⁴	873	958	523	107	2,461
Non-current assets ³	9,707	9,213	9,057 ⁶	3,166	31,143
Total assets	13,397	11,595	10,050	3,800	38,842

* Less than \$1 million

¹ Includes United Kingdom, France, Germany, Spain, Belgium, Ireland, Japan, South Korea, United States of America, Australia and New Zealand.

² Other emerging markets refers to Asia, but excludes Singapore, China, Hong Kong, Japan and South Korea.

³ Non-current assets comprised property, plant and equipment, intangible assets, investment properties, investment in associates and joint ventures.

⁴ Fair value losses of \$698 million in 2020 included in EBITDA (2019: gain of \$549 million).

⁵ Includes revenue from United States of America of \$356 million (2019: \$ 596 million), Japan of \$163 million (2019: \$196 million) and Australia of \$130 million (2019: \$128 million).

⁶ Includes non-current assets from United States of America of \$2,177 million (2019: \$ 2,331 million), Japan of \$2,748 million (2019: \$3,033 million) and Australia of \$1,579 million (2019: \$1,356 million).

APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF THE CLI GROUP FOR FY2019 AND FY2020 WITH THE INDEPENDENT AUDITORS’ REPORT THEREON

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019

36 Subsequent Events

- a) On 9 February 2021, ART announced that its wholly owned subsidiary has entered into a conditional sale and purchase agreement with an unrelated third party to divest, through the divestment of interests in Shanghai Xinwei Real Estate Development Co. (being the relevant target company), Somerset Xuhui Shanghai (being the relevant property) at an agreed aggregate value of the property of RMB1,050 million (approximately S\$216 million). The transaction has been completed as of the date of the financial statement.
- b) On 28 April 2021, Empress Investments Pte. Ltd. (“EIPL”), a subsidiary of the Group, entered into agreements to acquire 100% of the equity interest in two PRC companies that own and manage a hyperscale data centre campus located in Minhang, Shanghai, PRC (being the relevant target asset) for a cash consideration of approximately RMB3.66 billion. The Group’s wholly owned subsidiary, CapitaLand China Data Centre One Pte. Ltd. and CapitaLand’s wholly owned trust, CapitaLand Data Centre Trust are shareholders of EIPL, and own 80% and 20% respectively of the shares in EIPL. The acquisition will be funded by internal cashflow and external loans and is expected to be completed by the third quarter of FY2021, subject to fulfilment of certain conditions precedent.
- c) On 4 May 2021, Ascendas Fusion 5 Holding Pte. Ltd., a wholly owned subsidiary of the Group, entered into a share purchase agreement to divest its entire 75% interest in Ascendas Fusion 5 Pte. Ltd. which owns a property known as Galaxis in Singapore, to A-REIT, an associate of the Group, for a total consideration estimated to be S\$534 million. The transaction has been completed as of the date of the financial statement.
- d) On 27 May 2021, Ascendas (China) Pte Ltd (the “Purchaser”), a subsidiary of the Group, entered into a conditional equity transfer agreement (the “Agreement”) for the increase of its interest in DLSP – Ascendas Co., Ltd., which holds Dalian Ascendas IT Park located in Dalian High-Tech Industrial Zone, Dalian, PRC (the “Property”), from 50% to 100%. The acquisition is by way of acquiring the 50% interest (the “Acquired Interest”) held by its joint venture partner (the “Vendor”), at a cash consideration of RMB501 million (approximately S\$103 million). The transaction has been completed as of the date of the financial statement.

In connection with the acquisition, the Vendor has been granted a call option (the “Call Option”), which it may, subject to fulfilment of certain conditions, exercise on the date falling six months after the date of the Agreement, to repurchase the acquired interest. The Call Option is part of the negotiated structure of the overall acquisition, which is with a view to obtaining full control of the Property whilst providing the Vendor six months to settle certain of its internal affairs. If the Call Option is not exercised by the Vendor on the date due for its exercise, the Group would continue to have full control of the Property.

- e) On 16 June 2021, the Group’s subsidiaries, ART and The Ascott Limited (“Ascott”), announced that they will jointly invest and develop a freehold student accommodation asset located in South Carolina, USA for an expected total amount of US\$110 million (approximately S\$146 million). The joint investment and development will be funded by internal cashflow and external loans.
- f) On 28 June 2021, the Group entered into conditional agreements to divest partial stakes in a group of companies incorporated in PRC that own six Raffles City developments in PRC to an unrelated third party capital partner (the “RCCIV/Senning Transactions”). Details of the transactions are as follows:
 - (1) The target companies are owned by Senning Property Ltd (“Senning”) and subsidiaries of Raffles City Income Ventures Limited (“RCCIV”). The Group currently holds a 55% stake in RCCIV and a 45% stake in Senning. RCCIV’s subsidiaries include Hua Qing Holdings Pte Ltd (“HQH”) which holds a 95% stake in the target company owning

APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF THE CLI GROUP FOR FY2019 AND FY2020 WITH THE INDEPENDENT AUDITORS’ REPORT THEREON

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019

Raffles City Shanghai. RCCIV has a 58.8% interest in HQH. The remaining interest in HQH is held by two other shareholders, one of which will be exiting from HQH entirely (the “Exiting HQH Shareholder”) and the other of which will be increasing its interest in HQH (the “Remaining HQH Shareholder”). The other shareholders of RCCIV and Senning respectively (collectively, the “Other Shareholders”), the Remaining HQH Shareholder and the Exiting HQH Shareholder are third parties unrelated to the Group, and are also parties to the conditional agreements relevant to each of them.

(2) The transaction consists of the following:

- (i) the divestment by RCCIV, Senning and HQH of part of their respective equity stakes in the target companies, such that the purchaser will acquire a 70% equity stake in each of Beijing Xinjie Real Estate Development Co., Ltd. (“RCB Co”), Raffles City Chengdu Co., Ltd. (“RCC Co”), Ningbo Xin Yin Property Development Co., Ltd. (“RCN Co”), Raffles City (Hangzhou) Real Estate Development Co., Ltd. (“RCH Co”) and Shanghai Orient Overseas Kaixuan Real Estate Co., Ltd. (a subsidiary of Senning) (“RCCN Co”), as well as a 60% equity stake in Shanghai Hua Qing Real Estate Management Co., Ltd. (“RCS Co”) (“Transaction Part 1”). The estimated aggregate cash consideration for this Transaction Part 1 is RMB29 billion (approximately S\$6 billion);
- (ii) RCCIV’s sale of approximately 22.7% of its interest in HQH (the “HQH Interest”) to the Remaining HQH Shareholder (“Transaction Part 2”) together with the one of the shareholders of Exiting HQH Shareholder’s sale of its entire interest in HQH to the Remaining HQH Shareholder. By increasing its interest in HQH, the Remaining HQH Shareholder’s effective stake in RCS Co will remain unchanged at approximately 22.35% notwithstanding Transaction Part 1. The estimated cash consideration for Transaction Part 2 is S\$191 million; and
- (iii) the acquisition of all of the Other Shareholders’ equity stakes in RCCIV and Senning (respectively, the “RCCIV Interest” and the “Senning Interest”) by CapitaLand’s subsidiaries (“Transaction Part 3”), which will result in RCCIV and Senning becoming wholly owned subsidiaries of CapitaLand and increase CapitaLand’s interest in HQH, which is held through RCCIV. The completion of Transaction Part 3 will rebalance CapitaLand’s stakes in the target companies to the range of 12.6% to 30%. The estimated cash consideration for the RCCM Interest and Senning Interest is US\$418 million (approximately S\$554 million) and S\$392 million respectively.

(3) Completion is expected to take place by the third quarter of 2021.

- g) On 1 July 2021, the Group will invest approximately JPY8 billion (or approximately S\$91 million) to fully acquire a freehold site and develop a four-storey modern logistics facility in Ibaraki City, Osaka, Japan. The site was acquired from Mitsui & Co. The logistics facility is expected to be completed in the third quarter of 2023. The investment and development will be funded by internal cashflow and external loans. The Group also completed the divestment of two retail malls, namely, Olinas Mall and Seiyu & Sundrug Higashimatsuyama, both located in Greater Tokyo, for a total of over approximately JPY42 billion (or approximately S\$520 million) to unrelated third parties.

APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF THE CLI GROUP FOR FY2019 AND FY2020 WITH THE INDEPENDENT AUDITORS’ REPORT THEREON

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019

37 Adoption of New Accounting Standards

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2020:

- Amendments to References to Conceptual Framework in SFRS(I) Standards
- Definition of a Business (Amendments to SFRS(I) 3)
- Definition of Material (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)

The Group applied the amendments relating to definition of a business to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business or a group of assets. The details of accounting policy are set out in note 3.2.

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

The Group has early adopted *COVID-19-Related Rent Concessions – Amendment to SFRS(I) 16* issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Group is a lessee – i.e. for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group has applied the amendment retrospectively. The amendment has no impact on the Group’s revenue reserve at 1 January 2020. The details of accounting policy is set out in note 3.14.

Except for the adoption of *COVID-19-Related Rent Concessions – Amendment to SFRS(I) 16*, the Group has not early adopted the new standards, interpretations and amendments to standards (collectively, “Changes”) which are effective for annual periods beginning after 1 January 2020, in preparing these combined financial statements. These Changes are not expected to have a significant impact on the Group’s financial statements.

38 Non-controlling interests

The following subsidiary of the Group has material non-controlling interests (NCI):

Name of Entity	Principal place of business	Effective interest held by NCI	
		2020 %	2019 %
Ascott Residence Trust ¹	Asia Pacific, Europe and United States of America	59.4	59.9

¹ Indirectly held through The Ascott Limited. Audited by KPMG LLP Singapore

APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF THE CLI GROUP FOR FY2019 AND FY2020 WITH THE INDEPENDENT AUDITORS’ REPORT THEREON

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019

The following table summarises the financial information of ART, based on its consolidated financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group’s accounting policies. The information is before inter-company eliminations with other entities in the Group.

	ART Group \$'M	Other subsidiaries with individually immaterial NCI \$'M	Total \$'M
31 December 2020			
Revenue	370		
Loss after tax	(225)		
Other comprehensive income	61		
Total comprehensive income	(164)		
Attributable to NCI:			
- (Loss)/Profit	(135)	21	(114)
- Total comprehensive income	(99)	(38)	(61)
Current assets	622		
Non-current assets	6,542		
Current liabilities	(538)		
Non-current liabilities	(2,584)		
Net assets	4,042		
Net assets attributable to NCI	2,594	869	3,463
Cash flows from:			
- Operating activities	74		
- Investing activities	296		
- Financing activities ¹	(166)		
Net increase in cash and cash equivalents	204		
¹ Includes dividends paid to NCI	(83)		

APPENDIX 7 – COMBINED FINANCIAL STATEMENTS OF THE CLI GROUP FOR FY2019 AND FY2020 WITH THE INDEPENDENT AUDITORS' REPORT THEREON

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019

	ART Group \$'M	Other subsidiaries with individually immaterial NCI \$'M	Total \$'M
31 December 2019			
Revenue	515		
Profit after tax	216		
Other comprehensive income	(34)		
Total comprehensive income	183		
Attributable to NCI:			
- Profit	120	184	304
- Total comprehensive income	101	158	259
Current assets	595		
Non-current assets	6,828		
Current liabilities	(565)		
Non-current liabilities	(2,515)		
Net assets	4,343		
Net assets attributable to NCI	2,794	775	3,569
Cash flows from:			
- Operating activities	229		
- Investing activities	259		
- Financing activities ¹	(440)		
Net increase in cash and cash equivalents	48		
¹ Includes dividends paid to NCI	(92)		

ART is regulated by the Monetary Authority of Singapore and is supervised by the Singapore Exchange Securities Trading Limited for compliance with the Singapore Listing Rules. Under the regulatory framework, transactions between the Group and ART are either subject to review by ART's trustee and significant transactions must be approved by a majority of votes by the remaining holders of units in ART at a meeting of unitholders.

APPENDIX 8 – CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS OF THE CLI GROUP FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021 WITH THE INDEPENDENT AUDITOR’S REVIEW REPORT AND THE IFA’S REVIEW LETTER THEREON

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Report on review of Condensed Interim Financial Information

The Board of Directors
CapitaLand Investment Limited
168 Robinson Road
#30-01 Capital Tower
Singapore 068912

Introduction

We have reviewed the accompanying condensed interim combined balance sheet of CapitaLand Investment Limited (“the Company”) and its subsidiaries (“the Group”) as at 31 March 2021, the condensed interim combined income statement, statements of comprehensive income, changes in equity and cash flows for the three-month period then ended and certain explanatory notes (the Condensed Interim Financial Information). Management is responsible for the preparation and presentation of this Condensed Interim Financial Information in accordance with Singapore Financial Reporting Standard (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* and International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this Condensed Interim Financial Information based on our review.

Scope of review

We conducted our review in accordance with the Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Interim Financial Information for the three-month period ended 31 March 2021 is not prepared, in all material respects, in accordance with SFRS(I) 1-34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

**APPENDIX 8 – CONDENSED INTERIM COMBINED FINANCIAL
STATEMENTS OF THE CLI GROUP FOR THE THREE-MONTH PERIOD
ENDED 31 MARCH 2021 WITH THE INDEPENDENT AUDITOR’S REVIEW
REPORT AND THE IFA’S REVIEW LETTER THEREON**

*CapitaLand Investment Limited and its subsidiaries
Review of Condensed Interim Financial Information*

Other matter

The Condensed Interim Financial Information for the comparative three-month period ended 31 March 2020 has not been audited or reviewed.

Restriction on distribution and use

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the Condensed Interim Financial Information for the purpose of inclusion in the introductory document prepared in relation to the proposed listing and quotation of all the issued ordinary shares in the capital of the Company on the Singapore Exchange Securities Trading Limited by way of an introduction and complying with the requirements of Rule 25 of Singapore Code of Take-Overs and Mergers with respect to Condensed Interim Financial Information, and for no other purpose. We do not assume responsibility to anyone other than Company for our work, for our report, or for the conclusions we have reached in our report.

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
17 July 2021

**APPENDIX 8 – CONDENSED INTERIM COMBINED FINANCIAL
STATEMENTS OF THE CLI GROUP FOR THE THREE-MONTH PERIOD
ENDED 31 MARCH 2021 WITH THE INDEPENDENT AUDITOR'S REVIEW
REPORT AND THE IFA'S REVIEW LETTER THEREON**

**CONDENSED INTERIM COMBINED BALANCE SHEET
AS AT 31 MARCH 2021**

	Note	31 March 2021 \$'M	31 December 2020 \$'M
Non-current assets			
Property, plant and equipment		1,107	1,096
Intangible assets		1,009	1,006
Investment properties	8	16,234	15,852
Associates		11,042	10,908
Joint ventures		2,313	2,290
Deferred tax assets		65	58
Other non-current assets		523	770
		32,293	31,980
Current assets			
Development properties for sale and stocks		212	211
Trade and other receivables		4,349	4,258
Other current assets		2	6
Assets held for sale		32	32
Cash and cash equivalents		1,638	1,736
		6,233	6,243
Less: current liabilities			
Trade and other payables		6,107	5,513
Contract liabilities		*	*
Short term borrowings	11	915	1,132
Current portion of debt securities	12	–	22
Current tax payable		417	470
		7,439	7,137
Net current liabilities		(1,206)	(894)
Less: non-current liabilities			
Long term borrowings	11	6,117	6,049
Debt securities	12	1,403	1,263
Deferred tax liabilities		462	464
Other non-current liabilities		7,089	7,576
		15,071	15,352
Net assets		16,016	15,734
Representing:			
Share capital		7,926	7,926
Revenue reserve		9,098	8,916
Other reserves		(4,888)	(4,967)
Equity attributable to owners of the Company		12,136	11,875
Perpetual securities		397	396
Non-controlling interests		3,483	3,463
Total equity		16,016	15,734

* Less than \$1 million

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

**APPENDIX 8 – CONDENSED INTERIM COMBINED FINANCIAL
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**CONDENSED INTERIM COMBINED INCOME STATEMENT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

		Three-month period ended	
	Note	31 March 2021	31 March 2020
		\$'M	\$'M
Revenue	5	516	578
Cost of sales		(243)	(309)
Gross profit		273	269
Other operating income	6(a)	60	37
Administrative expenses	6(b)	(123)	(127)
Other operating expenses	6(c)	(3)	*
Profit from operations		207	179
Finance costs		(92)	(87)
Share of results (net of tax) of:			
- associates		113	111
- joint ventures		18	18
		131	129
Profit before tax		246	221
Tax expense	7	(30)	(33)
Profit for the period		216	188
Attributable to:			
Owners of the Company		190	163
Non-controlling interests		26	25
Profit for the period		216	188
Basic and diluted earnings per share (cents) ¹		6.8	5.9

* Less than \$1 million

¹ Based on weighted average number of shares of 2,807,623,000 for the three-month period ended 31 March 2021 and 2,772,200,000 for the three-month period ended 31 March 2020.

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

**APPENDIX 8 – CONDENSED INTERIM COMBINED FINANCIAL
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**CONDENSED INTERIM COMBINED STATEMENT OF COMPREHENSIVE
INCOME FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

	Three-month period ended	
	31 March 2021	31 March 2020
	\$'M	\$'M
Profit for the period	216	188
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	(21)	262
Effective portion of change in fair value of cash flow hedges	*	(28)
Share of other comprehensive income of associates and joint ventures	127	10
Recognition of hedging reserve in profit or loss	2	-
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Change in fair value of equity investments at fair value through other comprehensive income	20	12
Total other comprehensive income for the period, net of tax	128	256
Total comprehensive income for the period	344	444
Attributable to:		
Owners of the Company	281	397
Non-controlling interests	63	47
Total comprehensive income for the period	344	444

* Less than \$1 million

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**APPENDIX 8 – CONDENSED INTERIM COMBINED FINANCIAL
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**CONDENSED INTERIM COMBINED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

	Share capital \$'M	Revenue reserve \$'M	Capital and other reserve \$'M	Hedging reserve \$'M	Fair value reserve \$'M	Asset revaluation reserve \$'M	Foreign currency translation reserve \$'M	Total \$'M	Perpetual securities \$'M	Non- controlling interests \$'M	Total equity \$'M
Three-month period ended 31 March 2021	7,926	8,916	(4,756)	(110)	52	6	(159)	11,875	396	3,463	15,734
At 1 January 2021											
Total comprehensive income	–	190	–	–	–	–	–	190	–	26	216
Profit for the period											
Other comprehensive income											
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	–	–	–	–	–	–	(53)	(53)	–	32	(21)
Effective portion of change in fair value of cash flow hedges	–	–	–	–	*	–	*	*	–	–	*
Share of other comprehensive income of associates and joint ventures	–	–	–	*	–	–	125	125	–	2	127
Recognition of hedging reserve in profit or loss	–	–	–	2	–	–	–	2	–	–	2
Change in fair value of equity investment at fair value through other comprehensive income	–	–	–	–	–	–	–	–	–	–	–
Total other comprehensive income, net of tax	–	–	–	17	–	–	–	17	–	3	20
Total comprehensive income	–	–	–	19	*	–	72	91	–	37	128
Income, net of tax	–	190	–	19	*	–	72	281	–	63	344
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Contributions from non-controlling interests (net)	–	–	–	–	–	–	–	–	–	3	3
Dividends paid/payable	–	(4)	–	–	–	–	–	(4)	–	(45)	(49)
Distribution attributable to perpetual securities	–	(2)	–	–	–	–	–	(2)	4	(2)	–
Distribution paid to perpetual securities	–	–	–	–	–	–	–	–	(3)	–	(3)
Share-based payments	–	–	1	–	–	–	–	1	–	1	2
Total contributions by and distributions to owners	–	(6)	1	–	–	–	–	(5)	1	(43)	(47)

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

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**CONDENSED INTERIM COMBINED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

Three-month period ended 31 March 2021	Share capital \$'M	Revenue reserve \$'M	Capital and other reserve \$'M	Hedging reserve \$'M	Fair value reserve \$'M	Asset revaluation reserve \$'M	Foreign currency translation reserve \$'M	Total \$'M	Perpetual securities \$'M	Non- controlling interests \$'M	Total equity \$'M
Changes in ownership interests in subsidiaries and other capital transactions											
Changes in ownership interests in subsidiaries with no change in control	–	(3)	–	–	–	–	–	–	–	–	(3)
Others	–	1	(13)	–	–	–	–	(12)	–	–	(12)
Total changes in ownership interests	–	(2)	(13)	–	–	–	–	(15)	–	–	(15)
in subsidiaries and other capital transactions	–	(8)	(12)	–	–	–	–	(20)	1	(43)	(62)
Total transactions with owners	7,926	9,098	(4,768)	(91)	52	6	(87)	12,136	397	3,483	16,016
At 31 March 2021											

* Less than \$1 million

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**CONDENSED INTERIM COMBINED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

	Share capital \$'M	Revenue reserve \$'M	Capital and other reserve \$'M	Hedging reserve \$'M	Fair value reserve \$'M	Asset revaluation reserve \$'M	Foreign currency translation reserve \$'M	Total \$'M	Perpetual securities \$'M	Non- controlling interests \$'M	Total equity \$'M
Three-month period ended 31 March 2020	7,826	10,202	(4,792)	(77)	82	6	(636)	12,611	396	3,569	16,576
At 1 January 2020	–	163	–	–	–	–	–	163	–	25	188
Total comprehensive income											
Profit for the period	–	–	–	–	–	–	–	–	–	–	–
Other comprehensive income											
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	–	–	–	–	–	–	238	238	–	24	262
Effective portion of change in fair value of cash flow hedges	–	–	–	(26)	–	–	–	(26)	–	(2)	(28)
Share of other comprehensive income of associates and joint ventures	–	–	–	(15)	(19)	–	44	10	–	*	10
Change in fair value of equity investment at fair value through other comprehensive income	–	–	–	–	12	–	–	12	–	–	12
Total other comprehensive income, net of tax	–	–	–	(41)	(7)	–	282	234	–	22	256
Total comprehensive income	–	163	–	(41)	(7)	–	282	397	–	47	444
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Contributions from non-controlling interests (net)	–	–	–	–	–	–	–	–	–	24	24
Dividends paid/payable	–	(71)	–	–	–	–	–	(71)	–	(76)	(147)
Distribution attributable to perpetual securities	–	(2)	–	–	–	–	–	(2)	4	(2)	–
Distribution paid to perpetual securities	–	–	–	–	–	–	–	–	(3)	–	(3)
Share-based payments	–	–	*	–	–	–	–	–	–	1	1
Total contributions by and distributions to owners	–	(73)	*	–	–	–	–	(73)	1	(53)	(125)

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**CONDENSED INTERIM COMBINED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

Three-month period ended 31 March 2020	Share capital \$'M	Revenue reserve \$'M	Capital and other reserve \$'M	Hedging reserve \$'M	Fair value reserve \$'M	Asset revaluation reserve \$'M	Foreign currency translation reserve \$'M	Total \$'M	Perpetual securities \$'M	Non- controlling interests \$'M	Total equity \$'M
Changes in ownership interests in subsidiaries and other capital transactions											
Changes in ownership interests in subsidiaries with a change in control	—	(2)	—	—	—	—	—	(2)	—	8	6
Changes in ownership interests in subsidiaries with no change in control	—	18	—	*	*	—	—	18	—	*	18
Others	—	4	*	—	—	—	—	4	—	—	4
Total changes in ownership interests in subsidiaries and other capital transactions	—	20	*	*	*	—	—	20	—	8	28
Total transactions with owners At 31 March 2020	7,826	10,312	(4,792)	(118)	75	6	(354)	12,955	397	3,571	16,923

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

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**CONDENSED INTERIM COMBINED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021 AND 31 MARCH 2020**

		Three-month period ended	
	Note	31 March 2021 \$'M	31 March 2020 \$'M
Cash flows from operating activities			
Profit for the period		216	188
Adjustments for:			
Allowance for/(Write-back of) impairment loss on receivables		4	(2)
Amortisation of intangible assets	6(b)	7	4
Depreciation of property, plant and equipment and right-of-use assets		33	28
Dividend income	6(a)	(3)	(2)
Finance costs		92	87
Interest income	6(a)	(8)	(12)
Share of results of associates and joint ventures		(131)	(129)
Share-based expenses		2	2
Tax expense	7	30	33
		<u>26</u>	<u>9</u>
Operating profit before working capital changes		242	197
Changes in working capital:			
Trade and other receivables		(72)	(47)
Development properties for sale		(1)	(6)
Trade and other payables		125	(92)
		<u>52</u>	<u>(145)</u>
Cash generated from operations		294	52
Taxation paid		(89)	(16)
Net cash generated from operating activities		205	36
Cash flows from investing activities			
Acquisition/Development expenditure of investment properties		(142)	(141)
Acquisition of subsidiaries, net of cash acquired		–	(222)
Dividends received from associates and joint ventures		66	57
Interest income received		14	13
Investments in associates, joint ventures and other investments		(299)	(50)
Proceeds from disposal of other financial assets		255	2
Purchase of intangible assets and property, plant and equipment		(7)	(14)
Settlement of hedging instruments		(1)	–
Net cash used in investing activities		(114)	(355)

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

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**CONDENSED INTERIM COMBINED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021 AND 31 MARCH 2020**

	Three-month period ended	
	31 March	31 March
	2021	2020
	\$'M	\$'M
Cash flows from financing activities		
Contributions from non-controlling interests	3	24
Dividends paid to non-controlling interests	(45)	(76)
Distributions to perpetual securities holders	(3)	(3)
Dividends paid to shareholders	(4)	(71)
Interest expense paid	(68)	(77)
Loans (to)/from associates and joint ventures	(5)	10
Loans (to)/from related companies	(52)	270
Proceeds from bank borrowings	174	283
Proceeds from issuance of debt securities	145	–
Repayments of lease liabilities	(23)	(19)
Repayments of bank borrowings	(285)	(76)
Repayments of debt securities	(21)	(5)
Decrease in bank deposits pledged for bank facilities	11	3
Net cash (used in)/generated from financing activities	(173)	263
Net decrease in cash and cash equivalents	(82)	(56)
Cash and cash equivalents at beginning of the year	1,678	1,354
Effect of exchange rate changes on cash balances held in foreign currencies	(6)	21
Cash and cash equivalents at end of the period	1,590	1,319
Restricted bank deposits	48	63
Cash and cash equivalents in the Balance Sheet	1,638	1,382

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

APPENDIX 8 – CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS OF THE CLI GROUP FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021 WITH THE INDEPENDENT AUDITOR'S REVIEW REPORT AND THE IFA'S REVIEW LETTER THEREON

NOTES TO THE CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

1 Domicile and activities

The Company was incorporated in the Republic of Singapore and has its registered office at 168 Robinson Road, #30-01, Capital Tower, Singapore 068912.

The Company's immediate and ultimate holding companies are CapitalLand Limited and Temasek Holdings (Private) Limited respectively. Both companies are incorporated in the Republic of Singapore.

The principal activities of the Company are those relating to investment holding and provision of consultancy services as well as being the corporate headquarters which gives direction, provides management support services and integrates the activities of its subsidiaries.

The condensed interim combined financial statements relate to the Company and its subsidiaries (the Group) and the Group's interests in associates and joint ventures.

2 Summary of Significant Accounting Policies

2.1 Basis of preparation

The condensed interim combined financial statements for the three-month period ended 31 March 2021 have been prepared in accordance with Singapore Financial Reporting Standard (International) ("SFRS(I)") 1-34 *Interim Financial Reporting* and International Accounting Standard 34 *Interim Financial Reporting* and should be read in conjunction with the Group's combined financial statements as at and for the year ended 31 December 2020. SFRS(I) are issued by the Accounting Standards Council and comprise standards and interpretations that are equivalent to International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"). The condensed interim combined financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual combined financial statements for the year ended 31 December 2020. The condensed interim combined financial statements for the comparative three-month period ended 31 March 2020 has not been audited or reviewed.

Notwithstanding that the Group has recorded a deficiency in net current assets of \$1,206 million as at 31 March 2021, the combined financial statements for the three-month period ended 31 March 2021 have been prepared on a going concern basis (which has assumed that the Group will be able to discharge its liabilities including the mandatory repayment terms of the borrowings and debt securities, as and when they fall due). This is because the Group has secured credit facilities commitment from financial institutions to enable the Group to continue its operations and meet its obligations as and when they fall due.

APPENDIX 8 – CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS OF THE CLI GROUP FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021 WITH THE INDEPENDENT AUDITOR’S REVIEW REPORT AND THE IFA’S REVIEW LETTER THEREON

NOTES TO THE CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

The accounting policies applied are consistent with those disclosed in the Group's combined financial statements as at and for the year ended 31 December 2020 which were prepared in accordance with SFRS(I)s and IFRSs. The Group adopted various new and amended accounting standards which are effective from 1 January 2021. The adoption of these new and amended accounting standards did not have a material effect on the financial statements.

The condensed interim combined financial statements are presented in Singapore Dollars, which is the Company's functional currency. All financial information presented in Singapore Dollars have been rounded to the nearest million, unless otherwise stated.

2.2 *Use of judgement and estimates*

The preparation of the financial statements in conformity with SFRS(I) and IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the Group's combined financial statements as at and for the year ended 31 December 2020.

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

3 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period except for the lodging business. The Group's lodging business is subject to domestic and international economic conditions and seasonality factors. In addition, the adverse development on travel and tourism in the countries which the Group operates its lodging business, could materially and adversely affect the Group's lodging business, financial conditions and results of operations.

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**NOTES TO THE CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS
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4 Operating segments

	Fee Income- related Business \$'M	Real Estate Investments \$'M	Corporate and Others \$'M	Elimination \$'M	Total \$'M
Operating Segment – 31 March 2021					
Revenue:					
External revenue	188	309	19	-	516
Inter-segment revenue	35	7	40	(82)	-
Total revenue	223	316	59	(82)	516
Segmental results:					
Company and subsidiaries	92	153	2	-	247
Associates	-	113	-	-	113
Joint ventures	-	18	-	-	18
Earnings before interest, tax, depreciation and amortisation	92	284	2		378
Depreciation and amortisation					(40)
Finance costs					(92)
Tax expense					(30)
Profit for the period					216
Segment assets as at 31 March 2021	1,884	36,210	7,042	(6,610)	38,526
Segment liabilities as at 31 March 2021	623	19,318	2,569	-	22,510

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	Fee Income- related Business \$'M	Real Estate Investments and Others \$'M	Corporate Elimination \$'M	Total \$'M
Operating Segment – 31 March 2020				
Revenue:				
External revenue	164	399	15	578
Inter-segment revenue	40	3	44	(87)
Total revenue	204	402	59	578
Segmental results:				
Company and subsidiaries	77	133	1	211
Associates	-	111	-	111
Joint ventures	(3)	21	-	18
Earnings before interest, tax, depreciation and amortisation	74	265	1	340
Depreciation and amortisation				(32)
Finance costs				(87)
Tax expense				(33)
Profit for the period				188
Segment assets as at 31 December 2020	1,740	36,057	7,036	38,223
Segment liabilities as at 31 December 2020	586	19,842	2,061	22,489

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**NOTES TO THE CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS
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5 Revenue

(a) Revenue of the Group is analysed as follows:

	Three-month period ended	
	31 March 2021	31 March 2020
	\$'M	\$'M
Revenue from contract with customers – fee-based revenue	204	175
Rental of investment properties:		
- Retail, office, business park, industrial and logistics rental and related income	153	155
- Lodging properties rental and related income	157	244
Others	2	4
	516	578
	516	578

(b) Disaggregation of revenue from contracts with customers is as follow:

	Three-month period ended	
	31 March 2021	31 March 2020
	\$'M	\$'M
Fee Income:		
Primary segments		
Fee income-related business	185	161
Corporate and others	19	14
	204	175
Secondary segments		
Singapore	89	87
China ¹	73	57
Other developed markets	20	8
Other emerging markets	22	23
	204	175
	204	175

¹ Includes Hong Kong

Timing of revenue recognition		
Products and services transferred over time	204	175
	204	175

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6 Profit Before Tax

Profit before tax includes the following:

	Three-month period ended	
	31 March 2021	31 March 2020
	\$'M	\$'M
a. Other operating income includes:		
Interest income	8	12
Dividend income	3	2
Foreign exchange gain	18	15
Income from pre-termination of contracts	4	1
Forfeiture of security deposits	10	*
Government grants	11	-
b. Administrative expenses include:		
Allowance for impairment loss on trade receivables	2	*
Amortisation of intangible assets	7	4
Depreciation of property, plant and equipment	18	19
Depreciation of right-of-use assets	15	9
c. Other operating expenses include:		
Allowance / (Write back) for impairment loss on non-trade receivables	2	(2)

* Less than \$1 million

7 Tax Expense

	Three-month period ended	
	31 March 2021	31 March 2020
	\$'M	\$'M
Current tax expense	32	23
Deferred (income)/tax expense	(7)	2
Withholding tax	5	8
	30	33

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**NOTES TO THE CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS
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In June 2021, the Group’s subsidiary, CMMT Investments Limited, was notified by the Inland Revenue Board of Malaysia (the “Tax Authority”) that it had completed a tax audit review on one of the subsidiaries, and has found that certain claims in respect of certain interest payments made to the subsidiary’s holding company outside of the relevant jurisdiction for the years of assessment 2011 to 2018 are subject to withholding tax and not permitted tax deductions and that accordingly, the subsidiary is assessed to pay additional taxes and penalties amounting approximately \$40 million in total (the “Tax Claim”). In this regard, the Tax Authority has issued notices of additional assessment for the Tax Claim. The Group has obtained a legal opinion from the tax and legal advisers in the relevant jurisdiction, that (a) the subsidiary should fall within an exemption order under the relevant taxation law applicable to the subsidiary, which would exempt the subsidiary from paying any withholding tax for the said years of assessment and that, accordingly, the subsidiary should not be denied a deduction on the interest expense incurred; and (b) as the income tax legislation in the relevant jurisdiction provides that the Tax Authority may make an assessment or additional assessment only within the preceding five years, any assessment with respect to the years of assessment 2015 and prior years would be time-barred. The subsidiary has filed an application for a judicial review and a stay order with respect to the Tax Claim. The application for the judicial review is to seek, on the basis of the foregoing, to challenge and set aside the position by the Tax Authority that the Tax Claim is payable. In the event that the stay order is granted, the subsidiary will not be required to make any payment for the Tax Claim pending a hearing and a decision by the relevant court. No provision has been made in the combined financial statements for the Tax Claim due to the underlying uncertainties.

8 Investment Properties

	31 March 2021 \$’M	31 December 2020 \$’M
At 1 January	15,852	16,256
Acquisition of subsidiaries	–	223
Disposal of subsidiaries	–	(245)
Additions	399	244
Disposals	–	(311)
Reclassification from assets held for sale	–	61
Reclassification from property, plant and equipment	–	4
Changes in fair value	–	(698)
Translation differences	(17)	318
At 31 March and 31 December	<u>16,234</u>	<u>15,852</u>

APPENDIX 8 – CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS OF THE CLI GROUP FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021 WITH THE INDEPENDENT AUDITOR'S REVIEW REPORT AND THE IFA'S REVIEW LETTER THEREON

NOTES TO THE CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

- (a) Investment properties, which include those in the course of development, are stated at fair value based on independent professional valuations or internal valuations. 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 knowledgeably and without compulsion. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation rate, terminal yield rate, discount rate, comparable market price and occupancy rate. The carrying amounts of the investment properties as at 31 March 2021 were assessed by management, taking into account the confirmations from the independent valuers that are based on requested updated property information for the principal properties in the Group. Up to 31 March 2021, the value of the relevant properties would not be materially different from the relevant valuations conducted by them as at 31 December 2020.

The carrying amounts of the investment properties as at 31 December 2020, were based on valuations performed by the independent external valuers. The valuers had considered valuation techniques including the direct comparison method, capitalisation approach, discounted cash flows and residual method in arriving at the open market value as at the balance sheet date. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. In the residual method of valuation, the total gross development costs and developer's profit are deducted from the gross development value to arrive at the residual value of land. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation.

The outbreak of the COVID-19 pandemic has impacted market activity in many property sectors in the countries that the Group operates in. As the impact of COVID-19 is fluid and evolving, significant market uncertainty exists. Consequently, the valuations of certain investment properties are currently subject to material valuation uncertainty. The carrying amounts of the investment properties were current as at 31 March 2021 only. Values may change more rapidly and significantly than during normal market conditions. In relying on the valuation reports and confirmations, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.

9 Financial Assets and Financial Liabilities

During the three-month period ended 31 March 2021, the Group had restructured its interest in an equity investment at FVTPL in Japan with a carrying value of \$255 million. Following the restructuring, the Group accounted for this investment as a jointly controlled operation and accordingly, the Group had proportionately consolidated the investment with effect from March 2021.

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**NOTES TO THE CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS
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10 Fair Value Of Assets And Liabilities
(a) Accounting classification and fair values

The table does not include fair value information of financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	<----- Fair value ----->					
	Fair value - hedging instruments \$'M	FVOCI \$'M	FVTPL \$'M	Amortised Cost \$'M	Total \$'M	
						Level 1 \$'M
						Level 2 \$'M
						Level 3 \$'M
						Total \$'M
31 March 2021						
Financial assets						
measured at fair value						
Equity investments at FVTPL	-	-	77	-	77	3
Equity investments at FVOCI	-	64	-	-	64	64
Derivative financial instruments	16	-	-	-	16	-
	16	64	77	-	157	16
Financial assets not measured at fair value						
Other non-current assets	-	-	-	365	365	
Loans due from associates	-	-	-	2	2	
Loans due from joint ventures	-	-	-	447	447	
Trade and other receivables	-	-	-	4,294	4,294	
Cash and cash equivalents	-	-	-	1,638	1,638	
	-	-	-	6,746	6,746	

NOTES TO THE CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

Excludes liability for employee benefits, derivative liabilities and deferred income
^ Excludes lease liability.

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	Fair value - hedging instruments \$'M	FVOCI \$'M	FVTPL \$'M	Amortised Cost \$'M	Total \$'M	Level 1 \$'M	Level 2 \$'M	Level 3 \$'M	Total \$'M
31 December 2020									
Financial assets measured at fair value									
Equity investments at FVTPL	—	—	332	—	332	3	—	329	332
Equity investments at FVOCI	—	64	—	—	64	64	—	—	64
Derivative financial instruments	11	—	—	—	11	—	11	—	11
	11	64	332	—	407				
Financial assets not measured at fair value									
Other non-current assets	—	—	—	365	365				
Loans due from associates	—	—	—	2	2				
Loans due from joint ventures	—	—	—	457	457				
Trade and other receivables	—	—	—	4,209	4,209				
Cash and cash equivalents	—	—	—	1,736	1,736				
	—	—	—	6,769	6,769				

NOTES TO THE CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS
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Excludes liability for employee benefits, derivative liabilities and deferred income
^ Excludes lease liability.

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(b) Level 3 fair value measurements

(i) Reconciliation of Level 3 fair value

The movements of financial assets classified under Level 3 and measured at fair value are presented as follows:

	Equity investments at FVTPL \$'M
2021	
At 1 January 2021	329
Disposal	(255)
At 31 March 2021	<u>74</u>
	Equity investments at FVTPL \$'M
2020	
At 1 January 2020	334
Additions	1
Disposals	–
Reclassification to investment property	–
Changes in fair value recognised in profit or loss	(13)
Translation differences	7
At 31 December 2020	<u>329</u>

(ii) Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring significant Level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation method	Key Unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Equity investment at FVTPL	Discounted cash flow method	- Discount rate: nil* (2020: 3.5%) - Terminal yield rate: nil* (2020: 3.8%)	The estimated fair value increases with lower discount rate and terminal yield rate.

* Equity investment at FVTPL was disposed during the three-month ended 31 March 2021.

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NOTES TO THE CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

Type	Valuation methods	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Equity investments at FVTPL	Income approach	- Enterprise value/ Revenue multiple of comparable companies: 2.8x to 7.3x (31 December 2020: 2.8x to 7.3x) - Volatility of comparable companies: 55% (31 December 2020: 55%)	The estimated fair value increases with higher revenue multiple and varies inversely against volatility.
Equity investments at FVTPL	Income approach	- Discount rate: 13% (31 December 2020: 13%) - Terminal growth rate: 2% (31 December 2020: 2%)	The estimated fair value increases with lower discount rate and higher terminal growth rate.

11 Borrowings

	31 March 2021 \$'M	31 December 2020 \$'M
Bank borrowings		
- secured	5,017	5,209
- unsecured	1,274	1,224
	6,291	6,433
Lease liabilities	741	748
	7,032	7,181
Repayable:		
Not later than 1 year	915	1,132
Between 1 and 5 years	4,740	4,620
After 5 years	1,377	1,429
After 1 year	6,117	6,049
	7,032	7,181

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Movement in borrowings during the period are as follows:

	2021 \$'M
At 1 January 2021	7,181
Repayments of bank borrowings and lease liabilities	(308)
Proceeds from bank borrowings	174
Translation differences	(24)
Others	9
At 31 March 2021	<u><u>7,032</u></u>

12 Debt Securities

	31 March 2021 \$'M	31 December 2020 \$'M
Secured notes and bonds	381	259
Unsecured notes and bonds	1,022	1,026
	<u><u>1,403</u></u>	<u><u>1,285</u></u>
Repayable:		
Not later than 1 year	–	22
Between 1 and 5 years	1,403	1,263
	<u><u>1,403</u></u>	<u><u>1,285</u></u>

Movement during the period are as follows:

	2021 \$'M
At 1 January 2021	1,285
Repayments of debt securities	(21)
Proceeds from issuance of debt securities	145
Translation differences	(6)
At 31 March 2021	<u><u>1,403</u></u>

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**NOTES TO THE CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

13 Significant Related Party Transactions

In addition to the related party information disclosed elsewhere in the financial statements, there were significant related party transactions which were carried out in the normal course of business on terms agreed between the parties as follows:

	Three-month period ended	
	31 March 2021	31 March 2020
	\$'M	\$'M
Immediate holding company		
Management fee expenses	(10)	(12)
Fellow subsidiaries under the immediate holding company		
Management fee income	6	7
Management fee expenses	(15)	(14)
Finance costs	(36)	(29)
Associates and joint ventures		
Management fee income	99	91
Acquisition and divestment fees, accounting service fee, marketing income and other fees	48	27

14 Acquisition / Disposal of Subsidiaries, Net of Cash Acquired

There were no acquisition or disposal of significant subsidiaries in the three-month period ended 31 March 2021.

15 Subsequent Events

There are no subsequent events other than those disclosed in the Group’s combined financial statements for the financial year ended 31 December 2020.

**APPENDIX 8 – CONDENSED INTERIM COMBINED FINANCIAL
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EVERCORE

**LETTER FROM IFA ON THE CONDENSED INTERIM COMBINED FINANCIAL STATEMENTS OF
CAPITALAND INVESTMENT LIMITED AND ITS SUBSIDIARIES FOR THE THREE MONTHS
ENDED 31 MARCH 2021**

17 July 2021

The Independent Directors
CapitaLand Limited
168 Robinson Road
#30-01 Capital Tower
Singapore 068912

Dear Sir/Madam:

**PROPOSED STRATEGIC RESTRUCTURING AND DEMERGER OF THE INVESTMENT
MANAGEMENT BUSINESS OF CAPITALAND LIMITED**

On 17 July 2021, CapitaLand Investment Limited (“CLI”) published the condensed interim combined financial statements of CLI and its subsidiaries (collectively, the “CLI Group”) for the three-month period ended 31 March 2021 (the “**Condensed Interim Financial Information**”) in the introductory document (the “**Introductory Document**”) dated on or around 17 July 2021 issued by CLI in connection with its listing on the Main Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) by way of introduction (the “**CLI Listing**”). The CLI Listing will take place on completion of the proposed scheme of arrangement to be undertaken by CapitaLand Limited (“**CapitaLand**”) and CLA Real Estate Holdings Pte. Ltd. under Section 210 of the Companies Act, Chapter 50 of Singapore (the “**Scheme**”) to implement the proposed strategic restructuring and demerger of the investment business of CapitaLand, and which will involve a capital reduction exercise to be undertaken by CapitaLand to distribute certain of its shares in CLI, its wholly-owned subsidiary, to shareholders of CapitaLand who are eligible to participate in the Scheme. The Condensed Interim Financial Information is also included in the document (the “**Scheme Document**”) dated on or around 17 July 2021 issued by CapitaLand to its shareholders in connection with the Scheme.

We have examined the Condensed Interim Financial Information and have discussed the same with CLI and CapitaLand. We have also had discussions with KPMG LLP in its capacity as the independent auditor of the CLI Group with respect to its review of the Condensed Interim Financial Information and considered its review report dated 17 July 2021 in relation to the Condensed interim Financial Information.

For the purpose of this letter, we have relied on and assumed the accuracy and completeness of all financial and other information provided to and/or discussed with us by the management of CapitaLand and CLI. Save as provided in this letter, we do not express any opinion on the Condensed Interim Financial Information. The Board of Directors of CLI remains solely responsible for the Condensed Interim Financial Information.

Based on the procedures performed and on the foregoing, we are of the opinion that the Condensed Interim Financial Information have been prepared by CLI after due and careful enquiry.

This letter is provided to the Board of Directors of CapitaLand (“**CapitaLand Board of Directors**”)

EVERCORE ASIA (SINGAPORE) PTE LTD 12 MARINA BOULEVARD #33-01 MARINA BAY FINANCIAL CENTRE TOWER 3 SINGAPORE 018982 TEL +65 62907000 FAX +65 62907001
COMPANY REGISTRATION NUMBER : 201321328D

**APPENDIX 8 – CONDENSED INTERIM COMBINED FINANCIAL
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EVERCORE

solely for the purpose of complying with Rule 25 of the Singapore Code on Take-overs and Mergers in relation to the Scheme and for inclusion in the Scheme Document and the Introductory Document and not for any other purpose.

We do not accept responsibility to any person(s), other than the CapitaLand Board of Directors, in respect of, arising out of, or in connection with this letter.

Yours faithfully,

For and on behalf of

EVERCORE ASIA (SINGAPORE) PTE. LTD.



Keith Magnus

Chairman, Asia
Chief Executive Officer
Evercore Asia (Singapore) Pte. Ltd.

EVERCORE

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CAPITALAND INTEGRATED COMMERCIAL TRUST • ANNUAL REPORT 2020

REPORT OF THE TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of CapitaLand Integrated Commercial Trust (formerly known as CapitaLand Mall Trust) (the "Trust") and its subsidiaries (the "Group") in trust for the Unitholders. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of CapitaLand Integrated Commercial Trust Management Limited (formerly known as CapitaLand Mall Trust Management Limited) (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the deed of trust dated 29 October 2001 constituting the Trust (as amended)¹ between the Manager and the Trustee (the "Trust Deed") in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the period covered by these financial statements, set out on pages 200 to 297 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

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



Tan Ling Cher
Senior Manager

Singapore
23 February 2021

¹ As amended by the First Supplemental Deed dated 26 December 2001, the Second Supplemental Deed dated 28 June 2002, the Amending and Restating Deed dated 29 April 2003, the Fourth Supplemental Deed dated 18 August 2003, the Second Amending and Restating Deed dated 9 July 2004, the Sixth Supplemental Deed dated 18 March 2005, the Seventh Supplemental Deed dated 21 July 2005, the Eighth Supplemental Deed dated 13 October 2005, the Ninth Supplemental Deed dated 20 April 2006, the Third Amending and Restating Deed dated 25 August 2006, the Eleventh Supplemental Deed dated 15 February 2007, the Twelfth Supplemental Deed dated 31 July 2007, the Thirteenth Supplemental Deed dated 20 May 2008, the Fourteenth Supplemental Deed dated 13 April 2010, the Fifteenth Supplemental Deed dated 25 March 2013, the Sixteenth Supplemental Deed dated 3 February 2014, the Seventeenth Supplemental Deed dated 6 May 2015, the Eighteenth Supplemental Deed dated 12 April 2016, the Fourth Amending and Restating Deed dated 27 July 2018, the Twentieth Supplemental Deed dated 8 April 2019, the Twenty-First Supplemental Deed dated 6 April 2020, the Twenty-Second Supplemental Deed dated 29 September 2020 and the Twenty-Third Supplemental Deed dated 21 October 2020.

APPENDIX 9 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE CICT GROUP FOR FY2020

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BECAUSE TOMORROW MATTERS

STATEMENT BY THE MANAGER

In the opinion of the directors of CapitaLand Integrated Commercial Trust Management Limited (formerly known as CapitaLand Mall Trust Management Limited), the accompanying financial statements set out on pages 200 to 297 comprising the Statements of Financial Position of the Group and the Trust and Portfolio Statement of the Group as at 31 December 2020, the Statement of Total Return, Distribution Statement and Statement of Cash Flows of the Group and the Statements of Movements in Unitholders' Funds of the Group and the Trust for the year then ended, and a summary of significant accounting policies and other explanatory information of the Group and of the Trust, are drawn up so as to present fairly, in all material respects, the financial positions of the Group and of the Trust and the portfolio holdings of the Group as at 31 December 2020, and the total return, distributable income, and cash flows of the Group and the movements in Unitholders' funds of the Group and of the Trust for the year then ended in accordance with the recommendations of *Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"* issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

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



Tan Tee Hieong
Director

Singapore
23 February 2021

APPENDIX 9 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE CICT GROUP FOR FY2020

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CAPITALAND INTEGRATED COMMERCIAL TRUST • ANNUAL REPORT 2020

INDEPENDENT AUDITORS' REPORT

Unitholders of CapitaLand Integrated Commercial Trust
(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 29 October 2001 (as amended))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of CapitaLand Integrated Commercial Trust (formerly known as CapitaLand Mall Trust) (the "Trust") and its subsidiaries (the "Group"), which comprise the Statements of Financial Position of the Group and the Trust and the Portfolio Statement of the Group as at 31 December 2020, the Statement of Total Return, Distribution Statement, and Statement of Cash Flows of the Group and the Statements of Movements in Unitholders' Funds of the Group and the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 200 to 297.

In our opinion, the accompanying consolidated financial statements of the Group and the financial statements of the Trust present fairly, in all material respects, the financial position of the Group and of the Trust and the portfolio holdings of the Group as at 31 December 2020, the total return, distributable income, and cash flows of the Group and the movements in Unitholders' funds of the Group and of the Trust for the year ended on that date in accordance with the recommendations of *Statement of Recommended Accounting Practice 7 Reporting Framework for Unit Trusts ("RAP 7")* issued by the Institute of Singapore Chartered Accountants.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '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 Note 5 to the financial statements)

Risk:

The Group's and Trust's investment portfolios comprise a number of investment properties located in Singapore and Germany. Investment properties represent the largest asset on the Statements of Financial Position.

In accordance with the accounting policy adopted by the Group, investment properties are stated at fair values based on independent external valuations.

The valuation of investment properties involves significant judgement and estimation uncertainty. Judgement is required in determining the valuation methodologies applicable as well as in estimating the appropriate assumptions to be applied.

The valuations are sensitive to key assumptions on capitalisation rates, discount rates and terminal yield rates and any changes in the key assumptions could have a significant impact on the valuations.

The valuation reports obtained from the external valuers also highlighted that given the unprecedented set of circumstances on which to base a judgement, less certainty and a higher degree of caution, should be attached to their valuations than would normally be the case. Given the unknown future impact that the novel coronavirus ("COVID-19") pandemic might have on the real estate market, the external valuers have also recommended to keep the valuation of these properties under frequent review.

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BECAUSE TOMORROW MATTERS

Our response:

We evaluated the valuers' objectivity and competency. We also discussed with the valuers their scope of work and basis of valuation to understand if any matters may have impacted their objectivity.

We independently considered the valuation methodologies applied by the valuers, comparing these methodologies to those applied by other valuers for similar properties. We compared the net income applied by the valuer to historical levels of net income. We also compared the capitalisation rates, discount rates and terminal yield rates against those applied by other valuers for similar properties, and analysed trends of these key inputs.

Where the amounts and rates were beyond the expected range, we performed procedures to understand the reasons and drivers. We also discussed with the Manager and external valuers to understand how they have considered the implications of COVID-19 and market uncertainty in the valuations.

We also considered the adequacy of disclosures in the financial statements in describing the inherent degree of subjectivity and the key assumptions used in the valuations. This includes the relationships between the key unobservable inputs and fair values.

Our findings:

The Group has adopted a structured process in selecting valuers and in considering and challenging the valuations derived. The valuers belong to generally-recognised professional bodies for valuers.

The valuation methodologies applied were consistent with generally accepted market practices. The key inputs and assumptions were comparable to those used by other valuers of similar investment properties.

The disclosures in the financial statements are proportionate to the degree of subjectivity inherent in valuations.

Accounting for the acquisition of CapitaLand Commercial Trust

(Refer to Note 32 to the financial statements)

Risk:

On 21 October 2020, the merger with CapitaLand Commercial Trust ("CCT") was completed by way of a trust scheme of arrangement (the "Merger"). The Trust acquired all the issued and paid-up units in CCT held by the unitholders of CCT.

The Merger is a material non-routine transaction which is complex and requires judgement in determining whether the transaction is a business combination or an acquisition of an asset, each of which requires different accounting treatments. In accounting for a business combination, there is further judgment involved and inherent uncertainty in the estimation used by the Manager in allocating the overall purchase price to the assets acquired, liabilities assumed and goodwill or negative goodwill recognised in the acquisition.

Our response:

We have assessed the accounting of the Merger by examining the scheme implementation agreement and other legal and contractual documents to determine whether the Merger is a business combination or an acquisition of an asset.

We read the purchase price allocation report prepared by the Manager's expert. Together with our internal valuation specialist, we discussed with the Manager on the purchase price allocation to understand their basis of identifying and valuing the identified assets and liabilities. We also considered the objectivity, independence and competency of the Manager's expert, and the scope of their engagement.

We compared the methodologies and key assumptions used in determining the fair values of the identified assets acquired and liabilities assumed to generally accepted market practices and market data. We checked the computations for allocating the purchase price to those assets acquired, liabilities assumed, and negative goodwill recognised.

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INDEPENDENT AUDITORS' REPORT

Unitholders of CapitaLand Integrated Commercial Trust
(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 29 October 2001 (as amended))

Our findings:

The Manager's expert is a member of recognised professional bodies and has considered their own independence in carrying out their work.

The judgements exercised by the Manager in the accounting for the Merger as a business combination were balanced. The methods and key assumptions used in estimating the fair values of significant identified assets acquired and liabilities assumed in the Merger and the resulting allocation in the purchase price were appropriate.

Other information

The Manager is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

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

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

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

Responsibilities of the Manager for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

APPENDIX 9 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE CICT GROUP FOR FY2020

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BECAUSE TOMORROW MATTERS

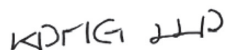
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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 Koh Wei Peng.



KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
23 February 2021

APPENDIX 9 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE CICT GROUP FOR FY2020

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CAPITALAND INTEGRATED COMMERCIAL TRUST • ANNUAL REPORT 2020

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Note	Group		Trust	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Non-current assets					
Plant and equipment	4	7,064	3,290	2,638	1,849
Investment properties	5	21,366,075	10,415,843	8,028,300	8,203,845
Subsidiaries	6	–	–	9,410,942	2,130,270
Joint ventures	7	508,119	840,851	208,875	593,041
Equity investments at fair value	8	218,686	214,742	185,399	214,742
Financial derivatives	9	31,064	25,001	–	–
Deferred tax asset	10	10,412	–	–	–
Other non-current asset		1,975	3,343	890	1,927
		22,143,395	11,503,070	17,837,044	11,145,674
Current assets					
Trade and other receivables	11	83,000	26,391	82,463	32,990
Cash and cash equivalents	12	183,617	202,198	29,320	156,097
Financial derivatives	9	6,366	–	–	–
		272,983	228,589	111,783	189,087
Total assets		22,416,378	11,731,659	17,948,827	11,334,761
Current liabilities					
Financial derivatives	9	8,677	2,542	–	–
Trade and other payables	13	293,008	166,857	134,442	144,712
Current portion of security deposits		90,533	62,532	41,450	48,140
Loans and borrowings	14	931,932	259,807	414,492	261,880
Lease liabilities	15	2,248	2,865	2,008	2,107
Provision for taxation		7,435	167	–	–
		1,333,833	494,770	592,392	456,839
Non-current liabilities					
Financial derivatives	9	60,285	31,137	9,980	775
Trade and other payables	13	1,467	–	633,900	–
Loans and borrowings	14	7,794,313	3,301,070	4,132,420	3,278,070
Lease liabilities	15	6,442	8,457	6,442	8,217
Non-current portion of security deposits		147,394	128,986	69,474	105,294
Deferred tax liability	10	4,706	–	–	–
		8,014,607	3,469,650	4,852,216	3,392,356
Total liabilities		9,348,440	3,964,420	5,444,608	3,849,195
Net assets		13,067,938	7,767,239	12,504,219	7,485,566
Represented by:					
Unitholders' funds	16	13,037,638	7,767,239	12,504,219	7,485,566
Non-controlling interests ("NCI")	17	30,300	–	–	–
		13,067,938	7,767,239	12,504,219	7,485,566
Units in issue ('000)	18	6,470,704	3,688,804	6,470,704	3,688,804
Net asset value per unit attributable to Unitholders (\$)		2.01	2.11	1.93	2.03

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

APPENDIX 9 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE CICT GROUP FOR FY2020

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BECAUSE TOMORROW MATTERS

STATEMENT OF TOTAL RETURN

Year ended 31 December 2020

	Note	Group 2020 \$'000	2019 \$'000
Gross revenue	19	745,209	786,736
Property operating expenses	20	(232,469)	(228,521)
Net property income		512,740	558,215
Interest and other income	21	2,247	7,099
Investment income	22	12,511	–
Management fees	23	(50,676)	(50,236)
Professional fees		(442)	(492)
Valuation fees		(728)	(613)
Trustee's fees		(1,806)	(1,493)
Audit fees		(432)	(359)
Transaction costs relating to the Merger ¹		(10,834)	–
Finance costs	24	(133,431)	(118,491)
Other expenses		(1,747)	(1,018)
Net income before share of results of associate and joint ventures	25	327,402	392,612
Share of results (net of tax) of:			
– Associate ²		–	18,388
– Joint ventures		(14,106)	70,835
Net income		313,296	481,835
Net change in fair value of investment properties		(393,620)	232,913
Dilution loss on investment in associate		–	(217)
Net loss on derecognition of investment in associate		–	(17,601)
Gain relating to negative goodwill arising from the Merger		430,003	–
Total return for the year before tax		349,679	696,930
Taxation	26	61	–
Total return for the year		349,740	696,930
Total return attributable to:			
Unitholders		349,819	696,930
Non-controlling interest		(79)	–
Total return for the year		349,740	696,930
Earnings per unit (cents)			
Basic	27	8.36	18.90
Diluted	27	8.35	18.90

¹ On 21 October 2020, the Manager announced the completion of the merger between CapitaLand Mall Trust ("CMT") and CapitaLand Commercial Trust ("CCT") ("the Merger") through acquisition by CMT of all the issued and paid-up units in CCT by way of a trust scheme of arrangement ("Trust Scheme"), in accordance with the Singapore Code on Take-overs and Mergers.

² For year ended 31 December 2019, this relates to the Group's share of CapitaLand China Trust ("CLCT") (formerly known as CapitaLand Retail China Trust)'s results before it was reclassified to equity investments at fair value.

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

APPENDIX 9 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE CICT GROUP FOR FY2020

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CAPITALAND INTEGRATED COMMERCIAL TRUST • ANNUAL REPORT 2020

DISTRIBUTION STATEMENT

Year ended 31 December 2020

	Group	
	2020 \$'000	2019 \$'000
Amount available for distribution to Unitholders at beginning of the year	121,717	64,436
Total return attributable to unitholders	349,819	696,930
Net tax and other adjustments (Note A)	(7,006)	(311,332)
Distribution from associate	–	13,645
Distribution from joint ventures	32,832	62,658
	375,645	461,901
Amount available for distribution to Unitholders	497,362	526,337
Distributions to Unitholders during the year:		
Distribution of 1.56 cents per unit for period from 08/11/2018 to 31/12/2018	–	(57,516)
Distribution of 2.88 cents per unit for period from 01/01/2019 to 31/03/2019	–	(106,223)
Distribution of 2.92 cents per unit for period from 01/04/2019 to 30/06/2019	–	(107,703)
Distribution of 3.06 cents per unit for period from 01/07/2019 to 30/09/2019	–	(112,873)
Distribution of 3.11 cents per unit for period from 01/10/2019 to 31/12/2019	(114,722)	–
Distribution of 0.85 cents per unit for period from 01/01/2020 to 31/03/2020	(31,366)	–
Distribution of 2.11 cents per unit for period from 01/04/2020 to 30/06/2020	(77,862)	–
Distribution of 3.10 cents per unit for period from 01/07/2020 to 30/09/2020	(114,661)	–
Distribution of 0.89 cents per unit for period from 01/10/2020 to 20/10/2020	(32,576)	–
	(371,187)	(384,315)
Amount retained for general corporate and working capital purposes (Note B)	(12,511)	(20,305)
Release of taxable income retained at RCS Trust ¹	6,250	–
Amount available for distribution to Unitholders at end of the year	119,914	121,717
Distribution per unit (cents)²	8.69	11.97

¹ Relates to taxable income retained in the period from 1 January to 30 June 2020 when RCS Trust was a joint venture of the Trust.

² The Distribution per unit relates to the distributions in respect of the relevant financial year. The distribution relating to the period 21 October to 31 December 2020 will be paid after 31 December 2020.

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

APPENDIX 9 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE CICT GROUP FOR FY2020

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BECAUSE TOMORROW MATTERS

Note A – Net tax and other adjustments comprise:

	Group	
	2020	2019
	\$'000	\$'000
– Management fees paid and payable in Units	6,194	–
– Trustee's fees	1,806	1,457
– Amortisation of transaction costs	2,756	1,982
– Net change in fair value of investment properties	393,620	(232,913)
– (Profit)/Loss from subsidiaries	(8,734)	1,263
– Share of result (net of tax) of associate	–	(18,388)
– Share of results (net of tax) of joint ventures	14,106	(70,835)
– Taxation	(61)	–
– Dilution loss on investment in associate	–	217
– Net loss on decognition of investment in associate	–	17,601
– Gain relating to negative goodwill arising from the Merger	(430,003)	–
– Temporary differences and other adjustments	13,692	(11,716)
– Rollover adjustments	(461)	–
– Effect of non-controlling interest ("NCI") arising from the above	79	–
Net tax and other adjustments	(7,006)	(311,332)

Note B

Amount retained for general corporate and working capital in financial year 2020 relates to the capital distribution and tax-exempt income received from CapitaLand China Trust ("CLCT") (formerly known as CapitaLand Retail China Trust) of \$12.5 million for the period from 14 August 2019 to 25 November 2020.

Amount retained for general corporate and working capital in financial year 2019 relates to the capital distribution and tax-exempt income received from CLCT of \$13.6 million and capital distribution received from Infinity Office Trust ("IOT") of \$6.7 million.

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

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STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2020

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Net assets at beginning of the year	7,767,239	7,429,300	7,485,566	7,148,117
Operations				
Total return attributable to Unitholders for the year	349,819	696,930	108,553	700,301
Hedging reserves				
Effective portion of changes in fair value of cash flow hedges	(25,518)	19,998	(10,496)	(780)
Net change in fair value of cash flow hedges reclassified to Statement of Total Return	23,357	(18,635)	1,291	5
Share of movements in hedging reserves of associate and joint ventures	874	(1,260)	–	–
Movement in foreign currency translation reserves ("FCTR")	(462)	8,372	–	–
Movement in general reserves	–	(5,389)	–	–
Movement in fair value reserves	(26,321)	17,766	(29,345)	17,766
Unitholders' transactions				
Creation of units				
– Units issued in respect of RCS Trust's management fees	3,275	4,472	3,275	4,472
– Units issued in respect of the Merger	5,310,850	–	5,310,850	–
– Units to be issued in respect of management fees	6,194	–	6,194	–
Issue expenses	(482)	–	(482)	–
Distributions to Unitholders	(371,187)	(384,315)	(371,187)	(384,315)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	4,948,650	(379,843)	4,948,650	(379,843)
Net assets attributable to Unitholders at end of the year	13,037,638	7,767,239	12,504,219	7,485,566

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

APPENDIX 9 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE CICT GROUP FOR FY2020

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BECAUSE TOMORROW MATTERS

Non-controlling interests

	2020 \$'000	Group 2019 \$'000
At beginning of the year	–	–
Total return attributable to non-controlling interests	(79)	–
Acquisition of subsidiary (Note 32)	30,682	–
Translation differences from financial statements of foreign operations	(303)	–
At end of the year	30,300	–

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

APPENDIX 9 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE CICT GROUP FOR FY2020

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PORTFOLIO STATEMENT

As at 31 December 2020

Group

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease
Investment properties in Singapore			
Retail			
Westgate	Leasehold	99 years	90 years
Bugis Junction	Leasehold	99 years	69 years
Tampines Mall	Leasehold	99 years	71 years
Junction 8	Leasehold	99 years	70 years
Bedok Mall	Leasehold	99 years	90 years
IMM Building	Leasehold	60 years	28 years
Lot One Shoppers' Mall	Leasehold	99 years	72 years
Clarke Quay	Leasehold	99 years	68 years
Bugis+	Leasehold	60 years	45 years
Bukit Panjang Plaza	Leasehold	99 years	73 years
JCube	Leasehold	99 years	69 years
Office			
Asia Square Tower 2 ¹	Leasehold	99 years	86 years
CapitaGreen ²	Leasehold	99 years	52 years
Six Battery Road	Leasehold	999 years	804 years
Capital Tower	Leasehold	99 years	74 years
21 Collyer Quay	Leasehold	999 years	829 years
Integrated Developments			
Raffles City Singapore	Leasehold	99 years	58 years
Plaza Singapura	Freehold	NA	NA
The Atrium@Orchard	Leasehold	99 years	87 years
Funan ³	Leasehold	99 years	58 years

Investment properties in Germany

Office

Gallileo ⁴	Freehold	NA	NA
Main Airport Center ⁵	Freehold	NA	NA

Investment properties, at valuation

Other assets and liabilities (net)

Net assets of the Group

Non-controlling interests

Net assets attributable to Unitholders

NA Not Applicable

¹ Asia Square Tower 2 is held by Asia Square Tower 2 Pte. Ltd. ("AST2 Co."), which is in turn held through MVKimi (BVI) Limited, (collectively referred to as "AST2 Group").

² CapitaGreen is held by MSO Trust.

³ The retail component of Funan is held through the Trust and the office components are held through Victory Office 1 Trust and Victory Office 2 Trust.

⁴ Gallileo is held by Gallileo Property S.a.r.l. ("Gallileo Co.).

⁵ Main Airport Center is held by MAC Property Company B.V.

APPENDIX 9 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE CICT GROUP FOR FY2020

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BECAUSE TOMORROW MATTERS

Location	Existing Use	Carrying Value		Percentage of Total Net Assets	
		2020 \$'000	2019 \$'000	2020 %	2019 %
3 Gateway Drive	Commercial	1,087,000	1,131,000	8.3	14.6
200 Victoria Street	Commercial	1,087,000	1,106,000	8.3	14.2
4 Tampines Central 5	Commercial	1,074,000	1,085,000	8.2	14.0
9 Bishan Place	Commercial	794,000	799,000	6.1	10.3
311 New Upper Changi Road	Commercial	779,000	794,000	6.0	10.2
2 Jurong East Street 21	Commercial Warehouse	670,000	675,000	5.1	8.7
21 Choa Chu Kang Avenue 4	Commercial	531,000	537,000	4.1	6.9
3A/B/C/D/E River Valley Road	Commercial	394,000	414,000	3.0	5.3
201 Victoria Street	Commercial	353,000	357,000	2.7	4.6
1 Jelebu Road	Commercial	334,500	330,000	2.6	4.2
2 Jurong East Central 1	Commercial	276,000	288,000	2.1	3.7
12 Marina View	Commercial	2,128,000	–	16.3	–
138 Market Street	Commercial	1,611,000	–	12.4	–
6 Battery Road	Commercial	1,414,000	–	10.8	–
168 Robinson Road	Commercial	1,389,000	–	10.7	–
21 Collyer Quay	Commercial	468,000	–	3.6	–
250 and 252 North Bridge Road, 2 Stamford Road and 80 Bras Basah Road	Commercial	3,179,000	–	24.4	–
68 Orchard Road	Commercial	1,300,000	1,349,000	10.0	17.4
60A & 60B Orchard Road	Commercial	750,000	764,000	5.8	9.8
107 & 109 North Bridge Road	Commercial	742,000	775,000	5.7	10.0
Gallusanlage 7	Commercial	576,034	–	4.4	–
Unterschweinstiege 2-14	Commercial	420,500	–	3.2	–
		21,357,034	10,404,000	163.8	133.9
		(8,289,096)	(2,636,761)	(63.6)	(33.9)
		13,067,938	7,767,239	100.2	100.0
		(30,300)	–	(0.2)	–
		13,037,638	7,767,239	100.0	100.0

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

APPENDIX 9 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE CICT GROUP FOR FY2020

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CAPITALAND INTEGRATED COMMERCIAL TRUST • ANNUAL REPORT 2020

PORTFOLIO STATEMENT

As at 31 December 2020

On 31 December 2020, independent valuations of Bedok Mall, Tampines Mall and 21 Collyer Quay were undertaken by CBRE Pte. Ltd. ("CBRE"), independent valuations of Junction 8, IMM Building, Raffles City Singapore and Asia Square Tower 2 were undertaken by Knight Frank Pte Ltd ("Knight Frank"), independent valuations of The Atrium@ Orchard, Plaza Singapura, JCube and Westgate were undertaken by Savills Valuation and Professional Services (S) Pte Ltd ("Savills"), independent valuations of Bugis Junction, Bugis+, Funan, Clarke Quay and CapitaGreen were undertaken by Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("Colliers"), independent valuations of Bukit Panjang Plaza, Lot One Shoppers' Mall, Capital Tower and Six Battery Road were undertaken by Cushman & Wakefield VHS Pte. Ltd. ("C&W"), while the independent valuations of Gallileo and Main Airport Center were undertaken by C&W (U.K.) LLP German Branch.

On 31 December 2019, independent valuations of Funan, Junction 8 and Clarke Quay were undertaken by CBRE, independent valuations of Tampines Mall, IMM Building, JCube, Lot One Shoppers' Mall, Bukit Panjang Plaza and Bedok Mall were undertaken by Knight Frank, independent valuations of Bugis Junction and Bugis+ were undertaken by Jones Lang LaSalle Property Consultants Pte Ltd ("JLL") while the independent valuations of Plaza Singapura, The Atrium@Orchard and Westgate were undertaken by Colliers.

The valuations as at 31 December 2020 include the capitalisation method and discounted cash flow method. The valuations as at 31 December 2019 include the capitalisation method, discounted cash flow method and direct comparison method. The Manager believes that the independent valuers have appropriate professional qualifications and experience in the location and category of the properties being valued. The net change in fair value of the properties has been recognised in the Statement of Total Return.

Investment properties comprise commercial properties that are leased to external customers. Generally, the leases contain an initial non-cancellable period of three years. Subsequent renewals are negotiated with the lessees. Contingent rents recognised in the Statement of Total Return of the Group is \$26,476,000 (2019: \$35,739,000).

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

APPENDIX 9 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE CICT GROUP FOR FY2020

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BECAUSE TOMORROW MATTERS

STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Group 2020 \$'000	2019 \$'000
Cash flows from operating activities		
Total return for the year	349,740	696,930
Adjustments for:		
Amortisation of leasing incentives	556	–
Assets written off	–	6
Depreciation and amortisation	2,324	1,726
Dilution loss on investment in associate	–	217
Finance costs	133,431	118,491
Gain relating to negative goodwill arising from the Merger	(430,003)	–
Gain on disposal of plant and equipment	(2)	(5)
Interest and other income	(2,247)	(7,099)
Investment income	(12,511)	–
Management fees payable in units	6,194	–
Net change in fair value of investment properties	393,620	(232,913)
Net loss on derecognition of investment in associate	–	17,601
Allowance for impairment loss on receivables/(written back)	1,973	(11)
Share of results of:		
– Associate	–	(18,388)
– Joint ventures	14,106	(70,835)
Taxation	(61)	–
Operating income before working capital changes	457,120	505,720
Changes in working capital:		
Trade and other receivables	(16,985)	(495)
Trade and other payables	(10,255)	(2,517)
Security deposits	(49,887)	10,433
Cash generated from operations	379,993	513,141
Income tax paid	(312)	(1,627)
Net cash from operating activities	379,681	511,514
Cash flows from investing activities		
Capital expenditure on investment properties	(54,181)	(29,621)
Capital expenditure on investment properties under development	–	(96,120)
Distributions received from:		
– Associate	–	13,645
– Joint ventures	44,323	63,303
Distribution income from equity investment	12,511	–
Interest received	1,941	6,948
Investment in equity investment	–	(15,372)
Net cash outflow on acquisition of subsidiary (Note 32)	(925,504)	–
Purchase of plant and equipment	(1,506)	(974)
Proceeds from disposal of plant and equipment	2	6
Net cash used in investing activities	(922,414)	(58,185)
Cash flows from financing activities		
Distributions to Unitholders	(371,187)	(384,315)
Interest paid	(121,629)	(116,597)
Payment of issue and financing expenses	(9,576)	(4,037)
Payment of lease liabilities	(2,682)	(3,706)
Proceeds from loans and borrowings	1,774,525	908,800
Repayment of loans and borrowings	(745,299)	(999,779)
Net cash from/(used) in financing activities	524,152	(599,634)

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

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STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Group	
	2020	2019
	\$'000	\$'000
Net decrease in cash and cash equivalents	(18,581)	(146,305)
Cash and cash equivalents at beginning of the year	202,198	348,503
Cash and cash equivalents at end of the year (Note 12)	183,617	202,198

Note:

(A) Significant Non-Cash Transactions

- In 2020, 2,780,549,536 units were issued as consideration units for the Merger, amounting to a value of \$5,310,850,000.
- In 2020, 1,350,480 (2019: 1,901,785) units were issued to the Manager as payment for the management fees payable in units, amounting to a value of \$3,275,000 (2019: \$4,472,000).

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

APPENDIX 9 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE CICT GROUP FOR FY2020

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BECAUSE TOMORROW MATTERS

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 23 February 2021.

1 GENERAL

CapitaLand Integrated Commercial Trust (the "Trust"), formerly known as CapitaLand Mall Trust ("CMT") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 29 October 2001 (as amended) (the "Trust Deed") between CapitaLand Integrated Commercial Trust Management Limited (the "Manager"), formerly known as CapitaLand Mall Trust Management Limited and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units").

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 17 July 2002 ("Listing Date") and was included under the Central Provident Fund ("CPF") Investment Scheme on 13 September 2002.

On 22 January 2020, the Manager and the manager of CapitaLand Commercial Trust ("CCT") jointly announced the proposed merger of CMT and CCT (the "Merger") through the acquisition by CMT of all the issued and paid-up units of CCT by way of a trust scheme of arrangement ("Trust Scheme"), to be effected in accordance with the Singapore Code on Take-overs and Mergers. On 29 September 2020, unitholders of both CMT and CCT voted in favour of the Merger and the Trust Scheme (as the case may be) at their respective unitholders meetings. The Trust Scheme was sanctioned by the High Court on 12 October 2020 and became effective and binding in accordance with its terms on 21 October 2020. Following the completion of the Merger, CCT was delisted from SGX-ST and the merged entity renamed "CapitaLand Integrated Commercial Trust" ("CICT") on 3 November 2020.

The principal activity of CICT is to invest, directly or indirectly, in real estate which is income producing and is used or primarily used for commercial purposes (including retail and/or office purposes), located predominantly in Singapore. The principal activities of the subsidiaries and joint ventures are set out in Notes 6 and 7.

The consolidated financial statements relate to the Trust and its subsidiaries (the "Group") and the Group's interests in its joint ventures.

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

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

1.1 Property management fees

Under the property management agreement with CapitaLand Retail Management Pte Ltd (the "Property Manager"), property management fees are charged as follows:

- (a) 2.00% per annum of the gross revenue of the properties;
- (b) 2.00% per annum of the net property income of the properties; and
- (c) 0.50% per annum of the net property income of the properties, in lieu of leasing commissions.

The property management fees are payable monthly in arrears.

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

1 GENERAL (continued)

1.2 Management fees

Pursuant to the Trust Deed, the management fees shall not exceed 0.70% per annum of the Deposited Property or such higher percentage as may be fixed by an Extraordinary Resolution at a meeting of Unitholders. Deposited Property refers to all the assets of the Trust, including all its Authorised Investments (as defined in the Trust Deed) for the time being held or deemed to be held upon the trusts of the Trust Deed. The management fees comprise:

- (a) in respect of Authorised Investments which are in the form of real estate, a base component of 0.25% per annum of Deposited Property and a performance component of 4.25% per annum of net property income of the Trust for each financial year; and
- (b) in respect of all other Authorised Investments which are not in the form of real estate, 0.5% per annum of the investment value of the Authorised Investment, unless 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, in which case no management fee shall be payable in relation to such Authorised Investment.

In respect of all Authorised Investments which are in the form of real estate acquired by the Trust:

- (a) the base component shall be paid to the Manager in the form of cash and/or Units (as the Manager may elect); and
- (b) the performance component shall be paid to the Manager in the form of cash, in the form of Units or a combination of both (as the Manager may elect).

When paid in the form of Units, the Manager shall be entitled to receive such number of Units as may be purchased for the relevant amount of the management fee at the market price (as defined in the Trust Deed). The base and performance components of the management fees are payable quarterly and yearly in arrears respectively.

For all acquisitions or disposals of properties or investments, the Manager is entitled to receive acquisition fee of 1.0% of the purchase price and a divestment fee of 0.5% of the sale price.

1.3 Trustee's fees

Pursuant to the Trust Deed, the Trustee's fees shall not exceed 0.10% per annum of the Deposited Property (subject to a minimum sum of \$15,000 per month) payable out of the Deposited Property of the Trust. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

The Trustee's fees are payable quarterly in arrears.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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BECAUSE TOMORROW MATTERS

2 BASIS OF PREPARATION (continued)

2.2 Basis of measurement

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

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Trust's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with RAP 7 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

- Note 5 – Valuation of investment properties
- Note 32 – Acquisition of subsidiary (determination of fair value of assets acquired and liabilities assumed)

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.

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Year ended 31 December 2020

2 BASIS OF PREPARATION (continued)

2.4 Use of estimates and judgements (continued)

Measurement of fair values (continued)

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

- Note 5 – Valuation of investment properties
- Note 30 – Valuation of financial instruments
- Note 32 – Acquisition of subsidiary

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the principles of the following standards, amendments to and interpretations of standards for the annual period beginning on 1 January 2020.

- *Amendments to References to Conceptual Framework in FRS Standards*
- *Definition of a Business (Amendments to FRS 103)*
- *Definition of Material (Amendments to FRS 1 and FRS 8)*
- *Covid-19-Related Rent Concessions (Amendments to FRS 116)*

Other than the amendments relating to definition of a business, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

The Group applied the amendments relating to definition of a business to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business or a group of assets. The details of accounting policies are set out in note 3.1. See also note 32 for details of the Group's acquisition of subsidiary during the year.

The Group has early adopted COVID-19-Related Rent Concessions – Amendment to FRS 116 issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Group is a lessee – i.e. for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The Group has applied the amendment retrospectively. The amendment has no impact on Unitholders' Funds at 1 January 2020. The details of accounting policies are set out in note 3.8.

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 the Group, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

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BECAUSE TOMORROW MATTERS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

Business combinations (continued)

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

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

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

When the excess is negative, a gain relating to negative goodwill is recognised immediately in the Statement of Total Return.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the Statement of Total Return.

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

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

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

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

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

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

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Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the Statement of Total Return. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Investments in joint ventures (equity-accounted investees)

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its investment in an equity-accounted investee, the carrying amount of that investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses (except for foreign currency transaction gains or losses) 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.

Subsidiaries and joint ventures in the separate financial statements

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

3.2 Plant and equipment

Recognition and measurement

Items of 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.

If significant 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.

Any gain or loss on disposal of an item of plant and equipment is recognised in the Statement of Total Return.

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BECAUSE TOMORROW MATTERS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Plant and equipment (continued)

Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in the Statement of Total Return as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognised as an expense in the Statement of Total Return on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

Furniture, fittings and equipment – 2 to 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.3 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in the Statement of Total Return.

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

Fair value is determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following events:

- in such manner and frequency required under the CIS Code issued by MAS; and
- at least once in each period of 12 months following the acquisition of each parcel of real estate property.

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

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.

Investment properties are not depreciated. The properties are subject to continued maintenance and regularly revalued on the basis set out above. For income tax purposes, the Group and the Trust may claim capital allowances on assets that qualify as plant and machinery under the Income Tax Act.

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Foreign currency

Foreign currency transactions

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the functional currency).

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at 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 rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in Statement of Total Return. However, foreign currency differences arising from the translation of the following items are recognised in the Statement of Movements in Unitholders' funds:

- an equity investment designated as at fair value through Unitholders' fund ("FVOCI");
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent the hedge is effective.

Foreign operations

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

Foreign currency differences are recognised in the Statement of Movements in Unitholders' Funds. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the Statement of Total Return as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the Statement of Total Return.

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

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BECAUSE TOMORROW MATTERS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Foreign currency (continued)

Hedge of net investment in foreign operation

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the Trust's functional currency (Singapore Dollars) for certain foreign investments.

In the Trust's financial statements, foreign currency differences arising from the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in the Statement of Total Return. On consolidation, such differences are recognised in the foreign currency translation reserve in Unitholders' funds, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in the Statement of Total Return. When the hedged net investment is disposed of, the cumulative amount in the foreign currency translation reserve is transferred to the Statement of Total Return as part of the gain or loss on disposal.

3.5 Financial instruments

Initial recognition

Non-derivative financial assets and financial liabilities

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

Classification and subsequent measurement

Non-derivative financial assets

The Group classifies its non-derivative financial assets into the following measurement categories:

- amortised costs; or
- fair value through Unitholders' fund ("FVOCI").

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

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

Financial assets at amortised cost

Initial measurement

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

Subsequent measurement

Financial assets at amortised cost that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are subsequently measured at amortised cost. Interest income, foreign exchange gains and losses and impairment are recognised in the Statement of Total Return. Any gain or loss on derecognition is recognised in the Statement of Total Return.

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Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

Equity investments at FVOCI

Initial measurement

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in the Statement of Movement in Unitholders' Funds. This election is made on investment-by-investment basis.

Subsequent measurement

These assets are subsequently measured at fair value. Dividends are recognised as income in the Statement of Total Return unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in the Statement of Movement in Unitholders' Funds and are never reclassified to the Statement of Total Return.

Non-derivative financial liabilities

The Group classifies non-derivative financial liabilities under the other financial liabilities category. Such financial liabilities are initially measured at fair value less directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the Statement of Total Return.

Derecognition

Financial assets

The Group derecognises a financial asset when:

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

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

Financial liabilities

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

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

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BECAUSE TOMORROW MATTERS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

Offsetting

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

Derivative financial instruments and hedge accounting

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

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in the Statement of Total Return as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the Statement of Total Return, unless it is designated in a hedge relationship that qualifies for hedge accounting.

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

Hedges directly affected by interest rate benchmark reform

For the purpose of evaluating whether there is an economic relationship between the hedge items(s) and the hedging instrument(s), the Group assumes that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of interest rate benchmark reform for the purpose of assessing whether the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affected Statement of Total Return. In determining whether a previously designated forecasted transaction in a discontinued cash flow hedge is still expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

The Group will cease to apply the specific policy for assessing the economic relationship between the hedge item and the hedging instrument (i) to a hedge item or hedging instrument when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the respective item or instrument or (ii) when the hedging relationship is discontinued. For its highly probable assessment of the hedge item, the Group will no longer apply the specific policy when the uncertainty arising from interest rate benchmark reform about the timing and the amount of the interest rate benchmark-based future cash flows of the hedge item is no longer present, or when the hedging relationship is discontinued.

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Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

Cash flow hedges

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

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in the Statement of Movements in Unitholders' Funds and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in the Statement of Movements in Unitholders' Funds is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the Statement of Total Return.

For all hedged transactions, the amount accumulated in the hedging reserve is reclassified to the Statement of Total Return in the same period or periods during which the hedged expected future cash flows affect the Statement of Total Return.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in unitholders' funds until it is reclassified to the Statement of Total Return in the same period or periods as the hedged expected future cash flows affect the Statement of Total Return.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve are immediately reclassified to the Statement of Total Return.

Net investment hedges

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

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

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Impairment

Non-derivative financial assets

The Group recognises loss allowances for expected credit loss ("ECLs") on financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improve such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Impairment (continued)

Non-derivative financial assets (continued)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

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

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BECAUSE TOMORROW MATTERS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Impairment (continued)

Non-financial assets (continued)

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

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

Subsidiaries and joint ventures

An impairment loss in respect of a subsidiary or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in the Statement of Total Return. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increase.

3.7 Loans and borrowings

Loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Statement of Total Return over the period of the borrowings on an effective interest basis.

3.8 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

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

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

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Leases (continued)

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

The right-of-use asset (classified as plant and equipment) is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets (classified as investment properties) that meet the definition of investment property are carried at fair value in accordance with note 3.3.

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

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

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

- fixed payments, including in-substance fixed payments; and
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in Statement of Total Return if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'plant and equipment' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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BECAUSE TOMORROW MATTERS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Leases (continued)

COVID-19-related rent concessions

The Group has applied COVID-19-Related Rent Concessions – Amendment to FRS116. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies the principles of FRS 115 to allocate the consideration in the contract.

The Group recognises lease payments received from investment properties under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

3.9 Unitholders' funds

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

Incremental costs directly attributable to the issue of units are recognised as a deduction from Unitholders' funds.

3.10 Revenue recognition

Rental income

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

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Revenue recognition (continued)

Car park income

Car park income is recognised as it accrues on a time apportioned basis.

3.11 Expenses

Property operating expenses

Property operating expenses consist of property taxes, utilities, property management fees, property management reimbursements, marketing, maintenance and other property outgoings in relation to investment properties where such expenses are the responsibility of the Group.

Property management fees are recognised on an accrual basis based on the applicable formula, stipulated in Note 1.1.

Management fees

Management fees are recognised on an accrual basis using the applicable formula, stipulated in Note 1.2.

Trustee's fees

The Trustee's fees are recognised on an accrual basis using the applicable formula, stipulated in Note 1.3.

3.12 Interest income, investment income and finance costs

Interest income is recognised as it accrues, using the effective interest method.

Investment income is recognised in the Statement of Total Return when the Group's right to receive distribution income is established.

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

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset, or the amortised cost of the financial liability.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the Statement of Total Return using the effective interest method.

3.13 Government grants

Government grants related to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in Statement of Total Return on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in Statement of Total Return on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

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BECAUSE TOMORROW MATTERS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Income tax

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

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

Current tax assets and liabilities are offset only if certain criteria are met.

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

Deferred tax is not recognised for:

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

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the carrying amount of the investment property is presumed to be recovered through sale, and the group has not rebutted this presumption. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Income tax (continued)

The Inland Revenue Authority of Singapore (the "IRAS") has issued a tax ruling on the tax treatment of the Trust. Subject to meeting the terms and conditions of the tax ruling which includes a distribution of at least 90.0% of the taxable income of the Trust, the Trustee is not subject to tax on the taxable income of the Trust to the extent of the amount distributed. Instead, the distributions made by the Trust out of such taxable income are subject to tax in the hands of Unitholders, unless they are exempt from tax on the Trust's distributions. This treatment is known as the tax transparency treatment.

Individuals and qualifying Unitholders, i.e. companies incorporated and tax resident in Singapore, Singapore branches of companies incorporated outside Singapore, bodies of persons registered or constituted in Singapore, certain international organisations that are exempt from tax on distributions from the Trust and real estate investment trust exchange-traded funds which have been accorded the tax transparency treatment, are entitled to gross distributions from the Trust. For distributions made to foreign non-individual Unitholders and qualifying foreign funds managed by Singapore fund managers, the Trustee is required to withhold tax at the reduced rate of 10.0%. For other types of Unitholders, the Trustee is required to withhold tax at the prevailing corporate tax rate on the distributions made by the Trust. Such other types of Unitholders are subject to tax on the re-grossed amounts of the distributions received but may claim a credit for the tax deducted at source at the prevailing corporate tax rate by the Trustee.

The Trust has a distribution policy to distribute at least 90.0% of its taxable income, other than gains from the sale of real estate properties that are determined by the IRAS to be trading gains. For the taxable income that is not distributed, referred to as retained taxable income, tax will be assessed on the Trustee. Where such retained taxable income is subsequently distributed, the Trustee need not deduct tax at source.

3.15 Earnings per unit

The Group presents basic and diluted earnings per unit data for its units. Basic earnings per unit is calculated by dividing the total return by the weighted-average number of units outstanding during the year. Diluted earnings per unit is determined by adjusting the total return and the weighted-average number of ordinary units outstanding, for the effects of all dilutive potential units.

3.16 Segment reporting

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

3.17 New standards and interpretations not adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The Group has assessed and does not expect the application of these standards to have a significant impact on the financial statements.

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BECAUSE TOMORROW MATTERS

4 PLANT AND EQUIPMENT

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Furniture, fittings and equipment				
Cost				
At 1 January	9,523	9,159	7,599	7,307
Recognition of right-of-use-asset on initial application of FRS 116	–	30	–	30
Adjusted balance at 1 January	9,523	9,189	7,599	7,337
Acquisition of subsidiary (Note 32)	3,054	–	–	–
Additions	1,506	974	1,427	896
Disposals	(75)	(95)	(65)	(92)
Assets written off	(125)	(531)	(122)	(528)
Reclassification	–	(14)	–	(14)
Translation difference	(15)	–	–	–
At 31 December	13,868	9,523	8,839	7,599
Accumulated depreciation				
At 1 January	6,233	6,346	5,750	5,893
Charge for the year	786	506	638	474
Disposals	(75)	(94)	(65)	(92)
Assets written off	(125)	(525)	(122)	(525)
Translation difference	(15)	–	–	–
At 31 December	6,804	6,233	6,201	5,750
Carrying amounts				
At 1 January	3,290	2,813	1,849	1,414
At 31 December	7,064	3,290	2,638	1,849

5 INVESTMENT PROPERTIES

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
At 1 January	10,415,843	9,411,000	8,203,845	7,499,000
Recognition of right-of-use asset on initial application of FRS 116	–	9,594	–	9,594
Adjusted balance at 1 January	10,415,843	9,420,594	8,203,845	7,508,594
Acquisition of subsidiary (Note 32)	11,309,546	–	–	–
Capital expenditure	45,877	45,610	28,494	40,374
Net change in fair value of investment properties	(393,620)	232,913	(204,039)	180,086
Reclassified from investment properties under development ¹	–	716,726	–	474,791
Effects of lease incentives amortisation	(1,024)	–	–	–
Translation difference	(10,547)	–	–	–
At 31 December	21,366,075	10,415,843	8,028,300	8,203,845

¹ Funan has been reclassified to investment properties upon obtaining the temporary occupation permit in 2019.

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5 INVESTMENT PROPERTIES (continued)

Security

As at 31 December 2020, the Group's investment properties with a total carrying amount of \$996.5 million (2019: Nil) was pledged as security to banks to secure bank facilities (refer to Note 14).

As at 31 December 2020 and 2019, all investment properties held by the Trust are unencumbered.

Fair value hierarchy

The fair value of investment properties was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. External valuation of the investment properties is conducted at least once a year.

The fair value measurement for investment properties for the Group and Trust have been categorised as Level 3 fair values based on the inputs to the valuation techniques used.

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Fair value of investment properties (based on valuation reports)	21,357,034	10,404,000	8,019,500	8,193,000
Add: Carrying amount of lease liabilities	9,041	11,843	8,800	10,845
Carrying amount of investment properties	21,366,075	10,415,843	8,028,300	8,203,845

Valuation technique

Investment properties are stated at fair value based on valuation performed by independent professional valuers. In determining the fair value, the methodology adopted by the valuers includes capitalisation method, discounted cash flow method and comparison method.

The capitalisation method is an investment approach whereby the estimated gross passing income (on both a passing and market rent basis) is adjusted to reflect anticipated operating costs and a natural vacancy to produce the 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 investment yield.

The discounted cash flow method involves the estimation and projection of a net income stream over a period and discounting the net income stream with an internal rate of return to arrive at the market value. The discounted cash flow method requires the valuer to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements.

Where applicable, the comparison method provides an indication of value by comparing the investment property with identical or similar properties where reliable sales evidence of assets of similar nature is available.

The above valuation methods involve certain estimates. The Manager reviews the key valuation parameters and underlying data including market-corroborated capitalisation rates, discount rates and terminal yield rates adopted by the valuers and is of view that they are reflective of the market conditions as at the reporting dates.

The outbreak of the novel coronavirus ("COVID-19") has impacted market activity in many property sectors. As the impact of COVID-19 is fluid and evolving, significant market uncertainty exists. Consequently, the valuations of investment properties are currently subject to material valuation uncertainty. The carrying amounts of the investment properties were current as at 31 December 2020 only. Values may change more rapidly and significantly than during standard market conditions.

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5 INVESTMENT PROPERTIES (continued)

Significant unobservable inputs

The following table shows the valuation techniques and significant unobservable inputs used in measuring level 3 fair values of investment properties:

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Capitalisation method	Capitalisation rate	The estimated fair value would increase/(decrease) if the capitalisation rates were lower/(higher).
	<u>Group</u>	
	<i>Singapore</i>	
	Retail	
	2020: 4.50% to 7.00% (2019: 4.50% to 7.00%)	
Discounted cash flow method	Integrated Developments	The estimated fair value would increase/(decrease) if the discount rates were lower/(higher).
	2020: 3.75% to 4.85% (2019: 3.75% to 4.85%)	
	<u>Group</u>	
	Office	
	2020: 3.45% to 3.95% (2019: Nil)	
	<u>Trust</u>	
	<i>Singapore</i>	
	Retail	
	2020: 4.70% to 7.00% (2019: 4.70% to 7.00%)	
	Integrated Developments	
	2020: 3.75% to 4.85% (2019: 3.75% to 4.85%)	
Discounted cash flow method	Discount rate	The estimated fair value would increase/(decrease) if the discount rates were lower/(higher).
	<u>Group</u>	
	<i>Singapore</i>	
	Retail	
	2020: 7.00% to 7.50% (2019: 7.00% to 7.50%)	
	Integrated Developments	
	2020: 6.75% to 7.25% (2019: 6.75% to 7.25%)	
	Office	
	2020: 6.75% (2019: Nil)	
	<i>Germany</i>	
Discounted cash flow method	Office	The estimated fair value would increase/(decrease) if the discount rates were lower/(higher).
	2020: 3.13% to 4.00% (2019: Nil)	
	<u>Trust</u>	
	<i>Singapore</i>	
	Retail	
Discounted cash flow method	2020: 7.00% to 7.50% (2019: 7.00% to 7.50%)	The estimated fair value would increase/(decrease) if the discount rates were lower/(higher).
	Integrated Developments	
	2020: 7.25% (2019: 6.75% to 7.25%)	
	Office	
	2020: 6.75% (2019: Nil)	

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5 INVESTMENT PROPERTIES (continued)

Significant unobservable inputs (continued)

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flow method	Terminal yield rate <u>Group</u> Singapore Retail 2020: 4.75% to 6.55% (2019: 4.75% to 6.55%) Integrated Developments 2020: 4.00% to 5.10% (2019: 4.00% to 5.10%) Office 2020: 3.45% to 4.20% (2019: Nil) <u>Germany</u> Office 2020: 3.90% to 4.25% (2019: Nil) <u>Trust</u> Singapore Retail 2020: 4.95% to 6.55% (2019: 4.95% to 6.55%) Integrated Developments 2020: 4.00% to 5.10% (2019: 4.00% to 5.10%)	The estimated fair value would increase/(decrease) if the terminal yield rates were lower/(higher).

6 SUBSIDIARIES

	2020 \$'000	Trust 2019 \$'000
Unquoted equity investments, at cost	7,218,201	285,763
Less: Allowance for impairment loss	(43,184)	–
	7,175,017	285,763
Loans to subsidiaries		
– Interest-bearing	1,774,742	1,776,604
– Non-interest-bearing	471,903	67,903
	2,246,645	1,844,507
Less: Allowance for impairment loss	(10,720)	–
	2,235,925	1,844,507
	9,410,942	2,130,270

Loans to subsidiaries are unsecured and are not expected to be repaid in the next twelve months from the reporting date. The interest-bearing loans bear interest rates of 2.14% to 3.26% (2019: 1.86% to 3.26%) per annum. Interest rates are determined by the Trust from time to time.

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BECAUSE TOMORROW MATTERS

6 SUBSIDIARIES (continued)

In 2020, allowance for impairment loss amounting to \$43,184,000 was recognised in respect of the Trust's investments in Brilliance Mall Trust ("BMT"), Infinity Mall Trust ("IMT") and MSO Trust taking into consideration the fair value of the underlying properties held by BMT, IMT and MSO Trust. The recoverable amount was assessed based on fair value less costs to sell estimated using the revalued net assets of BMT, IMT and MSO Trust and categorised as level 3 on the fair value hierarchy.

The movements in the allowance for impairment loss are as follows:

	2020 \$'000	Trust 2019 \$'000
At the beginning of the year	–	2,574
Impairment loss recognised	53,904	–
Reversal of impairment loss	–	(2,574)
At the end of the year	53,904	–

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Ownership interest	
		2020 %	2019 %
CMT MTN Pte. Ltd. ¹	Singapore	100.0	100.0
Brilliance Mall Trust ¹	Singapore	100.0	100.0
Victory Office 1 Trust ¹	Singapore	100.0	100.0
Victory Office 2 Trust ¹	Singapore	100.0	100.0
Infinity Mall Trust ¹	Singapore	100.0	100.0
RCS Trust ¹	Singapore	100.0	40.0
MSO Trust ¹	Singapore	100.0	–
CapitaLand Commercial Trust ¹	Singapore	100.0	–
CCT MTN Pte. Ltd. ^{1, 2}	Singapore	100.0	–
MVKimi (BVI) Limited ^{2, 3}	Singapore/British Virgin Islands	100.0	–
Asia Square Tower 2 Pte. Ltd. ^{1, 2}	Singapore	100.0	–
CCT Galaxy One Pte. Ltd. ^{1, 2}	Singapore	100.0	–
CCT Galaxy Two Pte. Ltd. ^{1, 2}	Singapore	100.0	–
CCT Mercury One Pte. Ltd. ^{1, 2}	Singapore	100.0	–
Gallileo Property S.a.r.l. ^{2, 4}	Germany/Luxembourg	94.9	–
MAC Property Company B.V. ^{2, 5}	Germany/Netherlands	94.9	–
MAC Car Park Company B.V. ^{2, 3}	Germany/Netherlands	94.9	–

¹ Audited by KPMG LLP Singapore

² Indirectly held through CapitaLand Commercial Trust

³ These are non-significant entities and are not subject to audit by laws of countries of incorporation

⁴ Audited by KPMG Luxembourg, Société cooperative

⁵ Auditors have not been appointed as at 31 December 2020

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6 SUBSIDIARIES (continued)

CMT MTN Pte. Ltd.

CMT MTN Pte. Ltd. ("CMT MTN") was incorporated on 23 January 2007. The principal activity of this subsidiary is to issue notes under unsecured multi-currency medium term note programmes. The proceeds from such issuances are used by CMT MTN and the Group to refinance the existing borrowings of the Group, to finance the investments comprised in the Trust, to on-lend to any trust, fund or entity in which the Trust has an interest, to finance any asset enhancement works initiated in respect of the Trust or such trust, fund or entity, and to finance the general corporate and working capital purposes in respect of the Group.

Brilliance Mall Trust

BMT is an unlisted special purpose trust established under a trust deed ("BMT Trust Deed") dated 1 September 2010. The principal activity of BMT is to invest in income producing real estate, which is used or substantially used for retail purposes with the primary objective of achieving an attractive level of return from rental income and for long-term capital growth. BMT holds Bedok Mall.

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

(a) Property management fees

Under the property management agreement, property management fees are charged as follows:

- (i) 2.00% per annum of the gross revenue of the property;
- (ii) 2.00% per annum of the net property income of the property; and
- (iii) 0.50% per annum of the net property income of the property, in lieu of leasing commissions.

The property management fees are payable monthly in arrears.

(b) Management fees

Pursuant to the BMT Trust Deed, the management fees (including the base and performance fee), acquisition fee and divestment fee payable to the Manager pursuant to the Trust's Trust Deed are as stipulated in Note 1.2.

(c) Trustee fees

Pursuant to the BMT Trust Deed, Brilliance Trustee Pte. Ltd. ("BMT Trustee") is entitled to receive trustee's fees of a sum as may be agreed between parties for the provision of trustee services, until the earlier of the removal or resignation of the BMT Trustee, and the termination of BMT, in each case, in accordance with the BMT Trust Deed. BMT Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the BMT Trust Deed.

BMT Trustee's fees are payable annually in arrears.

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BECAUSE TOMORROW MATTERS

6 SUBSIDIARIES (continued)

Victory Office 1 Trust

Victory Office 1 Trust ("VO1 Trust") is an unlisted special purpose trust established under a trust deed ("VO1T Trust Deed") dated 30 August 2016.

The principal activity of VO1 Trust is to invest in income producing real estate, which is used or substantially used for commercial purposes with the primary objective of achieving an attractive level of return from rental income and for long-term capital growth. VO1 Trust holds Funan Office 1.

VO1 Trust has entered into several service agreements in relation to the management of VO1 Trust and its property operations. The fee structures of these services are as follows:

(a) Property management fees

Under the property management agreement, property management fees are charged as follows:

- (i) 2.00% per annum of the gross revenue of the property;
- (ii) 2.00% per annum of the net property income of the property; and
- (iii) 0.50% per annum of the net property income of the property, in lieu of leasing commissions.

The property management fees are payable monthly in arrears.

(b) Management fees

Pursuant to the VO1T Trust Deed, the management fees (including the base and performance fee), acquisition fee and divestment fee payable to the Manager pursuant to the Trust's Trust Deed are as stipulated in Note 1.2.

(c) Trustee fees

Pursuant to the VO1T Trust Deed, HSBC Institutional Trust Services (Singapore) Limited as trustee of VO1 Trust ("VO1T Trustee")'s fees is presently charged at a scaled basis of up to 0.03% per annum of the deposited property (subject to a minimum sum of \$5,000 per month upon the investment property under development obtaining Temporary Occupation Permit). VO1T Trustee's fee is payable out of the deposited property of VO1 Trust on a quarterly basis, in arrears. VO1T Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the VO1T Trust Deed.

VO1T Trustee's fees are payable quarterly in arrears.

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Year ended 31 December 2020

6 SUBSIDIARIES (continued)

Victory Office 2 Trust

Victory Office 2 Trust ("VO2 Trust") is an unlisted special purpose trust established under a trust deed ("VO2T Trust Deed") dated 30 August 2016.

The principal activity of VO2 Trust is to invest in income producing real estate, which is used or substantially used for commercial purposes with the primary objective of achieving an attractive level of return from rental income and for long-term capital growth. VO2 Trust holds Funan Office 2.

VO2 Trust has entered into several service agreements in relation to the management of VO2 Trust and its property operations. The fee structures of these services are as follows:

(a) Property management fees

Under the property management agreement, property management fees are charged as follows:

- (i) 2.00% per annum of the gross revenue of the property;
- (ii) 2.00% per annum of the net property income of the property; and
- (iii) 0.50% per annum of the net property income of the property, in lieu of leasing commissions.

The property management fees are payable monthly in arrears.

(b) Management fees

Pursuant to the VO2T Trust Deed, the management fees (including the base and performance fee), acquisition fee and divestment fee payable to the Manager pursuant to the Trust's Trust Deed are as stipulated in Note 1.2.

(c) Trustee fees

Pursuant to the VO2T Trust Deed, HSBC Institutional Trust Services (Singapore) Limited as trustee of VO2 Trust ("VO2T Trustee")'s fees is presently charged at a scaled basis of up to 0.03% per annum of the deposited property (subject to a minimum sum of \$5,000 per month upon the investment property under development obtaining Temporary Occupation Permit). VO2T Trustee's fee is payable out of the deposited property of VO2 Trust on a quarterly basis, in arrears. VO2T Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the VO2T Trust Deed.

VO2T Trustee's fees are payable quarterly in arrears.

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BECAUSE TOMORROW MATTERS

6 SUBSIDIARIES (continued)

Infinity Mall Trust

Infinity Mall Trust ("IMT") is an unlisted special purpose trust established under a trust deed ("IMT Trust Deed") dated 25 May 2011 entered into between the Trustee, CMA Singapore Investments (4) Pte. Ltd., CL JM Pte. Ltd. and JG Trustee Pte. Ltd. (as trustee of Infinity Mall Trust). IMT was 30.0% owned by the Trust, 50.0% by CMA Singapore Investments (4) Pte. Ltd. and 20.0% by CL JM Pte. Ltd.

On 27 August 2018, the Trustee, entered into a conditional unit purchase agreement with CMA Singapore Investments (4) Pte. Ltd. and CL JM Pte. Ltd. to acquire the balance 70.0% of the units in IMT ("Acquisition"). The Acquisition was completed on 1 November 2018 and as a result, IMT became a wholly-owned subsidiary of the Trust.

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

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

(a) Property management fees

Under the property management agreement, property management fees are charged as follows:

- (i) 2.00% per annum of the gross revenue of the property;
- (ii) 2.00% per annum of the net property income of the property; and
- (iii) 0.50% per annum of the net property income of the property, in lieu of leasing commissions.

The property management fees are payable monthly in arrears.

(b) Management fees

Pursuant to the IMT Trust Deed, the management fees (including the base and performance fee), acquisition fee and divestment fee payable to the Manager pursuant to the Trust's Trust Deed are as stipulated in Note 1.2.

(c) Trustee fees

Pursuant to the IMT Trust Deed, JG Trustee Pte. Ltd. ("IMT Trustee") is entitled to receive trustee's fees of a sum as may be agreed between parties for the provision of trustee services, until the earlier of the removal or resignation of the IMT Trustee, and the termination of IMT, in each case, in accordance with the IMT Trust Deed. IMT Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the IMT Trust Deed.

IMT Trustee's fees are payable annually in arrears.

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6 SUBSIDIARIES (continued)

CapitaLand Commercial Trust

CapitaLand Commercial Trust ("CCT") is an unlisted special purpose trust established under a trust deed dated 6 February 2004 ("CCT Trust Deed").

Following the completion of the Merger on 21 October 2020, CCT became a wholly-owned subsidiary of the Trust and the Manager has replaced CapitaLand Commercial Trust Management Limited as manager of CCT. A new trust deed has been entered into between the Manager and CCT Trustee dated 3 November 2020 ("CCT Trust Deed"), which replaces the trust deed dated 6 February 2004.

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

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

(a) Property management fees

Under the property management agreements, property management fees are charged at 3.00% per annum of the net property income of the properties held under CCT.

The property management fees are payable monthly in arrears.

(b) Management fees

Pursuant to the CCT Trust Deed, the Manager is entitled to receive the amount of management fees which comprise a base component of 0.10% per annum of deposited property of CCT and a performance component of 5.25% per annum of net investment income of CCT for each financial year.

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

The Manager's fees shall be paid in the form of cash, in the form of Units or a combination of both as the Manager may elect.

(c) Acquisition fee and divestment fee

Pursuant to the CCT Trust Deed, the Manager is entitled to receive acquisition fee at the rate of 1.0% (or such lower percentage as may be determined by the Manager in its absolute discretion) of the acquisition price and a divestment fee at the rate of 0.5% (or such lower percentage as may be determined by the Manager in its absolute discretion) of the sale price.

The acquisition fee or the divestment fees may, at the option of the Manager, be paid wholly in the form of cash, wholly in the form of Units or a combination of both.

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BECAUSE TOMORROW MATTERS

6 SUBSIDIARIES (continued)

CapitaLand Commercial Trust (continued)

(d) Trustee fees

Pursuant to the CCT Trust Deed, HSBC Institutional Trust Services (Singapore) Limited as trustee of CCT ("CCT Trustee")'s fees shall not exceed 0.10% per annum of the value of deposited property, subject to a minimum sum of \$8,000 per month payable out of the deposited property of CCT. The CCT Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the CCT Trust Deed.

The CCT Trustee's fees are payable quarterly in arrears.

RCS Trust

RCS Trust is an unlisted special purpose trust established under a trust deed ("RCS Trust Trust Deed") dated 18 July 2006 (as amended) entered into between HSBC Institutional Trust Services (Singapore) Limited as trustee-manager ("Trustee-Manager") of RCS Trust, HSBC Institutional Trust Services (Singapore) Limited as trustee of CapitaLand Commercial Trust ("CCT Trustee"), the Trustee, CapitaLand Commercial Trust Management Limited (CCTML as manager of CCT) and the Manager. RCS Trust was 40.0% owned by the Trust and 60.0% owned by CCT. RCS Trust is structured as a separate vehicle and the Group has a residual interest in its net assets. For the year ended 31 December 2019 (FY 2019), the Group had classified its interest in RCS Trust as a joint venture which was equity accounted. Please refer to Note 7.

Following the completion of the Merger on 21 October 2020, all the units held by CCT (which holds CCT's 60.0% interest in Raffles City Singapore) in RCS Trust are now held directly by CICT with CCT Trustee and CCTML removed as parties to the RCS Trust Trust Deed. RCS Trust became a wholly-owned subsidiary of the Trust.

The principal activity of RCS Trust is to invest in income producing real estate, which is used or substantially used for commercial purposes with the primary objective of achieving an attractive level of return from rental income and for long-term capital growth. RCS Trust holds Raffles City Singapore.

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

(a) Property management fees

Under the property management agreement, property management fees are charged as follows:

- (i) 2.00% per annum of the property income of the property; and
- (ii) 2.50% per annum of the net property income of the property.

The property management fees are payable monthly in arrears.

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6 SUBSIDIARIES (continued)

RCS Trust (continued)

(b) Management fees

Pursuant to the RCS Trust Trust Deed, the management fees comprise a base component of 0.25% per annum of the value of deposited property of RCS Trust and a performance component of 4.00% per annum of the net property income of RCS Trust, including all its authorised investments for the time being held or deemed to be held upon the trusts of the RCS Trust Trust Deed.

The management fees shall be paid entirely in the form of units or, with the approval of the Manager, either partly in units and partly in cash or wholly in cash.

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

(c) RCS Trust Trustee-Manager's fees

Pursuant to the RCS Trust Trust Deed, the RCS Trust Trustee-Manager's fees shall not exceed 0.10% per annum of the value of deposited property of RCS Trust, as defined in the RCS Trust Trust Deed (subject to a minimum sum of \$15,000 per month), payable out of the deposited property of RCS Trust. The RCS Trust Trustee-Manager is also entitled to reimbursement of expenses incurred in the performance of its duties under the RCS Trust Trust Deed.

RCS Trust Trustee-Manager's fees are payable quarterly in arrears.

MSO Trust

MSO Trust is an unlisted special purpose trust constituted under a trust deed ("MSOT Trust Deed") dated 15 June 2011.

Following the completion of the Merger on 21 October 2020, all the units held by CCT in MSO Trust are now held directly by CICT. MSO Trust became a wholly-owned subsidiary of the Trust and the Manager has replaced CapitaLand Commercial Trust Management Limited as manager of MSO Trust.

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

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

(a) Property management fee

Under the property management agreement, property management fees are charged at 3.00% per annum of the net property income of the property.

The property management fees are payable monthly in arrears.

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BECAUSE TOMORROW MATTERS

6 SUBSIDIARIES (continued)

MSO Trust (continued)

(b) Management fees

Pursuant to the MSOT Trust Deed, the Manager is entitled to receive the amount of management fees which comprise a base component of 0.10% per annum of the value of deposited property of MSO Trust and a performance component of 5.25% per annum of the net investment income of the MSO Trust for each financial year.

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

(c) Trustee's fees

Pursuant to the MSOT Trust Deed, HSBC Institutional Trust Services (Singapore) Limited as trustee of MSO Trust ("MSOT Trustee")'s fees shall not exceed 0.10% per annum of the value of deposited property of MSO Trust, subject to a minimum sum of \$8,000 per month payable out of the deposited property of MSO Trust. MSOT Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the MSOT Trust Deed.

The MSOT Trustee's fees are payable quarterly in arrears.

7 JOINT VENTURES

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Investment in joint ventures	338,669	840,851	61,925	593,041
Loans to joint ventures	169,450	–	146,950	–
	508,119	840,851	208,875	593,041

Loans to joint ventures are unsecured and are not expected to be repaid in the next twelve months from the reporting date. The loans bear interest rate of 2.5% per annum (2019: Nil). Interest rates are determined by the Trust from time to time.

Details of the joint ventures are as follows:

Name of joint ventures	Principal place of business/Country of incorporation	Ownership interest	
		2020 %	2019 %
RCS Trust ^{1,2}	Singapore	100.0	40.0
Infinity Office Trust ¹	Singapore	30.0	30.0
One George Street LLP ^{1,3}	Singapore	50.0	–
Glory Office Trust ¹	Singapore	45.0	–
Glory SR Trust ^{1,3}	Singapore	45.0	–

¹ Audited by KPMG LLP Singapore

² On 21 October 2020, the Group's equity interest in RCS Trust increased from 40.0% to 100.0% and RCS Trust became a subsidiary from that date (see notes 6 and 32).

³ Indirectly held through CapitaLand Commercial Trust

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7 JOINT VENTURES (continued)

RCS Trust

Following the completion of the Merger on 21 October 2020, all the units held by CCT (which holds CCT's 60.0% interest in Raffles City Singapore) in RCS Trust are now held directly by CICT with CCT Trustee and CCTML removed as parties to the RCS Trust Trust Deed. RCS Trust became a wholly-owned subsidiary of the Trust. Please refer to Note 6.

Infinity Office Trust

Infinity Office Trust is an unlisted special purpose trust established under a trust deed ("Infinity Office Trust Trust Deed") dated 25 May 2011 entered into between the Trustee, CMA Singapore Investments (5) Pte. Ltd., CL JO Pte. Ltd. and JG2 Trustee Pte. Ltd. (as trustee of Infinity Office Trust). Infinity Office Trust is 30.0% owned by the Trust, 50.0% by CMA Singapore Investments (5) Pte. Ltd. and 20.0% by CL JO Pte. Ltd. Infinity Office Trust is structured as a separate vehicle and the Group has a residual interest in its net assets. Accordingly the Group has classified its interest in Infinity Office Trust as a joint venture which is equity accounted.

On 23 January 2014, JG2 Trustee Pte. Ltd., in its capacity as trustee of Infinity Office Trust and JG Trustee Pte. Ltd., in its capacity as trustee of Infinity Mall Trust entered into a sale and purchase agreement to sell all the office strata units in Westgate Tower to Westgate Commercial Pte. Ltd. and Westgate Tower Pte. Ltd. for an aggregate consideration of \$579.4 million. On 20 October 2016, the strata titles of the office strata units were issued and the sale of all the office strata units in Westgate Tower was completed. Following the sale of all the office strata units in Westgate Tower, Infinity Office Trust became dormant.

One George Street LLP

One George Street LLP ("OGS LLP") is a limited liability partnership formed on 28 April 2017 between HSBC Institutional Trust Services (Singapore) Limited as Trustee of Capitaland Commercial Trust ("CCT Trustee") and OGS (II) Limited (the "JV Partner"), a special purpose vehicle owned by insurer FWD Group (which is unrelated to the Trust). OGS LLP is 50.0% owned by CCT Trustee and the JV Partner respectively. OGS LLP holds One George Street, a Grade A office tower.

As at 31 December 2020, secured bank loans at OGS LLP amount to \$580.0 million. The Group's 50.0% interest thereof is \$290.0 million.

Glory Office Trust and Glory SR Trust

Glory Office Trust ("GOT") and Glory SR Trust ("GSRT") are unlisted special purpose trusts constituted under trust deed dated 28 February 2017, entered between CL Office Trustee Pte. Ltd. and Glory SR Trustee Pte. Ltd. as trustee-manager of GOT and GSRT respectively, the CCT Trustee and Capitaland Commercial Trust Management Pte Ltd ("CCT Manager").

On 12 July 2017, the CCT Trustee and the CCT Manager entered into a joint venture agreement with Capitaland Singapore Limited ("CLS") and Mitsubishi Estate Asia Pte. Ltd. ("MEA"). Under the agreement, CCT, CLS and MEA own 45.0%, 45.0% and 10.0% equity interest respectively in GOT and GSRT respectively.

The special purpose trusts will carry out the re-development of the former Golden Shoe Car Park to an integrated commercial and serviced residence development, CapitaSpring.

On 21 October 2020, following the completion of the Merger, all the units held by CCT in GOT are now held directly by CICT.

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BECAUSE TOMORROW MATTERS

7 JOINT VENTURES (continued)

Glory Office Trust and Glory SR Trust (continued)

Based on the unitholder's loan agreements dated 22 September 2017 between CCT Trustee, GOT and GSRT respectively, CCT agreed to make available to GOT and GSRT one or more loans up to an aggregate principal amount of \$536.0 million, for the purpose of joint re-development. The unitholder loan agreement between CCT and GOT with outstanding principal of \$136.4 million was novated to CICT with effect from 21 October 2020.

As at 31 December 2020, the Group and Trust had provided \$22.5 million (2019: Nil) and \$136.4 million (2019: Nil) as unitholder's loans to GSRT and GOT respectively.

The Group has also provided sponsors' undertakings on cost overrun, interest shortfall, security margin and project completion, in respect of its 45.0% interest in each of GOT and GSRT, on the \$1,180.0 million bank facility granted to GOT and GSRT, the Group's 45.0% interest is \$531.0 million. As at 31 December 2020, the amount drawn down under the bank facility is \$974.0 million, Group's 45.0% interest is \$438.3 million (2019: Nil).

Immaterial joint ventures

The Group has interests in a number of individually immaterial joint ventures. The following table summarises, in aggregate, the share of total return for the year and movements in Unitholders' Funds of these immaterial joint ventures that are accounted for using the equity method:

	Group	
	2020 \$'000	2019 \$'000
Carrying amount of interests in individually immaterial joint ventures at the beginning of the year	840,851	828,545
Group's share of total return for the year	(14,106)	70,835
Acquisition during the year (Note 32)	337,994	–
Derecognition during the year	(797,387)	–
Distributions received and receivable during the year	(32,832)	(62,658)
Group's share of movement in Unitholders' funds	4,149	4,129
Carrying amount of interests in individually immaterial joint ventures at the end of the year	338,669	840,851
Group's share of joint ventures' capital commitments	57,146	3,288

8 EQUITY INVESTMENTS AT FAIR VALUE

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Quoted equity investments at FVOCI	218,686	214,742	185,399	214,742

The Group designated the investments shown below as equity investments at FVOCI because these equity investments represent investments that the Group intends to hold for the long-term for strategic purposes.

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8 EQUITY INVESTMENTS AT FAIR VALUE (continued)

	Group Fair value	
	2020 \$'000	2019 \$'000
Investment in CapitaLand China Trust ("CLCT") (formerly known as CapitaLand Retail China Trust)	185,399	214,742
Investment in Sentral REIT (formerly known as MRCB-Quill REIT)	33,287	–
	<u>218,686</u>	<u>214,742</u>

Quoted equity investments represents the Group's and the Trust's 8.9% (2019: 11.0%) interest in CLCT and the Group's 10.9% (2019: Nil) interest in Sentral REIT.

The principal activities of CLCT are those relating to investment on a long-term basis in a diversified portfolio of income-producing real estate and real estate-related assets in China, Hong Kong and Macau that are used primarily for retail, office and industrial purposes (including business parks, logistics facilities, data centres and integrated developments). The principal activities of Sentral REIT are to own and invest in commercial properties, primarily in Malaysia.

The fair value of the investments in CLCT and Sentral REIT represent 0.8% (2019:1.8%) and 0.1% (2019: Nil) of the Group's total assets as at 31 December 2020 respectively.

9 FINANCIAL DERIVATIVES

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Non-current asset				
Cross currency swaps	31,064	25,001	–	–
Current asset				
Cross currency swaps	6,366	–	–	–
Current liabilities				
Cross currency swaps	2,791	2,542	–	–
Interest rate swaps	5,275	–	–	–
Forward exchange contracts	611	–	–	–
	<u>8,677</u>	<u>2,542</u>	<u>–</u>	<u>–</u>
Non-current liabilities				
Cross currency swaps	47,718	30,362	–	–
Interest rate swaps	12,567	775	9,980	775
	<u>60,285</u>	<u>31,137</u>	<u>9,980</u>	<u>775</u>
Total financial derivative assets	37,430	25,001	–	–
Total financial derivative liabilities	68,962	33,679	9,980	775

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BECAUSE TOMORROW MATTERS

9 FINANCIAL DERIVATIVES (continued)

At the reporting date, the notional principal amounts of the financial derivatives were as follows:

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cross currency swaps	1,875,402	1,524,098	–	–
Interest rate swaps	1,260,000	180,000	180,000	180,000
Forward exchange contracts	15,107	–	–	–
	3,150,509	1,704,098	180,000	180,000

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the Statement of Financial Position.

The Group entered into International Swaps and Derivatives Association ("ISDA") Master Agreements with various bank counterparties ("ISDA Master Agreement"). In certain circumstances following the occurrence of a termination event as set out in an ISDA Master Agreement, all outstanding transactions under such ISDA Master Agreement may be terminated and the early termination amount payable to one party under such agreements may be offset against amounts payable to the other party such that only a single net amount is due or payable in settlement of all transactions.

In accordance with accounting standards, the swaps presented below are not offset in the Statement of Financial Position as the right of set-off of recognised amounts is enforceable only following the occurrence of a termination event as set out in such ISDA Master Agreement. In addition the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

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9 FINANCIAL DERIVATIVES (continued)

Financial instruments that are subject to an enforceable master netting arrangements

	Gross amounts of recognised financial instruments \$'000	Gross amounts of recognised financial instruments offset in the Statement of Financial Position \$'000	Net amounts of financial instruments presented in the Statement of Financial Position \$'000	Related amounts not offset in the Statement of Financial Position – Financial instruments \$'000	Net amount \$'000
Group					
31 December 2020					
Financial assets					
Cross currency swaps	37,430	–	37,430	(8,897)	28,533
Financial liabilities					
Cross currency swaps	50,509	–	50,509	(8,897)	41,612
Interest rate swaps	17,842	–	17,842	–	17,842
Forward exchange contracts	611	–	611	–	611
31 December 2019					
Financial assets					
Cross currency swaps	25,001	–	25,001	(4,922)	20,079
Financial liabilities					
Cross currency swaps	32,904	–	32,904	(4,922)	27,982
Interest rate swaps	775	–	775	–	775
Trust					
31 December 2020					
Financial liabilities					
Interest rate swaps	9,980	–	9,980	–	9,980
31 December 2019					
Financial liabilities					
Interest rate swaps	775	–	775	–	775

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10 DEFERRED TAX

	At 1 January 2020 \$'000	Acquisition of subsidiary (Note 32) \$'000	Recognised in Statement of Total Return (Note 26) \$'000	Translation differences \$'000	At 31 December 2020 \$'000

Group

Deferred tax asset

Revaluation loss from acquisition of subsidiary	–	10,412	–	–	10,412

Deferred tax liability

Fair value changes of investment properties	–	(5,390)	618	66	(4,706)

Net deferred tax assets	–	5,022	618	66	5,706

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the Statement of Financial Position as follows:

	Group 2020 \$'000	2019 \$'000
Deferred tax asset	10,412	–
Deferred tax liability	(4,706)	–

Deferred tax liability relates to the taxable temporary differences in respect of the fair value changes of overseas investment properties held by the Group, with the fair value change only becoming taxable upon an eventual disposal of the investment properties.

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11 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Trade receivables	62,294	8,031	14,303	6,703
Less: Allowance for impairment loss	(3,117)	–	(1,208)	–
Net trade receivables	59,177	8,031	13,095	6,703
Amounts due from related parties (non-trade)	822	14,635	132	14,624
Amounts due from subsidiaries (non-trade)	–	–	62,024	8,532
Amounts due from joint ventures (non-trade)	4,606	–	–	–
Deposits	1,413	637	604	588
Interest receivables	747	257	4,286	153
Other receivables	3,231	909	922	868
	69,996	24,469	81,063	31,468
Prepayments	13,004	1,922	1,400	1,522
	83,000	26,391	82,463	32,990

The non-trade amounts due from related parties, subsidiaries and joint ventures are unsecured, interest-free and repayable on demand.

12 CASH AND CASH EQUIVALENTS

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash at bank and in hand	183,617	9,947	29,320	8,466
Fixed deposits with financial institutions	–	192,251	–	147,631
Cash and cash equivalents in the statements of cash flows	183,617	202,198	29,320	156,097

The weighted average effective interest rate relating to cash and cash equivalents at the reporting date for the Group and Trust are 0.20% (2019: 1.79%) and 0.23% (2019: 1.84%) per annum respectively.

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BECAUSE TOMORROW MATTERS

13 TRADE AND OTHER PAYABLES

	Group		Trust	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Current				
Trade payables and accrued operating expenses	178,623	92,313	77,706	78,599
Amounts due to related parties (trade)	44,919	33,825	19,158	27,501
Deposits and advances	22,478	11,732	8,143	9,625
Interest payable	46,988	28,987	29,435	28,987
	293,008	166,857	134,442	144,712
Non-current				
Amount due to a subsidiary (non-trade)	–	–	633,900	–
Amount due to non-controlling interest (non-trade)	439	–	–	–
Deferred income	1,028	–	–	–
	1,467	–	633,900	–

Included in the trade payables and accrued operating expenses of the Group and the Trust was an amount due to the Trustee of \$814,000 (2019: \$347,000) and \$389,000 (2019: \$347,000) respectively.

The amounts due to related parties (trade) of the Group mainly relate to amounts due to the Manager of \$40,416,000 (2019: \$30,309,000) and the Property Manager and CapitaLand Commercial Management Pte. Ltd. of \$2,011,000 (2019: \$2,645,000). The amounts due to related parties (trade) of the Trust mainly relate to amounts due to the Manager of \$17,139,000 (2019: \$24,607,000) and the Property Manager of \$674,000 (2019: \$2,164,000).

The non-trade amount due to a subsidiary is unsecured, interest-free, and not repayable within the next twelve months.

The non-trade amount due to non-controlling interest is unsecured, bears a fixed interest rate of 2.7% per annum and is repayable by 27 June 2038.

14 LOANS AND BORROWINGS

	Group		Trust	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Current				
Medium term notes ("MTN notes")	399,544	223,927	–	–
Retail bonds	350,000	–	350,000	–
Bank loans	183,000	36,210	3,000	36,210
Term loans	–	–	62,000	226,000
Unamortised transaction costs	(612)	(330)	(508)	(330)
	931,932	259,807	414,492	261,880

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14 LOANS AND BORROWINGS (continued)

	Group		Trust	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Non-current				
MTN notes	3,440,141	2,349,129	–	–
Euro-Medium term notes ("EMTN notes")	1,091,184	351,969	–	–
Retail bonds	–	350,000	–	350,000
Bank loans	3,277,216	256,700	1,199,947	256,700
Term loans	–	–	2,941,287	2,678,098
Unamortised transaction costs	(14,228)	(6,728)	(8,814)	(6,728)
	7,794,313	3,301,070	4,132,420	3,278,070
Total loans and borrowings	8,726,245	3,560,877	4,546,912	3,539,950

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate %	Year of maturity	2020		2019	
			Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
Group						
<u>Unsecured</u>						
Retail bonds	3.08	2021	350,000	349,958	350,000	349,657
USD fixed rate MTN notes	3.61	2029	396,510	395,597	404,106	403,090
JPY fixed rate MTN and EMTN notes	0.73 – 1.04	2020 to 2027	128,610	128,432	123,927	123,893
JPY floating rate MTN notes	3 months JPY LIBOR + Margin	2021 to 2023	366,253	366,181	168,541	168,417
HKD fixed rate MTN and EMTN notes	2.27 – 3.84	2021 to 2030	1,011,004	1,009,804	848,451	847,244
SGD fixed rate MTN notes	2.15 – 3.75	2020 to 2032	3,028,492	3,024,794	1,380,000	1,377,736
SGD bank loans	SOR + Margin	2020 to 2027	2,506,682	2,500,492	292,910	290,840
EUR bank loans	0.48 – 1.18	2023 to 2026	526,704	525,391	–	–
			8,314,255	8,300,649	3,567,935	3,560,877
<u>Secured</u>						
EUR bank loans	0.75 – 1.33	2025 to 2026	426,830	425,596	–	–
			426,830	425,596	–	–
Total loans and borrowings			8,741,085	8,726,245	3,567,935	3,560,877

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14 LOANS AND BORROWINGS (continued)

	Nominal interest rate %	Year of maturity	Face value \$'000	2020 Carrying amount \$'000	Face value \$'000	2019 Carrying amount \$'000
Trust						
Unsecured						
Retail bonds	3.08	2021	350,000	349,958	350,000	349,657
SGD fixed rate term loans from CMT MTN	2.15 – 3.75	2020 to 2032	3,003,287	2,998,706	2,904,098	2,899,453
SGD bank loans	SOR + Margin	2020 to 2027	1,202,947	1,198,248	292,910	290,840
Total loans and borrowings			4,556,234	4,546,912	3,547,008	3,539,950

JPY LIBOR – Japanese Yen London Interbank Offered Rate

SOR – Swap Offer Rate

The loans and borrowings comprise the following:

(1) *Unsecured retail bonds of the Trust*

On 20 February 2014, the Trustee issued \$350.0 million in principal amount of bonds under the \$2.5 billion Retail Bond Programme which carry an interest of 3.08% per annum, fully repayable on 20 February 2021.

(2) *Unsecured bank loans of the Trust*

As at 31 December 2020, the Trust has drawn on \$1,202.9 million (2019: \$292.9 million) of unsecured bank loans with maturities up to 7 years (2019: up to 7 years) from various banks.

(3) *Unsecured MTN notes and EMTN notes of CMT MTN*

The Group has a \$7.0 billion Multicurrency Medium Term Note Programme ("MTN Programme") and a USD3.0 billion Euro-Medium Term Note Programme ("EMTN Programme").

At 31 December 2020, notes issued by CMT MTN were as follows:

– under the MTN Programme:

- (i) \$1,530.0 million (2019: \$1,380.0 million) of fixed rate notes maturing from 2023 to 2032 (2019: 2020 to 2031);
- (ii) JPY13.6 billion (2019: JPY13.6 billion) of floating rate notes maturing from 2021 to 2023 (2019: 2021 to 2023);
- (iii) HKD3.3 billion (2019: HKD2.9 billion) of fixed rate notes maturing from 2025 to 2030 (2019: 2025 to 2027); and
- (iv) USD300.0 million (2019: USD300.0 million) of fixed rate notes maturing in 2029 (2019: 2029).

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14 LOANS AND BORROWINGS (continued)

(3) *Unsecured MTN notes and EMTN notes of CMT MTN (continued)*

– under the EMTN Programme:

- (i) HKD2.0 billion (2019: HKD2.0 billion) of fixed rate notes maturing from 2022 to 2023 (2019: 2022 to 2023).

CMT MTN has entered into cross currency swaps to swap the abovementioned foreign currency notes to Singapore dollars proceeds.

(4) *Unsecured MTN notes of CCT MTN*

The Group has a \$2.0 billion Multicurrency Medium Term Note Programme ("CCT MTN Programme").

At 31 December 2020, notes issued by CCT MTN were as follows:

- (i) \$725.0 million (2019: Nil) of fixed rate notes maturing from 2021 to 2025;
- (ii) JPY14.9 billion (2019: Nil) of floating rate notes maturing from 2021 to 2023;
- (iii) JPY10.0 billion (2019: Nil) of fixed rate notes maturing in 2027; and
- (iv) HKD585.0 million (2019: Nil) of fixed rate notes maturing in 2021.

CCT has entered into cross currency swaps to swap the abovementioned foreign currency notes to Singapore dollars proceeds.

(5) *Unsecured bank loans of CCT*

As at 31 December 2020, CCT has drawn on \$1,317.4 million (2019: Nil) of unsecured bank loans with maturities up to 7 years (2019: Nil) from various banks.

(6) *Secured bank loans*

- a) Loan facilities for Gallileo Co.

Under the loan agreement between the bank and Gallileo Co., the bank has granted Gallileo Co. secured loan facilities of EUR140.0 million.

As at 31 December 2020, Gallileo Co. has drawn down EUR140.0 million (2019: Nil), at a fixed interest rate of 1.33% per annum (2019: Nil).

As security for the facilities granted to Gallileo Co., Gallileo Co. has granted in favour of the banks the following:

- (i) Land charges over Gallileo;
- (ii) Assignment of claims for restitution; and
- (iii) Assignment of rights and claims arising from rental and lease agreements.

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BECAUSE TOMORROW MATTERS

14 LOANS AND BORROWINGS (continued)

(6) Secured bank loans (continued)

b) Loan facilities for MAC Property Company B.V. and MAC Car Park Company B.V. (MAC entities)

Under the loan agreement between the bank and the MAC entities, the bank has granted the MAC entities secured loan facilities of EUR121.9 million.

As at 31 December 2020, MAC entities has drawn down EUR121.9 million (2019: Nil), at a fixed interest rate of 0.75% per annum (2019: Nil).

As security for the facilities granted to MAC entities, the MAC entities have granted in favour of the banks the following:

- (i) Land charges over Main Airport Center;
- (ii) Assignment of claims for return of security;
- (iii) Assignment of rights and claims arising under lease agreements; and
- (iv) Pledge of account balances.

(7) Euro Medium Term Note Programme ("EMTN") of RCS Trust

RCS Trust has a USD2.0 billion Euro-Medium Term Note Programme ("RCS EMTN Programme").

At 31 December 2020, notes issued under RCS EMTN Programme comprised \$725.0 million (2019: Nil) of fixed rate notes maturing from 2023 to 2025.

(8) Unsecured bank loans of RCS Trust

As at 31 December 2020, RCS Trust has drawn on \$513.0 million (2019: Nil) of unsecured bank loans with maturities up to 6 years (2019: Nil) from various banks.

Reconciliation of movements of liabilities to cash flows arising from financing activities:–

	1 January 2020 \$'000	Financing cashflows ¹ \$'000	Interest expense \$'000	Acquisition of subsidiary \$'000	Non-cash changes Foreign exchange movement \$'000	Change in fair value \$'000	Other changes \$'000	31 December 2020 \$'000
Group								
Loans and borrowings ²	3,589,864	905,256	133,121	4,174,950	(26,977)	–	(2,981)	8,773,233
Lease liabilities	11,322	(2,993)	310	–	–	–	51	8,690
Financial derivatives	8,678	(6,924)	–	5,447	–	25,518	(1,187)	31,532
	<u>3,609,864</u>	<u>895,339</u>	<u>133,431</u>	<u>4,180,397</u>	<u>(26,977)</u>	<u>25,518</u>	<u>(4,117)</u>	<u>8,813,455</u>

	Adjusted balance at 1 January 2019 \$'000	Financing cashflows ¹ \$'000	Interest expense/ capitalised \$'000	Acquisition of subsidiary \$'000	Non-cash changes Foreign exchange movement \$'000	Change in fair value \$'000	Other changes \$'000	31 December 2019 \$'000
Group								
Loans and borrowings ²	3,655,704	(204,149)	119,774	–	25,744	–	(7,209)	3,589,864
Lease liabilities	9,624	(4,061)	354	–	–	–	5,405	11,322
Financial derivatives	35,784	(7,109)	–	–	–	(19,998)	1	8,678
	<u>3,701,112</u>	<u>(215,319)</u>	<u>120,128</u>	<u>–</u>	<u>25,744</u>	<u>(19,998)</u>	<u>(1,803)</u>	<u>3,609,864</u>

¹ Net of proceeds from loans and borrowings, repayment of loans and borrowings, settlement of financial derivatives, payment of lease liabilities, interest paid and payment of transactions costs related to loans and borrowings.

² Includes interest payable.

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15 LEASE LIABILITIES

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Current				
Lease liabilities	2,248	2,865	2,008	2,107
Non-current				
Lease liabilities	6,442	8,457	6,442	8,217
Total lease liabilities	8,690	11,322	8,450	10,324

Amounts recognised in Statement of Total Return

	2020 \$'000	2019 \$'000
Group		
Leases under the principles of FRS 116		
Expenses relating to short-term leases	861	868
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	1	1

Amounts recognised in Statement of Cash Flows

	2020 \$'000	2019 \$'000
Group		
Total cash outflow for leases	3,854	4,929

16 UNITHOLDERS' FUNDS

Hedging reserves

Hedging reserves comprise the effective portion of the cumulative net change in the fair value of hedging instruments related to hedged transactions that have yet to mature.

Foreign currency translation reserves

Foreign currency translation reserves comprise the foreign exchange differences arising from the translation of the financial statements of foreign entities, the effective portion of the hedging instrument which is used to hedge against the Group's net investment in foreign currencies as well as from the translation of foreign currency loans that are considered to form part of the Group's net investments in foreign subsidiaries.

Fair value reserves

Fair value reserves comprise the cumulative net change in the fair value of equity investments at FVOCI until the asset is derecognised.

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17 NON-CONTROLLING INTERESTS

Non-controlling interests relate to 5.1% ownership interest held by NCI in MAC entities and Gallileo Co. respectively. There is no material NCI to the Group.

18 UNITS IN ISSUE

	Group and Trust	
	2020	2019
	'000	'000
Units in issue:		
At 1 January	3,688,804	3,686,902
Units created:		
– payment of management fees in relation to the Trust's 40.0% interest in RCS Trust ^(a)	1,350	1,902
– consideration units in respect of the Merger ^(b)	2,780,550	–
Total issued units at 31 December	6,470,704	3,688,804
Units to be issued:		
– payment of management fees	2,889	–
Total issued and issuable units at 31 December	6,473,593	3,688,804

Units issued during the year were as follows:

- (a) 1,350,480 (2019: 1,902,785) Units were issued at issue price of \$2.4248 (2019: \$2.2892 to \$2.6265) per Unit, amounting to \$3,274,644 (2019: \$4,471,721) issued as payment of the 50.0% base component of the management fee for the period from 1 October 2019 to 31 December 2019 (2019: 1 October 2018 to 30 September 2019) and the performance component of the management fee for the period from 1 January 2019 to 31 December 2019 (2019: 1 January 2018 to 31 December 2018) in relation to the Trust's 40.0% interest in RCS Trust when it was a joint venture. The remaining 50.0% of the base component of the management fee were paid in cash.
- (b) On 28 October 2020, 2,780,549,536 Units, amounting to \$5,310,850,000 were issued to the unitholders of CCT as partial consideration in respect of the Merger. The balance consideration was settled in cash.

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

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

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18 UNITS IN ISSUE (continued)

The restrictions of a Unitholder include the following:

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

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

19 GROSS REVENUE

	2020 \$'000	Group 2019 \$'000
Gross rental income	697,617	722,437
Car park income	17,665	19,842
Others	29,927	44,457
	<u>745,209</u>	<u>786,736</u>

Gross rental income includes rental waivers granted by landlord to tenants affected by Covid-19 pandemic of \$128,410,000 (2019: Nil).

20 PROPERTY OPERATING EXPENSES

	2020 \$'000	Group 2019 \$'000
Property tax	68,574	67,501
Utilities	19,397	18,086
Property management fees	26,765	29,912
Property management reimbursements	42,954	43,235
Marketing	17,538	20,249
Maintenance	49,334	44,163
Others	7,907	5,375
	<u>232,469</u>	<u>228,521</u>

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21 INTEREST AND OTHER INCOME

	Group 2020 \$'000	2019 \$'000
Interest income:		
– financial institutions	979	6,446
– joint ventures	783	–
Other income	485	653
	<u>2,247</u>	<u>7,099</u>

22 INVESTMENT INCOME

	Group 2020 \$'000	2019 \$'000
Distribution income from equity investment at fair value	12,511	–

23 MANAGEMENT FEES

	Group 2020 \$'000	2019 \$'000
Base fees	29,153	26,637
Performance fees	21,523	23,599
	<u>50,676</u>	<u>50,236</u>

24 FINANCE COSTS

	Group 2020 \$'000	2019 \$'000
Interest expense	130,139	115,705
Transaction costs	2,982	2,432
Interest from lease liabilities	310	354
	<u>133,431</u>	<u>118,491</u>

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25 NET INCOME BEFORE SHARE OF RESULTS OF ASSOCIATE AND JOINT VENTURES

In FY 2020, net income before share of results of associate and joint ventures includes government grant income and government grant expense in relation to the rental relief from Singapore Government of \$104,562,000 and \$96,100,000 respectively.

26 TAXATION

	Group	
	2020 \$'000	2019 \$'000
Current tax expense		
Current year	700	–
Over provision in prior years	(143)	–
	557	–
Deferred tax expense		
Origination and reversal of temporary difference	(618)	–
Total taxation	(61)	–
Reconciliation of effective tax rate		
Total return for the year before tax	349,679	696,930
Tax calculated using Singapore tax rate of 17%	59,445	118,478
Effects of results of equity-accounted investees presented net of tax	6,918	(4,516)
Effect of tax rates in foreign jurisdictions	82	–
Tax deductible items	(3,568)	(37,758)
Non-taxable income	–	(1,133)
Tax transparency	(62,795)	(75,071)
Over provision in prior years	(143)	–
	(61)	–

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BECAUSE TOMORROW MATTERS

27 EARNINGS PER UNIT

Basic earnings per unit

The calculation of basic earnings per unit is based on the total return attributable to Unitholders for the year and weighted average number of units during the year.

	Group 2020 \$'000	2019 \$'000
Total return attributable to Unitholders	349,819	696,930

	Group 2020 '000	2019 '000
Issued units at beginning of the year	3,688,804	3,686,902
Creation of new units during the year:		
– management fees in relation to the Trust's 40.0% interest in RCS Trust	1,136	1,397
– consideration units in respect of the Merger	493,814	–
– issuable as payment of management fees	8	–
Weighted average number of units at the end of the year	4,183,762	3,688,299

	Group 2020 cents	2019 cents
Basic earnings per unit	8.36	18.90

Diluted earnings per unit

In calculating diluted earnings per unit, the weighted average number of units during the year are adjusted for the effects of all dilutive potential units, calculated as follows:

	Group 2020 '000	2019 '000
Weighted average number of units		
Weighted average number of units used in calculation of basic earnings per unit	4,183,762	3,688,299
– effect of payment of management fees	2,881	–
Weighted average number of units at the end of the year	4,186,643	3,688,299

	Group 2020 cents	2019 cents
Diluted earnings per unit	8.35	18.90

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28 RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the parties or exercise significant influence over the parties in making financial and operating decisions, or vice versa, or where the Group and the parties are subject to common significant influence. Related parties may be individuals or other entities. The Manager, Property Manager and Project Manager (CapitaLand Project Management Pte Ltd) are subsidiaries of a substantial Unitholder of the Trust. In the normal course of the operations of the Trust, management fees and trustee's fees have been paid or are payable to the Manager and Trustee respectively. The property management fees and property management reimbursements are payable to the Property Manager.

During the financial year, other than those disclosed elsewhere in the financial statements, the following were significant related party transactions carried out in the normal course of business:

	Group 2020 \$'000	2019 \$'000
Asset enhancement works and consultancy fees paid/payable to related companies of the Manager	152	1,318
Other expenses paid/payable to related companies of the Manager	9,920	7,714
Rental and other income received/receivable from related companies of the Manager	1,563	2,303

29 FINANCIAL RISK MANAGEMENT

Capital management

The board of directors of the Manager ("the Board") proactively reviews the Group's and the Trust's capital and debt management and financing policy regularly so as to optimise the Group's and the Trust's funding structure. Capital consists of Unitholders' funds of the Group. The Board also monitors the Group's and the Trust's exposure to various risk elements and externally imposed requirements by closely adhering to clearly established management policies and procedures.

The Trust is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS code. The CIS code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 50.0% (2019: 45.0%) of the fund's Deposited Property. The Trust has complied with the Aggregate Leverage limit of 50.0% (2019: 45.0%) during the financial year. There were no changes in the Group's and the Trust's approach to capital management during the financial year.

Overview of risk management

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how the Manager monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

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BECAUSE TOMORROW MATTERS

29 FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk is the potential financial loss resulting from the failure of a tenant or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

Exposure to credit risk

Trade receivables

The Manager has established credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed by the Manager before lease agreements are entered into with tenants.

At 31 December 2020 and 31 December 2019, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the Statement of Financial Position.

During the year ended 31 December 2020, the Group considered the impact of the Covid-19 pandemic on the creditworthiness of its tenants according to their credit characteristics in monitoring tenant credit risk.

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied tenants. These tenants comprise retailers engaged in a wide variety of consumer trades or engaged in diversified business who are of good quality and strong credit standing. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, the Manager believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

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

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
At 1 January	–	8	–	8
Acquisition of subsidiary	1,147	–	–	–
Impairment loss recognised	1,973	–	1,208	–
Amounts written off	(3)	–	–	–
Reversal of impairment loss	–	(8)	–	(8)
At 31 December	3,117	–	1,208	–

The Manager believes that, apart from the above, no impairment allowance is necessary in respect of the remaining trade receivables as these receivables arose mainly from tenants that have a good record with the Group and have sufficient security deposits as collateral.

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29 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Trade receivables (continued)

Expected credit loss assessment for tenants

The credit quality of trade receivables is assessed based on credit policies established by the Group. Trade receivables with high credit risk will be identified and monitored by the respective property management team. The Group's risk exposure in relation to trade receivables are set out in the provision matrix as follows:

	Not past due		<————— Past due —————>			
	Not under deferment scheme \$'000	Under deferment scheme \$'000	Within 30 days \$'000	31 to 90 days \$'000	More than 90 days \$'000	Total \$'000
2020						
Group						
Trade receivables	22,556	28,238	4,772	4,686	2,042	62,294
Loss allowance	134	962	211	1,078	732	3,117
Expected loss rate	0.6%	3.4%	4.4%	23.0%	35.8%	
Trust						
Trade receivables	6,771	1,279	2,359	2,611	1,283	14,303
Loss allowance	68	10	125	528	477	1,208
Expected loss rate	1.0%	0.8%	5.3%	20.2%	37.2%	
2019						
Group						
Trade receivables	6,710	—	1,130	173	18	8,031
Loss allowance	—	—	—	—	—	—
Expected loss rate	—	—	—	—	—	
Trust						
Trade receivables	5,596	—	922	167	18	6,703
Loss allowance	—	—	—	—	—	—
Expected loss rate	—	—	—	—	—	

No ageing analysis of other receivables are presented as the majority of outstanding balances as at 31 December 2020 and 31 December 2019 are current.

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BECAUSE TOMORROW MATTERS

29 FINANCIAL RISK MANAGEMENT (continued)

Loans to subsidiaries and joint ventures and non-trade amounts due from subsidiaries, joint ventures and related parties

The Group and the Trust held loans to and non-trade receivables due from its related parties, subsidiaries and joint ventures to meet their funding requirements. Impairment on these balances has been measured on a 12-month and lifetime expected loss basis. The amount of the allowance for impairment loss on loans to subsidiaries is set out in note 6. There is no allowance for impairment loss arising from the remaining outstanding balances as the ECL is not assessed to be material.

Financial derivatives

The financial derivatives are entered into with bank and financial institution counterparties, which are regulated.

Cash and cash equivalents

Cash and fixed deposits are placed with financial institutions which are regulated. The Group limits its credit risk exposure in respect of investments by only investing in liquid securities and only with counterparties that have sound credit ratings, thus the Manager does not expect any counterparty to fail to meet its obligations.

The Group and the Trust held cash and cash equivalents of \$183,617,000 and \$29,320,000 respectively at 31 December 2020 (2019: \$202,198,000 and \$156,097,000 respectively). The cash and cash equivalents are held with banks and financial institution counterparties which are rated A to AA-, based on Standard & Poor's and Fitch's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is not assessed to be material.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Manager monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate 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 period of 60 days, including the servicing of financial obligations. In addition, the Manager also monitors and observes the CIS Code issued by MAS concerning limits on total borrowings.

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29 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Exposure to liquidity risk

The following are the expected contractual undiscounted cash outflows of financial liabilities and derivative financial instruments including interest payments and excluding the impact of netting agreements:

	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows		
			Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000
Group					
31 December 2020					
Non-derivative financial liabilities					
<u>Secured</u>					
EUR bank loans	425,596	440,322	4,429	240,299	195,594
<u>Unsecured</u>					
Retail bonds	349,958	355,434	355,434	–	–
USD fixed rate MTN notes	395,597	518,165	14,271	57,358	446,536
JPY fixed rate MTN notes	128,432	131,122	939	3,756	126,427
JPY floating rate MTN notes	366,181	350,473	139,763	210,710	–
HKD fixed rate MTN and EMTN notes	1,009,804	1,145,620	143,257	627,867	374,496
SGD fixed rate MTN notes	3,024,794	3,400,539	239,138	2,384,470	776,931
SGD bank loans	2,500,492	2,628,000	214,435	1,709,840	703,725
EUR bank loans	525,391	538,715	5,147	451,157	82,411
Trade and other payables	294,475	294,519	293,020	1,076	423
Security deposits	237,927	237,927	90,534	144,971	2,422
Lease liabilities	8,690	8,690	2,248	4,559	1,883
	8,841,741	9,609,204	1,498,186	5,595,764	2,515,254
	9,267,337	10,049,526	1,502,615	5,836,063	2,710,848
Derivative financial assets					
Cross currency swaps (gross-settled)	37,430				
– Inflow		847,962	155,979	691,983	–
– Outflow		(826,778)	(159,981)	(666,797)	–
	37,430	21,184	(4,002)	25,186	–
Derivative financial liabilities					
Cross currency swaps (gross-settled)	(50,509)				
– Inflow		1,196,583	131,535	207,678	857,370
– Outflow		(1,250,174)	(133,710)	(221,538)	(894,926)
	(50,509)	(53,591)	(2,175)	(13,860)	(37,556)
Forward exchange contracts (gross-settled)	(611)				
– Inflow		15,107	15,107	–	–
– Outflow		(15,718)	(15,718)	–	–
	(611)	(611)	(611)	–	–
Interest rate swaps (net-settled)	(17,842)	(18,368)	(8,904)	(9,054)	(410)

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BECAUSE TOMORROW MATTERS

29 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Exposure to liquidity risk (continued)

	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows		
			Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000
Group					
31 December 2019					
Non-derivative financial liabilities					
<u>Unsecured</u>					
Retail bonds	349,657	366,244	10,810	355,434	–
USD fixed rate MTN notes	403,090	542,756	14,664	58,337	469,755
JPY fixed rate MTN notes	123,893	125,218	125,218	–	–
JPY floating rate MTN notes	168,417	169,554	452	169,102	–
HKD fixed rate MTN and EMTN notes	847,244	981,227	26,520	435,565	519,142
SGD fixed rate MTN notes	1,377,736	1,645,591	145,670	841,290	658,631
SGD bank loans	290,840	326,416	43,675	178,646	104,095
Trade and other payables	166,857	166,857	166,857	–	–
Security deposits	191,518	191,518	62,532	127,217	1,769
Lease liabilities	11,322	11,322	2,865	5,545	2,912
	<u>3,930,574</u>	<u>4,526,703</u>	<u>599,263</u>	<u>2,171,136</u>	<u>1,756,304</u>
Derivative financial assets					
Cross currency swaps (gross-settled)	25,001				
– Inflow		623,753	16,305	495,852	111,596
– Outflow		(598,513)	(17,564)	(470,904)	(110,045)
	<u>25,001</u>	<u>25,240</u>	<u>(1,259)</u>	<u>24,948</u>	<u>1,551</u>
Derivative financial liabilities					
Cross currency swaps (gross-settled)	(32,904)				
– Inflow		1,166,748	153,555	166,476	846,717
– Outflow		(1,201,862)	(157,485)	(164,507)	(879,870)
	<u>(32,904)</u>	<u>(35,114)</u>	<u>(3,930)</u>	<u>1,969</u>	<u>(33,153)</u>
Interest rate swaps (net-settled)					
	<u>(775)</u>	<u>(757)</u>	<u>(174)</u>	<u>(891)</u>	<u>308</u>

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29 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Exposure to liquidity risk (continued)

	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows		
			Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000
Trust					
31 December 2020					
Non-derivative financial liabilities					
<u>Unsecured</u>					
Retail bonds	349,958	355,434	355,434	–	–
SGD fixed rate term loans	2,998,706	3,456,010	154,964	1,760,489	1,540,557
SGD bank loans	1,198,248	1,290,517	21,930	609,015	659,572
Amounts due to a subsidiary (unsecured)	633,900	633,900	–	–	633,900
Trade and other payables	134,442	134,442	134,442	–	–
Security deposits	110,924	110,924	41,450	67,781	1,693
Lease liabilities	8,450	8,450	2,008	4,559	1,883
	5,434,628	5,989,677	710,228	2,441,844	2,837,605
31 December 2020					
Derivative financial liabilities					
Interest rate swaps (net-settled)	(9,980)	(10,676)	(2,623)	(7,643)	(410)
31 December 2019					
Non-derivative financial liabilities					
<u>Unsecured</u>					
Retail bonds	349,657	366,244	10,810	355,434	–
SGD fixed rate term loans	2,899,453	3,445,966	320,720	1,476,700	1,648,546
SGD bank loans	290,840	326,416	43,675	178,646	104,095
Trade and other payables	144,712	144,712	144,712	–	–
Security deposits	153,434	153,434	48,140	103,743	1,551
Lease liabilities	10,324	10,324	2,107	5,304	2,913
	3,848,420	4,447,096	570,164	2,119,827	1,757,105
Derivative financial liabilities					
Interest rate swaps (net-settled)	(775)	(757)	(174)	(891)	308

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

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BECAUSE TOMORROW MATTERS

29 FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk on loans and borrowings and its operations in foreign countries that were denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are United States Dollars ("USD"), Hong Kong Dollars ("HKD"), Euro ("EUR") and Japanese Yen ("JPY"). The Group hedges this risk by entering into cross currency swaps with notional contracts amounting to USD0.3 billion, HKD5.9 billion and JPY38.5 billion. All sums payable in respect of the cross currency swaps under CMT MTN are guaranteed by the Trustee.

Foreign exchange risks related to the loans and borrowings of the Group's USD, HKD and JPY notes, issued by Singapore Dollars ("SGD") functional currency Group entities, have been fully hedged using cross currency swaps that mature on the same dates that the loans are due for repayment. These cross currency swaps are designated as cash flow hedges. The Group also used its EUR loans to hedge against the foreign currency risk arising from the Group's net investments in the foreign subsidiaries.

The Group applies a hedge ratio of 1:1 to its cross currency swaps to hedge its currency risk. The Group's policy is for the critical terms of the cross currency swaps to align with the hedged item.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main potential sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the cross currency swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- changes in timing of the hedged transactions.

Net investment hedge

The Group designates the loan to hedge the changes in the value of the net investment that is attributable to changes in the EUR/SGD spot rate. The Group's policy is to hedge the net investment only to the extent of the debt principal.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency and amount. The Group assesses the effectiveness of each hedging relationship by comparing changes in the carrying amount of the debt that is due to a change in the spot rate with changes in the investment in the foreign operation due to movements in the spot rate (the offset method).

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29 FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk (continued)

Exposure to foreign currency risk

The Group's exposure to foreign currency risk is as follows:

	USD \$'000	HKD \$'000	EUR \$'000	JPY \$'000
Group				
31 December 2020				
Cash & cash equivalents	–	–	607	–
Loans and borrowings	(407,100)	(1,006,637)	(523,381)	(461,665)
Net Statement of Financial Position exposure	(407,100)	(1,006,637)	(522,774)	(461,665)
Add: Effect of cross currency swaps	407,100	1,006,637	–	461,665
Add: Loans designated as net investment hedge	–	–	515,214	–
Net exposure	–	–	(7,560)	–
31 December 2019				
Loans and borrowings	(407,100)	(828,998)	–	(288,000)
Net Statement of Financial Position exposure	(407,100)	(828,998)	–	(288,000)
Add: Effect of cross currency swaps	407,100	828,998	–	288,000
Net exposure	–	–	–	–

Sensitivity analysis

A 10.0% weakening of the Singapore dollar, as indicated below, against the following foreign currencies at 31 December would have increased the Statement of Total Return and Unitholders' Funds by the amounts shown below. This analysis assumes that all other variables, in particular, interest rates, remain constant.

	Statement of Total Return \$'000	Unitholders' Funds \$'000
Group		
2020		
USD	–	9,410
HKD	–	11,923
EUR	756	–
JPY	–	9,918
	<u>756</u>	<u>31,251</u>
2019		
USD	–	6,319
HKD	–	5,696
JPY	–	404
	<u>–</u>	<u>12,419</u>

A 10.0% strengthening of the Singapore dollar against the above currencies would have had an opposite effect of similar quantum on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

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BECAUSE TOMORROW MATTERS

29 FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk

The Group adopts a policy of ensuring that at least 80.0% of its interest rate risk exposure is at a fixed-rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a float rate and using interest rate swaps and cross currency swaps as hedges of the variability in cash flows attributable to interest rate risk. The Group applies a hedge ratio of 1:1.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. If a hedging relationship is directly affected by uncertainty arising from interest rate benchmark reform, then the Group assumes for this purpose that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main potential sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates between the swaps and the borrowings.

Hedging relationship that are impacted by interest rate benchmark reform may experience ineffectiveness because of a timing mismatch between the hedge item and the hedging instrument regarding interest rate benchmark reform transition. For further details, see 'Managing interest rate benchmark reform and associated risks' below.

Managing interest rate benchmark reform and associated risks

Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. There is uncertainty over the timing and the methods of transition in some jurisdictions that the Group operates in. The Group anticipates that IBOR reform will impact its risk management and hedge accounting. The Manager monitors and manages the Group's transition to alternative rates. The Manager evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties.

Derivatives

The Group holds cross currency swaps and interest rate swaps for risk management purposes which are designated in cash flow hedging relationship. The cross currency swaps and interest rate swaps have floating legs that are indexed to JPY LIBOR or SOR. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements. ISDA is currently reviewing its standardised contracts in the light of IBOR reform. When ISDA has completed its review, the Group expects to negotiate the inclusion of new fall-back clauses with its derivative counterparties. No derivative instruments have been modified as at 31 December 2020.

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29 FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

Managing interest rate benchmark reform and associated risks (continued)

Hedge accounting

The Group has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by IBOR reform as at 31 December 2020. The Group's hedge items and hedging instruments continue to be indexed to IBOR benchmark rates which are JPY LIBOR and SOR. These benchmark rates are quoted each day and the IBOR cash flows are exchanged with its counterparties as usual.

The Group's JPY LIBOR and SOR cash flow hedging relationships extend beyond the anticipated cessation date for IBOR. However, there is uncertainty about when and how replacement may occur with respect to the relevant hedge items and hedging instruments. Such uncertainty may impact the hedging relationship. The Group applies the principles of amendments to FRS 109 issued in December 2019 to those hedging relationships directly affected by IBOR reform.

Hedging relationships impacted by IBOR reform may experience ineffectiveness attributable to market participants' expectations of when the shift from the existing IBOR benchmark rate to an alternative benchmark interest rate will occur. This transition may occur at different times for the hedged item and hedging instruments, which may lead to hedge ineffectiveness. The Group has measured its hedging instruments indexed to JPY LIBOR or SOR using available quoted market rates for JPY LIBOR or SOR-based instruments of the same tenor and similar maturity and has measured the cumulative change in the present value of hedged cash flows attributable to changes in JPY LIBOR and SOR on a similar basis.

The Group's exposure to SOR designated in a hedging relationships is limited to a notional amount of \$1,260,000,000 (2019: \$180,000,000) at 31 December 2020, attributable to the interest rate swaps which pay fixed interest rates averaging 2.18% (2019: 2.47%) per annum and receive variable rates equal to the SOR on the notional amount, hedging SOR cash flows on the Group's SGD floating rate bank loans maturing between 2021 to 2026 (2019: 2024 to 2026).

The Trust's exposure to SOR designated in a hedging relationships is limited to a notional amount of \$180,000,000 (2019: \$180,000,000) at 31 December 2020, attributable to the interest rate swaps which pay fixed interest rates averaging 2.47% (2019: 2.47%) per annum and receive variable rates equal to the SOR on the notional amount, hedging SOR cash flows on the Trust's SGD floating rate bank loans maturing between 2024 to 2026 (2019: 2024 to 2026).

The Group's exposure to JPY LIBOR designated in a hedging relationships is limited to a notional amount of \$337,000,000 (2019: \$162,000,000) at 31 December 2020, attributable to the cross currency swaps which pay fixed interest rates averaging 2.99% (2019: 2.96%) per annum and receive variable rates equal to JPY LIBOR on the notional amount, hedging JPY LIBOR cash flows on the Group's JPY floating rate MTN notes maturing between 2021 to 2023 (2019: 2021 to 2023).

The Group is actively engaging with lenders to include appropriate fall-back provisions in its floating-rate liabilities with maturities after 2021. We expect that the hedging instruments will be modified as outlined under 'Derivatives' above.

Exposure to interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-bearing financial liabilities. Interest rate risk is managed on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates. The Group manages its interest rate exposure through the use of interest rate swaps, cross currency swaps and fixed rate borrowings.

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BECAUSE TOMORROW MATTERS

29 FINANCIAL RISK MANAGEMENT (continued)

At the reporting date, the interest rate profile of the interest-bearing financial instruments, as reported to the management, was as follows:

	Group		Trust	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Fixed rate instruments				
Loans to subsidiaries	–	–	1,774,742	1,776,604
Loans to joint ventures	169,450	–	146,950	–
Loans and borrowings	(5,868,150)	(3,106,484)	(3,353,287)	(3,254,098)
Loans from non-controlling interest	(439)	–	–	–
Effect of interest rate swaps and cross currency swaps	(1,626,253)	(348,541)	(180,000)	(180,000)
	(7,325,392)	(3,455,025)	(1,611,595)	(1,657,494)
Variable rate instruments				
Loans and borrowings	(2,872,935)	(461,451)	(1,202,947)	(292,910)
Effect of interest rate swaps and cross currency swaps	1,626,253	348,541	180,000	180,000
	(1,246,682)	(112,910)	(1,022,947)	(112,910)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate instruments at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect the Statement of Total Return.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rate at the reporting date would have increased/ (decreased) the Statement of Total Return and Unitholders' Funds by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Statement of Total Return		Unitholders' Funds	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	\$'000	\$'000	\$'000	\$'000
Group				
31 December 2020				
Variable rate instruments	(28,729)	28,729	–	–
Interest rate swaps and cross currency swaps	16,263	(16,263)	17,150	(17,150)
Cash flow sensitivity (net)	(12,466)	12,466	17,150	(17,150)
31 December 2019				
Variable rate instruments	(4,615)	4,615	–	–
Interest rate swaps and cross currency swaps	3,485	(3,485)	13,715	(13,715)
Cash flow sensitivity (net)	(1,130)	1,130	13,715	(13,715)

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29 FINANCIAL RISK MANAGEMENT (continued)

	Statement of Total Return 100 bp increase \$'000	100 bp decrease \$'000	Unitholders' Funds 100 bp increase \$'000	100 bp decrease \$'000
Trust				
31 December 2020				
Variable rate instruments	(12,029)	12,029	–	–
Interest rate swaps	1,800	(1,800)	8,839	(8,839)
Cash flow sensitivity (net)	(10,229)	10,229	8,839	(8,839)
31 December 2019				
Variable rate instruments	(2,929)	2,929	–	–
Interest rate swaps	1,800	(1,800)	9,886	(9,886)
Cash flow sensitivity (net)	(1,129)	1,129	9,886	(9,886)

Equity price risk

The Group's exposure to change in equity price relates to equity investments at FVOCI in quoted equity securities listed in Singapore and Malaysia.

Sensitivity analysis

As at 31 December 2020, if the price for the quoted equity securities increased by 5% with all other variables being held constant, the increase in Unitholders' Funds would be \$10.9 million (2019: \$10.7 million). A similar 5% decrease in the price would have an equal but opposite effect.

Hedge accounting

Cash flow hedges

The Group and the Trust held the following instruments to hedge exposures to changes in foreign currency and interest rates.

	Maturity	
	Within 1 year	More than 1 year
Group		
2020		
Foreign currency risk		
Cross currency swaps		
Net exposure (\$'000)	239,450	1,635,952
Average SGD:HKD forward contract rate	0.1751	0.1696
Average SGD:JPY forward contract rate	0.0121	0.0119
Average SGD:USD forward contract rate	–	1.3570
Interest rate risk		
Interest rate swaps		
Net exposure (\$'000)	605,000	655,000
Average fixed interest rate %	2.80	1.61

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BECAUSE TOMORROW MATTERS

29 FINANCIAL RISK MANAGEMENT (continued)

Hedge accounting (continued)

	Maturity Within 1 year	More than 1 year
Group		
2019		
Foreign currency risk		
Cross currency swaps		
Net exposure (\$'000)	126,000	1,398,098
Average SGD:HKD forward contract rate	–	0.1690
Average SGD:JPY forward contract rate	0.0126	0.0119
Average SGD:USD forward contract rate	–	1.3570
Interest rate risk		
Interest rate swaps		
Net exposure (\$'000)	–	180,000
Average fixed interest rate %	–	2.47
Trust		
2020 and 2019		
Interest rate risk		
Interest rate swaps		
Net exposure (\$'000)	–	180,000
Average fixed interest rate %	–	2.47

The following table provides a reconciliation by risk category of components of Unitholders' Funds resulting from cash flow hedge accounting.

	Group Hedging reserve \$'000	Trust Hedging reserve \$'000
Cash flow hedges		
Balance at 1 January 2019	(29,377)	–
Changes in fair value:		
Foreign currency risk	19,724	–
Interest rate risk	274	(780)
Amounts reclassified to Statement of Total Return:		
Foreign currency risk	(18,640)	–
Interest rate risk	5	5
Share of movements in hedging reserves of associate and joint venture	(1,260)	–
Balance at 31 December 2019	(29,274)	(775)
Changes in fair value:		
Foreign currency risk	(12,425)	–
Interest rate risk	(12,809)	(10,496)
Forward exchange contract	(284)	–
Amounts reclassified to Statement of Total Return:		
Foreign currency risk	19,662	–
Interest rate risk	3,695	1,291
Share of movements in hedging reserves of joint ventures	874	–
Balance at 31 December 2020	(30,561)	(9,980)

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29 FINANCIAL RISK MANAGEMENT (continued)

Hedge accounting (continued)

The amounts relating to items designated as hedged items and hedging instruments (excluding share of hedging reserves of associate and joint venture) were as follows:

	Carrying amount			Line item in the Statement of Financial Position where	
	Nominal amount \$'000	Assets \$'000	Liabilities \$'000	the hedging instrument is included	the hedged item is included
Group 2020					
Foreign currency risk					
Cross currency swaps	1,875,402	37,430	(50,509)	Financial derivatives	Loans and borrowings
Interest rate risk					
Interest rate swaps	1,260,000	–	(17,842)	Financial derivatives	Loans and borrowings
2019					
Foreign currency risk					
Cross currency swaps	1,524,098	25,001	(32,904)	Financial derivatives	Loans and borrowings
Interest rate risk					
Interest rate swaps	180,000	–	(775)	Financial derivatives	Loans and borrowings
Trust 2020					
Interest rate risk					
Interest rate swaps	180,000	–	(9,980)	Financial derivatives	Loans and borrowings
2019					
Interest rate risk					
Interest rate swaps	180,000	–	(775)	Financial derivatives	Loans and borrowings

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BECAUSE TOMORROW MATTERS

Cash flow hedge reserve \$'000	Changes in the fair value of the hedging instrument recognised in Unitholders Funds \$'000	Amounts reclassified from Hedging Reserve to Statement of Total Return \$'000	Line item in Statement of Total Return affected by the reclassification
(21,592)	(12,425)	19,662	Finance costs
(10,686)	(12,809)	3,695	Finance costs
(28,829)	19,724	(18,640)	Finance costs
411	274	5	Finance costs
(9,980)	(10,496)	1,291	Finance costs
(755)	(780)	5	Finance costs

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29 FINANCIAL RISK MANAGEMENT (continued)

Net investment hedges

The Group has foreign currency exposures from the net investment in its foreign subsidiaries in Luxembourg and Netherlands that has EUR functional currency.

The risk arises from fluctuation in spot exchange rates between EUR and SGD that will result in a fluctuation in the carrying amount of the Group's net investment in its foreign subsidiaries in Luxembourg and Netherlands.

As at reporting date, the Group's net investment in its foreign subsidiaries is hedged by EUR-denominated unsecured bank loans of carrying amount of \$517,183,000 (2019: Nil), which mitigates the foreign currency risk arising from the subsidiaries' net assets. The fair value of the borrowings at 31 December 2020 is \$519,497,000 (2019: Nil). These loans are designated as a hedging instrument for the changes in the value of the net investment that is due to changes in the EUR/SGD spot rate.

The amounts related to items designated as hedging instruments were as follows:

	Nominal amount \$'000	Carrying amount – assets \$'000	Carrying amount – liabilities \$'000

Group 2020

Foreign exchange denominated debt (EUR)	(518,496)	–	(517,183)

The amounts related to items designated as hedged items were as follows:

Group 2020

EUR net investment

N/A Not applicable

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BECAUSE TOMORROW MATTERS

Line item in the Statements of Financial Position where the hedging instrument is included	Changes in the fair value of the hedging instrument recognised in Unitholders Funds \$'000	Amounts reclassified from Hedging Reserve to Statement of Total Return \$'000	Line item in Statement of Total Return affected by the reclassification

Loans and borrowings	(5,529)	–	N/A

Change in value used for calculating hedge ineffectiveness \$'000	FCTR \$'000	Balances remaining in the FCTR from hedging relationships for which hedge accounting is no longer applied \$'000

(5,355)	(13,893)	–

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30 CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Their carrying amount is a reasonable approximation of fair value.

	Note	Carrying amount		
		Fair value – hedging instruments \$'000	Amortised cost \$'000	FVOCI – equity investments \$'000
Group				
31 December 2020				
Financial assets not measured at fair value				
Loans to joint ventures	7	–	169,450	–
Trade and other receivables ¹	11	–	69,996	–
Cash and cash equivalents	12	–	183,617	–
		–	423,063	–
Financial assets measured at fair value				
Financial derivatives	9	37,430	–	–
Equity investments at FVOCI	8	–	–	218,686
		37,430	–	218,686
Financial liabilities not measured at fair value				
Trade and other payables ²	13	–	–	–
Security deposits		–	–	–
Loans and borrowings	14	–	–	–
		–	–	–
Financial liabilities measured at fair value				
Financial derivatives	9	(68,962)	–	–

¹ Excluding prepayments

² Excluding deferred income

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BECAUSE TOMORROW MATTERS

		Fair value			
Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
–	169,450				
–	69,996				
–	183,617				
–	423,063				
–	37,430	–	37,430	–	37,430
–	218,686	218,686	–	–	218,686
–	256,116				
(293,447)	(293,447)				
(237,927)	(237,927)				
(8,726,245)	(8,726,245)	(350,000)	(9,213,280)	–	(9,563,280)
(9,257,619)	(9,257,619)				
–	(68,962)	–	(68,962)	–	(68,962)

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30 CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

		Carrying amount		
	Note	Fair value – hedging instruments \$'000	Amortised cost \$'000	FVOCI – equity investments \$'000
Group				
31 December 2019				
Financial assets not measured at fair value				
Trade and other receivables ¹	11	–	24,469	–
Cash and cash equivalents	12	–	202,198	–
		–	226,667	–
Financial assets measured at fair value				
Financial derivatives	9	25,001	–	–
Equity investment at FVOCI	8	–	–	214,742
		25,001	–	214,742
Financial liabilities not measured at fair value				
Trade and other payables	13	–	–	–
Security deposits		–	–	–
Loans and borrowings	14	–	–	–
		–	–	–
Financial liability measured at fair value				
Financial derivatives	9	(33,679)	–	–

¹ Excluding prepayments

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BECAUSE TOMORROW MATTERS

		Fair value			
Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
–	24,469				
–	202,198				
–	226,667				
–	25,001	–	25,001	–	25,001
–	214,742	214,742	–	–	214,742
–	239,743				
(166,857)	(166,857)				
(191,518)	(191,518)				
(3,560,877)	(3,560,877)	(358,050)	(3,558,378)	–	(3,916,428)
(3,919,252)	(3,919,252)				
–	(33,679)	–	(33,679)	–	(33,679)

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30 CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

		Carrying amount		
	Note	Fair value – hedging instruments \$'000	Amortised cost \$'000	FVOCI – equity investments \$'000
Trust				
31 December 2020				
Financial assets not measured at fair value				
Loans to subsidiaries ¹	6	–	2,235,925	–
Loans to joint ventures	7	–	146,950	–
Trade and other receivables ²	11	–	81,063	–
Cash and cash equivalents	12	–	29,320	–
		–	2,493,258	–
Financial asset measured at fair value				
Equity investments at FVOCI	8	–	–	185,399
Financial liabilities not measured at fair value				
Trade and other payables ³	13	–	–	–
Amount due to a subsidiary (non-trade)	13	–	–	–
Security deposits		–	–	–
Loans and borrowings	14	–	–	–
		–	–	–
Financial liability measured at fair value				
Financial derivatives	9	(9,980)	–	–

¹ Relates to loans to Brilliance Mall Trust ("BMT"), Infinity Mall Trust ("IMT"), Victory Office 1 Trust, Victory Office 2 Trust and MSO Trust

² Excluding prepayments

³ Excluding non-trade amount due to a subsidiary

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BECAUSE TOMORROW MATTERS

		Fair value			
Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000

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30 CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

		Carrying amount		
	Note	Fair value – hedging instruments \$'000	Amortised cost \$'000	FVOCI – equity investments \$'000
Trust				
31 December 2019				
Financial assets not measured at fair value				
Loans to subsidiaries ¹	6	–	1,844,507	–
Trade and other receivables ²	11	–	31,468	–
Cash and cash equivalents	12	–	156,097	–
		–	2,032,072	–
Financial asset measured at fair value				
Equity investment at FVOCI	8	–	–	214,742
Financial liabilities not measured at fair value				
Trade and other payables	13	–	–	–
Security deposits		–	–	–
Loans and borrowings	14	–	–	–
		–	–	–
Financial liability measured at fair value				
Financial derivatives	9	(775)	–	–

¹ Relates to loans to Brilliance Mall Trust ("BMT"), Infinity Mall Trust ("IMT"), Victory Office 1 Trust and Victory Office 2 Trust

² Excluding prepayments

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BECAUSE TOMORROW MATTERS

		Fair value			
Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000

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30 CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Measurement of fair values

Financial instruments that are measured at fair value

Financial derivatives

The fair values of cross currency swaps and interest rate swaps (Level 2 fair values) are based on banks' quotes. These quotes are assessed for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of the Group and counterparties when appropriate.

The fair values of forward exchange contracts are determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curve in the respective currencies.

Financial instruments that are not measured at fair value

Other non-derivative financial liabilities are measured at fair value at initial recognition and for disclosure purposes, at each annual reporting date. The fair value of quoted loans and borrowings is their quoted ask price at the reporting date. Fair value for unquoted loans and borrowings is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. Other non-derivative financial liabilities include loans and borrowings.

Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, where applicable, are based on forward rates as at 31 December plus a credit spread, and are as follows:

	2020 %	2019 %
Loans and borrowings	0.84 – 2.16	2.27 – 2.98

Financial instruments for which fair value is equal to the carrying value

These financial instruments include loans to subsidiaries and joint venture, trade and other receivables, cash and cash equivalents, trade and other payables and security deposits. The carrying amounts of these financial instruments are an approximation of their fair values because they are either short term in nature, effect of discounting is immaterial or repriced frequently.

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BECAUSE TOMORROW MATTERS

31 OPERATING SEGMENTS

With effect from 1 January 2020, the Group has re-organised its reporting structure into strategic divisions to more accurately reflect the way the Group manage its business. For the purpose of making resource allocation decisions and the assessment of segment performance, the Group's Chief Operating Decision Maker ("CODM") reviews internal/management reports of its strategic divisions. This forms the basis of identifying the operating segments of the Group consistent with the principles of FRS 108 *Operating Segments*.

The Group's reportable operating segments are as follows:

- Retail: management of retail properties in Singapore
- Office: management of office properties in Singapore and Germany
- Integrated Developments: management of retail and office properties in Singapore

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 income-earning assets and revenue, loans and borrowings and expenses, related assets and expenses. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

Geographical segments

Segment information in respect of the Group's geographical segments is not presented, as the Group's activities for the year ended 31 December 2020 and 31 December 2019 are primarily related to properties located in Singapore.

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31 OPERATING SEGMENTS (continued)

Operating segments

	Retail \$'000	Office \$'000	Integrated Developments \$'000	Group \$'000
2020				
Gross revenue	474,316	73,230	197,663	745,209
Segment net property income	317,796	55,484	139,460	512,740
Interest and other income				2,247
Investment income				12,511
Finance costs				(133,431)
Unallocated expenses				(66,665)
Share of results (net of tax) of				
– Joint ventures				(14,106)
Net income				313,296
Net change in fair value of investment properties	(161,521)	(37,837)	(194,262)	(393,620)
Gain relating to negative goodwill arising from the Merger				430,003
Total return for the year before tax				349,679
Taxation				61
Total return for the year				349,740
Assets and liabilities				
Segment assets	7,425,120	8,105,009	6,019,557	21,549,686
Investment in joint ventures				508,119
Equity investments at fair value				218,686
Unallocated assets:				
– financial derivatives				37,430
– others				102,457
				139,887
Total assets				22,416,378
Segment liabilities	180,029	173,456	141,122	494,607
Unallocated liabilities				
– loans and borrowings				8,726,245
– financial derivatives				68,962
– others				58,626
				8,853,833
Total liabilities				9,348,440

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BECAUSE TOMORROW MATTERS

31 OPERATING SEGMENTS (continued)

Operating segments (continued)

	Retail \$'000	Office \$'000	Integrated Developments \$'000	Group \$'000
2020				
<i>Other segmental information</i>				
Depreciation and amortisation	383	88	1,853	2,324
Plant and equipment – capital expenditure	458	–	1,048	1,506
Investment properties – capital expenditure	22,383	15,048	8,446	45,877
Receivable written off	1,005	109	859	1,973
2019				
Gross revenue	616,093	–	170,643	786,736
Segment net property income	436,670	–	121,545	558,215
Interest and other income				7,099
Finance costs				(118,491)
Unallocated expenses				(54,211)
Share of results (net of tax) of				
– Associate				18,388
– Joint ventures				70,835
Net income				481,835
Net change in fair value of investment properties	134,240	–	98,673	232,913
Dilution loss on investment in associate				(217)
Net loss on derecognition of investment in associate				(17,601)
Total return for the year before tax				696,930
Taxation				–
Total return for the year				696,930

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31 OPERATING SEGMENTS (continued)

Operating segments (continued)

	Retail \$'000	Office \$'000	Integrated Developments \$'000	Group \$'000
2019				
Assets and liabilities				
Segment assets	7,567,998	–	2,903,200	10,471,198
Investment in associate and joint ventures				840,851
Equity investment at fair value				214,742
Unallocated assets				
– financial derivatives				25,001
– others				179,867
				204,868
Total assets				11,731,659
Segment liabilities	227,665	–	80,312	307,977
Unallocated liabilities				
– loans and borrowings				3,560,877
– financial derivatives				33,679
– others				61,887
				3,656,443
Total liabilities				3,964,420
Other segmental information				
Depreciation and amortisation	468	–	1,258	1,726
Plant and equipment				
– capital expenditure	433	–	541	974
Investment properties and investment properties under development				
– capital expenditure	25,842	–	71,918	97,760
Receivable written back	(8)	–	(3)	(11)

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BECAUSE TOMORROW MATTERS

32 ACQUISITION OF SUBSIDIARY

The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. Typically, the Group assesses the acquisition as a purchase of business when the strategic management function and the associated processes were purchased along with the underlying property.

In 2020, the Group had the following significant business combination:

Acquisition of subsidiary

On 21 October 2020, the Group acquired 100.0% of the units and voting interests in CCT by way of a trust scheme arrangement ("Trust scheme"), effected in accordance with the Singapore Code on Take-overs and Mergers. Following the acquisition, CCT became a wholly owned subsidiary of the Trust.

Included in the identifiable assets and liabilities acquired at the date of acquisition of CCT are inputs, processes and an organised workforce. The Group has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. The Group has concluded that the acquired set is a business.

With the acquisition of CCT, the Group's aggregate equity interests in RCS Trust increased from 40.0% to 100.0%. As a result, the Group also consolidated RCS Trust. Prior to the acquisition of CCT, RCS Trust was equity accounted for as joint venture by the Group.

The acquisition is part of the Group's ongoing business development and is in line with the Group's strategy to invest in income producing real estate which are used or substantially used for commercial purposes to achieve an attractive level of return from rental income and for long-term capital growth.

From the date of acquisition to 31 December 2020, CCT, RCS Trust and MSO Trust contributed revenue of \$101.5 million and total loss of \$56.7 million to the Group's results. If the acquisition had occurred on 1 January 2020, the Manager estimates that consolidated revenue would have been \$1,215.6 million and consolidated total loss for the year would have been \$946.6 million. In determining these amounts, the Manager has assumed that the fair value adjustments determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2020.

Purchase consideration

The consideration for the acquisition was \$6,311.1 million and was settled as follows:

- (i) \$1,000.2 million in cash, being 15.8% of the consideration; and
- (ii) Allotted and issued 2,780,549,536 units amounting to \$5,310.9 million, being the remaining 84.2% of the consideration.

The Group has performed purchase price allocation exercise (PPA) for the acquisition of CCT Group. Based on the PPA performed, a gain relating to negative goodwill arising from the Merger of \$430.0 million was recognised in the Statement of Total Return, as a result of the difference between consideration transferred and the fair value of the assets acquired and liabilities assumed.

APPENDIX 9 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE CICT GROUP FOR FY2020

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

32 ACQUISITION OF SUBSIDIARY (continued)

Effects of acquisition

The identifiable assets acquired, liabilities assumed and effect of cash flows are presented as follows:

	2020 Group \$'000
Plant and equipment	3,054
Investment properties	11,309,546
Investments in joint ventures	337,994
Loan to joint venture	158,851
Equity investment at fair value	30,265
Financial derivative assets	10,055
Deferred tax asset	10,412
Other non-current asset	44
Trade and other receivables	80,165
Cash and cash equivalents	74,722
Loans and borrowings	(4,165,035)
Financial derivative liabilities	(15,502)
Current tax payable	(7,024)
Trade and other payables	(157,651)
Security deposits	(95,358)
Deferred tax liability	(5,390)
Investment in RCS Trust previously equity accounted for as a joint venture	(797,387)
Net assets	6,771,761
Less: Non-controlling interest	(30,682)
Total identifiable net assets acquired	6,741,079
Gain relating to negative goodwill arising from the Merger	(430,003)
Total purchase consideration	6,311,076
Settlement by way of issuance of new shares	(5,310,850)
Cash of subsidiaries acquired	(74,722)
Net cash outflow on acquisition of subsidiary	925,504

Acquisition-related costs

The Group incurred acquisition-related costs of \$10.8 million, which mainly relates to the legal, due diligence, financial advisory service and other professional fees. These costs have been recognised in the Statement of Total Return and presented as 'Transaction costs relating to the Merger'.

APPENDIX 9 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE CICT GROUP FOR FY2020

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BECAUSE TOMORROW MATTERS

32 ACQUISITION OF SUBSIDIARY (continued)

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired and liabilities assumed were as follows:

Assets acquired and liabilities assumed	Valuation Technique
Investment properties	The fair value of investment properties approximate the carrying value of the investment properties as at the date of acquisition. The carrying value of investment properties are supported by the desktop valuations performed by independent professional valuers as at 30 June 2020, adjusted for capital expenditure capitalised from 1 July 2020 to the date of acquisition. The valuation of the investment properties as at 30 June 2020 has been determined using one or more of the following methods: (i) Capitalisation method; (ii) Discounted cash flow method; and/or (iii) Direct comparison method.
Investments in joint ventures	The fair value of investments in non-listed joint ventures were determined based on their respective adjusted net asset values as at the date of acquisition. The fair value of the investment properties held by these joint ventures are supported by the desktop valuations performed by independent professional valuers as at 30 June 2020, adjusted for capital expenditure capitalised from 1 July 2020 to date of acquisition. The fair value of fixed rate medium term notes held by these joint ventures has been determined based on quoted market prices as at the date of acquisition.
Other current assets and liabilities	Other current assets and liabilities include trade and other receivables, cash and cash equivalents, trade and other payables and other current liabilities. The fair value of these assets and liabilities are assessed to approximate the carrying amounts since they are short term in nature.
Loans and borrowings	Loans and borrowings consist of floating and fixed rate term loans and medium term notes. The carrying amount of floating rate loans and borrowings are determined to approximate the fair values as floating rate instruments are re-priced to market interest rates on or near the date of acquisition. The fair value of fixed rate term loans is estimated by discounting expected future principal and interest cash flows at market rates as at the date of acquisition. The fair value of fixed rate medium term notes has been determined based on quoted market prices as at the date of acquisition.

APPENDIX 9 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE CICT GROUP FOR FY2020

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CAPITALAND INTEGRATED COMMERCIAL TRUST • ANNUAL REPORT 2020

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

33 COMMITMENTS

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Capital commitments				
– contracted but not provided for	111,003	41,668	23,203	38,372

Operating lease rental receivable

The Group leases out its investment properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income from investment property recognised by the Group in FY 2020 was \$671,141,000 (2019: \$686,698,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group	
	2020 \$'000	2019 \$'000
Operating leases under the principles of FRS 116		
Less than one year	1,111,991	660,143
One to two years	767,269	489,623
Two to three years	476,583	262,562
Three to four years	244,377	95,369
Four to five years	177,800	49,089
More than five years	872,996	23,261
	3,651,016	1,580,047

34 FINANCIAL RATIOS

	Group	
	2020 %	2019 %
Expenses to weighted average net assets ¹		
– including performance component of Manager's management fees	0.63	0.71
– excluding performance component of Manager's management fees	0.38	0.40
Portfolio turnover rate ²	–	–

¹ The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group, excluding property expenses and finance 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 average net asset value.

APPENDIX 9 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE CICT GROUP FOR FY2020

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BECAUSE TOMORROW MATTERS

35 SUBSEQUENT EVENTS

On 1 February 2021, CMT MTN issued HKD713,000,000 2.53% fixed rate notes due 2033 through its MTN programme (the “Notes”). CMT MTN has entered into swap transactions to swap the HKD proceeds of the Notes into Singapore dollar proceeds of S\$125,000,000 at a SGD fixed interest rate of 2.15% per annum.

The proceeds from the issuance of the Notes will be used by CMT MTN and the Group to refinance the existing borrowings of the Group, to finance the investments comprised in the Trust, to on-lend to any trust, fund or entity in which the Trust has an interest, to finance any asset enhancement works initiated in respect of the Trust or such trust, fund or entity, and to finance the general corporate and working capital purposes in respect of the Group.

APPENDIX 10 – PRO FORMA FINANCIAL EFFECTS

The pro forma financial effects of the DIS on selected financial measures of the Group have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2020 and take into account the following key assumptions:

- (i) as at the Record Date, the Company has 5,203,195,792 Shares in issue (excluding 73,795,890 treasury Shares), of which 2,510,089,243 Shares (representing approximately 48.24% of the total number of Shares in issue) are held by the Eligible Shareholders and:
 - (i) 2,510,089,243 CLI Shares, representing approximately 48.24% of the total number of CLI Shares in issue; and
 - (ii) 388,242,247 CICT Units, representing approximately 6.00% of the total number of CICT Units in issue,
 are distributed to the Eligible Shareholders;
- (ii) the Internal Restructuring is completed prior to the DIS;
- (iii) at the Group level, the DIS will be effected at (a) the pro forma book value of CLI as at 31 December 2020 of S\$7.1 billion and (b) the market value of CICT as at 31 December 2020 of S\$0.8 billion, and accordingly, the Group's NAV will be reduced by approximately S\$7.9 billion;
- (iv) at the Company level, the DIS will be effected at (a) the pro forma cost of investment in CLI as at 31 December 2020 of S\$5.2 billion and (b) the market value of CICT as at 31 December 2020 of S\$0.8 billion, and accordingly, the share capital of the Company will be reduced by approximately S\$6.0 billion;
- (v) the treasury Shares will be cancelled as at the Effective Date;
- (vi) immediately after the DIS, CICT and CLCT will be deconsolidated from the Group;
- (vii) the Convertible Bonds have been repurchased by the Company pursuant to the Tender Offers, and such repurchase is funded by a combination of loans and existing cash; and
- (viii) the pro forma financial effects of the DIS on the profit and loss and EPS of the Group assumes that the DIS had been completed on 1 January 2020.

For illustration purposes only, based on the foregoing key assumptions:

- (1) **Share Capital:** based on the share capital of the Company as at the Latest Practicable Date, the pro forma financial effects of the Scheme on the share capital of the Company are set out as follows:

	Before the Scheme	Immediate after the Scheme
Share Capital (S\$ million)	9,715	3,437
Number of Shares in issue (million)	5,203	5,203

APPENDIX 10 – PRO FORMA FINANCIAL EFFECTS

- (2) **Net Assets Value (“NAV”)**: assuming that the Scheme had been completed on 31 December 2020, being the end of FY2020, the pro forma effects of the Scheme on the NAV of the Group are as follows:

	Before the Scheme	Immediate after the Scheme
NAV (S\$ million)	22,306	13,829
Number of Shares in issue* (million)	5,203	5,203
NAV per Share (S\$)	4.29	2.66

* Based on number of Shares in issue as at the Latest Practicable Date.

- (3) **Net Tangible Assets (“NTA”)**: assuming that the Scheme had been completed on 31 December 2020, being the end of FY2020, the pro forma effects of the Scheme on the NTA of the Group are as follows:

	Before the Scheme	Immediate after the Scheme
NTA (S\$ million)	21,239	12,821
Number of Shares in issue* (million)	5,203	5,203
NTA per Share (S\$)	4.08	2.46

* Based on number of Shares in issue as at the Latest Practicable Date.

- (4) **Net Debt to Equity Ratio**: assuming that the Scheme had been completed on 31 December 2020, being the end of FY2020, the pro forma effects of the Scheme on the net debt to equity ratio of the Group are as follows:

	Before the Scheme	Immediate after the Scheme
Net debt-to-equity ratio (times)	0.68	0.66

- (5) **Earnings per Share (“EPS”)**: assuming that the Scheme had been completed on 1 January 2020, being the beginning of FY2020, the pro forma effects of the Scheme on the loss per Share of the Group as follows:

	Before the Scheme	Immediate after the Scheme
Earnings before interest and taxation (S\$ million)	231	215
Net Loss (S\$ million)	(1,574)	(1,292)
Weighted average number of Shares in issue (million)	5,085	5,085
EPS (basic) (cents)	(31.0)	(25.4)

The foregoing pro forma financial effects are for illustration purposes only and do not necessarily reflect the actual financial position and future results of the Group after the DIS.

APPENDIX 11 – SCHEME CONDITIONS

All capitalised terms used and not defined in this Appendix shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection during normal business hours at the registered office of the Company from the date of this Scheme Document up until the Effective Date.

“CFL”, as defined in the Implementation Agreement, means CapitaLand Financial Limited, which was renamed to CapitaLand Investment Management on 22 March 2021 and further renamed to CLI on 18 June 2021, as described in this Scheme Document.

Pursuant to Clause 3.1 of the Implementation Agreement, the Acquisition and the Scheme are conditional upon the following:

- (a) **Shareholders’ Approval for the Scheme:** the approval of the Scheme by the Scheme Shareholders at the Scheme Meeting in compliance with the requirements under Section 210(3AB) of the Companies Act;
- (b) **Shareholders’ Approval for the Capital Reduction:** the approval by the Shareholders at the EGM for a capital reduction exercise to be carried out by the Company, to distribute 388,242,247 CICT Units and the Distribution CFL Shares to Scheme Shareholders as at the Record Date, in compliance with the requirements under Section 78G of the Companies Act (the “**Capital Reduction**”);
- (c) **Court Orders:** the grant of the Scheme Court Order and the Capital Reduction Court Order by the Court and such court orders having become final;
- (d) **ACRA Lodgements:** the lodgement of the Scheme Court Order with ACRA pursuant to Section 210(5) of the Companies Act and the lodgement of the Capital Reduction Court Order with ACRA pursuant to Section 78I(3) of the Companies Act;
- (e) **Completion of Internal Restructuring:** the completion of the Internal Restructuring on or prior to the Relevant Date;
- (f) **Regulatory Approvals:** (1) all the Regulatory Approvals: (A) having been obtained or made on terms satisfactory to the Offeror and the Company, acting reasonably; and (B) remaining in full force and effect from the date such Regulatory Approvals are obtained or granted up to the Relevant Date; (2) where relevant, all applicable waiting periods in relation to the Regulatory Approvals having expired or been terminated; (3) all conditions to which the Regulatory Approvals are subject and required to be satisfied as at the Relevant Date having been fulfilled; and (4) no Governmental Agency having issued or provided the Offeror or the Company with any indication that it will not or does not intend to grant the Regulatory Approvals on terms satisfactory to the Offeror and the Company, acting reasonably. The Regulatory Approvals include, without limitation, the following:

SIC Confirmations

- (i) confirmation from the SIC that Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and Note 1(b) to Rule 19 of the Code shall not apply to the proposed Scheme, subject to any conditions the SIC may deem fit to impose;
- (ii) confirmation from the SIC that it has no objections to the Scheme Conditions;

APPENDIX 11 – SCHEME CONDITIONS

SGX-ST Approvals

- (iii) the approval-in-principle from the SGX-ST for the Scheme Document and for the proposed delisting of the Company after the Scheme becomes effective and binding in accordance with its terms;
- (iv) the approval-in-principle from the SGX-ST for the CFL Introductory Document and the issuance of an eligibility-to-list letter to CFL;

Foreign Investment

- (v) **Australia:** Clearance from the Foreign Investment Review Board under the Australian Foreign Acquisitions and Takeovers Act 1975; and

Downstream Offer Waiver

- (vi) to the extent that a general offer obligation arises in respect of all or any part of the shares in any public entity or entity listed on any stock exchange in which any member of the Group has an interest under the applicable laws and regulations by reason of the Transaction or any part thereof, the relevant authority having granted an exemption or waiver of such obligation on terms satisfactory to the Offeror and the Company;
- (g) **Authorisations:** the receipt of all authorisations, consents, clearances, permissions, approvals and waivers as are necessary or required by either the Offeror or the Company from all third parties under the contracts entered into by the Group (other than in respect of the Convertible Bonds), for or in respect of the Transaction or any part thereof, including without limitation consents and/or waivers from the creditors and suppliers of the Group (the “**Third Party Authorisations**”) and such Third Party Authorisations not having been revoked or withdrawn on or before the Relevant Date;
- (h) **No Prescribed Occurrence of Pro Forma Group:** between the date of the Implementation Agreement and the Relevant Date (both dates inclusive), no Prescribed Occurrence in relation to any Pro Forma Group Company occurring;
- (i) **No Prescribed Occurrence of the Offeror:** between the date of the Implementation Agreement and the Relevant Date (both dates inclusive), no Prescribed Occurrence in relation to the Offeror occurring;
- (j) **Company’s Warranties and Covenants:**
 - (i) the Company’s Warranties set out in the Implementation Agreement:
 - (a) which are qualified as to materiality being true and correct; and
 - (b) which are not qualified as to materiality being true and correct in all material respects,

in each case as at the date of the Implementation Agreement and as at the Relevant Date as though made on and as at that date except to the extent any such Warranty expressly relates to an earlier date (in which case as at such earlier date); and

APPENDIX 11 – SCHEME CONDITIONS

- (ii) the Company shall have, as at the Relevant Date, performed and complied in all material respects with all of its covenants, undertakings and agreements contained in the Implementation Agreement which the Company is required to perform or comply with (including without limitation Clauses 6.1(r)(i) and 6.1(r)(vi) of the Implementation Agreement), on or prior to the Relevant Date and which are material in the context of the Scheme;
- (k) **Offeror's Warranties and Covenants:**
 - (i) the Offeror's Warranties set out in the Implementation Agreement being true and correct in all material respects in each case as at the date of the Implementation Agreement and as at the Relevant Date as though made on and as at that date except to the extent any such Warranty expressly relates to an earlier date (in which case as at such earlier date); and
 - (ii) the Offeror shall have, as at the Relevant Date, performed and complied in all material respects with all of its covenants, undertakings and agreements contained in the Implementation Agreement which the Offeror is required to perform or comply with, on or prior to the Relevant Date and which are material in the context of the Scheme; and
- (l) **No Material Adverse Change:** No Revaluation Notice having been issued in accordance with Clause 3.2A of the Implementation Agreement, or if a Revaluation Notice has been issued, there being no diminution in the Revalued Valuation by more than 10% as compared with the Agreed Valuation (a "**Material Adverse Change**").

In relation to the Scheme Conditions relating to No Material Adverse Change:

- (1) The definitions of certain defined terms are set out below for reference:
 - (i) "**Agreed Valuation**" means the sum of S\$6,652,000,000, being the aggregate sum of the Individual Value of each of the Identified Properties as at 31 December 2020;
 - (ii) "**Effective Interest**" means, in respect of an Identified Property, the Company's effective interest in such Identified Property as at 31 December 2020, as set out in the Implementation Agreement;
 - (iii) "**Individual Value**" means, in respect of an Identified Property, an amount equal to A multiplied by B, where:

"A" is the valuation of the Identified Property, as reflected in the valuation of the Identified Properties as at 31 December 2020 or the Revaluation, as the case may be; and

"B" is the Company's Effective Interest in such Identified Property.

For the avoidance of doubt, the Effective Interest shall be used for computation of the Individual Value of each Identified Property for the purposes of Revaluation notwithstanding any change in the Company's effective interest in such Identified Property between 1 January 2021 and the Revaluation Date; and

APPENDIX 11 – SCHEME CONDITIONS

(iv) “**Revalued Valuation**” means the aggregate sum of the following:

- (i) in respect of the Identified Properties (other than the Divested Properties and the components developed for sale), the aggregate sum of the Individual Value of each of such Identified Properties as derived from the Revaluation;
- (ii) in respect of the Divested Properties, the sale price attributable to such Divested Properties in the divestment or the relevant agreement(s) to divest, multiplied by the Company’s Effective Interest in such Divested Properties; and
- (iii) to the extent that any of the Identified Properties comprises components developed for sale, the total sale value recognised between 1 January 2021 to the Revaluation Date, multiplied by the Company’s Effective Interest in such Identified Properties,

and, less the following:

- (iv) in respect of the Identified Properties which are under development or undergoing asset enhancement, the aggregate capital expenditure incurred and capitalised in respect of such Identified Properties during the period commencing 1 January 2021 and up to the Revaluation Date, multiplied by the Company’s Effective Interest in such Identified Property,

and, in determining the Revalued Valuation, if any of the foregoing amounts is denominated in RMB, such amount shall be translated into Singapore Dollars based on the exchange rate between RMB and SGD adopted by the Group for the Audited FY2020 Financial Statements.

(2) Clause 3.2A of the Implementation Agreement is extracted and reproduced below:

3.2A Revaluation

- (a) The Company shall provide a written notice (the “**Court Order Application Notice**”) to the Offeror at least five (5) Business Days prior to applying for the Scheme Court Order and the Capital Reduction Court Order (the “**Court Order Application Date**”) notifying the Offeror of the Court Order Application Date and confirming that the Conditions in Clauses 3.1(a), 3.1(b), 3.1(f) and 3.1(g) of the Implementation Agreement have been fulfilled or waived in accordance with the Implementation Agreement.
- (b) The Offeror may, within five (5) Business Days of receipt of the Court Order Application Notice, issue a notice in writing to the Company (the “**Revaluation Notice**”) requiring the Company to obtain a revaluation of the Identified Properties (other than the Divested Properties) as at a date no later than the Court Order Application Date (the “**Revaluation Date**”) by the same valuer who had conducted the valuation of the Identified Properties as at 31 December 2020 or such other valuer as mutually agreed in writing between the Offeror and the Company (the “**Revaluation**”).
- (c) The Company shall, on receipt of a Revaluation Notice validly given in accordance with this Clause 3.2A of the Implementation Agreement, procure that the Revaluation be undertaken, and deliver a copy of said Revaluation to the Offeror within 25 Business Days of the Revaluation Notice. The costs of the Revaluation shall be borne by the Offeror.

APPENDIX 12 – PRESCRIBED OCCURRENCES

All capitalised terms used and not defined in this Appendix shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection during normal business hours at the registered office of the Company from the date of this Scheme Document up until the Effective Date.

For the purposes of the Implementation Agreement, a “**Prescribed Occurrence**”, means, in relation to any Pro Forma Group Company, the occurrences set out in paragraphs (a) to (s) of this Appendix (other than any of the Permitted Transactions) and in relation to the Offeror, the occurrences set out in paragraphs (i) to (s) of this Appendix:

- (a) **Conversion of Shares:** any Pro Forma Group Company converting all or any of its shares into a larger or smaller number of shares;
- (b) **Share Buy-back:** any Pro Forma Group Company entering into a share buy-back agreement or resolving to approve the terms of a share buy-back agreement under the Companies Act or the equivalent companies or securities legislation;
- (c) **Reduction of Share Capital:** any Pro Forma Group Company resolving to reduce its share capital in any way other than the Capital Reduction;
- (d) **Allotment of Shares:** any Pro Forma Group Company making an allotment of, or granting an option to subscribe for, any shares or securities convertible into shares or agreeing to make such an allotment or to grant such an option or convertible security (other than to another Pro Forma Group Company);
- (e) **Issuance of Debt Securities:** any Pro Forma Group Company issuing, or agreeing to issue, convertible notes or other debt securities (other than to another Pro Forma Group Company);
- (f) **Dividends and Distributions:** any Pro Forma Group Company declaring, making or paying any dividends or any other form of distribution to its shareholders (other than to another Pro Forma Group Company);
- (g) **Suspension or Delisting from the SGX-ST:** any listed Pro Forma Group Company being suspended or delisted;
- (h) **Incurring of Additional Expenditure or Liabilities:** the Pro Forma Group incurring additional expenditure or liabilities in excess of the agreed expenditure or liabilities set out in Schedule 10 of the Implementation Agreement;
- (i) **Injunctions:** an injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Scheme and/or the Acquisition or any part thereof by either the Company or the Offeror;
- (j) **Resolution for Winding Up:** any Pro Forma Group Company or the Offeror resolving that it be wound up;
- (k) **Appointment of Liquidator and Judicial Manager:** the appointment of a liquidator, provisional liquidator, judicial manager, provisional judicial manager and/or other similar officer of any Pro Forma Group Company or the Offeror;
- (l) **Order of Court for Winding Up:** the making of an order by a court of competent jurisdiction for the winding up of any Pro Forma Group Company or the Offeror;

APPENDIX 12 – PRESCRIBED OCCURRENCES

- (m) **Composition:** any Pro Forma Group Company or the Offeror entering into any arrangement or general assignment or composition for the benefit of its creditors generally;
- (n) **Appointment of Receiver:** the appointment of a receiver or a receiver and manager, in relation to the property or assets of any Pro Forma Group Company or the Offeror;
- (o) **Insolvency:** any Pro Forma Group Company or the Offeror becoming or being deemed by law or a court of competent jurisdiction to be insolvent or stops or suspends or defaults on or threatens to stop or suspend or default on payment of its debts of a material amount as they fall due;
- (p) **Cessation of Business:** any Pro Forma Group Company or the Offeror ceases or threatens to cease for any reason to carry on business in the ordinary and usual course;
- (q) **Breach of the Implementation Agreement:** the Company or the Offeror being in material breach of any of the provisions of the Implementation Agreement;
- (r) **Investigations and Proceedings:** any Pro Forma Group Company or the Offeror or any of their respective directors is or will be the subject of any governmental, quasi-governmental, criminal, regulatory or stock exchange investigation and/or proceeding; or
- (s) **Analogous Event:** any event occurs which, under the laws of any jurisdiction, has an analogous or equivalent effect to any of the foregoing event(s).

APPENDIX 13 – OBLIGATIONS OF THE OFFEROR AND THE COMPANY IN RELATION TO THE SCHEME

All capitalised terms used and not defined in this Appendix shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection during normal business hours at the registered office of the Company from the date of this Scheme Document up until the Effective Date.

“CFL”, as defined in the Implementation Agreement, means CapitaLand Financial Limited, which was renamed to CapitaLand Investment Management on 22 March 2021 and further renamed to CLI on 18 June 2021, as described in this Scheme Document.

1. The Company's Obligations

Pursuant to Clause 6.1 of the Implementation Agreement, in connection with the implementation of the Scheme, save insofar as mutually agreed in writing between the Parties, the Company must execute all documents and do all acts and things necessary for the implementation of the Scheme, as expeditiously as practicable, including the following:

- (a) **Joint Announcement:** the issue of the Joint Announcement, jointly with the Offeror, on the Joint Announcement Date;
- (b) **Scheme Document:** the preparation and despatch of the Scheme Document and all other documents which are required to be prepared and circulated by it in connection with the Scheme and the Capital Reduction, and to carry into effect the Implementation Agreement, in each case in compliance with all applicable laws and regulations, and the despatch of the Offeror's Letter together with the Scheme Document;
- (c) **CFL Listing Application and CFL Introductory Document:** procuring the preparation, submission and despatch of the CFL Listing Application and the CFL Introductory Document and all other documents which are required to be prepared, submitted and/or circulated by it in connection with the CFL Listing, in each case in compliance with all applicable laws and regulations;
- (d) **SGX-ST Approval:** the submission of the draft Scheme Document, and procuring the submission of the CFL Listing Application and the draft CFL Introductory Document to the SGX-ST for clearance as soon as reasonably practicable after the date of the Implementation Agreement and diligently seek such clearance promptly;
- (e) **EGM and Scheme Meeting:** subject to obtaining the approval of the SGX-ST, the application to the Court within such time frames as set out in Schedule 8 of the Implementation Agreement for order(s) convening the Scheme Meeting and for any ancillary orders relating thereto (all such applications and orders, including the originating summons for the Scheme, to be in such form and substance as shall have been approved by the Offeror) and the convening of the EGM to approve the Capital Reduction and the Scheme Meeting;
- (f) **Tender Offer and Consent Solicitation Documents:** the preparation of the Tender Offer and Consent Solicitation Documents and in particular, the preparation and despatch of the tender offer and consent solicitation memoranda in respect of each tranche of Convertible Bonds and the preparation and publication of the notice of meetings in respect of each tranche of Convertible Bonds, in compliance with all applicable laws and regulations, in each case, in consultation with the Offeror;

APPENDIX 13 – OBLIGATIONS OF THE OFFEROR AND THE COMPANY IN RELATION TO THE SCHEME

- (g) **Convertible Bondholders' Meetings:** the convening of meetings of the Convertible Bondholders of each tranche of Convertible Bonds to obtain their consent for the matters set out in Clause 3.6(d) of the Implementation Agreement;
- (h) **Internal Restructuring:** the preparation of all documents which are required to be prepared in connection with the Internal Restructuring and to effect the Internal Restructuring, in each case in compliance with all applicable laws and regulations;
- (i) **Despatch of Documents:** instructing its share registrar to promptly despatch to the entitled Scheme Shareholders the Scheme Document and the appropriate forms of proxy for use at the EGM and the Scheme Meeting following approval of the Scheme Document by the SGX-ST and the approval of the Court to convene the Scheme Meeting, respectively, and lodge the same with the SIC;
- (j) **Scheme Court Order:** if the Scheme is approved by the Scheme Shareholders at the Scheme Meeting, applying to the Court within such time frames as set out in Schedule 8 of the Implementation Agreement to seek the Court's sanction and confirmation of, the Scheme;
- (k) **Capital Reduction Court Order:** if the Capital Reduction is approved by the Shareholders at the EGM, applying to the Court within such time frames as set out in Schedule 8 of the Implementation Agreement to seek the Court's sanction and confirmation of, the Capital Reduction;
- (l) **ACRA Lodgements:** following the grant of the Scheme Court Order and the Capital Reduction Court Order, delivering the same to ACRA for lodgement within such time frames as set out in Schedule 8 of the Implementation Agreement;
- (m) **Consultation with the Offeror:** subject and without prejudice to the Company's legal or regulatory obligations, the Company will consult in good faith with the Offeror with a view to establishing appropriate procedures to provide the Offeror with access to information which it requires in relation to the Acquisition and the Tender Offer and Consent Solicitation Exercise and to facilitate the Rule 19 Offer and timely notification of material matters affecting the Pro Forma Group Companies' respective businesses to the Offeror;
- (n) **Provision of Information:** subject and without prejudice to the Company's legal or regulatory obligations, from the date of the Implementation Agreement up to and including the Effective Date, the Company will, and will procure that the other Group Companies, authorise and direct their respective officers, employees, auditors, legal advisers and other advisers to assist and to co-operate fully with the Offeror for the completion of the Acquisition and the implementation of the Scheme;
- (o) **Notification of Circumstances:** it will (i) notify the Offeror of any matter or circumstance which might cause or result in any of the Conditions to be unfulfilled or incapable of fulfilment immediately after becoming aware of it; and (ii) on request from time to time, confirm to the Offeror in writing that there are no such matters or circumstances of which it is aware (other than as previously notified);

APPENDIX 13 – OBLIGATIONS OF THE OFFEROR AND THE COMPANY IN RELATION TO THE SCHEME

- (p) **No Action:** subject and without prejudice to any legal or regulatory obligations of the Company and the fiduciary duties of its directors, it will take no action which may be prejudicial to the successful completion of the Acquisition and/or the Scheme;
- (q) **No Solicitation:** during the period from the date of the Implementation Agreement up to and including the Effective Date, it will, subject to applicable laws and regulations:
 - (i) not, and will procure that no Group Company (including its employees, representatives and advisers) will, except with the prior written consent of the Offeror, directly or indirectly, solicit, encourage, initiate, induce or entertain approaches (whether oral, written or otherwise) or participate in or enter into discussions regarding (A) any general offer for the Shares from any third party; (B) any proposal for an acquisition of the Company or other business combination, merger, amalgamation or similar transaction involving the Company with any other entity; (C) save as provided for in Clause 6.1(x) of the Implementation Agreement, any proposal for a sale of any shares or (other than in the ordinary and usual course of business) assets of any Pro Forma Group Company; or (D) any other transaction (including allowing any third party to perform due diligence investigations on any Pro Forma Group Company), which would preclude, interfere with or prejudice, in each case, the Acquisition and/or the Scheme (each, a “**Competing Transaction**”); and
 - (ii) notify the Offeror of the details of any approach or solicitation by any third party made in writing or otherwise either to the Company or any Pro Forma Group Company with a view to the making of a Competing Transaction upon becoming aware of the relevant matter.

For the avoidance of doubt, nothing in this Clause 6.1(q) of the Implementation Agreement shall prohibit or restrict a Group Company from receiving any unsolicited or uninitiated expression of interest, offer or proposal of a kind referred to in this Clause 6.1(q) of the Implementation Agreement and, in the event such expression of interest, offer or proposal is received by a Group Company, such Group Company shall be entitled to take such action as may be required for the purposes of:

- (1) complying with the Code or any other laws, rules or regulations applicable to the Group Company; and/or
 - (2) allowing the directors of the Group Company to comply with or discharge their fiduciary duties, or other legal or regulatory obligations to which they are subject under applicable laws and regulations (including obligations under the Code);
- (r) **Normal Dealing:** during the period between the date of the Implementation Agreement and the Effective Date (both dates inclusive), save as provided for in Clause 6.1(x) of the Implementation Agreement, it will not, and will procure that each Pro Forma Group Company will not, without the prior written consent of the Offeror:
 - (i) dispose of any assets, including shares or other interests in any Pro Forma Group Company or in any other entity in which it has an interest to a third party, or voluntarily assume, acquire or incur any liabilities (including contingent liabilities);

APPENDIX 13 – OBLIGATIONS OF THE OFFEROR AND THE COMPANY IN RELATION TO THE SCHEME

- (ii) create, or agree to create, any Encumbrance over its business or any assets, otherwise than in the ordinary and usual course of business;
- (iii) enter into any guarantee, indemnity or other agreement to secure any obligation of a third party that is not a Pro Forma Group Company;
- (iv) enter into any transaction with any shareholder and/or director of any Pro Forma Group Company otherwise than in the ordinary and usual course of business of the Pro Forma Group Company;
- (v) amend, or agree to amend, any terms of any agreement or arrangement to which any Pro Forma Group Company is a party or by which any Pro Forma Group Company is bound which would have a material adverse effect on the financial position of the Pro Forma Group as a whole;
- (vi) make or incur, or agree to make or incur, any expenditure or liability or acquire or agree to acquire any asset or real property or incur or agree to incur a commitment or commitments involving capital expenditure or the acquisition of any asset or real property; or
- (vii) incur further financial indebtedness, otherwise than in the ordinary and usual course of business;
- (s) **Conduct of Business by the Pro Forma Group:** save as provided for in Clause 6.1(x) of the Implementation Agreement, during the period from the date of the Implementation Agreement up to and including the Effective Date, the Pro Forma Group Companies carrying on their respective businesses only in the ordinary and usual course of business, and, to the extent consistent therewith, using reasonable commercial efforts to keep intact their current business organisations, keep available the services of their current key officers and key employees and preserve their relationships with key customers, lenders, regulators, key suppliers, key licensors, key licensees and others having business dealings with them;
- (t) **No Dividend or Distribution:** save as provided for in Clause 6.1(x) of the Implementation Agreement, it will not:
 - (i) declare or pay any dividend or make any distribution (in cash or in kind) to the Shareholders; or
 - (ii) (and will procure that no Pro Forma Group Company will (other than an intra-group transaction within the Pro Forma Group)) create, allot or issue any shares or other securities convertible into equity securities, or create, issue or grant any option or right to subscribe in respect of any of its share capital, or agree to do any of the foregoing;
- (u) **Valuation of Identified Properties:** if so requested by the Offeror by way of a Revaluation Notice for the purpose of Clause 3.1(l) of the Implementation Agreement, it will commission a fresh valuation of each of the Identified Properties;

APPENDIX 13 – OBLIGATIONS OF THE OFFEROR AND THE COMPANY IN RELATION TO THE SCHEME

- (v) **No amendment to or acceleration of Share Plans:** during the period between the date of the Implementation Agreement and the Effective Date (both dates inclusive), it will not, and will procure that each Pro Forma Group Company will not, without the prior written consent of the Offeror, save as provided for in Clause 6.1(w) of the Implementation Agreement, amend or waive the vesting period(s), vesting date(s), release schedule, retention period and/or any condition applicable to an award granted under the Share Plans (and in the case of an award granted under the PSPs, the performance period and/or the performance condition(s) and/or the extent to which Shares which are the subject of that award shall be released on the performance condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period in respect of that award) or take any steps to accelerate the vesting of any awards granted under the Share Plans, save in respect of any amendment, acceleration or steps which would not result in the number of Shares to be issued on or prior to the Effective Date pursuant to the Share Plans to exceed the number disclosed in paragraph 9(c) of Schedule 10 of the Implementation Agreement;
- (w) **Proposal in respect of Share Plans:** it will, subject to the Scheme becoming effective and receipt of necessary Regulatory Approvals:
- (i) terminate the Share Plans and substitute the awards granted under the PSPs with new awards to be issued by an entity other than a Pro Forma Group Company; and/or
 - (ii) in tandem with the termination of the Share Plans, commit to the relevant officers and employees to release the outstanding awards granted under the Share Plans in the form of cash in lieu of Shares (save as provided for in paragraph 9(c) of Schedule 10 of the Implementation Agreement) in accordance with the current release schedule under the terms of the RSPs; and
- (x) **Exceptions:** notwithstanding the foregoing provisions, the Group shall not be prohibited or restricted from carrying out, or agreeing to carry out:
- (i) any act or matter specifically contemplated under the Transaction or the Implementation Agreement;
 - (ii) any of the Relevant Transactions; and/or
 - (iii) any act or matter approved in writing by the Offeror,
- (collectively, the “**Permitted Transactions**”).

The Offeror further acknowledges and agrees that it has no objection to any Group Company undertaking any of the Permitted Transactions during the period between the date of the Implementation Agreement and the Effective Date (both dates inclusive).

APPENDIX 13 – OBLIGATIONS OF THE OFFEROR AND THE COMPANY IN RELATION TO THE SCHEME

2. The Offeror's Obligations

Pursuant to Clause 6.2 of the Implementation Agreement, in connection with the implementation of the Scheme, save insofar as mutually agreed in writing between the Parties, the Offeror must execute all documents and do all acts and things necessary for the implementation of the Scheme, as expeditiously as practicable, including the following:

- (a) **Joint Announcement:** the issue of the Joint Announcement, jointly with the Company, on the Joint Announcement Date;
- (b) **Provision of Information:** from the date of this Agreement up to and including the Effective Date, the Offeror will furnish to the Company and its advisers such information (including the information concerning the Offeror provided by or on behalf of the Offeror to the Company for inclusion in the Composite Document) relating to the Offeror as the Company and its advisers may reasonably request for the purpose of the preparation of the Composite Document in accordance with this Agreement;
- (c) **Representation:** (if necessary) ensure that the Offeror, through its legal counsel, is represented at Court hearings convened for the purpose of Section 210 of the Companies Act at which, if requested by the Court, the Offeror shall do all things and take all steps as are reasonably possible to ensure the fulfilment of its obligations under this Agreement and the Scheme;
- (d) **Satisfaction of Scheme Price:** subject to the fulfilment or waiver of the Conditions, it will be bound by the Scheme, and will pay the aggregate Scheme Price pursuant to the Scheme and the terms and conditions set out in this Agreement;
- (e) **Rule 19 Offer:** it will make an offer for the Convertible Bonds in accordance with the requirements of the Code (the “**Rule 19 Offer**”);
- (f) **Directors' Responsibility:** it shall, and shall ensure that its directors shall, take responsibility as required by applicable law and regulation for the information concerning the Offeror provided by or on behalf of the Offeror to the Company for inclusion in the Composite Document; and
- (g) **No Action:** it will not take any action which may be prejudicial to the successful completion of the Scheme.

APPENDIX 14 – OFFEROR’S WARRANTIES

All capitalised terms used and not defined in this Appendix shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection at the registered office of the Company during normal business hours from the date of this Scheme Document up until the Effective Date.

The Offeror represents and warrants to the Company on the terms set out in Clause 7.1 of the Implementation Agreement that:

1. Incorporation

The Offeror is a company duly incorporated in Singapore and validly existing under Singapore law. As of the date of this Agreement, the Offeror is a wholly owned subsidiary of Temasek Holdings (Private) Limited.

2. Power

The Offeror has the corporate power to enter into and perform its obligations under this Agreement and to carry out the transactions contemplated by this Agreement.

3. Authority

The Offeror has taken all necessary corporate action and obtained all necessary corporate approval to authorise entry into this Agreement and the performance of its obligations under this Agreement and to carry out the transactions contemplated by this Agreement.

4. Consents

The Offeror shall take all actions required to be taken, fulfilled and done (including the obtaining of any necessary consents from third parties) in order to:

- (a) enable the Offeror lawfully to enter into, exercise its rights under and perform and comply with its obligations under this Agreement; and
- (b) ensure that those obligations are valid, legally binding and enforceable.

5. Binding Obligation

The Offeror’s obligations under this Agreement are valid, legally binding and enforceable in accordance with its terms.

6. No Breach

Neither the execution nor performance by the Offeror of this Agreement nor any transaction contemplated under this Agreement will violate any provision of its constitutive documents, any order, writ, injunction or decree of any Governmental Agency applicable to the Offeror or its assets, or any agreement or instrument to which the Offeror is a party or by which the Offeror or its assets are bound.

7. Sufficiency of Financial Resources

The Offeror confirms that sufficient financial resources are available to the Offeror to satisfy in full the aggregate Scheme Price payable pursuant to the Scheme.

APPENDIX 15 – COMPANY’S WARRANTIES

All capitalised terms used and not defined in this Appendix shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection at the registered office of the Company during normal business hours from the date of this Scheme Document up until the Effective Date.

The Company represents and warrants to the Offeror on the terms set out in Clause 7.2 of the Implementation Agreement that:

1. Pro Forma Group Companies

1.1 Incorporation

Each of the Pro Forma Group Companies is a corporation duly incorporated and validly existing under its law of incorporation.

As at the date of this Agreement, the Company is the legal and beneficial owner of the equity interest of each of the Pro Forma Group Companies as set out in Schedule 1 (other than as disclosed in the Audited FY2020 Financial Statements) and holds such equity interest free from any Encumbrances.

Upon completion of the Transaction, the Company will be the legal and beneficial owner of the equity interest of each of the Pro Forma Group Companies as set out in Schedule 3.

1.2 Shares

All the Scheme Shares have been duly authorised and validly issued, are fully paid-up and rank *pari passu* in all respects with each other. The Company is not subject to any actual or contingent obligation to issue or convert securities except as required or contemplated by this Agreement, pursuant to the Convertible Bonds or the vesting of awards (granted under the Share Plans) outstanding as at the date of this Agreement, or any issuance of shares as payment of directors’ fees, and it will not declare or pay any dividend or make any distribution (in cash or in kind) to the Shareholders other than in connection with the Capital Reduction, or the payment of the FY2020 Final Dividend.

As at the date of this Agreement:

- (a) the issued share capital of the Company is S\$9,715,255,728.37 comprising 5,202,962,608 ordinary shares (excluding treasury shares);
- (b) the Company has 74,029,074 treasury shares;
- (c) the maximum number of shares in outstanding awards granted under the RSPs is 8,734,093 (excluding projected dividend kicker shares for FY2019 and FY2020);
- (d) the maximum number of shares in outstanding awards granted under the PSPs is 12,805,201; and
- (e) save as disclosed above, there are no outstanding warrants, options or other securities or rights to acquire (whether by purchase, grant, conversion, exchange, exercise or otherwise) any securities issued by the Company.

APPENDIX 15 – COMPANY’S WARRANTIES

2. Disclosure

- (a) All information contained in this Agreement and all Due Diligence Information disclosed by the Company or its directors, employees, officers, auditors, advisers or representatives to the Offeror or to its representatives (including, without limitation, DBS Bank Ltd., WongPartnership LLP and any other professional advisers appointed by the Offeror in connection with the Acquisition) for the purposes of the due diligence on the Pro Forma Group Companies in the course of the negotiations leading to the execution of this Agreement and/or pursuant to this Agreement was, as far as the Company is aware, when given, true and accurate in all material respects and not misleading in any material respect and none of the above documents and information contains any untrue statement of fact or omit to state a fact necessary to make the statement contained therein, in light of the circumstances under which they are made, not misleading in any material respect, and as at the date of this Agreement, the Company is not aware of any fact or matter or circumstance which renders or will render any such documents and information untrue, inaccurate or misleading in any material respect.
- (b) Without prejudice to the generality of paragraph 4.1(a) below, the Company has complied in all material respects with its disclosure obligations under the Listing Manual (including, without limitation, Rule 703 of the Listing Manual) and is not aware of any fact, matter or circumstance which renders or will render any information disclosed in its SGXNET announcements untrue, inaccurate or misleading in any material respect.

3. Accounts

3.1 Accounts

The Audited FY2020 Financial Statements have been properly drawn up in accordance with the Companies Act and the SFRS. The Audited FY2020 Financial Statements give a true and fair view of the state of affairs of the Group and the Company, in each case, as at Last Accounts Date, and the results of operations, changes in equity and the cash flow of the Group and changes in equity of the Company, in each case, for the financial year ended 31 December 2020. The Audited FY2020 Financial Statements have been prepared on a basis consistent with that adopted in preparing the audited accounts for the financial year ended 31 December 2019, save for the adoption of new SFRS as disclosed in note 41 of the Audited FY2020 Financial Statements.

3.2 The Pro Forma Accounts:

- (a) present fairly in all material respects the assets and liabilities of the Pro Forma Group based on the assumptions, basis and limitations set out therein;
- (b) have been properly compiled on the basis described therein and to the extent applicable, have been presented on a basis consistent with the accounting policies and principles adopted for the preparation of the Audited FY2020 Financial Statements;
- (c) have been properly prepared on the basis of the assumptions set out therein after making the adjustments set out therein, and
 - (i) such assumptions provide a reasonable basis for presenting the significant effects directly attributable to the Transaction and events described therein; and

APPENDIX 15 – COMPANY’S WARRANTIES

- (ii) such adjustments are appropriate for the purpose of such preparation; and
 - (d) have been made after due and proper consideration and represent reasonable and fair expectations honestly held based on facts known to the Company.
- 3.3 Save for any Permitted Transactions, the Pro Forma Group will on the Relevant Date own and hold the real estate development business and assets of the Group including without limitation the CapitaLand Relevant Assets and Business and the Properties.
- 3.4 Changes since Last Accounts Date up to Relevant Date

There have been no material adverse changes in the financial position of the Group taken as a whole since the Last Accounts Date which have not been disclosed and announced by the Company to its Shareholders and, in particular, since the Last Accounts Date, save as Disclosed:

- (a) the business of the Group has been carried on solely in the ordinary and usual course, without any material interruption or alteration in its nature, scope or manner, and so as to maintain the same as a going concern, save and except for events that may occur as a result of an act of God or as a result of the COVID-19 pandemic;
 - (b) the Pro Forma Group Companies have not entered into any transaction or assumed or made any payment or given any guarantee, indemnity or suretyship not provided for in the Audited FY2020 Financial Statements where such transaction, payment or guarantee, indemnity or suretyship would be material in the context of the Pro Forma Group taken as a whole, other than in the ordinary and usual course of business;
 - (c) save for any impact arising from the COVID-19 pandemic, the profits of the Pro Forma Group have not been affected to a material extent by changes or inconsistencies in accounting treatment, by any non-recurring items of income or expenditure, by transactions of an abnormal or unusual nature or entered into otherwise than on normal commercial terms or in the ordinary and usual course of business;
 - (d) the Pro Forma Group Companies have not entered into any unusual, long term or onerous commitments or contracts that would have a material adverse effect on the assets or business of the Pro Forma Group, taken as a whole;
 - (e) none of the Pro Forma Group Companies has entered into or proposed to enter into any capital, operating lease or contingent commitment, other than in the ordinary and usual course of business; and
 - (f) no dividend or other distribution (other than FY2020 Final Dividend) has been declared, made or paid by the Company to its members.
- 3.5 Absence of Undisclosed Liabilities

There are no material liabilities (including contingent liabilities) of any of the Pro Forma Group Companies which are outstanding on the part of each Pro Forma Group Company, other than (a) liabilities Disclosed in the Audited FY2020 Financial Statements; (b) liabilities Disclosed elsewhere in this Agreement or to be incurred pursuant to the Transaction; or (c) liabilities incurred after the Last Accounts Date in the ordinary and usual course of business.

APPENDIX 15 – COMPANY’S WARRANTIES

4. Legal Matters

4.1 Compliance with Laws

- (a) Each of the Pro Forma Group Companies has carried on and is carrying on its business and operations so that there have been no breaches in any material respect of applicable laws, regulations, bye-laws and/or other rules (including in the case of the Company the Listing Manual) in each country in which they are carried on and no complaints have been received from any third party with regard to any breach of such laws, regulations, bye-laws and/or rules by any Pro Forma Group Company, except that any such breaches, whether individually or in aggregate, do not have a material adverse effect on the assets or business of the Pro Forma Group, taken as whole. Where any breach arises by reason only of any law, regulation, bye-law and/or rule having been enacted between the date of this Agreement and the Relevant Date which has retrospective effect, such Pro Forma Group Company shall not be regarded as having been in breach of this paragraph if such Pro Forma Group Company takes all reasonable steps to comply with such law, regulation, bye-law and/or rule immediately thereafter.
- (b) There have not been and there are no breaches by any Pro Forma Group Company of its constitutional documents.
- (c) Each Pro Forma Group Company is in compliance with all applicable anti-bribery and anti-corruption laws (including without limitation the Singapore Prevention of Corruption Act (Chapter 241 of Singapore), U.S. Foreign Corrupt Practices Act or the UK Bribery Act 2010) and none of the Pro Forma Group Companies nor any director, officer, agent, employee or other person associated with or acting on behalf of such Pro Forma Group Company has engaged in any conduct or activity on behalf of such Pro Forma Group Company which would violate such laws.

4.2 Licences and Consents

- (a) All material statutory, municipal and other licences, consents, authorisations, orders, warrants, confirmations, permissions, certificates, approvals and authorities (“**Company Licences**”) necessary for the carrying on of the businesses and operations of each of the Pro Forma Group Companies as now carried on have been obtained, are in full force and effect and all conditions applicable to any such Company Licence have been and are being complied with in all material respects, unless the failure to obtain, the non-validity of or non-compliance with any condition applicable to such Company Licence does not have a material adverse effect on the assets or business of the Pro Forma Group, taken as a whole.
- (b) So far as the Company is aware, there is no investigation, enquiry or proceeding outstanding or threatened which is likely to result in the suspension, cancellation, modification or revocation of any of the Company Licences. So far as the Company is aware, none of the Company Licences is likely to be suspended, cancelled, refused, modified or revoked (whether as a result of entering into this Agreement, consummating the Acquisition or otherwise).

APPENDIX 15 – COMPANY’S WARRANTIES

4.3 Litigation, Arbitration or Investigation

- (a) No litigation, arbitration or administrative proceeding is current or pending or, so far as the Company is aware, threatened, to restrain the entry into, exercise of the Company’s rights under and/or performance or enforcement of or compliance with its obligations under this Agreement.
- (b) No litigation, arbitration or administrative proceeding is current or pending or, so far as the Company is aware, threatened against any Pro Forma Group Company which may have a material adverse effect on the assets, business, financial position, profits, liabilities, prospects and/or results of operations of the Pro Forma Group, taken as a whole.
- (c) The Company is not aware of any investigation or enquiry by any court, tribunal, arbitrator, Governmental Agency or regulatory body outstanding or anticipated against any Pro Forma Group Company which may have a material adverse effect on the assets, business, financial position, profits, liabilities, prospects and/or results of operations of the Pro Forma Group, taken as a whole.

4.4 Insolvency

No order has been made or petition presented or resolution passed for the winding-up or administration or for the appointment of a provisional liquidator of any Pro Forma Group Company, nor are there any grounds on which any person would be entitled to have any Pro Forma Group Company wound up or placed in administration, nor has any person threatened to present such a petition or convened or threatened to convene a meeting of any Pro Forma Group Company to consider a resolution to wind up such Pro Forma Group Company or any other resolutions.

4.5 Power and Authority

The Company has all the necessary corporate power and authority to enter into and perform its obligations under this Agreement and to carry out the transactions contemplated by this Agreement.

4.6 Binding Obligation

The Company’s obligations under this Agreement are valid, legally binding and enforceable in accordance with its terms.

5. Contractual Arrangements

5.1 Debts, Contracts and Arrangements with Connected Persons etc.

Save as disclosed in the Audited FY2020 Financial Statements and since the Last Accounts Date, there is no interested person transaction (as defined in the Listing Manual) between any Pro Forma Group Company and an interested person (as defined in the Listing Manual) of the Company.

APPENDIX 15 – COMPANY’S WARRANTIES

5.2 Effect of the Acquisition

The execution and delivery of, and the performance by the Company of its obligations under this Agreement and the transactions contemplated hereunder (including the Scheme, the Acquisition and/or the Delisting):

- (a) do not and will not result in a breach of any provision of the constitutional documents of any Pro Forma Group Company; and
- (b) do not and will not conflict with or result in the breach of or constitute a default or mandatory prepayment event under any agreement, instrument, deed, law, regulation, bye-law or licence (including the Company Licences) to which any Pro Forma Group Company is now a party or to which any Pro Forma Group Company is subject, or any loan to or mortgage created by any Pro Forma Group Company, or relieve any other party to a contract with any Pro Forma Group Company of its obligations under such contract, or entitle such party to terminate or modify such contract, whether summarily or by notice, or result in the creation of any Encumbrance under any agreement, licence or other instrument, or result in a breach of any order, judgment or decree of any court, Governmental Agency or regulatory body to which any Pro Forma Group Company is a party or by which any Pro Forma Group Company or any of their respective assets is bound unless such (i) conflict, breach or default does not result in a material adverse effect on the assets or business of the Pro Forma Group, taken as a whole or (ii) appropriate authorisations, consents, clearances, permissions, approvals and waivers from the counterparty or Governmental Agency or regulatory body in respect of such conflict, breach or default are obtained prior to the Relevant Date.

5.3 Compliance with Agreements

All the contracts and all leases, tenancies, licences, concessions and agreements (breach of which will have a material adverse effect on the assets or business of the Pro Forma Group, taken as a whole) to which any of the Pro Forma Group Companies is a party are valid, binding and enforceable obligations of the relevant Pro Forma Group Company, and the terms thereof have been complied with in all material respects by the relevant Pro Forma Group Company. As far as the Company is aware, there are no circumstances likely to give rise to any breach of such contracts, leases, tenancies, licences, concessions or agreements which would have a material adverse effect on the assets and business of the Pro Forma Group, taken as a whole and no notice of termination or of intention to terminate has been received in respect of any thereof.

6. Taxation Matters

6.1 Returns, Information and Clearances

- (a) As far as the Company is aware, all returns, computations, notices and information which are or have been required to be made, given or delivered by any Pro Forma Group Company for any Taxation purpose (i) have been made, given or delivered within the requisite periods or within permitted extensions of such periods; and (ii) are up-to-date and correct in all material respects and made on a proper basis.

APPENDIX 15 – COMPANY’S WARRANTIES

- (b) As far as the Company is aware, all Taxes assessed or imposed by any Taxation Authority which have been assessed upon the Pro Forma Group Company and which are due and payable on or before the Relevant Date have been paid and were paid on or before the relevant due date for payment or will be paid before the relevant due date for payment or have been recorded as provisions or current liabilities in the Pro Forma Accounts.
- (c) As far as the Company is aware, all Pro Forma Group Companies have fully accounted for any deferred Tax liabilities (i.e. amounts in relation to any activity or event prior to the Effective Date for which a Tax liability is known or may be expected to crystallise, but such Tax liability is not due and payable on or before the Effective Date) in their most recent audited accounts and/or unaudited accounts as appropriate or, if not required to do so under SFRS, nevertheless have provided full details of the same to the Offeror.

6.2 Tax Claims

As far as the Company is aware, since the Last Accounts Date, no Claim for Taxation of a material amount has been made:

- (a) in respect of or arising from any transaction effected or deemed to have been effected on or before the Effective Date; or
- (b) by reference to any income, profits or gains earned, accrued or received on or before the Effective Date,

except:

- (1) to the extent that Taxation was paid, provided for or accrued in respect thereof in the Audited FY2020 Financial Statements or to the extent that Taxation was paid, provided for or accrued in respect thereof in any of the audited accounts or unaudited accounts or management accounts of a Pro Forma Group Company or the Company on a consolidated basis up to the Effective Date; and
- (2) to the extent that such Claim arises as a result only of any provision or reserve in respect thereof being insufficient by reason of any increase in rates of Taxation made after the date hereof with retrospective effect.

“Claim” means any notice, demand, assessment, letter or other document issued or action taken by the Taxation Authority or other statutory or governmental authority, body or official whosoever whereby a Pro Forma Group Company is placed under a liability to make a payment on any Taxation or deprived of any relief, allowance, credit or repayment otherwise available for Taxation purposes.

6.3 Tax Incentives

- (a) As far as the Company is aware, all the tax incentives enjoyed by the Pro Forma Group Companies as at the date of this Agreement will not as far as the Company is aware, be affected, varied, withdrawn or revoked as a result of the Acquisition and/or the Scheme. Each Pro Forma Group Company has complied in all material respects with all the conditions subject to which tax incentives have been granted to such Pro Forma Group Company.

APPENDIX 15 – COMPANY’S WARRANTIES

- (b) As far as the Company is aware, no relief (whether by way of deduction, reduction, set-off, exemption, postponement, roll-over, repayment or allowance or otherwise) from, against or in respect of any Taxation has been claimed and/or given to any Pro Forma Group Company which could be effectively withdrawn, postponed, restricted, clawed back or otherwise lost as a result of any act or omission by any Pro Forma Group Company or, as far as the Company is aware, as a result of the Scheme.

6.4 Tax Audits

As far as the Company is aware, any investigation by any Taxation Authority in process or pending with respect to any Tax returns of any Pro Forma Group Company, other than queries raised by a Taxation Authority in its usual review of such Tax returns by a Pro Forma Group Company, that has a material financial impact on the Pro Forma Group (taken as a whole) has been provided for in the financial statements.

7. Properties

7.1 Properties

The Properties (which are to be part of the Pro Forma Group) comprise all of the real property owned, occupied or otherwise used in connection with the development businesses of the Group as at the date hereof.

7.2 Title

The title to the Properties owned by the Pro Forma Group is proper legal and good marketable title, and in each case free from:

- (a) any Encumbrances, save for applicable debt financing incurred in the ordinary and usual course of business; and
- (b) defects, except such as do not materially affect the value of such Property and do not materially interfere with the use of such Property.

7.3 Title Documents

- (a) As far as the Company is aware, the terms of the relevant Title Document(s) have been complied with in all material respects and there is no material subsisting breach, nor any material non-observance of any covenant, condition or agreement contained in such Title Document(s) on the part of either the relevant lessor, grantor or issuer of such Title Document(s) or any Pro Forma Group Company.
- (b) No Pro Forma Group Company has received any notice from its lessor, grantor or issuer of any Title Documents stating that the relevant Pro Forma Group Company is in material breach or non-observance of any covenant, condition or agreement contained in the relevant Title Document(s) or that the relevant Title Document(s) has been terminated.

APPENDIX 15 – COMPANY’S WARRANTIES

7.4 Planning and Development

There is:

- (a) as far as the Company is aware, no pending planning application, planning appeal or other planning proceeding in respect of the Properties;
- (b) no outstanding government or statutory notice relating to any Property or any business carried on thereat or the uses thereof; and
- (c) no pending or, as far as the Company is aware, threatened proceeding or action by any Governmental Agency to modify the zoning, classification or present use of any Property or any part thereof,

in each case, except as will not have a material adverse effect on the business, operations, assets or financial condition of the Pro Forma Group, taken as a whole.

7.5 Government Acquisition

No written notice has been received from any Governmental Agency with respect to any compulsory acquisition or intended acquisition of land affecting or which is reasonably likely to affect any of the Properties in whole or in part and which has or is reasonably likely to have a material adverse effect on the business, operations, assets or financial condition of the Pro Forma Group, taken as a whole.

8. Title to Assets (excluding the Properties)

- 8.1 All assets of each Pro Forma Group Company (excluding the Properties), including all debts due to each Pro Forma Group Company which are included in the Audited FY2020 Financial Statements were at 31 December 2020 the absolute property of such Pro Forma Group Company and (save for those subsequently disposed of or realised in the ordinary and usual course of business) all such assets and debts which have subsequently been acquired or arisen are the absolute property of such Pro Forma Group Company.
- 8.2 All such assets are, where capable of possession, in the possession of or under the control of the relevant Pro Forma Group Company, or the relevant Pro Forma Group Company is entitled to take possession or control of such assets.

9. Insurance

- 9.1 All the assets of each of the Pro Forma Group Companies which are capable of being insured are adequately insured against fire, business interruption and other risks normally insured against by companies carrying on similar businesses or owning assets of a similar nature.
- 9.2 Each of the current insurance and indemnity policies in respect of which any of the Pro Forma Group Companies has an interest (including any active historic policies which provide cover on a losses occurring basis but excluding insurances relating to the payment of hospital and other medical expenses) (the “**Policies**”) is valid and enforceable and (as far as the Company is aware) is not void or voidable.

APPENDIX 15 – COMPANY’S WARRANTIES

9.3 In respect of all Policies, all premiums have been duly paid to date.

9.4 No material claims have been made or are outstanding in respect of any of the Policies, and, so far as the Company is aware, no fact or circumstance exists which might give rise to a claim under any of the Policies.

10. Employment

10.1 Each Pro Forma Group Company has in relation to each of its employees (and so far as relevant to each of its former employees) complied in all material respects with:

- (a) all obligations imposed on it by all statutes and regulations relevant to the relations between it and its employees or any trade union, including making deductions and payments in respect of contributions (including employer’s contributions) to any relevant competent authority;
- (b) all collective agreements to which it is party dealing with such relations or the conditions of service of its employees; and
- (c) all relevant orders and awards which are binding on such Pro Forma Group Company affecting the conditions of service of its employees.

10.2 There are not in existence, nor has any proposal been announced to establish, any retirement, death or disability benefit schemes for directors or employees of the Pro Forma Group nor are there any obligations to or in respect of present or former directors or employees with regard to retirement, death or disability pursuant to which any Pro Forma Group Company is or may become liable to make payments of a material nature.

11. Intellectual Property Rights

So far as the Company is aware, all Intellectual Property Rights used by each Pro Forma Group Company in connection with its business are validly and lawfully vested in and beneficially owned or licensed from third parties by the relevant Pro Forma Group Company free from Encumbrances and to the knowledge of the Company, neither (i) the use of such Intellectual Property Rights or any part thereof nor (ii) any of the activities of the Pro Forma Group Companies (excluding the use of components, parts, products or equipment supplied by third parties for the purpose of the work to be done by the Pro Forma Group Companies) infringes any Intellectual Property Rights owned by any third party or involves the unlicensed use of confidential information disclosed to any Pro Forma Group Company by any person in circumstances which might entitle that person to a claim against such Pro Forma Group Company, and none of such Intellectual Property Rights are being used, claimed, opposed or attacked by any person. The Pro Forma Group Companies have not entered into any arrangements which might inhibit or restrict the use or exercise by the Pro Forma Group Companies of the Intellectual Property Rights.

APPENDIX 15 – COMPANY’S WARRANTIES

12. Environmental

So far as the Company is aware, the Pro Forma Group Companies have complied in all material respects with all requirements imposed by relevant environmental health and safety laws and regulations (insofar as these protect the environment and/or prevent contamination) and any licences, permissions, authorisations or consents from any regulatory authority in relation thereto and have incurred no liability as a result of any breach of any such requirements which is attributable to the operations of the Pro Forma Group Companies or the ownership or use of their respective assets except for those requirements or breaches which would not have a material adverse effect on the business, operations, assets or financial condition of the Pro Forma Group, taken as a whole. The Company is not aware of any circumstances likely to give rise to any such liability. The Pro Forma Group Companies have taken all reasonable steps to prevent damage to the environment which could give rise to a third party claim or render any premises used or occupied by the Pro Forma Group Companies unusable or subject to an order for decontamination or a similar procedure.

13. Sufficiency of Financial Resources

Sufficient financial resources are available to the Company to satisfy in full the aggregate consideration payable pursuant to the Tender Offer and Consent Solicitation Exercise, and the Clean Up Price payable pursuant to Clause 3.6(e) and Clause 4.1(b)(iii).

APPENDIX 16 – SUMMARY OF THE VALUATION REPORTS

No.	Property ⁽¹⁾	City, Country	Effective interest (%)	Asset Type	GFA/Number of units	Lease Expiry Date	Date of Valuation ⁽²⁾	CCY	100% Property Valuation (million)	Valuation Methodology	Independent Valuer
1	Ascendas-Xinsu Portfolio ⁽³⁾	Suzhou, PRC	49%	Business Park/Industrial	373,334 sqm	Leasehold expiring between 2046 to 2057	31 March 2021	RMB	2,267.0	Discounted Cash Flow Analysis and Income Capitalisation	Jones Lang LaSalle Corporate Appraisal and Advisory Limited
2	Ascott Heng Shan Shanghai	Shanghai, PRC	100%	Lodging	90 Units	Leasehold expiring in 2054	31 December 2020	RMB	945.0	Discounted Cash Flow Method and Market Approach	Beijing Colliers International Real Estate Valuation Co., Ltd.
3	Capital Square	Shanghai, PRC	70%	Integrated Development (Comprising retail and office)	98,715 sqm	Leasehold retail expiring in 2052 and leasehold office expiring in 2062	31 December 2020	RMB	3,015.0	Discounted Cash Flow Analysis and Direct Comparison Method	CBRE Limited
4	CapitaMall SKY+	Guangzhou, PRC	100%	Shopping Mall	87,404 sqm	Leasehold expiring in 2051	31 December 2020	RMB	2,436.0	Discounted Cash Flow Method and Capitalisation Method	Beijing Colliers International Real Estate Valuation Co., Ltd.
5	Innov Center Phase II	Shanghai, PRC	100%	Office	47,603 sqm	Leasehold expiring in 2058	31 December 2020	RMB	865.0	Residual Method and Cost Approach	CBRE Limited
6	Raffles City Chongqing	Chongqing, PRC	100%	Integrated Development (Comprising retail, office, lodging and strata sales)	948,599 sqm	Leasehold commercial expiring in 2057 and leasehold residential expiring in 2087	31 December 2020	RMB	15,361 ⁽⁴⁾	Discounted Cash Flow Analysis, Capitalisation Method, Direct Comparison Method and Residual Method	CBRE Limited

APPENDIX 16 – SUMMARY OF THE VALUATION REPORTS

No.	Property ⁽¹⁾	City, Country	Effective interest (%)	Asset Type	GFA/Number of units	Lease Expiry Date	Date of Valuation ⁽²⁾	CCY	100% Property Valuation (million)	Valuation Methodology	Independent Valuer
7	Suzhou Center Mall & Suzhou Center Office	Suzhou, PRC	50%	Integrated Development (Comprising retail and office)	289,306 sqm	Leasehold expiring in 2051	31 December 2020	RMB	6,807.0	Discounted Cash Flow Method and Capitalisation Method	Beijing Colliers International Real Estate Valuation Co., Ltd.
8	The Paragon Tower 6	Shanghai, PRC	99%	Lodging	74 Units	Leasehold expiring in 2072	31 December 2020	RMB	1,512.0	Discounted Cash Flow Method and Market Approach	Beijing Colliers International Real Estate Valuation Co., Ltd.
9	9 Tai Seng Drive	Singapore	100%	Data Centre	20,307 sqm	Leasehold expiring in 2055	31 December 2020	SGD	280.1	Discounted Cash Flow Analysis	Colliers International Consultancy & Valuation (Singapore) Pte Ltd
10	Ascent	Singapore	100%	Business Park	51,564 sqm	Leasehold expiring in 2081	31 December 2020	SGD	318.3	Discounted Cash Flow Analysis, Income Capitalisation Method and Direct Comparison Method	Savills Valuation And Professional Services (S) Pte Ltd
11	CapitaSpring	Singapore	45%	Integrated Development (Comprising retail, office and lodging)	93,351 sqm	Leasehold expiring in 2081	31 December 2020	SGD	1,037.0 ⁽⁵⁾	Discounted Cash Flow Analysis, Income Capitalisation Method and Residual Method	Colliers International Consultancy & Valuation (Singapore) Pte Ltd

APPENDIX 16 – SUMMARY OF THE VALUATION REPORTS

No.	Property ⁽¹⁾	City, Country	Effective interest (%)	Asset Type	GFA/Number of units	Lease Expiry Date	Date of Valuation ⁽²⁾	CCY	100% Property Valuation (million)	Valuation Methodology	Independent Valuer
12	Jewel Changi Airport	Singapore	49%	Shopping Mall	135,676 sqm	Leasehold expiring in 2073	31 March 2021	SGD	1,398.4 ⁽⁶⁾	Discounted Cash Flow Analysis and Income Capitalisation Method	Colliers International Consultancy & Valuation (Singapore) Pte Ltd
13	Rochester Commons	Singapore	100%	Integrated Development (Comprising retail, office and hotel)	36,827 sqm	Leasehold expiring in 2078	31 December 2020	SGD	367.7	Income Capitalisation Method, Direct Comparison Method and Residual Method	Savills Valuation And Professional Services (S) Pte Ltd

Notes:

(1) Relevant Properties which effective valuation constitute approximately 80% of the total effective valuation of the investment properties to be held under the privatised CapitaLand as at 31 December 2020 (excluding the properties held through Listed Funds and Unlisted Funds and including the components developed for sale for one mixed use development, which entire property was the subject of valuation). The Company completed the acquisition of 49% interest in Ascendas-Xinsu Portfolio (previously owned 23% interest through the Ascendas China Business Parks Fund 4) on 4 January 2021.

Please refer to Appendix G of the Introductory Document for a summary of the valuation of the properties to be held under CLI.

(2) For the Relevant Properties with valuation as at 31 December 2020, the Independent Valuers have confirmed that as of 31 March 2021, the value of the Relevant Properties would not be materially different from the valuation conducted on 31 December 2020.

(3) The Company completed the acquisition of 49% interest in Ascendas-Xinsu Portfolio (previously owned 23% interest through the Ascendas China Business Parks Fund 4) on 4 January 2021.

(4) The valuation stated includes components developed for sale valued at RMB7,309 million.

(5) The asset is under development and the valuation stated is the land value excluding the capital expenditure incurred as at date of valuation.

(6) The valuation stated includes the valuation of the hotel component.

APPENDIX 17 – LIST OF TRANSFERRED ENTITIES AND DIAGRAMS OF TRANSFERS

List of Transferred Entities

Pursuant to the Internal Restructuring, the Pro Forma Group proposes to transfer certain stakes in the following companies and/or funds to CLI Group:

S/N	Name of entity	CapitaLand's stakes in the entities before Transfers (excluding the stakes held through CLI Group)	Stakes in the entities being transferred to CLI Group	CapitaLand's stakes in the entities post-Transfers (excluding the stakes held through CLI Group)
Companies				
1.	CapitaLand Mall Asia Limited[#]	84.81% Note: The balance stake of 15.19% in CapitaLand Mall Asia Limited (" CMA ") is separately held by CapitaLand Business Services Pte. Ltd. (" CBSPL ").	84.81% Note: In addition to the Transfer of the 84.81% stake in CMA, the balance stake of 15.19% in CMA held through CBSPL is also indirectly transferred to CLI Group through the transfer of CBSPL to CLI Group (see item 2 below).	0%
2.	CapitaLand Business Services Pte. Ltd.*	100%	100%	0%
3.	CapitaLand Retail Malaysia Sdn. Bhd.	100%	100%	0%
4.	CLI Singapore Pte. Ltd. (formerly known as CapitaLand Investments Pte Ltd)[#]	100%	100%	0%
5.	CapitaLand Retail Singapore Investments Pte. Ltd.	100%	100%	0%
6.	CapitaLand Voucher Pte. Ltd.	100%	100%	0%
7.	CapitaLand Commercial Management Pte. Ltd.*	100%	100%	0%
8.	CapitaLand Retail Management Pte. Ltd.*	100%	100%	0%
9.	CMA Excellence Pte. Ltd.	100%	100%	0%

APPENDIX 17 – LIST OF TRANSFERRED ENTITIES AND DIAGRAMS OF TRANSFERS

S/N	Name of entity	CapitaLand's stakes in the entities before Transfers (excluding the stakes held through CLI Group)	Stakes in the entities being transferred to CLI Group	CapitaLand's stakes in the entities post-Transfers (excluding the stakes held through CLI Group)
10.	Albert Complex Pte. Ltd.	100%	100%	0%
11.	Pyramex Investments Pte. Ltd.	100%	100%	0%
12.	Premier Healthcare Services International Pte. Ltd.	100%	100%	0%
13.	SBR Private Limited	100%	100%	0%
14.	Capita Card Pte. Ltd.	100%	100%	0%
15.	Brilliance Trustee Pte. Ltd.	100%	100%	0%
16.	JG Trustee Pte. Ltd.	100%	100%	0%
17.	Ascendas (Tuas) Pte. Ltd.	100%	100%	0%
18.	Ascendas Fusion 5 Holding Pte. Ltd.	100%	100%	0%
19.	Southernwood Holding Pte. Ltd.	100%	100%	0%
20.	Ascendas Services Pte. Ltd.*	100%	100%	0%
21.	ACCF3 Holding Pte. Ltd.	100%	100%	0%
22.	Ascendas Innovation Pte. Ltd.	100%	100%	0%
23.	CapitaLand (Korea) Pte. Ltd.	100%	100%	0%
24.	Ascendas Jongro Pte. Ltd.	100%	100%	0%
25.	CapitaLand China (RCCF) Holdings Limited	100%	100%	0%
26.	CLC Investment Four Pte. Ltd.	100%	100%	0%

APPENDIX 17 – LIST OF TRANSFERRED ENTITIES AND DIAGRAMS OF TRANSFERS

S/N	Name of entity	CapitaLand's stakes in the entities before Transfers (excluding the stakes held through CLI Group)	Stakes in the entities being transferred to CLI Group	CapitaLand's stakes in the entities post-Transfers (excluding the stakes held through CLI Group)
27.	Senning Property Ltd	27% Note: In addition to the 27% stake, 18% stake in Senning Property Ltd is separately held by CMA China II Changing Limited, a wholly-owned subsidiary of CMA.	27% Note: In addition to the Transfer of the 27% stake in Senning Property Ltd, the 18% stake in Senning Property Ltd held through a wholly owned subsidiary of CMA will also be indirectly transferred to CLI Group by reason of the Transfer of CMA to CLI Group (see items 1 and 2 above).	0%
28.	Senway Enterprises Ltd	100%	100%	0%
29.	Keisha Limited	37% Note: The balance stake of 63% in Keisha Limited is separately held by Rosy Investment One Pte. Ltd., a wholly owned subsidiary of Raffles City China Investment Partners III ("RCCIF III"), an Unlisted Fund in which CLC Investment Four Pte. Ltd. has 41.667% interest	37% Note: The balance stake of 63% in Keisha Limited is separately held by a wholly owned subsidiary of RCCIF III, an Unlisted Fund in which CLC Investment Four Pte. Ltd. has 41.667% interest. CLC Investment Four Pte Ltd. will also be transferred to CLI Group (see item 26 above).	0%
30.	Ascendas (China) Pte. Ltd.	100%	100%	0%
31.	CapitaLand India Pte. Ltd.*	100%	100%	0%
32.	RC Hotels (Pte.) Ltd.	7.7%	7.7%	0%
33.	Ascendas Land International (Investments) Pte. Ltd.	100%	100%	0%
34.	CapitaStar Pte. Ltd.	100%	100%	0%

APPENDIX 17 – LIST OF TRANSFERRED ENTITIES AND DIAGRAMS OF TRANSFERS

S/N	Name of entity	CapitaLand's stakes in the entities before Transfers (excluding the stakes held through CLI Group)	Stakes in the entities being transferred to CLI Group	CapitaLand's stakes in the entities post-Transfers (excluding the stakes held through CLI Group)
35.	CapitaMalls Beijing Business Co., Ltd.	100%	100%	0%
36.	CapitaLand (China) Corporate Management Co., Ltd.	100%	100%	0%
37.	CapitaLand Shared Services Pte. Ltd.	100%	100%	0%
38.	VILABS Pte. Ltd.	100%	100%	0%
39.	CapitaLand Digital Management Pte. Ltd.*	100%	100%	0%
40.	The Ascott Limited*	100%	100%	0%
41.	CapitaLand International Pte. Ltd.*	100%	100%	0%
Funds				
42.	CapitaLand Korea Private Real Estate Investment Trust No.1 (formerly known as Ascendas Office Private Real Estate Investment Trust No. 1)	5.99%	5.99%	0%

* These companies are the business units, operating platform companies, the technology support company and asset holding companies shown in the structure chart set out in this **Appendix 17**.

These companies are to be transferred to CLI to serve as CLI's business units for investments in China and Singapore.

Diagrams of Transfers



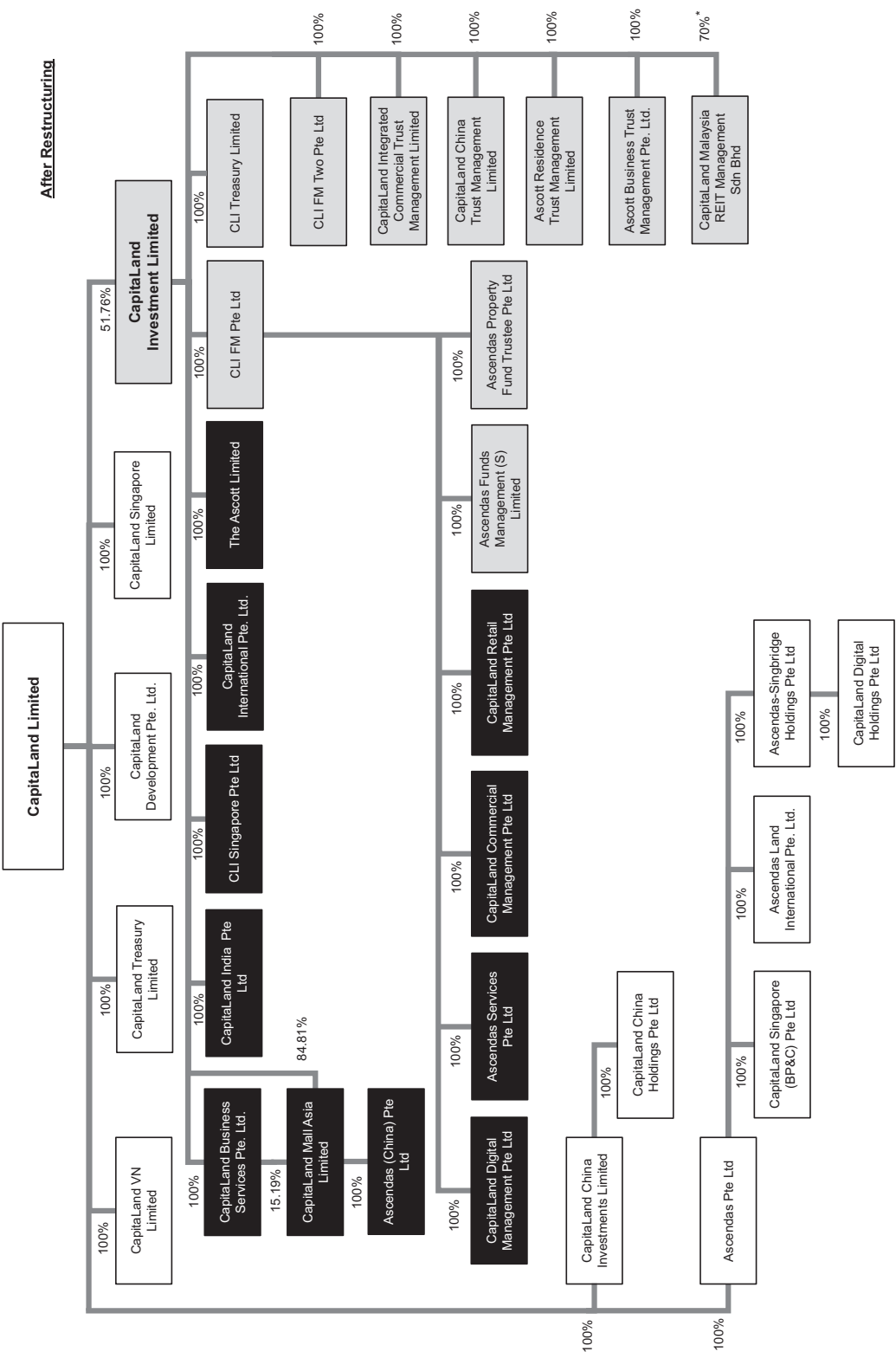
APPENDIX 17 – LIST OF TRANSFERRED ENTITIES AND DIAGRAMS OF TRANSFERS

* The remaining 30% is held by Malaysian Industrial Development Finance Berhad.

Notes:

- (1) This chart comprises mainly headline companies that fall within the following categories: (i) business units; (ii) operating platform companies; (iii) technology support companies; (iv) treasury companies; and (v) certain asset holding companies.
- (2) The entities shaded in black are Transferred Entities.
- (3) The entities shaded in grey are entities already owned by CLI prior to the Transfers.

APPENDIX 17 – LIST OF TRANSFERRED ENTITIES AND DIAGRAMS OF TRANSFERS



APPENDIX 17 – LIST OF TRANSFERRED ENTITIES AND DIAGRAMS OF TRANSFERS

* The remaining 30% is held by Malaysian Industrial Development Finance Berhad.

Notes:

- (1) This chart comprises mainly headline companies that fall within the following categories: (i) business units; (ii) operating platform companies; (iii) technology support companies; (iv) treasury companies; and (v) certain asset holding companies.
- (2) The entities shaded in black are Transferred Entities.
- (3) The entities shaded in grey are entities already owned by CLI prior to the Transfers.

APPENDIX 18 – MANNER OF CONVENING SCHEME MEETING

The manner of convening the Scheme Meeting as ordered by the Court is set out below:

Convening, holding and/or conducting the Scheme Meeting

1. The Company shall be at liberty to convene the Scheme Meeting at a date, time and/or location to be determined by the Company.
2. The Scheme Meeting may be convened, held or conducted, whether wholly or partly, by electronic means.
3. The minutes of the Scheme Meeting shall be published on the website of the Singapore Exchange Securities Trading Limited (“**SGXNET**”) and the website of the Company within one month after the date of the Scheme Meeting.

Attendance at the Scheme Meeting

4. The Company may provide that each Scheme Shareholder may only attend the Scheme Meeting by observing and listening to the proceedings of the Scheme Meeting by electronic means, if access to both an audio broadcast and audio-visual broadcast is provided to the Scheme Shareholders.

Right or entitlement to be heard or to require representations to be read out at the Scheme Meeting

5. The Company may provide that each Scheme Shareholder may only be heard at the Scheme Meeting by electronic means in the manner provided in paragraph 6. A representation may be read out at the Scheme Meeting by electronic means.

Right or entitlement to speak on a resolution at the Scheme Meeting

6. The Company may require that a Scheme Shareholder shall, before the Scheme Meeting, send to the Chairman of the Scheme Meeting, by post or electronic mail or (in addition to, but not in place of, post and electronic mail) such other electronic means as the Company considers appropriate, including electronic submission via the Company’s pre-registration website at which the Scheme Shareholder registers to observe and/or listen to the Scheme Meeting proceedings, the matters which the Scheme Shareholder wishes to raise at the Scheme Meeting, and each such matter, if substantial and relevant and sent within a reasonable time before the Scheme Meeting, is to be responded to at or before the Scheme Meeting by electronic means.
- 6A. Notwithstanding what is provided for in paragraph 6, the Company shall provide a facility for any matter to be raised by a Scheme Shareholder or person at the Scheme Meeting and for the matter to be responded to at the Scheme Meeting through real-time electronic communication such as video-conferencing, tele-conferencing or live chat.

APPENDIX 18 – MANNER OF CONVENING SCHEME MEETING

Quorum

7. A quorum may be formed by two Scheme Shareholders personally or electronically present.
 - 7.1 A Scheme Shareholder is electronically present at the Scheme Meeting if the Scheme Shareholder:
 - 7.1.1. attends the Scheme Meeting in the manner provided in paragraph 4;
 - 7.1.2. is verified by the Share Registrar of the Company, Boardroom Corporate & Advisory Services Pte. Ltd, as attending the Scheme Meeting in the manner provided in paragraph 4; and
 - 7.1.3. is acknowledged by electronic means by the Chairman of the Scheme Meeting as present at the Scheme Meeting.
 - 7.2. A Scheme Shareholder is deemed to be present at the Scheme Meeting if the Scheme Shareholder has appointed the Chairman of the Scheme Meeting as the Scheme Shareholder's proxy to attend, speak and vote at the Scheme Meeting in accordance with paragraphs 8 and 9.

Voting at the Scheme Meeting

8. The Company may provide for each Scheme Shareholder to appoint the Chairman of the Scheme Meeting as the Scheme Shareholder's proxy to vote at the Scheme Meeting by depositing with the Share Registrar of the Company the Proxy Form (as defined below) by post, or by electronic mail to an electronic mail address stated in the Notice of the Scheme Meeting, or (in addition to, but not in place of, post and electronic mail) by such other electronic means as the Company considers appropriate, including allowing certain Scheme Shareholders to submit the Proxy Form electronically via the Company's pre-registration website at which the Scheme Shareholder registers to observe and/or listen to the Scheme Meeting proceedings, in each case, not less than 72 hours before the time fixed for the Scheme Meeting.
9. In relation to voting:
 - 9.1 for the purposes of determining whether the condition under section 210(3AB)(b) of the Companies Act is satisfied:
 - 9.1.1 a Scheme Shareholder who is not a Relevant Intermediary may only cast all the votes it uses at the Scheme Meeting in one way, and may only:
 - (i) cast all its votes "**for**" the Scheme;
 - (ii) cast all its votes "**against**" the Scheme; or
 - (iii) abstain from voting; and
 - 9.1.2 a Scheme Shareholder who is a Relevant Intermediary need not cast all the votes it uses in the same way provided that each vote is exercised in relation to a different Share. A Relevant Intermediary may:

APPENDIX 18 – MANNER OF CONVENING SCHEME MEETING

- (i) vote “**for**” the Scheme;
 - (ii) vote “**against**” the Scheme; and/or
 - (iii) abstain from voting; and
- 9.2 for the purposes of determining whether the condition under section 210(3AB)(a) of the Companies Act is satisfied:
 - 9.2.1 each Scheme Shareholder that appoints the Chairman of the Scheme Meeting as its proxy to vote at the Scheme Meeting shall be deemed to be present at the Scheme Meeting and shall be included in the count of Scheme Shareholders present and voting at the Scheme Meeting. Where the Chairman has been appointed as the proxy of more than one Scheme Shareholder to vote at the Scheme Meeting, the votes of the Chairman shall be counted as the votes of the number of appointing Scheme Shareholders; and
 - 9.2.2 the Company shall treat a Relevant Intermediary that casts votes both for and against the Scheme as follows:
 - (i) the Company shall treat the Relevant Intermediary as casting one (1) vote in favour of the Scheme if the Relevant Intermediary casts more votes for the Scheme than against the Scheme;
 - (ii) the Company shall treat the Relevant Intermediary as casting one (1) vote against the Scheme if the Relevant Intermediary casts more votes against the Scheme than for the Scheme; and
 - (iii) the Company shall treat the Relevant Intermediary as casting one (1) vote for and one (1) vote against the Scheme if the Relevant Intermediary casts equal votes for and against the Scheme.

Laying and production of documents at the Scheme Meeting

- 10. The Scheme Document and any other document to be laid or produced before the Scheme Meeting may be so laid or produced by being:
 - 10.1. sent or published in the manner provided in paragraph 11 with the Notice (as defined below); or
 - 10.2. published at an online location, the address of which is sent with the Notice, or published on the website of the Company.

Giving of Notice of the Scheme Meeting

- 11. The Scheme Meeting (including any adjourned or postponed meeting) may be called by notice in writing of not less than 21 days, published on SGXNET and the website of the Company.

APPENDIX 18 – MANNER OF CONVENING SCHEME MEETING

12. The notice of the Scheme Meeting (“**Notice**”):
- 12.1. shall provide instructions on how the Scheme Shareholders can locate the Scheme Document (as defined below) electronically;
 - 12.2. shall describe the means by which the Scheme Meeting can be electronically accessed (including the online location, if the meeting is held at an online location);
 - 12.3. shall set out how the Chairman of the Scheme Meeting may be appointed by a Scheme Shareholder entitled to vote at the Scheme Meeting as the Scheme Shareholder’s proxy to vote at the Scheme Meeting;
 - 12.4. shall state how a Scheme Shareholder may send to the Chairman of the Scheme Meeting the substantial and relevant matters which the Scheme Shareholder wishes to raise; and
 - 12.5. may be accompanied by any other documents relevant to the Scheme Meeting.

Other matters

13. Chaly Mah Chee Kheong, or failing him, any other independent director of the Company, shall be appointed Chairman of the Scheme Meeting and to report the results of the Scheme Meeting to the Court.
14. Not less than 21 days before the day appointed for the Scheme Meeting, a document (the “**Scheme Document**”) consisting of, *inter alia*, the following:
- 14.1. a Letter to Shareholders from the Company to the Scheme Shareholders containing details of, *inter alia*, the purpose of the Scheme Document and information relating to the Scheme;
 - 14.2. an Explanatory Statement which contains, *inter alia*, the information required to be disclosed under Section 211 of the Companies Act;
 - 14.3. a letter from Evercore Asia (Singapore) Pte. Ltd. as the independent financial adviser to the directors of the Company who are considered independent for the purposes of making a recommendation to the Scheme Shareholders in respect of the Scheme;
 - 14.4. a letter from CLA Real Estate Holdings Pte. Ltd. to the Scheme Shareholders;
 - 14.5. the Notice; and
 - 14.6. a proxy form for use at the Scheme Meeting (“**Proxy Form**”),
- shall be published on SGXNET and the website of the Company.
15. Not less than 21 days before the day appointed for the Scheme Meeting, the Notice shall be advertised in one issue of “The Straits Times” newspaper.
16. Any accidental omission to give any Scheme Shareholder notice of the Scheme Meeting or the non-receipt of such notice by any Scheme Shareholder shall not invalidate the proceedings at the Scheme Meeting, unless ordered by the Court.

APPENDIX 19 – THE SCHEME

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

HC/OS 646/2021

**IN THE MATTER OF SECTION 210 OF THE
COMPANIES ACT, CHAPTER 50**

And

**IN THE MATTER OF
CAPITALAND LIMITED**
(Company Registration No. 198900036N)

...Applicant

SCHEME OF ARRANGEMENT

under Section 210 of the Companies Act, Chapter 50

Between

CapitaLand Limited

And

Scheme Shareholders (as defined herein)

And

CLA Real Estate Holdings Pte. Ltd.

APPENDIX 19 – THE SCHEME

PRELIMINARY

In this Scheme of Arrangement, except to the extent that the context requires otherwise, the following expressions shall bear the following respective meanings:

“Acquisition”	:	Has the meaning ascribed to it in the Recitals to this Scheme
“Business Day”	:	A day (other than Saturday, Sunday or a gazetted public holiday) on which commercial banks in Singapore are open for business
“Capital Reduction”	:	The capital reduction exercise to be carried out by the Company to reduce the issued share capital of the Company by an amount of up to S\$6.5 billion (without cancellation of any Shares), to effect the CLI DIS and the CICT DIS, in compliance with the requirements under Section 78G of the Companies Act
“Cash Consideration”	:	The cash amount of S\$0.951 for each Share to be paid by the Offeror to each Eligible Shareholder in accordance with the terms of this Scheme
“CDP”	:	The Central Depository (Pte) Limited
“CICT”	:	CapitaLand Integrated Commercial Trust
“CICT DIS”	:	Has the meaning ascribed to it in the Recitals to this Scheme
“CICT Units”	:	Issued units of CICT
“CLI”	:	CapitaLand Investment Limited (which effected a change of name from CapitaLand Financial Limited to CapitaLand Investment Management Limited on 22 March 2021 and subsequently from CapitaLand Investment Management Limited to CapitaLand Investment Limited on 18 June 2021)
“CLI DIS”	:	Has the meaning ascribed to it in the Recitals to this Scheme
“CLI Shares”	:	Issued and paid-up ordinary shares in the capital of CLI
“Code”	:	The Singapore Code on Take-overs and Mergers
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore
“Company”	:	CapitaLand Limited

APPENDIX 19 – THE SCHEME

“Convertible Bonds”	:	The convertible bonds issued by the Company which were convertible into Shares which were outstanding as at the Joint Announcement Date and which were subsequently all repurchased or fully redeemed by the Company prior to the Latest Practicable Date
“Convertible Bonds Offers”	:	The offers for the Convertible Bonds, which are conditional upon the Scheme becoming effective, to be made by the Offeror if and to the extent that there are outstanding Convertible Bonds as at the date of the Scheme Document
“Convertible Bonds Offer Price”	:	The following offer price payable in respect of the Convertible Bonds tendered in acceptance of the Convertible Bonds Offers (if any): (i) in respect of the S\$1,000,000,000 2.95% convertible bonds due 2022 (the “2022 Bonds”), 103.0% of the principal amount of the 2022 Bonds validly tendered or for every S\$250,000 in principal amount of 2022 Bonds validly tendered, S\$257,500 in cash; (ii) in respect of the S\$800,000,000 1.95% Convertible Bonds due 2023 (the “2023 Bonds”), 101.4% of the principal amount of the 2023 Bonds validly tendered or for every S\$250,000 in principal amount of 2023 Bonds validly tendered, S\$253,500 in cash; and (iii) in respect of the S\$650,000,000 2.80% Convertible Bonds due 2025 (the “2025 Bonds”), 105.1% of the principal amount of the 2025 Bonds validly tendered or for every S\$250,000 in principal amount of 2025 Bonds validly tendered, S\$262,750 in cash;
“Court”	:	The High Court of the Republic of Singapore, or where applicable on appeal, the Court of Appeal of the Republic of Singapore
“DIS”	:	Has the meaning ascribed to it in the Recitals to this Scheme
“DIS Securities”	:	The CLI Shares and the CICT Units to be distributed to the Eligible Shareholders pursuant to the DIS and the Scheme
“Effective Date”	:	The date on which this Scheme, if approved and sanctioned by the Court, becomes effective in accordance with its terms

APPENDIX 19 – THE SCHEME

“Encumbrances”	:	Any charges, mortgages, security, pledges, liens, options, equities, powers of sale, hypothecations, retention of title, rights of pre-emption, rights of first refusal or security interests of any kind
“Eligible Shareholders”	:	Shareholders of the Company (excluding the Offeror) as at 5.00 p.m. on the Record Date
“FY2020 Final Dividend”	:	The proposed tax-exempt ordinary cash dividend of S\$0.09 per Share for the financial year ended 31 December 2020 announced by the Company on 24 February 2021 and paid to Shareholders on 18 May 2021
“Implementation Agreement”	:	The implementation agreement dated 22 March 2021 entered into between the Company and the Offeror setting out the terms and conditions on which the Company and the Offeror will implement this Scheme
“Joint Announcement Date”	:	22 March 2021, being the date of the joint announcement by the Company and the Offeror in relation to, <i>inter alia</i> , this Scheme
“Latest Practicable Date”	:	7 July 2021, being the latest practicable date prior to the printing of the Scheme Document
“Long Stop Date”	:	31 December 2021 (or such other date as the Company and the Offeror may agree in writing)
“Offeror”	:	CLA Real Estate Holdings Pte. Ltd.
“Record Date”	:	A date to be announced (before the Effective Date) by the Company on which the Transfer Books and the Register of Members will be closed in order to determine the entitlements of Eligible Shareholders under this Scheme
“Relevant Percentage”	:	The total number of Shares held by the Eligible Shareholders as at the Record Date, as a percentage of the total number of Shares in issue (excluding treasury Shares) as at the Record Date
“Register of CapitalLand” or “Register of Members”	:	The register of members of the Company
“Register of CICT”	:	The register of unitholders of CICT
“Register of CLI”	:	The register of members of CLI

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“Scheme”	:	This scheme of arrangement in its present form or with or subject to any modification thereof or amendment or addition thereto in accordance with its terms or condition(s) approved or imposed by the Court
“Scheme Document”	:	The document dated 17 July 2021 containing this Scheme and any other document(s) which may be issued by or on behalf of the Company to amend, revise, supplement or update the document(s) from time to time
“Scheme Shareholders”	:	All Shareholders other than the Offeror
“Securities Account”	:	The relevant securities account maintained by a Depositor with CDP but does not include a securities sub-account
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd.
“Shareholders”	:	(i) Persons who are registered as holders of Shares in the Register of Members (other than CDP); and (ii) where CDP is registered in the Register of Members as the holder of Shares, Depositors registered in the Depository Register as having Shares credited to their Securities Account
“Shares”	:	Issued and paid-up ordinary shares in the capital of the Company
“S\$” or “SGD”	:	Singapore dollars, being the lawful currency of Singapore
“Transfer Books”	:	The transfer books of the Company

The expressions **“Depositor”** and **“Depository Register”** shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

The expressions **“subsidiary”** and **“related corporations”** shall have the same meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

The term **“Shareholder”**, in relation to any Share, includes a person entitled to that Share by transmission.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words indicating a specific gender shall, where applicable, include the other genders (male, female or neuter). References to persons shall, where applicable, include corporations.

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A reference to an enactment or statutory provision shall include a reference to any subordinate legislation and any regulation made under the relevant enactment or statutory provision and is a reference to that enactment, statutory provision, subordinate legislation or regulation as from time to time amended, consolidated, modified, re-enacted or replaced, whether before or after the date of this Scheme.

Any reference to a time of day and date shall be a reference to Singapore time and date respectively, unless otherwise specified.

RECITALS

(A) The Company was incorporated in Singapore on 5 January 1989 and was listed on the Mainboard of the SGX-ST on 21 November 2000. As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$9,715,255,728.37 comprising 5,203,195,792 Shares (including 73,795,890 treasury Shares).

(B) The primary purpose of this Scheme is to effect the following:

(1) the Capital Reduction by the Company to distribute:

- (i) such number of CLI Shares representing the Relevant Percentage of the issued CLI Shares to all Eligible Shareholders on a *pro-rata* basis, fractional entitlements to be disregarded (the “**CLI DIS**”); and
- (ii) 388,242,247 CICT Units to all Shareholders on a *pro-rata* basis (the “**CICT DIS**”, the Capital Reduction, the CLI DIS and the CICT DIS are collectively referred to as the “**DIS**”).

The Offeror will not participate in the CICT DIS. The CICT Units that the Offeror would otherwise be entitled to receive had it participated in the CICT DIS will accordingly be distributed to the Eligible Shareholders on a *pro-rata* basis, as part of the consideration for the Acquisition (as defined below), thereby resulting in a proportionate increase of each Eligible Shareholder’s entitlement to the CICT DIS. Accordingly, the 388,242,247 CICT Units will be distributed to the Eligible Shareholders on a *pro-rata* basis, fractional entitlements to be disregarded; and

(2) upon the DIS taking effect, the acquisition by the Offeror of all the Shares from the Eligible Shareholders (excluding treasury Shares and Shares held by the Offeror) (the “**Acquisition**”).

(C) The Company and the Offeror have entered into the Implementation Agreement to set out their respective rights and obligations with respect to this Scheme.

(D) The Offeror has agreed to appear by legal counsel at the hearing of the Originating Summons to sanction this Scheme, and to consent thereto, and to undertake to the Court to be bound thereby and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

APPENDIX 19 – THE SCHEME

PART I

CONDITIONS PRECEDENT

1. This Scheme is conditional upon each condition precedent set out in Clause 3.1 of the Implementation Agreement (as reproduced in **Appendix 11** to the Scheme Document) being satisfied or, subject to the terms of the Implementation Agreement, being waived by the Long Stop Date.

PART II

DISTRIBUTION *IN SPECIE*

2. Upon the Scheme becoming effective and binding, the Company will undertake the DIS to distribute the DIS Securities to the Eligible Shareholders. On completion of the DIS, the DIS Securities will be transferred to the Eligible Shareholders fully paid-up, free from all Encumbrances and together with all rights, benefits and entitlements attaching thereto as at the date on which the DIS is completed.

The DIS is completed upon (a) the Company issuing an instruction to the CDP to transfer the DIS Securities to the Securities Accounts of the Eligible Shareholders (being Depositors) and (b) the Company executing the instrument of transfer in respect of the DIS Securities to transfer the DIS Securities to the Eligible Shareholders (not being Depositors).

For the avoidance of doubt:

- (i) the beneficial interests in the DIS Securities do not vest in the Eligible Shareholders until the completion of the DIS; and
 - (ii) the legal interests in the DIS Securities do not vest in the Eligible Shareholders until the DIS Securities are credited to the Securities Accounts of the Eligible Shareholders (being Depositors) and the Register of CLI and the Register of CICT are updated to reflect the transfer of the DIS Securities to the Eligible Shareholders (not being the Depositors).
3. For the purpose of giving effect to the transfer of the DIS Securities to the Eligible Shareholders provided for in **Clause 2** of this Scheme:
 - (a) in the case of the Eligible Shareholders (not being Depositors), the Company shall execute or effect (i) as transferor and (ii) as transferee on behalf of all such Eligible Shareholders an instrument or instruction of transfer of the DIS Securities and every such instrument or instruction of transfer so executed shall be effective as if it had been executed by the relevant Eligible Shareholder; and
 - (b) in the case of the Eligible Shareholders (being Depositors), the Company shall instruct CDP to credit, not later than seven (7) Business Days after the Effective Date, the DIS Securities to the Securities Accounts of such Eligible Shareholders.

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PART III

TRANSFER OF DIS SECURITIES

4. The Company will distribute the DIS Securities within seven (7) Business Days after the Effective Date as follows:
- (a) in the case of the Eligible Shareholders (not being Depositors), entitlements to the DIS Securities will be determined on the basis of their holdings of Shares in the Register of CapitaLand as at the Record Date. Following the Effective Date:
 - (i) the names of such Eligible Shareholders as well as the relevant number of CLI Shares to be distributed to such Eligible Shareholders will be entered into the Register of CLI and the share certificates in respect of the CLI Shares will be sent to them by registered post to their address stated in the Register of CapitaLand at the sole risks of the Eligible Shareholders; and
 - (ii) the names of such Eligible Shareholders as well as the relevant number of CICT Units to be distributed to such Eligible Shareholders will be entered into the Register of CICT and the confirmation note in respect of the CICT Units will be sent to them by registered post to their address stated in the Register of CapitaLand at the sole risks of the Eligible Shareholders; and
 - (b) in the case of the Eligible Shareholders (being Depositors), entitlements to the DIS Securities will be determined on the basis of the number of Shares standing to the credit of their respective Securities Accounts as at the Record Date. The Company shall instruct CDP to credit, not later than seven (7) Business Days after the Effective Date, their Securities Accounts with the relevant number of DIS Securities and CDP will send to each such Depositor a notification letter confirming the number of DIS Securities that has been credited to his Securities Account.

PART IV

TRANSFER OF THE SHARES

5. With effect from the Effective Date, all of the Shares (excluding treasury Shares and Shares held by the Offeror) will be transferred to the Offeror fully paid-up, free from all Encumbrances and together with all rights, benefits and entitlements attaching thereto as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Joint Announcement Date (except for the DIS and the FY2020 Final Dividend). If any dividend, right or other distribution (other than the DIS and the FY2020 Final Dividend) is declared, paid or made by the Company on or after the Joint Announcement Date, the Offeror reserves the right to reduce the Cash Consideration by the amount of such dividend, right or distribution.
6. For the purpose of giving effect to the transfer of the Shares (excluding treasury Shares and Shares held by the Offeror) provided for in **Clause 5** of this Scheme:
- (a) in the case of the Eligible Shareholders (not being Depositors), the Company shall authorise any person to execute or effect on behalf of all such Eligible Shareholders an instrument or instruction of transfer of all the Shares held by such Eligible Shareholders

APPENDIX 19 – THE SCHEME

and every such instrument or instruction of transfer so executed shall be effective as if it had been executed by the relevant Eligible Shareholder; and

- (b) in the case of the Eligible Shareholders (being Depositors), the Company shall instruct CDP, for and on behalf of such Eligible Shareholders, to debit, not later than seven (7) Business Days after the Effective Date, all the Shares standing to the credit of the Securities Account of such Eligible Shareholders and credit all of such Shares to the Securities Account of the Offeror or such Securities Account(s) as directed by the Offeror.

PART V

PAYMENT OF CASH CONSIDERATION

- 7. In consideration for the transfer of the Shares to the Offeror under **Clause 5** of this Scheme and subject to **Clause 1** of this Scheme, the Offeror shall pay or procure that there shall be paid to each Eligible Shareholder the Cash Consideration, being S\$0.951 in cash for each Share transferred pursuant to this Scheme.
- 8. The Offeror shall, not later than seven (7) Business Days after the Effective Date, and against the transfer of the Shares set out in **Clause 5** of this Scheme, make payment of the aggregate Cash Consideration payable on the transfer of the Shares pursuant to the Scheme to:
 - (a) each Eligible Shareholder (not being a Depositor) by sending a cheque for the Cash Consideration payable to and made out in favour of such Eligible Shareholder by ordinary post to his address as appearing in the Register of Members at the close of business on the Record Date, at the sole risk of such Eligible Shareholder, or in the case of joint Eligible Shareholders (not being Depositors), to the first named Eligible Shareholder made out in favour of such Eligible Shareholder by ordinary post to his address as appearing in the Register of Members at the close of business on the Record Date, at the sole risk of such joint Eligible Shareholders; and
 - (b) each Eligible Shareholder (being a Depositor) by making payment of the aggregate Cash Consideration payable to such Eligible Shareholder to CDP. CDP shall:
 - (i) in the case of an Eligible Shareholder (being a Depositor) who has registered for CDP's direct crediting service, credit the Cash Consideration payable to such Eligible Shareholder, to the designated bank account of such Eligible Shareholder; and
 - (ii) in the case of an Eligible Shareholder (being a Depositor) who has not registered for CDP's direct crediting service, credit the Cash Consideration to such Eligible Shareholder's cash ledger with CDP and such Cash Consideration shall be subject to the same terms and conditions applicable to "*Cash Distributions*" under "*The Central Depository (Pte) Limited Operation of Securities Account with the Depository Terms and Conditions*" as amended, modified or supplemented from time to time, copies of which are available from CDP.

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9. The encashment of any cheque or the crediting by CDP of the aggregate Cash Consideration in such other manner as the Eligible Shareholder may have agreed with CDP for payment of any cash distributions as referred to in **Clause 7** of this Scheme shall be deemed as good discharge to the Offeror, the Company and CDP for the moneys represented thereby.
10.
 - (a) On and after the day being six (6) calendar months after the posting of such cheques relating to the Cash Consideration, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed (or has been returned uncashed) and shall place all such moneys in a bank account in the Company's name with a licensed bank in Singapore selected by the Company.
 - (b) The Company or its successor entity shall hold such moneys until the expiration of six (6) years from the Effective Date and shall prior to such date make payments therefrom of the sums payable pursuant to **Clause 7** of this Scheme to persons who satisfy the Company or its successor entity that they are respectively entitled thereto and that the cheques referred to in **Clause 8** of this Scheme for which they are payees have not been cashed. Any such determination shall be conclusive and binding upon all persons claiming an interest in the relevant moneys, and any payments made by the Company hereunder shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to **Clause 7** of this Scheme.
 - (c) On the expiry of six (6) years from the Effective Date, each of the Company and the Offeror shall be released from any further obligation to make any payments of the Cash Consideration under this Scheme and the Company or its successor entity shall transfer to the Offeror the balance (if any) of the sums then standing to the credit of the bank account referred to in **Clause 10(a)** of this Scheme including accrued interest, subject, if applicable, to the deduction of interest, tax or any withholding tax or any other deduction required by law and subject to the deduction of any expenses.
 - (d) **Clause 10(c)** of this Scheme shall take effect subject to any prohibition or condition imposed by law.
11. From the Effective Date, each existing share certificate representing a former holding of Shares by Eligible Shareholders (not being Depositors) will cease to be evidence of title of the Shares represented thereby. The Eligible Shareholders (not being Depositors) shall be required to forward their existing share certificates relating to their Shares to the Share Registrar at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 as soon as possible, but not later than seven (7) Business Days after the Effective Date for cancellation.

PART VI

REPURCHASE OF CONVERTIBLE BONDS

12. If the Offeror acquires any Convertible Bonds pursuant to the terms of the Rule 19 Offer (the "**Tendered Offer Bonds**"), upon the Scheme becoming effective and binding:
 - (a) the Offeror will transfer all Tendered Offer Bonds to the Company free from all Encumbrances and together with all rights, benefits and entitlements attaching thereto as at the respective settlement dates of the Convertible Bonds Offers and thereafter attaching thereto; and

APPENDIX 19 – THE SCHEME

- (b) in consideration for the transfer of the Tendered Offer Bonds under **Clause 12(a)** of this Scheme, the Company shall pay or procure that there shall be paid to the Offeror an amount in cash equivalent to the lower of (i) the price payable by the Offeror for such Tendered Offer Bonds; and (ii) the relevant Convertible Bonds Offer Price.

PART VII

CANCELLATION OF TREASURY SHARES

13. With effect from the Effective Date, all of the treasury Shares held by the Company will be cancelled.

PART VIII

EFFECTIVE DATE

14. Subject to the satisfaction of the conditions precedent set out in **Clause 1** of this Scheme, this Scheme shall become effective and binding upon a copy of the order of the Court sanctioning this Scheme under Section 210 of the Companies Act being duly lodged with the Accounting and Corporate Regulatory Authority of Singapore for registration.
15. Unless this Scheme shall have become effective and binding as aforesaid on or before the Long Stop Date (or such other date as the Court on the application of the Company or the Offeror may allow), this Scheme shall lapse.
16. The Company and the Offeror may jointly consent, for and on behalf of all concerned, to any modification of, or amendment to, this Scheme or to any condition which the Court may think fit to approve or impose.
17. In the event that this Scheme does not become effective and binding for any reason, the costs and expenses incurred by the Company in connection with this Scheme will be borne by the Company.
18. This Scheme shall be governed by, and construed in accordance with, the laws of Singapore, and the Company, the Offeror and Scheme Shareholders submit to the non-exclusive jurisdiction of the courts of Singapore. A person who is not a party to this Scheme has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore, to enforce any term or provision of this Scheme.

Dated this 17th day of July 2021

APPENDIX 20 – NOTICE OF EXTRAORDINARY GENERAL MEETING



CAPITALAND LIMITED

(Incorporated in the Republic of Singapore)
Company Registration Number: 198900036N

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**") of CapitaLand Limited (the "**Company**") will be convened and held by way of electronic means on 10 August 2021 at 2.00 p.m. (Singapore time) for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution which will be proposed as a Special Resolution. All capitalised terms used in this Notice of EGM which are not defined herein shall have the meanings ascribed to them in the scheme document to shareholders of the Company dated 17 July 2021 (the "**Scheme Document**") in relation to the scheme of arrangement proposed to be undertaken by the Company and CLA Real Estate Holdings Pte. Ltd. (the "**Scheme**"), the details of which are set out in the Scheme Document.

SPECIAL RESOLUTION: TO APPROVE THE CAPITAL REDUCTION AND DISTRIBUTION *IN SPECIE*

RESOLVED THAT pursuant to Section 78G read with Section 78I of the Companies Act, Chapter 50 of Singapore, the Scheme and Article 13(A) of the Constitution of the Company, and subject to and contingent upon the confirmation and approval of the High Court of the Republic of Singapore and the passing of the Scheme Resolution at the Scheme Meeting:

- (i) the issued share capital of the Company be reduced by an amount (the "**Capital Reduction Amount**") of up to S\$6.5 billion (the "**Capital Reduction**");
- (ii) the Capital Reduction Amount shall be an amount equivalent to the aggregate sum of:
 - (a) the cost of investment of the CLI Distribution Shares (as defined below) as at the Record Date (as defined below); and
 - (b) the market price of the CICT Distribution Units (as defined below) as at the Record Date,and the exact amount of the Capital Reduction Amount shall be determined by the directors of the Company (the "**Directors**"), provided that such amount shall not exceed S\$6.5 billion;
- (iii) the Capital Reduction be effected and satisfied without the cancellation of any Shares and by distributing:
 - (a) such number of ordinary shares in the capital of CapitaLand Investment Limited ("**CLI**", and ordinary shares in the capital of CLI, the "**CLI Shares**", and the CLI Shares to be distributed pursuant to the CLI DIS, the "**CLI Distribution Shares**"), representing the Relevant Percentage of the total number of CLI Shares in issue, to the shareholders of the Company (excluding the Offeror) (the "**Eligible Shareholders**") as at a time and date (the "**Record Date**") to be determined by the Directors on a *pro-rata* basis (the "**CLI DIS**").

"**Relevant Percentage**" means the total number of ordinary shares in the capital of the Company (the "**Shares**") held by the Eligible Shareholders as at the Record Date, as a percentage of the total number of Shares in issue (excluding treasury Shares) as at the Record Date; and

APPENDIX 20 – NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) 388,242,247 issued units (the “**CICT Units**”, and the CICT Units to be distributed pursuant to the CICT DIS, the “**CICT Distribution Units**”) of CapitaLand Integrated Commercial Trust (“**CICT**”) to all Shareholders on a *pro-rata* basis (the “**CICT DIS**”, the Capital Reduction, the CLI DIS and the CICT DIS are collectively referred to as the “**DIS**”), provided that the Offeror will not participate in the CICT DIS, and the CICT Distribution Units that the Offeror would otherwise be entitled to receive had it participated in the CICT DIS will accordingly be distributed to the Eligible Shareholders on a *pro-rata* basis.

The CLI Distribution Shares and the CICT Distribution Units will be distributed by the Company to the Eligible Shareholders pursuant to the DIS on a *pro-rata* basis, fractional entitlements to be disregarded, free of Encumbrances and together with all rights attaching thereto on and from the completion of the DIS, on and subject to the terms of the Scheme Document, except that for practical reasons and in order to avoid violating applicable securities laws outside Singapore, or where the Directors are of the view that such distribution may infringe any foreign law or may necessitate compliance with conditions or requirements which the Directors, in their absolute discretion, regard as onerous or impracticable by reason of costs, delay or otherwise, the Directors reserve the discretion not to distribute the CLI Distribution Shares and/or CICT Distribution Units to any Shareholder whose registered mailing address as at the Record Date (as appearing in the Register of Members of the Company or in the Depository Register maintained by The Central Depository (Pte) Limited) is outside Singapore (the “**Overseas Shareholder**”) and, subject to compliance with applicable laws and regulations, deal with such CLI Distribution Shares and/or CICT Distribution Units in the manner set out in paragraph (iv) below;

- (iv) where the Directors decide not to distribute the CLI Distribution Shares and/or the CICT Distribution Units to any Overseas Shareholders, arrangements be made for the distribution of the CLI Distribution Shares and/or CICT Distribution Units (as the case may be) which would otherwise be distributed to such Overseas Shareholders pursuant to the DIS to such person(s) as the Directors may appoint to sell such CLI Distribution Shares and/or CICT Distribution Units (as the case may be) and thereafter the net proceeds of such sale, after deducting for all dealings and other expenses in connection therewith, shall be distributed proportionately among such Overseas Shareholders according to their respective entitlements to the CLI Distribution Shares and/or CICT Distribution Units (as the case may be) as at the Record Date in full satisfaction of their rights to the CLI Distribution Shares and/or CICT Distribution Units (as the case may be) which they would otherwise have become entitled to under the DIS;
- (v) any resultant fractional CLI Distribution Shares and/or CICT Distribution Units be aggregated and held by the Company for future disposal, and the Directors and/or any of them be and are hereby authorised to deal with such CLI Distribution Shares and/or CICT Distribution Units remaining with the Company after the DIS in such manner as they deem fit; and
- (vi) the Directors and/or any of them be and are hereby authorised to do all acts and things and to execute all such documents (including, but not limited to, any transfer form for and on behalf of any Shareholder who holds Shares in scrip form for the purposes of effecting the DIS) as they or he may consider necessary or expedient to give effect to the transactions contemplated and/or authorised by this Resolution.

BY ORDER OF THE BOARD

Michelle Koh
Company Secretary
Singapore, 17 July 2021

APPENDIX 20 – NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. The EGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This Notice of EGM will be sent to Shareholders by electronic means via publication on the Company's website at the URL https://investor.capitaland.com/aggm_egm.html, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. In addition, printed copies of this Notice of EGM will be sent by post to Shareholders.
2. **As a precautionary measure due to the COVID-19 situation in Singapore, Shareholders and persons who hold Shares through Relevant Intermediaries (as defined in the Scheme Document) will not be able to attend the EGM in person.** Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the EGM in advance of and/or live at the EGM, addressing of substantial and relevant questions prior to, and/or at, the EGM and voting by appointing the Chairman of the EGM as proxy at the EGM, are set out below. Any reference to a time of day is made by reference to Singapore time.
3. Shareholders, CPFIS Members and SRS Investors will be able to observe and/or listen to the EGM proceedings through a live audio-visual webcast or live audio-only stream via their mobile phones, tablets or computers. In order to do so, Shareholders, CPFIS Members and SRS Investors must pre-register at the Company's pre-registration website at the URL https://investor.capitaland.com/aggm_egm.html from now till 2.15 p.m. on 7 August 2021 to enable the Company to verify their status as Shareholders, CPFIS Members or SRS Investors. For persons who hold Shares through Relevant Intermediaries, other than CPFIS Members and SRS Investors, please refer to Note 11.

Following the verification, authenticated Shareholders, CPFIS Members and SRS Investors will receive an email confirming successful registration, which will contain unique user credentials as well as instructions on how to access the live audio-visual webcast and a toll-free telephone number to access the live audio-only stream of the EGM proceedings and how to ask questions through the live chat function at the EGM via the audio-visual webcast platform. Shareholders, CPFIS Members and SRS Investors who do not receive such email by 5.00 p.m. on 8 August 2021 but have registered by the deadline on 7 August 2021 should contact the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. for assistance at (65) 6536-5355 (during office hours) or via email at CapitaLand2021@boardroomlimited.com before 5.00 p.m. on 9 August 2021.

4. Shareholders, CPFIS Members and SRS Investors may submit questions related to the DIS Resolution to be tabled for approval at the EGM to the Chairman of the EGM in advance of the EGM. In order to do so, their questions must be submitted in the following manner by 2.15 p.m. on 7 August 2021:
 - (a) if submitted electronically:
 - (i) be submitted via the Company's pre-registration website at the URL https://investor.capitaland.com/aggm_egm.html; or
 - (ii) be submitted via email to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at CapitaLand2021@boardroomlimited.com; or
 - (b) if submitted by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

When submitting questions for the EGM, Shareholders, CPFIS Members and SRS Investors are requested to indicate that their questions relate to the EGM.

Shareholders, CPFIS Members and SRS Investors who submit questions via email or by post to the Company's Share Registrar must provide the following information:

- (i) their full name(s);
- (ii) their address(es); and
- (iii) the manner(s) in which they hold the Shares (e.g. via CDP, scrip, CPFIS and/or SRS).

Shareholders, CPFIS Members and SRS Investors may also ask the Chairman of the EGM any questions related to the DIS Resolution to be tabled for approval at the EGM through the live chat function at the EGM via the audio-visual webcast platform. Shareholders, CPFIS Members and SRS Investors who wish to ask questions live at the EGM must pre-register at the Company's pre-registration website at the URL https://investor.capitaland.com/aggm_egm.html, so that an email containing unique user credentials and instructions on how to, *inter alia*, ask questions through the live chat function at the EGM via the audio-visual webcast platform can be sent to them following verification. For persons who hold Shares through Relevant Intermediaries, other than CPFIS Members and SRS Investors, please refer to Note 11.

APPENDIX 20 – NOTICE OF EXTRAORDINARY GENERAL MEETING

The Company will endeavour to address all substantial and relevant questions received in advance of the EGM by publishing the Company's responses to such questions on its website at the URL https://investor.capitaland.com/agm_egm.html and on SGXNET, prior to the EGM. The Company will also address any substantial and relevant questions which have not already been addressed prior to the EGM, as well as those received during the EGM itself, during the EGM through the live audio-visual webcast and live audio-only stream of the EGM proceedings. Where substantially similar questions are received, the Company will consolidate such questions and consequently, not all questions may be individually addressed.

The Company will publish the minutes of the EGM on its website and on SGXNET, and the minutes will include the responses to the substantial and relevant questions which are addressed during the EGM.

5. **A Shareholder (whether individual or corporate) may appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such Shareholder wishes to exercise his/her/its voting rights at the EGM.** A Shareholder may appoint the Chairman of the EGM as his/her/its proxy via the pre-registration website at the URL https://investor.capitaland.com/agm_egm.html. Alternatively, a Shareholder may access the EGM Proxy Form at the Company's website at the URL https://investor.capitaland.com/agm_egm.html. The EGM Proxy Form will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. In addition, printed copies of the EGM Proxy Form will be sent by post to Shareholders.

In appointing the Chairman of the EGM as his/her/its proxy, a Shareholder must give specific instructions as to voting or abstention from voting, in respect of the resolution in the instrument of proxy, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.

6. The Chairman of the EGM, as proxy, need not be a Shareholder.
7. In the case of joint holders of a Share, any one of such persons may vote by proxy, but if more than one of such persons votes by proxy, only the vote of the person whose name stands first in the Register of Members or (as the case may be) the Depository Register shall be counted.
8. The instrument appointing the Chairman of the EGM as proxy must be submitted to the Company in the following manner:
- (a) if submitted electronically:
 - (i) (for Shareholders who are individuals¹ only) be submitted via the pre-registration website at the URL https://investor.capitaland.com/agm_egm.html; or
 - (ii) (for all Shareholders whether individuals or corporates) be submitted via email to the Company's Share Registrar at CapitaLand2021@boardroomlimited.com; or
 - (b) (for all Shareholders whether individuals or corporates) if submitted by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623,

in each case, by 2.00 p.m. on 7 August 2021, being 72 hours before the time appointed for holding the EGM.

9. A Shareholder who is an individual and who wishes to submit an instrument of proxy electronically via the pre-registration website may do so by authorising such appointment using the online proxy appointment process (where available) through the website at the URL provided above. Alternatively, a Shareholder who wishes to submit an EGM Proxy Form must complete and sign the EGM Proxy Form, before submitting it by post to the address provided above or sending it by email (e.g. attaching a completed and signed PDF copy of the form) to the email address provided above.

In view of the COVID-19 situation in Singapore, Shareholders are strongly encouraged to submit completed instruments of proxy electronically via the pre-registration website (where available) or via email as described in Note 8(a).

10. A Shareholder voting by appointing the Chairman of the EGM as his/her/its proxy shall be included in the count of Shareholders present and voting at the EGM as if the Shareholder was voting in person. The votes of the Chairman of the EGM shall be counted as the votes of the number of appointing Shareholders.

¹ Instruments of proxy executed under a power of attorney on behalf of an individual or by executors on behalf of a deceased individual's estate may only be submitted by email or post with the relevant supporting document where applicable.

APPENDIX 20 – NOTICE OF EXTRAORDINARY GENERAL MEETING

11. Persons who hold Shares through Relevant Intermediaries, other than CPFIS Members and SRS Investors, and who wish to participate in the EGM by: (a) observing and/or listening to the EGM proceedings via live audio-visual webcast or live audio-only stream; (b) submitting questions to the Chairman of the EGM in advance of and/or live at the EGM; and/or (c) appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM, should contact the Relevant Intermediary through which they hold such Shares as soon as possible in order for the necessary arrangements to be made for their participation in the EGM.

CPFIS Members and SRS Investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF agent banks or SRS approved banks to submit their votes by 5.00 p.m. on 29 July 2021, being 7 working days before the date of the EGM.

Due to the constantly evolving COVID-19 situation in Singapore, the Company may be required to change the arrangements for the EGM at short notice. Shareholders, CPFIS Members and SRS Investors should check the Company's website at the URL https://investor.capitaland.com/agm_egm.html for the latest updates on the status of the EGM.

12. The Scheme Document dated 17 July 2021 will be made available on the Company's website and may be accessed at the URL https://investor.capitaland.com/agm_egm.html. The Scheme Document may also be viewed on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

Personal data privacy:

By: (a) submitting an instrument appointing the Chairman of the EGM as proxy to attend, speak and vote at the EGM and/or any adjournment thereof; (b) pre-registering for the EGM at the Company's pre-registration website in accordance with this Notice; and/or (c) submitting any question to the Chairman of the EGM in advance of the EGM in accordance with this Notice, a Shareholder, CPFIS Member or SRS Investor consents to the collection, use and disclosure of the Shareholder's, CPFIS Member's or SRS Investor's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the EGM as proxy for the EGM (including any adjournment thereof);*
- (ii) where the Shareholder, CPFIS Member or SRS Investor pre-registers for the EGM, the processing of the pre-registration for purposes of verifying their status as a Shareholder, CPFIS Member or SRS Investor, and providing them with any technical assistance where necessary;*
- (iii) where the Shareholder, CPFIS Member or SRS Investor submits any question in advance of the EGM, the addressing of such substantial and relevant questions received from Shareholders, CPFIS Members and SRS Investors prior to the EGM and, if necessary, the following up with the relevant Shareholder, CPFIS Member or SRS Investor in relation to such substantial and relevant questions;*
- (iv) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof); and*
- (v) in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.*

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EGM PROXY FORM

CAPITALAND LIMITED

Company Registration No. 198900036N
(Incorporated in the Republic of Singapore)

EGM PROXY FORM ("PROXY FORM A")

IMPORTANT

1. All capitalised terms used in this EGM Proxy Form which are not otherwise defined herein shall bear the same meanings ascribed to them in the scheme document to shareholders of the Company dated 17 July 2021 (the "**Scheme Document**").
2. The EGM is being convened, and will be held, by way of electronic means on 10 August 2021 at 2.00 p.m. pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This EGM Proxy Form will be sent to Shareholders by electronic means via publication on the Company's website at the URL https://investor.capitaland.com/agm_egm.html, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. In addition, printed copies of this EGM Proxy Form will be sent by post to Shareholders.
3. Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the EGM in advance of and/or live at the EGM, addressing of substantial and relevant questions prior to, and/or at, the EGM and voting by appointing the Chairman of the EGM as proxy at the EGM, are set out in the Notice of EGM.
4. **As a precautionary measure due to the COVID-19 situation in Singapore, Shareholders and persons who hold Shares through Relevant Intermediaries (as defined in the Scheme Document) will not be able to attend the EGM in person. A Shareholder (whether individual or corporate) may appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such Shareholder wishes to exercise his/her/its voting rights at the EGM.**
5. This EGM Proxy Form is not valid for use by persons who hold Shares through Relevant Intermediaries and shall be ineffective for all intents and purposes if used or purported to be used by them. CPFIS Members and SRS Investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF agent banks or SRS approved banks to submit their votes by 5.00 p.m. on 29 July 2021, being 7 working days before the date of the EGM.
6. By submitting an instrument of proxy appointing the Chairman of the EGM as proxy, the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM.
7. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the EGM as a Shareholder's proxy to attend, speak and vote on his/her/its behalf at the EGM.**

I/We, _____ (Name) _____ (NRIC/Passport/Co. Regn. No.)
of _____ (Address)
being a member / members of CAPITALAND LIMITED (the "**Company**"), hereby appoint the Chairman of the EGM as my / our proxy to attend, speak and vote for me / us on my / our behalf at the EGM to be convened and held by way of electronic means on 10 August 2021 at 2.00 p.m. (Singapore time) and at any adjournment thereof.

I/We direct the Chairman of the EGM as my/our proxy to vote for or against, or to abstain from voting on, the Special Resolution to be proposed at the EGM as indicated hereunder:

	For	Against	Abstain
SPECIAL RESOLUTION: TO APPROVE THE CAPITAL REDUCTION AND DISTRIBUTION IN SPECIE			

Voting will be conducted by poll. If you wish the Chairman of the EGM as your proxy to cast all your votes "**For**" or "**Against**" the resolution, please indicate with a tick "j" in the "**For**" or "**Against**" box provided in respect of the resolution. Alternatively, please indicate the number of votes "**For**" or "**Against**" in the "**For**" or "**Against**" box provided in respect of the resolution. If you wish the Chairman of the EGM as your proxy to abstain from voting on the resolution, please indicate with a tick "j" in the "**Abstain**" box provided in respect of the resolution. Alternatively, please indicate the number of Shares the Chairman of the EGM as your proxy is directed to abstain from voting in the "**Abstain**" box provided in respect of that resolution. **In the absence of specific directions in respect of the resolution, the appointment of the Chairman of the EGM as your proxy for the resolution will be treated as invalid.**

Total Number of Shares Held

Signature(s) of Member(s) or Common Seal

Date

IMPORTANT: PLEASE READ NOTES OVERLEAF



**BUSINESS REPLY SERVICE
PERMIT NO. 09579**



CAPITALAND LIMITED

c/o Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Postage will
be paid by
addressee.
For posting in
Singapore only.

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Notes:

1. **As a precautionary measure due to the COVID-19 situation in Singapore, Shareholders and persons who hold Shares through Relevant Intermediaries will not be able to attend the EGM in person.** A Shareholder (whether individual or corporate) may appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such Shareholder wishes to exercise his/her/its voting rights at the EGM. This EGM Proxy Form may be accessed at the Company's website at the URL https://investor.capitaland.com/agma_egm.html, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Where a Shareholder appoints the Chairman of the EGM as his/her/its proxy, he/she/it must give specific instructions as to voting or abstention from voting, in respect of the resolution in the form of proxy, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.
2. This EGM Proxy Form is not valid for use by persons who hold Shares through Relevant Intermediaries and shall be ineffective for all intents and purposes if used or purported to be used by them. CPFIS Members or SRS Investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF agent banks or SRS approved banks to submit their votes by 5.00 p.m. on 29 July 2021, being 7 working days before the date of the EGM. Persons who hold Shares through Relevant Intermediaries, other than CPFIS Members and SRS Investors, who wish to appoint the Chairman of the EGM as proxy should contact the Relevant Intermediary through which they hold such Shares as soon as possible in order for the necessary arrangements to be made.
3. The Chairman of the EGM, as proxy, need not be a member.
4. If a Shareholder has Shares entered against his/her/its name in the Depository Register, he/she/it should insert that number of Shares. If the Shareholder has Shares registered in his/her/its name in the Register of Members (maintained by or on behalf of the Company), he/she/it should insert that number of Shares. If the Shareholder has Shares entered against his/her/its name in the Depository Register and Shares registered in his/her/its name in the Register of Members, he/she/it should insert the aggregate number of Shares. If no number is inserted, this EGM Proxy Form appointing the Chairman of the EGM as proxy will be deemed to relate to all the Shares held by the Shareholder.
5. The instrument appointing the Chairman of the EGM as proxy must be submitted to the Company in the following manner:
 - (a) if submitted electronically:
 - (i) (for Shareholders who are individuals' only) be submitted via the Company's pre-registration website at the URL https://investor.capitaland.com/agma_egm.html; or
 - (ii) (for all Shareholders whether individuals or corporates) be submitted via email to the Company's Share Registrar at CapitaLand2021@boardroomlimited.com; or
 - (b) (for all Shareholders whether individuals or corporates) if submitted by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; orin each case, by 2.00 p.m. on 7 August 2021, being 72 hours before the time appointed for holding the EGM.
6. A Shareholder who is an individual and who wishes to submit an instrument of proxy electronically via the pre-registration website may do so by authorising such appointment using the online proxy appointment process (where available) through the website at the URL provided above. Alternatively, a Shareholder who wishes to submit an EGM Proxy Form must complete and sign the EGM Proxy Form, before submitting it by post to the address provided above, or sending it by email (e.g. attaching a completed and signed PDF copy of the form) to the email address provided above.

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7. Where the instrument appointing the Chairman of the EGM as proxy is submitted by post or electronically via email, it must be under the hand of the appointor or of his attorney duly authorised in writing or, if submitted electronically via the pre-registration website at the URL https://investor.capitaland.com/agma_egm.html, be authorised by the appointor via the online proxy appointment process through the website. Where the instrument appointing the Chairman of the EGM as proxy is executed by a corporation, it must, if submitted by post or electronically via email, be executed either under its seal or under the hand of an officer or attorney duly authorised.
8. Where an instrument appointing the Chairman of the EGM as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument appointing the Chairman of the EGM as proxy is submitted by post, be lodged with the instrument appointing a proxy or, if the instrument appointing the Chairman of the EGM as proxy is submitted electronically via email, be emailed with the instrument appointing a proxy, failing which the instrument may be treated as invalid.
9. Any reference to a time of day is made by reference to Singapore time.
10. The Company shall be entitled to reject the instrument appointing the Chairman of the EGM as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the EGM as proxy (including any related attachment). In addition, in the case of Shareholders whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the EGM as proxy lodged or submitted if such Shareholders are not shown to have Shares entered against their names in the Depository Register 72 hours before the time appointed for holding the EGM as certified by The Central Depository (Pte) Limited to the Company.

¹ Instruments of proxy executed under a power of attorney on behalf of an individual or by executors on behalf of a deceased individual's estate may only be submitted by email or post with the relevant supporting document where applicable (please refer to Note 8).

APPENDIX 21 – NOTICE OF SCHEME MEETING

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

HC/OS 646/2021

**IN THE MATTER OF SECTION 210
OF THE COMPANIES ACT, CHAPTER 50**

And

**IN THE MATTER OF
CAPITALAND LIMITED**
(Company Registration No. 198900036N)

...Applicant

SCHEME OF ARRANGEMENT

under Section 210 of the Companies Act, Chapter 50

Between

CapitaLand Limited

And

Scheme Shareholders (as defined herein)

And

CLA Real Estate Holdings Pte. Ltd.

NOTICE OF SCHEME MEETING

NOTICE IS HEREBY GIVEN that by an Order of Court dated 5 July 2021 made in the above matter, the High Court of the Republic of Singapore (the “**Court**”) has directed a meeting (the “**Scheme Meeting**”) of the Scheme Shareholders (as defined in the Schedule hereto) of CapitaLand Limited (the “**Company**”) to be convened and such Scheme Meeting shall be held by way of electronic means on 10 August 2021 at 2.15 p.m. (or in the event that the EGM concludes after 2.15 p.m., as soon as possible thereafter following the conclusion of the EGM), for the purpose of considering and, if thought fit, passing (with or without modification) the following resolution. All capitalised terms used in this Notice of Scheme Meeting which are not defined herein shall have the meanings ascribed to them in the Scheme Document (as defined in the Schedule hereto).

THE SCHEME RESOLUTION: TO APPROVE THE SCHEME OF ARRANGEMENT

“That subject to the passing of the DIS Resolution at the EGM, the Scheme of Arrangement dated 17 July 2021 (the “**Scheme**”) proposed to be made pursuant to Section 210 of the Companies Act, Chapter 50 of Singapore, between (i) the Company, (ii) the Scheme Shareholders and (iii) CLA Real Estate Holdings Pte. Ltd., which is set out in the Scheme Document, be and is hereby approved.”

APPENDIX 21 – NOTICE OF SCHEME MEETING

Importance Notice from the Company

A copy of the Scheme and a copy of the Explanatory Statement required to be furnished pursuant to Section 211 of the Companies Act, are incorporated in the Scheme Document of which this Notice of Scheme Meeting forms part.

Electronic copies of the Scheme Document (enclosing this Notice of Scheme Meeting and the Scheme Meeting Proxy Form) and the Introductory Document are available on the website of the SGX-ST at <https://www.sgx.com/securities/company-announcements> and on the website of the Company at https://investor.capitaland.com/agm_egm.html. A Shareholder will need an internet browser and PDF reader to view these documents on the websites of the SGX-ST and the Company.

Shareholders (including Overseas Shareholders (as defined in the Schedule hereto)) may also obtain printed copies of the Scheme Document and Introductory Document by completing and submitting the electronic request form available on the website of the Company at https://investor.capitaland.com/agm_egm.html up to three (3) Market Days (as defined in the Schedule hereto) prior to the date of the Scheme Meeting. Printed copies of the Scheme Document and the Introductory Document will be sent to the address in Singapore specified by the Shareholder at his/her/its own risk.

The Court has, by an Order of Court, granted liberty to convene and hold the Scheme Meeting by way of electronic means.

A Scheme Shareholder (whether individual or corporate) may appoint the Chairman of the Scheme Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Scheme Meeting if such Scheme Shareholder wishes to exercise his/her/its voting rights at the Scheme Meeting.

It is requested that the Scheme Meeting Proxy Form be lodged with the Share Registrar in the manner set out below not less than 72 hours before the time fixed for holding the Scheme Meeting.

Each Scheme Shareholder (other than a Relevant Intermediary (as defined in the Schedule hereto)) may only cast all the votes it uses at the Scheme Meeting in one way. Scheme Shareholders who are Relevant Intermediaries need not cast all the votes they use in the same way provided that each vote is exercised in relation to a different Share.

In the case of joint holders of a Share (as defined in the Schedule hereto), any one of such persons may vote by proxy, but if more than one of such persons votes by proxy, only the vote of the person whose name stands first in the Register of Members (as defined in the Schedule hereto) or (as the case may be) the Depository Register (as defined in the Schedule hereto) shall be counted.

By the said Order of Court, the Court has appointed Chaly Mah Chee Kheong, or failing him, any other independent director of the Company, to act as Chairman of the Scheme Meeting and has directed the Chairman to report the results thereof to the Court.

The Scheme will be subject to, *inter alia*, the subsequent sanction of the Court.

THE SCHEDULE

Expression	Meaning
“Companies Act”	The Companies Act, Chapter 50 of Singapore
“Depositor”	Has the meaning ascribed to it in Section 81SF of the SFA
“Depository Register”	Has the meaning ascribed to it in Section 81SF of the SFA
“Market Day”	A day on which the Singapore Exchange Securities Trading Limited is open for the trading of securities
“Overseas Shareholders”	Shareholders whose registered mailing addresses are outside Singapore, as shown on the Register of Members or, as the case may be, in the Depository Register

APPENDIX 21 – NOTICE OF SCHEME MEETING

“Register of Members”	The register of members of the Company
“Relevant Intermediary”	A “relevant intermediary” as defined in Section 181 of the Companies Act or a “depository agent” as defined in Section 81SF of the SFA
“Scheme Document”	The document dated 17 July 2021 containing the Scheme and any other document(s) which may be issued by or on behalf of the Company to amend, revise, supplement or update the document(s) from time to time
“Scheme Shareholders”	All Shareholders other than CLA Real Estate Holdings Pte. Ltd.
“Securities Account”	The relevant securities account maintained by a Depositor with The Central Depository (Pte) Limited but does not include a securities sub-account
“SFA”	The Securities and Futures Act, Chapter 289 of Singapore
“Shareholders”	(i) Persons who are registered as holders of Shares in the Register of Members (other than The Central Depository (Pte) Limited); and (ii) where The Central Depository (Pte) Limited is registered in the Register of Members as the holder of Shares, Depositors (as defined in Section 81SF of the SFA) registered in the Depository Register as having Shares credited to their Securities Account
“Shares”	Issued and paid-up ordinary shares in the capital of the Company

Notes:

1. This Notice of Scheme Meeting will be sent to Shareholders by electronic means via publication on the Company’s website at the URL https://investor.capitaland.com/agm_egm.html, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. In addition, printed copies of this Notice of Scheme Meeting will be sent by post to Shareholders.
2. **As a precautionary measure due to the COVID-19 situation in Singapore, Shareholders and persons who hold Shares through Relevant Intermediaries will not be able to attend the Scheme Meeting in person.** Alternative arrangements relating to attendance at the Scheme Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Scheme Meeting in advance of and/or live at the Scheme Meeting, addressing of substantial and relevant questions prior to, and/or at, the Scheme Meeting and voting by appointing the Chairman of the Scheme Meeting as proxy at the Scheme Meeting, are set out below. Any reference to a time of day is made by reference to Singapore time.
3. Shareholders, CPFIS Members and SRS Investors will be able to observe and/or listen to the Scheme Meeting proceedings through a live audio-visual webcast or live audio-only stream via their mobile phones, tablets or computers. In order to do so, Shareholders, CPFIS Members and SRS Investors must pre-register at the Company’s pre-registration website at the URL https://investor.capitaland.com/agm_egm.html from now till 2.15 p.m. on 7 August 2021 to enable the Company to verify their status as Shareholders, CPFIS Members or SRS Investors. For persons who hold Shares through Relevant Intermediaries, other than CPFIS Members and SRS Investors, please refer to Note 10.

Following the verification, authenticated Shareholders, CPFIS Members and SRS Investors will receive an email confirming successful registration, which will contain unique user credentials as well as instructions on how to access the live audio-visual webcast and a toll-free telephone number to access the live audio-only stream of the Scheme Meeting proceedings and how to ask questions through the live chat function at the Scheme Meeting via the audio-visual webcast platform. Shareholders, CPFIS Members and SRS Investors who do not receive such email by 5.00 p.m. on 8 August 2021 but have registered by the deadline on 7 August 2021 should contact the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. for assistance at (65) 6536-5355 (during office hours) or via email at CapitaLand2021@boardroomlimited.com before 5.00 p.m. on 9 August 2021.

APPENDIX 21 – NOTICE OF SCHEME MEETING

4. Shareholders, CPFIS Members and SRS Investors may submit questions related to the Scheme Resolution to be tabled for approval at the Scheme Meeting to the Chairman of the Scheme Meeting in advance of the Scheme Meeting. In order to do so, their questions must be submitted in the following manner by 2.15 p.m. on 7 August 2021:

- (a) if submitted electronically:
- (i) be submitted via the Company's pre-registration website at the URL https://investor.capitaland.com/agm_egm.html; or
 - (ii) be submitted via email to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at CapitalLand2021@boardroomlimited.com; or
- (b) if submitted by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

When submitting questions for the Scheme Meeting, Shareholders, CPFIS Members and SRS Investors are requested to indicate that their questions relate to the Scheme Meeting.

Shareholders, CPFIS Members and SRS Investors who submit questions via email or by post to the Company's Share Registrar must provide the following information:

- (i) their full name(s);
- (ii) their address(es); and
- (iii) the manner in which they hold the Shares (e.g. via CDP, scrip, CPFIS or SRS).

Shareholders, CPFIS Members and SRS Investors may also ask the Chairman of the Scheme Meeting any questions related to the Scheme Resolution to be tabled for approval at the Scheme Meeting through the live chat function at the Scheme Meeting via the audio-visual webcast platform. Shareholders, CPFIS Members and SRS Investors who wish to ask questions live at the Scheme Meeting must pre-register at the Company's pre-registration website at the URL https://investor.capitaland.com/agm_egm.html, so that an email containing unique user credentials and instructions on how to, *inter alia*, ask questions through the live chat function at the Scheme Meeting via the audio-visual webcast platform can be sent to them following verification. For persons who hold Shares through Relevant Intermediaries, other than CPFIS Members and SRS Investors, please refer to Note 10.

The Company will endeavour to address all substantial and relevant questions received in advance of the Scheme Meeting by publishing the Company's responses to such questions on its website at URL https://investor.capitaland.com/agm_egm.html and on SGXNET, prior to the Scheme Meeting. The Company will also address any substantial and relevant questions which have not already been addressed prior to the Scheme Meeting, as well as any received during the Scheme Meeting itself, during the Scheme Meeting through the live audio-visual webcast and live audio-only stream of the Scheme Meeting proceedings. Where substantially similar questions are received, the Company will consolidate such questions and consequently, not all questions may be individually addressed.

The Company will publish the minutes of the Scheme Meeting on its website and on SGXNET, and the minutes will include the responses to the substantial and relevant questions which are addressed during the Scheme Meeting.

5. **A Shareholder (whether individual or corporate) may appoint the Chairman of the Scheme Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Scheme Meeting if such Shareholder wishes to exercise his/her/its voting rights at the Scheme Meeting.** A Shareholder may appoint the Chairman of the Scheme Meeting as his/her/its proxy via the pre-registration website at the URL https://investor.capitaland.com/agm_egm.html. Alternatively, a Shareholder may access the Scheme Meeting Proxy Form at the Company's website at the URL https://investor.capitaland.com/agm_egm.html. The Scheme Meeting Proxy Form will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. In addition, printed copies of the Scheme Meeting Proxy Form will be sent by post to Shareholders.

In appointing the Chairman of the Scheme Meeting as his/her/its proxy, a Shareholder must give specific instructions as to voting or abstention from voting, in respect of the resolution in instrument of proxy, failing which the appointment of the Chairman of the Scheme Meeting as proxy for that resolution will be treated as invalid.

6. The Chairman of the Scheme Meeting, as proxy, need not be a Shareholder.
7. The instrument appointing the Chairman of the Scheme Meeting as proxy must be submitted to the Company in the following manner:
- (a) if submitted electronically:
- (i) (for Shareholders who are individuals¹ only) be submitted via the pre-registration website at the URL https://investor.capitaland.com/agm_egm.html; or

¹ Instruments of proxy executed under a power of attorney on behalf of an individual or by executors on behalf of a deceased individual's estate may only be submitted by email or post with the relevant supporting document where applicable.

APPENDIX 21 – NOTICE OF SCHEME MEETING

- (ii) (for all Shareholders whether individuals or corporates) be submitted via email to the Company's Share Registrar at CapitaLand2021@boardroomlimited.com; or
- (b) (for all Shareholders whether individuals or corporates) if submitted by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623,

in each case, by 2.15 p.m. on 7 August 2021, being 72 hours before the time appointed for the Scheme Meeting.

8. A Shareholder who is an individual and who wishes to submit an instrument of proxy electronically via the pre-registration website may do so by authorising such appointment using the online proxy appointment process (where available) through the website at the URL provided above. Alternatively, a Shareholder who wishes to submit a Scheme Meeting Proxy Form must complete and sign the Scheme Meeting Proxy Form, before submitting it by post to the address provided above or sending it by email (e.g. attaching a completed and signed PDF copy of the form) to the email address provided above.

In view of the COVID-19 situation in Singapore, Shareholders are strongly encouraged to submit completed instruments of proxy electronically via the pre-registration website (where available) or via email as described in Note 7(a).

9. A Shareholder voting by appointing the Chairman of the Scheme Meeting as his/her/its proxy shall be included in the count of Shareholders present and voting at the Scheme Meeting as if the Shareholder was voting in person. The votes of the Chairman of the Scheme Meeting shall be counted as the votes of the number of appointing Shareholders.
10. Persons who hold Shares through Relevant Intermediaries, other than CPFIS Members and SRS Investors, and who wish to participate in the Scheme Meeting by: (a) observing and/or listening to the Scheme Meeting proceedings via live audio-visual webcast or live audio-only stream; (b) submitting questions to the Chairman of the Scheme Meeting in advance of and/or live at the Scheme Meeting; and/or (c) appointing the Chairman of the Scheme Meeting as proxy to attend, speak and vote on their behalf at the Scheme Meeting, should contact the Relevant Intermediary through which they hold such Shares as soon as possible in order for the necessary arrangements to be made for their participation in the Scheme Meeting.

CPFIS Members and SRS Investors who wish to appoint the Chairman of the Scheme Meeting as proxy should approach their respective CPF agent banks or SRS approved banks to submit their votes by 5.00 p.m. on 29 July 2021, being 7 working days before the date of the Scheme Meeting.

Due to the constantly evolving COVID-19 situation in Singapore, the Company may be required to change the arrangements for the Scheme Meeting at short notice. Shareholders, CPFIS Members and SRS Investors should check the Company's website at the URL https://investor.capitaland.com/agm_egm.html for the latest updates on the status of the Scheme Meeting.

Personal data privacy:

By: (a) submitting an instrument appointing the Chairman of the Scheme Meeting as proxy to attend, speak and vote at the Scheme Meeting and/or any adjournment thereof; (b) pre-registering for the Scheme Meeting at the Company's pre-registration website in accordance with this Notice; and/or (c) submitting any question to the Chairman of the Scheme Meeting in advance of the Scheme Meeting in accordance with this Notice, a Shareholder, CPFIS Member or SRS Investor consents to the collection, use and disclosure of the Shareholder's, CPFIS Member's or SRS Investor's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) *the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Scheme Meeting as proxy for the Scheme Meeting (including any adjournment thereof);*
- (ii) *where the Shareholder, CPFIS Member or SRS Investor pre-registers for the Scheme Meeting, the processing of the pre-registration for purposes of verifying their status as a Shareholder, CPFIS Member or SRS Investor, and providing them with any technical assistance where necessary;*
- (iii) *where the Shareholder, CPFIS Member or SRS Investor submits any question in advance of the Scheme Meeting, the addressing of such substantial and relevant questions received from Shareholders, CPFIS Members and SRS Investors prior to the Scheme Meeting and, if necessary, the following up with the relevant Shareholder, CPFIS Member or SRS Investor in relation to such substantial and relevant questions;*
- (iv) *the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Scheme Meeting (including any adjournment thereof); and*
- (v) *in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.*

Dated this 17th day of July 2021

Allen & Gledhill LLP
One Marina Boulevard #28-00
Singapore 018989

Solicitors for
CapitaLand Limited

SCHEME MEETING PROXY FORM

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

HC/OS 646/2021

**IN THE MATTER OF SECTION 210
OF THE COMPANIES ACT, CHAPTER 50**

And

**IN THE MATTER OF
CAPITALAND LIMITED**
(Company Registration No. 198900036N)

...Applicant

SCHEME OF ARRANGEMENT

under Section 210 of the Companies Act, Chapter 50

Between

CapitaLand Limited

And

Scheme Shareholders (as defined herein)

And

CLA Real Estate Holdings Pte. Ltd.

SCHEME MEETING PROXY FORM

CAPITALAND LIMITED

Company Registration No. 198900036N
(Incorporated in the Republic of Singapore)

SCHEME MEETING PROXY FORM ("PROXY FORM B")

IMPORTANT

1. All capitalised terms used in this Scheme Meeting Proxy Form which are not otherwise defined herein shall bear the same meanings ascribed to them in the scheme document to shareholders of the Company dated 17 July 2021 (the "Scheme Document").
2. The Scheme Meeting is being convened, and will be held, by way of electronic means. The Scheme Meeting to be held on 10 August 2021 will start at 2.15 p.m. (or in the event that the EGM concludes after 2.15 p.m., as soon as possible thereafter following the conclusion of the EGM). This Scheme Meeting Proxy Form will be sent to Shareholders by electronic means via publication on the Company's website at the URL https://investor.capitaland.com/agm_egm.html, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. In addition, printed copies of this Scheme Meeting Proxy Form will be sent by post to Shareholders.
3. Alternative arrangements relating to attendance at the Scheme Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Scheme Meeting in advance of and/or live at the Scheme Meeting, addressing of substantial and relevant questions prior to, and/or at, the Scheme Meeting and voting by appointing the Chairman of the Scheme Meeting as proxy at the Scheme Meeting, are set out in the Notice of Scheme Meeting.
4. **As a precautionary measure due to the COVID-19 situation in Singapore, Shareholders and persons who hold Shares through Relevant Intermediaries (as defined in the Scheme Document) will not be able to attend the Scheme Meeting in person. A Shareholder (whether individual or corporate) may appoint the Chairman of the Scheme Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Scheme Meeting if such Shareholder wishes to exercise his/her/its voting rights at the Scheme Meeting.**
5. This Scheme Meeting Proxy Form is not valid for use by persons who hold Shares through Relevant Intermediaries and shall be ineffective for all intents and purposes if used or purported to be used by them. CPFIS Members and SRS Investors who wish to appoint the Chairman of the Scheme Meeting as proxy should approach their respective CPF agent banks or SRS approved banks to submit their votes by 5.00 p.m. on 29 July 2021, being 7 working days before the date of the Scheme Meeting.
6. By submitting an instrument of proxy appointing the Chairman of the Scheme Meeting as proxy, the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of Scheme Meeting.
7. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Scheme Meeting as a Shareholder's proxy to attend, speak and vote on his/her/its behalf at the Scheme Meeting.**

I/We, _____ (Name) _____ (NRIC/Passport/Co. Regn. No.)

of _____ (Address)

being a member / members of CAPITALAND LIMITED (the "**Company**"), hereby appoint the Chairman of the Scheme Meeting as my / our proxy to attend, speak and vote for me / us on my / our behalf at the Scheme Meeting to be convened and held by way of electronic means on 10 August 2021 at 2.15 p.m. (Singapore time) (or in the event that the EGM concludes after 2.15 p.m., as soon as possible thereafter following the conclusion of the EGM) and at any adjournment thereof.

I/We direct the Chairman of the Scheme Meeting as my/our proxy to vote for or against, or to abstain from voting on, the Resolution to be proposed at the Scheme Meeting as indicated hereunder:

	For	Against	Abstain
RESOLUTION: TO APPROVE THE SCHEME OF ARRANGEMENT			

Voting will be conducted by poll.

A Shareholder who is not a Relevant Intermediary

If you are a Shareholder (other than a Relevant Intermediary), you may only cast all the votes you use at the Scheme Meeting in one way:

- (i) if you wish to appoint the Chairman of the Scheme Meeting as your proxy to cast all your votes "**For**" or "**Against**" the resolution, please indicate with a tick "✓" in the "**For**" or "**Against**" box provided in respect of the resolution; or
- (ii) if you wish to appoint the Chairman of the Scheme Meeting to abstain from voting on the resolution, please indicate with a tick "✓" in the "**Abstain**" box provided in respect of the resolution.

DO NOT TICK MORE THAN ONE BOX.

A Shareholder who is a Relevant Intermediary

If you are a Relevant Intermediary, please indicate (i) the number of votes "**For**" or "**Against**" the Chairman of the Scheme Meeting as your proxy is directed to cast in the "**For**" or "**Against**" box provided in respect of the resolution and (ii) the number of Shares the Chairman of the Scheme Meeting as your proxy is directed to abstain from voting in the "**Abstain**" box provided in respect of the resolution.

In the absence of specific directions in respect of the resolution, the appointment of the Chairman of the Scheme Meeting as your proxy for the resolution will be treated as invalid.

Total Number of Shares Held

Signature or Common Seal of Member(s)

Date

IMPORTANT: PLEASE READ NOTES OVERLEAF



**BUSINESS REPLY SERVICE
PERMIT NO. 09579**



CAPITALAND LIMITED

c/o Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Postage will
be paid by
addressee.
For posting in
Singapore only.

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Notes:

1. **As a precautionary measure due to the COVID-19 situation in Singapore, Shareholders and persons who hold Shares through Relevant Intermediaries will not be able to attend the Scheme Meeting in person.** A Shareholder (whether individual or corporate) may appoint the Chairman of the Scheme Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Scheme Meeting if such Shareholder wishes to exercise his/her/its voting rights at the Scheme Meeting. This Scheme Meeting Proxy Form may be accessed at the Company's website at the URL https://investor.capitaland.com/agm_egm.html, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Where a Shareholder appoints the Chairman of the Scheme Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting or abstention from voting, in respect of the resolution in the form of proxy, failing which the appointment of the Chairman of the Scheme Meeting as proxy for that resolution will be treated as invalid.
2. This Scheme Meeting Proxy Form is not valid for use by persons who hold Shares through Relevant Intermediaries and shall be ineffective for all intents and purposes if used or purported to be used by them. CPFIS Members or SRS Investors who wish to appoint the Chairman of the Scheme Meeting as proxy should approach their respective CPF agent banks or SRS approved banks to submit their votes by 5.00 p.m. on 29 July 2021, being 7 working days before the date of the Scheme Meeting. Persons who hold Shares through Relevant Intermediaries, other than CPFIS Members and SRS Investors, who wish to appoint the Chairman of the Scheme Meeting as proxy should contact the Relevant Intermediary through which they hold such Shares as soon as possible in order for the necessary arrangements to be made.
3. The Chairman of the Scheme Meeting, as proxy, need not be a member.
4. If a Shareholder has Shares entered against his/her/its name in the Depository Register, he/she/it should insert that number of Shares. If the Shareholder has Shares registered in his/her/its name in the Register of Members (maintained by or on behalf of the Company), he/she/it should insert that number of Shares. If the Shareholder has Shares entered against his/her/its name in the Depository Register and Shares registered in his/her/its name in the Register of Members, he/she/it should insert the aggregate number of Shares. If no number is inserted, this Scheme Meeting Proxy Form appointing the Chairman of the Scheme Meeting as proxy will be deemed to relate to all the Shares held by the Shareholder.
5. The instrument appointing the Chairman of the Scheme Meeting as proxy must be submitted to the Company in the following manner:
 - (a) if submitted electronically:
 - (i) (for Shareholders who are individuals' only) be submitted via the Company's pre-registration website at the URL https://investor.capitaland.com/agm_egm.html; or
 - (ii) (for all Shareholders whether individuals or corporates) be submitted via email to the Company's Share Registrar at CapitaLand2021@boardroomlimited.com; or
 - (b) (for all Shareholders whether individuals or corporates) if submitted by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623,
 in each case, by 2.15 p.m. on 7 August 2021, being 72 hours before the time appointed for holding the Scheme Meeting.
6. A Shareholder who is an individual and who wishes to submit an instrument of proxy electronically via the pre-registration website may do so by authorising such appointment using the online proxy appointment process (where available) through the website at the URL provided above. Alternatively, a Shareholder who wishes to submit a Scheme Meeting Proxy Form must complete and sign the Scheme Meeting Proxy Form, before submitting it by post to the address provided above, or sending it by email (e.g. attaching a completed and signed PDF copy of the form) to the email address provided above.
7. Where the instrument appointing the Chairman of the Scheme Meeting as proxy is submitted by post or electronically via email, it must be under the hand of the appointor or of his attorney duly authorised in writing or, if submitted electronically via the pre-registration website at the URL https://investor.capitaland.com/agm_egm.html, be authorised by the appointor via the online proxy appointment process through the website. Where the instrument appointing the Chairman of the Scheme Meeting as proxy is executed by a corporation, it must, if submitted by post or electronically via email, be executed either under its seal or under the hand of an officer or attorney duly authorised.

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8. Where an instrument appointing the Chairman of the Scheme Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument appointing the Chairman of the Scheme Meeting as proxy is submitted by post, be lodged with the instrument appointing a proxy or, if the instrument appointing the Chairman of the Scheme Meeting as proxy is submitted electronically via email, be emailed with the instrument appointing a proxy, failing which the instrument may be treated as invalid.
9. Any reference to a time of day is made by reference to Singapore time.
10. The Company shall be entitled to reject the instrument appointing the Chairman of the Scheme Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Scheme Meeting as proxy (including any related attachment). In addition, in the case of Shareholders whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the Scheme Meeting as proxy lodged or submitted if such Shareholders are not shown to have Shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Scheme Meeting as certified by The Central Depository (Pte) Limited to the Company.
11. Pursuant to the order of the Court, a Shareholder who is a Relevant Intermediary need not cast all the votes it uses in the same way provided that each vote is exercised in relation to a different Share. For the purposes of satisfying the condition under section 210(3AB)(a) of the Companies Act, the Company shall treat a Relevant Intermediary that casts votes both for and against the Scheme as follows:
 - (a) the Company shall treat the Relevant Intermediary as casting one (1) vote in favour of the Scheme if the Relevant Intermediary casts more votes for the Scheme than against the Scheme;
 - (b) the Company shall treat the Relevant Intermediary as casting one (1) vote against the Scheme if the Relevant Intermediary casts more votes against the Scheme than for the Scheme; and
 - (c) the Company shall treat the Relevant Intermediary as casting one (1) vote for and one (1) vote against the Scheme if the Relevant Intermediary casts equal votes for and against the Scheme.

¹ Instruments of proxy executed under a power of attorney on behalf of an individual or by executors on behalf of a deceased individual's estate may only be submitted by email or post with the relevant supporting document where applicable (please refer to Note 8).

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CAPITALAND LIMITED

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