

## IMPORTANT NOTICE

**NOT FOR DISTRIBUTION INTO THE UNITED STATES, TO ANY U.S. PERSONS OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES**

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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY US ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED IN THIS OFFERING CIRCULAR.

**Confirmation of your Representation:** In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must not be a U.S. person (within the meaning of Regulation S under the Securities Act). This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular, you shall be deemed to have represented to us (1) that you are not a U.S. person nor are you acting on behalf of a U.S. person, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and, to the extent you purchase the securities described in this Offering Circular, you will be doing so pursuant to Regulation S under the Securities Act and (2) that you consent to delivery of such Offering Circular and any amendments or supplements thereto by electronic transmission.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in this Offering Circular.

The materials relating to the offering of securities to which this Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer (as defined in this Offering Circular) in such jurisdiction.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of CapitaLand Treasury Limited, CapitaLand Limited, DBS Bank Ltd. (“**DBS**”), The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (“**HSBC**”), Morgan Stanley Asia (Singapore) Pte. (“**MS**”), Oversea-Chinese Banking Corporation Limited (“**OCBC**”) and United Overseas Bank Limited (“**UOB**”), and together with DBS, HSBC, MS and OCBC, the “**Arrangers**”), the Dealers (as defined in the Offering Circular), any person who controls any of them, or any director, officer, employee or agent of any of them, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arrangers and the Dealers.

**Actions that You May Not Take:** If you receive this document by e-mail, you should not reply by e-mail to this notice, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your email software, will be ignored or rejected.

**You are responsible for protecting against viruses and other destructive items.** Your use of this electronic mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



## CapitaLand Treasury Limited

(incorporated in the Republic of Singapore on 14 September 1996)

Company Registration Number 199606698M

**S\$5,000,000,000**

## Euro Medium Term Note Programme

unconditionally and irrevocably guaranteed by

## CapitaLand Limited

(incorporated in the Republic of Singapore on 5 January 1989)

Company Registration Number: 198900036N

Under the Euro Medium Term Note Programme described in this Offering Circular (the "**Programme**"), CapitaLand Treasury Limited (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue medium term notes and perpetual notes ("**Perpetual Notes**") and together, the "**Notes**" guaranteed (the "**Guarantee**") by CapitaLand Limited ("**CapitaLand**" or the "**Guarantor**"). The aggregate nominal amount of Notes outstanding will not at any time exceed S\$5,000,000,000 (or the equivalent in other currencies), subject to increase as described herein.

Defined terms used in this Offering Circular shall have the meanings given to such terms in "Terms and Conditions of the Notes other than Perpetual Notes" and "Terms and Conditions of the Perpetual Notes".

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and for the listing of any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. Unlisted Series (as defined herein) of Notes may also be issued pursuant to the Programme and Notes may also be listed on stock exchanges other than the SGX-ST. The relevant Pricing Supplement (as defined herein) in respect of any Series of Notes will specify whether or not such Notes will be listed on the SGX-ST or on any other stock exchange. There is no assurance that the application to the SGX-ST for the listing of the Notes will be approved. Admission to the Official List of the SGX-ST and listing and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Group (as defined herein), the Programme or such Notes. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Offering Circular.

Each Series of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "**temporary Global Note**") or a permanent global note in bearer form (each a "**permanent Global Note**" and, together with the temporary Global Notes, the "**Global Notes**") and will be sold in an "offshore transaction" within the meaning of Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Interests in a temporary Global Note generally will be exchangeable for interests in a permanent Global Note, or if so stated in the relevant Pricing Supplement, definitive Notes ("**Definitive Notes**"), after the date falling 40 days after the later of the commencement of the offering and the relevant issue date of a Tranche (as defined herein) upon certification as to non-U.S. beneficial ownership. Interests in permanent Global Notes will be exchangeable for Definitive Notes as described under "Summary of Provisions Relating to the Notes while in Global Form".

Notes of each Series to be issued in registered form will be represented by registered certificates (each a "**Certificate**"), one Certificate being issued in respect of each Noteholder's (as defined herein) entire holding of Registered Notes and Registered Perpetual Notes (each as defined herein) of one Series. Registered Notes and Registered Perpetual Notes which are sold in an "offshore transaction" within the meaning of Regulation S, will initially be represented by a permanent registered global certificate (each a "**Global Certificate**") without interest coupons, which may be deposited on the relevant issue date: (a) with, and registered in the name of, a common depository on behalf of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), with The Central Depository (Pte) Limited ("**CDP**") or with a sub-custodian for the Hong Kong Monetary Authority (the "**HKMA**") as operator of the Central Money Markets Unit Service (the "**CMU**" or the "**CMU Service**") operated by the HKMA; or (b) in the case of a Series intended to be cleared through a clearing system other than, or in addition to, Euroclear and/or Clearstream, Luxembourg, CDP or the CMU, or delivered outside a clearing system, as agreed between the Issuer, the Guarantor, the Issuing and Paying Agent, the Trustee and the relevant Dealer(s) (each as defined herein). The provisions governing the exchange of interests in Global Notes for other Global Notes and Definitive Notes are described in "Summary of Provisions Relating to the Notes while in Global Form".

Unless otherwise stated in a relevant Pricing Supplement, Tranches of Notes to be issued under the Programme will be unrated.

The Notes and the Guarantee have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Bearer Notes (as defined herein) that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold, or, in the case of Bearer Notes, delivered within the United States to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) unless an exemption from the registration requirement of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. Registered Global Notes are subject to certain restrictions on transfer. See "Subscription and Sale".

Investing in Notes issued under the Programme involves certain risks. Prospective investors should have regard to the risks described in "Risk Factors".

This Offering Circular is an advertisement and is not a prospectus for the purposes of EU Directive 2003/71/EC.

### Arrangers

DBS Bank Ltd.	HSBC	Morgan Stanley	OCBC Bank	UOB
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### Dealers

DBS Bank Ltd.	HSBC	Morgan Stanley	OCBC Bank	UOB
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## NOTICE TO INVESTORS

*The Issuer and the Guarantor accept responsibility for the information contained in this Offering Circular. The Issuer and the Guarantor, having made all reasonable enquiries, confirm that: (i) this Offering Circular contains all information with regard to the Issuer, the Guarantor and the Group and to the Notes and the Guarantee which is material in the context of the issue and offering of the Notes and the giving of the Guarantee; (ii) such information is true and accurate in all material respects; (iii) the opinions, expectations and intentions expressed in the Offering Circular have been carefully considered, are and will be based on all relevant considerations and facts known to the Issuer and the Guarantor existing at the date of its issue and are and will be fairly, reasonably and honestly held by the Issuer and/or the Guarantor, as the case may be; and (iv) there are no other facts the omission of which would make any such information or material expressions of opinion, expectation or intention misleading in any material respect.*

*This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (please refer to "Documents Incorporated by Reference"). This Offering Circular shall be read and construed on the basis that such documents are incorporated in, and form part of, this Offering Circular.*

The Arrangers, the Dealers, the Trustee and the Agents have not separately verified the information contained in this Offering Circular. None of the Arrangers, the Dealers, the Trustee or the Agents or any person who controls any of them, or any of their respective officers, employees, advisers or agents, or any affiliate of any such person, is making any representation or warranty, expressed or implied, as to the merits of the Notes or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer or the Guarantor. Further, none of the Arrangers, the Dealers, the Trustee or the Agents or any person who controls any of them, or any of their respective officers, employees, advisers or agents, or any affiliate of any such person, makes any representation or warranty as to the Issuer and the Guarantor or as to the accuracy, reliability or completeness of the information set out herein and the documents which are incorporated by reference in, and form part of, this Offering Circular.

To the fullest extent permitted by law, none of the Arrangers, the Dealers, the Trustee or the Agents or any person who controls any of them, or any of their respective officers, employees, advisers or agents, or any affiliate of any such person, accepts any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by the Arrangers, the Dealers, the Trustee or the Agents or on their behalf in connection with the Issuer, the Guarantor, the Programme or the issue and offering of the Notes. Each of the Arrangers, each Dealer, the Trustee and each Agent and each person who controls any of them, and each of their respective officers, employees, advisers and agents, and each affiliate of any such person, accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement.

Certain information in this Offering Circular has been obtained from publicly available information. None of the Issuer, the Guarantor, the Arrangers, the Dealers, the Trustee or the Agents or any person who controls any of them, or any of their respective officers, employees, advisers or agents, or any affiliate of any such person, makes any representation, express or implied, and do not accept any responsibility with respect to the accuracy or completeness of any information obtained from publicly available information.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantor, any of the Arrangers or the Dealers, the Trustee or the Agents or any person who controls any of them, or any of their respective officers, employees, advisers or agents, or any affiliate of any such person, that any recipient of:

- (i) this Offering Circular; or
- (ii) any other information supplied in connection with the Programme or any Notes,

should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Guarantor. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, the Guarantor, any of the Arrangers or the Dealers, the Trustee or the Agents or any person who controls any of them, or any of their respective officers, employees, advisers or agents, or any affiliate of any such person, to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular (or any part thereof) nor any sale, offering or purchase made in connection herewith shall, under any circumstances, create any implication that there has been no change in the business, prospects, results of operations or general affairs of the Issuer, the Guarantor or their respective subsidiaries and/or associated companies since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer, the Guarantor or their respective subsidiaries and/or associated companies since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme or any Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Arrangers, the Dealers, the Trustee and the Agents and any person who controls any of them, and each of their respective officers, employees, advisers and agents, and each affiliate of any such person, expressly do not undertake to review the financial condition or affairs of the Issuer and the Guarantor during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, inter alia, this Offering Circular, the relevant Pricing Supplement and the most recently published documents incorporated by reference into this Offering Circular when deciding whether or not to purchase any Notes.

Any purchase or acquisition of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Dealer Agreement (as defined herein) and the issue of the Notes by the Issuer pursuant to the Dealer Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Notes or pursuant to this Offering Circular shall (without any liability or responsibility) on the part of the Issuer, the Guarantor, the Arranger or any of the Dealers lapse and cease to have any effect if (for any reason whatsoever) the Notes are not issued by the Issuer pursuant to the Dealer Agreement.

This Offering Circular does not describe all of the risks and investment considerations (including those relating to each investor's particular circumstances) of an investment in Notes of a particular issue. Each potential purchaser of Notes should also refer to and consider carefully the relevant Pricing Supplement for each particular issue of Notes, which may describe additional risks and investment considerations associated with such Notes. The risks and investment considerations identified in this Offering Circular and the relevant Pricing Supplement are provided as general information only.



In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor and the terms of the Notes being offered, including the merits and risks involved. Investors should consult their own financial, tax, accounting and legal advisers as to the risks and investment considerations arising from an investment in an issue of Notes and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances.

None of the Issuer, the Guarantor, the Arrangers, the Dealers, the Trustee or the Agents or any person who controls any of them, or any of their respective officers, employees, advisers or agents, or any affiliate of any such person, makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, the Arrangers and the Dealers to inform themselves about and to observe any such restriction.

### **Selling Restrictions – Singapore**

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore (the “MAS”). Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Notes may not be circulated or distributed, nor may Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;

- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

For a description of other restrictions, please refer to “Subscription and Sale”.

### EEA RETAIL INVESTORS

If the Pricing Supplement in respect of any Notes includes a legend entitled “PRIIPs Regulation – Prohibition of Sales to EEA or UK Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “**EEA**”) or in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II;
- (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
- (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”).

Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

### MIFID PRODUCT GOVERNANCE/TARGET MARKET

The Pricing Supplement in respect of any Notes may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, “**MiFID II**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

## NOTIFICATION UNDER SECTION 309B OF THE SECURITIES AND FUTURES ACT, CHAPTER 289 OF SINGAPORE

Unless otherwise stated in the Pricing Supplement in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes of the Series of which such Tranche forms part at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action or over-allotment may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

### CERTAIN DEFINITIONS

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to “**Singapore**” are to the Republic of Singapore, to the “**U.S.**”, “**USA**” and “**United States**” are to the United States of America, to the “**EU**” are to the European Union, to “**China**” or “**the PRC**” are to the People’s Republic of China excluding Hong Kong, Macau and Taiwan, to the “**UK**” are to the United Kingdom, to “**S\$**”, “**SGD**” or “**Singapore dollars**” are to the lawful currency of Singapore, to “**U.S. Dollars**”, “**USD**” or “**U.S.\$**” are to the lawful currency of the United States, to “**£**” or “**Sterling**” are to pound sterling, to “**€**” or “**Euro**” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended, to “**RM**” or “**Malaysian ringgit**” are to the lawful currency of Malaysia, to “**JPY**” or “**Japanese Yen**” are to the lawful currency of Japan, to “**RMB**” or “**Renminbi**” are to the lawful currency of the PRC, to “**HK\$**” or “**Hong Kong dollars**” are to the lawful currency of Hong Kong, to “**Australian dollars**” or “**A\$**” are to the lawful currency of Australia, to “**VND**” or “**Vietnamese Dong**” are to the lawful currency of Vietnam, to “**Indonesian Rupiah**” are to the lawful currency of Indonesia, to “**United Arab Emirates Dirham**” are to the lawful currency of United Arab Emirates, “**Indian Rupees**” are to the lawful currency of India, and “**KRW**” are to the lawful currency of the Republic of Korea.

Unless otherwise indicated, the RMB, Euro, Hong Kong dollars, Australian dollars and USD amounts which have been translated to S\$ are based on information that was extracted from the relevant announcements made by the Guarantor and the applicable exchange rate as specified therein.

All references to the “**Group**” herein are to the Guarantor and its subsidiaries (as defined in the Companies Act, Chapter 50 of Singapore).

Unless otherwise indicated, references in this Offering Circular to a “**Condition**” are to the conditions set out in “Terms and Conditions of the Notes other than Perpetual Notes” and/or “Terms and Conditions of the Perpetual Notes”, as applicable.

## **ROUNDING OF AMOUNTS**

Certain monetary amounts and percentages in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

## **INDUSTRY AND MARKET DATA**

Market data and certain industry forecasts used throughout this Offering Circular have been obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Issuer, the Guarantor, the Arrangers or the Dealers makes any representation as to the accuracy or completeness of that information.

## **FORWARD-LOOKING STATEMENTS**

Certain statements under “Risk Factors”, “Description of the Group” and elsewhere in this Offering Circular constitute “forward-looking statements”. The words including “believe”, “expect”, “plan”, “anticipate”, “schedule”, “estimate” and similar words or expressions identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Offering Circular, including, but without limitation, those regarding the financial position, business strategy, prospects, capital expenditure and investment plans of the Group and the plans and objectives of the Group’s management for its future operations (including development plans and objectives relating to the Group’s operations), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results or performance of the Group to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. Each of the Issuer and the Guarantor expressly disclaims any obligation or undertaking to release any updates or revisions to any forward-looking statements contained herein to reflect any change in the Issuer’s, the Guarantor’s or the Group’s expectations with regard thereto or any change of events, conditions or circumstances, on which any such statements were based. This Offering Circular discloses, under “Risk Factors” and elsewhere, important risks that could cause actual results to differ materially from the Issuer’s, the Guarantor’s or the Group’s expectations. All subsequent forward-looking statements attributable to the Issuer or the Guarantor or persons acting on behalf of the Issuer or the Guarantor are expressly qualified in their entirety by such cautionary statements.

## **PRESENTATION OF FINANCIAL INFORMATION AND FINANCIAL STATEMENTS**

### **Financial Information**

This Offering Circular contains certain information regarding the Group’s EBIT. EBIT is defined as Earnings before Interest and Taxation. EBIT is not a standard measure under Singapore Financial Reporting Standards (International) (“**SFRS(I)**”). EBIT is a widely used financial indicator of a company’s ability to service and incur debt. EBIT should not be considered in isolation or construed as an alternative to cash flows, profit for the year/period or any other measure of financial performance or as an indicator of the Group’s operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBIT, investors should consider, among other things, the components of EBIT such as turnover and operating expenses and the amount by which EBIT exceeds capital expenditures and other

charges. The Group has included EBIT because it believes it is a useful supplement to cash flow data as a measure of the Group's performance and its ability to generate cash flow from operations to cover debt service and taxes. EBIT presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Group's EBIT to EBIT presented by other companies because not all companies use the same definition.

## Financial Statements

The Issuer and the Guarantor have prepared audited (in the case of the Guarantor, consolidated) financial statements as at and for the year ended 31 December 2019 ("**FY2019**"), and the Guarantor has prepared unaudited consolidated financial statements as at and for the half year ended 30 June 2020 ("**1H2020**").

Each of the:

- audited (in the case of the Guarantor, consolidated) financial statements as at and for the year ended 31 December 2019 of the Issuer and the Guarantor, including comparative financial information for the year ended 31 December 2018; and
- unaudited consolidated 1H2020 financial statements of the Guarantor, including comparative financial information for the half year ended 30 June 2019,

are included in this Offering Circular and are prepared in conformity with SFRS(I) and/or the International Financial Reporting Standards ("**IFRS**") issued by the Accounting Standards Council of Singapore (the "**ASC**").

All references to SFRS(I) and IFRS are subsequently referred to as SFRS(I) in this Offering Circular unless otherwise stated. Please refer to "Index to Financial Statements" and "Selected Financial Information".

The Guarantor's audited consolidated financial statements as at and for the year ended 31 December 2019 were prepared based upon conditions existing at 31 December 2019 and took into consideration any events which may have occurred up to the date of the financial statements. As the outbreak of COVID-19 occurred after 31 December 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to the financial statements contained in the audited accounts of the Group for the financial year ended 31 December 2019 for the impact of COVID-19.

The 1H2020 interim financial statements have not been reviewed or audited by KPMG LLP or any other independent auditors. As a result, the 1H2020 interim financial statements should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to a review or an audit. Potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations. In addition, the 1H2020 interim financial statements should not be taken as an indication of the expected financial condition, results of operations and results of the Group for the full financial year ending 31 December 2020 ("**FY2020**"). None of the Arrangers or Dealers makes any representation or warranty, express or implied, regarding the sufficiency of the 1H2020 interim financial statements for an assessment of the Group's financial condition and results of operations. Potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations.



## **SUPPLEMENTARY OFFERING CIRCULAR**

The Issuer has given an undertaking to the Arrangers that, if the Issuer has notified the Arrangers in writing that it intends to issue Notes under the Programme, the Issuer shall prepare an amendment or supplement to the Offering Circular or a replacement Offering Circular in the event of:

- (i) a significant new factor, material mistake or inaccuracy relating to the information included in the Offering Circular which is capable of affecting the assessment of the Notes arising or being noted;
- (ii) a change in the condition of the Issuer, the Guarantor and/or the Group which is material in the context of the Programme or the issue of any Notes;
- (iii) the Offering Circular otherwise coming to contain an untrue statement of a material fact or omitting to state a material fact necessary to make the statements contained therein not misleading; or
- (iv) it being necessary at any time to amend the Offering Circular to comply with, or reflect changes in, the laws or regulations of Singapore or any other relevant jurisdiction.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued from time to time after the date hereof:

- (i) each relevant Pricing Supplement;
- (ii) the most recently published audited consolidated annual financial statements, and any interim financial statements (whether audited or unaudited) published subsequent to such annual financial statements, of the Guarantor from time to time (if any), in each case with the report of the Guarantor's auditors in connection therewith (if any); and
- (iii) all amendments and supplements from time to time to this Offering Circular (if any), (together, the **"Incorporated Documents"**)

shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such Incorporated Document is inconsistent with such contents. Such Incorporated Documents shall be incorporated in and form part of this Offering Circular, save that any statement contained in an Incorporated Document shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any subsequent Incorporated Document modifies or supersedes such statement in the earlier Incorporated Document (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

Copies of all Incorporated Documents which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection by the Noteholders at the office of the Issuer and the Guarantor (as applicable) set out at the end of this Offering Circular, and will also be available on the website of the SGX-ST at <http://www.sgx.com> (other than Pricing Supplements in respect of Notes which are not listed on the SGX-ST).

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## SUMMARY OF THE PROGRAMME

*This summary must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of the Offering Circular as a whole, including any information incorporated by reference. The Terms and Conditions of the Notes other than Perpetual Notes, the Terms and Conditions of the Perpetual Notes, the Trust Deed and the Agency Agreement will prevail to the extent of any inconsistency with the terms set out in this summary. Words and expressions defined in “Terms and Conditions of the Notes other than Perpetual Notes” or “Terms and Conditions of the Perpetual Notes”, as applicable, or elsewhere in this Offering Circular have the same meanings in this summary.*

<b>Issuer</b> .....	CapitaLand Treasury Limited.
<b>Guarantor</b> .....	CapitaLand Limited.
<b>Description</b> .....	Euro Medium Term Note Programme.
<b>Size</b> .....	Up to S\$5,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any one time. The Issuer may increase the aggregate principal amount of the Programme in accordance with the terms of the Dealer Agreement (as defined in “Subscription and Sale”).
<b>Arrangers</b> .....	DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, Morgan Stanley Asia (Singapore) Pte., Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited.
<b>Dealers</b> .....	DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, Morgan Stanley Asia (Singapore) Pte., Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited. The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to “ <b>Programme Dealers</b> ” are to the persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to “ <b>Dealers</b> ” are to all Programme Dealers and all persons appointed as a dealer in respect of one or more Tranches.
<b>Trustee</b> .....	The Bank of New York Mellon, London Branch.
<b>Issuing and Paying Agent and Paying Agent in respect of Notes other than CMU Notes and CDP Notes</b> .....	The Bank of New York Mellon, London Branch.

**CMU Lodging and Paying Agent, Transfer Agent and Registrar in respect of CMU Notes** . . . . .

The Bank of New York Mellon, Hong Kong Branch.

**CDP Issuing and Paying Agent, Transfer Agent and Registrar in respect of CDP Notes** . . . . .

The Bank of New York Mellon, Singapore Branch.

**Registrar and Transfer Agent in respect of Registered Notes other than CMU Notes and CDP Notes** . . . . .

The Bank of New York Mellon SA/NV, Luxembourg Branch.

**Listing and Admission to Trading** . . . . .

Application has been made to the SGX-ST for permission to deal in and quotation of any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. There is no assurance that the application to the Official List of the SGX-ST will be approved. If the application to the SGX-ST to list a particular Series of Notes is approved and the rules of the SGX-ST so require, such Notes listed on the SGX-ST will be traded on the SGX-ST in a board lot size of at least S\$200,000 (or its equivalent in other currencies).

Unlisted Series of Notes may also be issued pursuant to the Programme. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s) in relation to each Series of Notes. The Pricing Supplement relating to each Series of Notes will state whether or not the Notes of such Series will be listed on any stock exchange(s) and, if so, on which stock exchange(s) the Notes are to be listed.

**Selling Restrictions** . . . . .

The United States, the Public Offer Selling Restriction under the Prospectus Regulation (in respect of Notes having a specified denomination of less than €100,000 or its equivalent in any other currency as at the date of issue of the Notes), the United Kingdom, Singapore, Hong Kong, Japan. Please refer to "Subscription and Sale".

For sales outside the United States to non-U.S. persons, Regulation S, Category 2 selling restrictions shall apply.



The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Internal Revenue Code) (the “**D Rules**”) unless:

- (i) the relevant Pricing Supplement states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the “**C Rules**”); or
- (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.

In connection with the offering and sale of a particular Series of the Notes, additional restrictions may be imposed which will be set out in the relevant Pricing Supplement.

**Legal entity identifier (“LEI”)** . . . The LEI of the Issuer is 2549009SR9TMQ3IRHP92.

#### **Summary of terms relating to Notes other than Perpetual Notes**

**Method of Issue** . . . . . The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “**Series**”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest and the issue price), the Notes of each Series being intended to be fungible with all other Notes of that Series.

Each Series may be issued in tranches (each a “**Tranche**”) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the relevant pricing supplement (the “**Pricing Supplement**”).

**Issue Price** . . . . . Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.

**Form of Notes** . . . . . The Notes may be issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”). Registered Notes will not be exchangeable for Bearer Notes and vice versa.

Each Tranche of Bearer Notes will be represented on issue by a temporary Global Note if:

- (i) Definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date; or
- (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “Summary of the Programme – Selling Restrictions” above),

otherwise such Tranche will be represented by a permanent Global Note.

Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “**Global Certificates**”.

**Clearing Systems** . . . . . Euroclear, Clearstream, Luxembourg, CDP or the CMU, and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Guarantor, the Issuing and Paying Agent, the Trustee and the relevant Dealer(s).

**Initial Delivery of Notes** . . . . . On or before the issue date for each Tranche, the Global Note representing Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg, with CDP or with a sub-custodian for the HKMA as operator of the CMU. Global Notes or Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Guarantor, the Trustee, the Issuing and Paying Agent and the relevant Dealer(s). Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of nominees or a common nominee for, such clearing systems.

**Currencies** . . . . . Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer, the Guarantor and the relevant Dealer(s). Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s).

<b>Renminbi Fallback</b> . . . . .	If by reason of Inconvertibility, Non-transferability or Illiquidity (each as defined in the “Terms and Conditions of the Notes other than Perpetual Notes – Payments and Talons”), neither the Issuer nor the Guarantor, in their sole discretion, is able to satisfy payments of principal or interest in respect of the Notes when due in Renminbi (in the case of Notes cleared through the CMU Service) in Hong Kong, or (in the case of Notes cleared through the CDP System) in Singapore, the Issuer or the Guarantor as the case may be, on giving not less than 10 nor more than 30 days’ irrevocable notice to the Noteholders and the Paying Agent prior to the due date for the relevant payment, settle any such payment (in the case of Notes cleared through the CMU Service) in U.S. Dollars, or (in the case of Notes cleared through the CDP System) in Singapore dollars. Please refer to “Terms and Conditions of the Notes other than Perpetual Notes – Payments and Talons”.
<b>Maturities</b> . . . . .	Subject to compliance with all relevant laws, regulations and directives, Notes may have any maturity as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s).
<b>Specified Denomination</b> . . . . .	Definitive Notes will be in such denominations as may be specified in the relevant Pricing Supplement save that unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA (as defined in “Subscription and Sale – Selling Restrictions – United Kingdom”) will have a minimum denomination of £100,000 (or its equivalent in other currencies).
<b>Fixed Rate Notes</b> . . . . .	In respect of Fixed Rate Notes, fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.
<b>Floating Rate Notes</b> . . . . .	<p>Floating Rate Notes will bear interest determined separately for each Series as follows:</p> <ul style="list-style-type: none"> <li>(i) (in the case of Notes denominated in Singapore dollars) by reference to SIBOR or Swap Rate (or such other benchmark as may be specified in the relevant Pricing Supplement), as adjusted for any applicable margin;</li> <li>(ii) (in the case of Notes denominated in a currency other than in Singapore dollars) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.; or</li> </ul>

- (iii) (in the case of Notes denominated in a currency other than in Singapore dollars) by reference to LIBOR or EURIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin.

Interest periods will be specified in the relevant Pricing Supplement.

**Partly Paid Notes** . . . . . Interest will accrue on the paid-up nominal amount of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes) and otherwise as specified in the relevant Pricing Supplement.

**Zero Coupon Notes** . . . . . Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

**Dual Currency Notes** . . . . . Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Pricing Supplement.

**Index Linked Notes** . . . . . Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Pricing Supplement.

**Interest Periods and Interest Rates** . . . . . The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.

**Redemption** . . . . . The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

**Redemption by Instalments** . . . The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

<b>Optional Redemption . . . . .</b>	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or at the option of the holders, and if so the terms applicable to such redemption. Please refer to “Terms and Conditions of the Notes other than Perpetual Notes – Redemption, Purchase and Options”.
<b>Redemption for Taxation Reasons . . . . .</b>	The Notes may be redeemed for taxation reasons at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if the Note is either a Floating Rate Note or an Index Linked Note) or at any time (if the Note is neither a Floating Rate Note nor an Index Linked Note), on giving not less than 30 nor more than 60 days’ irrevocable notice to the Noteholders at their Early Redemption Amount (as defined in the Terms and Conditions of the Notes other than Perpetual Notes) (together with interest accrued to but excluding the date fixed for redemption but unpaid). Please refer to “Terms and Conditions of the Notes other than Perpetual Notes – Redemption, Purchase and Options – Redemption for Taxation Reasons”.
<b>Redemption in the case of Minimal Outstanding Amount:</b>	The relevant Pricing Supplement will specify whether the Notes will be subject to redemption in the case of a minimal outstanding amount. If so specified thereon, the Issuer may, at any time, on giving not less than 30 nor more than 60 days’ irrevocable notice to the Noteholders (or such other notice period as may be specified in the relevant Pricing Supplement) and to the Trustee, the Issuing and Paying Agent, the CMU Lodging and Paying Agent or the CDP Issuing and Paying Agent, as the case may be, and the Registrar in writing redeem the Notes, in whole, but not in part, at their principal amount (together with interest accrued to but excluding the date fixed for redemption but unpaid) if, immediately before giving such notice, the aggregate principal amount of the Notes outstanding is less than 10% of the aggregate principal amount of that Series of Notes originally issued.
<b>Other Notes . . . . .</b>	Terms applicable to any other type of Note that the Issuer, the Guarantor, the Trustee and the relevant Dealer(s) may agree to issue under the Programme will be set out in the relevant Pricing Supplement and a supplementary Offering Circular.
<b>Guarantee . . . . .</b>	The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes, the Receipts and the Coupons relating to them. The obligations of the Guarantor in that respect are contained in the Trust Deed.



<b>Status of Notes and the Guarantee</b> .....	The Notes and the Receipts and Coupons relating to them constitute (subject to “Terms and Conditions of the Notes other than Perpetual Notes – Negative Pledge”) direct, unconditional, unsecured and unsubordinated obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and Coupons relating to them and of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to “Terms and Conditions of the Notes other than Perpetual Notes – Negative Pledge”, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer and the Guarantor respectively, present and future.
<b>Negative Pledge</b> .....	The Notes will contain a negative pledge provision as described in “Terms and Conditions of the Notes other than Perpetual Notes – Negative Pledge”.
<b>Events of Default</b> .....	The Notes will contain events of default provisions as described in “Terms and Conditions of the Notes other than Perpetual Notes – Events of Default”.
<b>Credit Ratings</b> .....	The Programme has not been rated and Tranches of Notes will be rated or unrated. Where a Tranche of Notes is to be rated, such credit rating will be specified in the relevant Pricing Supplement. A credit rating is a statement of opinion and not a recommendation to buy, sell or hold securities and may be subject to suspension, revision or withdrawal at any time by the assigning credit rating agency.
<b>Withholding Tax</b> .....	All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes, the Receipts and the Coupons or under the Guarantee shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, in relation to Singapore Dollar Notes, the Issuer or, as the case may be, the Guarantor will not be obliged to pay any additional amounts in respect of any such withholding or deduction from payments in respect of such Singapore Dollar Notes for, or on account of, any such taxes or duties, and, in relation to Non-Singapore Dollar Notes, the Issuer or, as the case may be, the Guarantor shall (subject to certain customary exceptions as described in “Terms and Conditions of the Notes other than Perpetual Notes – Taxation”) pay such additional amounts, as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required.

**Governing Law** ..... The Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with them will be governed by, and shall be construed in accordance with, English law or Singapore law, as specified in the applicable Pricing Supplement.

### Summary of terms relating to Perpetual Notes

**Method of Issue** ..... The Perpetual Notes will be issued on a syndicated or non-syndicated basis. The Perpetual Notes will be issued in Series having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of Distribution and the issue price), the Perpetual Notes of each Series being intended to be fungible with all other Perpetual Notes of that Series.

Each Series may be issued in Tranches on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of Distribution and principal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the relevant Pricing Supplement.

**Issue Price** ..... Perpetual Notes may be issued at their principal amount or at a discount or premium to their principal amount. Partly Paid Perpetual Notes may be issued, the issue price of which will be payable in two or more instalments.

**Form of Notes** ..... The Perpetual Notes may be issued in bearer form ("**Bearer Perpetual Notes**") or in registered form ("**Registered Perpetual Notes**"). Registered Perpetual Notes will not be exchangeable for Bearer Perpetual Notes and vice versa.

Each Tranche of Bearer Perpetual Notes will be represented on issue by a temporary Global Note if:

- (i) Definitive Perpetual Notes are to be made available to Noteholders following the expiry of 40 days after their issue date; or
- (ii) such Perpetual Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in "Summary of the Programme – Selling Restrictions" above),

otherwise such Tranche will be represented by a permanent Global Note.

Registered Perpetual Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Perpetual Notes of one Series. Certificates representing Registered Perpetual Notes that are registered in the name of a nominee for one or more clearing systems are referred to as "**Global Certificates**".

**Clearing Systems** . . . . . Euroclear, Clearstream, Luxembourg, CDP or the CMU, and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Guarantor, the Issuing and Paying Agent, the Trustee and the relevant Dealer(s).

**Initial Delivery of Perpetual Notes** . . . . . On or before the issue date for each Tranche, the Global Note representing Bearer Perpetual Notes or the Global Certificate representing Registered Perpetual Notes may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg, with CDP or with a sub-custodian for the HKMA as operator of the CMU. Global Notes or Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Guarantor, the Trustee, the Issuing and Paying Agent and the relevant Dealer(s). Registered Perpetual Notes that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of nominees or a common nominee for, such clearing systems.

**Currencies** . . . . . Subject to compliance with all relevant laws, regulations and directives, Perpetual Notes may be issued in Singapore dollars or in any other currency agreed between the Issuer, the Guarantor and the relevant Dealer(s). Payments in respect of Perpetual Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s).

<b>Renminbi Fallback</b> . . . . .	If by reason of Inconvertibility, Non-transferability or Illiquidity (each as defined in “Terms and Conditions of the Perpetual Notes – Payments and Talons”), neither the Issuer nor the Guarantor, in their sole discretion, is able to satisfy payments of principal or Distributions in respect of the Perpetual Notes when due in Renminbi (in the case of Perpetual Notes cleared through the CMU Service) in Hong Kong, or (in the case of Perpetual Notes cleared through the CDP System) in Singapore, the Issuer or the Guarantor, as the case may be, on giving not less than 10 nor more than 30 days’ irrevocable notice to the Noteholders and the Paying Agent prior to the due date for the relevant payment, settle any such payment (in the case of Perpetual Notes cleared through the CMU Service) in U.S. Dollars, or (in the case of Perpetual Notes cleared through the CDP System) in Singapore dollars. Please refer to “Terms and Conditions of the Perpetual Notes – Payments and Talons”.
<b>No Fixed Maturity</b> . . . . .	The Perpetual Notes have no fixed redemption date and the Issuer shall only have the right to redeem or purchase them in accordance with the provisions of the Conditions of such Perpetual Notes. Holders of Perpetual Notes have no right to require the Issuer to redeem the Perpetual Notes.
<b>Specified Denomination</b> . . . . .	Definitive Perpetual Notes will be in such denominations as may be specified in the relevant Pricing Supplement save that unless otherwise permitted by then current laws and regulations, Perpetual Notes (including Perpetual Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA will have a minimum denomination of £100,000 (or its equivalent in other currencies).
<b>Fixed Rate Perpetual Notes</b> . . .	In respect of Fixed Rate Perpetual Notes, Distributions will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.
<b>Floating Rate Perpetual Notes</b> . . . . .	<p>In respect of Floating Rate Perpetual Notes, Distributions will be determined separately for each Series as follows:</p> <p>(i) (in the case of Perpetual Notes denominated in Singapore dollars) by reference to SIBOR or Swap Rate (or such other benchmark as may be specified in the relevant Pricing Supplement), as adjusted for any applicable margin;</p>

- (ii) (in the case of Perpetual Notes denominated in a currency other than in Singapore dollars) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.; or
- (iii) (in the case of Perpetual Notes denominated in a currency other than in Singapore dollars) by reference to LIBOR or EURIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement), as adjusted for any applicable margin.

Distribution Periods will be specified in the relevant Pricing Supplement.

**Distributions in respect of Perpetual Notes. . . . .**

In respect of Perpetual Notes, unless otherwise specified in the relevant Pricing Supplement, subject to Condition 4(h) of the Terms and Conditions of the Perpetual Notes (as described in “Optional Deferral of Distributions in respect of Perpetual Notes” below), Distributions will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.

**Optional Deferral of Distributions in respect of Perpetual Notes. . . . .**

The relevant Pricing Supplement will specify whether the Issuer may, at its sole discretion, elect to defer (in whole or in part) any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving a Deferral Election Notice to the Noteholders, the Trustee and the Issuing and Paying Agent not more than 15 nor less than five Business Days (or such other notice period as may be specified in the relevant Pricing Supplement) prior to a scheduled Distribution Payment Date unless, during the Look-Back Period prior to such scheduled Distribution Payment Date, a Compulsory Distribution Payment Event has occurred.

A Compulsory Distribution Payment Event is when the Issuer has at its discretion repurchased, redeemed or otherwise acquired any of its Junior Obligations (as defined in the relevant Pricing Supplement) or, in relation to Subordinated Perpetual Notes only, its Parity Obligations (as defined in the relevant Pricing Supplement) other than:

- (i) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants; or
- (ii) as a result of the exchange or conversion of its Parity Obligations for its Junior Obligations,



and/or as otherwise specified in the applicable Pricing Supplement.

The Issuer shall have no obligation to pay any Distribution (including any Arrears of Distribution and any Additional Distribution Amount) on any Distribution Payment Date if it validly elects not to do so in accordance with Condition 4(h)(i) of the Terms and Conditions of the Perpetual Notes.

**Cumulative Deferral of Distributions in respect of Perpetual Notes. . . . .**

The relevant Pricing Supplement will specify whether the Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4(h)(i) of the Terms and Conditions of the Perpetual Notes) further defer any Arrears of Distribution by complying with the notice requirement applicable to any deferral of an accrued Distribution. The Issuer is not subject to any limit as to the number of times Distributions and Arrears of Distribution can or shall be deferred pursuant to Condition 4(h) of the Terms and Conditions of the Perpetual Notes except that Condition 4(h)(iv) of the Terms and Conditions of the Perpetual Notes shall be complied with until all outstanding Arrears of Distribution have been paid in full.

**Non-Cumulative Deferral of Distributions; Optional Distribution . . . . .**

If Non-Cumulative Deferral is set out in the relevant Pricing Supplement, any Distribution deferred pursuant to Condition 4(h) of the Terms and Conditions of the Perpetual Notes will be non-cumulative and will not accrue Distribution. The Issuer is not under any obligation to pay such Distribution or any other Distributions that have not been paid in whole or in part.

If Optional Distribution is set out in the relevant Pricing Supplement, the Issuer may, at its sole discretion, and at any time, elect to pay an optional amount equal to the amount of Distribution which is unpaid in whole or in part (an “**Optional Distribution**”) at any time by giving notice of such election to the Noteholders and the Trustee and the Issuing and Paying Agent not more than 15 and not less than five Business Days (or such other notice period as may be specified in the relevant Pricing Supplement) prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Optional Distribution on the payment date specified in such notice). Any partial payment of outstanding Optional Distribution by the Issuer shall be shared by the Noteholders or Couponholders of all outstanding Perpetual Notes and the Coupons related to them on a pro-rata basis.

**Restrictions in the case of a  
Deferral in respect of  
Perpetual Notes. ....**

The relevant Pricing Supplement will specify whether, if on any Distribution Payment Date, payment of all Distribution payments scheduled to be made on such date is not made in full by reason of Condition 4(h) of the Terms and Conditions of the Perpetual Notes, the Issuer and the Guarantor shall not and shall procure that none of their respective Subsidiaries (other than any Subsidiary which is listed on any stock exchange) will:

- (i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on: (1) any of its Junior Obligations (in the case of Senior Perpetual Notes); or (2) any of its Junior Obligations or Parity Obligations (in the case of Subordinated Perpetual Notes) (except: (i) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants; or (ii) in relation to the Parity Obligations on a pro-rata basis); or
- (ii) redeem, reduce, cancel, buy-back or acquire for any consideration: (1) any of its Junior Obligations (in the case of Senior Perpetual Notes); or (2) any of its Junior Obligations or Parity Obligations (in the case of Subordinated Perpetual Notes) (other than: (i) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants; or (ii) as a result of the exchange or conversion of Parity Obligations for Junior Obligations),

in each case, other than:

- (i) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants;
- (ii) as a result of the exchange or conversion of Parity Obligations for Junior Obligations;
- (iii) (if Cumulative Deferral is set out in the relevant Pricing Supplement) if the Issuer or the Guarantor (as the case may be) has satisfied in full all outstanding Arrears of Distribution;
- (iv) (if Non-Cumulative Deferral is set out in the relevant Pricing Supplement) if all outstanding Perpetual Notes have been redeemed in full, the next scheduled Distribution has been paid in full or an Optional Distribution equal to the amount of Distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full; or

- (v) if the Issuer or the Guarantor (as the case may be) is permitted to do so by an Extraordinary Resolution of the Noteholders and/or as otherwise specified in the relevant Pricing Supplement.

**Other Perpetual Notes** . . . . . Terms applicable to reverse dual currency Perpetual Notes, optional dual currency Perpetual Notes, Partly Paid Perpetual Notes and any other type of Perpetual Note that the Issuer, the Guarantor, the Trustee and the relevant Dealer(s) may agree to issue under the Programme will be set out in the relevant Pricing Supplement and the supplementary Offering Circular.

**Redemption for Accounting Reasons** . . . . . The relevant Pricing Supplement will specify whether the Perpetual Notes will be subject to redemption for accounting reasons. If so specified thereon, the Perpetual Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' irrevocable notice to the Noteholders at their principal amount (together with Distributions (including any Arrears of Distribution and any Additional Distribution Amount, if applicable) accrued to but excluding the date fixed for redemption but unpaid) if, as a result of any changes or amendments to SFRS(I) or any other accounting standards that may replace SFRS(I) for the purposes of the consolidated financial statements of the Guarantor as amended from time to time (the "**Relevant Accounting Standards**"), the Perpetual Notes and/or the Guarantee of the Perpetual Notes must not or must no longer be recorded as "equity" of the Guarantor pursuant to such Relevant Accounting Standards.

**Redemption for tax deductibility reasons** . . . . . The Perpetual Notes may, subject to certain conditions being satisfied, be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' irrevocable notice to the Noteholders, the Trustee, the Issuing and Paying Agent, the CMU Lodging and Paying Agent or the CDP Issuing and Paying Agent, as the case may be, and the Registrar, at their Early Redemption Amount as specified in the applicable Pricing Supplement if the Issuer satisfies the Trustee immediately before giving such notice that, as a result of a Tax Deductibility Event, the Distributions (including any Arrears of Distribution and any Additional Distribution Amount) by the Issuer would no longer be, or within 90 days of the relevant opinion would no longer be, regarded as tax deductible as more particularly described in Condition 5(d) of the Terms and Conditions of the Perpetual Notes.

Please refer to "Terms and Conditions of the Perpetual Notes – Redemption and Purchase – Redemption for tax deductibility reasons".

**Redemption for Taxation****Reasons** .....

The Perpetual Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date (if the Perpetual Note is a Floating Rate Perpetual Note) or at any time (if the Perpetual Note is not a Floating Rate Perpetual Note) on giving not less than 30 nor more than 60 days' irrevocable notice to the Noteholders at their principal amount (together with Distributions (including any Arrears of Distribution and any Additional Distribution Amount, if applicable) accrued to but excluding the date fixed for redemption but unpaid), for taxation reasons, including if the Issuer or the Guarantor becomes obliged to pay additional amounts as a result of any change in tax laws or regulations or the Perpetual Notes not qualifying as qualifying debt securities under the Income Tax Act, Chapter 134 of Singapore (the "ITA"). Please refer to "Terms and Conditions of the Perpetual Notes – Redemption and Purchase – Redemption for Taxation Reasons".

**Redemption at the Option of the Issuer** .....

The relevant Pricing Supplement will specify whether the Perpetual Notes will be subject to redemption at the option of the Issuer. If so specified thereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the relevant Pricing Supplement) and to the Trustee, the Issuing and Paying Agent, the CMU Lodging and Paying Agent or the CDP Issuing and Paying Agent, as the case may be, and the Registrar in writing, redeem all or, if so provided, some of the Perpetual Notes on any Optional Redemption Date (as specified in the relevant Pricing Supplement). Any such redemption of Perpetual Notes shall be at their principal amount (together with Distributions (including any Arrears of Distribution and any Additional Distribution Amount, if applicable) accrued to but excluding the date fixed for redemption but unpaid).

**Redemption in the case of Minimal Outstanding Amount** .....

The relevant Pricing Supplement will specify whether the Perpetual Notes will be subject to redemption in the case of a minimal outstanding amount. If so specified thereon, the Issuer may, at any time, on giving not less than 30 nor more than 60 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the Pricing Supplement), and to the Trustee, the Issuing and Paying Agent, the CMU Lodging and Paying Agent or the CDP Issuing and Paying Agent, as the case may be, and the Registrar in writing, redeem the Perpetual Notes, in whole, but not in part, at their principal amount (together with Distributions (including any Arrears of Distribution and any Additional Distribution Amount, if applicable) accrued to but excluding the date fixed for redemption but unpaid) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Notes outstanding is less than 10 per cent. of the aggregate principal amount of that Series of Perpetual Notes originally issued.

<b>Senior Guarantee .....</b>	The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Senior Perpetual Notes, the Coupons relating to them and the Trust Deed. The obligations of the Guarantor in that respect are contained in the Trust Deed.
<b>Status of Senior Perpetual Notes and Senior Guarantee .....</b>	The Senior Perpetual Notes and Coupons relating to them constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves. The payment obligations of the Issuer under the Senior Perpetual Notes and the Coupons relating to them and of the Guarantor under the Senior Guarantee shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer and the Guarantor respectively, present and future, as described in “Terms and Conditions of the Perpetual Notes – Guarantee and Status of Senior Perpetual Notes and Senior Guarantee and status of, and Ranking of Claims in relation to, Subordinated Perpetual Notes and Subordinated Guarantee”.
<b>Status of Subordinated Perpetual Notes. ....</b>	The Subordinated Perpetual Notes will constitute direct, unconditional, unsecured and subordinated obligations of the Issuer as described in “Terms and Conditions of the Perpetual Notes – Guarantee and Status of Senior Perpetual Notes and Senior Guarantee and status of, and Ranking of Claims in relation to, Subordinated Perpetual Notes and Subordinated Guarantee”.
<b>Subordination of Subordinated Perpetual Notes .....</b>	Subject to the insolvency laws of Singapore and other applicable laws, in the event of the winding-up of the Issuer, the rights of the Noteholders to payment of principal of and Distribution on the Subordinated Perpetual Notes and the Coupons relating to them are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer but at least <i>pari passu</i> with all other subordinated obligations of the Issuer that are not expressed by their terms to rank junior to the Subordinated Perpetual Notes and in priority to the claims of shareholders of the Issuer and/or as otherwise specified in the applicable Pricing Supplement or in a supplement to the Offering Circular.

<b>Set-off in relation to Subordinated Perpetual Notes</b> . . . . .	<p>Subject to applicable law, no Noteholder may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Notes, and each Noteholder shall, by virtue of his holding of any Subordinated Perpetual Notes, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any Noteholder by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Notes are discharged by set-off, such Noteholder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.</p>
<b>Subordinated Guarantee</b> . . . . .	<p>The Guarantor has irrevocably guaranteed on a subordinated basis the due payment of all sums expressed to be payable by the Issuer under the Subordinated Perpetual Notes and the Trust Deed. The obligations of the Guarantor in that respect are contained in the Trust Deed.</p>
<b>Status of Subordinated Guarantee</b> . . . . .	<p>The payment obligations of the Guarantor under the Subordinated Guarantee shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with any Parity Obligations of the Guarantor.</p>
<b>Limited right to institute proceedings in relation to Perpetual Notes.</b> . . . . .	<p>The right to institute winding-up proceedings is limited to circumstances where payment has become due. In the case of any Distribution, such Distribution will not be due if the Issuer has elected to defer that Distribution in accordance with Condition 4(h) as described in “Terms and Conditions of the Perpetual Notes”.</p>
<b>Proceedings for winding-up in relation to Perpetual Notes</b> . . .	<p>If:</p> <ul style="list-style-type: none"> <li>(i) an order is made or an effective resolution is passed for the winding-up of the Issuer or the Guarantor; or</li> <li>(ii) the Issuer shall not make payment in respect of the Perpetual Notes or the Guarantor shall not make payment in respect of the Guarantee, as the case may be, for a period of 10 days or more after the date on which such payment is due,</li> </ul> <p>(together, the “<b>Enforcement Events</b>”),</p>

the Issuer (or, as the case may be, the Guarantor) shall be deemed to be in default under the Trust Deed and the Perpetual Notes (in the case of the Issuer) and the Guarantee (in the case of the Guarantor) and where such Enforcement Event is continuing, the Trustee may, subject to the provisions of Condition 9(d) of the Terms and Conditions of the Perpetual Notes, institute proceedings for the winding-up of the Issuer (or, as the case may be, the Guarantor) and/or prove in the winding-up of the Issuer (or, as the case may be, the Guarantor) and/or claim in the liquidation of the Issuer and/or the Guarantor for such payment.

**Withholding Tax** . . . . . All payments of principal and Distributions (including any Arrears of Distribution and any Additional Distribution Amount) by or on behalf of the Issuer or the Guarantor in respect of the Perpetual Notes and the Coupons or under the Guarantee shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority therein or thereof having the power to tax, unless the withholding or deduction is required by law. In that event, in relation to Singapore Dollar Perpetual Notes, the Issuer or, as the case may be, the Guarantor will not be obliged to pay any additional amounts in respect of any such withholding or deduction from payments in respect of such Singapore Dollar Perpetual Notes for, or on account of, any such taxes or duties, and, in relation to Non-Singapore Dollar Perpetual Notes, the Issuer or, as the case may be, the Guarantor shall (subject to certain customary exceptions as described in “Terms and Conditions of the Perpetual Notes – Taxation”) pay such additional amounts as shall result in the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required.

**Governing Law** . . . . . The Perpetual Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them will be governed by, and shall be construed in accordance with, English law or Singapore law, as specified in the applicable Pricing Supplement, except that, in relation to Subordinated Perpetual Notes only, the subordination provisions set out in Condition 3(b) of the Terms and Conditions of the Perpetual Notes shall be governed by and construed in accordance with Singapore law.



## SELECTED FINANCIAL INFORMATION

*The following tables present selected consolidated financial information of the Group as of and for the periods indicated.*

*The selected consolidated financial information as at 31 December 2019 and 31 December 2018 and for the years then ended has been derived from the Group's consolidated financial statements as at and for the year ended 31 December 2019 that have been audited by KPMG LLP, and should be read in conjunction with such published audited consolidated financial statements and the notes thereto.*

*The consolidated financial statements of the Group have been prepared in accordance with SFRS(I) and IFRS.*

*The Group has applied the same accounting policies and methods of computation in the financial statements for 31 December 2019 as that of the audited financial statements for the year ended 31 December 2018, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning 1 January 2019 which are disclosed in Note 41 of the Group's audited consolidated financial statements for the year ended 31 December 2019.*

*The selected consolidated interim financial information as at 30 June 2020 and for the six months ended 30 June 2020 and 30 June 2019 has been derived from the Group's unaudited first half financial statement announcement, and should be read in conjunction with such published unaudited consolidated financial statements and the notes thereto.*

*The unaudited consolidated interim financial information as at and for the six months ended 30 June 2020 and 30 June 2019 included in this Offering Circular has not been audited or reviewed by the Group's auditors. Potential investors should exercise caution when using such data to evaluate the Group's financial position and results of operations. Please see "Risk Factors – Risks Relating to the Group – Certain financial information of the Group has not been audited or reviewed by the Group's auditors".*

*For the unaudited financial statements for the six months ended 30 June 2020, the Group has applied the same accounting policies and methods of computation in the financial statements as that of the audited financial statements for the year ended 31 December 2019, except for the adoption of accounting standards (including its consequential amendment) and interpretations applicable for the financial period beginning 1 January 2020. SFRS(I) which became effective for the Group's financial period beginning 1 January 2020 are as follows:*

- *Amendments to SFRS(I) 3: Definition of a Business*
- *Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Materiality*
- *Various SFRS(I): Amendments to references to the Conceptual Framework in SFRS(I) standards, illustrative examples, implementation guidance and SFRS(I) practice statements*
- *Revised Conceptual Framework*

*The Group has elected to early adopt Amendment to SFRS(I) 16: Covid-19 Related Rent Concessions which is effective from 1 June 2020. Under SFRS(I) 16, the Group may apply the practical expedients and elect to account for any change in lease payments resulting from the rent concession as if the changes were not a lease modification.*

*The adoption of the above amendments to SFRS(I) did not have any significant financial impact on the financial position or performance of the Group.*

## Income Statement

	Year ended 31 December	
	2018	2019
	Audited	
	(in S\$'000)	
<b>Revenue</b> .....	5,602,423	6,234,764
Cost of sales .....	(2,912,981)	(3,234,962)
Gross profit .....	2,689,442	2,999,802
Other operating income .....	990,028	1,772,158
Administrative expenses .....	(450,692)	(608,740)
Other operating expenses .....	(43,187)	(84,385)
<b>Profit from operations</b> .....	3,185,591	4,078,835
Finance costs .....	(636,495)	(839,141)
Share of results (net of tax) of:		
– associates .....	625,021	643,824
– joint ventures .....	334,386	344,951
	959,407	988,775
<b>Profit before taxation</b> .....	3,508,503	4,228,469
Taxation .....	(658,691)	(814,828)
<b>Profit for the year</b> .....	2,849,812	3,413,641
Attributable to:		
Owners of the Company (“ <b>PATMI</b> ”) .....	1,762,493	2,135,894
Non-controlling interests (“ <b>NCI</b> ”) .....	1,087,319	1,277,747
<b>Profit for the year</b> .....	2,849,812	3,413,641

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2020</b>
	<b>Unaudited</b>	
	<i>(in S\$'000)</i>	
<b>Revenue</b> .....	2,131,073	2,027,398
Cost of sales .....	(1,005,540)	(988,622)
Gross profit .....	1,125,533	1,038,776
Other operating income.....	681,974	350,096
Administrative expenses .....	(216,884)	(282,962)
Other operating expenses .....	(11,940)	(665,551)
<b>Profit from operations</b> .....	1,578,683	440,359
Finance costs .....	(371,675)	(457,201)
Share of results (net of tax) of:		
– associates .....	329,621	103,602
– joint ventures.....	152,664	52,864
	482,285	156,466
<b>Profit before taxation</b> .....	1,689,293	139,624
Taxation .....	(178,817)	(126,354)
<b>Profit for the period</b> .....	1,510,476	13,270
Attributable to:		
Owners of the Company (“ <b>PATMI</b> ”) .....	875,371	96,607
Non-controlling interests (“ <b>NCI</b> ”) .....	635,105	(83,337)
Profit for the period .....	1,510,476	13,270

## Statement of Comprehensive Income

	Year Ended 31 December	
	2018	2019
	Audited	
	(in S\$'000)	
Profit for the year .....	2,849,812	3,413,641
Other comprehensive income:		
<u>Items that are/may be reclassified subsequently to profit or loss</u>		
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations <sup>(1)</sup> .....	(237,739)	(206,259)
Effective portion of change in fair value of cash flow hedges <sup>(2)</sup> ....	17,832	(70,176)
Share of other comprehensive income of associates and joint ventures <sup>(3)</sup> .....	(327,533)	(161,143)
<u>Item that will not be reclassified subsequently to profit or loss</u>		
Change in fair value of equity investments at fair value through other comprehensive income .....	(4,047)	144,372
Revaluation of a property, plant and equipment .....	—	6,161
Total other comprehensive income, net of tax .....	(551,487)	(287,045)
Total comprehensive income .....	<u>2,298,325</u>	<u>3,126,596</u>
Attributable to:		
Owners of the Company.....	1,302,156	1,952,983
Non-controlling interests .....	996,169	1,173,613
Total comprehensive income .....	<u>2,298,325</u>	<u>3,126,596</u>

### Notes:

- (1) FY2019's exchange differences arose mainly from the appreciation of SGD against RMB and USD by 1.69 per cent. and 0.72 per cent. respectively, partially mitigated by realisation of foreign exchange translation reserve relating to Chongqing CapitaLand Guyu Xiongguan Real Estate to profit and loss, as the company became a subsidiary of the Group following the acquisition of the remaining stake held by Singbridge Pte. Ltd. and the disposal of Central China Real Estate Limited.
- (2) The effective portion of change in fair value of cash flow hedges for FY2019 arose mainly from the mark-to-market losses of the Group's interest rate swaps and cross currency swaps contracts which were entered into for hedging purposes.
- (3) The share of other comprehensive income of associates and joint ventures relates mainly to share of foreign currency translation reserve. FY2019's exchange differences arose mainly from the appreciation of SGD against RMB and USD by 1.69 per cent. and 0.72 per cent. respectively, as well as appreciation of USD against RMB by 0.96 per cent.

Six months ended 30 June		
	2019	2020
	Unaudited	
	(in S\$'000)	
Profit for the period .....	1,510,476	13,270
Other comprehensive income:		
<u>Items that are/may be reclassified subsequently to profit or loss</u>		
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations <sup>(1)</sup> .....	74,844	807,021
Effective portion of change in fair value of cash flow hedges <sup>(2)</sup> ....	(9,130)	(126,130)
Share of other comprehensive income of associates and joint ventures <sup>(3)</sup> .....	26,856	(109,121)
<u>Item that will not be reclassified subsequently to profit or loss</u>		
Change in fair value of equity investments at fair value through other comprehensive income .....	31	(12,382)
Total other comprehensive income, net of tax .....	92,601	559,388
Total comprehensive income .....	1,603,077	572,658
Attributable to:		
Owners of the Company .....	946,425	541,890
Non-controlling interests .....	656,652	30,768
Total comprehensive income .....	1,603,077	572,658

**Notes:**

- (1) 1H2020's exchange differences arose mainly from the depreciation of SGD against RMB and USD by 3.39 per cent. and 4.65 per cent. respectively during the first half of the year.
- (2) The effective portion of change in fair value of cash flow hedges for 1H2020 arose mainly from the mark-to-market losses of the Group's interest rate swaps and cross currency swaps contracts which were entered into for hedging purposes.
- (3) The share of other comprehensive income of associates and joint ventures relates mainly to share of foreign currency translation and hedging reserves. 1H2020's share of exchange differences arose mainly from the appreciation of USD against RMB by 1.31 per cent., partially offset by depreciation of SGD against RMB and USD by 3.39 per cent. and 4.65 per cent. respectively. The Group's share of effective portion of change in fair value of cash flow hedges for 1H2020 arose mainly from the mark-to-market losses of the interest rate swaps contracts which were entered into by associates and joint ventures.

## Balance Sheet

	As at		
	31 December		30 June
	2018	2019	2020
	Audited		Unaudited
	<i>(in S\$'000)</i>		
<b>Non-current assets</b>			
Property, plant & equipment.....	752,655	1,268,517	1,227,613
Intangible assets .....	634,715	988,081	1,003,008
Investment properties <sup>(1)</sup> .....	39,445,960	48,731,897	49,474,308
Associates & joint ventures.....	10,179,618	12,996,175	13,280,120
Other non-current assets .....	1,188,337	1,736,263	1,868,217
	<u>52,201,285</u>	<u>65,720,933</u>	<u>66,853,266</u>
<b>Current assets</b>			
Development properties for sale and stock <sup>(2)</sup> .....	5,128,551	7,725,059	8,140,805
Trade & other receivables .....	1,944,064	2,301,597	2,388,638
Contract assets .....	24,805	–	–
Other current assets.....	28,737	45,611	49,254
Assets held for sale <sup>(3)</sup> .....	260,276	385,111	398,748
Cash & cash equivalents <sup>(4)</sup> .....	5,059,839	6,167,606	7,067,833
	<u>12,446,272</u>	<u>16,624,984</u>	<u>18,045,278</u>
<b>Less: Current liabilities</b>			
Trade & other payables.....	3,841,906	5,047,568	4,935,695
Contract liabilities <sup>(5)</sup> .....	908,487	1,501,306	2,084,805
Short-term borrowings <sup>(6)</sup> .....	3,193,456	3,950,053	5,262,577
Current tax payable.....	1,451,474	1,900,452	1,808,227
Liabilities held for sale <sup>(3)</sup> .....	–	27,797	27,740
	<u>9,395,323</u>	<u>12,427,176</u>	<u>14,119,044</u>
<b>Net current assets</b> .....	<u>3,050,949</u>	<u>4,197,808</u>	<u>3,926,234</u>
<b>Less: Non-current liabilities</b>			
Long-term borrowings <sup>(6)</sup> .....	20,440,489	27,461,010	27,947,050
Other non-current liabilities .....	1,504,806	2,174,856	2,231,454
	<u>21,945,295</u>	<u>29,635,866</u>	<u>30,178,504</u>
<b>Net assets</b> .....	<u><u>33,306,939</u></u>	<u><u>40,282,875</u></u>	<u><u>40,600,996</u></u>

	As at		
	31 December		30 June
	2018	2019	2020
	Audited		Unaudited
	(in S\$'000)		
Representing:			
Share capital .....	6,309,496	9,327,422	9,327,422
Revenue reserves .....	13,460,921	15,074,009	15,216,241
Other reserves <sup>(7)</sup> .....	(817,705)	(1,041,961)	(639,225)
Equity attributable to owners of the Company .....	18,952,712	23,359,470	23,904,438
Perpetual securities .....	397,127	897,047	896,986
Non-controlling interests .....	13,957,100	16,026,358	15,799,572
<b>Total equity</b> .....	<b>33,306,939</b>	<b>40,282,875</b>	<b>40,600,996</b>

**Notes for 30 June 2020:**

- (1) The increase was mainly due to the acquisitions of a business park in United Kingdom and a serviced residence in Australia, development expenditure incurred for projects under construction and higher carrying value of properties mainly located in China, Japan and United States due to the appreciation of RMB, JPY and USD against SGD for 1H2020. The increase was offset by fair value losses for the properties held through CMT and CCT as well as the divestment of a mall in China.
- (2) The increase was mainly due to development expenditure incurred for China's residential projects and higher carrying value of China's development properties for sale due to appreciation of RMB against SGD for 1H2020.
- (3) The assets and liabilities held for sale relate mainly to four lodging properties in Singapore, China and Europe, as well as a shopping mall in China following the signing of agreements for their respective divestments.
- (4) The cash balances as at 30 June 2020 included S\$2.7 billion held at CapitaLand Limited and its treasury vehicles (comprising CapitaLand Treasury Limited, CapitaMalls Asia Treasury Limited, The Ascott Capital Pte Ltd and Ascendas Pte Ltd).
- (5) The increase was mainly due to receipt of advance payment from customers for development projects in China.
- (6) The increase in the Group's borrowings was mainly due to additional loans taken to fund the Group's investments and ongoing development expenditure for projects under construction.
- (7) The change in other reserves was mainly due to foreign currency translation differences arising from the depreciation of SGD against RMB and USD during the period.



## Financial Ratios

	As at or for the year ended 31 December	
	2018	2019
	Audited	
Earnings per share (cents).....	42.1	46.4
Dividend per share (cents).....	12.0	12.0
Net dividend cover (times) <sup>(1)</sup> .....	3.5	3.9
Net tangible assets per share (S\$) <sup>(2)</sup> .....	4.40	4.44
Debt equity ratio (net of cash) (times) <sup>(3)</sup> .....	0.56	0.63
Interest cover (times) <sup>(4)</sup> .....	8.3	7.6
	As at or for the six months ended 30 June	
	2019	2020
	Unaudited	
Earnings per share (cents).....	21.0	1.9
Dividend per share (cents).....	–	–
Net dividend cover (times) <sup>(1)</sup> .....	–	–
Net tangible assets per share (S\$) <sup>(2)</sup> .....	4.26	4.53
Debt equity ratio (net of cash) (times) <sup>(3)</sup> .....	0.73	0.64
Interest cover (times) <sup>(4)</sup> .....	7.3	4.9

### Notes:

- (1) Net dividend cover is calculated by dividing the net profit attributable to equity holders of CapitaLand by the dividend payable.
- (2) Net tangible assets per share is calculated by dividing total net tangible assets by the total number of issued and paid-up shares, where “**net tangible assets**” means net assets less intangible assets.
- (3) Debt equity ratio is calculated by dividing net borrowings by total equity, where “**net borrowings**” means the aggregate amount of interest-bearing borrowings, net of cash and cash equivalents, and “total equity” means the aggregate of the issued and paid-up share capital, reserves, perpetual securities and non-controlling interests.
- (4) Interest cover is calculated on a run rate basis using the following formula:

$$\frac{\text{Profit before tax} + \text{finance costs} - \text{interest income} + \text{depreciation} + \text{amortisation}}{\text{Finance costs} - \text{interest income}}$$

## RISK FACTORS

*Prior to making any investment decision, prospective investors should consider carefully all of the information in this Offering Circular, including the risks and uncertainties described below. The businesses, financial condition and/or results of operations of the Group could be materially adversely affected by any of these risks. The Issuer and the Guarantor believe that the following factors may affect their ability to fulfil their obligations under the Notes issued under the Programme. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer or the Guarantor may be unable to fulfil their obligations under the Notes or pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuer and the Guarantor do not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.*

*Terms used but not defined in this section shall have the meanings given to them in “Terms and Conditions of the Notes other than Perpetual Notes” and/or “Terms and Conditions of the Perpetual Notes” (as the case may be). The Terms and Conditions of the Notes other than Perpetual Notes, the Terms and Conditions of the Perpetual Notes, the Trust Deed and the Agency Agreement will prevail to the extent of any inconsistency with the information set out in the sections of those Risk Factors entitled “Risks Relating to the Notes Issued under the Programme”, “Risks Relating to the Structure of a Particular Issue of Notes”, “Additional Risks Relating to the Perpetual Notes” and “Additional Risks Relating to Renminbi-denominated Notes”.*

### **Risks Relating to the Group**

**The Group’s businesses, financial condition and results of operations may be materially and adversely affected by natural calamities, outbreak of communicable diseases and pandemics/epidemics.**

Natural calamities, outbreak of communicable diseases and pandemics/epidemics could result in sporadic or prolonged market and/or supply disruptions, an economic downturn or recession, volatilities in domestic and/or international capital markets and may materially and adversely affect Singapore and other economies. The occurrence of any of these events or developments may materially and adversely affect the Group’s businesses, financial condition and results of operations.

In particular, the outbreak in late 2019 of a novel strain of coronavirus (i.e. COVID-19) has since spread globally and triggered a global downturn and global economic contraction, causing disruptions in demand and supply chains. The number of reported cases of COVID-19 worldwide, as well as the number of reported deaths as a consequence of COVID-19 worldwide, significantly exceed those observed during the Severe Acute Respiratory Syndrome (“**SARS**”) epidemic that occurred in 2002/2003 and the COVID-19 outbreak has resulted in a more widespread health crisis than that observed during the SARS epidemic. On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak a pandemic. The Group’s business has been adversely affected by the global outbreak of COVID-19, and there may be further adverse effects on the Group’s business as a result of the continuing COVID-19 pandemic.

The COVID-19 pandemic is ongoing and the actual extent of the pandemic and its impact on the domestic, regional and global economy remain uncertain. The COVID-19 pandemic could result in protracted volatility in international markets and/or result in a global recession as a consequence of disruptions to travel and retail segments, tourism and manufacturing supply chains, imposition of quarantines and prolonged closures of workplaces.

Governments around the world introduced measures designed to slow the spread of the virus, including strict border control and travel restrictions and ordering residents to stay at home with a limited range of exceptions. In Singapore, ‘circuit breaker’ measures were implemented by the Singapore government on 7 April 2020, pursuant to which all non-essential businesses were ordered to close, including all of the Group’s residential sales offices in Singapore. Most retail premises were required to close, and food and beverage (“**F&B**”) establishments were only permitted to open for takeaway or home delivery. Only a minority of the Group’s tenants, deemed as essential services, remained operating during the ‘circuit breaker’ period.

The ‘circuit breaker’ measures ended on 1 June 2020 and from 2 June 2020 under ‘phase one’ post ‘circuit breaker’, Singapore gradually re-opened economic activities that did not pose a high risk of transmission. However, the operation of most retail outlets and dining at F&B outlets were not allowed to resume until ‘phase two’ which begun on 19 June 2020. Under ‘phase two’, Singapore resumed most economic activities, subject to safe management measures. The resumption of operations of retail outlets and dining at F&B outlets in ‘phase two’ is subject to significant restrictions and compliance with safe distancing measures. Larger public venues with high human traffic such as malls and large standalone retail outlets are subject to capacity limits, and operators are required to prevent crowds or long queues from forming within and in the immediate vicinity of their premises.

These restrictive measures significantly reduced the number of people visiting the Group’s shopping malls, which adversely impacted the business of its tenants. The loss of retailer sales is likely to place a number of the Group’s tenants under financial strain. While accommodation from banks and support from governments may assist, these circumstances may result in tenants being unable to meet their contracted rent obligations. These measures could also reduce demand for the Group’s office spaces, resulting in lower occupancies, softening of rents and potentially higher bad debt provisions. The more affected office tenants are the ‘flex-space’ operators, including serviced offices and co-working spaces. With ‘work-from-home’ as the default mode during the ‘circuit breaker’ period, members of the ‘flex-space’ community were unable to work from their offices and some have requested to waive or defer memberships.

Moreover, precautionary measures put in place such as cleaning and disinfecting common areas, ensuring logistics readiness and activating regional and global response teams to provide around-the-clock assistance will lead to higher operating expenses for the Group. In respect of residential sales, the Group expects sales to be muted and homebuyer sentiment to remain weak in Singapore until there is greater clarity on the economic outlook. The Group’s residential and commercial projects under development may also experience progress delays due to supply chain and labour disruptions.

There is also a risk that governments may impose restrictions on landlords, such as the Group, on the termination or enforcement of leases or require the deferral and/or waiver of rent for a period of time. There is also an increased risk of retailers facing liquidity concerns and an increased risk of the Group having to agree to a deferral or waiver of rent or outgoing payments to financially assist retailers for a period of time.

On 7 April 2020, the Singapore government passed the COVID-19 (Temporary Measures) Act 2020, No. 14 of 2020 (the “**COVID-19 Act**”) which, among other things, permits lessees and licensees of non-residential properties which are unable to pay rent due to a “COVID-19 event” to seek relief from termination or enforcement of such leases or licences for a period of six months commencing on 20 April 2020. The Singapore government further amended the COVID-19 Act to,

among other things, require landlords to waive up to two months of rental payments payable by lessees or licensees that are qualifying small and medium enterprises (“SME”). Since February 2020, in addition to its obligations under the COVID-19 Act, the Group has introduced a wide range of support and relief packages to help its tenants tide through the COVID-19 outbreak. In particular, the Group has provided rental relief and has committed to pass on any Singapore government property tax rebates and cash grants to eligible tenants. CapitaLand Mall Trust (“CMT”) has also committed a rental relief package totaling 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. In June 2020, CMT has also granted rental waivers to the qualifying SME tenants as required by the COVID-19 Act, and up to one month additional rental relief or other forms of rental assistance for non-qualifying SME tenants with businesses that are restricted from operating or which are materially affected by COVID-19. Please also refer to *“Description of the Group – Global outbreak of COVID-19”* for further information.

Both the duration of the border control, travel and movement restrictions and the longer-term effects of the COVID-19 pandemic on the Group’s business are uncertain. Please also refer to the risk factor *“Ongoing uncertainty about the financial stability of global markets could have a material adverse effect on the Group’s businesses, financial condition and results of operations”* for more information.

The valuations of the Group’s properties (other than CMT and CapitaLand Commercial Trust (“CCT”)) were last assessed as of 31 December 2019, and as such, are based on the property market and cash flow forecasts as of that date. At 31 December 2019, the full impact of the COVID-19 pandemic was not taken into account in these valuations of the Group’s properties. As at the date hereof, it is not known what impact the COVID-19 pandemic may have on the valuation of these properties.

Governments (including the Singapore government) have also introduced and may continue to introduce support and relief measures in response to the COVID-19 pandemic. For example, the Singapore government has released four budget packages as part of its support and relief measures in response to the COVID-19 pandemic. The four budget packages total approximately S\$92.9 billion. In addition, the COVID-19 Act introduces certain relief for individuals and businesses in financial distress as a result of the ongoing COVID-19 pandemic. On 17 August 2020, the Singapore government announced the continuation of certain existing measures introduced in response to the COVID-19 pandemic, as well as the introduction of new measures, to support the sectors most affected by the COVID-19 pandemic. Please also refer to *“Description of the Group – Global outbreak of COVID-19”* for further information. Where applicable, the Group has availed itself of the relevant support and relief measures available in the jurisdictions in which it operates in the form of, among others, support for staff salaries, foreign worker levy rebates and property tax rebates. However, such support and relief measures are for limited durations and further, there is no assurance that such support packages will be effective in improving the state of the relevant local economy and/or the global economy.

As the COVID-19 outbreak is ongoing, the actual extent of the outbreak and its impact on the domestic, regional and global economy remain uncertain, and the actual extent of the impact on the Group’s business, financial condition and results of operations will depend on, among 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. Please also refer to *“Description of the Group – Global outbreak of COVID-19”* for more information.

**Ongoing uncertainty about the financial stability of global markets could have a material adverse effect on the Group’s businesses, financial condition and results of operations**

The COVID-19 pandemic has resulted in severe economic disruptions, corporate insolvencies and job losses. Even when travel and movement restrictions are eased or lifted, there might be a

period of significantly reduced economic activity and potential increased unemployment. Consumer sentiment and spending is likely to remain cautious, resulting in reduced consumer spending. Should this be the case, this will affect the businesses of the Group's tenants and therefore indirectly affect the Group. These conditions may result in downward pressure on leasing demand, lease rates and the valuation of the Group's properties. The Group also expects residential sales to be muted and homebuyer sentiment to remain weak in Singapore until there is greater clarity on the economic outlook.

A number of governments (including the Singapore government) revised gross domestic product ("**GDP**") growth forecasts for 2020 downward in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the COVID-19 pandemic will cause a prolonged global economic crisis or recession, which may have a material adverse effect on the Group's financial condition and results of operations.

In addition, the COVID-19 pandemic had caused stock markets worldwide to lose significant value and impacted economic activity in Asia and worldwide. 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.

These factors could have myriad effects on the Group's businesses, each of which may adversely affect the Group's performance attributable to some or all of the Group's residential, commercial, retail mall and serviced residence businesses. These effects include, but are not limited to, decreases in valuations of the Group's properties resulting from deteriorating operating cash flow and widening capitalisation rates; decreases in the sales of, or prices for, residential development projects; delays in the sales launches of the Group's residential projects in order to take advantage of possible future periods of more robust real estate demand; decreases in rental or occupancy rates for commercial, retail mall or serviced residence properties; insolvency of contractors resulting in construction delays; insolvency of tenants in commercial and retail properties; inability of customers to obtain credit to finance purchases of properties and/or customer insolvencies; decreases in the amount of extended stay business travel or corporate housing needs resulting in higher vacancy levels and lower rental income from the Group's serviced residences; or failure of financial and other institutions, negatively impacting treasury operations including but not limited to counterparty risks relating to deposits, money market investments and treasury contracts, including those related to foreign exchange or interest rate transactions.

Further, in light of the interconnectivity between Singapore's economy and other economies, Singapore's economy is increasingly exposed to economic and market conditions in other countries. As a result, an economic downturn or recession in the United States (the "**U.S.**"), Europe and other countries in the developed world or a slowdown in economic growth in major emerging markets such as China or India could have an adverse effect on economic growth in Singapore. In recent years, credit markets worldwide have experienced periods of significant volatility including a reduction in liquidity levels. A slowdown in the rate of growth in the Group's primary markets could result in a higher rate of default among corporate and retail customers, which could adversely affect the Group's businesses, financial performance, ability to implement its strategy and the price of the Notes.

Furthermore, in response to the above developments, legislators and financial regulators in the U.S. and other jurisdictions, including Singapore, have implemented a number of policy measures designed to add stability to the financial markets and act as liquidity risk management initiatives. However, the overall impact of these and other legislative and regulatory efforts on the global and Singapore financial markets remains uncertain, and these initiatives may not be successful in stabilising the economy. The Group's business has been adversely affected by the global outbreak of COVID-19 and there may be further adverse effects on the Group's business as a result of the continuing COVID-19 pandemic. In the event that the current conditions in the global credit



markets persist or there are changes in statutory limitations on the amount of liquidity that the Group must maintain or if there is any significant financial disruption, this may further materially and adversely affect the Group's cost of funding, loan portfolios, liquidity, businesses, prospects, financial condition and results of operations.

**The Group's business activities are concentrated in the Asia Pacific region, mainly in Singapore and China**

Most of the Group's business activities are concentrated in the Asia Pacific region, mainly in Singapore and China. The Group expects to continue to expand its business in China, including undertaking strategic acquisitions of land banks and other assets. As part of the Group's strategy, it will also continue to seek investment opportunities in the U.S. and Europe. As a result, its revenue, operations, results and future growth depend, to a large extent, on the continued growth of the markets in the Asia Pacific region, the U.S. and Europe.

Given this concentration of the Group's business activities, the specific laws, regulations, practices, economic and financial conditions, property market and other aspects of each of these countries and their corresponding micro-regions could have significant impact on the businesses, financial condition and results of operations of the Group. In addition, any excesses in property supply over demand as a result of economic uncertainty, slower growth and increased interest rates (which reduces the ability of the Group's customers to finance real estate purchases and increases the Group's own costs of financing) may lead to further volatility in property prices and yields which could in turn adversely affect the Group's results of operations and future growth.

**The Group is exposed to risks relating to growth and expansion, as well as risks in connection with past, ongoing and future acquisitions, joint ventures and strategic partnerships**

The Group's future operating results will depend on, among other things, its management's ability to manage its growth. As part of the Group's future plans, it intends to expand its business, both geographically and operationally. Any such expansion carries with it inherent risks and uncertainties and requires significant management attention and company resources, and may not yield the results the Group expects.

In the past, the Group has acquired assets and businesses in order to expand its operations. Acquisitions, joint ventures ("JVs"), strategic partnerships and reorganisations entail risks resulting from the integration of employees, processes, technologies, and products. Such transactions may give rise to substantial administrative and other expenses, and may also be subject to regulatory oversight, governmental or other approvals.

As part of its business strategy, the Group may acquire assets or businesses, or enter into JVs or strategic partnerships, although it expects to do so in a targeted manner. There is no certainty however that the Group will be able to identify suitable assets or businesses and to acquire them or enter into JVs or strategic partnerships on favourable terms. There is also a risk that not all material risks in connection with any such acquisition or the establishment of a JV or strategic partnership will be identified in the due diligence process and will or could not be sufficiently taken into account in the decision to acquire an asset or business and in the sale and purchase agreement, or the decision to enter into a JV and the JV agreement. These risks could materialise only after such acquisition has been completed or a JV or strategic partnership has been entered into, and may not be covered by the warranties and indemnities in the sale and purchase agreement or the JV agreement and/or by insurance policies, and may result in delays, increases in costs and expenses, disputes and/or proceedings, or other adverse consequences for the Group. Any of these factors could have a material adverse effect on the Group's businesses, financial position and results of operations.

For example, the Group has entered into certain JV projects which involve government-to-government relationships and/or are strategic initiatives, namely:

- Singapore-Sichuan Hi-Tech Innovation Park;
- China-Singapore Guangzhou Knowledge City;
- Sino-Singapore Jilin Food Zone Cooperation Development Project; and
- Sino-Singapore Tianjin Eco-City.

The fulfilment of the objectives of such JV projects is heavily influenced by the political climate of the jurisdictions in which the JV projects are located and enforcement of contractual rights may be difficult. They are also typically complex projects with long gestation periods. While the Group has not currently experienced any material issues in respect of these JV projects, there is no assurance that material issues will not occur in the future. The occurrence of any material issues may adversely impact the performance of the JV projects and in turn may materially and adversely affect the Group's businesses, financial condition and results of operations.

Please also refer to the risk factor "*The Group is subject to risks inherent in JV structures and/or funds*".

**The Group's businesses are subject to political, economic, regulatory and other risks of investing in other jurisdictions**

The Group has a presence in a number of jurisdictions in Asia Pacific, the U.S. and Europe, and intends to continue to expand in markets such as India, Vietnam, Australia, Europe and the U.S. This may expose the Group to the risk of political, economic, regulatory and social uncertainties and unrests specific to those countries. Currently, a certain portion of the Group's projects and assets are located in countries which have suffered and continue to suffer from political instability and a certain proportion of the Group's revenue is derived from its operations in these countries. In addition, the legal system in certain of the jurisdictions in which the Group operates is less developed than in certain other countries, and the laws in such jurisdictions may not be interpreted and enforced in a consistent manner. The interpretation of laws may be subject to policy changes, such as those which reflect domestic policy changes. Further, as the legal system in such jurisdictions develop, the promulgation of new laws, changes to existing laws and the pre-emption of local regulations by national laws may have an adverse effect on the Group's businesses, financial condition and results of operations.

The Group's investments may also be adversely affected by a number of conditions in the local real estate market in these countries, including oversupply, performance of other competing properties or reduced demand for the Group's properties. Any changes in the political environment and the policies by the governments of these countries, which include, *inter alia*, restrictions on foreign currency conversion or remittance of earnings, the requirement for approval by government authorities, changes in law, regulations and interpretation thereof and changes in taxation could adversely affect the Group's future results and investments, which will also be exposed to currency fluctuations when they are converted to Singapore dollars. As such, unfavourable events in such foreign countries may have an adverse impact on the Group's financial condition and results of operations.



**The Group is exposed to fluctuations and business risks in the residential, commercial, retail, business parks, industrial and logistics real estate markets and serviced residence business**

The real estate development industry in the Group's core markets of Singapore and China, and in the other countries in which the Group operates, is cyclical and is significantly affected by changes in general and local economic conditions, including employment levels, availability of financing, interest rates, consumer confidence and demand for developed products, whether in relation to residential, office, retail, business parks, industrial or logistics real estate properties. The process of development of a project begins, and financial and other resources are committed, long before a real estate project comes to market, which could occur at a time when the real estate market is in a down-cycle and this could adversely affect the Group's businesses, financial condition and results of operations.

The capital value of the investments in the Group's real estate financial services business may fall as well as rise, and the income derived from them may fluctuate. A fall in such capital values may result in a reduction in the level of income which the Group may derive and/or a reduction in the aggregate value of such investments which may require additional contributions from investors including the Group.

In addition to the risks associated with property development in general, the Group's retail, commercial, business parks, industrial and logistics and serviced residence businesses are subject to the operating risks inherent in these industries. For the retail, commercial, business parks, industrial and logistics businesses, these risks include uneven lease expiries, the ability of tenants to make timely rental payments, the renewal of leases at less favourable terms, non-renewals, non-replacements or early termination of leases and the possible loss of an anchor tenant, for example, in the event that such anchor tenant files for bankruptcy or insolvency or experiences a downturn in its business or its drawing power which could result in the loss in the demand for and value of the property. For the serviced residence business, these risks include cyclical downturns arising from changes in general and economic conditions, decreases in the demand for accommodation, oversupply of serviced residences and competition in countries in which the Group's serviced residences are located. The relocation or closure of amenities and transportation infrastructure near any of these properties may also adversely affect the business and value of such properties.

Furthermore, the Group's retail, commercial, business parks, industrial and logistics and serviced residence businesses are subject to the recurring need for renovation, refurbishment, repair, maintenance and improvement to the properties and increases in operating costs arising from inflation, government regulations, changes in general economic conditions such as fluctuations in financial and property markets and changes in investment returns which may alter the level of demand for such product, and other factors, including acts of terrorism, riots and civil commotions, natural disasters, pandemics and communicable diseases, extreme weather conditions, labour shortages and work stoppages or disputes. Accordingly, any changes in the aforementioned factors could have an adverse effect on the Group's businesses, financial condition and results of operations. The Group's residential, retail, and serviced residence businesses have been adversely impacted by the COVID-19 pandemic, as described in the risk factor "*The Group's businesses, financial condition and results of operations may be materially and adversely affected by natural calamities, outbreak of communicable diseases and pandemics/epidemics*" and the section "*Description of the Group – Global outbreak of COVID-19*".

**The Group is subject to competition in its key markets**

The Group's residential, commercial, retail, business parks, industrial and logistics real estate properties and serviced residence businesses operate in a competitive environment. Among other things, the Group faces increasing competition in the real estate and serviced residence markets

and the real estate financial services business. Additionally, the Group expects the real estate market in its core markets of Singapore and China to remain highly competitive, particularly with respect to the prices realised from sales of residential properties and rental rates for commercial and retail properties. Such increased competition may result in an increase in the supply of developed properties that could cause a decrease in property sale prices and competition for the rental market.

As a result, while the Group has selectively accumulated a land bank that it plans to develop for residential properties, there can be no assurance that the Group will be able to sell the developed properties at a profitable price. To the extent that the Group is unable to develop its land bank and sell the developed properties at acceptable prices, the Group's results of operations and financial condition would be adversely affected.

The Group's serviced residence business also competes for guests in the highly competitive lodging industry in the countries in which it operates. Competitive factors in the serviced residence industry include, among others, room rates, quality of accommodation, name recognition, service quality and the convenience of the location of the serviced residence. The Group's real estate financial services business competes in a highly competitive industry for such services. There can be no assurance that competitive conditions will not increase as a result of changes in economic conditions, changes in local market conditions and changes in the availability of the supply of serviced residence space in the relevant markets.

The Group's overseas real estate and serviced residence businesses compete with both domestic and international companies with respect to factors such as location, facilities and supporting infrastructure, services and pricing. Intensified competition between real estate developers may result in increased costs for land acquisition, over-supply of properties and a slowdown in the approval process for new property developments by the relevant government authorities, all of which may adversely affect the Group's property development business.

Some of the Group's competitors may have significant financial resources, marketing and other capabilities. For example, domestic companies in the overseas markets in which the Group operates may have more extensive knowledge of the local markets than the Group and may have longer operational track records in their respective domestic markets. International companies are able to capitalise on their overseas experience and greater financial resources to compete in the markets in which the Group has an overseas presence. As a result, there can be no assurance that the Group will be able to compete successfully in the future against its existing or potential competitors or that increased competition with respect to the Group's activities will not have a material adverse effect on the Group's businesses, financial condition and results of operations.

#### **The Group is subject to government regulation and government policies in the countries where it operates**

The real estate industry in the countries in which the Group operates may be impacted significantly by government regulations, which may result in a reduction in the Group's income or an increase in the Group's costs (including, for example, changes in tenancy laws that limit the Group's recovery of certain property operating expenses or changes in environmental laws that require significant capital expenditure). In addition, regulatory approvals may be required for, among other things, land and title acquisition, development planning and design, construction and mortgage financing and refinancing. Such approvals may stipulate, among other things, maximum periods for the commencement of development of the land. Some of these countries may also restrict the level, percentage and manner of foreign ownership and investment in real estate or may impose additional costs on foreigners seeking to invest in or own properties. Such regulations are at times ambiguous and their interpretations and applications can be inconsistent and can affect demand for the Group's properties and may be potentially detrimental to the Group. If the Group fails to obtain the relevant approvals or comply with applicable laws and regulations, it may

be subject to penalties, have its licences or approvals revoked, or lose its right to own, develop or manage its properties and its businesses, among other things, any or all of which could have a material adverse impact on its businesses, financial condition, results of operations and prospects.

Governments of the countries in which the Group operates may also seek to promote a stable and sustainable property market by monitoring the property market and adopting measures as and when they deem necessary. These governments may introduce new policies or amend or abolish existing policies at any time and these policies may have a retroactive effect. These changes may have a material adverse impact on the overall performance of the property markets in which the Group operates and thus affect the Group's businesses, financial condition, results of operations and prospects. For example, in February 2010, the Singapore government imposed stamp duty on sellers of residential properties which were sold within one year of acquisition to discourage short-term speculative activity. This was extended to residential properties sold within three years of acquisition from August 2010 and further extended to residential properties sold within four years of acquisition in January 2011. In addition, the Singapore government introduced from December 2011 an additional buyer's stamp duty, over and above the existing buyer's stamp duty, to be paid by certain groups of people who acquire residential properties in Singapore. The MAS also imposes constraints on property loans. In particular, the MAS has introduced a number of cooling measures, including limitations on loan tenure and loan-to-value ratios for residential property loans, and a requirement that purchasers pay a minimum cash percentage of the value of the property before a bank can disburse funds under the loan. For instance, in October 2012, the Singapore government imposed a cap of 35 years on loan tenures of all residential property loans (as well as refinancing facilities for residential property loans and credit facilities secured by residential property), and tightened the loan-to-value ratio requirements, particularly where the tenure of the loan exceeded 30 years, thereby impacting the availability of financing for purchases of residential properties. On 12 January 2013, the Singapore government further increased the additional buyer's stamp duty by between 5.0% to 7.0%, tightened the loan-to-value limits and raised the minimum cash down payment required for individual borrowers who have one or more outstanding housing loans and are obtaining a second or subsequent housing loan in connection with the purchase of residential properties. On 28 June 2013, the MAS introduced a total debt servicing ratio ("**TDSR**") cap of 60.0% for property loans (both for residential property and non-residential property) granted by Singapore financial institutions to individuals, including sole proprietorships and vehicles set up by individuals solely for the purchase of properties.

The TDSR framework was also further revised from 1 September 2016 to allow borrowers more flexibility in managing their debt obligations. From 11 March 2017, the TDSR framework was disappplied to credit facilities (including re-financing facilities) secured by property where the aggregate of the amount to be granted under the credit facility and the balance outstanding under any other credit facility or refinancing facility granted by any person for the purchase of that property or otherwise secured by that property did not exceed 50.0% of the current market valuation of the property. The Singapore government also revised the seller's stamp duty on 11 March 2017, reducing the holding periods during which seller's stamp duty applies and lowering the stamp duty rates. Additional buyer's stamp duty rates were raised again with effect on 6 July 2018. The Singapore government is likely to continue to monitor the Singapore property market. In connection with the COVID-19 outbreak, the MAS clarified on 7 April 2020 the application of the loan-to-value limits and TDSR for residential mortgages and mortgage equity withdrawal loans to help individuals and businesses meet cash flow needs.

In China, the PRC government has imposed a series of measures to cool the residential market since 2010. Recent cooling measures include raising down-payment requirements and interest rates for mortgages for second home purchases in certain cities and the introduction of capital gain tax. Should any new or more stringent measures be introduced to the property markets in which the Group operates, the Group's businesses, financial condition, results of operations and prospects may be adversely affected.

In addition, in the countries in which the Group operates, in order to develop and complete a property development, a property developer must obtain various permits, licences, certificates and other approvals from the relevant administrative authorities at various stages of the property development process, including land use rights certificates, planning permits, construction permits, pre-sale permits and certificates or confirmations of completion and acceptance. Each approval is dependent on the satisfaction of certain conditions. Problems or delays may be encountered in obtaining such government approvals or in fulfilling the conditions required for obtaining the approvals, especially as new laws, regulations or policies may come into effect from time to time with respect to the real estate industry in general or the particular processes with respect to the granting of approvals. If the Group fails to obtain relevant approvals or fulfil the conditions of those approvals for its property developments, these developments may not proceed as scheduled, and the Group's businesses, financial condition and results of operations may be adversely affected.

**The Group operates in a capital intensive industry that relies on the availability of sizeable amounts of debt, and the Group faces risks associated with debt financing**

As at 30 June 2020, the Group had total consolidated debt (including lease liabilities) of approximately S\$33.2 billion, including approximately S\$5.3 billion which is due to be repaid, refinanced or rolled over in the next 12 months.

On 30 June 2019, the Group completed the acquisition of Ascendas Pte Ltd and Singbridge Pte. Ltd. (together with their subsidiaries, associates and other affiliates, the "**Ascendas-Singbridge Group**"). The Group's level of debt increased by approximately S\$6.3 billion as a result of the consolidation of the Group's debts with the Ascendas-Singbridge Group's debts. Such increase in indebtedness and associated costs of interest may result in, among other things, an increase in the Group's vulnerability to general adverse economic conditions and restrictions on the Group's flexibility in planning for, or reacting to, changes in its businesses due to, for example, the impairment of the Group's ability to obtain additional funding and/or refinancing.

As a result of the increase in indebtedness, should the Group be unable to recycle its assets and generate returns therefrom which are in excess of its cost of equity, it may not be able to reduce its indebtedness sufficiently in a timely manner, which in turn may materially and adversely affect the Group's businesses, financial condition and results of operations.

While the Group has unutilised facilities and funds available for use, there can be no assurance that it 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 its expected cash flow may be required to be dedicated to the payment of interest on its indebtedness, thereby reducing the funds available to the Group for use in its general business operations.

In addition, as the Group enhances its capabilities through pursuing new investment opportunities and expanding in the capital intensive real estate industry, it is expected to require additional working capital and may have to incur sizable capital expenditure to fund its growth, and funds generated from its operations may not sufficiently provide for such growth. The Group may have to look to external sources of funding and such additional funding could also result in the Group being subject to additional financial covenants that may affect, *inter alia*, its operations and ability to make investments and pay dividends to shareholders.

As part of the Group's borrowing activities, it 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 it to be particularly vulnerable in any general economic downturn or instability in the global financial capital markets.

**Volatility in global financial markets and general economic conditions that the Group is not able to predict could restrict the Group's access to funding and result in risks to the Group**

In 2019, the global economy continued to experience a synchronised slowdown. Many major economies faced persistently low or negative interest rates, which fueled rising indebtedness and may make leveraged corporates susceptible to unexpected earnings shocks or rises in funding costs. In the first half of 2020, the containment measures imposed by governments to address the COVID-19 pandemic caused a sharp downturn in economic activity, and galvanised governments to roll out significant monetary easing and fiscal measures.

In the World Economic Outlook published in June 2020, the International Monetary Fund projected economic growth in 2020 to be – 4.9%, citing the negative impact of the COVID-19 pandemic on economic activity and a slower recovery of economic activity than previously anticipated. The report noted a higher-than-usual degree of uncertainty surrounding its forecast. On one hand, the downturn could be less severe than anticipated if economic normalisation proceeds faster than expected in areas that have reopened, or medical breakthroughs in vaccine trials occur. On the other hand, outbreaks could recur in places that appear to have gone past peak infection, requiring the re-imposition of containment measures. Beyond pandemic-related downside risks, escalating tensions between the U.S. and China on multiple fronts, frayed relationships among the Organization of the Petroleum Exporting Countries (OPEC)+ coalition of oil producers, and widespread social unrest pose additional challenges to the global economy. Moreover, against a backdrop of low inflation and high debt (particularly in advanced economies), protracted weak aggregate demand could lead to further disinflation and debt service difficulties that, in turn, weigh further on activity.

Trade tensions between the U.S. and major trading partners, most notably China, continue to escalate following the introduction of a series of tariff measures in both countries. Although the U.S. and China have brokered a “Phase 1” Economic and Trade Agreement in January 2020 to, among other things, relax some of U.S. tariffs on Chinese imports, tensions have increased following disputes on the origins of the COVID-19 virus, the passing of a national security law giving China powers of control over Hong Kong, and allegations of espionage and intellectual property theft concerning China's consulate in Houston, Texas. Accordingly, there is no certainty as to whether the U.S. and China will reach a further trade agreement as originally envisaged. While China is the primary target of U.S. trade measures, value chain linkages mean that other emerging markets, primarily in Asia, may also be impacted. In addition, the U.S. has in the first half of 2020 announced a list of 30 products, accounting for approximately US\$3.1 billion dollars of imports from the European Union into the U.S., that could be subjected to new tariffs and there remains the possibility of further trade disputes between the U.S. and the European Union.

In Europe,

- the exit of the UK from the European Union and the on-going negotiations between the parties on a free trade agreement before the end of the transition period in December 2020;
- the possible exit of Scotland, Wales or Northern Ireland from the UK;
- the possibility that other European Union countries could hold similar referendums to the one held in the UK and/or call into question their membership of the European Union;
- the possibility that one or more countries that adopted the Euro as their national currency might decide, in the long term, to adopt an alternative currency; or



- prolonged periods of uncertainty connected to these eventualities, could have significant negative impacts on international markets.

These could include greater volatility of foreign exchange and financial markets in general due to the increased uncertainty. Market and economic disruptions have affected, and may continue to affect, consumer confidence levels and spending, personal bankruptcy rates, levels of incurrence and default on consumer debt and home prices, among other factors. There can be no assurance that the market disruptions in Europe, including the increased cost of funding for certain governments and financial institutions, will not spread, nor can there be any assurance that future financial support packages will be made available or, even if provided, will be sufficient to stabilise the affected countries and markets in Europe or elsewhere.

In recent years, credit markets worldwide have experienced periods of significant volatility including a reduction in liquidity levels, increasing costs for credit protection and a general decline in lending activity between financial institutions and in commercial lending markets worldwide. More recently, many central banks have implemented monetary easing to shore up liquidity in response to the COVID-19 pandemic. However, the effectiveness of such measures remains to be seen.

Even prior to the COVID-19 pandemic, dislocations, market shifts, increased volatility or instability in the global credit and financial markets have in recent years affected the availability of credit and at times led to an increase in the cost of financing. The foregoing may result in the Group experiencing difficulty in accessing the financial markets, which could make it more difficult or expensive to obtain funding in the future. There can be no assurance that the Group will be able to raise financing at favourable terms or at all. The Group may also be subject to solvency risks of its banks and of its counterparties in its financial investments and arrangements. These may have a material adverse impact on the operations of the Group.

**The Group is subject to economic and political conditions in the countries where it operates**

The economies in certain of the countries where the Group develops projects or owns properties, such as China, India and Vietnam differ from the economies of most developed countries in many respects, including:

- growth rate;
- political and economic stability;
- level of development;
- allocation of resources;
- control of foreign exchange; and
- level of government involvement.

While many of these economies have experienced significant growth, such growth has often been limited to certain geographic regions and certain sectors of the economy. The governments of such countries have implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall economy but may also have a negative effect on the Group. For example, the Group's financial condition and results of operations may be adversely affected by government control over capital investments, changes in tax regulations that are applicable to it or regulatory changes affecting the real estate industry. The Group's investments may also be adversely affected by a number of local real estate market

conditions in these countries, such as an oversupply of property developments, the performance of other competing properties or reduced demand for these properties.

The Group's operations in certain emerging markets (such as India) may present different risks from those faced in developed countries. These could include risks arising from the varying growth rate of such emerging markets, uncertain political and economic conditions and the extent of government involvement and regulations present in such jurisdictions. For example, while some emerging market countries are experiencing rapid growth and urbanisation, there is no assurance that this growth rate will be maintained, and such markets are more likely than developed markets to experience volatility, inefficiencies and anomalies. The materialisation of any such risks may have a material adverse impact on the Group's businesses, financial position and results of operations.

Several of the economies in which the Group operates have been transforming from planned economies to more market-oriented economies. Although in recent years, the governments of such countries have implemented measures emphasising the utilisation of market forces for economic reform, the reduction in state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of productive assets are still owned by these governments. Accordingly, changes introduced by these governments during such transitions may adversely affect the Group's results of operations.

The Group may be adversely affected by exchange controls, changes in taxation law, changes in foreign investment policies and other restrictions and controls which may be imposed by the relevant authorities of the countries in which the Group operates.

#### **The Group is subject to interest rate fluctuations**

As at 30 June 2020, the Group had total consolidated debt (including lease liabilities) of approximately S\$33.2 billion. Approximately 67.0% of the debt bears fixed interest rates and the balance bears floating interest rates. Consequently, the interest costs to the Group for the floating interest rate debt will be subject to fluctuations in interest rates. In addition, the Group is subject to market disruption clauses contained in its loan agreements with banks. Such clauses state that to the extent that the banks may face difficulties in raising funds in the interbank market or are paying materially more for interbank deposits than the displayed screen rates, they may pass on the higher costs of funds to the Group despite the margins agreed. Furthermore, although the Group has entered into some hedging transactions to partially mitigate the risk of interest rate fluctuations, the Group's hedging policy may not adequately cover the Group's exposure to interest rate fluctuations. As a result, the Group's operations or financial condition could potentially be adversely affected by interest rate fluctuations. Fluctuations in interest rates may also affect mortgage rates, which may in turn impact the Group's residential and commercial businesses.

#### **The Group is subject to exchange rate fluctuations**

The Group's revenue, costs, debt and capital expenditure are mainly denominated in Singapore dollars and Renminbi. To a lesser extent, the Group is exposed to currency open positions in Australian dollars, Euro, Hong Kong dollars, Indian Rupees, Indonesian Rupiah, Japanese Yen, Malaysian ringgit, Sterling, United Arab Emirates Dirham, U.S. Dollars and Vietnamese Dong. Consequently, portions of the Group's costs, income flows and asset values are affected by fluctuations in the exchange rates among the above-mentioned currencies. Although the Group engages in certain hedging activities to mitigate currency exchange rate exposure specifically by maximising natural hedging, the impact of future exchange rate fluctuations on the Group's cost of sales and margins cannot be accurately predicted. Some of the currencies may not be convertible or exchangeable or may be subject to exchange controls.

The reporting currency for the Group is Singapore dollars. However, dividend payments from a number of its subsidiaries are made in currencies other than Singapore dollars. Exchange rate



gains or losses may arise when the assets and liabilities or dividend payments from subsidiaries paid in foreign currencies are translated or exchanged into Singapore dollars for financial reporting or repatriation purposes.

**The Group is subject to currency conversion/repatriation risks relating to its operations in China**

A material portion of the Group's revenue is denominated in Renminbi and must be converted to make payments in freely convertible currencies. Under China's foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade, may be made in foreign currencies without prior approval, subject to certain procedural requirements. However, strict foreign exchange controls continue to remain in place for capital account transactions, including repayment of loan principal and return of direct capital investments and investments in negotiable securities. In the past, there have been shortages of U.S. Dollars or other foreign currencies available for conversion of Renminbi in China, and it is possible such shortages could recur, or that restrictions on conversion could be re-imposed.

**The Group's financial statements are subject to changes in accounting standards**

The accounting standards setting bodies may issue new and revised accounting standards and pronouncements from time to time. Applying such standards and pronouncements to the Group's financial statements may result in a change in the presentation and measurement of financial information, and thus may result in a change in the way the Group records its revenues, expenses, assets, liabilities or reserves. For example, since 1 January 2018, the Group has applied a new financial reporting framework identical to IFRS known as SFRS(I), as well as the IFRS framework. While comparative financial statements have been restated with no significant changes as a result of this change, the Group cannot predict the impact of other similar changes in accounting standards and pronouncements. These changes could adversely affect the Group's reported financial results and positions and may adversely affect the comparability of the Group's future financial statements with those relating to prior periods.

**The Group is exposed to terrorist attacks, other acts of violence or war and adverse political developments**

The terrorist attacks over the last few years, including in the U.S. and Europe, have resulted in substantial and continuing economic volatility and social unrest globally. The political unrest in certain regions in Asia and terrorist attacks such as those in the south of Thailand, Sri Lanka and other areas of Asia, have exacerbated this volatility. Further developments stemming from these events or other similar events could cause further volatility. The direct and indirect consequences of any of these terrorist attacks or armed conflicts are unpredictable, and the Group may not be able to foresee events that could have an adverse effect on the results of its business operations.

An increase in the frequency, severity or geographic reach of terrorist acts could destabilise the jurisdictions in which the Group operates. Any additional significant military or other response by the U.S. and/or its allies or other nations or any further terrorist activities could also materially and adversely affect international financial markets and the economies in which the Group operates and may adversely affect the Group's results of operations and prospects.

**The Group could incur significant costs related to environmental matters**

The Group may be subject to various laws and regulations in the countries where it operates relating to protection of the environment that may require a current or previous owner of real estate to investigate and clean up hazardous or toxic substances on a property. For example, owners and operators of real estate may be liable for the costs of removal or remediation of certain hazardous substances or other regulated materials on or in such property. Such laws often impose

such liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such substances or materials. The costs of investigation, remediation or removal of these substances may be substantial. The Group has not provided for such potential obligations in its consolidated financial statements.

Environmental laws may also impose compliance obligations on owners and operators of properties with respect to the management of hazardous substances and other regulated materials. Failure to comply with these laws can result in penalties or other sanctions.

Existing environmental reports with respect to any of the Group's properties may not reveal:

- all environmental liabilities;
- whether owners or operators of the properties had created any material environmental condition not known to the Group; or
- whether a material environmental condition exists in any one or more of the properties.

There also exists the risk that material environmental conditions, liabilities or compliance concerns may arise after the review is completed or may arise in the future. Finally, future laws, ordinances or regulations and future interpretations of existing laws, ordinances or regulations may impose additional material environmental liability. The Group may be subject to liabilities or penalties relating to environmental matters which could adversely affect the Group's businesses, financial condition and results of operations.

#### **The Group is subject to the validity of title to the properties in its portfolio**

Due to the nascent nature of property law in some of the countries where the Group operates and the lack of a uniform title system in such countries, there is potential for disputes over the validity of title purchased from previous owners. In addition, the Group may be engaged in protracted negotiations each time it acquires land or property, which may result in purchases of property (and thereby the obtaining of title) being delayed or not proceeding in the event that negotiations are unsuccessful. In addition, title insurance is not generally available in some of the countries the Group has invested in, and, as such, the Group's property interests may not be covered by title insurance. In the event the Group is not able to obtain, or there is a delay in obtaining, clear title to the land and properties it has an interest in, or the Group's claim to title is the subject of a dispute, the Group's businesses, financial condition, results of operations and prospects may be adversely affected.

#### **Due diligence on the Group's properties may not identify all material defects, breaches of laws and regulations and other deficiencies**

There can be no assurance that the Group's due diligence investigations, reviews, surveys or inspections (or the relevant review, survey or inspection reports on which it has relied) would have revealed all defects or deficiencies affecting properties that it has interests in or manages, including to the title thereof. In particular, there can be no assurance as to the absence of latent or undiscovered defects or deficiencies or inaccuracies in such reviews, surveys or inspection reports. Further, certain building defects and deficiencies are difficult or impossible to ascertain due to, among other things, the nature of the assets and the limitations inherent in the scope of the inspections and the technologies or techniques used. Rectification of any such defects and deficiencies could result in significant and unpredictable capital expenditure or claims by third parties. The Group's due diligence investigations may also not exhaustively identify all past or ongoing breaches of laws and regulations, in respect of which the Group may incur liability. The occurrence of any of the foregoing may have a material adverse impact on the Group's businesses, financial condition, results of operations and prospects.

### **The Group's land and/or real property may be subject to compulsory acquisition**

Land and real property comprise a significant part of the Group's development business. Under Singapore law, the Singapore government has the power to acquire any land in Singapore for any public purpose, if the acquisition is of public benefit or of public utility or in the public interest, or for any residential, commercial or industrial purposes. Accordingly, if the market value of the land (or part thereof) to be compulsorily acquired is greater than the compensation paid to the Group in respect of the acquired land, the Group's businesses, financial condition and results of operations could be adversely affected.

In addition, real property and/or land owned by the Group which is located outside of Singapore may be compulsorily acquired by the respective governments of the countries in which they are located for public use or for public interest. While the owner of such real property that has been compulsorily acquired may be compensated in accordance with the laws of the respective jurisdictions, in the event that any of the Group's land and/or real property is compulsorily acquired, there is no assurance that the Group will receive compensation and any compensation paid to the Group in respect of the acquired land and/or real property could be less than its market value. The occurrence of any of the foregoing could also adversely affect the Group's financial condition and results of operations.

### **The Group's future financial results are subject to risk of impairment charges on goodwill**

The Group had intangible assets of S\$1,003.0 million as at 30 June 2020, which relate mainly to goodwill and management contracts.

Under SFRS(I), impairment reviews of goodwill are required annually or more frequently if there is any indication that the goodwill might be impaired. Goodwill acquired in a business combination is allocated to cash generating units and these are tested by comparing the carrying amount of the cash generating units with its net selling price or value in use which is the present value of estimated future cash flows expected to arise from the long-term continuing use of an asset and from its disposal at the end of its useful life.

There is no assurance that the Group will not incur impairment charges in the future. Any impairment charge on goodwill (which is a non-cash charge) required under SFRS(I) may adversely affect the Group's financial results for future financial periods.

### **Certain financial information of the Group has not been audited or reviewed by the Group's auditors**

The unaudited consolidated interim financial information of the Group as at and for the six months ended 30 June 2020 and 30 June 2019, presented and/or included in this Offering Circular has been extracted from the half yearly results announcement for the first half of 2020 of the Group for the financial period ended 30 June 2020, which was prepared in accordance with Appendix 7.2 of the SGX-ST Listing Manual.

The unaudited consolidated interim financial information as at and for the six months ended 30 June 2020 and 30 June 2019 presented and/or included in this Offering Circular has not been audited or reviewed by the Group's auditors. Potential investors should exercise caution when using such data to evaluate the Group's financial position and results of operations.

### **The Group may be involved in legal and other proceedings from time to time**

The Group may be involved from time to time in disputes with various parties such as contractors, sub-contractors, consultants, suppliers, construction companies, purchasers and other partners involved in the development, operation, purchase and sale of its properties and corresponding

tenants. These disputes may lead to legal and other proceedings, and may cause the Group to suffer additional costs and delays. In addition, the Group may be subject to investigations by or disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable orders, directives or decrees that could result in financial losses and delays in the construction or completion of its projects.

**The Group's future success is partly subject to the successful implementation of its strategy**

The Group anticipates that future growth will come partly from the expansion of its operations in its core markets of Singapore and China, and in its growth markets of Vietnam, the U.S. and Europe. The Group's overseas projects are located in both developing and developed countries and the Group's businesses are subject to various risks beyond the Group's control, such as instability of foreign economies and governments and changes in laws and policies in overseas countries affecting trade and investment. The events arising from such risks could potentially affect the Group's overseas business in the future. Please refer to the risk factor "*The Group is subject to economic and political conditions in the countries where it operates*" for more details.

Further, the Group's ability to further expand its international operations successfully depends on its ability to successfully identify suitable opportunities for investment or acquisition and to reach an agreement with potential overseas partners on satisfactory commercial and technical terms. There can be no assurance that such opportunities or agreements can be established or that any of the Group's proposed acquisitions or agreements will be completed on the commercial terms contemplated.

The Group may not succeed in expanding its business into new jurisdictions on a timely basis or in achieving profitability, and may not be able to readily transfer skills and experience from one market to another. In addition to regulatory barriers, the Group may also encounter problems conducting operations in new jurisdictions with different cultures and legal systems where historical practices may not align with the Group's business practices and corporate policies, or where the Group has limited knowledge and understanding of the local economy and businesses, an absence of business relationships, or unfamiliarity with local governmental and relevant laws and regulations. The different jurisdictions in which the Group operates also present distinct market opportunities, risk profiles and competitive landscapes. Growth strategies which the Group successfully adopts in one jurisdiction may not be viable for its business in another jurisdiction.

In addition, the Group's strategy to recycle capital may not be successful. The Group may not be able to divest selected assets or may not be able to achieve satisfactory prices for divested assets.

The Group may also face challenges in business integration and strategy implementation after its acquisition of the Ascendas-Singbridge Group. Further, subsequent to the acquisition, the Group now operates in new markets and sectors and is exposed to risks associated with a different competitive landscape and operating environment. For example, prior to the acquisition, the Group's focus was its core markets of Singapore and China whereas the acquisition has presented the Group with further expansion and development opportunities into other countries such as India, and real estate in new sectors such as logistics, business parks, data centres and industrial. With the changes in the Group's risk profile, there is no assurance that the Group will be able to execute its future plans and new initiatives successfully. Any potential synergies may not be realised at all, not realised to their full extent, realised over a longer period of time or involve greater costs to achieve than anticipated. This may in turn materially and adversely affect the Group's businesses, financial condition and results of operations.

### **The Group's performance is subject to its ability to attract and retain employees**

Future performance of the Group depends largely on the Group's ability to attract, train, retain and motivate high quality personnel, especially for its management and technical teams. The loss of key employees may have a material adverse effect on the Group's businesses, financial condition and results of operations.

### **Some or all of the Group's existing and planned projects may not be completed**

The Group's success and financial performance will depend on the ability of the Group to identify, develop, market and sell its developments in a timely and cost effective manner. The Group's development activities are subject to the risk of changes in regulations, delays in obtaining required approvals, availability of raw materials, increases in construction costs, natural disasters, any reliance on third party contractors as well as the risk of decreased market demand during the development of a project. These risks are heightened as a result of the supply chain and other disruptions arising from the COVID-19 pandemic.

As a result of these and other factors described herein, no assurance can be given as to whether or when existing and planned projects will be successfully completed. Although the Group plans to apply many of the same development and marketing strategies that it has employed in the past, new projects may pose unforeseen challenges and demands on the Group's managerial and financial resources. Non-completion or delays in completion of such developments, or any of the Group's other developments, may have a material adverse effect on the Group's businesses, financial condition and results of operations.

### **The Group is exposed to general risks associated with the ownership and management of real estate**

Real estate investments are generally illiquid, limiting the ability of an owner or a developer to convert property assets into cash on short notice with the result that property assets may be required to be sold at a discount in order to ensure a quick sale. Such illiquidity also limits the ability of the Group to manage its portfolio in response to changes in economic, real estate market or other conditions. Rising capitalisation rates and/or real estate investment trust ("REIT") yields may result in increasing difficulty in the divestment of properties. Moreover, the Group may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to this illiquidity or to restrictions arising from the various debt obligations of the Group, including the Notes.

Property investment is subject to risks incidental to the ownership and management of residential and commercial properties including, among other things, competition for tenants, changes in market rents, inability to renew leases or re-let space as existing leases expire, inability to collect rent from tenants due to bankruptcy or insolvency of tenants or otherwise, inability to dispose of major investment properties for the values at which they are recorded in the Group's financial statements, increased operating costs, the need to renovate, repair and re-let space periodically and to pay the associated costs, wars, terrorist attacks, riots, civil commotions, natural disasters and other events beyond the Group's control. The Group's activities may also be impacted by changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes, government charges, REITs and financial services. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance. Rights related to the relevant properties may also be restricted by legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment of new laws relating to government appropriation, condemnation and redevelopment. Any of these events could materially and adversely affect the Group's businesses, financial condition and results of operations.

## **The Group has a holding company structure**

Most of CapitaLand's assets are shareholdings in its subsidiaries and associated companies (both listed and unlisted, including in the form of REITs), which in turn hold the retail, residential, commercial, business parks, industrial and logistics real estate and serviced residence portfolio of the Group. CapitaLand's ability to continue to satisfy its payment obligations, including obligations under the Notes, is therefore subject to the up-streaming of dividends, distributions and other payments received from its subsidiaries and associated companies (including REITs).

Both the timing and ability of certain subsidiaries and associated companies (including REITs) to pay dividends and distributions are limited by applicable laws and may be limited by conditions contained in a certain number of their agreements. In addition, in April 2020, measures were introduced to provide REITs listed on the SGX-ST with greater flexibility to manage their cash flows and raise funds amid the challenging operating environment due to the COVID-19 pandemic, including extension of the timeline for such REITs to distribute at least 90% of their taxable income derived during financial year 2020 from three months to 12 months after the end of the financial year 2020 to qualify for tax transparency. As a result of such measures and the need to manage cash flows amidst the COVID-19 pandemic, distributions by REITs (including the REITs in the Group) to their unitholders may be lowered.

In the event that CapitaLand's subsidiaries and associated companies (including REITs) do not pay any dividends or distributions or do so irregularly, the Group's performance may be adversely affected. The Group's subsidiaries and associated companies (including REITs) may have difficulty in accessing the financial markets and as a result seek further capital funding or financial support from the Group and this may materially and adversely affect the Group's financial condition and results of operations. Additionally, the holding company structure may restrict CapitaLand's ability to freely deploy funds across the Group thereby preventing CapitaLand from effectively optimising capital management sources and needs across the Group.

## **The Group is subject to risks inherent in JV structures and/or funds**

The Group has, and expects in the future to have, interests in JV structures and/or funds in connection with its property development and investment plans, including integrated developments. Disagreements may occur between the Group, its JV partners and/or third party fund investors, as the case may be, regarding the businesses and operations of the JVs and/or funds which may not be resolved amicably. In addition, the Group's JV partners and/or third party fund investors may:

- (i) have economic or business interests or goals that are inconsistent with that of the Group;
- (ii) take actions contrary to the Group's instructions, requests, policies and/or objectives;
- (iii) be unable or unwilling to fulfil their obligations;
- (iv) have financial difficulties; or
- (v) have disputes with the Group as to the scope of their responsibilities and obligations.

JV partners are not restricted from competing with the Group on other projects. In China, property investment and development may often involve the participation of local and foreign partners, and there may be additional risks or problems associated with JVs and associates in China. For instance, guarantees given by Chinese parties in relation to JVs in China may be difficult to enforce as their validity may depend on the financial and legal qualifications of the guarantors and the appropriate approvals having been obtained. Although the Group does not believe that it has



experienced any significant problems with respect to its partners to date, should such problems occur in the future they could have a material adverse effect on the businesses and prospects of the Group.

Additionally, the Group's JV partners or third party fund investors:

- may not be able to fulfil their respective contractual obligations with the Group (for example they may default in making payments during future capital calls or capital raising exercises); or
- may experience a decline in their creditworthiness.

The occurrence of any of these events may materially and adversely affect the performance of the Group's JVs and/or funds, and/or may result in the Group making additional funding or capital contributions to the Group's JVs, which in turn may materially and adversely affect the Group's financial condition and results of operations.

### **The Group may suffer uninsured losses or losses in excess of insured limits**

The Group maintains insurance policies arranged with reputable insurance intermediaries which cover risks such as loss of rental, fire, flood, riot, strike, malicious damage, other material damage to property and development sites, business interruption, public liability and professional indemnity. Notwithstanding the Group's insurance coverage, damage to its facilities, equipment, machinery, buildings or other properties as a result of occurrences such as fire, explosion, power loss, communications failure, intentional unlawful act, human error or natural disaster could nevertheless have a material adverse effect on its financial condition and results of operations to the extent that such occurrences disrupt the normal operation of its businesses.

Further, there are certain types of losses (such as from wars, acts of terrorism or acts of God) that generally are not insured because they are either uninsurable or not economically insurable in certain jurisdictions. Should an uninsured loss or a loss in excess of insured limits occur or a failure of insurers to fulfil their obligation for the sum insured, the Group could be required to pay compensation and/or lose capital invested in the property, as well as anticipated future revenue from that property. The Group would also remain liable for any debt that is with recourse to the Group and may remain liable for any mortgage indebtedness or other financial obligations related to the relevant property. Any such loss could adversely affect the businesses, financial condition and results of operations of the Group. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future or that adequate insurance coverage for the Group will be available in the future on commercially reasonable terms or at commercially reasonable rates.

### **The Group's property developments are subject to risks inherent to development including construction risks**

The construction and development phase of new property developments usually takes several years to complete, depending on the size and complexity of the development. The time taken to complete a project and the costs of development may be adversely affected by various factors, including shortages of materials or skilled labour, unforeseen engineering, environmental or geological problems, work stoppages, litigation, weather interferences, floods and unforeseen cost increases. There may also be progress delays due to supply chain and labour disruptions arising from the ongoing COVID-19 pandemic. Safety regulations of some countries in which the Group's construction sites are located may not be applied as stringently as in developed countries. This could result in accidents and fatalities which could have an adverse impact on the Group's reputation and result in fines and litigation.



Difficulties in obtaining any requisite licences, permits, allocations or authorisations from regulatory authorities could also increase the costs, or delay the construction or opening of, new developments. The occurrence of any of the above events may result in delays in the completion of the Group's property developments or cost overruns, resulting in increased costs and lower returns on investments than originally expected and adversely affect the Group's businesses, financial condition and results of operations.

The Group faces risks in relation to changes in commodity prices due to the use of large quantities of building materials, including raw iron, steel, sand, granite and concrete, in its property development operations. As a property developer, in general, the Group prefers to enter into fixed or guaranteed maximum price construction contracts with independent construction companies, each of which affects a significant part of the overall success of its development projects. These contracts typically cover both the supply of the building materials and the construction of the facility during the construction period. In accordance with industry practice, the Group or its contractors may amend existing construction contracts, including fixed or maximum price terms, to take into account significant price movements of construction materials. Therefore, should the price of building materials increase significantly after the Group enters into a fixed or guaranteed maximum price construction contract, or should its existing contractors fail to perform under their contracts, the Group may be required to pay more to its existing or prospective contractors, which could materially and adversely affect the Group's businesses, financial condition and results of operations.

**The Group may experience schedule delays or budget overruns in completing the Group's property development projects**

Property development projects typically require substantial capital outlay during the construction period and may take months or years before positive cash flows can be generated by pre-sales or sales or rental of completed property developments, if at all. The time and costs required in completing a property development project may be subject to substantial increases due to many factors, including shortages of materials, equipment, technical skills and labour, adverse weather conditions, natural disasters, outbreaks of pandemics (such as the COVID-19 pandemic) or communicable diseases, labour disputes, disputes with contractors, accidents, changes in government priorities and policies, changes in market conditions, delays in obtaining the requisite licences, permits and approvals from the relevant authorities and other unforeseeable problems and circumstances. Any of these factors may lead to delays in, or prevention of, the completion of a property development project and result in costs substantially exceeding those originally budgeted for. Furthermore, any failure to complete a property development project according to its original specifications or schedule may give rise to potential liabilities and, as a result, the Group's return on investments may be lower than originally expected or be adversely affected.

In addition, any decreases in property prices or adverse developments in the property market after the acquisition of a parcel of land and prior to the pre-sales or sales of completed property developments on such land could also have an adverse impact on the Group's businesses, financial condition and results of operations.

**The Group is subject to risks in relation to its pre-sold properties**

In the event the Group pre-sells any properties prior to completion of construction, it may be liable for potential losses that purchasers may suffer if there is a failure or delay in the delivery of such pre-sold properties. Failure to complete a property development on time may be attributed to factors such as the time taken and the costs involved in completing construction, which are in turn adversely affected by factors such as delays in obtaining requisite licences, permits or approvals from government agencies or authorities, shortages of labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents and changes in government priorities and policies. If the delay in delivery extends beyond the contractually specified period,

purchasers may also be entitled to terminate the pre-sale agreements and claim refunds of monies paid, damages and compensation for late delivery. There is no assurance that the Group will not experience significant delays in completion or delivery.

Furthermore, there is a risk that in the current economic climate, purchasers of such pre-sold properties may not be able to obtain credit to finance their purchases and/or might become insolvent. This would result in such purchasers delaying or being unable to meet their payment obligations in respect of such pre-sold properties which could adversely affect the Group's financial condition and results of operations.

#### **The Group relies on third party contractors and consultants to provide various services**

The Group engages third party contractors and consultants to provide various services in connection with its residential and commercial developments, including design, engineering, construction, piling and foundation, building and property fitting-out work, interior decoration, installation of air-conditioning units and lifts, and gardening and landscaping works as well as legal and financial advice. The Group is exposed to the risk that a contractor or consultant may require additional capital in excess of the price originally tendered to complete a project and may have to bear such additional amounts in order to provide the contractor with sufficient incentives to complete the project. Furthermore, there is a risk that major contractors may experience financial or other difficulties which may affect their ability to carry out construction works, thus delaying the completion of development projects or resulting in additional costs to the Group. There can also be no assurance that the services rendered by such third party contractors and consultants will always be satisfactory or meet the Group's targeted quality standards. All of these factors could adversely affect the Group's businesses, financial condition and results of operations.

#### **The Group's guarantees may be called upon and put or call options may be exercised which may require funds to be disbursed**

During the course of the Group's business, it may be required to provide guarantees including in the form of put and call options and corporate and bank guarantees to third parties in respect of its obligations. If a put or call option is exercised or a guarantee is called upon, this may require funds to be disbursed. Such disbursement of funds may also require the Group to source additional financing and/or refinance existing debt obligations. There can be no assurance that additional financing to satisfy the Group's guarantees will be obtained on terms favourable to the Group.

#### **Risks Relating to the Notes Issued under the Programme**

##### **The Notes may not be a suitable investment for all investors**

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular, any applicable supplement to the Offering Circular or any Pricing Supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes may be complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to the investor's overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent:

- the Notes are legal investments for it;
- the Notes can be used as collateral for various types of borrowing; and
- other restrictions apply to its purchase of any Notes.

Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

### **Modification and waivers**

The Trust Deed contains provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The Trust Deed also provides that resolutions of Noteholders may be passed by way of written resolution or electronic consent.

The Trust Deed and the Conditions also provide that the Trustee may agree, without the consent of Noteholders or Couponholders, to:

- any modification of any of the provisions of the Trust Deed, the Agency Agreement and/or the Conditions that is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of applicable law or as required by Euroclear and/or Clearstream, Luxembourg and/or the CMU and/or CDP; and
- any other modification to the Trust Deed (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders.

The effect of the above provisions is that a Noteholder or Couponholder may be unable to prevent certain modifications, waivers and substitutions that might be disadvantageous to that Noteholder or Couponholder from being made in respect of the Notes in accordance with the Trust Deed and the Conditions.

***Changes in accounting principles relating to financial instruments may have an impact on the Group's financials.***

The Group is subject to risk around changes in accounting standards that may change the basis upon which the Group reports its financial results. For example, in 2019, SFRS(I) 16: *Leases* took effect and this new accounting standard introduces a single, on-balance sheet lease accounting model for lessees, resulting in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Exceptions to this standard are short-term and low-value leases. Please refer to the notes to the Group's audited financial statements as at and for the year ended 31 December 2019 for a discussion on the impact of the adoption of new accounting standards including SFRS(I) 16: *Leases*.

There can be no assurance that any such changes will not have a material adverse impact on the Group's financial statements in future periods.

***Accounting and corporate disclosure standards may result in more limited disclosure than in other jurisdictions.***

The Group is subject to Singapore and international accounting standards and requirements that differ in certain material respects from those applicable to the Group in certain other countries. Also, there may be less publicly available information about Singapore listed companies than is regularly made available by or about listed companies in certain other countries.

Investors should consult their own professional advisers for an understanding of the differences between Singapore and international accounting standards and the generally accepted accounting principles of other jurisdictions and how those differences might affect the financial information contained in this Offering Circular.

**Singapore taxation risk**

The Notes to be issued from time to time under the Programme during the period from the date of this Offering Circular to 31 December 2023 are intended to be "qualifying debt securities" for the purposes of the ITA subject to the fulfilment of certain conditions more particularly described in the section "*Taxation – Singapore Taxation*".

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time.

**Floating Rate Notes and other Notes referencing or linked to benchmarks**

Reference rates and indices, including interest rate benchmarks, such as the London Interbank Offered Rate ("**LIBOR**"), which are used to determine the amounts payable under financial instruments or the value of such financial instruments ("**Benchmarks**"), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation could have a material adverse effect on any Notes referencing or linked to such Benchmark.

Following this review, the International Organisation of Securities Commissions (“**IOSCO**”) created a task force to draft principles to enhance the integrity, reliability and oversight of Benchmarks generally. This resulted in publication by the Board of IOSCO, in July 2013, of nineteen principles which are to apply to Benchmarks used in financial markets (the “**IOSCO Principles**”). The IOSCO Principles provide an overarching framework for Benchmarks used in financial markets and are intended to promote the reliability of Benchmark determinations and address Benchmark governance, quality and accountability mechanisms. The Financial Stability Board subsequently undertook a review of major interest rate Benchmarks and published a report in 2014, outlining its recommendations for change, to be implemented in accordance with the IOSCO Principles. In addition, in June 2016, Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the “**BMR**”) came into force. The BMR implements a number of the IOSCO Principles and the majority of its provisions have applied since 1 January 2018.

In a speech on 27 July 2017, Andrew Bailey, the Chief Executive of the Financial Conduct Authority (the “**FCA**”), questioned the sustainability of LIBOR in its current form, given that the underlying transactions forming the basis of the benchmark are insufficient to support the volumes of transactions that rely upon it, and made clear the need to transition away from LIBOR to alternative reference rates. He noted that there was support among the LIBOR panel banks for voluntarily sustaining LIBOR until the end of 2021, facilitating this transition. At the end of this period, it is the FCA’s intention not to sustain LIBOR through its influence or legal powers by persuading or obliging banks to submit to LIBOR. Therefore, the continuation of LIBOR in its current form (or at all) after 2021 cannot be guaranteed. Subsequent speeches by Andrew Bailey and other FCA officials have emphasised that market participants should not rely on the continued publication of LIBOR after the end of 2021.

Other interbank offered rates suffer from similar weaknesses to LIBOR and although work continues on reforming their respective methodologies to make them more grounded in actual transactions, they may be discontinued or be subject to changes in their administration.

Changes to the administration of an Interbank Offered Rate (“**IBOR**”) or the emergence of alternatives to an IBOR, may cause such IBOR to perform differently than in the past, or there could be other consequences which cannot be predicted. The discontinuation of an IBOR or changes to its administration could require changes to the way in which the Rate of Interest is calculated in respect of any Notes referencing or linked to such IBOR. The development of alternatives to an IBOR may result in Notes linked to or referencing such IBOR performing differently than would otherwise have been the case if the alternatives to such IBOR had not developed. Any such consequence could have a material adverse effect on the value of, and return on, any Notes linked to or referencing such IBOR.

Whilst alternatives to certain IBORs for use in the bond market are being developed, outstanding Notes linked to or referencing an IBOR may transition away from such IBOR in accordance with the particular fallback arrangements set out in their terms and conditions. The operation of these fallback arrangements could result in a different return for Noteholders (which may include payment of a lower Rate of Interest) than they might receive under other similar securities which contain different or no fallback arrangements (including which they may otherwise receive in the event that legislative measures or other initiatives (if any) are introduced to transition from any given IBOR to an alternative rate).

Where Screen Rate Determination is specified as the manner in which the Rate of Interest in respect of floating rate Notes is to be determined, the Conditions provide that the Rate of Interest shall be determined by reference to the Relevant Screen Page (or its successor or replacement). In circumstances where such Original Reference Rate is discontinued, neither the Relevant Screen Page, nor any successor or replacement may be available.

Where the Relevant Screen Page is not available, and no successor or replacement for the Relevant Screen Page is available, the Conditions provide for the Rate of Interest to be determined by the Calculation Agent by reference to quotations from banks communicated to the Calculation Agent.

Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of such Original Reference Rate), the Rate of Interest may ultimately revert to the Rate of Interest applicable as at the last preceding Interest Determination Date before the Original Reference Rate was discontinued. Uncertainty as to the continuation of the Original Reference Rate, the availability of quotes from reference banks, and the rate that would be applicable if the Original Reference Rate is discontinued may adversely affect the value of, and return on, the floating rate Notes.

Benchmark Events include (amongst other events) permanent discontinuation of an Original Reference Rate. If a Benchmark Event occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. The Independent Adviser shall endeavour to determine a Successor Rate or Alternative Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Rate of Interest is likely to result in Notes initially linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

### **Information reporting obligations**

Information relating to the Notes, their holders and beneficial owners may be required to be provided to tax authorities in certain circumstances pursuant to domestic or international reporting and transparency regimes. This may include (but is not limited to) information relating to the value of the Notes, amounts paid or credited with respect to the Notes, details of the holders or beneficial owners of the Notes and information and documents in connection with transactions relating to the Notes. In certain circumstances, the information obtained by a tax authority may be provided to tax authorities in other countries. Some jurisdictions operate a withholding system in place of, or in addition to, such provision of information requirements.

### **A change in the law which governs the Notes may adversely affect Noteholders**

The Conditions are governed by either English or Singapore law, as specified in the relevant Pricing Supplement. The provisions of the Terms and Conditions of the Perpetual Notes that relate to subordination are governed by Singapore law. No assurance can be given as to the impact of any possible judicial decision or change to English or Singapore law, as the case may be, or administrative practice after the date of issue of the relevant Tranche of Notes. Any such change in law may adversely affect Noteholders.

### **The Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defences that may limit its validity and enforceability**

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable under the Issuer under the Trust Deed and the Notes. However, enforcement of the Guarantee would be subject to certain generally available defences. Local laws and defences may vary, and may include those that relate to corporate benefit (*ultra vires*), fraudulent conveyance or transfer (*action pauliana*), voidable preference, financial assistance, corporate purpose, liability in tort, subordination and capital maintenance or similar laws and concepts. They may also include regulations or defences which affect the rights of creditors generally.



If a court were to find the Guarantee, or a portion thereof, void or unenforceable as a result of such local laws or defence, or to the extent that agreed limitations on guarantees apply, holders would cease to have any claim in respect of the Guarantor and would be creditors solely of the Issuer and, if payment had already been made under the Guarantee, the court could require that the recipient return the payment to the Guarantor.

***Application of Singapore insolvency and related laws to the Issuer and the Guarantor may result in a material adverse effect on the Noteholders***

There can be no assurance that the Issuer and/or the Guarantor will not become bankrupt, unable to pay its debts or insolvent or be the subject of judicial management, schemes of arrangement, winding-up or liquidation orders or other insolvency-related proceedings or procedures. In the event of an insolvency or near insolvency of the Issuer and/or the Guarantor, the application of certain provisions of Singapore insolvency and related laws may have a material adverse effect on Noteholders. Without being exhaustive, below are some matters that could have a material adverse effect on Noteholders.

Where the Issuer or the Guarantor is insolvent or close to insolvent and the Issuer or, as the case may be, the Guarantor undergoes certain insolvency procedures, there may be a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding-up in relation to the Issuer or, as the case may be, the Guarantor. It may also be possible that if a company related to the Issuer or, as the case may be, the Guarantor proposes a creditor scheme of arrangement and obtains an order for a moratorium, the Issuer or, as the case may be, the Guarantor may also seek a moratorium even if the Issuer or, as the case may be, the Guarantor is not in itself proposing a scheme of arrangement. These moratoriums can be lifted with court permission and in the case of judicial management, with the consent of the judicial manager or with court permission. Accordingly, if for instance there is any need for the Trustee to bring an action against the Issuer or, as the case may be, the Guarantor, the need to obtain court permission or the judicial manager's consent may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

Further, Noteholders may be made subject to a binding scheme of arrangement where the majority in number representing 75 per cent. in value of creditors and the court approve such scheme. In respect of company-initiated creditor schemes of arrangement, there are cram-down provisions that may apply to a dissenting class of creditors. The court may notwithstanding a single class of dissenting creditors approve a scheme provided an overall majority in number representing 75 per cent. in value of the creditors meant to be bound by the scheme have agreed to it and provided that the scheme does not unfairly discriminate and is fair and equitable to each dissenting class and the court is of the view that it is appropriate to approve the scheme. In such scenarios, Noteholders may be bound by a scheme of arrangement to which they may have dissented.

The Insolvency, Restructuring and Dissolution Act 2018 (Act 40 of 2018) (the “**IRD Act**”) was passed in Parliament of Singapore on 1 October 2018 and came into force on 30 July 2020. The IRD Act includes a prohibition against terminating, amending or claiming an accelerated payment or forfeiture of the term under, any agreement (including a security agreement) with a company that commences certain insolvency or rescue proceedings (and before the conclusion of such proceedings), by reason only that the proceedings are commenced or that the company is insolvent. This prohibition is not expected to apply to any contract or agreement that is, or that is directly connected with, the Notes. However, it may apply to related contracts that are not found to be directly connected with the Notes.



**The Notes may be represented by Global Notes or Global Certificates and holders of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant clearing system(s)**

Notes issued under the Programme may be represented by one or more Global Notes or Global Certificates. Such Global Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg, CDP, or a sub-custodian for the HKMA as operator of the CMU. Except in the circumstances described in the relevant Global Note or Global Certificate, investors will not be entitled to receive Definitive Notes or Certificates. The relevant clearing system(s) will maintain records of the beneficial interests in the Global Notes or Global Certificates. While the Notes are represented by one or more Global Notes or Global Certificates, investors will be able to trade their beneficial interests only through the clearing systems.

While the Notes are represented by one or more Global Notes or Global Certificates, the Issuer, failing which the Guarantor, will discharge its payment obligations under the Notes by making payments to or to the order of the relevant clearing system(s) for distribution to their account holders, or in the case of the CMU, to the persons for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in accordance with the CMU rules and procedures as notified by the CMU to the CMU Lodging and Paying Agent in a relevant CMU Instrument Position Report or any other notification by the CMU.

A holder of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant clearing system(s) to receive payments under the relevant Notes. Neither the Issuer nor the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Certificates (as the case may be).

Holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system(s) to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right under the respective Global Notes or Global Certificates to take enforcement action against the Issuer or the Guarantor in the event of a default under the relevant Notes but will have to rely upon their rights under the Trust Deed.

**Noteholders should be aware that Definitive Notes and Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade**

In relation to any issue of Notes which have a denomination consisting of a minimum Specified Denomination (as defined in the Conditions) plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note or Certificate in respect of such holding (should Definitive Notes or Certificates be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations. If Definitive Notes or Certificates are issued, holders should be aware that Definitive Notes or Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade. Definitive Notes will in no circumstances be issued to any person holding Notes in an amount lower than the minimum denomination and such Notes will be cancelled and the holders will have no rights against the Issuer (including rights to receive principal or interest or to vote or attend meetings of Noteholders) in respect of such Notes.

**The Issuer is a special purpose company with no business activities of its own and will be dependent on funds from the Group to make payments under the Notes**

The Issuer may on-lend proceeds from the issue of the Notes to the Guarantor and/or other members of the Group. The Issuer does not and will not have any assets other than such loan receivables and its ability to make payments under the Notes will depend on its receipt of timely payments under such loan or other financing arrangements with the Guarantor and/or other members of the Group.

**The Issuer may be unable to redeem the Notes**

On certain dates, including the occurrence of any early redemption event specified in the relevant Pricing Supplement or otherwise and at maturity of the Notes, the Issuer may, and at maturity, will, be required to redeem the Notes. If such an event were to occur, the Issuer may not have sufficient cash on hand and may not be able to arrange financing to redeem the Notes in time, or on acceptable terms, or at all. The ability to redeem the Notes in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Notes by the Issuer would constitute an event of default under the Notes, which may also constitute a default under the terms of other indebtedness of the Group.

Further, there is no assurance that the Issuer and/or the Guarantor will have sufficient cash flow to meet payment obligations under the Notes as and when they fall due, in the event the Issuer and/or the Guarantor suffers a material deterioration in its financial condition. In such event, the ability of the Issuer and/or the Guarantor to comply with its payment obligations under the Trust Deed and the Notes may be adversely affected.

**The Trustee may request that the Noteholders provide an indemnity and/or security and/or prefunding to its satisfaction**

In certain circumstances (including without limitation pursuant to Conditions 10 and 12 of the Terms and Conditions of the Notes other than Perpetual Notes or, as the case may be, pursuant to Condition 9 of the Terms and Conditions of the Perpetual Notes), the Trustee may (at its sole discretion) request the Noteholders to provide an indemnity and/or security, and/or prefunding to its satisfaction before it takes actions on behalf of Noteholders as described in the Terms and Conditions of the Notes other than Perpetual Notes or, as the case may be, the Terms and Conditions of the Perpetual Notes. The Trustee shall not be obliged to take any such actions if not first indemnified and/or secured, and/or prefunded to its satisfaction. Negotiating and agreeing to any indemnity and/or security, and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the Trust Deed, the Terms and Conditions of the Notes other than Perpetual Notes or, as the case may be, the Terms and Conditions of the Perpetual Notes and the applicable law, it will be for the Noteholders to take such actions directly.

## **Risks Relating to the Structure of a Particular Issue of Notes**

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

### **Notes subject to optional redemption by the Issuer may have a lower market value than Notes that cannot be redeemed**

Subject to the Terms and Conditions of the Notes other than Perpetual Notes or, as the case may be, the Terms and Conditions of the Perpetual Notes, the Issuer may have the option to redeem outstanding Notes at any time or upon the occurrence of certain events, including changes in tax laws or regulations or accounting standards.

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

### **If specified in the relevant Pricing Supplement, the Notes may be redeemed at the Issuer's option at date(s) specified in the relevant Pricing Supplement or on the occurrence of certain other events**

If specified in the relevant Pricing Supplement, the Notes may be redeemed by the Issuer as described in "*Summary of the Programme – Summary of terms relating to Notes other than Perpetual Notes*" and "*Summary of the Programme – Summary of terms relating to Perpetual Notes*".

The date on which the Issuer elects to redeem the Notes may not accord with the preference of individual Noteholders. This may be disadvantageous to Noteholders in light of market conditions or the individual circumstances of a Noteholder. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective interest or distribution rate at the same level as that of the Notes.

### **Dual Currency Notes have features which are different from single currency issues**

The Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- they may receive no interest;
- payment of principal or interest may occur at a different time or in a different currency than expected; and
- the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero.

**Failure by an investor to pay a subsequent instalment of partly-paid Notes may result in an investor losing all of its investment**

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalments could result in an investor losing all of its investment.

**The market price of variable rate Notes with a multiplier or other leverage factor may be volatile**

Notes with variable interest rates can be volatile securities. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include such features.

**Inverse Floating Rate Notes are typically more volatile than conventional floating rate debt**

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

**Notes carrying an interest rate which may be converted from fixed to floating interest rates and vice-versa may have lower market values than other Notes**

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than the prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the prevailing rates on its Notes.

**An investment in the Notes is subject to interest rate risk**

Noteholders may suffer unforeseen losses (both realised and unrealised) due to fluctuations in interest rates. In particular, fixed rate Notes may see their price fluctuate due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the prices of the Notes. The market value of the Notes may be similarly affected which may result in a capital loss for Noteholders. Conversely, when interest rates fall, the prices of the Notes and the prices at which the Notes trade may rise. Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

In addition, if so specified in the relevant Pricing Supplement, the distribution rate on Fixed Rate Perpetual Notes may be reset on the specified reset date(s) based on the specified benchmark rate. There is no assurance that the reset distribution rate will not be lower than the initial distribution rate.

**The market prices of Notes issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities**

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

**Investors may lose part or all of their investment in any Index Linked Notes or variable redemption amount issued**

If, in the case of a particular Tranche of Notes, the relevant Pricing Supplement specifies that the Notes are Index Linked Notes or variable redemption amount Notes, there is a risk that the investor may lose the value of its entire investment or part of it.

**Risks Relating to the Market Generally**

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk.

**Notes issued under the Programme have no current active trading market and may trade at a discount to their initial issue price and/or with limited liquidity**

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial issue price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer and/or the Guarantor, amongst other things. If the Notes are trading at a discount, investors may not be able to receive a favourable price for their Notes, and in some circumstances investors may not be able to sell their Notes at all or at their fair market value.

Although application has been made for the Notes issued under the Programme which are agreed at the time of issue to be listed on the SGX-ST to be admitted to listing on the SGX-ST, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. In addition, the market for investment grade and crossover grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Notes issued under the Programme. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Notes.

**Exchange rate risks and exchange controls may result in investors receiving less interest or principal than expected**

The Issuer will pay principal and interest on the Notes in the currency specified in the relevant Pricing Supplement (the “**Specified Currency**”). This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the Specified Currency would decrease:

- the Investor’s Currency-equivalent yield on the Notes;
- the Investor’s Currency-equivalent value of the principal payable on the Notes; and
- the Investor’s Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

**The Programme has not been rated and any credit ratings assigned to the Notes may not reflect all risks**

The Programme has not been rated and Notes issued under the Programme may be rated or unrated. Where an issue of Notes is rated, one or more credit rating agencies may assign credit ratings to an issue of Notes. The credit ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is a statement of opinion and not a recommendation to buy, sell or hold securities and may be subject to suspension, revision or withdrawal by the assigning rating agency at any time.

**Additional Risks Relating to the Perpetual Notes**

**Perpetual Notes may be issued for which investors have no right to require redemption**

The Issuer may issue Perpetual Notes under the Programme. The Perpetual Notes are perpetual and have no fixed maturity date. Noteholders have no right to require the Issuer to redeem Perpetual Notes at any time, and an investor who acquires Perpetual Notes may only dispose of such Perpetual Notes by sale. Noteholders who wish to sell their Perpetual Notes may be unable to do so at a price at or above the amount they have paid for them, or at all. Therefore, holders of Perpetual Notes should be aware that they may be required to bear the financial risks of an investment in Perpetual Notes for an indefinite period of time.

**If specified in the relevant Pricing Supplement, Noteholders may not receive Distribution payments if the Issuer elects to defer Distribution payments**

If Distribution Deferral is specified in the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect to defer any scheduled Distribution on the Perpetual Notes for any period of time. Each of the Issuer and the Guarantor may be subject to certain restrictions in relation to the payment of dividends on its Junior Obligations and the redemption and repurchase of its Junior Obligations until any Arrears of Distribution and any Additional Distribution Amounts are satisfied. The Issuer is not subject to any limits as to the number of times Distributions can be deferred



pursuant to the Terms and Conditions of the Perpetual Notes, subject to compliance with the foregoing restrictions. Although Distributions may be cumulative (should Cumulative Deferral be specified in the relevant Pricing Supplement), the Issuer may defer its payment for an indefinite period of time by delivering the relevant deferral notices to the holders, and holders have no rights to claim any Distribution, Arrears of Distribution or Additional Distribution Amount if there is such a deferral. Any such deferral shall not constitute a default, and will likely have an adverse effect on the market price of the relevant Perpetual Notes.

**Investors will not be entitled to recover missed Distributions on Perpetual Notes if the Distributions on a Tranche of Perpetual Notes are not cumulative**

Distributions on Perpetual Notes will not be cumulative if Distribution Deferral and Non-Cumulative Deferral are specified in the relevant Pricing Supplement. If, and to the extent the Issuer does not declare, all or any portion of a Distribution for payment on the Perpetual Notes or if the Issuer is prohibited by the terms of the Perpetual Notes from paying all or any portion of a Distribution, investors will not receive that Distribution or portion of a Distribution not paid and will have no claim to that Distribution or portion thereof, whether or not the Issuer has funds to pay that Distribution or portion thereof or subsequently pays Distributions under the Perpetual Notes.

**There are limited remedies for default under the Perpetual Notes**

Notwithstanding any of the provisions in the Terms and Conditions of the Perpetual Notes relating to non-payment defaults, the right to institute winding-up proceedings is limited to circumstances where payment has become due and the Issuer or the Guarantor, as the case may be, fails to make the payment when due. Any scheduled Distribution will not be due if the Issuer elects to defer that Distribution pursuant to the Terms and Conditions of the Perpetual Notes, and will not be a payment default.

The only remedy against the Issuer and/or the Guarantor (as the case may be) available to any holder of Perpetual Notes for recovery of amounts in respect of the Perpetual Notes following the occurrence of a payment default after any sum becomes due in respect of the Perpetual Notes will be the Trustee instituting winding-up proceedings and/or proving in such winding-up and/or claiming in the liquidation of the Issuer and/or the Guarantor (as the case may be) in respect of any payment obligations arising from the Perpetual Notes.

**The Issuer may raise other capital which affects the price of the Perpetual Notes**

The Issuer may raise additional capital through the issue of other securities or other means. There is no restriction under the Terms and Conditions of the Perpetual Notes, on the amount of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Perpetual Notes. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of Perpetual Notes on a winding-up of the Issuer and may increase the likelihood of a deferral of Distribution under the Perpetual Notes. The issue of any such securities or the incurrence of any such other liabilities might also have an adverse impact on the trading price of the Perpetual Notes and/or the ability of holders of Perpetual Notes to sell their Perpetual Notes.

**The Subordinated Perpetual Notes are subordinated obligations**

The obligations of the Issuer under the Subordinated Perpetual Notes will constitute unsecured and subordinated obligations of the Issuer. In the event of the winding-up of the Issuer, the rights of the holders of Subordinated Perpetual Notes to receive payments in respect of the Subordinated Perpetual Notes will rank senior to the holders of all Junior Obligations and *pari passu* with the holders of all Parity Obligations, but junior to the claims of all other creditors, including, for the avoidance of doubt, the holders of Senior Perpetual Notes and/or Notes. In the

event of a shortfall of funds or a winding-up, there is a real risk that an investor in the Subordinated Perpetual Notes will lose all or some of its investment and will not receive a full return of the principal amount or any unpaid Arrears of Distribution, Additional Distribution Amounts or accrued but unpaid Distributions.

In addition, there is no restriction under the Terms and Conditions of the Perpetual Notes on the amount of unsubordinated securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Subordinated Perpetual Notes. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of Subordinated Perpetual Notes on a winding-up of the Issuer and/or may increase the likelihood of a deferral of Distribution under the Subordinated Perpetual Notes.

#### **Tax treatment of the Perpetual Notes is unclear**

It is not clear whether any particular tranche of the Perpetual Notes (the “**Relevant Tranche of the Perpetual Notes**”) will be regarded as debt securities by the Inland Revenue Authority of Singapore (the “**IRAS**”) for the purposes of the ITA and whether the tax concessions available for qualifying debt securities under the Qualifying Debt Securities Scheme (as set out in “*Taxation – Singapore Taxation*”) would apply to the Relevant Tranche of the Perpetual Notes.

If the Relevant Tranche of the Perpetual Notes is not regarded as debt securities for the purposes of the ITA and holders thereof are not eligible for the tax concessions under the Qualifying Debt Securities Scheme, the tax treatment to holders may differ. Investors and holders of the Relevant Tranche of the Perpetual Notes should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Relevant Tranche of the Perpetual Notes.

#### **Additional Risks Relating to Renminbi-denominated Notes**

Notes denominated in Renminbi (“**Renminbi Notes**”) may be issued under the Programme. Renminbi Notes contain particular additional risks for potential investors.

#### **Renminbi is not completely freely convertible and there are significant restrictions on remittance of Renminbi into and outside the PRC**

Renminbi is not completely freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies. However, there has been significant reduction in control by it in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi by foreign investors into the PRC for the settlement of capital account items, such as capital contributions, debt financing and securities investment, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are being developed.

Although Renminbi was added to the Special Drawing Rights basket created by the International Monetary Fund in 2016 and policies further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were implemented by the People’s Bank of China (“**PBOC**”) in 2018, there is no assurance that the PRC government will continue to liberalise control over cross border remittance of Renminbi in the future, or that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of

Renminbi into or outside the PRC. Despite Renminbi internationalisation pilot programme and efforts in recent years to internationalise the currency, there can be no assurance that the PRC government will not impose interim or long-term restrictions on the cross-border remittance of Renminbi. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer or the Guarantor to source Renminbi to finance its obligations under Renminbi Notes. Each investor should consult its own advisers to obtain a more detailed explanation of how the PRC regulations and rules may affect their investment decisions.

**There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi Notes and the Issuer's and the Guarantor's ability to source Renminbi outside the PRC to service such Renminbi Notes**

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. While the PBOC has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the “**Renminbi Clearing Banks**”) including but not limited to Hong Kong, London, Paris and Frankfurt and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the “**Settlement Arrangements**”), the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by the PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. The Renminbi Clearing Banks only have access to onshore liquidity support from the PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC rules and regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of Renminbi Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all. If Renminbi is not available in certain circumstances as described under the Notes, the Issuer can make payments under the Renminbi Notes in a currency other than Renminbi.

**Investment in Renminbi Notes is subject to exchange rate risks**

The value of the Renminbi against the U.S. Dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and other factors. Recently, the PBOC implemented changes to the way it calculates the Renminbi's daily mid-point against the U.S. Dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. All payments of interest and principal will be made with respect to Renminbi Notes in Renminbi, save as provided in the terms and conditions in accordance with Condition 7(i) of the Terms and Conditions of the Notes other than Perpetual Notes and Condition 6(i) of the Terms and Conditions of the Perpetual Notes. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign

currency, the value of the investment made by a holder of the Renminbi Notes in that foreign currency will decline. If an investor measures its investment returns by reference to a currency other than Renminbi, an investment in the Renminbi Notes entails foreign exchange related risks, including possible significant changes in the value of Renminbi relative to the currency by reference to which an investor measures its investment returns. Depreciation of the Renminbi against such currency could cause a decrease in the effective yield of the Renminbi Notes below their stated coupon rates and could result in a loss when the return on the Renminbi Notes is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in Renminbi Notes.

**Payments in respect of Renminbi Notes will only be made to investors in the manner specified in such Renminbi Notes**

All payments to investors in respect of Renminbi Notes will be made solely:

- when Renminbi Notes are represented by Global Notes, by transfer to a Renminbi bank account maintained in Hong Kong or Singapore, as the case may be, in accordance with prevailing CMU rules and procedures or CDP rules, as the case may be; or
- when Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations.

In the event that a holder of Renminbi Notes fails to maintain a valid Renminbi account with a bank in Hong Kong or Singapore, as the case may be, and accordingly, payments are unsuccessful, it is possible that such amounts may be settled in a currency other than Renminbi. The Issuer and the Guarantor cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

## **DESCRIPTION OF THE ISSUER**

The Issuer was incorporated with limited liability under the laws of the Republic of Singapore. It is a wholly-owned subsidiary of the Guarantor.

Its principal activities are the provision of financial and treasury services to related parties. Apart from the issue of Notes under the Programme, it is also intended that the Issuer, as a central funding vehicle for the Group, may enter into other transactions for the purpose of raising funds to meet the funding requirements of the Group. The Issuer had also established debt issuance programmes in 2004 and 2012 and had issued notes unconditionally and irrevocably guaranteed by the Guarantor under such programmes.

### **Registered Office**

The registered office of the Issuer as at the date of this Offering Circular is at 168 Robinson Road, #30-01 Capital Tower, Singapore 068912.

### **Shareholding and Capital**

As at the date of this Offering Circular, the issued and fully paid up share capital of the Issuer is S\$100,000,000 comprising S\$27,600,000 in ordinary shares and S\$72,400,000 in redeemable preference shares.

### **Directors**

As at the date of this Offering Circular, the Directors of the Issuer are:

- (1) Lim Cho Pin Andrew Geoffrey;
- (2) Tan Seng Chai; and
- (3) Tan Swee Chuan.

## DESCRIPTION OF THE GROUP

### OVERVIEW

CapitaLand is one of Asia's largest diversified real estate companies, with a market capitalisation of approximately S\$14.8 billion as at 30 June 2020. Headquartered and listed in Singapore, it owns and manages a global portfolio worth about S\$134.7 billion as at 30 June 2020, comprising diversified real estate classes which includes commercial, retail, business park, industrial and logistics, integrated development, urban development, as well as lodging and residential. With a presence across more than 220 cities in over 30 countries, 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 U.S.

CapitaLand's competitive advantage is its significant asset base and extensive market network. Coupled with extensive design, development and operational capabilities, the Group develops and manages high-quality real estate products and services. It also has one of the largest investment management businesses globally and a stable of seven REITs and business trusts listed in Singapore and Malaysia – CMT, CCT, Ascott Residence Trust (“**Ascott Reit**”), CapitaLand Retail China Trust (“**CRCT**”), Ascendas Real Estate Investment Trust (“**Ascendas Reit**”) and Ascendas India Trust (“**a-iTrust**”) which are listed on the Main Board of the SGX-ST and CapitaLand Malaysia Mall Trust (“**CMMT**”) which is listed on the Main Market of Bursa Malaysia Securities Berhad.

For 1H2020, the Group recorded a total revenue of S\$2,027.4 million and a profit attributable to the owners of CapitaLand (“**PATMI**”) of S\$96.6 million. Excluding portfolio gains, revaluations and impairments, CapitaLand posted an operating PATMI of S\$261.2 million for this period.

As at 30 June 2020, Temasek Holdings (Private) Limited (“**Temasek**”) had a deemed interest in 2,590,593,304 ordinary shares of CapitaLand, representing approximately 51.27% of the issued share capital of CapitaLand as of such date.

The Group organises its structure into strategic business units (“**SBU**s”) by geography and asset class to allow the Group to harness its competitive advantages and core competencies, as well as enable it to allocate capital more efficiently.

The Group's geographical SBUs comprises the following:

- (1) CapitaLand Singapore and International<sup>1</sup> – involved in, among others, residential, commercial strata & urban development, retail, commercial, business park and industrial & logistics;
- (2) CapitaLand China – involved in, among others, residential, commercial strata and urban development, retail, commercial, business park and industrial & logistics; and
- (3) CapitaLand India – involved in ownership and operations of IT parks and logistics.

The Group's asset class SBUs comprises the following:

- (1) CapitaLand Lodging – lodging business with a global network and scale; and
- (2) CapitaLand Financial – real estate fund management unit comprising the Group's REIT managers and fund managers.

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<sup>1</sup> Comprising CapitaLand Singapore, Malaysia and Indonesia, CapitaLand Vietnam and CapitaLand International



## HISTORY

The Group was formed on 27 November 2000 following a merger between DBS Land Limited (“**DBS Land**”) and Pidemco Land Limited (“**Pidemco**”) (which were incorporated on 31 July 1978 and 5 January 1989, respectively).

On 17 April 2000, ST Property Investments Pte Ltd, a shareholder of Pidemco and a company within the Singapore Technologies Group of Companies, acquired 24.6% of DBS Land, a company then listed on the SGX-ST. This acquisition resulted in ST Property Investments Pte Ltd becoming a shareholder of both DBS Land and Pidemco.

DBS Land and Pidemco were engaged in similar sectors of the property business. Consequently, the management of Pidemco and DBS Land conducted a strategic review of their businesses and concluded that shareholder value would be maximised by merging the two companies.

On 12 July 2000, Pidemco and DBS Land announced that they had signed a merger agreement to create CapitaLand, one of the then largest listed real estate companies in Asia. The merger was completed on 27 November 2000.

On 14 January 2019, CapitaLand announced that it has entered into a transaction with Temasek to acquire from its subsidiary, Ascendas-Singbridge Group, all the shares in the two wholly-owned intermediary subsidiaries of Ascendas-Singbridge Group. The acquisition was completed on 30 June 2019, creating one of the largest diversified real estate groups in Asia.

## GLOBAL OUTBREAK OF COVID-19

### *China*

The outbreak of COVID-19 first emerged in Wuhan City, Hubei province, China in late December 2019. On 29 January 2020, the Group announced that, as required by the respective local authorities in China, it had closed all four of its malls in Wuhan and both of its malls in Xi'an. The supermarkets in CapitaMall Westgate, Wuhan and CapitaMall Xindicheng, Xi'an remained open to ensure the supply of food and daily essentials to the local communities. Meanwhile, the remaining 45 malls in CapitaLand's retail network across China, which are located in cities such as Beijing, Chengdu, Guangzhou and Shanghai, continued to operate with shorter hours.

CRCT's only mall in Wuhan, CapitaMall Minzhongleyuan mall, represented less than 3% of its portfolio value as at 31 December 2019 and contributed less than 0.5% of its net property income for FY2019. The mall's net property income for 1H2020 was negative and its contribution to CRCT's net property income for 1H2020 was approximately – 0.7%. As such, CRCT does not expect the temporary closure of CapitaMall Minzhongleyuan mall to have a material impact on CRCT's financial performance for the financial year ended 31 December 2020. In its 1H2020 results released on 29 July 2020, CRCT announced that first half tenant sales and total shopper traffic fell 31% and 35% respectively compared to a year ago. However, since March 2020, signs of recovery can be seen in both shopper traffic and tenant sales. All of CRCT's malls in China re-opened by 2 April 2020, and have generally resumed normal operating hours, barring regulatory requirements. By the end of June 2020, approximately 95% of stores in these malls have re-opened, with the exception of cinemas, which have been mandated by the government to remain closed.

As at the date of this Offering Circular, China has generally lifted its severe lockdown measures and the Group has seen some encouraging signs of recovery, including the registering of strong demand after the re-opening of residential sales and the re-opening of all its malls in China that were shut during the lockdown period. As at 30 June 2020, approximately 95% of the Group's office tenants and 89% of its business space tenants in China have resumed operations, and all

of the Group's malls in China are open with 90.5% of their retail tenants in operation. The Group's residential sales offices re-opened progressively in March 2020. In 1H2020, the Group sold 1,769 residential units worth approximately RMB5.6 billion. Most of the Group's projects under construction have also resumed work. However, even after the lifting of restrictions, there might be a period of significantly reduced economic activity, potential increased unemployment and reduced consumer spending.

Since the onset of new COVID-19 cases reported in Beijing, the Group stepped up its measures to enhance cleaning and disinfection routines, conduct temperature screening, limit the number of diners at F&B outlets, maintain safe distance among tables in restaurants and prevent the gathering of crowds.

#### *Singapore and General*

With the outbreak of COVID-19, governments around the world introduced measures designed to slow the spread of COVID-19, including strict border control and travel restrictions and ordering residents to stay at home with a limited range of exceptions. In Singapore, 'circuit breaker' measures were implemented by the Singapore government on 7 April 2020, pursuant to which all non-essential businesses were ordered to close, including all of the Group's residential sales offices in Singapore. Most retail premises were required to close, with F&B establishments only permitted to open for takeaway or home delivery. Only a minority of the Group's tenants, deemed as essential services, remained operating during the 'circuit breaker' period.

The 'circuit breaker' measures ended on 1 June 2020 and from 2 June 2020 under 'phase one' post 'circuit breaker', Singapore gradually re-opened economic activities that did not pose a high risk of transmission. However, the operation of most retail outlets and dining at F&B outlets were not allowed to resume until 'phase two' which begun on 19 June 2020. Under 'phase two', Singapore resumed most economic activities, subject to continued enforcement of safe management measures. The resumption of operations of retail outlets and dining at F&B outlets in 'phase two' is subject to significant restrictions and compliance with safe distancing measures. Larger public venues with high human traffic such as malls and large standalone retail outlets are subject to capacity limits, and operators are required to prevent crowds or long queues from forming within, and in the immediate vicinity of, their premises. Please also refer to the risk factor *"The Group's businesses, financial condition and results of operations may be materially and adversely affected by natural calamities, outbreak of communicable diseases and pandemics/epidemics"* in the section *"Risk Factors – Risks Relating to the Group"* for further information.

These restrictive measures significantly reduced the number of people visiting the Group's shopping malls, which adversely impacted the business of its tenants. The Group's business, in particular its residential, retail and lodging segments, have been and will continue to be adversely affected by the COVID-19 pandemic. The loss of retailer sales is likely to place a number of the Group's tenants under financial strain. While accommodation from banks and support from governments may assist, these circumstances may result in tenants being unable to meet their contracted rent obligations. The 'circuit breaker' measures as well as restrictions under 'phase one' and 'phase two' could also reduce demand for the Group's office spaces, resulting in lower occupancies, softening of rents and potentially higher bad debt provisions. Office tenants who have seen greater impact are tenants who work in 'flex-space' offices, including serviced offices and co-working spaces. With 'work-from-home' as the default mode during the 'circuit breaker' period, members of the 'flex-space' community were unable to work from their offices and some have requested to waive or defer memberships.

The Group has introduced innovative tech solutions since 'phase one', as part of stepping up precautionary measures at its shopping malls to ensure the safety and well-being of shoppers, tenants and employees. This includes enhanced safety measures at the Group's malls, such as

anti-microbial coating for high contact areas, disinfection floormats, ultraviolet disinfection robots, lift car disinfection, automatic escalator handrail disinfection and contactless lift activation. Other measures include temperature screening, contact tracing, safe distancing and the distribution of face masks to frontline staff. The Group has also worked collaboratively with its partners to safeguard the workspace community at its business parks and offices against COVID-19 as it geared up for tenants' return to its business parks and offices in Singapore with digital solutions and tech innovations. These include leveraging the Group's digital platform such as CapitaStar@Work app for seamless contact tracing within tenant premises and obtaining feedback on building facilities including tech innovations, bulk procurement of sanitisation services, thermal scanners and digital devices for economies of scale and island-wide 'flex-spaces' to support tenants' evolving workspace needs. The Group expects that such precautionary measures, as well as ensuring logistics readiness and activating regional and global response teams to provide around-the-clock assistance will lead to higher operating expenses for the Group.

With respect to the Group's lodging business, the strict movement controls including city-wide lockdowns imposed by many countries led to a substantial decline in the number of travellers, thereby impacting the demand for lodging. The Group has observed lower occupancies and room rates across all of its markets. In 1H2020, Ascott Reit's revenue per available unit ("**RevPAU**") has decreased 52% year-on-year. However, the full extent of the impact on RevPAU is not currently ascertainable. Fee income, which includes fee based and service fee income generated by various serviced residences and hotel brands of the Group, generated in 1H2020 was 22% lower compared to the same period from the preceding year. The occupancy of Ascott Reit's properties is expected to remain under pressure in the near term even as movement restrictions are eased. In response, Ascott Reit has proactively pursued alternative sources of revenue during this period. New sources of business include providing accommodation to those on self-isolation, healthcare personnel on the frontline, workers looking for alternate 'work-from-home' locations and workers affected by border shutdowns. Ascott Reit has also implemented cost containment measures such as reducing manpower and overhead costs, deferring discretionary spending and defraying costs through government tax and wage support. The Group will continue to monitor its operations closely and adapt its business accordingly.

#### *Tenant Assistance Measures*

Since February 2020, the Group has introduced and rolled out a wide range of support and rental relief packages to help its tenants tide through the COVID-19 outbreak. CapitaLand has committed rental relief and S\$10 million in marketing assistance to help its mall tenants in Singapore, disbursed to tenants in a targeted manner.

The Group has also committed to pass on any Singapore government property tax rebates and cash grants to eligible tenants. CMT has committed to provide a rental relief package totaling 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. In addition, to ease cashflows for all its mall tenants, CapitaLand granted additional rental waiver from 27 to 31 March 2020 for tenants ordered to close their premises since 27 March 2020 and granted a waiver on turnover rent for certain of its tenants. CapitaLand also released one month's security deposit to offset rental payments for the month of March 2020. CapitaLand will also pass on in full to its tenants, the 15% property tax rebate for qualifying commercial properties granted by the Singapore government under Budget 2020. CapitaLand is in the process of reviewing further waivers and will potentially defer rent for qualifying Small and Medium Enterprise ("**SME**") tenants in Singapore in accordance with the COVID-19 Act.

As at the date of this Offering Circular, the Group has committed over S\$300 million (excluding government subsidies) of COVID-19-related support for tenants in the form of rental rebates and

marketing assistance across asset classes and geographies, as well as donations of close to S\$6 million to communities and over 7,500 volunteer hours towards healthcare, caring for low-income families and frontline workers.

CapitaLand has also launched an e-commerce platform and an online food ordering platform in Singapore to complement sales of its shopping malls and assist the Group's retailers.

In China, CapitaLand introduced its tenant relief packages in two phases. In phase one, the Group offered 100% rental relief for tenants in malls in Wuhan from 25 January 2020 to 13 February 2020, and 50% rental relief for tenants in all other malls in China from 25 January 2020 to 9 February 2020. In phase two, some of the support measures include extending further rental rebates to tenants that are most affected by COVID-19, offering marketing subsidy, staggering rental payments by instalments to alleviate cash flow difficulties experienced by tenants, and relooking into lease renewal terms. In general, the Group has set aside one to two months of rent support to eligible tenants to tide through the period.

#### *Cost Containment Measures*

Under the enhanced Jobs Support Scheme announced by the Singapore government under Budget 2020, firms in all sectors will have 75% of their local employees' wages (applies to the first S\$4,600 of wages) subsidised for the months of April and May 2020. Such wage support will continue until firms are allowed to resume operations or until August 2020, whichever is earlier. Pursuant to the continued support measures announced on 17 August 2020, firms in all sectors will have a portion of their local employees' wages subsidised up to March 2021. The subsidy will be between 10% to 50%, depending on sector. On 26 February 2020, the Group announced that from 1 April 2020, board members and senior management will take a 5% to 15% reduction in their board fee and base salary. The Group has also imposed a wage freeze for all staff at managerial level and above. These measures will be reviewed after six months or when the position arising from the COVID-19 outbreak has stabilised. It is expected that these measures will help the Group to reduce its staff costs. The Group has also undertaken other cost containment measures such as reducing energy costs, reviewing contracts with vendors, deferring discretionary spending and defraying costs through government tax and wage support.

#### *Business Outlook*

The Group's business has been adversely affected by the global outbreak of COVID-19, and there may be further adverse effects on the Group's business arising from the continuing COVID-19 pandemic. While the Group's financial position continues to be healthy, its business activities have been affected, which will in turn have an adverse impact on its financial performance for the year, potentially including its profitability, credit metrics, the valuation of its investment properties and capital recycling.

The Group expects its retail and lodging businesses to continue to face challenges for the rest of 2020 in view of continued regulations on social distancing and restrictions on travel, and concerns regarding a resurgence of infections. Overall, the Group expects its diversified portfolio to stay resilient, although as the COVID-19 outbreak is ongoing, the actual extent and impact of the outbreak on the domestic, regional and global economy remain uncertain. The actual extent of the impact on the Group's business, financial condition and results of operations will depend on, among 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 in the countries in which the Group operates as well as the broader global economy.

CapitaLand is proactively managing its business to enhance resilience across the Group, and has built up a strong balance sheet to support its growth businesses and to capitalise on strategic opportunities that may arise.

- *Singapore*

Until economic activity meaningfully recovers, the Group's business activities are expected to remain subdued. In respect of residential sales, the Group expects sales to be muted and homebuyer sentiment to remain weak until there is greater clarity on the economic outlook. The Group's residential and commercial projects under development may also experience progress delays due to supply chain and labour disruptions. The Group's retail malls experienced lower 'footfall' and sales in the second quarter of 2020 due to movement restrictions, which resulted in pressure on rental reversions and lease renewals. CapitaLand expects its retail portfolio to gradually recover after the 'phase two' reopening on 19 June 2020, where the Group saw a large majority of its tenants resuming operations and shopper traffic was encouraging.

While the Group's offices and business parks have been relatively resilient to date, the 'circuit breaker' measures resulted in a more challenging operating environment, including more requests for rental relief and lower rental reversions. With Singapore's safe reopening in 'phase two', CapitaLand is working with its partners to safeguard the workspace community at its business parks and offices against COVID-19 through a range of initiatives and measures, such as work area sanitisation services, thermal scanners and workplace sensors. CapitaLand is leveraging its digital platforms such as CapitaStar@Work which allows contact tracing with near real-time data retrieval and Capita3Eats, a new food ordering platform for its F&B tenants and harnessing innovations such as contactless technologies to help its tenants adapt to the post-COVID-19 'new normal'.

The Singapore government has announced support measures such as commercial property tax rebates to landlords that the Group will fully pass through to its tenants, as well as rental deferments for a period of up to six months for commercial and industrial tenants. The Group will also grant rental waivers of two months for qualifying commercial properties and one month for qualifying industrial and office properties to their SME tenants who have suffered a significant revenue drop due to COVID-19, pursuant to the COVID-19 Act. Such measures may potentially result in a significant deferral of the Group's cashflows for 2020.

- *China*

By the end of 1H2020, signs of recovery had emerged and have been encouraging thus far, with improving residential sales and shopper traffic reported in the second quarter of 2020. Nonetheless, the Group expects its near-term operating and financial performance to continue to be under that of previous years, as the pace of recovery remains uncertain.

The Group will continue to work towards launching an additional approximately 4,000 residential units for the rest of 2020, though the extent to which this can be achieved will depend on the continued economic recovery for the rest of the year. While construction and handovers for the Group's residential projects have been impacted by the nationwide lockdown in January and February 2020, CapitaLand remains cautiously optimistic about the scheduled completions and handovers for FY2020. All of the Group's retail malls in China have reopened but 'footfall' and sales, while increasing, have yet to return to pre-COVID-19 levels and this is expected to continue for the foreseeable future.

The Group's office and business park tenants have largely resumed work after the lifting of the lockdown, but while committed occupancy rates remain high, the Group may experience a slowdown in the renewal or signing of new leases, and lower rental rates.



Since the onset of new COVID-19 cases reported in Beijing in June 2020, the Group stepped up its measures to enhance cleaning and disinfection routines, conduct temperature screening at all entrances, limit the number of diners at F&B outlets, maintain safe distance among tables in restaurants and prevent the gathering of crowds.

- *Other Geographies*

In Vietnam, domestic curbs and international travel restrictions may delay the handovers to both domestic and foreign buyers of the Group's residential units. Construction progress may potentially be delayed due to government-imposed social distancing measures and stop-construction orders.

The Group's portfolio in India comprises business parks, logistics and industrial space. While the impact of the nationwide lockdown remains uncertain, CapitaLand is cautiously optimistic of the relative resilience of this asset class.

The COVID-19 outbreak and efforts at containment are at various levels across the Group's international markets, including Malaysia, Australia, Europe, Japan, South Korea and the United States. The impact to the Group will vary depending on its stake, the asset class and pace of recovery in each of these geographies.

- *Fund Management*

The Group's base REIT and fund management fees are expected to be largely stable, though performance and transaction-related fees may be affected due to the adverse impact of COVID-19 on the Group's REITs' and funds' operations, and the reduced pace of capital recycling expected in 2020.

In April 2020, the MAS announced an extension for REITs to distribute at least 90% of their taxable income derived during FY2020 from three months to 12 months after the end of FY2020. The new regulations also raised REITs' allowable leverage limit to 50%. These measures are expected to provide the Group's REITs with greater flexibility to manage their capital requirements through 2020.

- *Lodging*

International travel restrictions imposed as a result of COVID-19 are being lifted at a slower pace even as economies open up. This will continue to cause the Group's lodging portfolio to underperform in the short term. However, as approximately 80% of the Group's lodging portfolio is made up of serviced residences, which are configured to be self-contained and suitable for long stays, the Group believes that such properties are able to cater for quarantine and social distancing requirements better than properties in most other hospitality segments. The Group expects its portfolio to remain resilient especially in geographies such as China of which domestic travel has gradually returned. In the second quarter of 2020, average occupancy level across the Group's China portfolio exceeded 70%.

Please also refer to the risk factors "*The Group's businesses, financial condition and results of operations may be materially and adversely affected by natural calamities, outbreak of communicable diseases and pandemics/epidemics*" and "*Ongoing uncertainty about the financial stability of global markets could have a material adverse effect on the Group's businesses, financial condition and results of operations*" in the section "*Risk Factors – Risks Relating to the Group*" for further information.



## RECENT SIGNIFICANT DEVELOPMENTS

### Proposed Merger of CapitaLand Mall Trust and CapitaLand Commercial Trust

On 22 January 2020, CapitaLand announced the proposed merger of CMT and CCT by way of a trust scheme of arrangement, pursuant to which CMT will acquire all the issued units in CCT in consideration of cash and new CMT units. The aggregate scheme consideration comprises S\$999.1 million in cash and 2,777.5 million new units in CMT units issued at a price of S\$2.59 per CMT unit. The proposed merger is subject to the approval of the respective unitholders of CMT and CCT at meetings to be convened. On 24 January 2020, Moody's has placed the ratings of both CMT and CCT on review, with the expectation that the credit ratings for each trust will be downgraded following the merger.

On 6 May 2020, the managers of both CMT and CCT jointly announced that the ongoing COVID-19 pandemic had presented unprecedented challenges for the Singapore property sector and that they had decided that the meetings of the unitholders to seek unitholders' approval for the proposed merger will not be held by May 2020 as communicated previously. The proposed merger is subject to a long-stop date of 30 September 2020, being the previously announced long-stop date.

On 22 July 2020, the managers of both CMT and CCT jointly announced that while the immediate focus remains on operational matters and tenant support, they are working towards convening the meetings of the unitholders to seek unitholders' approval for the proposed merger before 30 September 2020.

### Proposed Redevelopment of Singapore's Liang Court Site

On 21 November 2019, CapitaLand, together with City Developments Limited ("CDL") and Ascott Reit, announced the redevelopment of the Liang Court (comprising Liang Court mall, Novotel Singapore Clarke Quay and Somerset Liang Court Singapore) site into an integrated development following the proposed sale by CDL Hospitality Trust of its total interest in Novotel Singapore Clarke Quay (subject to approval by unitholders of CDL Hospitality Trust) to the 50:50 CDL-CapitaLand joint venture entities and CDL. The proposed integrated development with a total gross floor area ("GFA") of 100,263 sq m will comprise two residential towers offering around 700 apartment units, a commercial component, a hotel and a serviced residence with a hotel licence.

Upon completion, the 50:50 CDL-CapitaLand joint venture entities will own the residential and commercial components while Ascott Reit will own the 192-unit serviced residence with a hotel licence. CDL Hospitality Trust will own the hotel, which will have about 460 to 475 rooms, under a forward purchase agreement with CDL. The hotel will be operated under the 'Moxy' brand by Marriott International while the serviced residence will retain its Somerset branding. The proposed integrated development is targeted to open in phases from 2024.

On 15 July 2020, CapitaLand, through Ascott Reit, announced that the trustee of Gemini One Trust (a special purpose trust indirectly wholly-owned by CDL) had exercised the call option pursuant to the put and call option agreement entered into with the trustee of Ascott Reit on 21 November 2019, and the sale of part of Ascott Reit's interests in Somerset Liang Court had been completed for a sale price of approximately S\$163.3 million.

In connection with the completion of the sale, the trustees of Ascott Reit and Gemini One Trust and two associated companies of CapitaLand have entered into a joint development deed to undertake the development of the respective components of the proposed integrated development that will be transferred to them upon the issue of separate subsidiary strata certificates of titles, and the sharing of costs for the proposed integrated development.

### **Acquisition of a new logistics property in Sydney**

On 1 July 2020, CapitaLand, through Ascendas Reit, announced the acquisition of a new 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.

Perpetual Corporate Trust Limited as trustee of Ascendas Longbeach Trust No. 10 (indirectly wholly-owned by Ascendas REIT Australia) has entered into agreements with Larapinta Project Pty Ltd for the purchase of the freehold land at Lot 7, Kiora Crescent, Yennora and the ensuing development of the logistics property. The acquisition of the land has been completed and the development of the logistics property is expected to complete in the second quarter of 2021.

### **Divestment of Ascott Guangzhou and Citadines Didot Montparnasse Paris**

On 27 July 2020, CapitaLand, through Ascott Reit, announced the divestment of Ascott Guangzhou in China and Citadines Didot Montparnasse Paris in France to two unrelated third parties respectively, for a total of approximately S\$191.4 million. Ascott Reit is expected to realise total estimated net gains of approximately S\$23.2 million upon the completion of both transactions.

For Ascott Guangzhou in China, the divestment price of RMB780 million (approximately S\$155 million) is approximately 52% above the property's book value and approximately 81.0% higher than the acquisition price in 2012. Ascott Reit is expected to realise estimated net gains of approximately S\$19.4 million upon the completion of the transaction in the first quarter of 2021.

For Citadines Didot Montparnasse Paris in France, the divestment price of €23.6 million (approximately S\$36.4 million) is approximately 69% above the property's book value and approximately 60.4% higher than the acquisition price in 2010. Ascott Reit is expected to realise estimated net gains of approximately S\$3.8 million upon completion of the transaction in the fourth quarter of 2020.

### **Commencement of the construction of International Tech Park Chennai, Radial Road**

On 27 July 2020, CapitaLand announced the construction commencement for the first phase of the 23.3-acre International Tech Park Chennai, Radial Road, which has 4.6 million sq ft of development potential for premium Grade A office space.

Located along Chennai's IT corridor, International Tech Park Chennai, Radial Road will be developed in phases and it has been pre-certified with a Platinum rating by the Indian Green Building Council. Phase 1 will comprise two buildings offering 2.6 million sq ft of premium Grade A office space for IT and IT-enabled services companies. The first and second blocks will be operational by the fourth quarter of 2022 and second quarter of 2024 respectively. When fully developed, it will have amenities such as restaurants, food courts, a fitness centre, a clinic, a childcare centre and event spaces.

### **Addition of six new lyf properties in Australia, China and the Philippines**

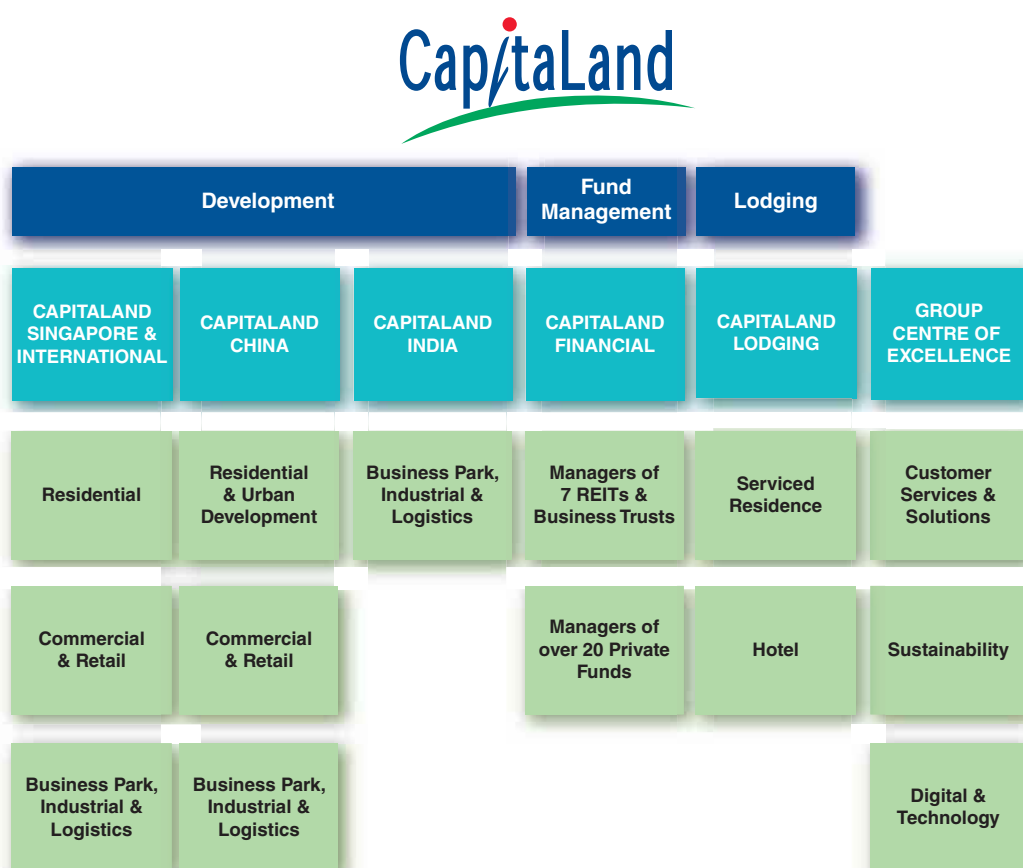
On 30 July 2020, CapitaLand, through its wholly-owned lodging business unit, The Ascott Limited ("**Ascott**"), announced the addition of over 1,000 units across six new lyf properties secured in Melbourne, Australia; Beijing, Hangzhou, Shanghai and Xi'an, China; and Manila, the Philippines. Amongst the six new properties, Ascott secured contracts for lyf Malate Manila, its second lyf property in the Philippines and four new lyf properties across China, namely lyf Shougang Park Beijing, lyf Midtown Hangzhou, lyf Zhangjiang Shanghai and lyf Dayanta Xi'an. It also secured its first lyf property in Australia, lyf Collingwood Melbourne.

## Completion of divestment of equity stake in Guangzhou Kai Ke Xing Mao Real Estate Development Co., Ltd.

On 3 August 2020, CapitaLand announced that its wholly-owned subsidiary, CLC Investment Seven Pte. Ltd., together with the other shareholders of Guangzhou Kai Ke Xing Mao Real Estate Development Co., Ltd. (“**GKK**”), had, through a series of transactions, divested an aggregate 40% equity interest in GKK to a purchaser which is unrelated to CapitaLand for an aggregate cash consideration of RMB395.7 million (approximately S\$78.6 million).

The adjusted net asset value of GKK is RMB989.1 million (approximately S\$196.6 million). The consideration was arrived at on a ‘willing-buyer and willing-seller’ basis taking into account 40% of the adjusted net asset value. Following the completion of the transaction, CapitaLand’s interest in GKK has decreased to 45% and GKK has ceased to be a subsidiary of CapitaLand, and is instead an associated company of CapitaLand.

## THE GROUP’S BUSINESS STRUCTURE AS AT 30 JUNE 2020



## BUSINESS OVERVIEW

### CapitaLand Singapore and International

#### *FY2019 Development Milestones*

In 2019, CapitaLand completed and opened two large shopping malls and also launched two well-received residential projects.

One of the two malls which turned operational in 2019 was Jewel Changi Airport (“**Jewel**”), which was opened in April 2019. The S\$1.68 billion (valued as at 31 December 2019) project is a joint venture between the Changi Airport Group and CapitaLand and took five years to complete. The 135,700 sq m mall offers a multi-faceted experience that includes play attractions, unique shopping and dining concepts, as well as accommodation facilities. Inside the complex is the world’s tallest indoor waterfall, surrounded by a lush garden.

In June 2019, CapitaLand opened Funan, an integrated development within CMT’s portfolio, after three years of redevelopment. Unlike the old Funan DigiLife Mall, which focused on retailers selling IT-related products, the new Funan houses two office towers and a co-living space lyf Funan Singapore under the “lyf” brand in Singapore. The development is home to Singapore’s first urban farm in a mall, first fully unmanned futsal facility and first theatre venue in a retail mall. It also serves as an incubator for new retail concepts, and provides interactive spaces targeting pop-up stores accommodating shorter leases. The mall had a committed occupancy of 99% as at 30 June 2020.

In terms of residential projects, CapitaLand launched One Pearl Bank, a 774-unit premium residential development in Singapore’s Outram District, and Sengkang Grand Residences, a 680-unit residential development in the heart of Sengkang Central that CapitaLand and CDL are co-developing. Both projects are conveniently located near/on top of MRT stations and near amenities, contributing to their strong sell-through rate. Complementing Singapore’s residential portfolio are opportunistic residential projects in Malaysia. In 2019, the Group launched Park Regent, a 505-unit residential development in Desa ParkCity, which is within a township development in Kuala Lumpur, Malaysia. As at 30 June 2020, the project had registered a healthy take-up of 86%.

#### *Active Portfolio Reconstitution*

In April 2019, the Group announced the divestment of StorHub, a self-storage business with presence in Singapore and China to a non-related party for an agreed value of S\$185 million. In November 2019, the Group announced the sale of The Star Vista for S\$296 million to the Rock Productions, the owner of The Star Performing Arts Centre that is co-located with the mall in the same development. Both divestments were completed in 2019, allowing the Group to redeploy capital to new growth opportunities.

In December 2019, the Group also sold two business park properties into Ascendas Reit. The properties are Nucleos and FM Global Centre, which were sold at an agreed property value of S\$289 million and S\$91 million respectively. This was part of a larger S\$1.66 billion transaction with Ascendas Reit that includes 28 business parks in the U.S.. Nucleos, located in one-north Biopolis, is a multi-tenanted building that caters to companies in biomedical sciences with DuPont as a key tenant. FM Global Centre is a single-tenanted built-to-suit business park development located in Science Park 2. Following completion of the transaction, CapitaLand expects to continue to take part in the growth of these quality assets through CapitaLand’s sponsor stake in Ascendas Reit. CapitaLand also expects to continue to manage the properties.

In 1H2020, the Group, through Ascendas Reit, also divested Wisma Gulab, No. 202 Kallang Bahru and No. 25 Changi South Street 1 to unrelated third parties for a total consideration of S\$125.3 million. The divestments were in line with the Group's proactive asset management strategy to improve the quality of Ascendas Reit's portfolio and optimise return for its unitholders.

#### *Playing an Important Role in Singapore's Rejuvenation*

In March 2019, the Urban Redevelopment Authority of Singapore rolled out an incentive scheme for existing office developments in the Central Business District ("**CBD**") to rejuvenate the city centre. Beyond the CBD, the Strategic Development Incentive Scheme was introduced to rejuvenate existing buildings. With these incentive schemes to intensify land use, CapitaLand has started to identify the opportunities within its portfolio, as well as new investment opportunities where it could play a role in the government's drive to rejuvenate the city.

In May 2019, a joint venture between CDL and CapitaLand successfully acquired Liang Court. In November 2019, CapitaLand, together with CDL and Ascott Reit, announced the redevelopment of the Liang Court site (comprising Liang Court mall, Novotel Singapore Clarke Quay and Somerset Liang Court Singapore) into an integrated development. In July 2020, the 50:50 CDL-CapitaLand joint venture entities and CDL have completed the purchase of the total interest in Novotel Singapore Clarke Quay from CDL Hospitality Trust. Concurrently, CDL has completed the purchase of part of its interest in Somerset Liang Court from Ascott Reit on the same day. Following the completion, CDL, CapitaLand and Ascott Reit will jointly re-develop the Liang Court site into an integrated development, which will comprise about 700 residential apartment units, a commercial component, a hotel and a serviced residence with a hotel licence. Upon completion (targeted to open in phases from 2024), the 50:50 CDL-CapitaLand joint venture entities will own the residential and commercial components while Ascott Reit will own the 192-unit serviced residence with a hotel licence. CDL Hospitality Trust will own the hotel under a forward purchase agreement with their sponsor, CDL. The project marks another collaboration between CDL and CapitaLand, as well as government agencies, to rejuvenate Singapore's cityscape.

In another instance, the Group was awarded the joint tender by the Singapore Land Authority, Singapore Tourism Board and Urban Redevelopment Authority for the integrated management of Bugis Village and Bugis Street, for up to 10 years, starting from 1 April 2020. The proposed retail net lettable area is about 195,000 sq ft and will allow the Group to strengthen its retail network in Bugis downtown, which currently includes Bugis Junction and Bugis+. To improve connectivity, CapitaLand is exploring building a new link bridge between Bugis+ and Bugis Street, linking all three malls in the cluster, and providing seamless and sheltered access from Bugis MRT station to Bugis Street.

The Group is in the process of upgrading 21 Collyer Quay, a 21-storey prime office tower, and the podium block at Six Battery Road, a 42-storey Grade A office building, connecting Raffles Place to the Singapore River within CCT's portfolio. Both properties are located in Raffles Place in Singapore's CBD and the upgrading works will capitalise on the transitional downtime in occupancy during changeover in major tenants. iQuest@IBP within Ascendas Reit's portfolio will also be rebuilt into a Building and Construction Authority Green Mark Platinum business park building with updated specifications. The redevelopment is expected to be completed in the first quarter of 2023 and will maximise the asset's plot ratio to about double of its existing GFA.

The Group has also begun discussions with planning authorities in Singapore on rejuvenating its Science Park 1 and 2 portfolios, which can potentially see the Group increasing its plot ratio and introducing a larger variety of real estate product offerings. The Group has also completed two asset enhancement initiatives at The Capricorn and The Galen, located in Singapore Science Park 2, on 20 February 2020 and 6 April 2020 respectively.

In terms of upcoming new developments, the Group obtained the temporary occupation permit for 79 Robinson Road, a 29-storey Grade-A office building, on 28 April 2020. It has also achieved a pre-commitment occupancy of nearly 70% as at June 2020 and Bridge+, an extension of CapitaLand's business space portfolio, will focus on developing a fintech hub within 79 Robinson Road. In 2021, the Group expects the completion of CapitaSpring, a 51-storey integrated development comprising Grade A offices, a serviced residence, ancillary retail space and a food centre in Singapore's CBD. Also under construction is Rochester Commons, a 17-storey mixed-use tower comprising Grade A office, a Shared Executive Learning Centre and an upscale hotel, as well as 12 black and white conservation bungalows in Buona Vista. Rochester Commons is expected to be opened in 2021.

Due to the COVID-19 outbreak, governments around the world, including Singapore, have introduced measures designed to slow the spread of the virus, including ordering the closure of non-essential businesses. The Group's development projects were affected by temporary closures and movement restrictions and may continue to experience progress delays due to supply chain and labour disruptions.

#### *Vietnam – Building the Group's Momentum for Growth*

In 1H2020, the Group had net return of 106 residential units for total return value of approximately S\$33 million compared to 48 units for total sales value of S\$17 million in the financial period ended 30 June 2019. This was due to no new launches scheduled and delays in securing permits for a project in Ho Chi Minh City. More than 100 units were returned by buyers, resulting in negative sales. The returned units will be progressively released for sale.

Due to the COVID-19 pandemic as well as ongoing regulatory changes in 1H2020 in Vietnam, the Group focused on risk mitigation and management of its existing properties whilst continuing to work through its existing pipeline of opportunities. The Group's strategy for Vietnam remains unchanged, and it remains bullish on the Vietnam market, looking at various opportunities across different asset classes, including residential, commercial, industrial and bigger scale township developments.

#### *Diversifying the Group's Presence Internationally for Greater Resilience*

In 2019, the Group's international portfolio was further strengthened with the addition of a portfolio of business park, office, suburban office and logistics assets across the U.S., the UK, South Korea and Australia from Ascendas-Singbridge Group. Most of the Group's business parks, suburban office and logistics properties are currently held through its listed REITs. In 2020, CapitaLand acquired Arlington Business Park with 11 high-specifications Grade A office buildings located in Theale, Reading, United Kingdom, further strengthening the Group's investment portfolio in the developed markets.

#### *U.S. Multifamily Value-Add Programme*

In 2019, the Group began asset enhancement initiatives on the 16 multifamily properties which it acquired in September 2018. CapitaLand expects the work to continue for a few years. The renovations to unit interiors and common areas to date have resulted in rental uplifts and approximate payback period of five years for the renovated units completed.

#### *Divestment of Non-Core Investment*

In June 2019, CapitaLand divested its entire 49% stake in Mubadala CapitaLand Real Estate ("MCRE") for S\$100.9 million. Incorporated in United Arab Emirates, MCRE completed one residential project and has not undertaken any further projects. The Group believes that disposal of such non-core assets allows the Group to unlock capital and optimise its portfolio.



### *Recycling of Quality Assets into Listed REITs*

In July 2019, CapitaLand announced the divestment of 89.8% of its 94.9% interest in Main Airport Center, a freehold commercial property in Frankfurt, Germany to CCT. This was based on an agreed property value of €265.0 million (approximately S\$407.8 million).

In November 2019, the Group divested 28 business park assets at a total agreed value of US\$935 million (approximately S\$1,281.7 million) to Ascendas Reit. The assets are located across six business parks in three tech cities, namely San Diego, Raleigh and Portland. The acquisition marked the REIT's foray into the U.S., further diversifying its international presence.

### **CapitaLand China**

CapitaLand China offers the full suite of real estate capabilities and expertise in China. It is involved in residential, commercial strata & urban development, retail, commercial and business park, industrial & logistics. The Group's China strategy focuses on first-and second-tier cities surrounding its five core clusters, namely:

- (1) Shanghai/Hangzhou/Suzhou/Ningbo;
- (2) Beijing/Tianjin;
- (3) Guangzhou/Shenzhen;
- (4) Chengdu/Chongqing/Xi'an; and
- (5) Wuhan.

### *Generating Stable Rental Income and Recognising Healthy Stream of Residential Sales Proceeds*

On average, the Group's shopping malls in China registered a committed occupancy level of 90.1% as at June 2020. In 1H2020, there was a decline in net property income of 12.8% year-on-year. Nonetheless, retail performance for 2020 is expected to continue to lag behind the performance before the COVID-19 pandemic due to social distancing measures. It is also likely that there may be re-tightening of social distancing measures and/or mall closures as a result of the potential resurgence of COVID-19. The Group's office assets and business space portfolio acquired from Ascendas-Singbridge Group have remained stable in 1H2020 and are expected to continue to be resilient.

In 2019, the Group opened the 235,000 sq m retail mall and the 200-unit Ascott serviced residence of Raffles City Chongqing. The project is strategically located at Chaotianmen, where the Yangtze and Jialing rivers converge. It is Singapore's and CapitaLand's single largest development in China at RMB24 billion (approximately S\$4.8 billion). In 2019, the Group also completed and handed over 467 units in the first two residential towers, corresponding to 97% of the units sold. The remaining component of the integrated development, comprising InterContinental Raffles City Chongqing hotel, is expected to open in the second half of 2020. In 1H2020, the Group opened the Grade A office space and the 250 metre high glass bottom Exploration Deck, part of the 300 metre long 'Crystal', an enclosed sky bridge that is connected to six of Raffles City Chongqing's eight skyscrapers.

The Group handed over 652 residential units across China in 1H2020, recognising RMB1.6 billion in value. More completions are scheduled in the later part of 2020. As at 30 June 2020, there were approximately 7,800 units which were sold and in the handover pipeline, translating to a total handover value of RMB18.2 billion.

### *Reconstituting the Group's Portfolio while Supporting the Growth of its Investment Vehicles*

In FY2019, the Group divested a total of S\$2.4 billion of assets in China, shedding approximately S\$600 million of non-core assets and recycling around S\$1.8 billion of assets into its listed or private vehicles to support their growth. In 1H2020, the Group divested approximately S\$0.2 billion of assets in China.

In March 2019, CapitaLand together with CRCT, divested its combined interests in CapitaMall Wuhu, a five-storey shopping mall in Anhui province, at approximately RMB210 million (approximately S\$41.5 million). The mall had been closed since the exit of its anchor tenant and the divestment allowed both entities to unlock capital for redeployment. This was CRCT's second divestment in 2019, after entering into a bundle deal with a vendor to divest CapitaMall Saihan in Hohhot, Inner Mongolia, at RMB460.0 million (approximately S\$90.8 million), in exchange for a higher quality and better located property in Yuquan District for RMB808.3 million (approximately S\$159.6 million).

In May and June 2019, the Group seeded two Shanghai properties, Innov Center (valued at RMB3.1 billion (approximately S\$620 million)) and Pufa Tower (valued at RMB2.8 billion (approximately S\$546.3 million)) into its maiden discretionary real estate equity fund, CapitaLand Asia Partners I ("**CAP I**") to support its portfolio build-up. Innov Center, which the Group acquired in 2017, consists of three office buildings and a two-storey retail podium located in the decentralised CBD of Wujiaochang. The inclusion of Pufa Tower in CAP I was in the plan when the Group acquired 70% of it in January 2019 through a 50:50 joint venture with an unrelated third party. The asset is a 34-storey office development in Shanghai's Lujiazui CBD.

In June 2019, the Group divested its interests in CapitaMall Xuefu and CapitaMall Aidemengdun in Harbin, as well as CapitaMall Yuhuating in Changsha to CRCT. The divestment of the three companies holding the assets was based on an agreed value of RMB2,960 million (approximately S\$589.2 million) and generated proceeds of approximately S\$239.9 million, and a net gain of approximately S\$37.6 million for the Group. The transaction resulted in a significant leap in CRCT's asset size and resulted in a further diversification of its footprint in China. The Group continues to benefit from the growth of these assets through its stake in CRCT.

In July 2019, CapitaLand divested its entire 24.09% stake in Hong Kong-listed Central China Real Estate Limited for a sale consideration of approximately HK\$2,831 million (approximately S\$496 million). CapitaLand's investment in Central China Real Estate Limited had generated stable returns over the years. However, the company operates primarily in Henan Province, which is outside of CapitaLand's core city clusters. The divestment allowed the Group to unlock gains and re-focus capital in other opportunities within its core businesses. In May 2020, CapitaLand, through CRCT, completed the divestment of CapitaMall Erqi to an unrelated third party for a sale consideration of RMB850.9 million (approximately S\$165.2 million).

### *A New Level of Competitiveness*

The combined expertise of CapitaLand and Ascendas-Singbridge Group has endowed the Group with enhanced capabilities in a new asset class focused in business parks, logistics and industrial space. The widened integrated product offerings and Ascendas-Singbridge Group's proven track record in business space allows CapitaLand to gain access to large tracts of land and development opportunities.

For example, in October 2019, CapitaLand signed a collaborative agreement with the Guangzhou Development District Administrative Committee ("**GDD**") to develop the second phase of China-Singapore Guangzhou Knowledge City, a state-level bilateral collaboration project between Singapore and China. This second phase of project follows the development of the southern start-up area by Ascendas-Singbridge Group, through the joint-venture company with GDD. In the

second phase, CapitaLand, through the same joint venture company, will not only participate in the development of business parks, but also commercial properties and residential projects over an area of two square kilometres.

The Group is positive about the long-term growth prospects of China. The outbreak of COVID-19 has caused the International Monetary Fund to lower the country's 2020 GDP forecast to 5.6% or lower. Notwithstanding, the Group believes that domestic consumption (which makes up approximately 60% of the country's GDP) will continue to support the country's growth. The Group will remain disciplined and continue to be on the lookout for attractive investment opportunities.

The Group expects to open CRCT's mall in Yuquan district in Hohhot, Inner Mongolia in 2020, as well as its 10th Raffles City integrated development, Raffles City The Bund in Shanghai in 2021.

## **CapitaLand India**

CapitaLand's presence in India spreads across the six key cities of Bangalore, Chennai, Gurgaon, Hyderabad, Mumbai and Pune. Its current focus is on IT parks and logistics space, two of India's most dynamic and attractive sectors.

### *A Value Chain of Real Estate Capabilities*

As at 30 June 2020, CapitaLand India's portfolio consisted of 17.9 million sq ft of completed IT and logistics parks assets that the Group owns and operates.

For 26 years, CapitaLand India, which was part of the Ascendas-Singbridge Group's portfolio, has built a value chain of real estate capabilities which include investments, development, leasing, property management and fund management. Approximately 80% of the portfolio is under a-iTrust and two private funds – Ascendas India Growth Programme and Ascendas India Logistics Programme, while the remaining 20% is under its balance sheet.

CapitaLand's development potential in India include 18.7 million sq ft of IT park space in Bangalore, Chennai, Gurgaon, Hyderabad and Pune executed via a-iTrust, Ascendas India Growth Programme and CapitaLand's balance sheet.

In Bangalore, the construction of a 0.7 million sq ft IT Special Economic Zone building at International Tech Park Bangalore is in progress and expected to be completed by the second half of 2020. In Hyderabad, redevelopment of the International Tech Park Hyderabad is planned over several phases within the next seven to ten years, and expected to ultimately increase the leasable area from 1.5 million sq ft to 5.0 million sq ft. Construction for Phase 1 of the International Tech Park Hyderabad redevelopment, a new 1.4 million sq ft multi-tenanted building, has resumed after COVID-19 lockdown and excavation and foundation works are in progress. Phase 1 of the redevelopment is expected to be completed by the second half of 2022.

In Pune, construction of Phase 4 of International Tech Park Pune in Hinjawadi is completed. Active discussions are ongoing with prospective clients for space take up in the 0.4 million sq ft building. Also, in Pune, construction of Phase 1 of International Tech Park Pune, Kharadi is underway with target completion in the first half of 2021. Upon completion, it will offer 1.3 million sq ft of Grade A IT office space.

In Gurgaon, over 65% of lease commitments in respect of International Tech Park Gurgaon Phase 1 has been agreed with leading MNCs, including a 0.45 million sq ft commitment by Optum, a leading health services platform of United Health Group. Construction of Phase 2 of the International Tech Park Gurgaon has commenced, offering 0.65 million sq ft of Grade A Special Economic Zone space and with target completion in the second half of 2021. While construction

works have resumed subsequent to the COVID-19 lockdown, the construction progress is affected by labor shortage resulting from the COVID-19 outbreak and delays are expected.

In Chennai, CapitaLand acquired a 10.6-acre land parcel in January 2020 to develop Grade A IT office space. Located adjacent to CapitaLand's 12.7-acre International Tech Park Chennai, Radial Road, the combined project now spreads across 23.3 acres providing 4.6 million sq ft of IT office space development potential. Construction is expected to commence in the second half of 2020 once the requisite approvals are obtained.

In addition to development, another 7.5 million sq ft are under construction through forward purchase commitments by a-iTrust. These include IT parks in Mumbai and Hyderabad, a seventh warehouse at Arshiya Free Trade Warehousing Zone ("**FTWZ**") near Navi Mumbai and BlueRidge 3, an IT/IT-enabled services Special Economic Zone development in Hinjawadi in Pune. a-iTrust has also committed to the acquisition of a 0.2 million sq ft warehouse in the Arshiya FTWZ at Khurja, National Capital Region upon fulfilment of certain conditions precedent.

With a growing demand for modern warehousing space in India, other than via a-iTrust, CapitaLand is also expanding its logistics portfolio through its joint venture company, Ascendas-Firstspace. In June 2018, the Group launched Ascendas India Logistics Platform with Temasek, committing approximately S\$400 million to be invested in the sector. Currently underway are industrial and logistics park projects across three cities in India, with a total development potential of over 7.5 million sq ft. This includes a greenfield project in Oragadam, Chennai, that spans across 139 acres, with development potential of 2.9 million sq ft. In Periyapalayam, Chennai, a 121 acres brownfield project with a total development potential of 2.7 million sq ft is currently underway, of which 1.25 million sq ft has been developed and leased. Both projects are currently operational.

In 2019, the Ascendas India Logistics Platform further invested in development of two projects, comprising 28.9 acres in Talegaon, Pune, with a development potential of 0.7 million sq ft, and 50.5 acres in Palwal in the National Capital Region, with a development potential of approximately 1.2 million sq ft.

#### *The Group's Focus on Sustainability*

In line with the Group's focus on Environment, Social and Governance ("**ESG**"), CapitaLand India's sustainability initiatives are making significant progress. Nearly 30% of the energy used to operate its India portfolio is sourced from solar power, resulting in a reduction of 54,800 metric tonnes of CO<sub>2</sub> emissions per annum. The Group has also made significant reductions in energy and water intensity of approximately 42% and 36% respectively with respect to the baseline year of 2011. This is achieved through asset enhancements and adoption of latest technologies. CapitaLand is accelerating the adoption of digital and "proptech" into its IT parks. For example, the Group is piloting Intelligent Building Management driven by Internet of Things (IoT), Indoor Air Quality monitoring and control, and automated total waste management, amongst others.

#### **CapitaLand Financial**

CapitaLand Financial is the Group's fund management business, managing seven listed REITs and business trusts, as well as 25 private funds with a total fund AUM of S\$74.5 billion as at 30 June 2020.

### *Growing the Listed Platform through Clear and Well-Defined Mandates*

Post completion of the merger with Ascendas-Singbridge Group, the Group supported the merger of Ascott Reit and Ascendas Hospitality Trust. The merger enabled the two hospitality trusts to create a single, efficient lodging investment vehicle with greater financial flexibility for growth. The merger was completed in December 2019. With total assets of S\$7.4 billion, the enlarged Ascott Reit has consolidated its position as the largest hospitality trust in Asia-Pacific.

CapitaLand is the sponsor and manager of four listed developed-market focused trusts with sectorial mandates (CMT, CCT, Ascendas Reit and Ascott Reit) as well as three specialised emerging-market focused listed trusts (CRCT, a-iTrust and CMMT). Total combined market capitalisation of the seven listed REITs/trusts was S\$36 billion as at 31 December 2019. On average, the stock prices of CapitaLand's listed REITs and trusts registered approximately 18% year-on-year increase in FY2019. Through its sponsored stake in these trusts, the Group will continue to benefit from the properties' steady yield, participate in their future growth and grow its AUM.

In January 2020, the Group also announced its support for the proposed merger of CMT and CCT to form CapitaLand Integrated Commercial Trust, a S\$22.9 billion commercial real estate trust that is expected to become the third largest REIT in Asia-Pacific. The proposed merger is expected to enhance the ability of the combined entity to take on larger transactions, such as integrated developments, in addition to retail and office spaces across geographies. The proposed merger is subject to the approval of the respective unitholders of CMT and CCT at meetings to be convened. Please refer to "*Recent Significant Developments – Proposed Merger of CapitaLand Mall Trust and CapitaLand Commercial Trust*" for more information.

### *Inception of CapitaLand's First Debt and Discretionary Private Equity Funds*

In the area of private funds, CapitaLand Financial successfully incepted (i) CREDO I China – the Group's first real estate debt fund and (ii) CAP I – its first discretionary real estate equity fund to invest in value-add and transitional office buildings in Asia's key gateway cities.

The Group manages 25 real estate private funds as at 30 June 2020:

No.	Fund name	Fund size <sup>(1)</sup>
		<i>(in million)</i>
1	CapitaLand Mall China Income Fund .....	U.S.\$900
2	CapitaLand Mall China Income Fund II .....	U.S.\$425
3	CapitaLand Mall China Income Fund III .....	S\$900
4	CapitaLand Mall China Development Fund III .....	U.S.\$1,000
5	Ascott Service Residence (China) Fund .....	U.S.\$500
6	Ascott Service Residence (Global) Fund .....	U.S.\$600
7	Raffles City China Income Ventures Limited <sup>(2)</sup> .....	U.S.\$1,180
8	Raffles City Changning JV .....	S\$1,026
9	CapitaLand Township Development Fund I .....	U.S.\$250
10	CapitaLand Township Development Fund II .....	U.S.\$200
11	Vietnam Joint Venture Fund .....	U.S.\$200
12	CapitaLand Mall India Development Fund .....	S\$880
13	Raffles City China Investment Partners III .....	U.S.\$1,500

No.	Fund name	Fund size <sup>(1)</sup>
		(in million)
14	CapitaLand Vietnam Commercial Value-Added Fund .....	U.S.\$130
15	CREDO I China .....	U.S.\$556
16	CapitaLand Asia Partners I (CAP I) and Co-investments.....	U.S.\$510
17	Ascendas China Commercial Fund 3 .....	S\$436
18	Ascendas China Business Parks Fund 4 .....	S\$333
19	Ascendas India Growth Programme.....	INR15,000
20	Ascendas India Logistics Programme .....	INR20,000
21	Ascendas Korea Office Private REIT 1 .....	KRW85,100
22	Ascendas Korea Office Private REIT 2 .....	KRW17,500
23	Ascendas Korea Office Private REIT 3 .....	KRW107,500
24	Ascendas Korea Office Private REIT 4 .....	KRW24,950
25	Ascendas Korea Office Private REIT 5 .....	KRW32,800

**Notes:**

(1) Total fund size as at respective fund closing date.

(2) Formerly known as Raffles City China Fund

### *The Way Forward*

Stable base fees and activity-driven transaction fees from its existing funds, along with the creation of new funds will enable CapitaLand to scale up its fee income. The Group will continue to support the growth of its funds and consistently review options for an efficient fund management platform for greater growth. CapitaLand's ability to raise a total of S\$3.8 billion of equity in 2019 from investors and capital partners attests to the strength of its platform as a growth engine, complementing the Group's development and lodging businesses. CapitaLand Financial will leverage the Group's global presence and expertise in real estate development, operation and financing to identify and acquire assets at favourable values to deliver competitive risk-adjusted returns.

### **CapitaLand Lodging**

Ascott, a leading international lodging owner-operator, is CapitaLand's wholly-owned lodging business unit. As of 30 June 2020, its portfolio comprised nearly 117,000 units across 700 lodging properties in more than 180 cities and 30 countries.

#### *Scaling up CapitaLand's Lodging Platform*

Ascott's business model combines two complementary components – a real estate platform and a hospitality operating platform to drive sustainable returns. The real estate platform creates value and returns through acquisition, active asset management and recycling, while the hospitality operating platform delivers recurring fee income through third-party management contracts and franchises.

In addition to investing through its balance sheet, Ascott's growth strategy includes expanding through its dedicated hospitality trust, Ascott Reit, as well as through its private fund, Ascott Serviced Residence Global Fund.



In FY2019, Ascott Reit underwent a transformative S\$1.9 billion combination with Ascendas Hospitality Trust, consolidating its position as the largest hospitality trust in Asia-Pacific. During the year, Ascott Reit also announced the divestment of partial GFA in Somerset Liang Court Property Singapore for S\$163.3 million. The divestment was completed in July 2020 and the net proceeds will be used to transform the retained GFA into a new Somerset serviced residence, with a hotel licence and a refreshed 99-year lease. The new property will be part of an iconic integrated development, jointly developed with CapitaLand and CDL. In July 2020, Ascott Reit announced the divestment of Ascott Guangzhou in China at a divestment price of S\$155 million and Citadines Didot Montparnasse Paris in France at a divestment price of S\$36.4 million. In FY2019, Ascott Reit also acquired Citadines Connect Sydney Airport, in Australia for AUD60.6 million (approximately S\$58.8 million) and actively reconstituted its portfolio. In FY2020, Ascott Reit has acquired Quest Macquarie Park Sydney for S\$43.6 million.

In 2019, Ascott Serviced Residence Global Fund, a US\$600 million hospitality closed-end private fund still in its investment phase, acquired a AUD202.2 million (approximately S\$192 million) freehold serviced residence in the CBD of Sydney, Australia, which is expected to be completed in 2021. With its global investment teams, Ascott is well placed to source for deals and support the growth of its investment vehicles.

Asset recycling activities carried out by Ascott, including Ascott Reit, amounted to S\$785.3 million in 2019, and S\$288.4 million in 2020 to date, in total gross divestment value. Properties divested in 2019 included Ascott Raffles Place Singapore, Citadines Mercer Hong Kong and Somerset Jiefangbei Chongqing, while Ascott Guangzhou and Citadines Didot Montparnasse Paris were divested in 2020.

In 2019, Ascott stepped up its global expansion of its hospitality platform, adding more than 14,100 units across approximately 100 properties, thereby boosting fee income. Its growth was made possible by leveraging on its strategic investments in Quest Apartment Hotels, Synergy Global Housing and TAUZIA Hotel Management. In addition to deepening its presence in countries such as Australia, China, Malaysia, Philippines and Indonesia, Ascott also opened its first property in the Netherlands and ventured into new cities such as Yokohama, Japan and Goa, India. In 1H2020, despite the COVID-19 pandemic, CapitaLand Lodging secured contracts for 25 new properties with over 5,400 units across nineteen cities globally. This is the largest number of new properties Ascott has clinched in the first six months of any year and brings the total number of units on the Group's lodging platform to 117,000. As at 30 June 2020, more than 80% of Ascott's nearly 117,000 lodging units were under third-party management contracts and franchises, making the lodging platform largely asset light and return on equity ("**ROE**") accretive. Additionally, Ascott continues to expand its product offerings, catering to more demographic groups and diversifying its revenue streams.

#### *Growing Recurring Fee Income*

In 2019, Ascott opened nearly 7,500 units in over 40 properties across 13 countries. Approximately S\$20-25 million in annual fee income is generated with every 10,000 serviced residence units signed as the properties progressively open and stabilise. As at 30 June 2020, about 47,600 units are under development and expected to contribute positively to Ascott's fee income as they turn operational.

Ascott is expanding its global lodging portfolio to 160,000 units by 2023. Fee income contribution is expected to rise in tandem. To support the growth of the platform and boost revenue growth, Ascott is undergoing a digital transformation to drive operational efficiency and enhance the customer experience. The comprehensive front-to backend systems makeover includes adopting a new suite of cost-effective, cloud-based systems that are highly scalable. In April 2019, Ascott also launched its loyalty programme, Ascott Star Rewards.

## Performance Overview

CapitaLand's operation and financial results for 1H2020 were adversely impacted by the ongoing COVID-19 pandemic. The impact to the Group is primarily concentrated within its residential, retail and lodging businesses, where residential sales offices were forced to close, non-essential retail trades were unable to operate, and the occupancy of its lodging assets fell due to travel restrictions.

The tables below summarise the relative contribution of the various strategic business units and geography to the Group's revenue, EBIT and total assets for the period ended 30 June 2020.

### Revenue by Strategic Business Units

	For the six months ended 30 June 2020	For the six months ended 30 June 2019
	(%)	
CL Singapore and International.....	51.7	48.5
CL China .....	23.8	23.3
CL India.....	1.1	0.0
CL Lodging .....	21.4	28.0
CL Financial .....	7.8	4.7
Corporate and Others <sup>(1)</sup> .....	(5.8)	(4.5)
Total Revenue .....	100.0	100.0

#### Note:

(1) Includes intercompany eliminations.

### Revenue by Geography

	For the six months ended 30 June 2020	For the six months ended 30 June 2019
	(%)	
Singapore .....	39.0	37.8
China <sup>(1)</sup> .....	26.0	27.0
Other developed markets <sup>(2)</sup> .....	22.0	25.8
Other emerging markets <sup>(3)</sup> .....	13.0	9.4
Total Revenue .....	100.0	100.0

#### Notes:

(1) Includes Hong Kong.

(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.

## EBIT by Strategic Business Units

	For the six months ended 30 June 2020	For the six months ended 30 June 2019
		(%)
CL Singapore and International.....	15.0	41.5
CL China .....	65.5	43.3
CL India.....	2.4	0.0
CL Lodging .....	0.7	14.1
CL Financial .....	15.4	2.5
Corporate and Others <sup>(1)</sup> .....	1.0	(1.4)
Total EBIT.....	100.0	100.0

### Note:

(1) Includes intercompany eliminations.

## EBIT by Geography

	For the six months ended 30 June 2020	For the six months ended 30 June 2019
		(%)
Singapore .....	5.1	42.1
China <sup>(1)</sup> .....	69.0	44.3
Other developed markets <sup>(2)</sup> .....	14.3	10.4
Other emerging markets <sup>(3)</sup> .....	11.6	3.2
Total EBIT.....	100.0	100.0

### Notes:

(1) Includes Hong Kong.

(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.

## Total Assets by Strategic Business Units

	As at	
	30 June	31 December
	2020	2019
	(%)	
CL Singapore and International.....	45.8	45.7
CL China .....	36.2	36.3
CL India.....	1.3	1.3
CL Lodging .....	11.6	11.7
CL Financial .....	1.6	1.6
Corporate and Others <sup>(1)</sup> .....	3.5	3.4
Total Assets.....	100.0	100.0

### Note:

(1) Includes intercompany eliminations.

## Total Assets by Geography

	As at	
	30 June	31 December
	2020	2019
	(%)	
Singapore .....	41.7	42.3
China <sup>(1)</sup> .....	38.3	37.3
Other developed markets <sup>(2)</sup> .....	13.9	14.1
Other emerging markets <sup>(3)</sup> .....	6.1	6.3
Total Assets.....	100.0	100.0

### Notes:

(1) Includes Hong Kong.

(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.

## **STRATEGY OF THE GROUP**

The key drivers of the Group's strategy are as follows:

### **Creating a Resilient Global Portfolio**

CapitaLand's investment strategy is to generate sustainable superior returns through a diversified core portfolio of real estate asset classes and geographies.

The Group's aim is to construct a resilient portfolio by balancing the desired risk-return between its investments in developed and emerging markets. Its on-the-ground expertise lets it assess the optimal exposure for each asset class within each geography based on its view on the markets and their respective risk and return profiles. This determines how the Group prioritises its capital allocation, which is currently a 50:50 balance in developed and emerging markets.

In addition, by working with and through its sponsored vehicles, as well as various capital partners globally to scale up its real estate AUM, CapitaLand seeks to enhance capital productivity and maintain an asset-light structure.

### **Framework for Transformation**

CapitaLand's framework for transforming itself into a leading global real estate company is to find value by identifying attractive investment opportunities in its three strategic growth businesses: development, lodging and fund management, create value through its operational and investment expertise, and unlock value through disciplined capital recycling and superior execution.

The Group strives to embody four business principles it believes are fundamental to this framework. Firstly, scale in its businesses and geographies must be meaningful and relevant in order to flourish in a highly competitive real estate marketplace. Secondly, balance across developed and emerging markets, and asset classes to strengthen its resilience against macroeconomic and cyclical volatility, and allow the Group to maintain the desired trade-off between risk and return. Thirdly, to achieve focus in its execution in order to meet its operational and financial goals. Lastly, to achieve agility to anticipate and adapt within an increasingly volatile and uncertain operating environment.

### **Paving the Way for Growth**

The Group has identified three strategic growth businesses:

#### *Development*

With the Ascendas-Singbridge Group fully integrated, CapitaLand now possesses an enhanced local network and expanded suite of real estate capabilities across its core asset classes to grow its development business. The Group has actively harnessed this capability, and has announced a number of precinct-level projects, both in Singapore and China.

#### *Fund Management*

To further position its fund management business as one of CapitaLand's three strategic growth businesses, the Group reorganised it as a standalone platform – CapitaLand Financial. This provides its shareholders with greater clarity on a growing fee income stream from its expanded stable of seven listed REITs/trusts and 25 private funds. Each of these entities contribute stable management fees on a recurring basis, complemented by performance linked fees if certain hurdles are met.

Each of CapitaLand's listed trusts and private funds have clear and well-defined mandates, demarcated by geography and asset class. With an ability to deploy their own capital, they can grow independently, and in the process enhance the Group's AUM and fee income. They also provide the Group with ready platforms to recycle its assets.

### *Lodging*

CapitaLand's wholly-owned subsidiary, Ascott, is a global standalone lodging platform, consisting of both owned and managed properties. More than 80% of the total 117,000 lodging units are under fee-generating management or franchised contracts, making the Group's lodging platform asset-light and ROE-accretive. The majority of Ascott's owned units are held through its private lodging fund or Ascott Reit.

### **Financial Prudence Underpins the Group's Growth**

The growth of the Group's business must be managed prudently. The Group allocates capital through a systematic and calibrated process, striving to maintain a balanced exposure to its markets and asset classes, and the desired risk-return trade-off.

The Group also monitors its liquidity, leverage levels and debt maturities carefully. In 2020, it managed its overall debt levels and capitalised on the low yield environment to extend its overall debt maturity and diversify its funding sources.

### **Making Data and Technology a Key Differentiator**

The CapitaStar app is representative of the Group's focus in digitalising its competitive advantage in retail to unlock value. Since it was first launched in 2011, the app has registered 10 million users on the platform (one million in Singapore). It now combines an attractive loyalty programme with the electronic gifting of CapitaVouchers, Singapore's most widely accepted shopping voucher. With each app use, the data collected helps the Group analyse shopper behaviour to better assist its retailers.

In November 2019, CapitaLand also announced the setting up of Singapore's largest 5G smart estate trial site at CapitaLand's Singapore Science Park. Its partners are the first in Southeast Asia to develop and testbed 5G enabled Cellular Vehicle-to-Everything technologies for intelligent mobility solutions in a commercial space.

The Group has also enhanced its data analytics capabilities. This improves its decision making for important functions such as investment analytics, enterprise risk, treasury, finance, and even talent management. To further unlock value in the workplace, CapitaLand is increasing its use of robotics and process automation tools to automate repetitive processes. This helps the Group optimise its human capital to focus on higher value activities.

## **COMPETITIVE STRENGTHS**

### **Size and Scale**

CapitaLand is one of Asia's largest diversified listed real estate companies, with a market capitalisation of approximately S\$14.8 billion as at 30 June 2020. The Group has consolidated total assets of approximately S\$84.9 billion and approximately S\$134.7 billion of real estate AUM as at 30 June 2020.

Since its formation, CapitaLand has grown to become one of the leading real estate developers in Asia with a consistent track record and is a market leader across real estate sectors and geographical regions. CapitaLand is one of the leading residential developers and shopping mall



owners and managers in Singapore and one of the leading foreign real estate developers in China. Currently, Singapore and China are the Group's two largest markets. In particular, Ascott is one of the leading international lodging owner-operators that manages a quality portfolio of serviced residences and hotels with award-winning brands across more than 180 cities in over 30 countries in Asia Pacific, Central Asia, Europe, the Middle East, Africa and the U.S.

CapitaLand is therefore able to leverage its significant asset base, real estate domain knowledge, product design and development capabilities, capital management strategies and extensive market network to develop real estate products and services in Singapore and around the region.

Sectors such as logistics and business parks are exposed to and benefit from new economy trends such as e-commerce, urbanisation and growth of knowledge economies. With the Ascendas-Singbridge Group's developer-owner-operator platforms in these sectors and its proven track record, the Group expects to develop further capabilities and scale, enabling it to capitalise on the growth in these new economy sectors.

In 2019, the Group was ranked the 9th largest real estate investment manager in the world by IPE Magazine with a fund AUM of S\$73.7 billion as at 31 December 2019, managing a total of seven listed REITs/trusts, including the largest Singapore REITs/trusts in four key sectors – industrial and business parks, retail, commercial and lodging.

### **Diversified and Balanced Business Profile**

CapitaLand has a balanced real estate portfolio, which spans more than 220 cities in over 30 countries and includes commercial, retail, business park, industrial and logistics, integrated development, urban development, lodging and residential.

While its core markets in Singapore and China account for approximately 80.0% of its total assets as at 30 June 2020, it has a balanced portfolio across Singapore and China, with the two countries contributing 41.7% and 38.3% respectively, allowing the Group to manage volatility and mitigate any adverse developments in each of these markets. For example, diversification across types of real estate enables the Group to avoid dependence on a particular asset class and positions CapitaLand favourably to capitalise on the growth opportunities in each asset class.

### **Integrated Real Estate Model**

CapitaLand operates with an integrated real estate model, with operations across the entire real estate value chain as an investor, a developer, a manager, an operator and a fund manager. It has a balanced portfolio across commercial, retail, business park, industrial and logistics, integrated development, urban development, lodging and residential in both mature and growth markets. Expertise across the various real estate segments places the Group in a unique position to develop large scale, integrated development projects in the jurisdictions in which it operates. CapitaLand was also the pioneer of the Singapore REIT market having listed CMT, the first REIT in Singapore. The Group has seven listed REITs/trusts, comprising CMT, CCT, Ascott Reit, CRCT, Ascendas Reit, a-iTrust and CMMT. This includes the largest Singapore REITs/trusts in four key sectors – industrial and business parks, retail, commercial and lodging.

The Group's integrated model enhances its ability to leverage upon the diverse skill sets and broad experience of its various entities to extract value across the entire real estate value chain, from development, incubation of completed investment properties to maturity, realisation of full value upon exit, to the recycling of capital, with a strong focus on capital efficiency and productivity.

## **Product and Design-Driven Project Development Approach**

CapitaLand has developed unique product design and development capabilities that allow it to deliver award-winning developments, such as Jewel and Funan. The Group leverages its expertise in the development segment by acquiring new sites and delivering attractive products that command a market premium.

In addition, CapitaLand is also increasingly focused on ensuring that its real estate portfolio is developed with environmental considerations.

## **Prudent and Efficient Capital Management**

CapitaLand has a net debt to equity ratio of 0.64 times and total Group cash balance and available undrawn facilities of CapitaLand's treasury vehicles of S\$14.0 billion as at 30 June 2020. In addition, the Group maintains a relatively long debt maturity profile of 3.4 years on average with a fixed rate debt of approximately 67.0% of its total borrowings, as at 30 June 2020.

CapitaLand focuses on continuously improving its capital efficiency. In this regard, the Group's REITs and non-listed real estate vehicles serve as platforms to efficiently utilise and recycle capital and diversify its capital exposure. The placement of stabilised investment properties into its managed REITs and non-listed real estate vehicles allows the Group to grow its asset base while leveraging third party capital through such investment vehicles and consequently diversify its capital exposure. By maintaining a strong balance sheet, the Group has been able to achieve significant expansion through various strategic JVs and acquisitions.

## **Access to Capital**

CapitaLand has sourced funding from banks, debt and equity capital markets, private equity funds and REITs, amongst others. The diversity of these capital sources combined with its capital efficient business platform has enabled it to gain access to liquidity from domestic and global markets.

However, the Group's ability to raise new capital and refinance its existing debt may be affected by the ongoing disruption to capital and securities markets arising from the COVID-19 outbreak.

## **OTHER BUSINESS MATTERS**

### **Enterprise Risk Management**

The Group's Enterprise Risk Management ("ERM") Framework is adapted from the ISO 31000 International Risk Management Standards. It is also guided by the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission, as well as other relevant best practices and guidelines. It specifies the required environmental and organisational components for managing risks in an integrated, systematic and consistent manner. The ERM Framework and related risk management policies are reviewed annually. The Group Chief Executive Officer (the "GCEO"), together with a team of other key management personnel, is responsible for directing and monitoring the development, implementation and practice of ERM across the Group.

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

CapitaLand's ERM program is based on fostering the right risk culture. The Group Risk Management (the "**GRM**") conducts regular workshops to enhance risk management knowledge and promote a Group culture of risk awareness. Risk management principles are embedded in the Group's decision-making and business processes. Once a year, the GRM coordinates a Group-wide risk and control self-assessment exercise. This requires business units and corporate functions to identify, assess and document material risks which includes ESG-related risks; along with their key controls and mitigating measures. Material risks and their associated controls are consolidated and reviewed at the Group level before they are presented to the Risk Committee (the "**RC**"), the AC and the board of directors of CapitaLand (the "**Board**").

## **Employees**

As at 30 June 2020, the Group had approximately 13,150 employees. The Group believes its employees are critical to its success and is committed to investing in the development of its employees through continuing education, and structured training, as well as promoting its employees' career growth.

## **Intellectual Property**

CapitaLand relies on a combination of trademarks and domain name registrations, copyright protection and contractual arrangements to protect its brand names and logos, marketing designs and internet domain names. CapitaLand and the companies within the Group are the proprietors of trade mark registrations and the applicants of pending trade mark applications in various countries around the world for the marks used in the course of its business including "*CapitaLand*" (and its icon), "*Capita*", "凯德", "*CapitaLand Hope Foundation*", "*Ascott*", "*Somerset*", "*Citadines*", "*The Crest Collection*", "*lyf*", "*Raffles City*", "来福士", "*CapitaStar*", "*CapitaCard*" and "*CapitaVoucher*".

## **Insurance**

The Group is covered by insurance policies arranged with reputable insurance intermediaries which cover risks such as loss of rental, fire, flood, riot, strike, malicious damage, other material damage to property and development sites, business interruption, public liability, artworks, terrorism and active assailant, cyber, Directors and Officers liability, crime and professional indemnity. The Group believes that it has adequate insurance coverage provided by reputable independent insurance companies, with coverage and financial limits that are commercially reasonable and appropriate, based on insurance benchmarking to the real estate industry, for a group of its size and activities in the real estate business. The adequacy of coverage is also reviewed periodically. Notwithstanding the Group's insurance coverage, damage to its facilities, equipment, machinery, buildings or other properties as a result of occurrences such as fire, explosion, power loss, communications failure, intentional unlawful act, human error or natural disaster could nevertheless have a material adverse effect on its financial condition and results of operations to the extent that such occurrences disrupt the normal operation of its businesses.

## **Sustainability Commitment**

CapitaLand was one of the first companies in Singapore to voluntarily publish an annual Global Sustainability Report and externally assure the entire report. Benchmarking against an international standard and framework that is externally validated helps the Group to overcome the challenges in sustainability reporting that arise from its diversified asset types and geographical presence. The Group is also a signatory to the United Nations Global Compact and its Global Sustainability Report serves as its Communication on Progress.

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

## Environmental, Health and Safety (“EHS”)

CapitaLand’s EHS Management System is periodically externally audited to maintain the ISO 14001 and OHSAS 18001 certification across 15 countries\*.

Some of CapitaLand’s key EHS performance indicators include the following:

- Green building ratings: in 2019, CapitaLand obtained 31 green building ratings;
- Reduction in energy and water usage, and carbon intensity: in 2019, CapitaLand’s reduction in energy usage, water usage and carbon emissions intensity were 19.2%, 22.4% and 29.4% respectively, from the 2008 baseline; and
- Certified contractors: in 2019, 18 main contractors appointed for CapitaLand’s new development projects were both ISO 14001 and OHSAS 18001/ISO 45001 certified.

In addition, more than 260 of the Group’s properties worldwide participated in the Earth Hour initiative of the World Wide Fund for Nature.

\* excludes the Ascendas-Singbridge Group portfolio

## Community Development

Community development is an important component of CapitaLand’s commitment to sustainability. It focuses on providing support to enhance the lives of underprivileged children and vulnerable elderly, through corporate philanthropy and employee volunteerism. In 2019, more than S\$3.48 million was donated through CapitaLand Hope Foundation (“**CHF**”), the philanthropic arm of CapitaLand, to benefit underprivileged children and vulnerable elderly in communities where CapitaLand operates.

In 2020, CapitaLand was amongst the earliest companies in Singapore to support communities impacted by the COVID-19 pandemic. As at 17 July 2020, CapitaLand has pledged close to S\$6 million to support vulnerable groups across key business markets, focusing on needs such as healthcare, food security and social assistance. This includes a healthcare fund to support relief efforts in China, and a pledge of S\$1 million through CHF that will go towards providing vulnerable elderly in Singapore with meals and essentials such as daily necessities, smart communication devices and personal protection equipment. The Group has also extended its relief efforts to its other key markets such as India and Vietnam, as well as other countries across the world, through donations of COVID-19 test kits, surgical masks and hand sanitisers. In view of ongoing safe distancing measures, the Group has also leveraged technology to reach out to the Group’s partners, members of the public and beneficiaries affected by the pandemic. Initiatives include an online fundraising drive to engage tenants to join the Group’s fundraising cause, using social media to rally members of the public to join the Group in raising funds by sharing their photos, and virtual volunteering sessions conducted for children and elderly beneficiaries.

## Environmental Matters and Compliance

The operations of the Group are subject to regulatory requirements and potential liabilities arising under applicable environmental laws and regulations. CapitaLand believes that each member of the Group is in compliance in all material respects with applicable environmental regulations in Singapore and the other jurisdictions in which it operates.

## CAPITALISATION AND INDEBTEDNESS

### Capitalisation of the Guarantor

As at 30 June 2020, CapitaLand had an issued and paid-up share capital of S\$9,327.4 million consisting of 5,052.3 million ordinary shares (excluding treasury shares). On 20 August 2020, 140,343,222 new shares were allotted and issued to eligible shareholders of CapitaLand who had elected to participate in the scrip dividend scheme in respect of the first and final dividend for FY2019. Consequently, as at the date of this Offering Circular, the issued share capital of CapitaLand comprises 5,192,881,525 ordinary shares (excluding treasury shares), all of which are fully paid.

The table below sets forth the consolidated capitalisation of CapitaLand as at 30 June 2020. This table should be read in conjunction with the consolidated financial statements and related notes appearing elsewhere in this Offering Circular.

	<b>As at 30 June 2020</b>
	(\$'000)
<b>Short-Term Borrowings (repayable within one year)</b>	
Short-term bank borrowings .....	3,709,754
Current portion of debt securities.....	1,499,026
Lease liabilities (current). ....	53,797
<b>Total short-term borrowings</b> .....	<b>5,262,577</b>
<b>Long-Term Borrowings (repayable after one year)</b>	
Bank borrowings.....	17,350,794
Debt securities .....	9,825,845
Lease liabilities (non-current). ....	770,411
<b>Total long-term borrowings</b> .....	<b>27,947,050</b>
<b>Total Borrowings</b> .....	<b>33,209,627</b>
<b>Total Equity</b>	
Issued and fully paid capital.....	9,327,422
Reserves .....	14,577,016
<b>Equity attributable to equity holders of CapitaLand</b> .....	<b>23,904,438</b>
<b>Perpetual securities</b> .....	<b>896,986</b>
<b>Non-controlling Interests</b> .....	<b>15,799,572</b>
<b>Total capitalisation<sup>(1)</sup></b> .....	<b>40,600,996</b>
<b>Total capitalisation and indebtedness</b> .....	<b>73,810,623</b>

#### Note:

(1) Total capitalisation includes equity attributable to equity holders of CapitaLand, perpetual securities and non-controlling interests.

## DIRECTORS AND MANAGEMENT OF THE GUARANTOR

The Board oversees the strategic direction, performance and affairs of the Group and provides overall guidance to management. The Board has the primary responsibility to foster the success of CapitaLand so as to deliver sustainable value over the long-term to shareholders. The Board appoints the GCEO who is responsible for developing and implementing the Group's strategic plans approved by the Board and managing the Group's business.

As at the date of this Offering Circular, the Directors of CapitaLand are as follows:

### Board of Directors

#### **Mr Ng Kee Choe** ***Chairman***

Mr Ng Kee Choe, a Non-Executive Independent Director, joined the CapitaLand Board on 16 April 2010 and was appointed as Chairman on 1 May 2012. Mr Ng was last re-elected as a Director at CapitaLand's Annual General Meeting on 12 April 2019. He is Chairman of CapitaLand's Executive Resource and Compensation Committee, and Strategy, Investment and Finance Committee, and a Member of CapitaLand's Nominating Committee.

Mr Ng is presently Chairman of Tanah Merah Country Club. In addition, Mr Ng is a Director of Fullerton Financial Holdings Pte Ltd, Temasek Trustees Pte. Ltd., Temasek Trust Ltd. and a Member of the International Advisory Council of China Development Bank and the Corporate Governance Advisory Committee. He was previously President-Commissioner of PT Bank Danamon Indonesia, Tbk (listed on the Stock Exchange of Indonesia) and Chairman of AusNet Services (listed on both the SGX-ST and the Australian Securities Exchange Ltd).

Mr Ng was Vice-Chairman of DBS Group Holdings Ltd ("**DBS**") and retired from his executive position in DBS in July 2003 after 33 years of service.

Mr Ng was awarded The Distinguished Service Award by the Singapore National Trades Union Congress in 2013, The Meritorious Service Medal at the Singapore National Day Awards 2012 and The Public Service Star at the Singapore National Day Awards 2001.

Mr Ng is a graduate of the University of Singapore with a Bachelor of Science (Honours).

#### **Mr Miguel Ko** ***Deputy Chairman***

Mr Miguel Ko, a Non-Executive and Non-Independent Director, joined the CapitaLand Board and was appointed as Deputy Chairman on 6 August 2019. Mr Ko was last re-elected as a Director at CapitaLand's Annual General Meeting on 29 June 2020. He is a Member of CapitaLand's Strategy, Investment and Finance Committee, and Executive Resource and Compensation Committee.

Mr Ko is currently Executive Director and Chief Executive Officer of CLA Real Estate Holdings Pte Ltd (formerly known as Ascendas-Singbridge Pte Ltd). Previously, Mr Ko was Chairman and President of Starwood Asia Pacific Hotels & Resorts ("**Starwood**"). Prior to his appointment with Starwood, Mr Ko was Deputy Chairman and Chief Executive Officer of CDL Hotels International.

Between 1992 to 1999, Mr Ko was President of Pepsi-Cola International, Asia Pacific ("**Pepsi-Cola**"), responsible for executing Pepsi-Cola's entry efforts into the emerging markets of China, Thailand, Indonesia and Vietnam.



The readers of Travel Weekly voted Mr Ko as 'Regional Hotel Chief of the Year 2007' and again, in 2008. He was the winner of the 'Visionary Leader of the Year' in 2007, recipient of the '2007 Global Awards' at the World Travel Mart in London, and received the 'Lifetime Achievement Award' in 2012 at the China Hotel Investment Conference in Shanghai.

Mr Ko holds a B.A. in economics from the University of Massachusetts and a Master of Business Administration from Suffolk University. He is also a non-practicing Certified Public Accountant by the State Board of Accountancy in New Hampshire in the U.S.

Mr Ko was previously Chairman of the managers of Ascendas Hospitality Trust (a stapled group comprising Ascendas Hospitality Real Estate Investment Trust, or "A-HREIT" and Ascendas Hospitality Business Trust, or "A-HBT"). Ascendas Hospitality Trust was delisted from the Official List of the SGX-ST on 3 January 2020. His other previous board directorships included Vice Chairman of Ascendas Funds Management (S) Limited (manager of Ascendas Reit), Changi Airport Group, Samsonite International S.A, Merlin Entertainment PLC, Delta Topco Limited (Formula One), Surbana International Consultants Pte Ltd, Royal Orchid Hotel (Thailand) Public Company Ltd, Civil Aviation Authority Singapore, CDL Hotels Ltd/City e-Solutions Hong Kong, Millenium & Copthorne Plc, Amarin Plaza Company Ltd and Serm Suk (Pepsi-Cola) Bottler Ltd.

**Mr Lee Chee Koon**  
***Group Chief Executive Officer, CapitaLand Group***

Mr Lee Chee Koon, an Executive Non-Independent Director, joined the CapitaLand Board on 1 January 2019. Mr Lee was last re-elected as a Director at CapitaLand's Annual General Meeting on 12 April 2019.

Mr Lee is presently a Director of each of the managers of Ascott Residence Trust (listed on the SGX-ST), comprising Ascott Residence Trust Management Limited (Manager of Ascott Real Estate Investment Trust) and Ascott Business Trust Management Pte. Ltd. (Trustee-Manager of Ascott Business Trust). In addition, Mr Lee is a Director of EDBI Pte. Ltd., Temasek Foundation Nurtures CLG Limited and SkillsFuture Singapore Agency, and a member of the Emerging Stronger Taskforce established by the Future Economy Council, under the Ministry of Trade and Industry.

Mr Lee is the GCEO of CapitaLand Group. He chairs the CapitaLand Executive Committee. Mr Lee joined CapitaLand in 2007 as Vice President in the Office of the President, having previously served in the Singapore Ministry of Trade and Industry, Ministry of Finance, and the Monetary Authority of Singapore.

Prior to his appointment as GCEO of CapitaLand, Mr Lee held several appointments within the Group. In 2009, he was appointed Managing Director for China for Ascott. He later became Chief Executive Officer of Ascott in 2013. He took on the role of Group Chief Investment Officer of CapitaLand Group in January 2018, before his appointment as Group CEO in September 2018.

Mr Lee was awarded Business China Young Achiever Award in 2017 and National Order of Merit (Chevalier de l'Ordre National du Mérite) in 2016.

Mr Lee is a graduate of the National University of Singapore with a Bachelor of Science in Mechanical Engineering (First Class Honours). He also holds a Master of Science degree in Advanced Mechanical Engineering (Distinction) from Imperial College London, United Kingdom.

**Tan Sri Amirsham Bin A Aziz**  
**Director**

Tan Sri Amirsham, a Non-Executive Independent Director, joined the CapitaLand Board on 30 July 2012 and was last re-elected as a Director at CapitaLand's Annual General Meeting on 29 June 2020. He is Chairman of CapitaLand's Risk Committee, and a Member of CapitaLand's Audit Committee.

Tan Sri Amirsham is presently Chairman of the Financial Services Talent Council, RAM Holdings Berhad, RAM Rating Services Berhad and Themed Attractions Resorts & Hotels Sdn Bhd. He is also a Director of Hap Seng Plantations Holdings Berhad (listed on the KLSE), Glenealy Plantations Sdn Bhd and Wearnes-StarChase Limited. He was previously Chairman of Bursa Malaysia Berhad (listed on the KLSE).

Tan Sri Amirsham retired as the President and CEO of Malayan Banking Berhad in March 2008. Prior to this, he was appointed Minister in the Malaysian Prime Minister's Department heading the Economic Planning Unit and Department of Statistics, Malaysia from March 2008 to April 2009. He served as Chairman of the Malaysian National Economic Advisory Council from June 2009 to May 2011.

Tan Sri Amirsham was awarded Global Hall of Fame by the International Association of Outsourcing Professionals 2009 and Asian Bankers Lifetime Achievement Award 2008.

Tan Sri Amirsham is a graduate from the University of Malaya with a Bachelor of Economics (Honours). He is also a Certified Public Accountant.

**Mr Stephen Lee Ching Yen**  
**Director**

Mr Stephen Lee, a Non-Executive Independent Director, joined the CapitaLand Board on 1 January 2013 and was last re-elected as a Director at CapitaLand's Annual General Meeting on 12 April 2019. He is also Chairman of CapitaLand's Nominating Committee and a Member of CapitaLand's Executive Resource and Compensation Committee.

Mr Lee is presently Chairman of Shanghai Commercial Bank Ltd and Tripartite Alliance Limited, Deputy Chairman of M+S Pte. Ltd. and Deputy Chairman and Managing Director of Shanghai Commercial & Savings Bank Limited (listed on the TWSE). He is a Director of G2000 Apparel (S) Private Limited, Kidney Dialysis Foundation, Marina South Investments Pte. Ltd., MS Property Management Pte. Ltd., Ophir-Rochor Investments Pte. Ltd. and Temasek Holdings (Private) Limited. Mr Lee is also a Board Member of Dr Goh Keng Swee Scholarship Fund and a Member of the Board of Trustees of NTUC-ARU (Administration & Research Unit). He is Managing Director of Great Malaysia Textile Investments Pte Ltd and Chancellor of Singapore University of Social Sciences.

Mr Lee was previously Chairman of SIA Engineering Company Limited and Singapore Airlines Limited (both listed on the SGX-ST), NTUC Income Insurance Co-operative Limited, International Enterprise Singapore and Singapore Business Federation. He was Chairman/Advisor of PSA International Pte Ltd and President of the Singapore National Employers Federation. He was a Director of NTUC Enterprise Co-operative Limited and a Member of Council of Presidential Advisers.

Mr Lee was awarded The Order of Nila Utama (First Class) at the Singapore National Day Awards 2015, The Distinguished Comrade of Labour Award by the Singapore National Trades Union Congress in 2015, The Distinguished Service Order at the Singapore National Day Awards 2006, and The Public Service Star at the Singapore National Day Awards 1998.

Mr Lee is a graduate of Northwestern University, USA, with a Master of Business Administration.

**Dr Philip Nalliah Pillai**  
**Director**

Dr Philip Pillai, a Non-Executive Independent Director, joined the CapitaLand Board on 25 April 2014 and was last re-elected as a Director at CapitaLand's Annual General Meeting on 12 April 2019. He is also a Member of CapitaLand's Audit Committee, and Nominating Committee.

Dr Pillai is presently a Director of Hotung Investment Holdings Limited (listed on the SGX-ST), SMRT Trains Ltd and SMRT Corporation Ltd. He was a Board member of the Inland Revenue Authority of Singapore. He was a Judge of the Supreme Court of Singapore from June 2010 to December 2012. Prior to that, Dr Pillai was Judicial Commissioner from October 2009 to June 2010 and a Member of the Legal Service Commission from 2007 to 2013.

Dr Pillai was Joint Managing Partner of Allen & Overy, Shook Lin & Bok JLV from 2000 to 2008, and Partner and Managing Partner of Shook Lin & Bok, Singapore from 1986 to 2009. He has over 23 years of experience in legal practice specialised in corporate, corporate finance and securities law.

Dr Pillai was awarded The Public Service Medal at the Singapore National Day Awards 2003.

Dr Pillai is a graduate of the University of Singapore with a Bachelor of Laws (First Class Honours), and the Harvard Law School, USA with a LLM (Master of Laws) & SJD (Doctor of Juridical Sciences). Dr Pillai is an Advocate & Solicitor, Singapore, and a Solicitor, England & Wales.

**Mr Kee Teck Koon**  
**Director**

Mr Kee Teck Koon, a Non-Executive Independent Director, joined the CapitaLand Board on 22 September 2014 and was last re-elected as a Director at CapitaLand's Annual General Meeting on 29 June 2020. He is also a Member of CapitaLand's Strategy, Investment and Finance Committee, and Risk Committee.

Mr Kee is presently Deputy Chairman of NTUC Income Insurance Co-operative Limited. He is also a Director of Raffles Medical Group Ltd (listed on the SGX-ST), Changi Airport Group (Singapore) Pte. Ltd., Mandai Park Holdings Pte. Ltd., and NTUC Fairprice Co-operative Limited. Mr Kee is also a Director and Board Advisor of NTUC Enterprise Co-operative Limited. He is also a member of Angsana Fund Investment Committee, Singapore Labour Foundation. He was a Director of Fullerton Fund Management Company Ltd, FFMC Holdings Pte. Ltd, and Lien Foundation.

Mr Kee retired from his executive positions in CapitaLand Group in July 2009 after 13 years of service.

Mr Kee is a graduate of the University of Oxford, UK, with a Bachelor of Arts and Master of Arts.

**Mr Chaly Mah Chee Kheong**  
**Director**

Mr Chaly Mah, a Non-Executive Independent Director, joined the CapitaLand Board on 1 February 2017 and was last re-elected as a Director at CapitaLand's Annual General Meeting on 29 June 2020. He is Chairman of CapitaLand's Audit Committee and a Member of CapitaLand's Strategy, Investment and Finance Committee.

Mr Mah is presently Chairman of Netlink NBN Management Pte. Ltd. (trustee-manager of Netlink NBN Trust listed on the SGX-ST), Singapore Accountancy Commission and Singapore Tourism Board. He is also a Director of Flipkart Private Limited, Monetary Authority of Singapore, and Singapore Economic Development Board. He is a member of the Board Trustees of National University of Singapore, and National Jobs Council. He is also a Non-Resident High Commissioner of the Republic of Singapore to the Independent State of Papua New Guinea. He was an External Member of Audit Committee of Asian Infrastructure Investment Bank.

Mr Mah was Chief Executive Officer of Deloitte Asia Pacific and Deloitte Southeast Asia, Chairman of Deloitte Singapore, Member of the Deloitte Global Executive and Vice Chairman of Deloitte Global Board and retired in May 2016 after 38 years with Deloitte.

Mr Mah was awarded The Public Service Medal at the Singapore National Day Awards 2014.

Mr Mah is a graduate of the University of Melbourne, Australia with a Bachelor of Commerce. He also a Fellow of Certified Practising Accountants in Australia and Institute of Singapore Chartered Accountants and Institute of Chartered Accountants in Australia.

**Mr Anthony Lim Weng Kin**  
***Director***

Mr Anthony Lim, a Non-Executive Independent Director, joined the CapitaLand Board on 11 August 2017 and was last re-elected as a Director at CapitaLand's Annual General Meeting on 30 April 2018. He is a Member of CapitaLand's Strategy, Investment and Finance Committee, and Audit Committee. He is also a Director of CapitaLand Hope Foundation.

Mr Lim is presently a Director of DBS Group Holdings Ltd. (listed on the SGX-ST). He is also a Member of Institute of International Education, Scholar Rescue Fund Selection Committee and Teach For All Global Advisory Council.

Mr Lim was previously a Director of Vista Oil & Gas S.A.B. de C.V. (listed on Mexican Stock Exchange). He was an Advisor of Ripple Labs Singapore Pte. Ltd.

Mr Lim was President (Americas) of GIC Pte Ltd, and retired in 2017 after 19 years of service.

Mr Lim is a graduate of the National University of Singapore with a Bachelor of Science and attended Advanced Management Program in Harvard Business School, USA.

**Mr Gabriel Lim Meng Liang**  
***Director***

Mr Gabriel Lim, a Non-Executive Independent Director, joined the CapitaLand Board on 11 August 2017 and was last re-elected as a Director at CapitaLand's Annual General Meeting on 29 June 2020. He is a Member of CapitaLand's Audit Committee, and Risk Committee.

Mr Lim is presently Permanent Secretary of the Ministry of Trade and Industry. He is also a Director of National Healthcare Group Pte Ltd and National Research Foundation. He is a Member of the Board of Governors of St. Joseph's Institution International Ltd and St. Joseph's Institution International Elementary School Ltd. He is also a Member of CapitaLand Technology Council and the Management Board of East Asian Institute.

Mr Lim served in the Ministry of Communications and Information, Infocomm Development Authority of Singapore, Media Development Authority of Singapore, the Prime Minister's Office, Ministry of Defence and Ministry of Health.

Mr Lim is a graduate of the University of Cambridge, UK with a Bachelor of Arts in Economics, London School of Economics, UK with a Master of Science in Economics and the University of Stanford, USA with a Master of Science in Management.

**Ms Goh Swee Chen**  
**Director**

Ms Goh Swee Chen, a Non-Executive Independent Director, joined the CapitaLand Board on 1 September 2017 and was last re-elected as a Director at CapitaLand's Annual General Meeting on 30 April 2018. She is a Member of CapitaLand's Executive Resource and Compensation Committee, and Nominating Committee.

Ms Goh is presently a Director of Singapore Airlines Limited (listed on the SGX-ST) and Woodside Energy Ltd (listed on the Australian Securities Exchange Ltd). She is also President of Global Compact Network Singapore and Chairman of Institute of Human Resource Professionals Limited and the Singapore National Arts Council. She is also a Member of Legal Service Commission and an Advisory Board Member of The Centre for Liveable Cities. Ms Goh is a Director of Singapore Powers Ltd and a Trustee of Nanyang Technological University.

Ms Goh was previously Chairman of Shell Companies in Singapore and retired in January 2019 after 16 years of service. She was Chairman/Deputy Chairman of Shell Downstream Joint Ventures in China, Saudi Arabia and Korea. Her roles in Shell included heading Shell's IT services globally and Fuels & Lubricants businesses in Asia Pacific/Middle East.

Ms Goh was awarded Distinguished Alumni Award, Chicago Booth, University of Chicago, USA 2018.

Ms Goh is a graduate of the Victoria University of Wellington, NZ with a Bachelor of Science in Information Science and the University of Chicago, USA with a Master of Business Administration.

**Executive Management Council**

The Group's principal executive officers are as follows:

**Mr Lee Chee Koon**  
**Group Chief Executive Officer, CapitaLand Group**

Please refer to write-up under "*Directors and Management of the Guarantor – Board of Directors*".

**Mr Khiatani Manohar Ramesh**  
**Senior Executive Director, CapitaLand Group**

Mr Manohar Khiatani is the Senior Executive Director of CapitaLand Group. Mr Khiatani assists the GCEO in matters relating to organisation integration, group-wide initiatives as well as the Group's businesses in India and business/industrial parks. He also oversees the Group Centre of Excellence for Customer Services & Solutions. Mr Khiatani is a member of the CapitaLand Executive Committee. Concurrent with his CapitaLand's responsibilities, Mr Khiatani is Special Advisor to the Chairman of the Singapore Economic Development Board ("**EDB**").

Prior to joining CapitaLand in July 2019, he was Deputy Group Chief Executive Officer of the Ascendas-Singbridge Group. Before joining Ascendas in 2013, he served as Chief Executive Officer of JTC Corporation ("**JTC**"), the Singapore government's lead agency to plan, promote and develop industrial infrastructure and facilities. At JTC, he spearheaded the development of specialised infrastructure solutions for various sectors and positioned the organisation as an industrial infrastructure innovator.

Prior to joining JTC in 2009, Mr Khiatani was Deputy Managing Director at the EDB. He joined the EDB in 1986 where he played an instrumental role in the development and transformation of important sectors in Singapore's economy such as aerospace, marine and offshore, electronics, precision engineering, logistics, infocommunications and media, and clean technology. He was also in charge of the EDB's operations in the Americas and Europe.

Between 1994 and 1999, Mr Khiatani was Managing Director of Preussag SEA, a diversified German conglomerate, where he was responsible for developing the group's business in South East Asia. He returned to the EDB in 1999.

Mr Khiatani is a director of several companies listed on the SGX-ST. This includes Ascendas Funds Management (S) Limited (the manager of Ascendas Reit), Ascendas Property Fund Trustee Pte. Ltd. (the trustee-manager of a-iTrust) and SIA Engineering Company Ltd. He also sits on various business and government committees.

Mr Khiatani's previous directorships include JTC, Jurong International, Jurong Port, SPRING Singapore and Media Development Authority.

He holds a Master in Naval Architecture from the University of Hamburg, Germany. He also attended the Advanced Management Program at the Harvard Business School in 2006.

**Mr Jason Leow**

***President, Singapore & International, CapitaLand Group***

Mr Jason Leow is President, Singapore & International of CapitaLand Group, reporting to the GCEO. Mr Leow oversees the business within the Group's core markets of Singapore, Vietnam, as well as other international markets (excluding China and India). Mr Leow is a member of the CapitaLand Executive Committee. He is also a Director of CapitaLand Mall Trust Management Limited.

Mr Leow was previously President (Asia\* & Retail) of CapitaLand Group, where he oversaw the Singapore, Malaysia, Indonesia and Vietnam markets and was also responsible for the retail business of the Group. Mr Leow was formerly Group Chief Operating Officer of CapitaLand Group, responsible for efficient and cost-effective support services for business operations across geographies and asset classes globally.

Prior to this, Mr Leow was Chief Executive Officer and Executive Director of CapitaLand Mall Asia, a role he held from September 2014 to December 2017. From 2009 to 2014, Mr Leow was Chief Executive Officer of CapitaLand China and led the China team in streamlining as well as growing the residential and integrated development businesses, including the development and operations of the eight Raffles City projects in China. Mr Leow started his career with the CapitaLand Group in 1994 and was based in China from 2001 to 2014.

Mr Leow is a Chartered Accountant of Singapore and a member of the Institute of Singapore Chartered Accountants. He obtained an Executive Master in Business Administration from Fudan University and in 2007, attended the Advanced Management Program at Harvard Business School.

\* Asia (ex-China)



**Mr Lucas Loh**  
***President, China, CapitaLand Group***

Mr Lucas Loh is President, China of CapitaLand Group, reporting to the GCEO. He is concurrently Chief Executive Officer of CapitaLand China, a position he held since 2014. Mr Loh oversees the business and growth in China as a core geographical market for the Group. Mr Loh is a member of the CapitaLand Executive Committee. He is also a Director of CapitaLand Retail China Trust Management Limited.

Mr Loh was previously President & Chief Executive Officer, China of CapitaLand Group. Prior to this, he was President (China & Investment Management) where he also oversaw the expansion of the Group's investment management business and commercial portfolio. As of 31 December 2019, CapitaLand China's assets contributed to approximately 42% of the Group's earnings before interest and taxes. Under his leadership, the Group successfully completed and opened four Raffles City integrated developments, including Raffles City Chongqing, which opened in September 2019.

Prior to his appointment as Chief Executive Officer of CapitaLand China, he was Deputy Chief Executive Officer cum Chief Investment Officer, as well as Regional General Manager for South China, CapitaLand China. During then, Mr Loh was instrumental in growing CapitaLand's integrated developments and residential businesses in South China. He was also responsible for the company's real estate financial business, including the Raffles City China Income Ventures (formerly known as Raffles City China Fund) and establishment of the US\$1.5-billion Raffles City China Investment Partners III (RCCIP III).

Mr Loh joined CapitaLand in September 2001 and has been based in China for 15 years since 2004. He also held several appointments within the Group, including Managing Director for China of Ascott. Mr Loh also has extensive experience in the real estate sector where he started his career in 1991. Prior to joining CapitaLand, Mr Loh was Associate Director for Private Equity Investment at Temasek.

Mr Loh obtained a Bachelor of Science in Estate Management from the National University of Singapore. He also holds a Master of Business Administration from Oklahoma City University and attended the Advanced Management Program at Harvard Business School in 2013.

**Mr Jonathan Yap**  
***President, CapitaLand Financial, CapitaLand Group***

Mr Jonathan Yap is President, CapitaLand Financial of CapitaLand Group, reporting to the GCEO. Mr Yap oversees the Group's fund platform which includes seven listed trusts as well as 25 private funds with a total fund AUM of S\$74.5 billion as at 30 June 2020. He also oversees the Group's India business. Mr Yap is a member of the CapitaLand Executive Committee. He is also a Director of CapitaLand Mall Trust Management Pte Ltd, CapitaLand Commercial Trust Management Limited and Ascendas Property Fund Trustee Pte Ltd.

Prior to joining CapitaLand in July 2019, Mr Yap was the Group Chief Operating Officer and Group Chief Financial Officer of the Ascendas-Singbridge Group. As Group Chief Operating Officer, Mr Yap oversaw the Ascendas-Singbridge Group's operations in Korea and expansion in new markets. In the capacity of Group Chief Financial Officer, Mr Yap supervised the finance, corporate strategy and development and enterprise risk management functions of the Ascendas-Singbridge Group. Mr Yap started working at Ascendas-Singbridge Group since its formation in June 2015 and was concurrently the Chief Investment Officer as well as the Head of Real Estate Funds for the first two years of the company.

Before Ascendas-Singbridge Group's formation, Mr Yap was with Ascendas Pte. Ltd. He was appointed Chief Executive Officer, India from 2010 to 2015, Chief Executive Officer, India Funds from 2007 to 2014 and Chief Executive Officer, India Operations from 2004 to 2007. During which, he led the listing of a-iTrust on the SGX-ST. He was also Assistant Group Chief Executive Officer for Overseas Funds & India of Ascendas Pte. Ltd. from 2012 to 2015.

Mr Yap graduated from the National University of Singapore with a Bachelor of Science in Estate Management (Honours). He also holds a Master of Science in Project Management, National University of Singapore.

**Mr Andrew Lim**  
***Group Chief Financial Officer, CapitaLand Group***

Mr Andrew Lim is Group Chief Financial Officer of CapitaLand Group. In his role, he has direct oversight of the functions of group finance, financial reporting and controls, treasury, tax, risk management, investor relations, and the administrative matters of the internal audit department of CapitaLand. Mr Lim is also responsible for Group Strategic Investments, evaluating merger and acquisitions and strategic investments at the Group level. He oversees the Group's Centre of Excellence for Sustainability with effect from 1 July 2019. Mr Lim is a member of the CapitaLand Executive Committee.

Mr Lim is a Director of Ascendas Funds Management (S) Limited, a Director of CapitaLand Commercial Trust Management Limited, a Director of Ascott Residence Trust Management Limited, a Director of CapitaLand Retail China Trust Management Limited and a Director of CapitaLand Malaysia Mall REIT Management Sdn. Bhd.

Mr Lim is President of the Real Estate Investment Trust Association of Singapore. He is a member of the Institute of Singapore Chartered Accountants' CFO Committee, a member of the Accounting Standards Council, and represents CapitaLand as a founding member of the first Accounting for Sustainability Circle of Practice in Asia.

Prior to joining CapitaLand in January 2017, he served as Managing Director and Head of South East Asia Advisory Coverage, Real Estate and Hospitality at The Hongkong and Shanghai Banking Corporation.

Mr Lim has a Master of Business Administration and a Bachelor of Commerce degree from the Rotman School of Business at the University of Toronto, and is a Chartered Financial Analyst charterholder.

**Mr Tan Seng Chai**  
***Chief Corporate & People Officer, CapitaLand Group***

Mr Tan Seng Chai is Chief Corporate & People Officer of CapitaLand Group. He is responsible for human capital management and development. Mr Tan oversees the Group's corporate functions including Group Human Resource & Administration, Organisation Development & Corporate Social Responsibilities, Group Communications, Group Legal & Secretariat, Group Procurement, and Global Shared Services & Business Process. Mr Tan is a member of the CapitaLand Executive Committee. He is Executive Director of CapitaLand Hope Foundation, the philanthropic arm of CapitaLand.

Mr Tan was previously Group Chief People Officer, a role he took on from 1 January 2018. His previous appointments included Group Chief Corporate Officer, Deputy Chief Corporate Officer and Chief Human Resource Officer of CapitaLand. Before joining CapitaLand in February 2008, Mr Tan was with Chartered Semiconductor Manufacturing Ltd., Singapore ("**Chartered**") for

12 years. He held key positions in the company which included heading its worldwide human resource organisation as well as overseeing key project implementation and strategic investment activities.

An engineer by training, Mr Tan started his career with National Semiconductor Manufacturer Singapore Pte. Ltd. as a Process Engineer and subsequently became the company's Human Resource Manager. He continued his career progression to head the human resource function at Creative Technology Ltd., Singapore, before joining Chartered.

Mr Tan holds an Honours degree in Civil & Structural Engineering and a Master of Science in Industrial & System Engineering from the National University of Singapore.

## TERMS AND CONDITIONS OF THE NOTES OTHER THAN PERPETUAL NOTES

*The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) or the Global Certificate representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

The Notes are constituted by a Trust Deed (as amended and/or supplemented as at the date of issue of the Notes (the “**Issue Date**”), the “**Trust Deed**”) dated 29 April 2019 between CapitaLand Treasury Limited (the “**Issuer**”), CapitaLand Limited (the “**Guarantor**”) and The Bank of New York Mellon, London Branch (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below) [as supplemented by the Singapore Supplemental Trust Deed (as amended and/or supplemented as at the Issue Date) dated 29 April 2019 between the Issuer, the Guarantor and the Trustee]<sup>1</sup>. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. An Agency Agreement (as amended and/or supplemented as at the Issue Date, the “**Agency Agreement**”) dated 29 April 2019 has been entered into in relation to the Notes between the Issuer, the Guarantor, the Trustee, The Bank of New York Mellon, London Branch as initial issuing and paying agent (except as otherwise described below), The Bank of New York Mellon, Hong Kong Branch as the lodging and paying agent, transfer agent and as registrar and (where appointed as contemplated in the Agency Agreement) as calculation agent for Notes to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the “**CMU Service**”), The Bank of New York Mellon, Singapore Branch as issuing and paying agent, transfer agent and as registrar and (where appointed as contemplated in the Agency Agreement) as calculation agent for Notes to be cleared through the computerised system (the “**CDP System**”) operated by The Central Depository (Pte) Limited (“**CDP**”), The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar and transfer agent for the Notes to be cleared through Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) and the other agents named in it. The issuing and paying agent, the CMU lodging and paying agent, the CDP issuing and paying agent, the paying agents, the registrars, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Issuing and Paying Agent**”, the “**CMU Lodging and Paying Agent**”, the “**CDP Issuing and Paying Agent**”, the “**Paying Agents**” (which expression shall include the Issuing and Paying Agent, the CMU Lodging and Paying Agent and the CDP Issuing and Paying Agent), the “**Registrars**”, the “**Transfer Agents**” (which expression shall include the Registrars) and the “**Calculation Agent(s)**”. For the purposes of these Conditions, all references to the Issuing and Paying Agent shall, with respect to a Series of Notes to be held in the CMU Service, be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly. Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours (being between 9.00 a.m. and 3.00 p.m.) at the principal office of the Trustee (being at the Issue Date at One Canada Square, London E14 5AL, United Kingdom) and at the specified offices of the Paying Agents and the Transfer Agents following prior written request and proof of holding and identity satisfactory to the Trustee or, as the case may be, the relevant Agent.

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1 Include for Notes governed by Singapore law.

Notes may be denominated in Singapore dollars (“**Singapore Dollar Notes**”) or in other currencies (“**Non-Singapore Dollar Notes**”). The Noteholders, the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) and the holders of the receipts for the payment of instalments of principal (the “**Receipts**”) relating to Notes in bearer form of which the principal is payable in instalments are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

Notes to be held in and cleared through CDP are issued with the benefit of a CDP Deed of Covenant dated 29 April 2019 executed by the Issuer by way of deed poll (the “**CDP Deed of Covenant**”).

As used in these Conditions, “**Tranche**” means Notes which are identical in all respects.

## **1 Form, Denomination and Title**

- (a) **Form:** The Notes are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) in each case in the Specified Denomination(s) shown hereon.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

*All Registered Notes shall have the same Specified Denomination. Unless otherwise permitted by the then current laws and regulations, Notes which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the Financial Services and Markets Act 2000 will have a minimum denomination of £100,000 (or its equivalent in other currencies).*

- (b) **Title:** Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

*For so long as any of the Notes are represented by a Global Note or a Global Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg or a sub-custodian for the CMU Service or CDP, each person (other than Euroclear or Clearstream, Luxembourg or the CMU Service or CDP) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg or the CMU Service or CDP as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg or the CMU Service or CDP as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Trustee and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note or Global Certificate and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly. Notwithstanding the above, if a Note (whether in global or definitive form) is held through the CMU Service, any payment that is made in respect of such Note shall be made at the direction of the bearer or the registered holder to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU Service in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) (“**CMU Accountholders**”) and such payments shall discharge the obligation of the Issuer in respect of that payment under such Note. In addition, these Conditions are modified by certain provisions contained in the Global Note or the Global Certificate (as the case may be).*

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), “**holder**” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

## **2 No Exchange of Notes and Transfers of Registered Notes**

- (a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed



regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar, with the prior approval of the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder following prior written request and proof of holding and identity satisfactory to the Registrar.

- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2(b) or 2(c) shall be available for delivery within five business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for transfer, exercise or redemption. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).
- (e) **Transfers Free of Charge:** Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment by the relevant Noteholder of any tax or other governmental charges that may be imposed in relation to it.
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered:
  - (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note;
  - (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d);
  - (iii) after any such Note has been called for redemption; or
  - (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(b)(ii)).

### 3 Guarantee and Status

- (a) **Guarantee:** The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes, the Receipts and the Coupons relating to them. Its obligations in that respect (the “**Guarantee**”) are contained in the Trust Deed.
- (b) **Status of Notes and Guarantee:** The Notes and the Receipts and Coupons relating to them constitute (subject to Condition 4) direct, unconditional, unsecured and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and Coupons relating to them and of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer and the Guarantor respectively, present and future.

### 4 Negative Pledge

So long as any Note remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest (“**Security**”) upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any International Investment Securities issued by the Issuer or the Guarantor or to secure any guarantee or indemnity provided by the Issuer or the Guarantor of, or in respect of, any International Investment Securities unless, at the same time or prior thereto, the Issuer’s obligations under the Notes, the Receipts, the Coupons and the Trust Deed or, as the case may be, the Guarantor’s obligations under the Guarantee:

- (a) are secured equally and rateably therewith to the satisfaction of the Trustee; or
- (b) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

For the purposes of these Conditions, “**International Investment Securities**” means any present or future indebtedness in the form of, or represented by, bonds, debentures, notes or other debt securities which are for the time being, or are intended to be, or are capable of being quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market, having an original maturity of more than 365 days from its date of issue.

Nothing in this Condition 4:

- (i) shall extend to any Security of the Issuer or the Guarantor existing as at the Issue Date;
- (ii) shall prohibit or restrict the creation by the Issuer or the Guarantor of any Security upon any property or assets acquired, purchased or owned or to be acquired, purchased or owned by the Issuer, the Guarantor or any of their respective Subsidiaries for the purpose of securing the payment of any sum due in respect of the International Investment Securities or any payment under any guarantee of, or indemnity or other like obligation relating to the International Investment Securities, the proceeds of which are to be applied towards financing or refinancing the cost of the acquisition, purchase, development, construction, redevelopment and ownership of such property or assets

(including, without limitation, the equipping, alteration or improvement of such property or assets following their redevelopment, development or construction) provided that the Security in respect of any such refinancing undertaken by the Issuer or the Guarantor is (a) created or effected no later than six months after such acquisition, purchase, development, construction or redevelopment, as applicable, and the Security is limited to the property or assets acquired, purchased, developed, constructed or redeveloped, or (b) is created or effected only in respect of a refinancing of existing secured indebtedness; or

- (iii) shall prohibit or restrict the Issuer or the Guarantor from securing any indebtedness evidenced by International Investment Securities existing on (1) any property or asset of any entity at the time the Issuer, the Guarantor or any one of their respective Subsidiaries acquires such entity after the Issue Date or (2) any property or asset at the time it is acquired by the Issuer, the Guarantor or any one of their respective Subsidiaries after the Issue Date provided that, in each case:

- (A) such Security shall not have been created in contemplation of or in connection with such acquisition; and

- (B) the principal amount or maturity of such indebtedness is not increased.

For the purposes of these Conditions:

“**Group**” means the Guarantor and its Subsidiaries; and

“**Subsidiary**” has the meaning ascribed to “subsidiary” in Section 5 of the Companies Act, Chapter 50 of Singapore.

## 5 Interest and other Calculations

*The amount payable in respect of the aggregate nominal amount of Notes represented by a Global Certificate or a Global Note (as the case may be) shall be made in accordance with the methods of calculation provided for in the Conditions and the applicable Pricing Supplement, save that the calculation is made in respect of the total aggregate amount of the Notes represented by a Global Certificate or a Global Note (as the case may be), together with such other sums and additional amounts (if any) as may be payable under the Conditions.*

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(i).
- (b) **Interest on Floating Rate Notes and Index Linked Interest Notes (for Non-Singapore Dollar Notes only):** This Condition 5(b) applies in respect of Floating Rate Notes and Index Linked Interest Notes which are Non-Singapore Dollar Notes:
  - (i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest Note which is a Non-Singapore Dollar Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(i). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified

Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention*: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is:

(A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event:

(x) such date shall be brought forward to the immediately preceding Business Day; and

(y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment;

(B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day;

(C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes which are Non-Singapore Dollar Notes*: The Rate of Interest in respect of Floating Rate Notes which are Non-Singapore Dollar Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this Condition 5(b)(iii)(A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified hereon;

(y) the Designated Maturity is a period specified hereon; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this Condition 5(b)(iii)(A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean (rounded up, if necessary, to the nearest 5 decimal places) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon;

(y) if the Relevant Screen Page is not available or if sub-paragraph (x)(1) of Condition 5(b)(iii)(B) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) of Condition 5(b)(iii)(B) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

- (z) if sub-paragraph (y) of Condition 5(b)(iii)(B) applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone interbank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 5(b)(iii)(B), the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).
- (iv) *Rate of Interest for Index Linked Interest Notes which are Non-Singapore Dollar Notes:* The Rate of Interest in respect of Index Linked Interest Notes which are Non-Singapore Dollar Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.
- (c) **Interest on Floating Rate Notes and Index Linked Interest Notes (for Singapore Dollar Notes only):** This Condition 5(c) applies in respect of Floating Rate Notes and Index Linked Interest Notes which are Singapore Dollar Notes:
- (i) *Interest Payment Dates:* Each Floating Rate Note or Index Linked Interest Note which is a Singapore Dollar Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period specified hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.



- (ii) *Business Day Convention*: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then if the Business Day Convention specified is:
  - (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event:
    - (x) such date shall be brought forward to the immediately preceding Business Day; and
    - (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment;
  - (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day;
  - (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or
  - (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest for Floating Rate Notes which are Singapore Dollar Notes*: Each Floating Rate Note which is a Singapore Dollar Note bears interest at a floating rate determined by reference to the Reference Rate as stated hereon, including the Swap Rate (in which case such Note will be a Swap Rate Note). A “**Swap Rate Note**” means a Note which bears interest calculated in the manner set out in Condition 5(c)(iv)(B) below.
- (iv) *Determination of Rate of Interest*: The Rate of Interest payable from time to time in respect of each Floating Rate Note which is a Singapore Dollar Note will be determined by the Calculation Agent on the basis of the following provisions:
  - (A) In the case of Floating Rate Notes which are not Swap Rate Notes, and where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, and such Reference Rate is specified as being SIBOR, the Calculation Agent will determine the Rate of Interest in respect of any Interest Accrual Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period as follows:
    - (1) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Accrual Period, determine the Rate of Interest for such Interest Accrual Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Accrual Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption “ABX SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME” and the column headed “SGD SIBOR” (or such other Relevant Screen Page);

- (2) if no such rate appears on Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or, if no rate appears, on such other Relevant Screen Page) or if Reuters Screen ABSIRFIX01 (or such other replacement page thereof or such other Relevant Screen Page) is unavailable for any reason, the Calculation Agent will, determine the Rate of Interest for such Interest Accrual Period as being the rate or if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to the nearest 1/16%) for a period equal to the duration of such Interest Accrual Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Issuer may select and advise in writing to the Calculation Agent;
- (3) if on any Interest Determination Date such Calculation Agent is otherwise unable to determine the Rate of Interest under sub-paragraphs (1) and (2) above, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore inter-bank market for a period equivalent to the duration of such Interest Accrual Period commencing on such Interest Payment Date in an amount comparable to the aggregate nominal amount of the relevant Floating Rate Notes and such rate shall be notified to the Calculation Agent. The Rate of Interest for such Interest Accrual Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16%) of such offered quotations, as determined by the Calculation Agent;
- (4) if on any Interest Determination Date two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Accrual Period shall be determined in accordance with sub-paragraph (3) of Condition 5(c)(iv)(A) on the basis of the quotations of those Reference Banks providing such quotations; and
- (5) if on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Accrual Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16%) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Accrual Period, an amount equal to the aggregate nominal amount of the relevant Floating Rate Notes for such Interest Accrual Period by whatever means they determine to be most appropriate or if on such Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16%) of the prime lending

rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date,

*provided that*, if the Rate of Interest cannot be determined in accordance with the foregoing provisions, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period);

(B) In the case of Floating Rate Notes which are Swap Rate Notes:

- (1) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Accrual Period, determine the Rate of Interest for such Interest Accrual Period as being the rate which appears on Reuters Screen ABSIRFIX01 Page under the caption "SGD SOR rates as of 11:00 a.m. London Time" under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Accrual Period;
- (2) if on any Interest Determination Date, no such rate is quoted on Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) or Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, each Calculation Agent will determine the Rate of Interest for such Interest Accrual Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to the nearest 1/16%)) for a period equal to the duration of such Interest Accrual Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as such Issuer may select and advise in writing to the Calculation Agent; and
- (3) if on any Interest Determination Date such Calculation Agent is otherwise unable to determine the Rate of Interest under sub-paragraphs (1) and (2) above, the Rate of Interest shall be determined by such Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Accrual Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Accrual Period by whatever means they determine to be most appropriate or, if on such day one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Accrual Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four

decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date and such rate shall be notified to the Calculation Agent,

*provided that*, if the Rate of Interest cannot be determined in accordance with the foregoing provisions, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period); and

- (C) On the last day of each Interest Accrual Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Accrual Period relates at the Rate of Interest for such Interest Accrual Period.
- (v) *Rate of Interest for Index Linked Interest Notes*: The Rate of Interest in respect of Index Linked Interest Notes which are Singapore Dollar Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.
- (d) **Zero Coupon Notes**: Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).
- (e) **Dual Currency Notes**: In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.
- (f) **Partly Paid Notes**: In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.
- (g) **Accrual of Interest**: Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).
- (h) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding**:
- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with this Condition 5 by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to Condition 5(h)(ii).

- (ii) If any Maximum Rate of Interest or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
  - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country of such currency.
- (i) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.
- (j) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders and any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii) or Condition 5(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 5 but no publication of the Rate of Interest

or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall be final and binding upon all parties.

- (k) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**“Business Day”** means:

- (i) in the case of Notes denominated in a currency other than Singapore dollars, euros or Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and the principal financial centre for such currency; and/or
- (ii) in the case of Notes denominated in euros, a day on which the TARGET system is operating (a **“TARGET Business Day”**) and a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and the principal financial centre for such currency; and/or
- (iii) in the case of Notes denominated in Renminbi, if cleared through the CMU Service, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong, if cleared through the CDP System, a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Singapore and Hong Kong and if cleared through Euroclear and Clearstream, Luxembourg, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London; and/or
- (iv) in the case of Singapore Dollar Notes, if cleared through the CDP System, a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments to Singapore and if cleared through Euroclear and Clearstream, Luxembourg, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London; and/or
- (v) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

**“CNY”** and **“Renminbi”** means the lawful currency for the time being of the PRC.

**“Day Count Fraction”** means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the **“Calculation Period”**):

- (i) if **“Actual/Actual”** or **“Actual/Actual – ISDA”** is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);



- (ii) if “**Actual/365 (Fixed)**” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/360**” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (iv) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (v) if “**30E/360**” or “**Eurobond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

where:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vi) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

where:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30; and

- (vii) if “**Actual/Actual-ICMA**” is specified hereon,

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

**“Determination Period”** means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

**“Determination Date”** means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s).

**“euros”** means the lawful currency of member states of the European Union that adopt the single currency introduced in accordance with the Treaty establishing the European Community, as amended from time to time.

**“Euro-zone”** means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

**“Interest Accrual Period”** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

**“Interest Amount”** means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

**“Interest Commencement Date”** means the Issue Date or such other date as may be specified hereon.

**“Interest Determination Date”** means (x) in the case of Non-Singapore Dollar Notes, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or Renminbi or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro nor Renminbi or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro; or (y) in the case of Singapore Dollar Notes, in respect of any Interest Accrual Period, that number of Business Days in Singapore prior to the first day of the Interest Accrual Period as specified hereon.

**“Interest Period”** means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

**“Interest Period Date”** means each Interest Payment Date unless otherwise specified hereon.

**“ISDA Definitions”** means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

**“PRC”** means the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan.

**“Rate of Interest”** means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

**“Reference Banks”** means (i) in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market; (ii) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market; and (iii) in the case of a determination of the relevant Reference Rate, SIBOR or Swap Rate, the principal Singapore office of three major banks in the Singapore inter-bank market, in each case selected by the Issuer and notified in writing to the Calculation Agent or as specified hereon.

**“Reference Rate”** means the rate specified as such hereon.

**“Relevant Screen Page”** means such page, section, caption, column or other part of a particular information service as may be specified hereon or such other page, section, caption, column or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

**“Relevant Time”** means 11.00 a.m. (Singapore time).

**“Singapore dollars”** and **“S\$”** means the lawful currency for the time being of the Republic of Singapore.

**“Specified Currency”** means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

**“Sterling”** and **“£”** means the lawful currency for the time being in the United Kingdom.

**“TARGET System”** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

**“U.S. Dollars”** means the lawful currency for the time being of the United States of America.

(l) **Calculation Agents:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under these Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. No Calculation Agent appointed in respect of the Notes may resign its duties without a successor having been appointed as aforesaid.

(m) **Benchmark Discontinuation:**

(i) ***Independent Adviser***

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(m)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 5(m)(iv)). In making such determine, the Independent Adviser appointed pursuant to this Condition 5(m) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Guarantor, the Trustee, the Principal Paying Agent, the Paying Agents, the Noteholders, the Receiptholders or the Couponholders for any determination made by it pursuant to this Condition 5(m).

If (A) the Issuer is unable to appoint an Independent Adviser; or (B) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5(m)(i) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(m)(i).

(ii) **Successor Rate or Alternative Rate**

If the Independent Adviser determines that:

- (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(m)); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(m)).

(iii) **Adjustment Spread**

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(iv) **Benchmark Adjustments**

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(m) and the Independent Adviser, determines (A) that amendments to these Conditions and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (B) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(m)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate in English signed by an Authorised Signatory of the Issuer pursuant to Condition 5(m)(v), the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way.

In connection with any such variation in accordance with this Condition 5(m)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.



(v) **Notices, etc.**

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(m) will be notified promptly by the Issuer to the Trustee, the Principal Paying Agent and, in accordance with Condition 16, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate in English signed by an authorised officer of the Issuer:

- (A) confirming (1) that a Benchmark Event has occurred, (2) the Successor Rate or, as the case may be, the Alternative Rate, (3) the applicable Adjustment Spread and (4) the specific terms of any Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5(m); and
- (B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Trustee shall be entitled to rely conclusively on such certificate (without liability to any person) as sufficient evidence thereof and shall not be liable to the Issuer, the Guarantor, the Noteholders, the Couponholders or any other person for so doing. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Guarantor, the Trustee, the Principal Paying Agent and the Noteholders.

(vi) **Survival of Original Reference Rate**

Without prejudice to the obligations of the Issuer under Conditions 5(m)(i), 5(m)(ii), 5(m)(iii) and 5(m)(iv), the Original Reference Rate and the fallback provisions provided for in Condition 5(m)(ii) will continue to apply unless and until a Benchmark Event has occurred.

(vii) **Definitions**

As used in this Condition 5(m):

**"Adjustment Spread"** means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body, or (if no such recommendation has been made, or in the case of an Alternative Rate);

- (ii) the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate, or (if the Independent Adviser determines that no such spread is customarily applied); or
- (iii) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

**“Alternative Rate”** means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 5(m)(ii) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same Specified Currency as the Notes.

**“Benchmark Amendments”** has the meaning given to it in Condition 5(m)(iv).

**“Benchmark Event”** means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five business days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or
- (v) it has become unlawful for the Principal Paying Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate.

**“Independent Adviser”** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(m)(i).

**“Original Reference Rate”** means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

**“Relevant Nominating Body”** means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

**“Successor Rate”** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

## **6 Redemption, Purchase and Options**

### **(a) Redemption by Instalments and Final Redemption:**

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within Condition 6(a)(i), its final Instalment Amount.

### **(b) Early Redemption:**

- (i) Zero Coupon Notes:
  - (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
  - (B) Subject to the provisions of Condition 6(b)(i)(C), the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon,

shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in Condition 6(b)(i)(B), except that Condition 6(b)(i)(B) shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this Condition 6(b)(i)(C) shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(d). Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.
- (ii) *Other Notes:* The Early Redemption Amount payable in respect of any Note (other than Notes described in Condition 6(b)(i)), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.
- (c) **Redemption for Taxation Reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Note) or at any time (if this Note is neither a Floating Rate Note nor an Index Linked Note), on giving not less than 30 nor more than 60 days' irrevocable notice to the Noteholders at their Early Redemption Amount (as described in Condition 6(b)) (together with interest accrued to but excluding the date fixed for redemption but unpaid), if:
  - (i) the Issuer (or if the Guarantee was called, the Guarantor) satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 8 as a result of any change in, or amendment to, the laws (or regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or, in each case, any authority thereof or therein having power to tax (or any taxing authority of any taxing jurisdiction to which the Issuer or the Guarantor, as the case may be, is or has become subject), or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, including (without limitation) where the Notes do or will not qualify or cease to qualify as "qualifying debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
  - (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or Guarantee, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Trustee a

certificate in English signed by two Authorised Signatories of the Issuer stating that the obligation referred to in (i) above of this Condition 6(c) cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it. The Trustee shall be entitled, without further enquiry and without liability to any Noteholder, any Couponholder or any other person, to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 6(c), in which event it shall be conclusive and binding on the Noteholders and Couponholders.

- (d) **Redemption at the Option of the Issuer:** If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to but excluding the date fixed for redemption but unpaid. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(d).

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as determined by the Issuer and notified in writing to the Trustee, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (e) **Redemption at the Option of Noteholders:** If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to but excluding the date fixed for redemption but unpaid.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice (an "**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any other Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

- (f) **Redemption in the case of Minimal Outstanding Amount:** If Minimal Outstanding Amount Redemption Option is specified hereon, the Issuer may, at any time, on giving not less than 30 nor more than 60 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) and to the Trustee, the Issuing and Paying Agent, the CMU Lodging and Paying Agent or the CDP Issuing and Paying Agent, as the case may be, and the Registrar in writing, redeem the Notes, in whole, but not in part, at their principal amount (together with interest accrued to but excluding the date fixed for redemption but unpaid) if, immediately before giving such notice, the aggregate principal amount of the Notes outstanding is less than 10% of the aggregate principal amount originally issued. All Notes shall be redeemed on the date specified in such notice in accordance with this Condition 6(f).

- (g) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 6(g) and the provisions specified hereon.
- (h) **Purchases:** Each of the Issuer, the Guarantor and their respective Subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.
- (i) **Cancellation:** All Notes purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, the same shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.

## 7 Payments and Talons

- (a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relevant Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be:
  - (i) in the case of a currency other than Renminbi, by transfer to an account denominated in such currency with a Bank; and
  - (ii) in the case of Renminbi, by transfer to a relevant account maintained by or on behalf of the Noteholder with a bank in Hong Kong. If a holder does not maintain a relevant account in respect of a payment to be made under the Notes, the Issuer reserves the right, in its sole discretion and upon such terms as it may determine, to make arrangements to pay such amount to that holder by another means, provided that the Issuer shall not have any obligation to make any such arrangements.

For the purpose of this Condition 7(a):

**“relevant account”** means the Renminbi account maintained by or on behalf of the Noteholder with:

- (i) in the case of Notes cleared through the CMU Service; a bank in Hong Kong; or
- (ii) in the case of Notes cleared through the CDP System, a bank in Singapore or Hong Kong.



In this Condition 7(a) and in Condition 7(b), “**Bank**” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) **Registered Notes:**

- (i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(b)(ii).
- (ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business (i) on the fifteenth day before the due date for payment thereof or (ii) in the case of Notes denominated in Renminbi, on the fifth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made:
  - (A) in the case of a currency other than Renminbi, in the relevant currency by transfer to an account in the relevant currency maintained by the payee with a Bank; and
  - (B) in the case of Renminbi, by transfer to the registered account of the Noteholder. If a holder does not maintain a registered account in respect of a payment to be made under the Notes, the Issuer reserves the right, in its sole discretion and upon such terms as it may determine, to make arrangements to pay such amount to that holder by another means, provided that the Issuer shall not have any obligation to make any such arrangements.

For the purposes of this Condition 7(b):

“**registered account**” means the Renminbi account maintained by or on behalf of the Noteholder with:

- (i) in the case of Notes cleared through the CMU Service; a bank in Hong Kong; or
- (ii) in the case of Notes cleared through the CDP System, a bank in Singapore or Hong Kong,

details of which appear on the Register at the close of business on the fifth business day before the due date for payment.

- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. Dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

- (d) **Payments subject to Fiscal Laws:** Save as provided in Condition 8, all payments will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws to which the Issuer or the Guarantor agrees to be subject and the Issuer or the Guarantor will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the CDP Issuing and Paying Agent, the Paying Agents, the Registrars, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the CDP Issuing and Paying Agent, the Paying Agents, the Registrars, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantor reserve the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a CMU Lodging and Paying Agent in relation to Notes accepted for clearance through the CMU Service, (v) a CDP Issuing and Paying Agent in relation to Notes cleared through the CDP System, (vi) one or more Calculation Agent(s) where the Conditions so require and (vii) such other agents as may be required by any other stock exchange on which the Notes may be listed.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. Dollars in the circumstances described in Condition 7(c).

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) **Unmatured Coupons and Receipts and unexchanged Talons:**

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index Linked Notes), such Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note or Index Linked Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer or the Issuing and Paying Agent may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7(h), “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “**Financial Centres**” hereon and:
  - (i) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
  - (ii) (in the case of a payment in euro) which is a TARGET Business Day; or
  - (iii) (in the case of Renminbi cleared through the CMU Service) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong; or
  - (iv) (in the case of Renminbi cleared through the CDP System) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Singapore and Hong Kong.

- (i) **Renminbi fallback:** Notwithstanding any other provision in these Conditions, if by reason of Inconvertibility, Non-transferability or Illiquidity, neither the Issuer nor the Guarantor, in their sole discretion, is able to satisfy payments of principal or interest in respect of Notes when due in Renminbi (in the case of Notes cleared through the CMU Service) in Hong Kong, or (in the case of Notes cleared through the CDP System) in Singapore, the Issuer or the Guarantor as the case may be, on giving not less than 10 nor more than 30 days' irrevocable notice to the Noteholders and the Paying Agent prior to the due date for the relevant payment, settle any such payment (in the case of Notes cleared through the CMU Service) in U.S. Dollars, or (in the case of Notes cleared through the CDP System) in Singapore dollars, on the due date at, (in the case of Notes cleared through the CMU Service), the U.S. Dollar Equivalent or, (in the case of Notes cleared through the CDP System), the Singapore Dollar Equivalent of any such Renminbi denominated amount.

In such event, payment of the U.S. Dollar Equivalent or the Singapore Dollar Equivalent (as applicable) of the relevant amounts due under the Notes shall be made by:

- (i) in the case of Notes cleared through the CMU Service, in U.S. Dollars by transfer to a U.S. Dollar denominated account with a bank in New York City; or
- (ii) in the case of Notes cleared through the CDP System, transfer to a Singapore dollar denominated account maintained by the payee with a bank in Singapore.

In this Condition 7(i):

**"Determination Business Day"** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange):

- (i) in the case of Notes cleared through the CMU Service, in Hong Kong, in Singapore and in New York City; or
- (ii) in the case of Notes cleared through the CDP System, in Singapore;

**"Determination Date"** means the day which:

- (i) in the case of Notes cleared through the CMU Service, is two Determination Business Days before the due date of the relevant amount under these Conditions; or
- (ii) in the case of Notes cleared through the CDP System, is seven Determination Business Days before the due date of the relevant amount under these Conditions;

**"Governmental Authority"** means:

- (i) in the case of Notes cleared through the CMU Service, any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong; or
- (ii) in the case of Notes cleared through the CDP System, the Monetary Authority of Singapore or any other governmental authority or any other entity (private or public) charged with the regulation of the financial markets of Singapore;

**“Illiquidity”** means:

- (i) in the case of Notes cleared through the CMU Service, the general Renminbi exchange market in Hong Kong becomes illiquid as a result of which the Issuer or the Guarantor cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest or principal in respect of the Notes as determined by the Issuer or the Guarantor in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers; or
- (ii) in the case of Notes cleared through the CDP System, the general Renminbi exchange market in Singapore becomes illiquid as a result of which the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest or principal in respect of the Notes as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers selected by the Issuer;

**“Inconvertibility”** means the occurrence of any event that makes it impossible (where it had previously been possible) for the Issuer or the Guarantor to convert any amount due in respect of the Notes in the general Renminbi exchange market in, in the case of Notes cleared through the CMU Service, Hong Kong, or, in the case of Notes cleared through the CDP System, Singapore, other than where such impossibility is due solely to the failure of the Issuer or the Guarantor to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer or the Guarantor, due to an event beyond its control, to comply with such law, rule or regulation);

**“Non-transferability”** means the occurrence of any event that makes it impossible for the Issuer or the Guarantor to transfer Renminbi between accounts:

- (i) in the case of Notes cleared through the CMU Service, inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer or the Guarantor to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer or the Guarantor, due to an event beyond its control, to comply with such law, rule or regulation) in Hong Kong and in New York City; or
- (ii) in the case of Notes cleared through the CDP System, inside Singapore or from an account inside Singapore to an account outside Singapore and outside the PRC or from an account outside Singapore and outside the PRC to an account inside Singapore, other than where such impossibility is due solely to the failure of the Issuer or the Guarantor to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer or the Guarantor, due to an event beyond its control, to comply with such law, rule or regulation);

**“Renminbi Dealer”** means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in:

- (i) in the case of Notes cleared through the CMU Service, Hong Kong; and
- (ii) in the case of Notes cleared through the CDP System, in Singapore;

**“Singapore Dollar Equivalent”** means the Renminbi amount converted into Singapore dollars using the relevant Spot Rate for the relevant Determination Date;

**“Spot Rate”** means:

- (i) in the case of Notes cleared through the CMU Service, the spot CNY/U.S. Dollar exchange rate for the purchase of U.S. Dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Determination Business Days, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF.

If such rate is not available, the Calculation Agent will determine the Spot Rate at or around 11.00 a.m. (Hong Kong time) on the Determination Date as the most recently available CNY/U.S. Dollar official fixing rate for settlement in two Determination Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate; or

- (ii) in the case of Notes cleared through the CDP System, for a Determination Date, means the spot Renminbi/Singapore dollar exchange rate as determined by the Issuer at or around 11.00 a.m. (Singapore time) on such date in good faith and in a reasonable commercial manner, and if a spot rate is not readily available, the Issuer may determine the rate taking into consideration all available information which the Issuer deems relevant, including pricing information obtained from the Renminbi non-deliverable exchange market in Singapore or elsewhere and the PRC domestic foreign exchange market in Singapore.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7(i) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Agents and all Noteholders; and

**“U.S. Dollar Equivalent”** means the Renminbi amount converted into U.S. Dollars using the relevant Spot Rate for the relevant Determination Date.

## **8 Taxation**

All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes, the Receipts and the Coupons or under the Guarantee shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, in relation to Singapore Dollar Notes, the Issuer or, as the case may be, the Guarantor will not be obliged to pay any additional amounts in respect of any such withholding or deduction from payments in respect of such Singapore Dollar Notes for, or on account of, any such taxes or duties, and in relation to Non-Singapore Dollar Notes, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is (i) treated as a resident of Singapore or as having a permanent establishment in Singapore for tax purposes or (ii) liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with Singapore other than the mere holding of the Note, Receipt or Coupon; or



- (b) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day.

As used in these Conditions, **"Relevant Date"** in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to:

- (i) **"principal"** shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it;
- (ii) **"interest"** shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it; and
- (iii) **"principal"** and/or **"interest"** shall be deemed to include any additional amounts that may be payable under this Condition 8 or any undertaking given in addition to or in substitution for it under the Trust Deed.

## 9 Prescription

Claims against the Issuer and/or the Guarantor for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or 5 years (in the case of interest) from the appropriate Relevant Date in respect of them.

## 10 Events of Default

If any of the following events (each an **"Event of Default"**) occurs and is continuing, the Trustee at its discretion may, and if so requested in writing by holders of at least 25% in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to first being indemnified and/or secured and/or prefunded to its satisfaction), give written notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest:

- (a) a default in the payment of any principal due in respect of the Notes is subsisting for a period of more than seven days; or
- (b) a default is subsisting for a period of 14 days or more in the payment of any interest due in respect of the Notes; or
- (c) the Issuer or the Guarantor does not perform or comply with one or more of its other obligations in the Notes or the Trust Deed which default is incapable of remedy or, if capable of remedy and is not remedied within 30 days after written notice of such default shall have been given to the Issuer or the Guarantor by the Trustee; or
- (d) the Issuer, the Guarantor or any Principal Subsidiary is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops payment of all or a material part of its debts (other than those contested in good faith and by appropriate proceedings), proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts (or of any material part which it will or might otherwise

be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of all or any material part of such debts or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Issuer, the Guarantor or any Principal Subsidiary; or

- (e) (i) any other present or future indebtedness of the Issuer, the Guarantor or any Principal Subsidiary for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer, the Guarantor or any Principal Subsidiary fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(e) have occurred equals or exceeds S\$100,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the Singapore dollar as quoted by any leading bank selected by the Issuer (and notified in writing to the Trustee) on the day on which such indebtedness becomes due and payable or is not paid or any such amount becomes due and payable or is not paid under any such guarantees or indemnity); or
- (f) a distress, attachment, execution or other legal process is levied, enforced or sued on or against any material part of the property, assets or revenues of the Issuer, the Guarantor or any Principal Subsidiary and is not discharged or stayed within 30 days; or
- (g) an order is made or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Issuer, the Guarantor or any Principal Subsidiary, or the Issuer, the Guarantor or any Principal Subsidiary ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Guarantor or any of its Subsidiaries; or
- (h) an encumbrancer takes possession or an administrative or other receiver or an administrator is appointed of the whole or any substantial part of the property, assets or revenues of the Issuer, the Guarantor or any Principal Subsidiary (as the case may be) and is not discharged within 30 days; or
- (i) it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of their respective obligations under any of the Notes or the Trust Deed or any consent or approval required to make the Issuer's or the Guarantor's obligations under the Notes or the Trust Deed legally binding and enforceable is not obtained, or any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order to ensure that those obligations are legally binding and enforceable and to make the Notes and the Trust Deed admissible in evidence in the courts of Singapore is not taken, fulfilled or done; or
- (j) the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect; or

- (k) the Issuer ceases to be a Subsidiary owned, directly or indirectly, by the Guarantor; or
- (l) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 10(a) to 10(k) (both inclusive).

**“Principal Subsidiary”** means:

- (a) any Subsidiary of the Guarantor whose total gross assets or (in the case of a Subsidiary which itself has subsidiaries) total consolidated gross assets, as shown by its latest audited balance sheet, are at least 20% of the amount which equals the amount included in the total consolidated gross assets of the Group as shown by the latest audited consolidated balance sheet of the Group, provided that:
  - (i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest audited consolidated accounts of the Group relate, the reference to the then latest consolidated accounts of the Group for the purposes of the calculation above shall be deemed to be a reference to the then latest audited consolidated accounts of the Group compared against the total gross assets of such new Subsidiary;
  - (ii) if, at any relevant time in relation to the Guarantor or any Subsidiary which itself has Subsidiaries, no consolidated accounts are prepared and audited, total gross assets of the Guarantor and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Guarantor;
  - (iii) if, at any relevant time in relation to any Subsidiary, no accounts are audited, its total gross assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary, prepared for this purpose by the Guarantor; and
  - (iv) if the accounts of any subsidiary (not being a Subsidiary referred to in proviso (i) of this definition) are not consolidated with those of the Guarantor, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Guarantor, prepared for this purpose by the Guarantor; or
- (b) any Subsidiary of the Guarantor to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary will be deemed to be a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall become a Principal Subsidiary at the date on which the first accounts (consolidated, if appropriate) of the Guarantor (whether audited or unaudited) prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts.

For the purposes of these Conditions, the definition of “**Principal Subsidiary**” shall not include any Subsidiary which is listed on any stock exchange.

A certificate in English signed by two Authorised Signatories of the Guarantor listing those Subsidiaries of the Guarantor that as at the last day of the financial year of the Guarantor or as at the date specified in such certificate were Principal Subsidiaries shall, in the absence of manifest error, be conclusive.

## **11 Meetings of Noteholders, Modification, Waiver and Substitution**

(a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including without limitation the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if requested in writing by Noteholders holding not less than 10% in principal amount of the Notes for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing more than 50% in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*:

- (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes;
- (ii) to reduce or cancel the principal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes;
- (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes;
- (iv) if a Minimum Rate of Interest and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum Rate of Interest and/or Maximum Rate of Interest;
- (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount;
- (vi) to vary the currency or currencies of payment or denomination of the Notes;
- (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution; or
- (viii) to modify or cancel the Guarantee,

in which case the necessary quorum shall be two or more persons holding or representing not less than 75%, or at any adjourned meeting not less than 25% in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75% in principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

*These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.*

- (b) **Modification and Waiver of the Trust Deed:** The Trustee may agree, without the consent of the Noteholders or Couponholders to:
- (i) any modification of any of the provisions of the Trust Deed, the Agency Agreement and/or these Conditions that is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of applicable law or as required by Euroclear and/or Clearstream, Luxembourg and/or CMU and/or CDP; and
  - (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer to the Noteholders as soon as practicable.

- (c) **Substitution:** The Trust Deed contains provisions permitting (but not obliging) the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of the Issuer's successor in business or any Subsidiary of the Issuer or its successor in business or the substitution of the Guarantor's successor in business or any Subsidiary of the Guarantor or its successor in business in place of the Issuer or the Guarantor, as the case may be, or of any previous substituted company, as principal debtor or guarantor, as the case may be, under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.
- (d) **Entitlement of the Trustee:** In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 11), the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee, acting for and on behalf of the Noteholders, shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer or the Guarantor or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

## 12 Enforcement

At any time after the Notes become immediately due and payable, the Trustee may, at its discretion and without further notice, take such steps and/or actions and/or institute such proceedings against the Issuer and/or the Guarantor (as the case may be) as it may think fit

to enforce repayment thereof together with premium (if any) and accrued interest and any other moneys payable pursuant to the Trust Deed and the obligations of the Guarantor under the Trust Deed, but it need not take any such steps, actions and/or proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least 25% in principal amount of the Notes outstanding, and (b) it shall have first been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder or Couponholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

### **13 Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor, any Subsidiary of the Issuer or the Guarantor and any entity related (directly or indirectly) to the Issuer or the Guarantor without accounting for any profit.

The Trustee may rely without liability to Noteholders, Couponholders or any other person on any report, confirmation or certificate from or any advice or opinion of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate, advice or opinion, in which event such report, confirmation, certificate, advice or opinion shall be binding on the Issuer, the Guarantor, the Noteholders and the Couponholders.

### **14 Replacement of Notes, Certificates, Receipts, Coupons and Talons**

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may include, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer, the Guarantor, the Issuing and Paying Agent and/or the Registrar may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

### **15 Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 15 and forming a single series with the Notes. Any further securities consolidated and



forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

## 16 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Singapore (which is expected to be *The Business Times* or, if any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Singapore), or so long as the Notes are listed on the SGX-ST, published on the website of the SGX-ST ([www.sgx.com](http://www.sgx.com)). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 16.

*So long as the Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held in its entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the CMU Service and/or CDP, there may be substituted for such publication in such newspapers (i) the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or the CMU Service and/or (subject to the agreement of CDP) CDP for communication by it to the Noteholders or (ii) in the case of CDP, the recorded delivery of the relevant notice to the persons shown in the latest record received from CDP as holding interests in such Global Note or Global Certificate, except that if the Notes are listed on any stock exchange and the rules of such stock exchange so require, notice will in any event be published in accordance with the preceding paragraphs. Any such notice shall be deemed to have been given to the Noteholders on the day on which the said notice was given to, as the case may be, Euroclear and/or Clearstream, Luxembourg or the CMU Service or the date of despatch of such notice to the persons shown in the records maintained by CDP.*

*Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issuing and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) or such other Agent as may be specified in these Conditions. Whilst the Notes are represented by a Global Note or a Global Certificate, such notice may be given by any Noteholder to the Issuing and Paying Agent or, as the case may be, the Registrar or, as the case may be, such other Agent through, as the case may be, Euroclear and/or Clearstream, Luxembourg or the CMU Service or CDP in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar or, as the case may be, such other Agent and as the case may be, Euroclear and/or Clearstream, Luxembourg or the CMU Service or CDP may approve for this purpose.*

*Notwithstanding the other provisions of this Condition, in any case where the identities and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.*

## **17 Currency Indemnity**

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or the Guarantor or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer or the Guarantor shall only constitute a discharge to the Issuer or the Guarantor, as the case may be, to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer, failing whom the Guarantor, shall indemnify it against any loss sustained by it as a result. In any event, the Issuer, failing whom the Guarantor, shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 17, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantor's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

## **18 Rights of Third Parties**

No person shall have any right to enforce any term or condition of the Notes under the [Contracts (Rights of Third Parties) Act 1999]<sup>2</sup>/[Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore]<sup>3</sup> but this shall not affect any right or remedy that exists or is available apart from such Act and is without prejudice to the rights of the Noteholders as set out in Condition 12.

## **19 Governing Law and Jurisdiction**

- (a) **Governing Law:** The Trust Deed [as supplemented by the Supplemental Trust Deed]<sup>3</sup>, the Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, [English]<sup>2</sup>/[Singapore]<sup>3</sup> law.
- (b) **Jurisdiction:** The Courts of [England]<sup>4</sup>/[Singapore]<sup>5</sup> are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons or the Guarantee and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons, Talons or the Guarantee ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor

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2 Include for Notes governed by English law.

3 Include for Notes governed by Singapore law.

4 Include for Notes governed by English law.

5 Include for Notes governed by Singapore law.

has in the Trust Deed irrevocably submitted to the non-exclusive jurisdiction of the courts of [England]<sup>6</sup>/[Singapore]<sup>7</sup> and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

- (c) **[Service of Process:** Each of the Issuer and the Guarantor has in the Trust Deed appointed TMF Global Services (UK) Limited at its registered office at 6 St Andrew Street, 5th Floor, London EC4A 3AE as their agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not, it is forwarded to and received by the Issuer or the Guarantor). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, each of the Issuer and the Guarantor irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment (in accordance with Condition 16) and the Trustee. Nothing shall affect the right to serve process in any manner permitted by law.]<sup>6</sup>

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6 Include for Notes governed by English law.

7 Include for Notes governed by Singapore law.

## TERMS AND CONDITIONS OF THE PERPETUAL NOTES

*The following is the text of the terms and conditions that, subject to completion and amendment (including, without limitation, to reflect the terms of any Series of Perpetual Notes and to reflect any changes required to the terms and conditions to reflect the proposed equity, tax or accounting treatment for the Perpetual Notes of such Series) and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Perpetual Notes in definitive form (if any) issued in exchange for the Global Note(s) or the Global Certificate representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Perpetual Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to **“Perpetual Notes”** are to the Perpetual Notes of one Series only, not to all Perpetual Notes that may be issued under the Programme.*

The Perpetual Notes are constituted by a Trust Deed (as amended and/or supplemented as at the date of issue of the Perpetual Notes (the **“Issue Date”**), the **“Trust Deed”**) dated 29 April 2019 between CapitaLand Treasury Limited (the **“Issuer”**), CapitaLand Limited (the **“Guarantor”**) and The Bank of New York Mellon, London Branch (the **“Trustee”**, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below) [as supplemented by the Singapore Supplemental Trust Deed (as amended and/or supplemented as at the Issue Date) dated 29 April 2019 between the Issuer, the Guarantor and the Trustee]<sup>1</sup>. These terms and conditions (the **“Conditions”**) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An Agency Agreement (as amended and/or supplemented as at the Issue Date, the **“Agency Agreement”**) dated 29 April 2019 has been entered into in relation to the Perpetual Notes between the Issuer, the Guarantor, the Trustee, The Bank of New York Mellon, London Branch as initial issuing and paying agent (except as otherwise described below), The Bank of New York Mellon, Hong Kong Branch as the lodging and paying agent, transfer agent and as registrar and (where appointed as contemplated in the Agency Agreement) as calculation agent for Notes to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the **“CMU Service”**), The Bank of New York Mellon, Singapore Branch as issuing and paying agent, transfer agent and as registrar and (where appointed as contemplated in the Agency Agreement) as calculation agent for Notes to be cleared through the computerised system (the **“CDP System”**) operated by The Central Depository (Pte) Limited (**“CDP”**), The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar and transfer agent for the Perpetual Notes to be cleared through Euroclear Bank SA/NV (**“Euroclear”**) and/or Clearstream Banking S.A. (**“Clearstream, Luxembourg”**) and the other agents named in it. The issuing and paying agent, the CMU lodging and paying agent, the CDP issuing and paying agent, the paying agents, the registrars, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the **“Issuing and Paying Agent”**, the **“CMU Lodging and Paying Agent”**, the **“CDP Issuing and Paying Agent”**, the **“Paying Agents”** (which expression shall include the Issuing and Paying Agent, the CMU Lodging and Paying Agent and the CDP Issuing and Paying Agent), the **“Registrars”**, the **“Transfer Agents”** (which expression shall include the Registrars) and the **“Calculation Agent(s)”**. For the purposes of these Conditions, all references to the Issuing and Paying Agent shall, with respect to a Series of Notes to be held in the CMU Service, be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly.

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<sup>1</sup> Included for Notes governed by Singapore law.

Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours (being between 9.00 a.m. and 3.00 p.m.) at the principal office of the Trustee (being at the Issue Date at One Canada Square, London E14 5AL, United Kingdom) and at the specified offices of the Paying Agents and the Transfer Agents following prior written request and proof of holding and identity satisfactory to the Trustee or, as the case may be, the relevant Agent.

Perpetual Notes may be denominated in Singapore dollars ("**Singapore Dollar Perpetual Notes**") or in other currencies ("**Non-Singapore Dollar Perpetual Notes**"). The Noteholders and the holders of the Distribution coupons (the "**Coupons**") relating to Perpetual Notes in bearer form and, where applicable in the case of such Perpetual Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") relating to Perpetual Notes in bearer form of which the principal is payable in instalments are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

Perpetual Notes to be held in and cleared through CDP are issued with the benefit of a CDP Deed of Covenant dated 29 April 2019 executed by the Issuer by way of deed poll (the "**CDP Deed of Covenant**").

As used in these Conditions, "**Tranche**" means Notes which are identical in all respects.

## **1 Form, Denomination and Title**

- (a) **Form:** The Perpetual Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Perpetual Notes**") in each case in the Specified Denomination(s) shown hereon.

This Perpetual Note is a Fixed Rate Perpetual Note, a Floating Rate Perpetual Note or a Partly Paid Perpetual Note, a combination of any of the foregoing or any other kind of Perpetual Note, depending upon the Distribution and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached.

Registered Perpetual Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Perpetual Notes by the same holder.

*All Registered Perpetual Notes shall have the same Specified Denomination. Unless otherwise permitted by the then current laws and regulations, Perpetual Notes which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the Financial Services and Markets Act 2000 will have a minimum denomination of £100,000 (or its equivalent in other currencies).*

- (b) **Title:** Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Perpetual Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.



In these Conditions, “**Noteholder**” means the bearer of any Bearer Note or the person in whose name a Registered Perpetual Note is registered (as the case may be), “**holder**” (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Perpetual Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Perpetual Notes.

*For so long as any of the Perpetual Notes are represented by a Global Note or a Global Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg or a sub-custodian for the CMU Service or CDP, each person (other than Euroclear or Clearstream, Luxembourg or the CMU Service or CDP) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg or the CMU Service or CDP as the holder of a particular nominal amount of such Perpetual Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg or the CMU Service or CDP as to the nominal amount of such Perpetual Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Agents as the holder of such nominal amount of such Perpetual Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Perpetual Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Trustee and any Agent as the holder of such nominal amount of such Perpetual Notes in accordance with and subject to the terms of the relevant Global Note or Global Certificate and the expressions “**Noteholder**” and “**holder of Perpetual Notes**” and related expressions shall be construed accordingly. Notwithstanding the above, if a Perpetual Note (whether in global or definitive form) is held through the CMU Service, any payment that is made in respect of such Perpetual Note shall be made at the direction of the bearer or the registered holder to the person(s) for whose account(s) interests in such Perpetual Note are credited as being held through the CMU Service in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service as to the identity of any accountholder and the principal amount of any Perpetual Note credited to its account, save in the case of manifest error) (“**CMU Accountholders**”) and such payments shall discharge the obligation of the Issuer in respect of that payment under such Perpetual Note. In addition, these Conditions are modified by certain provisions contained in the Global Note or the Global Certificate (as the case may be).*

## **2 No Exchange of Perpetual Notes and Transfers of Registered Perpetual Notes**

- (a) **No Exchange of Perpetual Notes:** Registered Perpetual Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Perpetual Notes.
- (b) **Transfer of Registered Perpetual Notes:** One or more Registered Perpetual Notes may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Perpetual Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may require. In the case of a transfer of part only of a holding of Registered Perpetual Notes



represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Perpetual Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Perpetual Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar, with the prior approval of the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder following prior written request and proof of holding and identity satisfactory to the Registrar.

- (c) **Exercise of Options or Partial Redemption in Respect of Registered Perpetual Notes:** In the case of an exercise of an Issuer's option in respect of, or a partial redemption of, a holding of Registered Perpetual Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Perpetual Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Perpetual Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Perpetual Notes to a person who is already a holder of Registered Perpetual Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2(b) or 2(c) shall be available for delivery within five business days of receipt of the form of transfer and surrender of the Certificate for transfer or redemption. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).
- (e) **Transfers Free of Charge:** Transfers of Perpetual Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment by the relevant Noteholder of any tax or other governmental charges that may be imposed in relation to it.
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Perpetual Note to be registered:
  - (i) during the period of 15 days ending on the due date for redemption of that Registered Perpetual Note;
  - (ii) during the period of 15 days prior to any date on which the Perpetual Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(d);

- (iii) after any such Registered Perpetual Note has been called for redemption; or
- (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 6(b)(B)).

**3 Guarantee and Status of Senior Perpetual Notes and Senior Guarantee and status of, and Ranking of Claims in relation to, Subordinated Perpetual Notes and Subordinated Guarantee**

- (a) **Senior Perpetual Notes:** This Condition 3(a) applies to Perpetual Notes that are Senior Perpetual Notes:
  - (i) **Senior Guarantee:** The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Senior Perpetual Notes and the Coupons relating to them. Its obligations in that respect (in relation to Senior Perpetual Notes, the “**Senior Guarantee**”) are contained in the Trust Deed.
  - (ii) **Status of Senior Perpetual Notes and Senior Guarantee:** The Senior Perpetual Notes and the Coupons relating to them constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Senior Perpetual Notes and the Coupons relating to them and of the Guarantor under the Senior Guarantee shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer and the Guarantor respectively, present and future.
- (b) **Subordinated Perpetual Notes:** This Condition 3(b) applies to Perpetual Notes that are Subordinated Perpetual Notes:
  - (i) **Status of Subordinated Perpetual Notes:** The Subordinated Perpetual Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves and with any Parity Obligations (as defined in the relevant Pricing Supplement) of the Issuer. The rights and claims of the Noteholders in respect of the Subordinated Perpetual Notes are subordinated as provided in this Condition 3(b).
  - (ii) **Ranking of claims on winding-up – Issuer:** Subject to the insolvency laws of Singapore and other applicable laws, in the event of the winding-up of the Issuer, the rights of the Noteholders to payment of principal of and Distribution on the Subordinated Perpetual Notes and the Coupons relating to them are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer but at least *pari passu* with all other subordinated obligations of the Issuer that are not expressed by their terms to rank junior to the Subordinated Perpetual Notes and in priority to the claims of shareholders of the Issuer and/or as otherwise specified in the applicable Pricing Supplement or in a supplement to the Offering Circular.
  - (iii) **Set-off – Issuer:** Subject to applicable law, no Noteholder may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Notes, and each Noteholder shall, by virtue of his

holding of any Subordinated Perpetual Notes, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any Noteholder by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Notes is discharged by set-off, such Noteholder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

- (iv) **Guarantee of Subordinated Perpetual Notes:** The Guarantor has irrevocably guaranteed on a subordinated basis the due payment of all sums expressed to be payable by the Issuer under the **Subordinated** Perpetual Notes and the Trust Deed. The obligations of the Guarantor in that respect (in relation to Subordinated Perpetual Notes, the “**Subordinated Guarantee**”) are contained in the Trust Deed.
- (v) **Status of the Subordinated Guarantee of Subordinated Perpetual Notes:** In relation to each Series of Subordinated Perpetual Notes, the payment obligations of the Guarantor under the Subordinated Guarantee shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with any Parity Obligations of the Guarantor. The rights and claims of the Noteholders in respect of the Subordinated Guarantee are subordinated as provided in this Condition 3(b).
- (vi) **Ranking of claims on winding-up – Guarantor:** Subject to the insolvency laws of Singapore and other applicable laws, in the event of the winding-up of the Guarantor, the rights of the Noteholders to payment of principal of and Distribution on the Subordinated Perpetual Notes and the Coupons relating to them are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Guarantor but at least *pari passu* with all other subordinated obligations of the Guarantor that are not expressed by their terms to rank junior to the Subordinated Guarantee and in priority to the claims of shareholders of the Guarantor and/or as otherwise specified in the applicable Pricing Supplement or in a supplement to the Offering Circular.
- (vii) **Set-off – Guarantor:** Subject to applicable law, no Noteholder may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Guarantor in respect of, or arising under or in connection with, the Subordinated Guarantee, and each Noteholder shall, by virtue of his holding of any Subordinated Perpetual Notes, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Guarantor. Notwithstanding the preceding sentence, if any of the amounts owing to any Noteholder by the Guarantor in respect of, or arising under or in connection with the Subordinated Guarantee is discharged by set-off, such Noteholder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Guarantor (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Guarantor) and, until such time as payment is made, shall hold such amount in trust for the Guarantor (or the liquidator or, as appropriate, administrator of the Guarantor) and accordingly any such discharge shall be deemed not to have taken place.

#### 4 Distributions and other Calculations

- (a) **Distributions on Fixed Rate Perpetual Notes:** Subject to Condition 4(h), each Fixed Rate Perpetual Note confers a right to receive Distributions on its outstanding nominal amount from the Distribution Commencement Date at the rate per annum (expressed as a percentage) equal to the Distribution Rate, such Distributions being payable in arrear on each Distribution Payment Date. The amount of Distributions payable shall be determined in accordance with Condition 4(g).
- (b) **Distributions on Floating Rate Perpetual Notes (for Non-Singapore Dollar Perpetual Notes only):** This Condition 4(b) applies in respect of Floating Rate Perpetual Notes which are Non-Singapore Dollar Perpetual Notes:
- (i) *Distribution Payment Dates:* Each Floating Rate Perpetual Note which is a Non-Singapore Dollar Perpetual Note confers a right to receive Distributions on its outstanding nominal amount from the Distribution Commencement Date at the rate per annum (expressed as a percentage) equal to the Distribution Rate, such Distributions being payable in arrear on each Distribution Payment Date. The amount of each Distribution payable shall be determined in accordance with Condition 4(g). Such Distribution Payment Date(s) is/are either shown hereon as Specified Distribution Payment Dates or, if no Specified Distribution Payment Date(s) is/are shown hereon, Distribution Payment Date shall mean each date which falls the number of months or other period shown hereon as the Distribution Period after the preceding Distribution Payment Date or, in the case of the first Distribution Payment Date, after the Distribution Commencement Date.
- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is:
- (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event:
- (x) such date shall be brought forward to the immediately preceding Business Day; and
- (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment;
- (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day;
- (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

- (iii) *Distribution Rate for Floating Rate Perpetual Notes which are Non-Singapore Dollar Perpetual Notes*: The Distribution Rate in respect of Floating Rate Perpetual Notes which are Non-Singapore Dollar Perpetual Notes for each Distribution Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Perpetual Notes

Where ISDA Determination is specified hereon as the manner in which the Distribution Rate is to be determined, the Distribution Rate for each Distribution Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this Condition 4(b)(iii)(A) “**ISDA Rate**” for a Distribution Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Distribution Accrual Period unless otherwise specified hereon.

For the purposes of this Condition 4(b)(iii)(A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Perpetual Notes

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Distribution Rate is to be determined, the Distribution Rate for each Distribution Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded up, if necessary, to the nearest 5 decimal places) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Distribution Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Perpetual Notes is specified hereon as being other than LIBOR or EURIBOR, the Distribution Rate in respect of such Perpetual Notes will be determined as provided hereon;

- (y) if the Relevant Screen Page is not available or if Condition 4(b)(iii)(B) applies and no such offered quotation appears on the Relevant Screen Page or if Condition 4(b)(iii)(B) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Distribution Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Distribution Rate for such Distribution Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (z) if sub-paragraph (y) of Condition 4(b)(iii)(B) applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Distribution Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Distribution Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone interbank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Distribution Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Distribution Rate cannot be determined in accordance with the foregoing provisions of this Condition 4(b)(iii)(B), the Distribution Rate shall be determined as at the last preceding Distribution Determination Date (though substituting, where a



different Margin or Maximum Distribution Rate or Minimum Distribution Rate is to be applied to the relevant Distribution Accrual Period from that which applied to the last preceding Distribution Accrual Period, the Margin or Maximum Distribution Rate or Minimum Distribution Rate relating to the relevant Distribution Accrual Period, in place of the Margin or Maximum Distribution Rate or Minimum Distribution Rate relating to that last preceding Distribution Accrual Period).

(c) **Distributions on Floating Rate Perpetual Notes (for Singapore Dollar Perpetual Notes only):** This Condition 4(c) applies in respect of Floating Rate Perpetual Notes which are Singapore Dollar Perpetual Notes:

- (i) *Distribution Payment Dates:* Each Floating Rate Perpetual Note which is a Singapore Dollar Perpetual Note confers a right to receive Distributions on its outstanding nominal amount from the Distribution Commencement Date at the rate per annum (expressed as a percentage) equal to the Distribution Rate, such Distributions being payable in arrear on each Distribution Payment Date. Such Distribution Payment Date(s) is/are either shown hereon as Specified Distribution Payment Dates or, if no Specified Distribution Payment Date(s) is/are shown hereon, Distribution Payment Date shall mean each date which falls the number of months or other period specified hereon as the Distribution Period after the preceding Distribution Payment Date or, in the case of the first Distribution Payment Date, after the Distribution Commencement Date.
- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then if the Business Day Convention specified is:
  - (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event:
    - (x) such date shall be brought forward to the immediately preceding Business Day; and
    - (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment,
  - (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day;
  - (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or
  - (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

- (iii) *Distribution Rate for Floating Rate Perpetual Notes which are Singapore Dollar Perpetual Notes:* Each Floating Rate Perpetual Note which is a Singapore Dollar Perpetual Note confers a right to receive Distributions at a floating rate determined by reference to the Reference Rate as stated hereon, including the Swap Rate (in which case such Note will be a Swap Rate Perpetual Note). A **“Swap Rate Perpetual Note”** means a Perpetual Note which confers a right to receive Distributions calculated in the manner set out in Condition 4(c)(iv)(B) below.
- (iv) *Determination of Distribution Rate:* The Distribution Rate payable from time to time in respect of each Floating Rate Perpetual Note which is a Singapore Dollar Perpetual Note will be determined by the Calculation Agent on the basis of the following provisions:
  - (A) In the case of Floating Rate Perpetual Notes which are not Swap Rate Perpetual Notes, and where Screen Rate Determination is specified hereon as the manner in which the Distribution Rate is to be determined, and such Reference Rate is specified as being SIBOR, the Calculation Agent will determine the Distribution Rate in respect of any Distribution Accrual Period at or about the Relevant Time on the Distribution Determination Date in respect of such Distribution Accrual Period as follows:
    - (1) the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Accrual Period, determine the Distribution Rate for such Distribution Accrual Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Accrual Period which appears on Reuters Screen ABSIRFIX1 page under the caption “ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME” and the column headed “SGD SIBOR” (or such other Relevant Screen Page);
    - (2) if no such rate appears on Reuters Screen ABSIRFIX1 page (or such other replacement page thereof or, if no rate appears, on such other Relevant Screen Page) or if Reuters Screen ABSIRFIX1 (or such other replacement page thereof or such other Relevant Screen Page) is unavailable for any reason, the Calculation Agent will, determine the Distribution Rate for such Distribution Accrual Period as being the rate (or if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to the nearest 1/16%)) for a period equal to the duration of such Distribution Accrual Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Issuer may select and advise in writing to the Calculation Agent;
    - (3) if on any Distribution Determination Date such Calculation Agent is otherwise unable to determine the Rate of Distribution under subparagraphs (1) and (2) above, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Distribution Determination Date to prime banks in the Singapore inter-bank market for a period equivalent to the duration of such Distribution Accrual Period commencing on such Distribution Payment Date in an amount comparable to the aggregate nominal amount of the

relevant Floating Rate Perpetual Notes and such rate shall be notified to the Calculation Agent. The Distribution Rate for such Distribution Accrual Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16%) of such offered quotations, as determined by the Calculation Agent;

- (4) if on any Distribution Determination Date two but not all the Reference Banks provide the Calculation Agent with such quotations, the Distribution Rate for the relevant Distribution Accrual Period shall be determined in accordance with sub-paragraph (3) of Condition 4(c)(iv)(A) on the basis of the quotations of those Reference Banks providing such quotations; and
- (5) if on any Distribution Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotations, the Distribution Rate for the relevant Distribution Accrual Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16%) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about the Relevant Time on such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Accrual Period, an amount equal to the aggregate nominal amount of the relevant Floating Rate Perpetual Notes for such Distribution Accrual Period by whatever means they determine to be most appropriate or if on such Distribution Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16%) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date, provided that, if the Distribution Rate cannot be determined in accordance with the foregoing provisions of this Condition 4(c)(iv)(A), the Distribution Rate shall be determined as at the immediately preceding Distribution Determination Date (though substituting, where a different Margin or Maximum Distribution Rate or Minimum Distribution Rate is to be applied to the relevant Distribution Accrual Period from that which applied to the last preceding Distribution Accrual Period, the Margin or Maximum Distribution Rate or Minimum Distribution Rate relating to that last preceding Distribution Accrual Period);

(B) In the case of Floating Rate Perpetual Notes which are Swap Rate Perpetual Notes:

- (1) the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Accrual Period, determine the Distribution Rate for such Distribution Accrual Period as being the rate which appears on Reuters Screen ABSIRFIX01 Page under the caption "SGD SOR rates as of 11:00 a.m. London Time" under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference

banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Accrual Period;

- (2) if on any Distribution Determination Date, no such rate is quoted on Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) or Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, such Calculation Agent will determine the Distribution Rate for such Distribution Accrual Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to the nearest 1/16%)) for a period equal to the duration of such Distribution Accrual Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Issuer may select and advise in writing to the Calculation Agent; and
- (3) if on any Distribution Determination Date such Calculation Agent is otherwise unable to determine the Distribution Rate under sub-paragraphs (1) and (2) above, the Distribution Rate shall be determined by such Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about 11.00 a.m. (Singapore time) on the first business day following such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding for the relevant Distribution Accrual Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Notes for such Distribution Accrual Period by whatever means they determine to be most appropriate or, if on such Distribution Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Distribution Rate for the relevant Distribution Accrual Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about 11.00 a.m. (Singapore time) on such Distribution Determination Date and such rate shall be notified to the Calculation Agent; and

- (C) On the last day of each Distribution Accrual Period, the Issuer will make payment of Distributions on each Floating Rate Perpetual Note to which such Distribution Accrual Period relates at the Distribution Rate for such Distribution Accrual Period.

- (d) **Partly Paid Perpetual Notes:** In the case of Partly Paid Perpetual Notes, Distributions will accrue as aforesaid on the paid-up nominal amount of such Perpetual Notes and otherwise as specified hereon.
- (e) **Accrual of Distributions:** Distributions shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Distribution Rate in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 7).

- (f) **Margin, Maximum/Minimum Rates of Distribution and Redemption Amounts and Rounding:**
- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Distribution Accrual Periods), an adjustment shall be made to all Distribution Rates, in the case of (x), or the Distribution Rates for the specified Distribution Accrual Periods, in the case of (y), calculated in accordance with this Condition 4 by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to Condition 4(f)(ii);
  - (ii) If any Maximum Rate of Distribution or Minimum Rate of Distribution or Redemption Amount is specified hereon, then any Distribution Rate or Redemption Amount shall be subject to such maximum or minimum, as the case may be;
  - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified):
    - (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up);
    - (y) all figures shall be rounded to seven significant figures (with halves being rounded up); and
    - (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “**unit**” means the lowest amount of such currency that is available as legal tender in the country of such currency.
- (g) **Calculations:** The amount of Distribution payable per Calculation Amount in respect of any Perpetual Note for any Distribution Accrual Period shall be equal to the product of the Distribution Rate, the Calculation Amount specified hereon, and the Day Count Fraction for such Distribution Accrual Period, unless a Distribution Amount (or a formula for its calculation) is applicable to such Distribution Accrual Period, in which case the amount of Distribution payable per Calculation Amount in respect of such Perpetual Note for such Distribution Accrual Period shall equal such Distribution Amount (or be calculated in accordance with such formula). Where any Distribution Period comprises two or more Distribution Accrual Periods, the amount of Distribution payable per Calculation Amount in respect of such Distribution Period shall be the sum of the Distribution Amounts payable in respect of each of those Distribution Accrual Periods. In respect of any other period for which Distributions are required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which Distributions are required to be calculated.
- (h) **Distribution Deferral:**
- (i) **Optional Deferral:** If Distribution Deferral is set out hereon, the Issuer may, at its sole discretion, elect to defer (in whole or in part) any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving notice (a “**Deferral Election Notice**”) to the Noteholders (in accordance with Condition 14) and to the Trustee and the Issuing and Paying Agent in writing not more than 15 nor less than 5 Business Days (or such other notice period as may be specified hereon) prior to a scheduled Distribution Payment Date unless, during the Look-Back Period (as defined in the

relevant Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, the Issuer has at its discretion repurchased, redeemed or otherwise acquired any of its Junior Obligations (as defined in the relevant Pricing Supplement) or, in relation to Subordinated Perpetual Notes only, the Parity Obligations (other than (i) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants or (ii) as a result of the exchange or conversion of its Parity Obligations for its Junior Obligations) (a “**Compulsory Distribution Payment Event**”) and/or as otherwise specified in the applicable Pricing Supplement.

- (ii) **No obligation to pay:** The Issuer shall have no obligation to pay any Distribution (including any Arrears of Distribution and any Additional Distribution Amount) on any Distribution Payment Date if it validly elects not to do so in accordance with Condition 4(h)(i).
- (iii) **Requirements as to Notice:** Each Deferral Election Notice shall be accompanied, in the case of the notice to the Trustee and the Issuing and Paying Agent, by a certificate in the form scheduled to the Trust Deed signed by an Authorised Signatory of the Issuer or, as the case may be, the Guarantor confirming that no Compulsory Distribution Payment Event has occurred. Any such certificate shall be conclusive evidence that no Compulsory Distribution Payment Event has occurred and the Trustee and the Issuing and Paying Agent shall be entitled to rely conclusively without any obligation to verify the same and without liability to any Noteholder, any Couponholder or any other person on any Deferral Election Notice or any certificate as aforementioned. Each Deferral Election Notice shall be conclusive and binding on the Noteholders.
- (iv) **Cumulative Deferral:** If Cumulative Deferral is set out hereon, any Distribution deferred pursuant to this Condition 4(h) shall constitute “**Arrears of Distribution**”. The Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4(h)(i)) further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued Distribution. The Issuer is not subject to any limit as to the number of times Distributions and Arrears of Distribution can or shall be deferred pursuant to this Condition 4(h) except that this Condition 4(h)(iv) shall be complied with until all outstanding Arrears of Distribution have been paid in full.

If Additional Distribution is set out hereon, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Notes at the Distribution Rate and the amount of such interest (the “**Additional Distribution Amount**”) with respect to Arrears of Distribution shall be due and payable pursuant to this Condition 4 and shall be calculated by applying the applicable Distribution Rate to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the foregoing provisions of this Condition 4. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

- (v) **Non-Cumulative Deferral; Optional Distribution:** If Non-Cumulative Deferral is set out hereon, any Distribution deferred pursuant to this Condition 4(h) is non-cumulative and will not accrue Distribution. The Issuer is not under any obligation to pay such Distribution or any other Distributions that have not been paid in whole or in part. If Optional Distribution is set out hereon, the Issuer may, at its sole discretion, and at any time, elect to pay an optional amount equal to the



amount of Distribution which is unpaid in whole or in part (an “**Optional Distribution**”) at any time by giving notice of such election to the Noteholders (in accordance with Condition 14) and the Trustee and the Issuing and Paying Agent in writing not more than 15 and not less than 5 Business Days (or such other notice period as may be specified hereon) prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Optional Distribution on the payment date specified in such notice).

Any partial payment of outstanding Optional Distribution by the Issuer shall be shared by the Noteholders or Couponholders of all outstanding Perpetual Notes and the Coupons related to them on a pro-rata basis.

(vi) **Restrictions in the case of Deferral:** If Dividend Stopper is set out hereon and on any Distribution Payment Date, payment of all Distribution payments scheduled to be made on such date is not made in full by reason of this Condition 4(h), the Issuer and the Guarantor shall not and shall procure that none of their respective Subsidiaries (other than any Subsidiary which is listed on any stock exchange) will:

(A) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on:

- (1) if this Perpetual Note is a Senior Perpetual Note, any of its Junior Obligations; or
- (2) if this Perpetual Note is a Subordinated Perpetual Note, any of its Junior Obligations or Parity Obligations;

(except (i) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants or (ii) in relation to the Parity Obligations on a pro-rata basis); or

(B) redeem, reduce, cancel, buy-back or acquire for any consideration

- (1) if this Perpetual Note is a Senior Perpetual Note, any of its Junior Obligations; or
- (2) if this Perpetual Note is a Subordinated Perpetual Note, any of its Junior Obligations or Parity Obligations;

(other than (i) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants or (ii) as a result of the exchange or conversion of Parity Obligations for Junior Obligations),

in each case, other than:

- (i) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants;
- (ii) as a result of the exchange or conversion of Parity Obligations for Junior Obligations;
- (iii) (if Cumulative Deferral is set out hereon) if the Issuer or the Guarantor (as the case may be) has satisfied in full all outstanding Arrears of Distribution;

- (iv) (if Non-Cumulative Deferral is set out hereon) if all outstanding Perpetual Notes have been redeemed in full, the next scheduled Distribution has been paid in full or an Optional Distribution equal to the amount of Distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full; or
- (v) if the Issuer or the Guarantor (as the case may be) is permitted to do so by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders and/or as otherwise specified in the applicable Pricing Supplement.

For the avoidance of doubt, the restrictions in this Condition 4(h)(vi) shall only apply to the Issuer's or the Guarantor's Subsidiaries to the extent that such dividends, distributions or payments are made in respect of the Issuer's or the Guarantor's (as the case may be) Junior Obligations or the Issuer's or the Guarantor's (as the case may be) Parity Obligations and nothing in this Condition 4(h)(vi) shall restrict the Issuer or the Guarantor or any of their respective Subsidiaries from making payment on its guarantees in respect of obligations which are not the Issuer's or the Guarantor's (as the case may be) Junior Obligations or the Issuer's or the Guarantor's (as the case may be) Parity Obligations (except that if this Perpetual Note is a Subordinated Perpetual Note, such payment in respect of the Issuer's or the Guarantor's (as the case may be) Parity Obligations are to be made on a pro-rata basis).

(vii) **Satisfaction of Arrears of Distribution by payment:** The Issuer:

- (A) may satisfy any Arrears of Distribution (in whole or in part) at any time by giving notice of such election to the Noteholders (in accordance with Condition 14) and to the Trustee and the Issuing and Paying Agent in writing not more than 20 nor less than 10 Business Days (or such other notice period as may be specified hereon) prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Arrears of Distribution on the payment date specified in such notice); and
- (B) in any event shall satisfy any outstanding Arrears of Distribution (in whole but not in part) on the earlier of:
  - (1) the date of redemption of the Perpetual Notes in accordance with the redemption events set out in Condition 5 (as applicable);
  - (2) the next Distribution Payment Date on the occurrence of a breach of Condition 4(h)(vi) or the occurrence of a Compulsory Distribution Payment Event; and
  - (3) the date such amount becomes due under Condition 9 or on a winding-up of the Issuer.

Any partial payment of outstanding Arrears of Distribution by the Issuer shall be shared by the Noteholders or Couponholders of all outstanding Perpetual Notes and the Coupons relating to them on a pro-rata basis. Further provisions relating to this Condition 4(h)(vii) may be specified in the applicable Pricing Supplement.

(viii) **No default:** Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of any Distribution payment in accordance with this Condition 4(h) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 9) on the part of the Issuer under the Perpetual Notes or the Guarantor under the Guarantee or for any other purpose.

(i) **Determination and Publication of Distribution Rates, Distribution Amounts and Early Redemption Amounts:** The Calculation Agent shall, as soon as practicable on each Distribution Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Distribution Amounts for the relevant Distribution Accrual Period, calculate the Early Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Distribution Rate and the Distribution Amounts for each Distribution Accrual Period and the relevant Distribution Payment Date and, if required to be calculated, the Early Redemption Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Perpetual Notes that is to make a further calculation upon receipt of such information as soon as possible after their determination but in no event later than (i) the commencement of the relevant Distribution Period, if determined prior to such time, in the case of notification to such exchange of a Distribution Rate and Distribution Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Distribution Payment Date or Distribution Period Date is subject to adjustment pursuant to Condition 4(b)(ii) or Condition 4(c)(ii), the Distribution Amounts and the Distribution Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Distribution Period. If the Perpetual Notes become due and payable under Condition 9, the accrued Distributions and the Distribution Rate payable in respect of the Perpetual Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 4 but no publication of the Distribution Rate or the Distribution Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall be final and binding upon all parties.

(j) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**“Business Day”** means:

- (i) in the case of Perpetual Notes denominated in a currency other than Singapore dollars, euros or Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and the principal financial centre for such currency; and/or
- (ii) in the case of Perpetual Notes denominated in euros, a day on which the TARGET system is operating (a **“TARGET Business Day”**) and a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and the principal financial centre for such currency; and/or
- (iii) in the case of Perpetual Notes denominated in Renminbi, if cleared through the CMU Service, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong, if cleared through the CDP System, a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Singapore and Hong Kong and, if cleared through Euroclear and

Clearstream, Luxembourg, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London; and/or

- (iv) in the case of Singapore Dollar Perpetual Notes, if cleared through the CDP System, a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments to Singapore and, if cleared through Euroclear and Clearstream, Luxembourg, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London; and/or
- (v) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

“**CNY**” and “**Renminbi**” means the lawful currency for the time being of the PRC.

“**Day Count Fraction**” means, in respect of the calculation of an amount of Distribution on any Perpetual Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting a Distribution Period or a Distribution Accrual Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual**” or “**Actual/Actual – ISDA**” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/360**” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (iv) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (v) if “**30E/360**” or “**Eurobond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

where:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vi) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a *formula* basis as follows:

where:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30; and

(vii) if “**Actual/Actual-ICMA**” is specified hereon,

- (A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
- (B) if the Calculation Period is longer than one Determination Period, the sum of:
  - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
  - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year;

where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date.

“**Determination Date**” means the date(s) specified as such hereon or, if none is so specified, the Distribution Payment Date(s).

“**Distribution Accrual Period**” means the period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Period Date and each successive period beginning on (and including) a Distribution Period Date and ending on (but excluding) the next succeeding Distribution Period Date.

“**Distribution Amount**” means:

- (x) in respect of a Distribution Accrual Period, the amount of Distribution payable per Calculation Amount for that Distribution Accrual Period and which, in the case of Fixed Rate Perpetual Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Distribution Payment Date ending the Distribution Period of which such Distribution Accrual Period forms part; and
- (y) in respect of any other period, the amount of Distribution payable per Calculation Amount for that period.

“**Distribution Commencement Date**” means the Issue Date or such other date as may be specified hereon.



**“Distribution Determination Date”** means (x) in the case of Non-Singapore Dollar Perpetual Notes, with respect to a Distribution Rate and Distribution Accrual Period, the date specified as such hereon or, if none is so specified, the first day of such Distribution Accrual Period if the Specified Currency is Sterling or Renminbi or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Distribution Accrual Period if the Specified Currency is neither Sterling nor euro nor Renminbi or the day falling two TARGET Business Days prior to the first day of such Distribution Accrual Period if the Specified Currency is euro; or (y) in the case of Singapore Dollar Perpetual Notes, in respect of any Distribution Accrual Period, that number of Business Days in Singapore prior to the first day of the Distribution Accrual Period as specified hereon.

**“Distribution Period”** means the period beginning on and including the Distribution Commencement Date and ending on but excluding the first Distribution Payment Date and each successive period beginning on and including a Distribution Payment Date and ending on but excluding the next succeeding Distribution Payment Date.

**“Distribution Period Date”** means each Distribution Payment Date unless otherwise specified hereon.

**“Distribution Rate”** means the rate of distribution payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

**“euros”** means the lawful currency of member states of the European Union that adopt the single currency introduced in accordance with the Treaty establishing the European Community, as amended from time to time.

**“Euro-zone”** means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

**“ISDA Definitions”** means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

**“PRC”** means the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan.

**“Reference Banks”** means (i) in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market; (ii) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market; and (iii) in the case of a determination of the relevant Reference Rate, SIBOR or Swap Rate, the principal Singapore office of three major banks in the Singapore inter-bank market, in each case selected by the Issuer and notified in writing to the Calculation Agent or as specified hereon.

**“Reference Rate”** means the rate specified as such hereon.

**“Relevant Screen Page”** means such page, section, caption, column or other part of a particular information service as may be specified hereon or such other page, section, caption, column or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

**“Relevant Time”** means 11.00 a.m. (Singapore time).

**“Singapore dollars”** and **“S\$”** means the lawful currency for the time being of the Republic of Singapore.

**“Specified Currency”** means the currency specified as such hereon or, if none is specified, the currency in which the Perpetual Notes are denominated.

**“Sterling”** and **“£”** means the lawful currency for the time being in the United Kingdom.

**“TARGET System”** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

**“U.S. Dollars”** means the lawful currency for the time being of the United States of America.

- (k) **Calculation Agents:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Perpetual Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under these Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Distribution Rate for a Distribution Accrual Period or to calculate any Distribution Amount or Early Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. No Calculation Agent appointed in respect of the Perpetual Notes may resign its duties without a successor having been appointed as aforesaid.

(l) **Benchmark Discontinuation:**

(i) ***Independent Adviser***

If a Benchmark Event occurs in relation to an Original Reference Rate when any Distribution Rate (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(l)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 4(l)(iv)). In making such determine, the Independent Adviser appointed pursuant to this Condition 4(l) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Guarantor, the Trustee, the Principal Paying Agent, the Paying Agents, the Noteholders, the Receiptholders or the Couponholders for any determination made by it pursuant to this Condition 4(l).

If (A) the Issuer is unable to appoint an Independent Adviser; or (B) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4(l)(i) prior to the relevant Interest Determination Date, the Distribution Rate applicable to the next succeeding Interest Period shall be equal to the Distribution Rate last determined in relation to the Perpetual Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Distribution Rate

shall be the initial Rate of Interest. Where a different Margin or Maximum Distribution Rate or Minimum Distribution Rate is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Distribution Rate or Minimum Distribution Rate relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum Distribution Rate or Minimum Distribution Rate relating to that last preceding Interest Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4(l)(i).

(ii) ***Successor Rate or Alternative Rate***

If the Independent Adviser determines that:

- (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Distribution Rate (or the relevant component part thereof) for all future payments of interest on the Perpetual Notes (subject to the operation of this Condition 4(l)); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread subsequently be used in place of the Original Reference Rate to determine the Distribution Rate (or the relevant component part thereof) for all future payments of interest on the Perpetual Notes (subject to the operation of this Condition 4(l)).

(iii) ***Adjustment Spread***

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(iv) ***Benchmark Adjustments***

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4(l) and the Independent Adviser, determines (A) that amendments to these Conditions and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (B) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(l)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate in English signed by an Authorised Signatory of the Issuer pursuant to Condition 4(l)(v), the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, inter alia, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way.

In connection with any such variation in accordance with this Condition 4(l)(iv), the Issuer shall comply with the rules of any stock exchange on which the Perpetual Notes are for the time being listed or admitted to trading.

(v) ***Notices, etc.***

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4(l) will be notified promptly by the Issuer to the Trustee, the Principal Paying Agent and, in accordance with Condition 16, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate in English signed by an authorised officer of the Issuer:

- (A) confirming (1) that a Benchmark Event has occurred, (2) the Successor Rate or, as the case may be, the Alternative Rate, (3) the applicable Adjustment Spread and (4) the specific terms of any Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4(l); and
- (B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Trustee shall be entitled to rely conclusively on such certificate (without liability to any person) as sufficient evidence thereof and shall not be liable to the Issuer, the Guarantor, the Noteholders, the Couponholders or any other person for so doing. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Guarantor, the Trustee, the Principal Paying Agent and the Noteholders.

(vi) ***Survival of Original Reference Rate***

Without prejudice to the obligations of the Issuer under Conditions 4(l)(i), 4(l)(ii), 4(l)(iii) and 4(l)(iv), the Original Reference Rate and the fallback provisions provided for in Condition 4(l)(ii) will continue to apply unless and until a Benchmark Event has occurred.

(vii) ***Definitions***

As used in this Condition 4(l):

**“Adjustment Spread”** means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body, or (if no such recommendation has been made, or in the case of an Alternative Rate);

- (ii) the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate, or (if the Independent Adviser determines that no such spread is customarily applied); or
- (iii) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

**“Alternative Rate”** means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 4(l)(ii) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same Specified Currency as the Perpetual Notes.

**“Benchmark Amendments”** has the meaning given to it in Condition 4(l)(iv).

**“Benchmark Event”** means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five business days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Perpetual Notes; or
- (v) it has become unlawful for the Principal Paying Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate.

**“Independent Adviser”** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4(l)(i).

**“Original Reference Rate”** means the originally-specified benchmark or screen rate (as applicable) used to determine the Distribution Rate (or any component part thereof) on the Perpetual Notes.

**“Relevant Nominating Body”** means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

**“Successor Rate”** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

## **5 Redemption and Purchase**

- (a) **No Fixed Redemption Date:** The Perpetual Notes are perpetual notes in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 3 and without prejudice to Condition 9), only have the right to redeem or purchase them in accordance with the following provisions of this Condition 5.
- (b) **Redemption for Taxation Reasons:** The Perpetual Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date (if this Perpetual Note is a Floating Rate Perpetual Note) or at any time (if this Perpetual Note is not a Floating Rate Perpetual Note), on giving not less than 30 nor more than 60 days’ irrevocable notice to the Noteholders at their principal amount (together with Distributions (including any Arrears of Distribution and any Additional Distribution Amount, if applicable) accrued to but excluding the date fixed for redemption but unpaid), if:
  - (i) the Issuer (or if the Guarantee was called, the Guarantor) satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 7 as a result of any change in, or amendment to, the laws (or regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or, in each case, any authority thereof or therein having power to tax (or any taxing authority of any taxing jurisdiction to which the Issuer or the Guarantor, as the case may be, is or has become subject), or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, or the Perpetual Notes do or will not be regarded as **“debt securities”** for the purposes of Section 43N(4) of the Income Tax Act, Chapter 134 of Singapore (the **“ITA”**) and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations, or Distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable and such payments will not be entitled to the tax concessions and exemptions (including the withholding tax exemption) available to interest payable on **“qualifying debt securities”** under the ITA, or distributions will not be regarded as sums **“payable by way of interest upon money borrowed”** for the purposes of Section 14(1)(a) of the ITA, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Perpetual Notes; and



- (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Perpetual Notes (or Guarantee, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Issuer shall deliver to the Trustee a certificate in English signed by two Authorised Signatories of the Issuer stating that the obligation referred to in (i) above of this Condition 5(b) cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it. The Trustee shall be entitled, without further enquiry and without liability to any Noteholder, any Couponholder or any other person, to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 5(b), in which event it shall be conclusive and binding on the Noteholders and Couponholders.

- (c) **Redemption for Accounting Reasons:** If Redemption for Accounting Reasons is specified hereon, the Perpetual Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' irrevocable notice to the Noteholders at their principal amount (together with Distributions (including any Arrears of Distribution and any Additional Distribution Amount, if applicable) accrued to but excluding the date fixed for redemption but unpaid) if, as a result of any changes or amendments to the Singapore Financial Reporting Standards (International) issued by the Singapore Accounting Standards Council as amended from time to time ("**SFRS(I)**") or any other accounting standards that may replace SFRS(I) for the purposes of the consolidated financial statements of the Guarantor as amended from time to time (the "**Relevant Accounting Standards**"), the Perpetual Notes and/or the Guarantee of the Perpetual Notes must not or must no longer be recorded as "equity" of the Guarantor pursuant to the Relevant Accounting Standards.

Prior to the publication of any notice of redemption pursuant to this Condition 5(c), the Guarantor shall deliver to the Trustee a certificate in English signed by two Authorised Signatories of the Guarantor stating that the circumstances referred to above prevail and setting out the details of such circumstances and an opinion addressed to the Trustee of the Guarantor's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standards is due to take effect. The Trustee shall be entitled without further enquiry and without liability to any Noteholder, Couponholder or any other person to rely on such certificate and opinion and it shall be conclusive evidence of the satisfaction of the entitlement of the Issuer to publish a notice of redemption pursuant to this Condition 5(c). Each such certificate and opinion shall be conclusive and binding on Noteholders and Couponholders. All Perpetual Notes shall be redeemed on the date specified in such notice in accordance with this Condition 5(c), provided that such date for redemption shall be no earlier than 90 days prior to the last day before the date on which the Perpetual Notes and/or the Guarantee of the Perpetual Notes must not or must no longer be so recorded as "equity" of the Guarantor pursuant to the Relevant Accounting Standards.

- (d) **Redemption for tax deductibility reasons:** The Perpetual Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' irrevocable notice to the Noteholders in accordance with Condition 14 and to the Trustee, the Issuing and Paying Agent, the CMU Lodging and Paying Agent or the CDP Issuing and Paying Agent, as the case may be, and the Registrar in writing, at the Early Redemption Amount as specified in the applicable Pricing Supplement if the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:
- (i) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein (or any taxing authority of any taxing jurisdiction to which the Issuer or the Guarantor, as the case may be, is or has become subject) which is enacted, promulgated, issued or becomes effective on or after the Issue Date;
  - (ii) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective on or after the Issue Date; or
  - (iii) any applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the position advised by the Issuer's tax advisers or the previously generally accepted position which is issued or announced on or before the Issue Date,

the Distributions (including any Arrears of Distribution and any Additional Distribution Amount) by the Issuer would no longer be, or within 90 days of the date of the opinion referred to in paragraph (y) below of this Condition 5(d) would no longer be, regarded as sums "**payable by way of interest upon any money borrowed**" for the purpose of Section 14(1)(a) of the ITA ("**Tax Deductibility Event**"), provided that no notice of redemption may be given earlier than 90 days prior to the effective date on which payments on the Perpetual Notes would not be regarded as sums "**payable by way of interest upon any money borrowed**" for the purpose of Section 14(1)(a) of the ITA.

Prior to the publication of any notice of redemption pursuant to this Condition 5(d), the Issuer shall deliver or procure that there is delivered to the Trustee (x) a certificate in English signed by two Authorised Signatories of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances and (y) an opinion of the Issuer's independent auditors or tax advisers of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change, amendment, interpretation or pronouncement has taken place or is due to take effect, and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above in this Condition 5(d) in which event the same shall be conclusive and binding on the Noteholders.

- (e) **Redemption at the Option of the Issuer:** If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) and to the Trustee, the Issuing and Paying Agent, the CMU Lodging and Paying Agent or the CDP Issuing and Paying Agent, as the case may be, and the Registrar in writing, redeem all or, if so provided, some of the Perpetual Notes on any Optional Redemption Date. Any such redemption of Perpetual Notes shall be at their principal amount (together with

Distributions (including any Arrears of Distribution and any Additional Distribution Amount, if applicable) accrued to but excluding the date fixed for redemption but unpaid).

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 5(e).

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Perpetual Notes shall specify the principal amount of Registered Perpetual Notes drawn and the holder(s) of such Registered Perpetual Notes, to be redeemed, which shall have been drawn in such place and in such manner as determined by the Issuer and notified in writing to the Trustee, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (f) **Redemption in the case of Minimal Outstanding Amount:** If Minimal Outstanding Amount Redemption Option is specified hereon, the Issuer may, at any time, on giving not less than 30 nor more than 60 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) and to the Trustee, the Issuing and Paying Agent, the CMU Lodging and Paying Agent or the CDP Issuing and Paying Agent, as the case may be, and the Registrar in writing, redeem the Perpetual Notes, in whole, but not in part, at their principal amount (together with Distributions (including any Arrears of Distribution and any Additional Distribution Amount, if applicable) accrued to but excluding the date fixed for redemption but unpaid) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Notes outstanding is less than 10% of the aggregate principal amount originally issued. All Perpetual Notes shall be redeemed on the date specified in such notice in accordance with this Condition 5(f).
- (g) **No Other Redemption:** The Issuer shall not be entitled to redeem the Perpetual Notes and shall have no obligation to make any payment of principal in respect of the Perpetual Notes otherwise than as provided in Condition 5(b) and, to the extent specified hereon, in Conditions 5(c) to 5(f) (both inclusive), and as otherwise specified hereon.
- (h) **Purchases:** Each of the Issuer, the Guarantor and their respective Subsidiaries as defined in the Trust Deed may at any time purchase Perpetual Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.
- (i) **Cancellation:** All Perpetual Notes purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Perpetual Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Perpetual Notes, by surrendering the Certificate representing such Perpetual Notes to the Registrar and, in each case, if so surrendered, the same shall, together with all Perpetual Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Perpetual Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Perpetual Notes shall be discharged.

## 6 Payments and Talons

- (a) **Bearer Notes:** Payments of principal and Distributions (including any Arrears of Distribution and any Additional Distribution Amount) in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Perpetual Notes (in the case of all payments of principal and, in the case of Distribution, as specified in Condition 6(f)(v)) or Coupons (in the case of Distributions, save as specified in Condition 6(f)(ii)), as the case may be:

- (A) in the case of a currency other than Renminbi by transfer to an account denominated in such currency with, a Bank; and
- (B) in the case of Renminbi, by transfer to a relevant account maintained by or on behalf of the Noteholder with a bank in Hong Kong. If a holder does not maintain a relevant account in respect of a payment to be made under the Perpetual Notes, the Issuer reserves the right, in its sole discretion and upon such terms as it may determine, to make arrangements to pay such amount to that holder by another means, provided that the Issuer shall not have any obligation to make any such arrangements.

For the purpose of this Condition 6(a):

**“relevant account”** means the Renminbi account maintained by or on behalf of the Noteholder with:

- (i) in the case of Notes cleared through the CMU Service, a bank in Hong Kong; or
- (ii) in the case of Notes cleared through the CDP System, a bank in Singapore or Hong Kong.

In this Condition 6(a) and in Condition 6(b), **“Bank”** means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) **Registered Perpetual Notes:**

- (A) Payments of principal in respect of Registered Perpetual Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 6(b)(B).
- (B) Distribution on Registered Perpetual Notes shall be paid to the person shown on the Register at the close of business (i) on the fifteenth day before the due date for payment thereof or (ii) in the case of Perpetual Notes denominated in Renminbi, on the fifth day before the due date for payment thereof (the **“Record Date”**). Payments of Distributions on each Registered Perpetual Note shall be made:
- (x) in the case of a currency other than Renminbi, in the relevant currency by transfer to an account in the relevant currency maintained by the payee with a Bank; and
- (y) in the case of Renminbi, by transfer to the registered account of the Noteholder. If a holder does not maintain a registered account in respect of a payment to be made under the Perpetual Notes, the Issuer reserves the right, in its sole discretion and upon such terms as it may determine, to make arrangements to pay such amount to that holder by another means, provided that the Issuer shall not have any obligation to make any such arrangements.

For the purposes of this Condition 6(b):

**“registered account”** means the Renminbi account maintained by or on behalf of the Noteholder with:

- (i) in the case of Notes cleared through the CMU Service, a bank in Hong Kong; or
- (ii) in the case of Notes cleared through the CDP System, a bank in Singapore or Hong Kong,

details of which appear on the Register at the close of business on the fifth business day before the due date for payment.

- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. Dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Perpetual Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (d) **Payments subject to Fiscal Laws:** Save as provided in Condition 7, all payments will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws to which the Issuer or the Guarantor agrees to be subject and the Issuer or the Guarantor will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the CDP Issuing and Paying Agent, the Paying Agents, the Registrars, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the CDP Issuing and Paying Agent, the Paying Agents, the Registrars, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantor reserve the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain:
  - (i) an Issuing and Paying Agent;
  - (ii) a Registrar in relation to Registered Perpetual Notes;
  - (iii) a Transfer Agent in relation to Registered Perpetual Notes;
  - (iv) a CMU Lodging and Paying Agent in relation to Perpetual Notes accepted for clearance through the CMU Service;
  - (v) a CDP Issuing and Paying Agent in relation to Perpetual Notes cleared through the CDP System;

- (vi) one or more Calculation Agent(s) where the Conditions so require; and
- (vii) such other agents as may be required by any other stock exchange on which the Perpetual Notes may be listed.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. Dollars in the circumstances described in Condition 6(c).

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

**(f) Unmatured Coupons and unexchanged Talons:**

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Perpetual Notes, such Perpetual Notes should be surrendered for payment together with all unmaturing Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the principal amount or Early Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).
  - (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Perpetual Note, unmaturing Coupons relating to such Perpetual Note (whether or not attached) shall become void and no payment shall be made in respect of them.
  - (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Perpetual Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
  - (iv) Where any Bearer Note that provides that the relative unmaturing Coupons are to become void upon the due date for redemption of those Perpetual Notes is presented for redemption without all unmaturing Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer or the Issuing and Paying Agent may require.
  - (v) If the due date for redemption of any Perpetual Note is not a Distribution Payment Date, Distributions accrued from the preceding Distribution Payment Date or the Distribution Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be.
- (g) Talons:** On or after the Distribution Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).



- (h) **Non-Business Days:** If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 6(h), “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “**Financial Centres**” hereon and:
- (i) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
  - (ii) (in the case of a payment in euro) which is a TARGET Business Day; or
  - (iii) (in the case of Renminbi cleared through the CMU Service) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong; or
  - (iv) (in the case of Renminbi cleared through the CDP System) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Singapore and Hong Kong.
- (i) **Renminbi fallback:** Notwithstanding any other provision in these Conditions, if by reason of Inconvertibility, Non-transferability or Illiquidity, neither the Issuer nor the Guarantor, in their sole discretion, is able to satisfy payments of principal or distributions in respect of Notes when due in Renminbi (in the case of Notes cleared through the CMU Service) in Hong Kong, or (in the case of Notes cleared through the CDP System) in Singapore, the Issuer or the Guarantor as the case may be, on giving not less than 10 nor more than 30 days’ irrevocable notice to the Noteholders and the Paying Agent prior to the due date for the relevant payment, settle any such payment (in the case of Notes cleared through the CMU Service) in U.S. Dollars, or (in the case of Notes cleared through the CDP System) in Singapore dollars, on the due date at, (in the case of Notes cleared through the CMU Service), the U.S. Dollar Equivalent or, (in the case of Notes cleared through the CDP System), the Singapore Dollar Equivalent of any such Renminbi denominated amount.

In such event, payment of the U.S. Dollar Equivalent or the Singapore Dollar Equivalent (as applicable) of the relevant amounts due under the Perpetual Notes shall be made by:

- (i) in the case of Notes cleared through the CMU Service, in U.S. Dollars by transfer to a U.S. Dollar denominated account with a bank in New York City; or
- (ii) in the case of Notes cleared through the CDP System, transfer to a Singapore dollar denominated account maintained by the payee with a bank in Singapore.

In this Condition 6(h):

**“Determination Business Day”** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange):

- (i) in the case of Notes cleared through the CMU Service, in Hong Kong, in Singapore and in New York City; or
- (ii) in the case of Notes cleared through the CDP System, in Singapore;

**“Determination Date”** means the day which:

- (i) in the case of Notes cleared through the CMU Service, is two Determination Business Days before the due date of the relevant amount under these Conditions; or
- (ii) in the case of Notes cleared through the CDP System, is seven Determination Business Days before the due date of the relevant amount under these Conditions;

**“Governmental Authority”** means:

- (i) in the case of Notes cleared through the CMU Service, any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong; or
- (ii) in the case of Notes cleared through the CDP System, the Monetary Authority of Singapore or any other governmental authority or any other entity (private or public) charged with the regulation of the financial markets of Singapore;

**“Illiquidity”** means:

- (i) in the case of Notes cleared through the CMU Service, the general Renminbi exchange market in Hong Kong becomes illiquid as a result of which the Issuer or the Guarantor cannot obtain sufficient Renminbi in order to satisfy its obligation to pay distributions or principal in respect of the Perpetual Notes as determined by the Issuer or the Guarantor in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers; or
- (ii) in the case of Notes cleared through the CDP System, the general Renminbi exchange market in Singapore becomes illiquid as a result of which the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay distributions or principal in respect of the Perpetual Notes as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers selected by the Issuer;

**“Inconvertibility”** means the occurrence of any event that makes it impossible (where it had previously been possible) for the Issuer or the Guarantor to convert any amount due in respect of the Perpetual Notes in the general Renminbi exchange market in, in the case of Notes cleared through the CMU Service, Hong Kong, or, in the case of Notes cleared through the CDP System, Singapore, other than where such impossibility is due solely to the failure of the Issuer or the Guarantor to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer or the Guarantor, due to an event beyond its control, to comply with such law, rule or regulation);

**“Non-transferability”** means the occurrence of any event that makes it impossible for the Issuer or the Guarantor to transfer Renminbi between accounts:

- (i) in the case of Notes cleared through the CMU Service, inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer or the Guarantor to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer or the Guarantor, due to an event beyond its control, to comply with such law, rule or regulation) in Hong Kong and in New York City; or
- (ii) in the case of Notes cleared through the CDP System, inside Singapore or from an account inside Singapore to an account outside Singapore and outside the PRC or from an account outside Singapore and outside the PRC to an account inside Singapore, other than where such impossibility is due solely to the failure of the Issuer or the Guarantor to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer or the Guarantor, due to an event beyond its control, to comply with such law, rule or regulation);

**“Renminbi Dealer”** means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in:

- (i) in the case of Notes cleared through the CMU Service, Hong Kong; and
- (ii) in the case of Notes cleared through the CDP System, in Singapore;

**“Singapore Dollar Equivalent”** means the Renminbi amount converted into Singapore dollars using the relevant Spot Rate for the relevant Determination Date;

**“Spot Rate”** means:

- (i) in the case of Notes cleared through the CMU Service, the spot CNY/U.S. Dollar exchange rate for the purchase of U.S. Dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Determination Business Days, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF.

If such rate is not available, the Calculation Agent will determine the Spot Rate at or around 11.00 a.m. (Hong Kong time) on the Determination Date as the most recently available CNY/U.S. Dollar official fixing rate for settlement in two Determination Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate; or

- (ii) in the case of Notes cleared through the CDP System, for a Determination Date, means the spot Renminbi/Singapore dollar exchange rate as determined by the Issuer at or around 11.00 a.m. (Singapore time) on such date in good faith and in a reasonable commercial manner, and if a spot rate is not readily available, the Issuer may determine the rate taking into consideration all available information which the Issuer deems relevant, including pricing information obtained from the Renminbi non-deliverable exchange market in Singapore or elsewhere and the PRC domestic foreign exchange market in Singapore.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7(i) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Agents and all Noteholders; and

**“U.S. Dollar Equivalent”** means the Renminbi amount converted into U.S. Dollars using the relevant Spot Rate for the relevant Determination Date.

## 7 Taxation

All payments of principal and Distributions (including any Arrears of Distribution and any Additional Distribution Amount) by or on behalf of the Issuer or the Guarantor in respect of the Perpetual Notes and the Coupons or under the Guarantee shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, in relation to Singapore Dollar Perpetual Notes, the Issuer or, as the case may be, the Guarantor will not be obliged to pay any additional amounts in respect of any such withholding or deduction from payments in respect of such Singapore Dollar Perpetual Notes for, or on account of, any such taxes or duties, and in relation to Non-Singapore Dollar Perpetual Notes, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Perpetual Note or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is (i) treated as a resident of Singapore or as having a permanent establishment in Singapore for tax purposes or (ii) liable to such taxes, duties, assessments or governmental charges in respect of such Perpetual Note or Coupon by reason of his having some connection with Singapore other than the mere holding of the Perpetual Note or Coupon; or
- (b) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day.

As used in these Conditions, **“Relevant Date”** in respect of any Perpetual Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Perpetual Note (or relative Certificate) or Coupon being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) **“principal”** shall be deemed to include any premium payable in respect of the Perpetual Notes, any Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it and (ii) **“principal”, “Distribution”, “Arrears of Distribution” and “Additional Distribution Amount”** shall be deemed to include any additional amounts in respect of any principal, Distribution, Arrears of Distribution or Additional Distribution Amount (as the case may be) may be payable under this Condition 7 or any undertaking given in addition to or in substitution for it under the Trust Deed.

## 8 Prescription

Claims against the Issuer and/or the Guarantor for payment in respect of the Perpetual Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or 5 years (in the case of Distributions) from the appropriate Relevant Date in respect of them.

## 9 Non-payment

(a) **Non-payment when due:** Notwithstanding any of the provisions below in this Condition 9, the right to institute proceedings for winding-up is limited to circumstances where payment has become due. In the case of any Distribution, such Distribution will not be due if the Issuer has elected to defer that Distribution in accordance with Condition 4(h). In addition, nothing in this Condition 9, including any restriction on commencing proceedings, shall in any way restrict or limit the rights of the Trustee or any of its directors, officers, employees or Appointees to claim from or to otherwise take any action against the Issuer and/or the Guarantor in respect of any costs, charges, fees or expenses properly incurred or liabilities incurred by such party pursuant to or in connection with the Perpetual Notes or the Trust Deed.

(b) **Proceedings for winding-up:** If:

- (i) an order is made or an effective resolution is passed for the winding-up of the Issuer or the Guarantor; or
- (ii) the Issuer shall not make payment in respect of the Perpetual Notes or the Guarantor shall not make payment in respect of the Guarantee, as the case may be, for a period of 10 days or more after the date on which such payment is due,

(together, the “**Enforcement Events**”),

the Issuer (or, as the case may be, the Guarantor) shall be deemed to be in default under the Trust Deed and the Perpetual Notes (in the case of the Issuer) and the Guarantee (in the case of the Guarantor) and where such Enforcement Event is continuing, the Trustee may, subject to the provisions of Condition 9(d), institute proceedings for the winding-up of the Issuer (or, as the case may be, the Guarantor) and/or prove in the winding-up of the Issuer (or, as the case may be, the Guarantor) and/or claim in the liquidation of the Issuer and/or the Guarantor for such payment.

(c) **Enforcement:** Without prejudice to Condition 9(a) and Condition 9(b) but subject to the provisions of Condition 9(d), the Trustee may without further notice to the Issuer or the Guarantor take such steps and/or actions and/or institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce any term or condition binding on the Issuer and/or the Guarantor under the Perpetual Notes or the Guarantee (other than any payment obligation of the Issuer or the Guarantor under or arising from the Perpetual Notes or the Guarantee, including, without limitation, payment of any principal or premium or satisfaction of any Distributions (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Perpetual Notes or the Guarantee, including any damages awarded for breach of any obligations) and in no event shall the Issuer or the Guarantor, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

- (d) **Entitlement of Trustee:** The Trustee shall not and shall not be obliged to take any of the actions referred to in Condition 9(b) or Condition 9(c) against the Issuer and/or the Guarantor to enforce the terms of the Trust Deed, the Guarantee or the Perpetual Notes unless:
- (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or requested in writing by the Noteholders of at least 25% in principal amount of the Perpetual Notes then outstanding; and
  - (ii) it shall have first been indemnified and/or secured and/or pre-funded to its satisfaction.
- (e) **Right of Noteholders:** No Noteholder shall be entitled to proceed directly against the Issuer or the Guarantor or to institute proceedings for the winding-up or claim in the liquidation of the Issuer and/or the Guarantor or to prove in such winding-up unless the Trustee, having become so bound to proceed or being able to prove in such winding-up or claim in such liquidation, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholder shall have only such rights against the Issuer and/or the Guarantor as those which the Trustee is entitled to exercise as set out in this Condition 9.
- (f) **Extent of Noteholders' remedy in respect of Subordinated Perpetual Notes:** No remedy against the Issuer or the Guarantor, other than as referred to in this Condition 9, shall be available to the Trustee or the Noteholders of Subordinated Perpetual Notes, whether for the recovery of amounts owing in respect of the Trust Deed, the Subordinated Perpetual Notes or the Guarantee or in respect of any breach by the Issuer or the Guarantor of any of its other obligations under or in respect of the Trust Deed, the Guarantee or the Subordinated Perpetual Notes (as applicable).

## 10 Meetings of Noteholders, Modification, Waiver and Substitution

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including without limitation the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if requested in writing by Noteholders holding not less than 10% in principal amount of the Perpetual Notes for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing more than 50% in principal amount of the Perpetual Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Perpetual Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*:
- (i) to modify the maturity of the Perpetual Notes or to amend the dates of redemption of the Perpetual Notes, or the dates on which any Distribution (including Arrears of Distribution or Additional Distribution Amounts) is payable on the Perpetual Notes;
  - (ii) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Perpetual Notes;



- (iii) to reduce the Distribution Rate in respect of the Perpetual Notes or to vary the method or basis of calculating the Distribution Rate or the basis for calculating any Distribution Amount in respect of the Perpetual Notes;
- (iv) if a Minimum Distribution Rate and/or a Maximum Distribution Rate or Redemption Amount is shown hereon, to reduce any such Minimum Distribution Rate and/or Maximum Distribution Rate;
- (v) to vary any method of, or basis for, calculating the Early Redemption Amount;
- (vi) to vary the currency or currencies of payment or denomination of the Perpetual Notes;
- (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution;
- (viii) to modify or cancel the Guarantee; or
- (ix) if this Perpetual Note is a Subordinated Perpetual Note, to amend the subordination provisions in the Trust Deed, the Guarantee relating to the Subordinated Perpetual Notes or these Conditions (as they relate to the subordination of Subordinated Perpetual Notes),

in which case the necessary quorum shall be two or more persons holding or representing not less than 75%, or at any adjourned meeting not less than 25%, in principal amount of the Perpetual Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75% in principal amount of the Perpetual Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

*These Conditions may be amended, modified or varied in relation to any Series of Perpetual Notes by the terms of the relevant Pricing Supplement in relation to such Series.*

- (b) **Modification and Waiver of the Trust Deed:** The Trustee may agree, without the consent of the Noteholders or Couponholders, to:
  - (i) any modification of any of the provisions of the Trust Deed, the Agency Agreement and/or these Conditions that is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of applicable law or as required by Euroclear and/or Clearstream, Luxembourg and/or CMU and/or CDP; and
  - (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer to the Noteholders as soon as practicable.

- (c) **Substitution:** The Trust Deed contains provisions permitting (but not obliging) the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of the Issuer's successor in business or any Subsidiary of the Issuer or its successor in business or the substitution of the Guarantor's successor in business or any Subsidiary of the Guarantor or its successor in business in place of the Issuer or the Guarantor, as the case may be, or of any previous substituted company, as principal debtor or guarantor, as the case may be, under the Trust Deed and the Perpetual Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Perpetual Notes, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.
- (d) **Entitlement of the Trustee:** In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 10), the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee, acting for and on behalf of the Noteholders, shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer or the Guarantor or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

## 11 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor, any Subsidiary of the Issuer or the Guarantor and any entity related (directly or indirectly) to the Issuer or the Guarantor without accounting for any profit.

The Trustee may rely without liability to Noteholders, Couponholders or any other person on any report, confirmation or certificate from or any advice or opinion of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, advice or opinion, in which event such report, confirmation, certificate, advice or opinion shall be binding on the Issuer, the Guarantor, the Noteholders and the Couponholders.

## 12 Replacement of Perpetual Notes, Certificates, Coupons and Talons

If a Perpetual Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred

in connection therewith and on such terms as to evidence, security and indemnity (which may include, *inter alia*, that if the allegedly lost, stolen or destroyed Perpetual Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Perpetual Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer, the Guarantor, the Issuing and Paying Agent and/or the Registrar may require. Mutilated or defaced Perpetual Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

### **13 Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Perpetual Notes in all respects (or in all respects except for the first payment of Distribution on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Perpetual Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Perpetual Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 13 and forming a single series with the Perpetual Notes. Any further securities consolidated and forming a single series with the outstanding securities of any series (including the Perpetual Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

### **14 Notices**

Notices to the holders of Registered Perpetual Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Singapore (which is expected to be *The Business Times* or, if any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Singapore), or so long as the Notes are listed on the SGX-ST, published on the website of the SGX-ST ([www.sgx.com](http://www.sgx.com)). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 14.

*So long as the Perpetual Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held in its entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the CMU Service and/or CDP, there may be substituted for such publication in such newspapers (i) the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or the CMU Service and/or (subject to the agreement of CDP) CDP for communication by it to the Noteholders or (ii) in the case of CDP, the recorded delivery of the relevant notice to the persons shown in the latest record received from CDP as holding interests in such Global Note or Global Certificate, except that if the Perpetual Notes are listed on any stock exchange and the rules of such stock exchange so require, notice will in any event be published in accordance with the preceding paragraphs. Any such notice shall be deemed to have been given to the Noteholders on the day on which the said notice was given to, as the case may be, Euroclear and/or Clearstream, Luxembourg or the CMU Service or CDP or the date of despatch of such notice to the persons shows in the records maintained by CDP.*

*Notices to be given by any Noteholders pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Perpetual Security or Perpetual Notes, with the Issuing and Paying Agent (in the case of Bearer Perpetual Notes) or the Registrar (in the case of Certificates) or such other Agent as may be specified in these Conditions. Whilst the Perpetual Notes are represented by a Global Note or a Global Certificate, such notice may be given by any Noteholders to the Issuing and Paying Agent or, as the case may be, the Registrar or, as the case may be, such other Agent through, as the case may be, Euroclear and/or Clearstream, Luxembourg or the CMU Service or CDP in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar or, as the case may be, such other Agent and, as the case may be, Euroclear and/or Clearstream, Luxembourg or the CMU Service or CDP may approve for this purpose.*

*Notwithstanding the other provisions of this Condition, in any case where the identities and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.*

## **15 Currency Indemnity**

Any amount received or recovered in a currency other than the currency in which payment under the relevant Perpetual Note or Coupon is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or the Guarantor or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer or the Guarantor shall only constitute a discharge to the Issuer or the Guarantor, as the case may be, to the extent of the amount in the currency of payment under the relevant Perpetual Note or Coupon that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Perpetual Note or Coupon, the Issuer, failing whom the Guarantor, shall indemnify it against any loss sustained by it as a result. In any event, the Issuer, failing whom the Guarantor, shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 15, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantor's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Perpetual Note or Coupon or any other judgment or order.

## **16 Rights of Third Parties**

No person shall have any right to enforce any term or condition of the Perpetual Notes under the [Contracts (Rights of Third Parties) Act 1999]<sup>2</sup>/[Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore]<sup>3</sup> but this shall not affect any right or remedy that exists or is available apart from such Act and is without prejudice to the rights of the Noteholders as set out in Conditions 9(c) and 9(e).

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2 Include for Notes governed by English law.

3 Include for Notes governed by Singapore law.

## 17 Governing Law and Jurisdiction

- (a) **Governing Law:** The Trust Deed [as supplemented by the Supplemental Trust Deed]<sup>4</sup>, the Perpetual Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, [English]<sup>5</sup>/[Singapore]<sup>4</sup> law, except that the subordination provisions set out in Condition 3(b) applicable to the Issuer and the Guarantor shall be governed by and construed in accordance with the laws of the Republic of Singapore.
- (b) **Jurisdiction:** The Courts of [England]<sup>5</sup>/[Singapore]<sup>4</sup> are to have jurisdiction to settle any disputes that may arise out of or in connection with any Perpetual Notes, Coupons or Talons or the Guarantee and accordingly any legal action or proceedings arising out of or in connection with any Perpetual Notes, Coupons, Talons or the Guarantee (“**Proceeding**”) may be brought in such courts. Each of the Issuer and the Guarantor has in the Trust Deed irrevocably submitted to the non-exclusive jurisdiction of the courts of [England]<sup>5</sup>/[Singapore]<sup>4</sup> and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the holders of the Perpetual Notes, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).
- (c) **[Service of Process:** Each of the Issuer and the Guarantor has in the Trust Deed appointed TMF Global Services (UK) Limited at its registered office at 6 St Andrew Street, 5th Floor, London EC4A 3AE as their agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not, it is forwarded to and received by the Issuer or the Guarantor). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, each of the Issuer and the Guarantor irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment (in accordance with Condition 14) and the Trustee. Nothing shall affect the right to serve process in any manner permitted by law.]<sup>5</sup>

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4 Include for Notes governed by Singapore law.

5 Include for Notes governed by English law.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

### 1 Initial Issue of Notes

Global Notes and Global Certificates may be delivered on or prior to the original issue date of the Tranche to a common depository for Euroclear and Clearstream, Luxembourg (the **“Common Depository”**).

Upon the initial deposit of a Global Note with a Common Depository, CDP or a sub-custodian for the HKMA as operator of the CMU, or registration of Registered Notes in the name of (i) any nominee for Euroclear and Clearstream, Luxembourg, (ii) CDP and/or (iii) the HKMA as operator of the CMU and delivery of the relative Global Certificate to the Common Depository or CDP or a sub-custodian for the HKMA as operator of the CMU (as the case may be), the relevant clearing system will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### 2 Relationship of Accountholders with Clearing Systems

Save as provided in the following paragraph, each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, CDP or any other clearing system (each an **“Alternative Clearing System”**) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg, CDP or such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, CDP or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

If a Global Note or Global Certificate is lodged with the CMU, the person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in accordance with the CMU rules and procedures as notified by the CMU to the CMU Lodging and Paying Agent in a relevant CMU Instrument Position Report or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU save in the case of manifest error) shall be the only person(s) entitled, or in the case of Registered Notes, directed or deemed by the CMU as entitled, to receive payments in respect of Notes represented by such Global Note or Global Certificate and the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in respect of each amount so paid. Each of the persons shown in the records of the CMU as the beneficial holder of a particular principal amount of Notes represented by



such Global Note or Global Certificate must look solely to the CMU Lodging and Paying Agent for his share of each payment so made by the Issuer in respect of such Global Note or Global Certificate.

### **3 Exchange**

#### **3.1 Temporary Global Notes**

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “Summary of the Programme – Selling Restrictions”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

The CMU may require that any such exchange for a permanent Global Note is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Instrument Position Report (as defined in the rules of the CMU) or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) have so certified. The CMU may require the issue and deposit of such permanent Global Note with a sub-custodian without permitting the withdrawal of the temporary Global Note so exchanged, although any interests thereon exchanged shall have been properly effected in its records.

#### **3.2 Permanent Global Notes**

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes:

- (i) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or the CMU Service or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or
- (ii) if the permanent Global Note is cleared through the CDP System (as defined in “Clearance and Settlement – The Clearing Systems – CDP”) and (a) in the case of Notes other than Perpetual Notes, an Event of Default (as defined in “Terms and Conditions of the Notes other than Perpetual Notes”) has occurred and is continuing, (b) in the case of Perpetual Notes, an Enforcement Event (as defined in “Terms and Conditions of the Perpetual Notes”) has occurred and is continuing, (c) CDP has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise), (d) CDP has announced an intention to permanently cease business and no alternative clearing system is available or (e) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties as set out in the “Depository Services for Issuers of Debt and Preference Shares – Terms and Conditions” as set out in the application form prepared by the Issuer and submitted to CDP and no alternative clearing system is available.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

### **3.3 Global Certificates**

If the Pricing Supplement states that the Notes are to be represented by a Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg, CDP, the CMU or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by a Global Certificate pursuant to Condition 2(b) may only be made in part:

- (a) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (b) with the consent of the Issuer; or
- (c) if the Global Certificate is cleared through CDP and:
  - in the case of Notes other than Perpetual Notes, an Event of Default has occurred and is continuing; or
  - in the case of Perpetual Notes, an Enforcement Event has occurred and is continuing; or
  - CDP has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise); or
  - CDP has announced an intention to permanently cease business and no alternative clearing system is available; or
  - CDP has notified the Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties as set out in the “Depository Services for Issuers of Debt and Preference Shares – Terms and Conditions” as set out in the application form prepared by the Issuer and submitted to CDP and no alternative clearing system is available,

provided that, in the case of the first transfer of part of a holding pursuant to this paragraph 3.3, the Registered Holder has given the Registrar not less than 30 days’ notice at its specified office of the Registered Holder’s intention to effect such transfer.

### **3.4 Partial Exchange of Permanent Global Notes**

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly Paid Notes.

### **3.5 Delivery of Notes**

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent). In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes. In this Offering Circular, “Definitive Notes” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

The CMU may require the issue and deposit of such permanent Global Note with a sub-custodian without permitting the withdrawal of the temporary Global Note so exchanged, although any interests thereon exchanged shall have been properly effected in its records.

### **3.6 Exchange Date**

“**Exchange Date**” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due, 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

## **4 Amendment to Conditions**

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the Terms and Conditions of the Notes other than Perpetual Notes and the Terms and Conditions of the Perpetual Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

## 4.1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note (except with respect to a Global Note held through the CMU) will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Condition 7(e)(ix) and Condition 8(d) of the Terms and Conditions of the Notes other than Perpetual Notes (in the case of Notes other than Perpetual Notes) and Condition 6(e)(viii) and Condition 7(d) of the Terms and Conditions of the Perpetual Notes (in the case of Perpetual Notes) will apply to the Definitive Notes only.

For the purpose of any payments made in respect of a Global Note, the relevant place of presentation (if applicable) shall be disregarded in the definition of “business day” set out in Condition 7(h) of the Terms and Conditions of the Notes other than the Perpetual Notes (in the case of Notes other than Perpetual Notes) or Condition 6(h) of the Terms and Conditions of the Perpetual Notes (in the case of Perpetual Notes).

All payments in respect of Notes represented by a Global Certificate (other than a Global Certificate held through CDP or the CMU) will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January.

All payments in respect of Notes represented by a Global Certificate held through CDP will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the fifth business day before the due date for payment.

In respect of a Global Note or Global Certificate held through the CMU, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Global Note or Global Certificate are credited (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) at the relevant time on the day immediately prior to the date of payment on which the CMU is operating and open for business and, save in the case of final payment, no presentation of the relevant Global Note or Global Certificate shall be required for such purpose.

## 4.2 Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8 of the Terms and Conditions of the Notes other than the Perpetual Notes (in the case of Notes other than Perpetual Notes) or Condition 7 of the Terms and Conditions of the Perpetual Notes (in the case of Perpetual Notes)).

### **4.3 Meetings**

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note or the Notes represented by a Global Certificate shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

### **4.4 Cancellation**

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note or its presentation to or to the order of the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent or the CDP Issuing and Paying Agent) for endorsement in the relevant schedule of such permanent Global Note or in the case of a Global Certificate, by reduction in the aggregate principal amount of the Certificates in the Register, whereupon the principal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

### **4.5 Purchase**

Notes represented by a permanent Global Note may only be purchased by the Issuer, the Guarantor or any of their respective Subsidiaries (as defined in the Terms and Conditions of the Notes other than Perpetual Notes or, as the case may be, in the Terms and Conditions of the Perpetual Notes) if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

### **4.6 Issuer's Option**

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Terms and Conditions of the Notes other than Perpetual Notes or, as the case may be, by the Terms and Conditions of the Perpetual Notes, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, CDP, the CMU or any other clearing system (as the case may be).

### **4.7 Noteholders' Options**

Any option of the Noteholders provided for in the Terms and Conditions of the Notes other than Perpetual Notes or, as the case may be, in the Terms and Conditions of the Perpetual Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU or the CDP, the CMU Lodging and Paying Agent and the CDP Issuing and Paying Agent respectively) within the time limits relating to the deposit of Notes with a Paying Agent set out in the

Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised and the option may be exercised in respect of the whole or any part of such permanent Global Note, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU or the CDP, the CMU Lodging and Paying Agent and the CDP Issuing and Paying Agent respectively), for notation. Any option of the Noteholders provided for in the Terms and Conditions of the Notes other than Perpetual Notes or, as the case may be, in the Terms and Conditions of the Perpetual Notes while such Notes are represented by a permanent Global Certificate may be exercised in respect of the whole or any part of the holding of Notes represented by such Global Certificate.

#### **4.8 Trustee's Powers**

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders or participants with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders or participants were the holders of the Notes represented by such Global Note or Global Certificate.

#### **4.9 Notices**

So long as any Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of:

- (i) Euroclear and/or Clearstream, Luxembourg or any other clearing system (except as provided in (ii) and (iii) below of this paragraph 4.9), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Terms and Conditions of the Notes other than Perpetual Notes or, as the case may be, by the Terms and Conditions of the Perpetual Notes or by delivery of the relevant notice to the holder of the Global Note or Global Certificate; or
- (ii) CDP, subject to the agreement of CDP, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to CDP for communication by it to entitled accountholders in substitution for publication as required by the Terms and Conditions of the Notes other than Perpetual Notes or, as the case may be, by the Terms and Conditions of the Perpetual Notes or by delivery of the relevant notice to the holder of the Global Note or Global Certificate; or
- (iii) the CMU, notices to holders of Notes of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU on the second business day preceding the date of despatch of such notice as holding interests in the relevant Global Note or Global Certificate.



## **5 Partly Paid Notes**

The provisions relating to Partly Paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

## **USE OF PROCEEDS**

The net proceeds from the issue of each Tranche of Notes will be used for the purpose of refinancing existing borrowings, financing the investments and general corporate purposes of the Issuer and the Guarantor unless otherwise specified in the relevant Pricing Supplement.

## TAXATION

### Singapore Taxation

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the MAS in force as at the date of this Offering Circular and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Guarantor, the Arrangers and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

In addition, the disclosure below is on the assumption that the IRAS regards each tranche of the Perpetual Notes as “debt securities” for the purposes of the ITA and that interest payments made under each tranche of the Perpetual Notes will be regarded as interest payable on indebtedness and holders thereof may therefore enjoy the tax concessions and exemptions available for qualifying debt securities (“QDS”), provided that the other conditions for the Qualifying Debt Securities Scheme are satisfied. If any tranche of the Perpetual Notes is not regarded as “debt securities” for the purposes of the ITA, any distribution payment made under any tranche of the Perpetual Notes is not regarded as interest payable on indebtedness or holders thereof are not eligible for the tax concessions under the QDS scheme, the tax treatment to holders may differ. Investors and holders of any tranche of the Perpetual Notes should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any tranche of the Perpetual Notes.

### Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is:
  - (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore); or
  - (ii) deductible against any income accruing in or derived from Singapore; or

- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0 per cent. The applicable rate for non-resident individuals is currently 22.0 per cent. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0 per cent. The rate of 15.0 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, as the Programme as a whole was arranged by DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, Morgan Stanley Asia (Singapore) Pte., Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited, each of which was a Financial Sector Incentive (Capital Market) Company or a Financial Sector Incentive (Standard Tier) Company (as defined in the ITA) at such time, any tranche of the Notes (the **"Relevant Notes"**) issued as debt securities under the Programme during the period from the date of this Offering Circular to 31 December 2023 would be QDS for the purposes of the ITA, to which the following treatment shall apply:

- subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the **"Qualifying Income"**) from the Relevant Notes paid by the Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

- subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require), Qualifying Income from the Relevant Notes paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10.0 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- subject to:
  - (aa) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and
  - (bb) the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

- (A) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50.0 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as QDS; and
- (B) even though a particular tranche of Relevant Notes are QDS, if, at any time during the tenure of such tranche of Relevant Notes, 50.0 per cent. or more of such Relevant Notes which are outstanding at any time during the life of the issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Notes held by:
  - (i) any related party of the Issuer; or
  - (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “**related party**”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms “**break cost**”, “**prepayment fee**” and “**redemption premium**” are defined in the ITA as follows:

- “**break cost**”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

- **“prepayment fee”**, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and
- **“redemption premium”**, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to “break cost”, “prepayment fee” and “redemption premium” in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

### **Capital Gains**

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or are required to apply Singapore Financial Reporting Standard (“**FRS**”) 39, FRS 109 or SFRS(I) 9 (as the case may be) may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please refer to “Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes”.

### **Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes**

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and “opt-out” provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement”.

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or 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. The IRAS has also issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments”.

Holders of the Notes who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

### **Estate Duty**

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.



## REMITTANCE OF RENMINBI INTO AND OUTSIDE THE PRC

*The following is a general summary of the laws and regulations relating to the remittance of Renminbi into and outside the PRC. It is for general information only, and does not purport to be an exhaustive or comprehensive description of those laws and regulations.*

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to control imposed under PRC law.

### Current Account Items

Under PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers.

Prior to July 2009, all current account items were required to be settled in foreign currencies with limited exceptions. Following progressive reforms, Renminbi settlement of imports and exports of goods and of services and other current account items became permissible nationwide in 2012.

Since July 2013, the procedures for cross-border Renminbi trade settlement under current account items have been simplified and trades through e-commerce can also be settled under in Renminbi under the current regulatory regime. A cash pooling arrangement for qualified multinational enterprise group companies was introduced in late 2014, under which a multinational enterprise group can process cross-border Renminbi payments and receipts for current account items on a collective basis for eligible member companies in the group. In addition, the eligibility requirements for multinational enterprise groups have been lowered and the cap for net cash inflow has been increased in September 2015.

The regulations referred to above are subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these regulations and impose conditions for settlement of current account items.

### Capital Account Items

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of, and/or registration of filing with, the relevant PRC authorities.

Until recently, settlement of capital account items, for example, the capital contribution of foreign investors to foreign invested enterprises in the PRC, were generally required to be made in foreign currencies. Under progressive reforms, foreign enterprises are now permitted use Renminbi to settle all capital account items that can be settled in foreign currencies. Cross-border Renminbi payment infrastructure and trading facilities are being improved. Approval, registration and filing requirements specifically for capital account payments in Renminbi are being removed gradually.

PRC entities are also permitted to borrow Renminbi-denominated loans from foreign lenders (which are referred to as “**foreign debt**”) and lend Renminbi-denominated loans to foreign borrowers (which are referred to as “**outbound loans**”), as long as such PRC entities have the necessary quota, approval or registration. PRC entities may also denominate security or guarantee arrangements in Renminbi and make Renminbi payments thereunder to parties in the PRC as well as other jurisdictions (which is referred to as “**cross-border security**”). Under current rules promulgated by the State Administration of Foreign Exchange of the PRC (“**SAFE**”) and PBOC, foreign debts borrowed, outbound loans extended, and the cross-border security provided by a PRC onshore entity (including a financial institution) in Renminbi shall, in principle, be

regulated under the current PRC foreign debt, outbound loan and cross-border security regimes applicable to foreign currencies. After piloting in the free trade zones, PBOC and SAFE launched a nation-wide system of macro-prudential management on cross-border financing in 2016, which provides for a unified regime for financings denominated in both foreign currencies and Renminbi.

Since September 2015, qualified multinational enterprise groups can extend Renminbi-denominated loans to, or borrow Renminbi-denominated loans from, eligible offshore member entities within the same group by leveraging the cash pooling arrangements. The Renminbi funds will be placed in a special deposit account and may not be used to invest in stocks, financial derivatives, or non-self-use real estate assets, or purchase wealth management products or extend loans to enterprises outside the group.

The securities markets, specifically the Renminbi Qualified Foreign Institutional Investor (“**RQFII**”) regime and the China Interbank Bond Market (“**CIBM**”), have been further liberalised for foreign investors. PBOC has relaxed the quota control for RQFII, and has also expanded the list of eligible foreign investors in CIBM, removed quota restriction, and granted more flexibility for the settlement agents to provide the relevant institutions with more trading facilities (for example, in relation to derivatives for hedging foreign exchange risk).

Interbank foreign exchange market is also opening-up. In January 2016, CFETS set forth qualifications, application materials and procedure for foreign participating banks (which need to have a relatively large scale of Renminbi purchase and sale business and international influence) to access the inter-bank foreign exchange market.

Recent reforms introduced were aimed at controlling the remittance of Renminbi for payment of transactions categorised as capital account items. There is no assurance that the PRC Government will continue to gradually liberalise the control over Renminbi payments for capital account item transactions in the future. The relevant regulations are relatively new and will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

## CLEARANCE AND SETTLEMENT

*The information set out below is subject to any change in, or reinterpretation of, the rules, regulations and procedures of Euroclear and Clearstream, Luxembourg, CDP, the CMU or any other clearing system (together, the “**Clearing Systems**”) currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Guarantor, any other party to the Agency Agreement, the Arrangers nor any Dealer will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.*

The relevant Pricing Supplement will specify the Clearing System(s) applicable for each Series.

### **Bearer Notes**

The Issuer may make applications to Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. The Issuer may also apply to have Bearer Notes accepted for clearance through CDP or the CMU. In respect of Bearer Notes, a temporary Global Note and/or a permanent Global Note will be deposited with a Common Depositary, with CDP or with a sub-custodian for the HKMA as operator of the CMU. Transfers of interests in a temporary Global Note or a permanent Global Note will be made in accordance with the normal market debt securities operating procedures of the CMU, CDP, Euroclear and Clearstream, Luxembourg. Each Global Note will have an International Securities Identification Number (“**ISIN**”) and a Common Code or a CMU Instrument Number, as the case may be. Investors in Notes of such Series may hold their interests in a Global Note through Euroclear or Clearstream, Luxembourg, CDP or the CMU, as the case may be.

### **Registered Notes**

The Issuer may make applications to Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of the Notes to be represented by a Global Certificate. The Issuer may also apply to have Notes represented by a Global Certificate accepted for clearance through CDP or the CMU. Transfers of interests in a Global Certificate will be made in accordance with the normal market debt securities operating procedures of Euroclear, Clearstream, Luxembourg, CDP or the CMU, as the case may be. Each Global Certificate will have an ISIN and a Common Code or a CMU Instrument Number. Investors in Notes of such Series may hold their interests in a Global Certificate only through Euroclear or Clearstream, Luxembourg, CDP or the CMU, as the case may be.

All Registered Notes will initially be in the form of a Global Certificate. Individual Certificates will only be available in the amounts specified in the applicable Pricing Supplement.

### **Transfers of Registered Notes**

Transfers of interests in Global Certificates within Euroclear, Clearstream, Luxembourg, CDP and the CMU will be in accordance with the usual rules and operating procedures of the relevant clearing system. Beneficial interests in a Global Certificate may only be held through CDP, Euroclear or Clearstream, Luxembourg.

## **Individual Certificates**

Registration of title to Registered Notes in a name other than a depositary or its nominee for Euroclear and Clearstream, Luxembourg, CDP or the CMU will be permitted only in the circumstances set forth in “Summary of Provisions Relating to the Notes while in Global Form – Exchange – Global Certificates”. In such circumstances, the Issuer will cause sufficient individual Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual Certificates.

## **Clearance and Settlement**

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg, CDP and the CMU currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer and the Guarantor believe to be reliable, but none of the Issuer, the Guarantor, the Arrangers, the Trustee, any Agent or any Dealer or any person who controls any of them, or any of their respective officers, employees, advisers or agents, or any affiliate of any such person, takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Trustee, the Agents or any other party to the Agency Agreement or any person who controls any of them, or any of their respective officers, employees, advisers or agents, or any affiliate of any such person, will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.

## **The Clearing Systems**

The relevant Pricing Supplement will specify the Clearing System(s) applicable for each Series.

## **Euroclear and Clearstream, Luxembourg**

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of principal and interest with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by any Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant Clearing System's rules and procedures.

## CDP

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (the “**CDP System**”) maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP. CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a Global Note or Global Certificate for persons holding the Notes in securities accounts with CDP (the “**Depositors**”). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Settlement of over-the-counter trades in the Notes through the CDP System may be effected through securities sub-accounts held with corporate depositors (“**Depository Agents**”). Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the CDP System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement. Market participants may mutually agree on a different settlement period for over-the-counter trades.

CDP is not involved in money settlement between the Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Guarantor, the Trustee, the Paying Agent in Singapore or any other Agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

## The CMU

The CMU is a central depository service provided by the Central Moneymarkets Unit of the HKMA for the safe custody and electronic trading between the members of this service (“**CMU Members**”) of capital markets instruments (“**CMU Notes**”) which are specified in the CMU Reference Manual as capable of being held within the CMU.

The CMU is only available to CMU Notes issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the CMU is open to all members of the Hong Kong Capital Markets Association and “authorised institutions” under the Banking Ordinance (Cap. 155) of Hong Kong.

Compared to clearing services provided by Euroclear and Clearstream, Luxembourg, the standard custody and clearing service provided by the CMU is limited. In particular (and unlike Euroclear or Clearstream, Luxembourg), the HKMA does not as part of this service provide any facilities for the dissemination to the relevant CMU Members of payments (of interest or principal) under, or notices pursuant to the notice provisions of, the CMU Notes. Instead, the HKMA advises the lodging CMU Member (or a designated Paying Agent) of the identities of the CMU Members to whose accounts payments in respect of the relevant CMU Notes are credited, whereupon the lodging CMU Member (or the designated Paying Agent) will make the necessary payments of interest or principal or send notices directly to the relevant CMU Members. Similarly, the HKMA

will not obtain certificates of non-U.S. beneficial ownership from CMU Members or provide any such certificates on behalf of CMU Members. The CMU Lodging and Paying Agent will collect such certificates from the relevant CMU Members identified from an instrument position report obtained by request from the HKMA for this purpose.

An investor holding an interest through an account with either Euroclear or Clearstream, Luxembourg in any Notes held in the CMU will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg each have with the CMU.

Although CMU has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Guarantor, the Trustee, the Paying Agent in Singapore or any other Agent will have the responsibility for the performance by CMU of its obligations under the rules and procedures governing its operations.



## SUBSCRIPTION AND SALE

### Summary of Dealer Agreement

The Programme Dealers and any further Dealer appointed in accordance with the dealer agreement dated 29 April 2019 (as modified, supplemented and/or restated from time to time, the “**Dealer Agreement**”) have agreed with the Issuer and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer will reimburse the Arrangers for agreed expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer and the Guarantor have agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

### Certain Matters Relating to the Dealers

The Dealers and certain of their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. In connection with each Tranche of Notes issued under the Programme, the Dealers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, any of the Dealers or their respective affiliates may purchase Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Notes and/or other securities of the Issuer, the Guarantor or their respective subsidiaries or affiliates at the same time as the offer and sale of each Tranche of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Tranche of Notes to which a particular Pricing Supplement relates (notwithstanding that such selected counterparties may also be purchasers of such Tranche of Notes).

Each of the Dealers and its affiliates may also have performed certain investment banking and advisory services for the Issuer, the Guarantor and/or their respective subsidiaries or affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer, the Guarantor and/or their respective subsidiaries or affiliates in the ordinary course of their business and receive fees for so acting. In addition to the transactions noted above, each Dealer and its affiliates may engage in other transactions with, and perform services for, the Issuer, the Guarantor or their respective subsidiaries or affiliates in the ordinary course of their business. While each Dealer and its affiliates have policies and procedures to deal with conflicts of interests, any such transactions may cause a Dealer or its affiliates or its clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Notes. Each Dealer may receive returns on such transactions and has no obligation to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Notes.

The Dealers and/or their respective affiliates which are lenders and/or agents under the financing arrangements or other existing debt instruments of the Group routinely hedge their credit exposure to the Group consistent with their customary risk management policies. Typically, the Dealers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Group's securities, including potentially the Notes. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes.

## Selling Restrictions

### United States

The Notes and the Guarantee have not been and will not be registered under the Securities Act and, subject to certain exceptions, the Notes may not be offered or sold within the United States. Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell any Notes within the United States, except as permitted by the Dealer Agreement.

**Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and U.S. Treasury regulations thereunder.**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer, or sell or, in the case of Bearer Notes, deliver (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Issuing and Paying Agent by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Principal Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

### Prohibition of Sales to EEA and UK Retail Investors

Unless the Pricing Supplement in respect of the Notes specifies the “Prohibition of Sales to EEA Retail or UK Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended or superseded, “**MiFID II**”); or
  - (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”); and

- (b) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to EEA and UK Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area and the United Kingdom (each, a “**Relevant State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Offering Circular as completed by the pricing supplement in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

- (a) if the pricing supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation.

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression “**an offer of Notes to the public**” in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129.

## **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or

dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;

- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

## Hong Kong

In relation to each Tranche of Notes issued by the Issuer, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold, and will not offer or sell, in Hong Kong, by means of any document, any Notes (except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance ((Cap. 571) of Hong Kong) other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”) and any rules made under the SFO, or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (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; and
- (b) it 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 Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the SFO and any rules made under the SFO.

## Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan Law (Act No. 25 of 1948, as amended; the “**Financial Instruments and Exchange Act**”) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

## General

These selling restrictions may be modified by the agreement of the Issuer, the Guarantor and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer agrees that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Guarantor, the Trustee nor any of the other Dealers shall have any responsibility therefor.

If a jurisdiction requires that an offering of any of the Notes be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, such offering shall be deemed to be made by the Dealers or such affiliate on behalf of the Issuer (as defined in this Offering Circular) in such jurisdiction.



## FORM OF PRICING SUPPLEMENT FOR NOTES OTHER THAN PERPETUAL NOTES

*The form of Pricing Supplement that will be issued in respect of each Tranche of Notes other than Perpetual Notes, subject only to the deletion of non-applicable provisions, is set out below:*

**[MiFID II product governance/Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. *[Consider any negative target market.]* Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

**[PRIIPs REGULATION – PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”) or in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.]

[The Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]<sup>1</sup>

[Date]

**CAPITALAND TREASURY LIMITED**

**(Legal Entity Identifier: 2549009SR9TMQ3IRHP92)**

**S\$5,000,000,000**

**Euro Medium Term Note Programme**

**(established on 29 April 2019)**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
unconditionally and irrevocably guaranteed by CapitaLand Limited**

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

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<sup>1</sup> For any Notes to be offered to investors in Singapore, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes other than Perpetual Notes (the “**Conditions**”) set forth in the Offering Circular dated 21 August 2020 [and the supplemental Offering Circular dated [date]] ([together,] the “**Offering Circular**”). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date:*

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes other than Perpetual Notes (the “**Conditions**”) set forth in the Offering Circular dated [●] [and the supplemental Offering Circular dated [date]] ([together,] the “**Offering Circular**”). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular, save in respect of the Conditions which are extracted from the Offering Circular dated [●] and are attached hereto.]

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who (i) is not resident in Singapore and (ii) carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the “**Income Tax Act**”), shall not apply if such person acquires such Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.]*

*[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination [must/may need to] be £100,000 or its equivalent in any other currency.]*

- |   |  |   |
|---|--|---|
| 1 | (a) Issuer:  | CapitaLand Treasury Limited   |
|   | (b) Guarantor:   | CapitaLand Limited  |
| 2 | (a) Series Number:   | [●]   |
|   | (b) [Tranche Number: <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i> ] | [●]   |
| 3 | Specified Currency or Currencies:  | [●]   |
| 4 | Aggregate Nominal Amount:  |   |
|   | (a) Series:  | [●]   |
|   | (b) [Tranche:]   | [●]   |
| 5 | (a) Issue Price:   | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] <i>(if applicable, in the case of fungible issues only)</i> ] |
|   | (b) [[Net/Gross] Proceeds:   | [●]   |

- 6 (a) Specified Denominations: [●]
- (Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:
- “[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].”*
- (N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Regulation the [€100,000] minimum denomination is not required.)*
- (In the case of Registered Notes, this means the minimum integral amount in which transfers can be made.)*
- (b) Calculation Amount: [●]
- (If only one Specified Denomination, insert the Specified Denomination.*
- If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
- 7 (a) Issue Date: [●]
- (b) Interest Commencement Date: [Specify/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)
- 8 Maturity Date: [Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month]]<sup>1</sup>
- 9 Interest Basis: [●] per cent. Fixed Rate  
[[LIBOR/EURIBOR/SIBOR/SOR] [●] per cent. Floating Rate]  
[Zero Coupon]  
[Index Linked Interest] [Dual Currency Interest]  
[specify other]  
(further particulars specified below)

<sup>1</sup> Note that for Renminbi denominated Fixed Rate Notes where the Payment Dates are subject to modification it will be necessary to use the second option here.

- 10 Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption] [Dual Currency Redemption]  
[Partly Paid]  
[Instalment]  
[specify other]
- 11 Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]
- 12 Put/Call Options: [Put Option] [Call Option]  
[Minimal Outstanding Amount Redemption Option]  
[(further particulars specified below)]
- 13 (a) Status of the Notes: [Senior]  
(b) Status of the Guarantee: [Senior]
- 14 Listing and admission to trading: [SGX-ST/Other (specify)/None]
- 15 Method of distribution: [Syndicated/Non-syndicated]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 16 Fixed Rate Note Provisions: [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Rate(s) of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/other (specify)] in arrear]  
(If payable other than annually, consider amending Condition 5 (Interest and Other Calculations))
- (b) Interest Payment Date(s): [[●] in each year up to and including the Maturity Date]/[specify other]<sup>1</sup>  
(N.B. This will need to be amended in the case of long or short coupons)
- (c) Fixed Coupon Amount(s): [●] per Calculation Amount<sup>2</sup>
- (d) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]

1 Note that for certain Renminbi denominated Fixed Rate Notes, the Interest Payment Dates are subject to modification and the following words should be added: "provided that if any Interest Payment Date falls on a day which is not a Business Day, the Interest Payment Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day. For these purposes, "Business Day" means a day, other than a Saturday or a Sunday on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and currency deposits) in Singapore [and [●]]."

2 For Hong Kong Dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.05 in the case of Renminbi denominated Fixed Rate Notes or to the nearest HK\$0.01, HK\$0.005 in the case of Hong Kong Dollar denominated Fixed Rate Notes, being rounded upwards."

- (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or Actual/365 (Fixed) or *[specify other]*]
- (f) [Determination Date(s): ☐] in each year [*(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon) (N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))*]
- (g) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/*Give details*]
- 17 Floating Rate Note Provisions: [Applicable/Not Applicable]  
(*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (a) Specified Period(s)/Specified: ☐ Interest Payment Dates:
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*[specify other]*]
- (c) Additional Business Centre: ☐
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/*specify other*]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Issuing and Paying Agent): ☐
- (f) Screen Rate Determination:
- (i) Reference Rate: ☐  
(*Either LIBOR, EURIBOR, SIBOR, SOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement*)
- (ii) Interest Determination Date(s): ☐  
(*Second Business Day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR*)

- (iii) Relevant Screen Page: [●]  
*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (g) ISDA Determination:
- (i) Floating Rate Option: [●]
- (ii) Designated Maturity: [●]
- (iii) Reset Date: [●]
- (h) Margin(s):
- (i) Minimum Rate of Interest: [●] per cent. per annum
- (j) Maximum Rate of Interest: [●] per cent. per annum
- (k) Day Count Fraction: [Actual/Actual or Actual/Actual (ISDA)  
 Actual/365 (Fixed)  
 Actual/365 (Sterling)  
 Actual/360 30/360 or Bond Basis  
 30E/360 or Eurobond Basis  
 30E/360 (ISDA) Other]  
*(See Condition 5 (Interest and Other Calculations) for alternatives)*
- (l) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [●]
- 18 Zero Coupon Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) [Amortisation/Accrual] Yield: [●] per cent. per annum
- (b) Reference Price: [●]
- (c) Any other formula/basis of determining amount payable: [●]
- (d) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Condition 6(b)(i) (Redemption, Purchase and Options – Early Redemption – Zero Coupon Notes)]  
*(Consider applicable day count fraction if not U.S. Dollar denominated)*



- 19 Index Linked Interest Note Provisions: [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Index/Formula: [give or annex details]
  - (b) Calculation Agent: [give name]
  - (c) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Issuing and Paying Agent): [●]
  - (d) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [need to include a description of market disruption or settlement disruption events and adjustment provisions]
  - (e) Specified Period(s)/Specified Interest Payment Dates: [●]
  - (f) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
  - (g) Additional Business Centre: [●]
  - (h) Minimum Rate of Interest: [●]
  - (i) Maximum Rate of Interest: [●] per cent. per annum
  - (j) Day Count Fraction: [●] per cent. per annum
- 20 Dual Currency Interest Note Provisions: [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Rate of Exchange/method of calculating Rate of Exchange: [give or annex details]
  - (b) Party, if any, responsible for calculating the principal and/or interest due (if not the Issuing and Paying Agent): [●]
  - (c) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [need to include a description of market disruption or settlement disruption events and adjustment provisions]
  - (d) Person at whose option Specified Currency(ies) is/are payable: [●]

## PROVISIONS RELATING TO REDEMPTION

- 21 Call Option: [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s): [●]
- (b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[●] per Calculation Amount/specify other/see Appendix]
- (c) If redeemable in part: [●]
- (i) Minimum Redemption Amount: [●]
- (ii) Maximum Redemption Amount: [●]
- (d) Notice period (if other than as set out in the Conditions): [●]  
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Paying Agent or Trustee)
- 22 Put Option: [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s): [●]
- (b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[●] per Calculation Amount/specify other/see Appendix]
- (c) Notice period (if other than as set out in the Conditions): [●]  
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Paying Agent or Trustee)

- 23 Minimum Outstanding Amount Redemption Option: [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Notice period (if other than as set out in the Conditions): [●]  
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Paying Agent or Trustee)
- 24 Final Redemption Amount: [[●] per Calculation Amount/specify other/see Appendix]
- 25 Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6 (Redemption, Purchase and Options)): [[●] per Calculation Amount/specify other/see Appendix]

#### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- 26 Form of Notes: [Bearer Notes/Registered Notes]
- [Bearer Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Bearer Notes: Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Bearer Notes: Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- (Ensure that this is consistent with the wording in the “Summary of the Programme – Form of the Notes” section in the Offering Circular and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect:

*“€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000.” Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)*

[Registered Notes: Global Certificate ([●]) nominal amount exchangeable for Registered Notes in definitive form in the limited circumstances specified in the Global Certificate]

- 27 Additional Financial Centre(s) or other special provisions relating to Payment Days: [Not Applicable/give details]  
*(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraphs 17(c) and 19(g) relate)*
- 28 Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
- 29 Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details. N.B. a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues]
- 30 Details relating to Instalment Notes:
- (a) Instalment Amount(s): [Not Applicable/give details]
- (b) Instalment Date(s): [Not Applicable/give details]
- [31 Place for Notices: [specify]]
- 32 Other final terms: [Not Applicable/give details]

## **DISTRIBUTION**

- 33 (a) If syndicated, names of Managers: [Not Applicable/give details]
- (b) Stabilisation Manager(s) (if any): [Not Applicable/give details]
- 34 If non-syndicated, name of [Not Applicable/give name] relevant Dealer(s): [Not Applicable/give details]
- 35 U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA D/TEFRA C/TEFRA not applicable] The Notes are being offered and sold only in accordance with Regulation S.

- 36 Additional selling restrictions: [Not Applicable/*give details*]
- 37 Prohibition of Sales to EEA and UK Retail Investors: [Applicable/Not Applicable]  
(*If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no KID will be prepared, “Applicable” should be specified.*)
- 38 [Private bank commission: [Not Applicable/*give details*]]

## OPERATIONAL INFORMATION

- 39 Any clearing system(s) other than CDP, Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [CMU Service/Not Applicable/*give name(s) and number(s)*]
- 40 Delivery: Delivery [against/free of] payment
- 41 Additional Paying Agent(s) (if any): [●]
- 42 ISIN Code: [●]
- 43 Common Code: [●]

*(insert here any other codes such as CUSIP and CINS Codes)*

## GENERAL

- 44 The aggregate principal amount of Notes in the Specified Currency issued has been translated into Singapore dollars at the rate specified, producing a sum of: [Not Applicable/Exchange rate of Specified Currency: Singapore Dollar/Singapore Dollars equivalent: [●]]
- 45 In the case of Registered Notes, specify the location of the office of the Registrar: [●]
- 46 In the case of Bearer Notes, specify the location of the office of the Issuing and Paying Agent if other than London: [●]
- 47 Ratings: [The Notes to be issued are unrated]
- 48 Applicable Governing Document: Trust Deed dated 29 April 2019 [and Singapore Supplemental Trust Deed dated 29 April 2019]
- 49 Governing Law: [English law] [Singapore law]

## PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on [Singapore Exchange Securities Trading Limited] [*or specify other relevant regulated market*] of the Notes described herein pursuant to the S\$5,000,000,000 Euro Medium Term Note Programme of CapitaLand Treasury Limited established on 29 April 2019.

## [STABILISATION

In connection with this issue, [*insert name of Stabilising Manager*] (the “**Stabilising Manager**”) (or persons acting on behalf of any Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action or over-allotment may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.]

## INVESTMENT CONSIDERATIONS

There are significant risks associated with the Notes including, but not limited to, counterparty risk, country risk, price risk and liquidity risk. Investors should contact their own financial, legal, accounting and tax advisers about the risks associated with an investment in these Notes, the appropriate tools to analyse that investment, and the suitability of the investment in each investor’s particular circumstances. No investor should purchase the Notes unless that investor understands and has sufficient financial resources to bear the price, market liquidity, structure and other risks associated with an investment in these Notes.

Before entering into any transaction, investors should ensure that they fully understand the potential risks and rewards of that transaction and independently determine that the transaction is appropriate given their objectives, experience, financial and operational resources and other relevant circumstances. Investors should consider consulting with such advisers as they deem necessary to assist them in making these determinations.

## MATERIAL ADVERSE CHANGE STATEMENT

[Except as disclosed in this document, there/There] has been no significant change in the financial or trading position of the Guarantor or of the Group since [*insert date of last audited accounts or interim accounts (if later)*] and no material adverse change in the financial position or prospects of the Guarantor or of the Group since [*insert date of last published annual accounts.*]

## RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in this Pricing Supplement.

Signed on behalf of CapitaLand Treasury Limited

By: .....  
Duly authorised

Signed on behalf of CapitaLand Limited

By: .....  
Duly authorised



## FORM OF PRICING SUPPLEMENT FOR PERPETUAL NOTES

*Set out below is the form of Pricing Supplement which will be completed for each Tranche of Perpetual Notes issued under the Programme.*

**[MiFID II product governance/Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Perpetual Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Perpetual Notes to eligible counterparties and professional clients are appropriate. *[Consider any negative target market.]* Any person subsequently offering, selling or recommending the Perpetual Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Perpetual Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

**[PRIIPs REGULATION – PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** – The Perpetual Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Perpetual Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Perpetual Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.]

[The Perpetual Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]<sup>1</sup>

[Date]

**CAPITALAND TREASURY LIMITED**

**(Legal Entity Identifier: 2549009SR9TMQ3IRHP92)**

**S\$5,000,000,000**

**Euro Medium Term Note Programme**

**(established on 29 April 2019)**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Perpetual Notes]  
unconditionally and irrevocably guaranteed by CapitaLand Limited**

This document constitutes the Pricing Supplement relating to the issue of Perpetual Notes described herein.

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<sup>1</sup> For any Perpetual Notes to be offered to investors in Singapore, the Issuer to consider whether it needs to re-classify the Perpetual Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Perpetual Notes (the “**Conditions**”) set forth in the Offering Circular dated 21 August 2020 [and the supplemental Offering Circular dated [date]] ([together,] the “**Offering Circular**”). This Pricing Supplement contains the final terms of the Perpetual Notes and must be read in conjunction with the Offering Circular. Full information on the Issuer, the Guarantor and the offer of the Perpetual Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date:*

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Perpetual Notes (the “**Conditions**”) set forth in the Offering Circular dated [●] [and the supplemental Offering Circular dated [date]] ([together,] the “**Offering Circular**”). This Pricing Supplement contains the final terms of the Perpetual Notes and must be read in conjunction with the Offering Circular, save in respect of the Conditions which are extracted from the Offering Circular dated [●] and are attached hereto.]

[An advance tax ruling will be requested from the Inland Revenue Authority of Singapore (“**IRAS**”) to confirm, amongst other things, whether the IRAS would regard the Perpetual Notes as “debt securities” for the purposes of the Income Tax Act, Chapter 134 of Singapore (the “**Income Tax Act**”) and the distributions (including Arrears of Distribution and any Additional Distribution Amounts) made under the Perpetual Notes as interest payable on indebtedness such that holders of the Perpetual Notes may enjoy the tax concessions and exemptions available for qualifying debt securities under the qualifying debt securities scheme, as set out in the section “*Taxation – Singapore Taxation*” of the Offering Circular provided that the relevant conditions are met.

There is no guarantee that a favourable ruling will be obtained from the IRAS. In addition, no assurance is given that the Issuer can provide all information or documents requested by the IRAS for the purpose of the ruling request, and a ruling may not therefore be issued.

If the Perpetual Notes are not regarded as “debt securities” for the purposes of the Income Tax Act and/or holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ.

No assurance, warranty or guarantee is given on the tax treatment to holders of the Perpetual Notes in respect of the distributions payable to them (including Arrears of Distribution and Additional Distribution Amounts). Investors should therefore consult their own accounting and tax advisers regarding the Singapore income tax consequence of their acquisition, holding and disposal of the Perpetual Notes.]\*

Where interest (including distributions which are regarded as interest for Singapore income tax purposes), discount income, prepayment fee, redemption premium or break cost is derived from any of the Perpetual Notes by any person who (i) is not resident in Singapore and (ii) carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions and if applicable) under the Income Tax Act, Chapter 134 of Singapore (the “**Income Tax Act**”), shall not apply if such person acquires such Perpetual Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest (including distributions which are regarded as interest for Singapore income tax purposes), discount income, prepayment fee, redemption premium or break cost derived from the Perpetual Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.

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\* To be inserted where a tax ruling is requested.

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.]*

*[If the Perpetual Notes have a maturity of less than one year from the date of their issue, the minimum denomination [must/may need to] be £100,000 or its equivalent in any other currency.]*

- |   |      |   |   |
|---|------|---|---|
| 1 | (i)  | Issuer:   | CapitaLand Treasury Limited   |
|   | (ii) | Guarantor:  | CapitaLand Limited  |
| 2 | (i)  | Series Number:  | [●]   |
|   | (ii) | [Tranche Number: <i>(If fungible with an existing Series, details of that Series, including the date on which the Perpetual Notes become fungible.)</i> ] | [●]   |
| 3 |      | Specified Currency or Currencies:   | [●]   |
| 4 |      | Aggregate Nominal Amount:   |   |
|   | (i)  | Series:   | [●]   |
|   | (ii) | Tranche:  | [●]   |
| 5 | (i)  | Issue Price:  | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> ( <i>in the case of fungible issues only, if applicable</i> )] |
|   | (ii) | [[Net/Gross] Proceeds:  | [●]   |
| 6 | (i)  | Specified Denominations:  | [●]   |

(Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:

*“[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Perpetual Notes in definitive form will be issued with a denomination above [€199,000].”*

*(N.B. If an issue of Perpetual Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Regulation the [€100,000] minimum denomination is not required.)*

*(In the case of Registered Perpetual Notes, this means the minimum integral amount in which transfers can be made.)*

(ii) Calculation Amount: [●]

*(If only one Specified Denomination, insert the Specified Denomination.*

*If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*

7 (i) Issue Date: [●]

(ii) Distribution Commencement Date: [Specify/Issue Date/Not Applicable]

8 Distributions:

(i) Distribution Basis: [[●] per cent. Fixed Rate]  
[[specify reference rate] +/- [●] per cent. Floating Rate]  
[Other (specify)] (further particulars specified below)

(ii) Distribution Deferral: [●]

(iii) Cumulative Deferral: [●]

(iv) Non-Cumulative Deferral; Optional Distribution: [●]

(v) Additional Distribution: [●]

(vi) Dividend Stopper: [●]

9 Look Back Period: [●]

10 Redemption/Payment Basis: [Redemption at par]  
[Others (specify)]

11 Early Redemption Amount:

(i) Early Redemption Amount(s) per Calculation Amount payable on redemption and/or the method of calculating the same: [●]

(ii) Make-Whole Amount: [●]

(iii) Reference Rate(s): [●] (Singapore Dollar Swap Offer Rate) [Specify in any other case]

12 Change of Redemption/Payment Basis: [Specify details of any provision for convertibility of Perpetual Notes into another interest or redemption/payment basis]

- 13 Call Options: [Call Option]  
[Redemption for Accounting Reasons]  
Redemption in the case of Minimal Outstanding Amount]  
  
[(*further details specified below*)]
- 14 Status of the Perpetual Notes: [Senior Perpetual Notes/Subordinated Perpetual Notes]
- 15 Parity Obligations: [●]
- 16 Junior Obligations: [●]
- 17 Listing and admission to trading: [[●] (*specify/None*)
- 18 Method of distribution: [Syndicated/Non-syndicated]

#### PROVISIONS RELATING TO DISTRIBUTIONS PAYABLE

- 19 Fixed Rate Perpetual Note Provisions: [Applicable/Not Applicable]  
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Distribution Rate: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Distribution Payment Date(s): [●] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Center(s) for the definition of "Relevant Business Day"*]/[not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount<sup>1</sup>
- (iv) Broken Amount(s): [●] per Calculation Amount, payable on the Distribution Payment Date falling [in/on] [●]
- (v) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/other]
- (vi) [Distribution Determination Dates: [●] in each year [(*insert regular distribution payment dates, ignoring issue date in the case of a long or short first coupon. N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)*)]]
- (vii) Other terms relating to the method of calculating distribution for Fixed Rate Perpetual Notes: [Not Applicable/*give details*]

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1 For Renminbi or Hong Kong Dollar denominated Fixed Rate Perpetual Notes where the Distribution Payment Dates are subject to modification the following wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Distribution Rate and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 for the case of Renminbi denominated Fixed Rate Perpetual Notes, being rounded upwards."

- 20 Floating Rate Perpetual Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Distribution Period(s): [●]
  - (ii) Specified Distribution Payment Dates: [●]
  - (iii) Distribution Period Date: [●] *(Not applicable unless different from Distribution Payment Date)*
  - (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *[give details]*]
  - (v) Business Centre(s): [●]
  - (vi) Manner in which the Distribution Rate(s) is/are to be determined: [Screen Rate Determination/ISDA Determination/other *(give details)*]
  - (vii) Party responsible for calculating the Distribution Rate(s) and Distribution Amount(s) (if not the [Agent]): [●]
  - (viii) Screen Rate Determination: [●]
    - (i) Distribution Determination Date(s): [●]  
*(the day falling two Business Days in London for the Specified Currency prior to the first day of such Distribution Accrual Period if the Specified Currency is not Sterling, euro or Hong Kong Dollars or Renminbi or first day of each Distribution Accrual Period if the Specified Currency is Sterling or Hong Kong Dollars or Renminbi or the day falling two TARGET Business Days prior to the first day of such Distribution Accrual Period if the Specified Currency is euro)*
    - (ii) Relevant Screen Page: [●]  
*[(In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)]*
  - (ix) ISDA Determination:
    - (i) Floating Rate Option: [●]
    - (ii) Designated Maturity: [●]
    - (iii) Reset Date: [●]
  - (x) Margin(s): [+/-] [●] per cent. per annum



- |  |                         |
|--|-------------------------|
| (xi) Minimum Rate of Distribution:   | [●] per cent. per annum |
| (xii) Maximum Rate of Distribution:  | [●] per cent. per annum |
| (xiii) Day Count Fraction:   | [●]                     |
| (xiv) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Perpetual Notes, if different from those set out in the Conditions: | [●]                     |

## PROVISIONS RELATING TO REDEMPTION

- |   |  |
|---|--|
| 21 Redemption for Accounting Reasons Issuer's Redemption Option Period (Condition 5(c)):                    | [Yes/No] [ <i>Specify maximum and minimum number of days for notice period</i> ] |
| 22 Redemption at the Option of the Issuer's Redemption Option Period (Condition 5(e)):                      | [Yes/No] [ <i>Specify maximum and minimum number of days for notice period</i> ] |
| 23 Redemption in the case of Minimal Outstanding Amount Issuer's Redemption Option Period (Condition 5(f)): | [Yes/No] [ <i>Specify maximum and minimum number of days for notice period</i> ] |
| 24 Redemption Amount of each Perpetual Note:  | [●] per Calculation Amount   |

## GENERAL PROVISIONS APPLICABLE TO THE PERPETUAL NOTES

- |                             |  |
|-----------------------------|--|
| 25 Form of Perpetual Notes: | <p>[Bearer Perpetual Notes/Registered Perpetual Notes]</p> <p>[Bearer Perpetual Notes: Temporary Global Perpetual Note exchangeable for a Permanent Global Perpetual Note which is exchangeable for Definitive Perpetual Notes in the limited circumstances specified in the Permanent Global Perpetual Note]</p> <p>[Bearer Perpetual Notes: Temporary Global Perpetual Note exchangeable for Definitive Perpetual Notes on and after the Exchange Date]</p> <p>[Bearer Perpetual Notes: Permanent Global Perpetual Note exchangeable for Definitive Perpetual Notes in the limited circumstances specified in the Permanent Global Note]</p> |
|-----------------------------|--|

*(Ensure that this is consistent with the wording in the “Summary of the Programme – Form of the Notes” section in the Offering Circular and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Perpetual Notes in paragraph 6 includes language substantially to the following effect:*

*“€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000.” Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Perpetual Notes which is to be represented on issue by a Temporary Global Perpetual Note exchangeable for Definitive Perpetual Notes)*

[Registered Perpetual Notes: Global Perpetual Certificate (●)] nominal amount exchangeable for Registered Perpetual Notes in definitive form in the limited circumstances specified in the Global Perpetual Certificate]

- |    |   |  |
|----|---|--|
| 26 | Financial Centre(s) or other special provisions relating to Payment Dates:                                      | [Not Applicable/give details] (Note that this paragraph relates to the date and place of payment)            |
| 27 | Talons for future Coupons to be attached to Definitive Perpetual Notes (and dates on which such Talons mature): | [Yes/No. If yes, give details]   |
| 28 | Redenomination renominatisation and reconventioning provisions:   | [Not Applicable/The provisions [annexed to this Pricing Supplement] apply]                                   |
| 29 | Consolidation provisions:   | [Not Applicable/The provisions [in Perpetual Note Condition [●]] [annexed to this Pricing Supplement] apply] |
| 30 | Other terms or special conditions:  | [Not Applicable/give details]  |

## **DISTRIBUTION**

- |    |                                       |  |
|----|---------------------------------------|--|
| 31 | (i) If syndicated, names of Managers: | [Not Applicable/give name]   |
|    | (ii) Stabilisation Manager (if any):  | [Not Applicable/give name]   |
| 32 | If non-syndicated, name of Dealer:    | [Not Applicable/give name]   |
| 33 | U.S. selling restrictions:            | [Reg. S Category 1/2; TEFRA D/TEFRA C/TEFRA Not Applicable] The Perpetual Notes are being offered and sold only in accordance with Regulation S. |

- |    |  |   |
|----|--|---|
| 34 | Additional selling restrictions:                     | [Not Applicable/ <i>give details</i> ]  |
| 35 | Prohibition of Sales to EEA and UK Retail Investors: | [Applicable/Not Applicable]<br><i>(If the Perpetual Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Perpetual Notes may constitute “packaged” products and no KID will be prepared, “Applicable” should be specified)</i> |
| 36 | [Private bank commission:                            | [Not Applicable/ <i>give details</i> ]  |

## OPERATIONAL INFORMATION

- |    |  |  |
|----|--|--|
| 37 | Any clearing system(s) other than Euroclear Bank SA/NV, Clearstream Banking S.A., CDP and the CMU and the relevant identification number(s): | [Not Applicable/ <i>give name(s) and number(s)</i> ] |
| 38 | Delivery:  | Delivery [against/free of] payment                   |
| 39 | Additional Paying Agent(s) (if any):   | [●]  |
| 40 | [ISIN Code:  | [●]]   |
| 41 | Common Code:   | [●]  |
| 42 | [CMU Instrument Number:  | [●]]   |

*(insert here any other codes such as CUSIP and CINS Codes)*

## GENERAL

- |    |  |  |
|----|--|--|
| 43 | The aggregate principal amount of Perpetual Notes in the Specified Currency issued has been translated into Singapore dollars at the rate specified, producing a sum of: | [Not Applicable/Exchange rate of Specified Currency: Singapore Dollar/Singapore Dollars equivalent: [●]] |
| 44 | In the case of Registered Perpetual Notes, specify the location of the office of the Registrar:  | [●]  |
| 45 | In the case of Bearer Perpetual Notes, specify the location of the office of the Issuing and Paying Agent if other than London:  | [●]  |
| 46 | Ratings:   | [The Perpetual Notes to be issued are unrated]   |
| 47 | Applicable Governing Document:   | Trust Deed dated 29 April 2019 [and Singapore Supplemental Trust Deed dated 29 April 2019]               |
| 48 | Governing Law:   | [English law] [Singapore law]  |

## PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the [Singapore Exchange Securities Trading Limited] [*specify relevant stock exchange/market*] of the Perpetual Notes described herein pursuant to the S\$5,000,000,000 Euro Medium Term Note Programme of CapitaLand Treasury Limited established on 29 April 2019.

## [STABILISATION

In connection with this issue, [*insert name of Stabilising Manager*] (the “**Stabilising Manager**”) (or persons acting on behalf of any Stabilising Manager) may over-allot Perpetual Notes or effect transactions with a view to supporting the market price of the Perpetual Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action or over-allotment may begin on or after the date on which adequate public disclosure of the terms of the offer of the Perpetual Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Perpetual Notes and 60 days after the date of the allotment of the Perpetual Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.]

## INVESTMENT CONSIDERATIONS

There are significant risks associated with the Perpetual Notes including, but not limited to, counterparty risk, country risk, price risk and liquidity risk. Investors should contact their own financial, legal, accounting and tax advisers about the risks associated with an investment in these Perpetual Notes, the appropriate tools to analyse that investment, and the suitability of the investment in each investor’s particular circumstances. No investor should purchase the Perpetual Notes unless that investor understands and has sufficient financial resources to bear the price, market liquidity, structure and other risks associated with an investment in these Perpetual Notes.

Before entering into any transaction, investors should ensure that they fully understand the potential risks and rewards of that transaction and independently determine that the transaction is appropriate given their objectives, experience, financial and operational resources and other relevant circumstances. Investors should consider consulting with such advisers as they deem necessary to assist them in making these determinations.

## MATERIAL ADVERSE CHANGE STATEMENT

[Except as disclosed in this document, there/There] has been no significant change in the financial or trading position of the Guarantor or of the Group since [*insert date of last audited accounts or interim accounts (if later)*] and no material adverse change in the financial position or prospects of the Guarantor or of the Group since [*insert date of last published annual accounts.*]

## **RESPONSIBILITY**

The Issuer and the Guarantor accept responsibility for the information contained in this Pricing Supplement.

Signed on behalf of CapitaLand Treasury Limited

By: .....  
Duly authorised

Signed on behalf of CapitaLand Limited

By: .....  
Duly authorised

## GENERAL INFORMATION

- (1) Application has been made for permission to deal in, and for the listing or quotation for, any Notes which are agreed at the time of issue to be listed on the SGX-ST. There can be no assurance that the application to the SGX-ST will be approved.
- (2) Each of the Issuer and the Guarantor has obtained all necessary consents, approvals and authorisations in Singapore in connection with the update of the Programme and the Guarantee. The update of the Programme was authorised by resolutions of the Board of Directors of the Issuer and the Guarantor passed on 23 April 2019. The giving of the Guarantee by the Guarantor was authorised by resolutions of the Board of Directors of the Guarantor passed on 23 April 2019.
- (3) Except as disclosed in this Offering Circular, in particular the risk factor “*The Group’s businesses, financial condition and results of operations may be materially and adversely affected by natural calamities, outbreak of communicable diseases and pandemics/epidemics*” and the section “*Description of the Group – Global Outbreak of COVID-19*” of this Offering Circular, there has been no material adverse change in the financial condition or prospects in respect of the Guarantor and/or the Group since 31 December 2019.
- (4) So far as the Issuer and the Guarantor are aware, there are no legal or arbitration proceedings pending or threatened against the Issuer, the Guarantor or any of their respective subsidiaries the outcome of which, in the opinion of the Issuer and the Guarantor, may have or have had during the 12 months prior to the date of this Offering Circular a material adverse effect on the financial position of the Group.
- (5) Each Bearer Note having a maturity of more than one year, and each Receipt, Coupon or Talon with respect to such a Bearer Note will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.
- (6) The Notes may be accepted for clearance through Euroclear, Clearstream, Luxembourg, CDP, and the CMU. The appropriate ISIN and Common Code or CMU Instrument Number in relation to the Notes of each Tranche will be specified in the relevant Pricing Supplement. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

The LEI of the Issuer is 2549009SR9TMQ3IRHP92.

- (7) For so long as Notes may be issued pursuant to this Offering Circular, the following documents will be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection by the Noteholders at the office of the Issuer and the Guarantor (as applicable) set out at the end of this Offering Circular:
  - (i) the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);
  - (ii) the Agency Agreement;
  - (iii) the Constitution of each of the Issuer and the Guarantor;



- (iv) the most recently published annual report and audited consolidated financial statements of the Guarantor and the most recently published interim accounts of the Guarantor;
- (v) each Pricing Supplement (save that a Pricing Supplement related to an unlisted Series of Notes will only be available for inspection by a holder of any such Notes and such holder must produce evidence satisfactory to the Issuer, the Guarantor or the Trustee as to its holding of such Notes and identity);
- (vi) a copy of this Offering Circular together with any supplement to this Offering Circular or further Offering Circular; and
- (vii) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Offering Circular.

For so long as Notes may be issued pursuant to this Offering Circular, the following documents will be available, during usual business hours (being in the case of the Issuing and Paying Agent, the CDP Issuing and Paying Agent and the CMU Lodging and Paying Agent between 9:00 a.m. and 3:00 p.m. (local time) in the place of its specified office) on any weekday (Saturdays, Sundays and public holidays excepted), for inspection by the Noteholders at the specified office of (in the case of Notes other than CDP Notes or CMU Notes) the Issuing and Paying Agent, (in the case of CDP Notes) the CDP Issuing and Paying Agent or (in the case of CMU Notes) the CMU Lodging and Paying Agent (as applicable) set out at the end of this Offering Circular, in each case following prior written request and proof of holding and identity satisfactory to, as the case may be, the Issuing and Paying Agent, the CDP Issuing and Paying Agent or the CMU Lodging and Paying Agent:

- (i) the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);
  - (ii) the Agency Agreement;
  - (iii) each Pricing Supplement (save that a Pricing Supplement related to an unlisted Series of Notes will only be available for inspection by a holder of any such Notes and such holder must produce evidence satisfactory to the Issuer, the Guarantor or the Trustee as to its holding of such Notes and identity); and
  - (iv) a copy of this Offering Circular together with any supplement to this Offering Circular or further Offering Circular.
- (8) KPMG LLP of 16 Raffles Quay, #22-00 Hong Leong Building, Singapore 048581 have audited, and rendered unqualified audit reports on, the accounts of the Issuer and the Guarantor for the full years ended 31 December 2018 and 31 December 2019.

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## CAPITALAND LIMITED

(Registration Number: 198900036N)

### 2020 FIRST HALF FINANCIAL STATEMENTS ANNOUNCEMENT

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**CAPITALAND LIMITED**  
**2020 FIRST HALF FINANCIAL STATEMENTS ANNOUNCEMENT**

**1(a)(i) Income Statement**

	Group			
	Note	1H 2020	1H 2019	Better/ (Worse)
		S\$'000	S\$'000	%
<b>Revenue</b>	<b>A</b>	<b>2,027,398</b>	<b>2,131,073</b>	<b>(4.9)</b>
Cost of sales	<b>B</b>	(988,622)	(1,005,540)	1.7
Gross profit		1,038,776	1,125,533	(7.7)
Other operating income	<b>C</b>	350,096	681,974	(48.7)
Administrative expenses	<b>D</b>	(282,962)	(216,884)	(30.5)
Other operating expenses	<b>E</b>	(665,551)	(11,940)	NM
<b>Profit from operations</b>		<b>440,359</b>	<b>1,578,683</b>	<b>(72.1)</b>
Finance costs		(457,201)	(371,675)	(23.0)
Share of results (net of tax) of:	<b>F</b>			
- associates		103,602	329,621	(68.6)
- joint ventures		52,864	152,664	(65.4)
		156,466	482,285	(67.6)
Profit before taxation		139,624	1,689,293	(91.7)
Taxation	<b>G</b>	(126,354)	(178,817)	29.3
Profit for the period		13,270	1,510,476	(99.1)
Attributable to:				
<b>Owners of the Company ("PATMI")</b>		<b>96,607</b>	<b>875,371</b>	<b>(89.0)</b>
Non-controlling interests ("NCI")		(83,337)	635,105	NM
Profit for the period		13,270	1,510,476	(99.1)

# CAPITALAND LIMITED

## 2020 FIRST HALF FINANCIAL STATEMENTS ANNOUNCEMENT

### 1(a)(ii) Explanatory Notes to Income Statement – 1H 2020 vs 1H 2019

The Group's operations and financial results for 1H 2020 were adversely impacted by the ongoing COVID-19 pandemic. The impact to the Group is primarily concentrated within our residential, retail and lodging businesses, where residential sales offices were forced to close, non-essential retail trades were unable to operate, and the occupancy of our lodging assets fell due to travel restrictions. Tenant support measures in various markets, including government-mandated landlord obligations, and the Group's own initiatives, have also adversely impacted on the Group's financial performance for 1H 2020.

#### (A) Revenue

Revenue for 1H 2020 decreased by 4.9% or \$103.7 million mainly due to rental rebates of approximately \$158.6 million granted by landlords to our tenants in Singapore, China and Malaysia, lower contributions from our shopping malls, residential projects as well as lodging businesses amid the COVID-19 pandemic. The decrease was partially mitigated by consolidation of Raffles City Chongqing (RCCQ) project and contributions from the Ascendas Pte Ltd and Singbridge Pte. Ltd.'s (collectively known as "ASB") portfolio acquired in June 2019.

In 1H 2020, ASB and RCCQ contributed to the Group's revenue, EBIT and PATMI by \$341.5 million, \$223.6 million and \$64.9 million.

#### (B) Cost of Sales

The decrease in cost of sales was in line with the lower revenue reported for 1H 2020. During the period, the Group wrote back provision for foreseeable losses in respect of residential projects in Singapore amounting to \$4.6 million (1H 2019: \$0.2 million) upon sales of units above previously written down value.

#### (C) Other Operating Income

		Group		
		1H 2020	1H 2019	Better/ (Worse)
		S\$'000	S\$'000	(%)
<b>Other Operating Income</b>		<b>350,096</b>	<b>681,974</b>	<b>(48.7)</b>
Investment income	(i)	5,038	3,835	31.4
Interest income	(ii)	50,196	43,971	14.2
Other income (including portfolio gains)	(iii)	284,748	41,194	591.2
Foreign exchange gain	(iv)	10,114	-	NM
Fair value gains of investment properties	(v)	-	592,974	(100.0)

- (i) The increase in investment income in 1H 2020 was due to higher distributions received from an investment in Japan.
- (ii) Higher interest income in 1H 2020 was attributable to higher placement of surplus funds with financial institutions and higher interest-bearing loans extended to associates and joint ventures.
- (iii) Other income for 1H 2020 included government grants comprising mainly rental relief and job support scheme (JSS) in Singapore amounting to \$133.4 million, gain from the sale of a residential project investment and a shopping mall in China.
- (iv) Forex gain in 1H 2020 arose mainly from revaluation of EURO, JPY and RMB receivables as SGD depreciated against these currencies during the period.
- (v) The Group announced on 26<sup>th</sup> February 2020 that it will conduct external valuation of its investment properties on an annual basis in December with effect from 2020. However, in light of the proposed merger between CapitaLand Mall Trust (CMT) and CapitaLand Commercial Trust (CCT), both REITs commissioned independent property valuations in June 2020, as part of the process to update certain information required for the purposes of the merger. The Group reported the fair value losses from CMT and CCT for 1H 2020 under "Other Operating Expenses (see note E).



**CAPITALAND LIMITED**  
**2020 FIRST HALF FINANCIAL STATEMENTS ANNOUNCEMENT**

**(D) Administrative Expenses**

	Group		
	1H 2020	1H 2019	Better/ (Worse)
	S\$'000	S\$'000	(%)
<b>Administrative Expenses</b>	<b>(282,962)</b>	<b>(216,884)</b>	<b>(30.5)</b>
<b><u>Included in Administrative Expenses:-</u></b>			
Depreciation and amortisation	(84,356)	(49,862)	(69.2)
Writeback of /(Allowance) for doubtful receivables and bad debts written off	982	(1,110)	NM

Administrative expenses comprised staff costs, depreciation and other miscellaneous expenses. The increase in administrative expenses in 1H 2020 was mainly due to consolidation of administrative expenses from ASB and RCCQ, higher depreciation on new leased properties in Singapore and Europe, amortisation and IT maintenance expenses and lower writeback of provision for bonus in respect of prior years, partially offset by the absence of transaction costs incurred in the acquisition of ASB in 2019.

**(E) Other Operating Expenses**

The increase in operating expenses in 1H 2020 was due to fair value losses on revaluation of investment properties mainly held through CMT and CCT totaling \$555.2 million and recognition of expenses of \$100.8 million in relation to the government's rental relief passed down to tenants in Singapore.

**(F) Share of Results (net of tax) of Associates and Joint Ventures**

The decrease in share of results from associates in 1H 2020 was mainly attributed to lower operating performance from our China funds due to the recognition of rental rebates granted by landlords to tenants amid the COVID-19 pandemic, absence of revaluation gains on investment properties recognised in 1H 2019 and lower gains from assets recycling. The decrease was partially mitigated by new contributions from Ascendas REIT and Ascendas India Trust; both acquired in June 2019.

The decrease in share of results from joint ventures was mainly attributed to lower contributions from shopping malls in Singapore and China which were impacted by the COVID-19, lower handover of residential units in China and revaluations losses on investment properties as compared to gains recognised in 1H 2019. The decrease was partially mitigated by contributions from residential projects in China held through the joint ventures of ASB.

**(G) Taxation expense and adjustments for over or under-provision of tax in respect of prior years**

The taxation expense includes current and deferred tax expenses, as well as land appreciation tax (LAT) in China. The current tax expense is based on the statutory tax rates of the respective countries in which the Group operates and takes into account non-deductible expenses, non-taxable income and temporary differences.

The lower tax expense in the first half of the year was due to lower taxable income and absence of deferred tax expenses provided on gains from revaluation of investment properties recorded in 1H 2019, partially offset by tax provisions in respect of prior years of \$7.0 million (1H 2019: writeback of tax provision of \$26.9 million).

**CAPITALAND LIMITED**  
**2020 FIRST HALF FINANCIAL STATEMENTS ANNOUNCEMENT**

**(H) Gain/(Loss) from the sale of investments**

The net gains/ (losses) from the sale of investments in 1H 2020 were as follow:

	<b>PATMI (S\$M)</b>
<b><u>1H 2020</u></b>	
Erqi mall, China	6.7
Land in Kazakhstan	1.2
Share of Lai Fung's divestment gains	1.5
Others	(0.1)
<b>Total</b>	<b><u>9.3</u></b>
<b><u>1H 2019</u></b>	
Ascott Raffles Place, Singapore	60.4
Innov Center, China	55.9
CapitaMall Yuhuating, CapitaMall Xuefu and CapitaMall Aidemengdun	26.9
20 malls in China (upon finalisation of accounts)	10.3
Pufa Tower, China	6.6
Share of Central China Real Estate Ltd's divestment gains	2.9
Tansaction costs on acquisition of ASB	(36.1)
Others (include gain on liquidation of entities and writeback of provision relating to past divestment no longer required)	7.6
<b>Total</b>	<b><u>134.5</u></b>

**CAPITALAND LIMITED**  
**2020 FIRST HALF FINANCIAL STATEMENTS ANNOUNCEMENT**

**1(a)(iii) Statement of Comprehensive Income**

	Group		
	1H 2020 S\$'000	1H 2019 S\$'000	Better/ (Worse) %
Profit for the period	13,270	1,510,476	(99.1)
Other comprehensive income:			
<u>Items that are/may be reclassified subsequently to profit or loss</u>			
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations <sup>(1)</sup>	807,021	74,844	978.3
Effective portion of change in fair value of cash flow hedges <sup>(2)</sup>	(126,130)	(9,130)	NM
Share of other comprehensive income of associates and joint ventures <sup>(3)</sup>	(109,121)	26,856	NM
<u>Item that will not be reclassified subsequently to profit or loss</u>			
Change in fair value of equity investments at fair value through other comprehensive income	(12,382)	31	NM
Total other comprehensive income, net of tax	559,388	92,601	504.1
Total comprehensive income	572,658	1,603,077	(64.3)
Attributable to:			
<b>Owners of the Company</b>	<b>541,890</b>	<b>946,425</b>	<b>(42.7)</b>
Non-controlling interests	30,768	656,652	(95.3)
Total comprehensive income	572,658	1,603,077	(64.3)

Notes:

- 1H 2020's exchange differences arose mainly from the depreciation of SGD against RMB and USD by 3.39% and 4.65% respectively during the first half of the year.
- The effective portion of change in fair value of cash flow hedges for 1H 2020 arose mainly from the mark-to-market losses of the Group's interest rate swaps and cross currency swaps contracts which were entered into for hedging purposes.
- The share of other comprehensive income of associates and joint ventures relates mainly to share of foreign currency translation and hedging reserves. 1H 2020's share of exchange differences arose mainly from the appreciation of USD against RMB by 1.31%, partially offset by depreciation of SGD against RMB and USD by 3.39% and 4.65% respectively. The Group's share of effective portion of change in fair value of cash flow hedges for 1H 2020 arose mainly from the mark-to-market losses of the interest rate swaps contracts which were entered into by associates and joint ventures.

**CAPITALAND LIMITED**  
**2020 FIRST HALF FINANCIAL STATEMENTS ANNOUNCEMENT**

**1(b)(i) Balance Sheet**

	Group			Company		
	30/06/2020	31/12/2019	Change	30/06/2020	31/12/2019	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Non-current assets</b>						
Property, plant & equipment	1,227,613	1,268,517	(3.2)	41,528	47,128	(11.9)
Intangible assets	1,003,008	988,081	1.5	379	436	(13.1)
Investment properties <sup>(1)</sup>	49,474,308	48,731,897	1.5	-	-	-
Subsidiaries	-	-	-	15,413,186	15,511,154	(0.6)
Associates & joint ventures	13,280,120	12,996,175	2.2	-	-	-
Other non-current assets	1,868,217	1,736,263	7.6	423	423	-
	<b>66,853,266</b>	<b>65,720,933</b>	<b>1.7</b>	<b>15,455,516</b>	<b>15,559,141</b>	<b>(0.7)</b>
<b>Current assets</b>						
Development properties for sale and stock <sup>(2)</sup>	8,140,805	7,725,059	5.4	-	-	-
Trade & other receivables	2,388,638	2,301,597	3.8	389,046	889,759	(56.3)
Other current assets	49,254	45,611	8.0	-	-	-
Assets held for sale <sup>(3)</sup>	398,748	385,111	3.5	-	-	-
Cash & cash equivalents <sup>(4)</sup>	7,067,833	6,167,606	14.6	37,669	18,098	108.1
	<b>18,045,278</b>	<b>16,624,984</b>	<b>8.5</b>	<b>426,715</b>	<b>907,857</b>	<b>(53.0)</b>
<b>Less: Current liabilities</b>						
Trade & other payables	4,935,695	5,047,568	(2.2)	77,712	112,429	(30.9)
Contract liabilities <sup>(5)</sup>	2,084,805	1,501,306	38.9	-	-	-
Short-term borrowings <sup>(6)</sup>	5,262,577	3,950,053	33.2	10,665	656,689	(98.4)
Current tax payable	1,808,227	1,900,452	(4.9)	4,559	3,998	14.0
Liabilities held for sale <sup>(3)</sup>	27,740	27,797	(0.2)	-	-	-
	<b>14,119,044</b>	<b>12,427,176</b>	<b>13.6</b>	<b>92,936</b>	<b>773,116</b>	<b>(88.0)</b>
<b>Net current assets</b>	<b>3,926,234</b>	<b>4,197,808</b>	<b>(6.5)</b>	<b>333,779</b>	<b>134,741</b>	<b>147.7</b>
<b>Less: Non-current liabilities</b>						
Long-term borrowings <sup>(6)</sup>	27,947,050	27,461,010	1.8	1,201,023	1,205,308	(0.4)
Other non-current liabilities	2,231,454	2,174,856	2.6	600,856	1,284,177	(53.2)
	<b>30,178,504</b>	<b>29,635,866</b>	<b>1.8</b>	<b>1,801,879</b>	<b>2,489,485</b>	<b>(27.6)</b>
<b>Net assets</b>	<b>40,600,996</b>	<b>40,282,875</b>	<b>0.8</b>	<b>13,987,416</b>	<b>13,204,397</b>	<b>5.9</b>
<b>Representing:</b>						
Share capital	9,327,422	9,327,422	-	9,327,422	9,327,422	-
Revenue reserves	15,216,241	15,074,009	0.9	4,897,500	4,103,135	19.4
Other reserves <sup>(7)</sup>	(639,225)	(1,041,961)	(38.7)	(237,506)	(226,160)	5.0
Equity attributable to owners of the Company	23,904,438	23,359,470	2.3	13,987,416	13,204,397	5.9
Perpetual securities	896,986	897,047	(0.0)	-	-	-
Non-controlling interests	15,799,572	16,026,358	(1.4)	-	-	-
<b>Total equity</b>	<b>40,600,996</b>	<b>40,282,875</b>	<b>0.8</b>	<b>13,987,416</b>	<b>13,204,397</b>	<b>5.9</b>

**Explanatory Notes to Balance Sheet:**

- The increase was mainly due to the acquisitions of a business park in United Kingdom and a serviced residence in Australia, development expenditure incurred for projects under construction and higher carrying value of properties mainly located in China, Japan and United States due to the appreciation of RMB, JPY and USD against SGD for 1H 2020. The increase was offset by fair value losses for the properties held through CMT and CCT as well as the divestment of mall in China.

The Group would like to highlight that there is uncertainty relating to the carrying amounts of its investment properties as at 30 June 2020, due to the impact of COVID-19. The outbreak of the COVID-19, declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has severely impacted global markets. There are recent signs of increased market activity as countries begin easing their restrictions, but the pace of recovery remains highly uncertain. As such, the COVID-19 situation is fluid and evolving, and has resulted in significant market uncertainty, particularly in the short term. This has resulted in a lack of visibility regarding future cash flows, and insufficient market transactions available for benchmarking to adopt meaningful capitalisation rates, and has led to challenges in obtaining appropriate property valuations.

The Group is of the view that under these circumstances, at this time, it may be difficult to accurately quantify any impact on the carrying amounts of the investment properties as some of the key assumptions used to derive valuations currently

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would be very subjective and arbitrary. The carrying amount of investment properties as at 30 June 2020 is based on the independent valuations as at 31 December 2019<sup>1</sup>.

For illustrative purposes, the impact arising from a decline of every 1% in the valuation of the Group's total portfolio of investment properties, including those held through our REITs, associates and joint venture, is as follows:

	30 June 2020	Pro-forma assuming 1% decline in property valuation
PATMI (\$'million)	96.6	(249.5)
Net Asset Value per Share (\$)	4.73	4.66
Net Tangible Asset per Share (\$)	4.53	4.46
Net Debt-to-Equity Ratio (times)	0.64	0.65

The above illustration (i) assumes that all other variables are constant and (ii) is a sensitivity analysis for illustrative purposes on the impact of a decline in valuation of the properties, and does not represent the Group's views on where the valuations might end up. The Group will continue to closely monitor the evolving situation and perform property valuation (i) for material assets, when there is an indication of a material change or objective, and an appropriate valuation can be reliably obtained or (ii) by the end of the financial year, whichever is the earlier.

- The increase was mainly due to development expenditure incurred for China's residential projects and higher carrying value of China's development properties for sale due to appreciation of RMB against SGD for 1H 2020.
- The assets and liabilities held for sale relate mainly to four lodging properties in Singapore, China and Europe, as well as a shopping mall in China following the signing of agreements for their respective divestments.
- The cash balances as at 30 June 2020 included \$2.7 billion held at CapitaLand Limited and its treasury vehicles (comprising CapitaLand Treasury Limited (CTL), CapitaMalls Asia Treasury Limited, The Ascott Capital Pte Ltd and Ascendas Pte Ltd).
- The increase was mainly due to receipt of advance payment from customers for development projects in China.
- The increase in the Group's borrowings was mainly due to additional loans taken to fund the Group's investments and ongoing development expenditure for projects under construction.
- The change in other reserves was mainly due to foreign currency translation differences arising from the depreciation of SGD against RMB and USD during the period.

#### 1(b)(ii) Group's borrowings (including lease liabilities)

	Group	
	As at 30/06/2020 S\$'000	As at 31/12/2019 S\$'000
<b>Amount repayable in one year or less, or on demand:-</b>		
Secured	1,283,787	1,754,803
Unsecured	3,978,790	2,195,250
<b>Sub-Total 1</b>	<b>5,262,577</b>	<b>3,950,053</b>
<b>Amount repayable after one year:-</b>		
Secured	9,945,619	8,967,674
Unsecured	18,001,431	18,493,336
<b>Sub-Total 2</b>	<b>27,947,050</b>	<b>27,461,010</b>
<b>Total Debt</b>	<b>33,209,627</b>	<b>31,411,063</b>
<b>Cash</b>	<b>7,067,833</b>	<b>6,167,606</b>
<b>Total Debt less Cash</b>	<b>26,141,794</b>	<b>25,243,457</b>

As at 30 June 2020, CapitaLand Limited and its treasury vehicles collectively, have available undrawn facilities of approximately \$7.0 billion.

#### Details of any collateral

Secured borrowings are generally secured by mortgages on the borrowing subsidiaries' investment properties (including those under development) or development properties for sale and assignment of all rights and benefits with respect to the properties mortgaged.

<sup>1</sup> With the exception of investment properties held through CMT and CCT, which were revalued in 1H 2020 as part of the process to update certain information required for the purposes of the proposed merger.

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**1(c) Consolidated Statement of Cash Flows**

	1H 2020 \$'000	1H 2019 \$'000
<b>Cash Flows from Operating Activities</b>		
<b>Profit after taxation</b>	<b>13,270</b>	<b>1,510,476</b>
<b>Adjustments for :</b>		
Amortisation of intangible assets	11,282	7,852
Allowance/(Write back) for:		
- Foreseeable losses	(4,576)	(200)
- Impairment loss on receivables	(757)	1,913
- Impairment on interest in joint venture	75	-
- Impairment on property, plant and equipment	-	536
Share-based expenses	8,562	16,174
Net change in fair value of financial instruments	1,463	(4,108)
Depreciation of property, plant and equipment and right-of-use assets	73,465	42,701
Gain on disposal and write-off of property, plant and equipment	(3)	(525)
Gain on disposal of investment property	(1,517)	-
Net fair value loss/(gain) from investment properties	555,173	(592,974)
Gain on disposal/liquidation/dilution of equity investments	(112,277)	(12,269)
Share of results of associates and joint ventures	(156,466)	(482,285)
Interest expense	457,201	371,675
Interest income	(50,196)	(43,971)
Taxation	126,354	178,817
	<b>907,783</b>	<b>(516,664)</b>
<b>Operating profit before working capital changes</b>	<b>921,053</b>	<b>993,812</b>
<b>Changes in working capital</b>		
Development properties for sale	(124,370)	(247,486)
Trade and other receivables	(223,022)	(112,321)
Contract assets	-	24,803
Trade and other payables	(548,578)	(288,800)
Contract liabilities	533,213	498,064
Restricted bank deposits	10,760	(41,406)
	<b>(351,997)</b>	<b>(167,146)</b>
<b>Cash generated from operations</b>	<b>569,056</b>	<b>826,666</b>
Taxation paid	(269,669)	(226,777)
<b>Net cash generated from Operating Activities</b>	<b>299,387</b>	<b>599,889</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from disposal of property, plant and equipment	81	7,309
Purchase of intangible assets and property, plant and equipment	(40,536)	(21,635)
Return of investment from/(Investments in)/Repayment of loans to/(Loans to) associates and joint ventures	278,347	(250,859)
Deposits placed for acquisition of investment property	-	(32,426)
Deposits received for disposal of investment properties and subsidiaries	22,601	18,656
Acquisition/ Development expenditure of investment properties	(432,516)	(246,167)
Investment in other financial assets	(1,676)	(11,233)
Proceeds from disposal of assets held for sale	-	386,268
Dividends received from associates, joint ventures and other investments	65,785	128,152
Acquisition of subsidiaries, net of cash acquired	(221,962)	(2,257,976)
Disposal of subsidiaries, net of cash disposed of	185,319	78,208
Settlement of hedging instruments	(14,739)	8,113
Interest income received	38,547	41,225
<b>Net cash used in Investing Activities</b>	<b>(120,749)</b>	<b>(2,152,365)</b>



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**1(c) Consolidated Statement of Cash Flows (cont'd)**

	<b>1H 2020 \$'000</b>	<b>1H 2019 \$'000</b>
<b>Cash Flows from Financing Activities</b>		
Contributions from non-controlling interests	41,219	116,348
Loans from/(Repayment of loans to) non-controlling interests	44	(3,904)
Loans from associates and joint ventures	269,870	-
Change in ownership interest in a subsidiary with no change in control	(19,878)	-
Proceeds from bank borrowings	3,041,121	5,238,340
Repayments of bank borrowings	(1,202,187)	(3,011,712)
Proceeds from issuance of debt securities	-	507,100
Repayments of debt securities and convertible bonds	(725,000)	(245,000)
Repayments of lease liabilities	(29,637)	(22,271)
Dividends paid to non-controlling interests	(320,646)	(335,271)
Distributions to perpetual securities holders	(17,918)	(9,574)
Dividends paid to shareholders	-	(501,007)
Interest expense paid	(448,166)	(344,931)
Receipt of bank deposits pledged for bank facilities	1,805	757
<b>Net cash generated from in Financing Activities</b>	<b>590,627</b>	<b>1,388,875</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>769,265</b>	<b>(163,601)</b>
Cash and cash equivalents at beginning of the period	6,061,398	5,004,755
Effect of exchange rate changes on cash balances held in foreign currencies	128,848	21,009
Changes to cash and cash equivalents reclassified to assets held for sale	14,245	(17,242)
<b>Cash and cash equivalents at end of the period</b>	<b>6,973,756</b>	<b>4,844,921</b>
Restricted cash deposits <sup>(1)</sup>	94,077	89,333
<b>Cash and cash equivalents in the Balance Sheet <sup>(2)</sup></b>	<b>7,067,833</b>	<b>4,934,254</b>

Notes:

- These are deposits placed in escrow account for bankers' guarantees issued to the subsidiaries' contractors and banking facilities, as well as bank balances required to be maintained as security for outstanding CapitaVoucher.
- This includes \$266.7 million in project accounts whose withdrawals are restricted for development projects expenditure.

**Cash flows analysis**  
**1H 2020 vs 1H 2019**

In 1H 2020, the Group generated net cash from operating activities of \$299.4 million, \$300.5 million lower as compared to 1H 2019, as the Group's business operations were adversely impacted by COVID-19 pandemic and the granting of rental rebates to tenants as well as lower collections from development projects in Singapore.

The Group used net cash of \$120.7 million in investing activities in 1H 2020 mainly for the acquisition of investments, as well as payment for on-going development expenditure. The cash used was partially mitigated by proceeds from divestments, repayment of loans by associates and dividends received from associates and joint ventures.

Net cash generated from financing activities for 1H 2020 was \$590.6 million, mainly attributable to net proceeds from borrowings and loans from associates and joint ventures, partially offset by the payment of interest expense and dividends paid to non-controlling interests.

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**1(d)(i) Statement of Changes in Equity**

**For the period ended 30/06/2020 vs 30/06/2019 – Group**

	Share Capital S\$'000	Revenue Reserves S\$'000	Other Reserves* S\$'000	Total S\$'000	Perpetual Securities S\$'000	Non-controlling Interests S\$'000	Total Equity S\$'000
<b>Balance as at 01/01/2020</b>	<b>9,327,422</b>	<b>15,074,009</b>	<b>(1,041,961)</b>	<b>23,359,470</b>	<b>897,047</b>	<b>16,026,358</b>	<b>40,282,875</b>
<b>Total comprehensive income</b>							
Profit for the period		96,607		<b>96,607</b>		(83,337)	<b>13,270</b>
<u>Other comprehensive income</u>							
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations			651,109	<b>651,109</b>		155,912	<b>807,021</b>
Change in fair value of equity investments at fair value through other comprehensive income			(3,502)	<b>(3,502)</b>		(8,880)	<b>(12,382)</b>
Effective portion of change in fair value of cash flow hedges			(95,322)	<b>(95,322)</b>		(30,808)	<b>(126,130)</b>
Share of other comprehensive income of associates and joint ventures			(107,002)	<b>(107,002)</b>		(2,119)	<b>(109,121)</b>
Total other comprehensive income, net of income tax	-	-	445,283	<b>445,283</b>	-	114,105	<b>559,388</b>
<b>Total comprehensive income</b>	-	<b>96,607</b>	<b>445,283</b>	<b>541,890</b>	-	<b>30,768</b>	<b>572,658</b>
<b>Transactions with owners, recorded directly in equity</b>							
<u>Contributions by and distributions to owners</u>							
Contributions from non-controlling interests (net)		-	-	-		44,295	<b>44,295</b>
Redemption of convertible bonds		46,990	(46,990)	-		-	-
Dividends paid/payable		-	-	-		(323,846)	<b>(323,846)</b>
Issue expenses relating to perpetual securities				-	21		<b>21</b>
Distribution attributable to perpetual securities		(12,603)		<b>(12,603)</b>	17,836	(5,233)	-
Distribution paid to perpetual securities				-	(17,918)		<b>(17,918)</b>
Reclassification of equity compensation reserve		1,864	(4,654)	<b>(2,790)</b>		-	<b>(2,790)</b>
Share-based payments			8,510	<b>8,510</b>		2,322	<b>10,832</b>
Total contributions by and distributions to owners	-	36,251	(43,134)	<b>(6,883)</b>	(61)	(282,462)	<b>(289,406)</b>
<u>Changes in ownership interests in subsidiaries and other capital transactions</u>							
Changes in ownership interests in subsidiaries with change in control		2,825	(1,903)	<b>922</b>		32,284	<b>33,206</b>
Changes in ownership interests in subsidiaries with no change in control		6,798	(851)	<b>5,947</b>		(6,390)	<b>(443)</b>
Share of reserves of associates and joint ventures		(722)	677	<b>(45)</b>		-	<b>(45)</b>
Others		473	2,664	<b>3,137</b>		(986)	<b>2,151</b>
Total changes in ownership interests in subsidiaries and other capital transactions	-	9,374	587	<b>9,961</b>	-	24,908	<b>34,869</b>
<b>Total transactions with owners</b>	-	<b>45,625</b>	<b>(42,547)</b>	<b>3,078</b>	<b>(61)</b>	<b>(257,554)</b>	<b>(254,537)</b>
<b>Balance as at 30/06/2020</b>	<b>9,327,422</b>	<b>15,216,241</b>	<b>(639,225)</b>	<b>23,904,438</b>	<b>896,986</b>	<b>15,799,572</b>	<b>40,600,996</b>

\* Includes reserve for own shares, foreign currency translation reserve, capital reserves, fair value reserve, equity compensation reserve and hedging reserve.

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**1(d)(i) Statement of Changes in Equity (cont'd)**

**For the period ended 30/06/2020 vs 30/06/2019 – Group (cont'd)**

	Share Capital S\$'000	Revenue Reserves S\$'000	Other Reserves* S\$'000	Total S\$'000	Perpetual Securities S\$'000	Non-controlling Interests S\$'000	Total Equity S\$'000
<b>Balance as at 01/01/2019</b>	<b>6,309,496</b>	<b>13,438,324</b>	<b>(817,705)</b>	<b>18,930,115</b>	<b>397,127</b>	<b>13,958,672</b>	<b>33,285,914</b>
<b>Total comprehensive income</b>							
Profit for the period		875,371		875,371		635,105	1,510,476
<u>Other comprehensive income</u>							
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations			63,295	63,295		11,549	74,844
Change in fair value of equity investments at fair value through other comprehensive income			(3)	(3)		34	31
Effective portion of change in fair value of cash flow hedges			(18,777)	(18,777)		9,647	(9,130)
Share of other comprehensive income of associates and joint ventures			26,538	26,538		318	26,856
Total other comprehensive income, net of income tax	-	-	71,053	71,053	-	21,548	92,601
<b>Total comprehensive income</b>	<b>-</b>	<b>875,371</b>	<b>71,053</b>	<b>946,424</b>	<b>-</b>	<b>656,653</b>	<b>1,603,077</b>
<b>Transactions with owners, recorded directly in equity</b>							
<u>Contributions by and distributions to owners</u>							
Issue of treasury shares			596	596			596
Issue of new shares	3,017,926			3,017,926			3,017,926
Contributions from non-controlling interests (net)				-		124,588	124,588
Redemption of convertible bonds		18,483	(18,483)	-		-	-
Dividends paid/payable		(501,007)		(501,007)		(342,914)	(843,921)
Reclassification of equity compensation reserve issued by a subsidiary		1,245	(1,245)	-			-
Distribution paid to perpetual securities		(4,258)		(4,258)	9,521	(5,263)	-
Share-based payments			11,456	11,456	(9,574)	(1,268)	(9,574)
							10,188
Total contributions by and distributions to owners	3,017,926	(485,537)	(7,676)	2,524,713	(53)	(224,857)	2,299,803
<u>Changes in ownership interests in subsidiaries and other capital transactions</u>							
Changes in ownership interests in subsidiaries with change in control			(2)	(2)		1,100,334	1,100,332
Changes in ownership interests in subsidiaries with no change in control		4,195	(546)	3,649		(1,671)	1,978
Share of reserves of associates and joint ventures		(3,547)	5,435	1,888		-	1,888
Others		(825)	992	167		3,657	3,824
Total changes in ownership interests in subsidiaries and other capital transactions	-	(177)	5,879	5,702	-	1,102,320	1,108,022
<b>Total transactions with owners</b>	<b>3,017,926</b>	<b>(485,714)</b>	<b>(1,797)</b>	<b>2,530,415</b>	<b>(53)</b>	<b>877,463</b>	<b>3,407,825</b>
<b>Balance as at 30/06/2019</b>	<b>9,327,422</b>	<b>13,827,981</b>	<b>(748,449)</b>	<b>22,406,954</b>	<b>397,074</b>	<b>15,492,788</b>	<b>38,296,816</b>

\* Includes reserve for own shares, foreign currency translation reserve, capital reserves, fair value reserve, equity compensation reserve and hedging reserve.

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**1(d)(i) Statement of Changes in Equity (cont'd)**

**For the period ended 30/06/2020 vs 30/06/2019 – Company**

	Share Capital S\$'000	Revenue Reserves S\$'000	Reserve for Own Shares S\$'000	Capital Reserve S\$'000	Equity Comp Reserves S\$'000	Total Equity S\$'000
<b>Balance as at 01/01/2020</b>	<b>9,327,422</b>	<b>4,103,135</b>	<b>(342,225)</b>	<b>92,799</b>	<b>23,266</b>	<b>13,204,397</b>
<b>Total comprehensive income</b>						
Profit for the period		745,510				745,510
<b>Transactions with equity holders, recorded directly in equity</b>						
<u>Contributions by and distributions to owners</u>						
Issue of treasury shares			51,189		(15,643)	35,546
Share-based payments					3,732	3,732
Reclassification of equity compensation reserve		1,865			(3,634)	(1,769)
Redemption of convertible bonds		46,990		(46,990)		-
<b>Total transactions with owners</b>	<b>-</b>	<b>48,855</b>	<b>51,189</b>	<b>(46,990)</b>	<b>(15,545)</b>	<b>37,509</b>
<b>Balance as at 30/06/2020</b>	<b>9,327,422</b>	<b>4,897,500</b>	<b>(291,036)</b>	<b>45,809</b>	<b>7,721</b>	<b>13,987,416</b>
<b>Balance as at 01/01/2019</b>	<b>6,309,496</b>	<b>4,257,059</b>	<b>(385,078)</b>	<b>111,282</b>	<b>19,105</b>	<b>10,311,864</b>
<b>Total comprehensive income</b>						
Profit for the period		343,342				343,342
<b>Transactions with owners, recorded directly in equity</b>						
<u>Contributions by and distributions to owners</u>						
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					5,593	5,593
Reclassification of equity compensation reserve		(1,705)			1,705	-
Redemption of convertible bonds		18,483		(18,483)		-
<b>Total transactions with owners</b>	<b>3,017,926</b>	<b>(484,229)</b>	<b>42,853</b>	<b>(18,483)</b>	<b>(7,124)</b>	<b>2,550,943</b>
<b>Balance as at 30/06/2019</b>	<b>9,327,422</b>	<b>4,116,172</b>	<b>(342,225)</b>	<b>92,799</b>	<b>11,981</b>	<b>13,206,149</b>

**1(d)(ii) Changes in the Company's Issued Share Capital**

**Issued Share Capital**

As at 30 June 2020, the Company's issued and fully paid-up capital (excluding treasury shares) comprises 5,052,325,406 (31 December 2019: 5,037,494,396) ordinary shares. Movements in the Company's issued and fully paid-up capital were as follows:

	<b>No. of Shares</b>
As at 01/01/2020	5,037,494,396
Treasury shares transferred pursuant to employee share plans	14,831,010
<b>As at 30/06/2020</b>	<b>5,052,325,406</b>

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#### CapitaLand Share Plans

##### Performance Share Plan

As at 30 June 2020, the number of shares comprised in contingent awards granted under the CapitaLand Performance Share Plan 2010 ("PSP 2010") which has not been released was 5,670,750 (30 June 2019: 5,906,939). As at 30 June 2020, contingent awards under the CapitaLand Performance Share Plan 2020 has not been granted.

Under the PSP, 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. Conversely, if superior targets are met, more shares than the baseline award could be released. For awards granted with effect from 2015, the maximum is 200 percent of the baseline award. There is no vesting period for shares released under the PSP.

##### Restricted Share Plan

As at 30 June 2020, contingent awards under CapitaLand Restricted Share Plan 2020 ("RSP 2020") has not been granted, thus the number of shares comprised in contingent awards in respect of which (a) the final number of shares has not been determined under RSP 2020, and (b) the final number of shares has been determined but not released granted under the CapitaLand Restricted Share Plan 2010 ("RSP 2010"), is nil (30 June 2019: nil) and 14,208,418 (30 June 2019: 13,674,865) respectively, of which nil (30 June 2019: nil) shares out of the former and 3,799,639 (30 June 2019: 2,807,613) shares out of the latter are to be cash-settled.

Under the RSP, 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. Conversely, if superior targets are met, more shares than the baseline award could be released up to a maximum of 150 percent of the baseline award. An additional number of shares of a total value equals 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 CapitaLand Restricted Share Plan 2010, will also be released on the final vesting.

##### Convertible Bonds

The Company has the following convertible bonds which remain outstanding as at 30 June 2020:

Principal Amount \$ million	Final Maturity Year	Conversion price \$	Convertible into new ordinary 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.

The Company redeemed an aggregate principal amount of \$650.0 million of the 1.85% convertible bonds due 19 June 2020 in June 2020 upon its maturity.

Assuming all the convertible bonds are fully converted based on their respective conversion price, the number of new ordinary shares to be issued would be 206,664,763 (30 June 2019: 501,752,089) representing a 4.1% increase over the total number of issued shares (excluding treasury shares) of the Company as at 30 June 2020.

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#### Perpetual Securities

The Group's perpetual securities comprise perpetual securities and perpetual notes issued by its subsidiaries, Ascott Residence Trust ("ART") and CTL (collectively the "Issuers"). The perpetual securities comprise:

Perpetual Securities or Notes	Issue Date	Principal Amount \$ million
<b>ART</b>		
- Fixed rate perpetual securities with an initial distribution rate of 4.68% per annum	30 June 2015	250
- Fixed rate perpetual securities with an initial distribution rate of 3.88% per annum	4 September 2019	150
<b><u>Issued under CTL's S\$5,000,000,000 Euro Medium Term Note Programme:</u></b>		
- Fixed rate subordinated perpetual notes with an initial distribution rate of 3.65% per annum	17 October 2019	500

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*. The whole instrument is presented within equity, and distributions are treated as dividends.

#### 1(d)(iii) Treasury Shares

Movements in the Company's treasury shares were as follows:

	<b><u>No of Shares</u></b>
As at 01/01/2020	99,154,064
Treasury shares transferred pursuant to employee share plans	(14,831,010)
<b>As at 30/06/2020</b>	<b><u>84,323,054</u></b>

As at 30 June 2020, the Company held 84,323,054 (June 2019: 99,154,064) treasury shares which represents 1.7% (June 2019: 2.0%) of the total number of issued shares (excluding treasury shares).

#### 2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have neither been audited nor reviewed by our auditors.

#### 3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of a matter)

Not applicable.

#### 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2019, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning 1 January 2020 as follows:



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Amendments to SFRS(I) 3: *Definition of a Business*  
 Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: *Definition of Materiality*  
 Various SFRS(I): *Amendments to references to the Conceptual Framework in SFRS(I) standards, illustrative examples, implementation guidance and SFRS(I) practice statements.*  
 Revised Conceptual Framework

The Group has elected to early adopt Amendment to SFRS(I) 16: Covid-19 Related Rent Concessions which is effective from 1 June 2020. Under SFRS(I) 16, the Group may apply the practical expedients and elect to account for any change in lease payments resulting from the rent concession as if the changes were not a lease modification.

The adoption of the above amendments to SFRS(I) did not have any significant financial impact on the financial position or performance of the Group

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Please refer to Item 4 above.

**6 Earnings per ordinary share (EPS) based on profit after tax & NCI attributable to the owners of the Company:**

	Group	
	1H 2020	1H 2019
<b>6(a)</b> EPS based on weighted average number of ordinary shares in issue (in cents)	1.9	21.0
Weighted average number of ordinary shares (in million)	5,047.3	4,171.0
<b>6(b)</b> EPS based on fully diluted basis (in cents)	1.9	19.9
Weighted average number of ordinary shares (in million)	5,070.2	4,552.0

**7 Net asset value and net tangible assets per ordinary share based on issued share capital (excluding treasury shares) as at the end of the period**

	Group		Company	
	30/06/2020	31/12/2019	30/06/2020	31/12/2019
Net asset value per share	\$4.73	\$4.64	\$2.77	\$2.62
Net tangible assets per share	\$4.53	\$4.44	\$2.77	\$2.62

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### 8 Review of the Group's performance

#### Group Overview

S\$M	1H 2020	1H 2019	Better/ (Worse) (%)
Revenue	2,027.4	2,131.1	(4.9)
Earnings before Interest and Tax ("EBIT")	596.8	2,061.0	(71.0)
Finance costs	(457.2)	(371.7)	(23.0)
Profit Before Taxation	139.6	1,689.3	(91.7)
Total PATMI	96.6	875.4	(89.0)
Comprising:			
Operating PATMI <sup>(1)</sup>	261.2	361.3	(27.7)
Portfolio gains <sup>(2)</sup>	9.3	134.7	(93.1)
Revaluation gains and impairments	(173.9)	379.4	NM

Notes:

- Operating PATMI refers to profit from business operations excluding any gains or losses from divestments, revaluations and impairments.
- Portfolio gains/ losses comprise gains or losses arising from divestments, gains from bargain purchase or re-measurement on acquisitions and realised revaluation gains/losses arising from revaluation of investment properties to agreed selling prices of properties.

#### 1H 2020 vs 1H 2019

For the half year under review, the Group achieved a revenue of \$2,027.4 million and a PATMI of \$96.6 million.

#### Revenue

Revenue for 1H 2020 decreased by 4.9% or \$103.7 million mainly due to the recognition of rental rebates of approximately \$158.6 million granted to our tenants in Singapore, China and Malaysia, lower contributions from our shopping malls, residential projects in Singapore and China, as well as lodging business amid the COVID-19 pandemic. The decrease was partially mitigated by higher handover of residential units from Vietnam, consolidation of RCCQ project and contributions from the ASB portfolio acquired in June 2019. The residential projects which contributed to the revenue in 1H 2020 were mainly One Pearl Bank in Singapore, The Metropolis, Kunshan, Parc Botanica, Chengdu and Spring, Chongqing in China, as well as Feliz en Vista in Vietnam.

Collectively, the two core markets of Singapore and China accounted for 65.1% (1H 2019: 64.8%) of the Group's revenue.

In terms of asset class, residential and commercial strata and urban development constituted 15.9% or \$322.8 million (1H 2019: 15.6% or \$333.0 million) of the total revenue in 1H 2020, while investment properties comprised commercial, retail, business park, logistics and industrial, as well as serviced residence properties which are recurring in nature, accounted for 84.1% or \$1,704.6 million of total revenue (1H 2019: 84.4% or \$1,798.1 million).

#### EBIT

The Group recorded EBIT of \$596.8 million (1H 2019: \$2,061.0 million) for 1H 2020. The lower EBIT was mainly attributable to fair value losses of investment properties in 1H 2020 as compared to a gain in 1H 2019, lower portfolio gains from assets recycling, as well as lower contribution from retail and lodging operations. The Group's EBIT from operation saw a 5.3% decrease due to the impact from the COVID-19 outbreak on our retail, lodging and residential handover. This was partially mitigated by contributions from

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the newly acquired business park, logistics and industrial portfolio, higher handover of units from residential projects in Vietnam and a gain from sale of a residential investment in China.

At EBIT level, the portfolio gains in 1H 2020 of \$37.9 million (1H 2019: \$250.4 million) arose mainly from the divestment of a shopping mall in China.

In terms of revaluation of investment properties, the Group recorded a fair value loss of \$574.4 million in 1H 2020 (1H 2019: gain of \$618.2 million) on revaluation of its investment properties primarily in CMT and CCT.

The Group also wrote back provision for foreseeable losses of \$4.5 million (1H 2019: \$0.1 million) during the half year upon sale of its residential units in Singapore.

In terms of asset class, residential and commercial strata accounted for 31.3% (1H 2019: 9.8%) of the total EBIT in 1H 2020 while the Group's investment properties portfolio accounted for 68.7% (1H 2019: 90.2%) of the total EBIT. The decrease in contribution from investment properties portfolio was attributed to rental rebates granted to tenants and lower operating performance from retail and lodging businesses impacted by the COVID-19 outbreak, revaluation losses on investment properties held through CMT and CCT in 1H 2020, as well as lower gains from assets recycling. The decrease was partially mitigated by contributions from our newly acquired business park, logistics and industrial portfolio.

#### **EBIT Contribution by Geography**

The Group's two core markets, Singapore and China collectively accounting for 74.1% of Group's total EBIT (1H 2019: 86.4%). Singapore EBIT was \$30.5 million or 5.1% of total EBIT (1H 2019: \$867.2 million or 42.1%) while China EBIT was \$411.9 million or 69.0% of total EBIT (1H 2019: \$913.2 million or 44.3%).

Singapore EBIT fell by 96.5% mainly due to fair value losses from revaluation of investment properties held through CMT and CCT in 1H 2020 as compared to a gain in 1H 2019, lower operating contributions from residential projects and investment properties including the rental rebates extended mainly to mall tenants, and lower gains from assets recycling. The lower EBIT was partially mitigated by JSS grants received from the government and contributions from the business park acquired in June 2019.

China EBIT declined by 54.9% mainly due to lower handover of units from residential projects, closure of malls and lodging properties in January and February 2020 during the lockdown period, rental rebates given to malls tenants, as well as lower portfolio gains. The decrease was partially mitigated by sale of a residential investment in Shenyang and contributions from the ASB China portfolio.

#### **Finance Costs**

Finance costs for 1H 2020 were higher as compared to the 1H 2019 mainly due to increase in the Group's borrowings. However, the average cost of borrowings was lower at 3.0% (1H 2019: 3.2%).

#### **PATMI**

The adverse market conditions resulting from the COVID-19 pandemic has severely impacted the Group's financial performance in 2020. As a result, the Group's PATMI for 1H 2020 of \$96.9 million was 89.0% lower as compared to 1H 2019 on account of lower operating PATMI and portfolio gains, as well as revaluation losses on investment properties. The operating PATMI decreased by 27.7% as the lower contributions from our retail and lodging businesses were partially mitigated by new contribution from ASB portfolio acquired in June 2019.

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#### Segment Performance

For financial reporting, 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.

For the purposes of additional disclosure, the Group has also elected to disclose segment reporting by asset class.

#### CL SMI, Vietnam and International

S\$M	1H 2020	1H 2019	Better/ (Worse) (%)
<b>Revenue</b>			
CL SMI	804.8	885.6	(9.1)
CL Vietnam	129.7	44.9	188.9
CL International	114.0	102.5	11.2
<b>Total</b>	<b>1,048.5</b>	<b>1,033.0</b>	<b>1.5</b>
<b>EBIT</b>			
CL SMI	1.4	775.9	(99.8)
CL Vietnam	20.6	11.3	81.9
CL International	67.6	67.2	0.5
<b>Total</b>	<b>89.6</b>	<b>854.4</b>	<b>(89.5)</b>

Revenue for residential projects in Singapore is recognised on a percentage of completion method while in Vietnam, the revenue for residential projects is recognised on a completion basis upon handover of units to home buyers.

Revenue for 1H 2020 was marginally higher than 1H 2019 on the back of higher handover of units from residential projects in Vietnam and contributions from the newly acquired business park properties in Singapore, offset by lower contributions from residential projects in Singapore and rental rebates granted to tenants in Singapore and Malaysia.

In 1H 2020, a total of 627 residential units (1H 2019: 138 units) were handed over to home buyers in Vietnam. The units handed over were mainly from Feliz en Vista. This includes the Group's participation in joint ventures.

EBIT for 1H 2020 fell by 89.5% attributed to fair value losses on revaluation of investment properties as compared to gains recognised in 1H 2019 and rental rebates granted to tenants, partially mitigated by higher handover of residential units in Vietnam and contribution from business park portfolio acquired in June 2019.

In 1H 2020, 72 units (1H 2019: 108 units) with a sales value of \$80.5 million (1H 2019: \$59.6 million) were sold in Singapore, Malaysia and Vietnam. During 1H 2020, around 100 residential units in Vietnam were returned. The returns were due to delays in securing permits for units sold previously and will be progressively released for sale.

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**CL China**

<b>S\$M</b>	<b>1H 2020</b>	<b>1H 2019</b>	<b>Better/ (Worse) (%)</b>
<b>Revenue</b>	482.9	496.8	(2.8)
<b>EBIT</b>	391.1	892.7	(56.2)

Revenue for 1H 2020 was slightly lower as compared to the previous corresponding period mainly due to rental rebates granted to tenants and lower handover of residential units. This was mitigated by new revenue streams from acquired business parks and RCCQ.

In 1H 2020, CL China handed over 652 units to home buyers mainly from Lake Botanica in Shenyang and Parc Botanica in Chengdu (1H 2019: 2,599 units). The units handed over last year were mainly from La Botanica in Xian – a joint venture project.

EBIT for 1H 2020 decreased due to absence of fair value gains from revaluation of investment properties, as well as lower portfolio gains, partially mitigated by the gain from the sale of a residential investment. In 1H 2019, CL China recognised contribution from the divestments of two commercial properties and three shopping malls.

Sales of residential units represent future revenue to be recognised as the units are progressively completed and handed over. In 1H 2020, CL China sold 1,769 units with a sales value of RMB 5.6 billion\* (1H 2019: 3,025 units; RMB 6.4 billion). The Group achieved an overall sales rate of 92% based on launched residential units as at June 2020. The current year sales were mainly from La Botanica in Xian, Jing'an One in Shanghai, Citta Di Mare in Guangzhou and Vermont Hills in Beijing.

\* 1H 2020 handover and sales include 179 units with a value of RMB 0.7 billion arising from the divestment of a residential investment.

**CL India**

<b>S\$M</b>	<b>1H 2020</b>	<b>1H 2019</b>	<b>Better/ (Worse) (%)</b>
<b>Revenue</b>	22.5	-	NM
<b>EBIT</b>	14.0	(0.9)	NM

Revenue for 1H 2020 was contributed by the business park and logistics portfolios acquired in late June 2019.

The higher EBIT for 1H 2020 was due to higher revenue as mentioned above as well as the share of results from 21.2% stake in Ascendas India Trust.

**CL Lodging**

<b>S\$M</b>	<b>1H 2020</b>	<b>1H 2019</b>	<b>Better/ (Worse) (%)</b>
<b>Revenue</b>	433.0	597.2	(27.5)
<b>EBIT</b>	4.2	290.6	(98.6)

Revenue for 1H 2020 was lower mainly due to the unprecedented disruption brought about by the COVID-19 pandemic. With travel restrictions imposed almost globally, travel and hospitality are amongst the most affected sectors. This has led to a marked reduction in the demand for accommodation globally. While properties with a longer length of stay performed better, properties with a shorter length of stay (mainly in

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the USA, Europe, Japan and Australia) suffered a more significant drop in occupancy with some properties being temporarily closed.

EBIT for 1H 2020 was lower mainly due to lower revenue and absence of gains arising from the divestment of Ascott Raffles Place in 1H 2019.

#### CL Financial

S\$M	1H 2020	1H 2019	Better/ (Worse) (%)
Revenue	158.4	101.1	56.6
EBIT	91.8	52.7	74.1

Revenue and EBIT for 1H 2020 increased against same period last year by 56.6% and 74.1% respectively. This was mainly due to revenue contribution from ASB's fund management business and CAP I from July 2019 onwards, as well as higher assets base for REITs following their property acquisitions in 2H 2019.

#### Corporate and Others

S\$M	1H 2020	1H 2019	Better/ (Worse) (%)
Revenue	(117.9)	(97.1)	(21.5)
EBIT	6.1	(29.5)	NM

Corporate and Others include Corporate office and group eliminations.

EBIT for 1H 2020 was a gain as compared to a loss in 1H 2019 mainly due to absence of transaction fees incurred on acquisition of ASB in 1H 2019.

## 9 Variance from Prospect Statement

CapitaLand Limited has released the following announcements which contains information relating to the Group's outlook for 2020:

1. First Quarter Business Update dated 4 May 2020;
2. News release dated 8 June 2020;
3. AGM presentation slides dated 29 June 2020; and
4. Profit guidance dated 6 July 2020 and 27 July 2020.

The 1H 2020 operating performance was broadly in line with the above prospect statements made.

## 10 Commentary of the significant trends and the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

### **Group Overall Prospects**

In the second quarter of 2020, economies across the globe began to reopen with varying degrees of physical distancing restrictions still in place. Notwithstanding the gradual improvement in general business optimism, the potential for further adverse developments due to COVID-19 remains. In addition, geopolitical tensions between China and the U.S. remain high and the global economic outlook remains uncertain.

The pandemic has affected the Group's operating and financial performance. Additionally, should weaker economic prospects materialise, this may further adversely impact CapitaLand's financial performance for the



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remainder of the year, due to but not limited to an increase in rental deferrals or arrears, lower operating income, lower property valuations and a slowdown in capital recycling, resulting in lower portfolio gains.

Against this backdrop, CapitaLand's large and diversified portfolio remains integral to our resilience and agility. As the impact from COVID-19 has differed across geographies and asset classes, our focus on building a diversified portfolio, underpinned by significant recurring income, lowers the concentration of risks from any one segment. Importantly, CapitaLand's balance sheet remains strong, and the Group is on the lookout for attractive opportunities that will further strengthen our scale and enhance our balance. We will also continue to look for opportunities to divest non-core assets and businesses to reposition the Group. As at 30 June 2020, CapitaLand's consolidated net debt-to-equity ratio was at 0.64x and total cash and available undrawn facilities amounted to approximately S\$14.0 billion, of which S\$4.8 billion was raised in the first six months of 2020.

The details of the outlook for respective business segments are as follows:

#### **Development Business**

##### **Trading Properties**

In the first half of 2020, the Group sold 1,769 residential units in China, corresponding to approximately RMB5.6 billion in sales value<sup>1</sup>. We are planning to launch over 4,000 units by the end of the year. In terms of handovers for the rest of the year, CL China is expected to recognise approximately 70% of RMB18.2 billion derived from the existing sales of 7,800 residential units<sup>1</sup>. In Vietnam, sales remain muted due to a lull in our launch window, while our residential inventory remains thin. Our handovers are expected to be on track with approximately 40% of S\$584 million<sup>2</sup> of total sales value derived from 1,472 units sold<sup>1</sup>, scheduled to be handed over by end of 2020. In Singapore, the Group has three residential projects with strong locational advantages. The Group will look to launch the remaining 806 units of One Pearl Bank and Sengkang Grand Residences as the show galleries resume operations under the Safe Re-opening in Phase 2 starting from 19 June 2020. The Group also expects to launch its new residential project at Liang Court site in 2021.

##### **Investment Properties**

Beginning in 2Q 2020, retail footfall and retail sales have shown gradual improvement across CapitaLand's four retail markets of Singapore, China, Japan and Malaysia. Heading into the second half of 2020, we expect shoppers to continue to exercise caution in visiting our malls and in their discretionary spending. Whilst CapitaLand remains committed to providing our tenants with the necessary support, we expect leasing and rental reversion to experience short term pressure until there is greater certainty over the control of COVID-19 spread.

CapitaLand's workspace assets include offices, business parks, industrial and logistics properties. Occupancy levels have remained stable in the first half of the year and are expected to continue to be resilient. In China, approximately 95% of our tenants' workforce in offices and close to 90% in business parks have returned to their workplace as at 30 June 2020. In Singapore, India, and our other markets with workspace presence, most businesses have resumed operations, and the Group is seeing a gradual return of tenants to our properties. As business sentiment remains cautious, the Group expects leasing activities and rental reversions to remain muted in the near term.

#### **Fund Management**

The Group continues to grow fee income through our fund management business, with a target to achieve S\$100 billion in fund assets under management by Year 2024. This will be through growing our existing real estate investment trusts (REITs), business trusts and private equity funds, as well as setting up new funds of interest to co-investors. However, while we continue to keep our eyes on potential growth opportunities, the Group expects transaction volumes across REITs, business trusts and private equity funds to be lower until there is greater clarity on the COVID-19 situation. This will impact performance and transaction-related fees. Base REIT and fund management fees, on the other hand, are expected to remain stable.

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<sup>1</sup> On 100% basis.

<sup>2</sup> Value excludes value added tax and impact due to significant financing component for certain payment schemes under accounting principles IFRS 15.

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#### Lodging

International travel restrictions remain largely in place even as economies gradually re-open. This will continue to place operating pressure on the Group's lodging business in the short term, and in particular, on our existing lease contracts, which provide less financial flexibility than our management contracts. However, as approximately 80% of our lodging portfolio is made up of serviced residences, which are configured to be self-contained, we have been more successful in capturing longer stay demand than most other hospitality segments. In addition, we have actively pursued alternative domestic demand such as local residential leasing, corporate demand for work from home apartments, government buyouts and student accommodation for our properties. The average occupancy across our portfolio in 1H 2020 stands at 46%. We expect our portfolio to remain resilient.

Going forward, we will continue to grow recurring income via our asset-light strategy, which includes securing management contracts, franchises, leases and strategic alliances. In the first six months of 2020, CapitalLand Lodging secured contracts for 25 new properties with over 5,400 units across nineteen cities globally. This is the largest number of new properties Ascott has clinched in the first six months of any year and brings the total number of units on our lodging platform to 117,000. The ability to secure management contracts in the midst of COVID-19 pandemic is a testament to our partners' confidence in the resilience of our business model.

- 11(a) Any dividend declared for the present financial period?** No. The company pays first and final dividend only.
- 11(b) Any dividend declared for the previous corresponding period?** No.
- 11(c) Date payable :** Not applicable.
- 11(d) Books closing date :** Not applicable.

- 12 If no dividend has been declared/recommended, a statement to that effect**  
Not applicable.

**13 Interested Person Transactions**

The Company has not sought a general mandate from shareholders for Interested Person Transactions.

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**14 Confirmation pursuant to Rule 720(1) of the SGX-ST Listing Manual**

The Company confirms that it has procured undertakings from all its Directors and executive officers in the form set out in Appendix 7.7 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual"), as required by Rule 720(1) of the Listing Manual.

**15 Confirmation Pursuant to Rule 705(5) of the Listing Manual**

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial statements of the Group and the Company (comprising the balance sheet, consolidated income statement, statement of comprehensive income, statement of changes in equity and consolidated statement of cash flows, together with their accompanying notes) as at 30 June 2020 and for the six months ended on that date, to be false or misleading in any material aspect.

Please refer to Note 1 in the Explanatory Notes to Balance Sheet for the disclosures pertaining to uncertainty in the carrying value of the Group's investment properties, due to the impact of COVID-19.

On behalf of the Board

**Ng Kee Choe**  
Chairman

**Lee Chee Koon**  
Director

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**16 Segmental Revenue and Results**

**16(a)(i) By Strategic Business Units – 1H 2020 vs 1H 2019**

	Revenue			Earnings before interest & tax		
	1H 2020	1H 2019	Better/ (Worse)	1H 2020	1H 2019	Better/ (Worse)
	S\$'000	S\$'000	(%)	S\$'000	S\$'000	(%)
CL Singapore and International						
- CL SMI	804,786	885,563	(9.1)	1,376	775,900	(99.8)
- CL Vietnam	129,698	44,878	189.0	20,640	11,345	81.9
- CL International	113,983	102,519	11.2	67,561	67,218	0.5
CL China	482,942	496,780	(2.8)	391,085	892,719	(56.2)
CL India	22,487	-	NM	14,046	(851)	NM
CL Lodging	433,037	597,245	(27.5)	4,204	290,562	(98.6)
CL Financial	158,398	101,146	56.6	91,839	52,737	74.1
Corporate and others <sup>(1)</sup>	(117,933)	(97,058)	(21.5)	6,074	(28,662)	NM
<b>Total</b>	<b>2,027,398</b>	<b>2,131,073</b>	<b>(4.9)</b>	<b>596,825</b>	<b>2,060,968</b>	<b>(71.0)</b>

**16(a)(ii) By Geography – 1H 2020 vs 1H 2019**

	Revenue			Earnings before interest & tax		
	1H 2020	1H 2019	Better/ (Worse)	1H 2020	1H 2019	Better/ (Worse)
	S\$'000	S\$'000	(%)	S\$'000	S\$'000	(%)
Singapore	790,785	806,247	(1.9)	30,474	867,186	(96.5)
China <sup>(2)</sup>	528,128	575,053	(8.2)	411,862	913,166	(54.9)
Other developed markets <sup>(3)</sup>	445,733	549,500	(18.9)	85,327	214,455	(60.2)
Other emerging markets <sup>(4)</sup>	262,752	200,273	31.2	69,162	66,161	4.5
<b>Total</b>	<b>2,027,398</b>	<b>2,131,073</b>	<b>(4.9)</b>	<b>596,825</b>	<b>2,060,968</b>	<b>(71.0)</b>

**16(a)(iii) By Assets Class – 1H 2020 vs 1H 2019**

	Revenue			Earnings before interest & tax		
	1H 2020	1H 2019	(Worse)	1H 2020	1H 2019	(Worse)
	S\$'000	S\$'000	(%)	S\$'000	S\$'000	(%)
Residential, commercial strata and urban development	322,781	332,961	(3.1)	186,798	201,231	(7.2)
Retail	729,366	862,577	(15.4)	151,392	1,006,281	(85.0)
Commercial	366,191	356,596	2.7	51,725	536,240	(90.4)
Business park, industrial & logistics	214,181	-	NM	166,376	-	NM
Lodging <sup>(5)</sup>	511,512	669,468	(23.6)	24,072	335,615	(92.8)
Corporate and others <sup>(1)</sup>	(116,633)	(90,529)	(28.8)	16,462	(18,399)	NM
<b>Total</b>	<b>2,027,398</b>	<b>2,131,073</b>	<b>(4.9)</b>	<b>596,825</b>	<b>2,060,968</b>	<b>(71.0)</b>

Notes:

(1) Includes intercompany eliminations.

(2) Includes Hong Kong.

(3) Excludes Singapore and Hong Kong.

(4) Excludes China.

(5) The results for Lodging asset class is different from CL Lodging SBU as it includes the results of lodging component in integrated developments as well as US multifamily portfolio presented under other SBUs.

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**17 In the review of performance, the factors leading to any material changes in contributions to revenue and earnings by the business or geographical segments**

Please refer to item 8.

**18 Breakdown of Group's revenue and profit after tax for first half year and second half year**

Not applicable.

**19 Breakdown of Total Annual Dividend (in dollar value) of the Company**

Not applicable.

**20 Subsequent Events**

- i) On 27 July 2020, Ascott Residence Trust (ART) announced it has entered into two conditional agreements to divest Ascott Guangzhou in China and Citadines Didot Montparnasse Paris in France to two unrelated third parties respectively, for a total consideration 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.
- ii) On 3 August 2020, CapitaLand announced a change of its interest in Guangzhou Kai Ke Xing Mao Real Estate Development Co., Ltd (GKK), where it has together with other shareholder of GKK divested an aggregate of 40% equity interest in the company for a total consideration of RMB 395.7 million (approximately S\$78.6 million). Following the completion of the transaction, CapitaLand's interest in GKK has decreased to 45%.

GKK owns a mixed-use site located in Huangpu District, Guangzhou, China which is to be developed into an integrated development comprising office, retail, apartments, serviced residence and low-density strata office components.

#### BY ORDER OF THE BOARD

Michelle Koh  
Company Secretary  
7 August 2020

This announcement may contain forward-looking statements. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other developments or companies, shifts in customer demands, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training, property operating expenses), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management regarding future events. No representation or warranty express or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this announcement. Neither CapitaLand Limited ("CapitaLand") nor any of its affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use of, reliance on or distribution of this announcement or its contents or otherwise arising in connection with this announcement.

The past performance of CapitaLand or any of the listed funds managed by CapitaLand Group ("CL Listed Funds") is not indicative of future performance. The listing of the shares in CapitaLand ("Shares") or the units in the CL Listed Funds ("Units") on the Singapore Exchange Securities Trading Limited ("SGX ST") does not guarantee a liquid market for the Shares or Units.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Shares or Units.



**CapitaLand Treasury Limited**  
**Registration Number: 199606698M**

Annual Report  
Year ended 31 December 2019

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 network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.





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## **Independent auditors' report**

Member of the Company  
CapitaLand Treasury Limited

### **Report on the audit of the financial statements**

#### *Opinion*

We have audited the financial statements of CapitaLand Treasury Limited (the 'Company'), which comprise the balance sheet as at 31 December 2019, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS37.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Act') and the Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the financial position of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Company 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 Company 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 amounts due from related corporations**

(Refer to Note 7 to the financial statements)

**Risk:**

The Company provides financing to and has significant amounts due from related corporations. The assessment of the recoverability of the amounts involves judgement. There is therefore a risk that the amounts are not fully recoverable, resulting in impairment loss.

**Our response:**

We challenged management's assessment of the recoverability of the amounts due from related corporations by considering any long outstanding balances, the financial position and payment track record of the related corporations as well as the financial position of their guarantors, where relevant.

**Our findings:**

We found management's basis of conclusion on the recoverability of the amounts due from related corporations to be supportable.

*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 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 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 and SFRS(I), 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company'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 Company'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 Company'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 Company 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.



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 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 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 Lee Sze Yeng.

  
**KPMG LLP**

*Public Accountants and  
Chartered Accountants*

**Singapore**  
30 April 2020

**Balance Sheet**  
**As at 31 December 2019**

	Note	2019 \$'000	2018 \$'000
<b>Non-current assets</b>			
Office equipment	4	7	—
Intangible asset	5	*	4
Amounts due from immediate holding company	6	864,416	—
Amounts due from related corporations	7	4,749,162	3,295,710
Derivative financial assets	23	52,961	66,522
		<u>5,666,546</u>	<u>3,362,236</u>
<b>Current assets</b>			
Trade and other receivables		6,884	7,950
Amounts due from immediate holding company	6	3,952	—
Amounts due from related corporations	7	2,761,204	4,235,020
Derivative financial assets	23	8,368	—
Cash and cash equivalents	8	1,883,874	1,763,483
		<u>4,664,282</u>	<u>6,006,453</u>
<b>Total assets</b>		<u>10,330,828</u>	<u>9,368,689</u>
<b>Equity</b>			
Share capital	9	100,000	100,000
Reserves	10	91,348	79,655
<b>Equity attributable to owner of the Company</b>		<u>191,348</u>	<u>179,655</u>
Perpetual securities	11	500,748	—
<b>Total equity</b>		<u>692,096</u>	<u>179,655</u>
<b>Non-current liabilities</b>			
Unsecured bank loans	12	3,022,341	2,243,638
Unsecured debt securities	13	2,337,377	1,894,642
Amounts due to immediate holding company	14	1,173,868	1,494,280
Amounts due to related corporations	18	250,000	250,000
Derivative financial liabilities	23	2,767	18,052
Deferred tax liabilities	15	1,861	2,739
		<u>6,788,214</u>	<u>5,903,351</u>
<b>Current liabilities</b>			
Trade and other payables	17	52,418	40,641
Amounts due to immediate holding company	14	772,997	1,030,765
Amounts due to related corporations	18	1,373,467	1,377,808
Unsecured bank loans	12	289,770	585,330
Unsecured debt securities	13	349,936	249,917
Derivative financial liabilities	23	8,368	—
Current tax payable		3,562	1,222
		<u>2,850,518</u>	<u>3,285,683</u>
<b>Total liabilities</b>		<u>9,638,732</u>	<u>9,189,034</u>
<b>Total equity and liabilities</b>		<u>10,330,828</u>	<u>9,368,689</u>

\* Less than \$1,000

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

**Income Statements**  
**Year ended 31 December 2019**

	<b>Note</b>	<b>2019 \$'000</b>	<b>2018 \$'000</b>
Revenue	19	274,794	221,016
Direct operating costs	20	(256,149)	(218,293)
<b>Gross profit</b>		18,645	2,723
Other operating income		9,657	19,024
Administrative expenses		(6,530)	(6,401)
Other operating expenses		(9,684)	(17,172)
<b>Profit / (Loss) before tax</b>	20	12,088	(1,826)
Tax (expense) / credit	21	(2,238)	681
<b>Profit / (Loss) for the year</b>		9,850	(1,145)

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



**Statement of Comprehensive Income**  
**Year ended 31 December 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Profit / (Loss) for the year</b>	9,850	(1,145)
<b>Other comprehensive income:</b>		
<b>Items that are or may be reclassified subsequently</b>		
<b>to profit or loss:</b>		
Effective portion of changes in fair value of cash flow hedges	5,660	(1,790)
<b>Total other comprehensive income for the year, net of tax</b>	<u>5,660</u>	<u>(1,790)</u>
<b>Total comprehensive income for the year</b>	<u><u>15,510</u></u>	<u><u>(2,935)</u></u>

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

**Statement of Changes in Equity**  
**Year ended 31 December 2019**

Note	Attributable to owner of the Company					Perpetual securities \$'000	Total equity \$'000
	Share capital \$'000	Accumulated profits \$'000	Hedging reserve \$'000	Capital reserve \$'000	Total \$'000		
At 1 January 2018	100,000	90,702	(9,696)	1,407	182,413	–	182,413
<b>Total comprehensive income for the year</b>							
Loss for the year	–	(1,145)	–	–	(1,145)	–	(1,145)
<b>Other comprehensive income</b>							
Effective portion of changes in fair value of cash flow hedges	–	–	(1,790)	–	(1,790)	–	(1,790)
Total other comprehensive income	–	–	(1,790)	–	(1,790)	–	(1,790)
Total comprehensive income for the year	–	(1,145)	(1,790)	–	(2,935)	–	(2,935)
<b>Transactions with owner, recorded directly in equity</b>							
Share-based payment	–	–	–	178	178	–	178
Reclassification of lapsed share-based payment	–	35	–	(35)	–	–	–
Dividends	–	(1)	–	–	(1)	–	(1)
Total transaction with owner	–	34	–	143	177	–	177
At 31 December 2018	100,000	89,591	(11,486)	1,550	179,655	–	179,655
At 1 January 2019	100,000	89,591	(11,486)	1,550	179,655	–	179,655
<b>Total comprehensive income for the year</b>							
Profit for the year	–	9,850	–	–	9,850	–	9,850
<b>Other comprehensive income</b>							
Effective portion of changes in fair value of cash flow hedges	–	–	5,660	–	5,660	–	5,660
Total other comprehensive income	–	–	5,660	–	5,660	–	5,660
Total comprehensive income for the year	–	9,850	5,660	–	15,510	–	15,510
<b>Transactions with owner, recorded directly in equity</b>							
Issue of perpetual securities (net)	–	–	–	–	–	496,948	496,948
Distribution attributable to perpetual securities	–	(3,800)	–	–	(3,800)	3,800	–
Share-based payment	–	–	–	(16)	(16)	–	(16)
Reclassification of lapsed share-based payment	–	93	–	(93)	–	–	–
Dividends	–	(1)	–	–	(1)	–	(1)
Total transaction with owner	–	(3,708)	–	(109)	(3,817)	500,748	496,931
At 31 December 2019	100,000	95,733	(5,826)	1,441	191,348	500,748	692,096

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

**Statement of cash flows**  
**Year ended 31 December 2019**

	<b>Note</b>	<b>2019 \$'000</b>	<b>2018 \$'000</b>
<b>Cash flows from operating activities</b>			
Profit/ (Loss) for the year		9,850	(1,145)
Adjustments for:			
Interest expense	20(a)	256,149	218,293
Interest income	19	(274,674)	(220,835)
Share-based expenses	20(c)	886	832
Unrealised foreign exchange loss/ (gain)		29,369	(10,472)
Mark-to-market (gain)/ loss on derivative instruments	20(b)	(17,506)	17,172
Mark-to-market loss/ (gain) on derivative instruments with related corporation	20(b)	17,506	(17,172)
Amortisation of intangible assets and depreciation of office equipment	20(c)	8	2
Tax expense/ (credit)	21	2,238	(681)
		<u>13,976</u>	<u>(12,861)</u>
<b>Operating profit/ (loss) before working capital changes</b>		<b>23,826</b>	<b>(14,006)</b>
Changes in working capital:			
Trade and other payables		(257)	163
Repayment of amount due to immediate holding company		(1,449,663)	(1,239,468)
Advance to related corporations		(6,486)	(528,361)
Interest received		275,695	221,438
Interest paid		(257,154)	(210,330)
Income tax paid		(775)	(2,699)
<b>Net cash generated used in operating activities</b>		<u><b>(1,414,814)</b></u>	<u><b>(1,773,263)</b></u>
<b>Cash flows from investing activities</b>			
Purchase of office equipment		(11)	–
<b>Net cash generated from investing activities</b>		<u><b>(11)</b></u>	<u><b>–</b></u>
<b>Cash flows from financing activities</b>			
Dividends paid		(1)	(1)
Proceeds from bank loans		5,124,737	2,679,583
Repayments of bank loans		(4,632,886)	(1,695,010)
Proceeds from debt securities		800,000	–
Repayments of debt securities		(250,000)	–
Issue of perpetual securities (net of transactions cost)		496,948	–
<b>Net cash generated from financing activities</b>		<u><b>1,538,798</b></u>	<u><b>984,572</b></u>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>123,973</b>	<b>(788,691)</b>
Cash and cash equivalents at beginning of the year		1,763,483	2,556,508
Effect of exchange rate on cash balances held in foreign currencies		(3,582)	(4,334)
<b>Cash and cash equivalents at end of the year</b>	<b>8</b>	<u><b>1,883,874</b></u>	<u><b>1,763,483</b></u>

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

## **Notes to the financial statements**

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 30 April 2020.

### **1 Domicile and activities**

CapitaLand Treasury 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 principal activities of the Company during the financial year are those relating to the provision of financial and treasury services to related companies.

The immediate and ultimate holding company during the financial year are CapitaLand Limited and Temasek Holdings (Private) Limited respectively. The companies are incorporated in the Republic of Singapore.

### **2 Basis of preparation**

#### **2.1 Statement of compliance**

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (SFRS(I)).

#### **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**

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.

#### **2.4 Use of estimates and judgements**

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 assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in Note 7 – Valuation of amounts due from related corporations.

### ***Measurement of fair values***

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

The Company has established reporting policies with respect to the measurement of fair values. Significant fair value measurements, including Level 3 fair values will be reviewed by the Company and reported directly to the Head of Finance.

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the Company assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company 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:

- (i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) 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).
- (iii) 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 Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 23 – Financial risk management.

### **3 Significant accounting policies**

#### **3.1 Foreign currency transactions**

Items included in the financial statements of the Company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Company (the functional currency).

Transactions in foreign currencies are translated to the functional currency of the Company at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period 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.

Foreign currency differences arising from translation are recognised in the profit or loss, except for differences arising from the translation of qualifying cash flow hedges to the extent such hedges are effective, which are recognised in other comprehensive income.

#### **3.2 Financial instruments**

##### **(i) *Non-derivative financial instruments***

###### ***Classification and measurement***

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

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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

###### ***At initial recognition***

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

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.

###### ***At subsequent measurement***

Financial assets 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 from these financial assets is included in interest income using the effective interest rate method.

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.



**(ii) *Derecognition***

Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial assets to another party without retaining control or transfers substantially all the risks and rewards of the assets. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's contractual obligations are discharged, cancelled or expired.

**(iii) *Offsetting***

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company 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.

**(iv) *Derivative financial instruments and hedging activities***

The Company 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 Company 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 Company 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 Company 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.

***Specific policies applicable from 1 January 2019 for hedges directly affected by interbank offer rates (IBOR) 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 Company early adopted the principles of the amendments to SFRS(I) 9, SFRS(1) 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 Company assumes that the benchmark interest rate on which the cash flows are based is not altered as a result of IBOR reform.

The Company 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.

#### ***Cash flow hedges***

The Company 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 other comprehensive income (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.

#### ***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.

### ***Perpetual securities***

The perpetual securities do not have a maturity date and distribution payment is optional at the discretion of the Company. As the Company 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.

## **3.3 Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its financial assets. For trade receivables, the Company 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 Company applies the general approach of 12-month ECL at initial recognition for all other financial assets.

At each reporting date, the Company 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;
- the restructuring of a loan or advance by the Company on terms that the Company 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.

## **3.4 Employee benefits**

### ***Short-term 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.

A provision is recognised for the amount expected to be paid under the short-term cash bonus or profit-sharing plans if the Company 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 granted by the immediate holding company, 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.

### **3.5 Share capital**

Ordinary shares and redeemable preference shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

### **3.6 Revenue recognition**

Interest income is recognised as it accrues, using the effective interest method.

### **3.7 Direct operating costs**

The Company's direct operating costs are interest expense. Interest expense is recognised in profit or loss using the effective interest method.

### **3.8 Tax**

Income tax expense comprises current and deferred tax. 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.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company 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 Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company 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 Company 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.

#### 4 Office equipment

	<b>Office equipment \$'000</b>
<b>Cost</b>	
At 1 January 2018 and 31 December 2018	—
Additions	11
Reclassification from intangible asset	2
At 31 December 2019	<u>13</u>
<b>Accumulated depreciation</b>	
At 1 January 2018 and 31 December 2018	—
Depreciation for the year	(6)
Reclassification from intangible asset	*
At 31 December 2019	<u>(6)</u>
<b>Carrying amounts</b>	
At 1 January 2018 and 31 December 2018	—
At 31 December 2019	<u>7</u>

\* Less than \$1,000

## 5 Intangible asset

	<b>Software \$'000</b>
<b>Cost</b>	
At 1 January 2018	1,276
Additions	2
At 31 December 2018	1,278
Additions	*
Reclassification to office equipment	(2)
At 31 December 2019	1,276
<b>Accumulated amortisation</b>	
At 1 January 2018	(1,272)
Amortisation for the year	(2)
At 31 December 2018	(1,274)
Amortisation for the year	(2)
Reclassification to office equipment	*
At 31 December 2019	(1,276)
<b>Carrying amounts</b>	
At 1 January 2018	4
At 31 December 2018	4
At 31 December 2019	*

\* Less than \$1,000

## 6 Amounts due from immediate holding company

	<b>2019 \$'000</b>	<b>2018 \$'000</b>
Not later than 1 year:		
- Interest free (trade)	25	—
- Interest receivable	3,927	—
	3,952	—
After 1 year:		
Interest-bearing (trade)		
- Between 1 to 5 years	864,416	—
	864,416	—
	868,368	—

The amounts due from immediate holding company are unsecured.

The non-current amounts due from immediate holding company are repayable on 28 June 2022 (2018: Nil).

As at 31 December 2019, the effective interest rate for amounts due from immediate holding company is 3.05% (2018: Nil) per annum. Interest rates reprice at intervals of 100 days (2018: Nil).



## 7 Amounts due from related corporations

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Not later than 1 year:		
- Interest-bearing (trade)	2,727,642	4,200,738
- Interest receivable	34,938	35,658
	2,762,580	4,236,396
Less : Allowance for impairment loss	(1,376)	(1,376)
	2,761,204	4,235,020
After 1 year:		
Interest-bearing (trade)		
- Between 1 to 5 years	4,338,436	3,158,544
- After 5 years	412,305	138,745
	4,750,741	3,297,289
Less : Allowance for impairment loss	(1,579)	(1,579)
	4,749,162	3,295,710
	7,510,366	7,530,730

The amounts due from related corporations are unsecured.

The current amounts due from related corporations are repayable on demand (2018: The amounts due from related corporations are repayable on demand except for \$710 million and \$200 million which were repayable on 11 April 2019 and 11 November 2019 respectively.)

The non-current amounts due from related corporations are repayable between 15 February 2021 to 2 June 2025 (2018: 28 February 2020 to 2 June 2025).

As at 31 December 2019, the effective interest rates for amounts due from related corporations ranged from 0.54% to 3.29% (2018: 0.74 % to 4.07%) per annum. Interest rates reprice at intervals of 21 days to 364 days (2018: 12 days to 364 days).

During the year, the Company assessed the carrying amount of its amounts from related corporations for indicators of impairment by considering any long outstanding balances, the financial position, and payment track record of the related corporations, as well as the financial position of their guarantors, where relevant. The Company's exposure to credit risk on the amounts due from related corporations and the movements in allowance for impairment losses are disclosed in Note 23.

## 8 Cash and cash equivalents

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$,000</b>
Cash at banks	792,129	368,062
Fixed deposits with banks	1,091,745	1,395,421
Cash and cash equivalents	1,883,874	1,763,483

As at 31 December 2019, the effective interest rates for cash and cash equivalents ranged from 1.25% to 2.62% (2018: 1.25% to 3.30%) per annum. Interest rates reprice at intervals of 1 day to 62 days (2018: 1 day to 94 days).

## 9 Share capital

	<b>2019</b>	<b>2018</b>
	<b>No. of shares</b>	<b>No. of shares</b>
	<b>'000</b>	<b>'000</b>
<b>Issued and fully paid:</b>		
Ordinary shares	27,600	27,600
Redeemable preference shares	72,400	72,400
At 1 January and 31 December	<u>100,000</u>	<u>100,000</u>

### Ordinary shares

The holders of ordinary 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 ordinary shares rank equally with regard to the Company's residual assets.

### Redeemable convertible preference shares

The redeemable convertible preference shares carry a non-cumulative preferential dividend rate that shall be recommended by the Directors. These preference shares may be redeemed or converted, wholly or partially, by the Company at any time from the date of issue as follows:

- by the payment in cash of an amount equal to the subscription price per share; or
- by the issue to the preference shareholder of one ordinary share credited as fully paid for each preference share converted.

On winding up or other repayment of capital, the redeemable convertible preference shares carry the right to repayment of capital in priority to the holders of ordinary shares of the Company, but shall not entitle the redeemable convertible preference shareholders to any further or other participation in the profits or assets of the Company.

### Capital management

The Company defines capital as including all components of equity. The Company's policy on capital management follows that of its immediate holding company, CapitaLand Limited. CapitaLand Limited'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.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

## 10 Reserves

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Hedging reserve	(5,826)	(11,486)
Capital reserve	1,441	1,550
Accumulated profits	95,733	89,591
	<u>91,348</u>	<u>79,655</u>

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedge.

The capital reserve comprises the cumulative value of employee services received for the issue of the immediate holding company's shares under the CapitaLand's Share Plans (see note 16).

## 11 Perpetual securities

On 17 October 2019, the Company issued \$500 million of fixed rate subordinated perpetual notes guaranteed by the immediate holding 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 the Company in accordance to the terms and conditions of the perpetual notes. The distribution will be payable semi-annually at the discretion of the Company and will be cumulative. The perpetual notes will constitute direct, unconditional, unsecured and subordinated obligations of the Company and shall at all times rank pari passu and without any preference among themselves and with any parity obligations of the Company.

As the perpetual securities have no fixed maturity date and the payment of distributions is at the discretion of the Company, the Company 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.

## 12 Unsecured bank loans

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Repayable:		
Not later than 1 year	289,770	585,330
After 1 year:		
- Between 1 to 5 years	3,022,341	2,243,638
	<u>3,312,111</u>	<u>2,828,968</u>

The unsecured loans are guaranteed by the immediate holding company. As at 31 December 2019, the effective interest rates for bank loans ranged from 0.25% to 2.66% (2018: 0.20% to 3.33%) per annum. Interest rates reprice at intervals of 29 days to 188 days (2018: 27 days to 181 days). The maturity dates for the non-current unsecured bank loans ranged from 8 March 2021 to 5 December 2024 (2018: 23 January 2020 to 12 September 2023).

The reconciliation of liabilities arising from financing activities were as follows:

	Note	At 1/1/2019 \$'000	Financing cash flows \$'000	Non-cash changes			At 31/12/2019 \$'000
				Changes in fair value \$'000	Foreign exchange movement \$'000	Others \$'000	
The Company							
Unsecured bank loans	12	2,828,968	491,851	—	3,286	(11,994)	3,312,111
Unsecured debt securities	13	2,144,559	550,000	—	(3,936)	(3,310)	2,687,313
Derivative financial liabilities	23	18,052	—	(6,917)	—	—	11,135
Derivative financial assets	23	(66,522)	—	5,193	—	—	(61,329)

	Note	At 1/1/2018 \$'000	Financing cash flows \$'000	Non-cash changes			At 31/12/2018 \$'000
				Changes in fair value \$'000	Foreign exchange movement \$'000	Others \$'000	
Unsecured bank loans	12	1,848,693	984,573	—	(665)	(3,633)	2,828,968
Unsecured debt securities	13	2,133,978	—	—	9,812	769	2,144,559
Derivative financial liabilities		880	—	17,172	—	—	18,052
Derivative financial assets		(41,328)	—	(25,194)	—	—	(66,522)

### 13 Unsecured debt securities

Unsecured debt securities comprise fixed rate notes issued by the Company:

	2019 \$'000	2018 \$'000
Repayable:		
Not later than 1 year	349,936	249,917
After 1 year:		
- Between 1 to 5 years	1,042,708	897,230
- After 5 years	1,294,669	997,412
	2,337,377	1,894,642
	2,687,313	2,144,559

On 11 June 2004, the Company established a \$3 billion Multicurrency Medium Term Note Programme (“MTN Programme”). Under this MTN Programme, the Company may from time to time issue notes in series or tranches in Singapore dollars or any other currency agreed between the Company and the relevant dealers of the MTN Programme.

On 3 August 2012, the Company established a \$5 billion Euro Medium Term Note Programme (“EMTN Programme”). Under this EMTN Programme, the Company may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes in series or tranches in Singapore dollars or any other currency agreed between the immediate holding company, the Company and the relevant dealers of the EMTN Programme.

On 29 April 2019, the Company established a \$5 billion Euro Medium Term Note Programme (“EMTN Programme”). Under this EMTN Programme, the Company may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes in series or tranches in Singapore dollars or any other currency agreed between the immediate holding company, the Company and the relevant dealers of the EMTN Programme.

The unsecured debt securities are guaranteed by the immediate holding company. As at 31 December 2019, the effective interest rates for debt securities ranged from 3.08% to 4.30% (2018: 3.08% to 4.35%) per annum. The maturity dates for the non-current unsecured debt securities ranged from 20 September 2022 to 29 August 2029 (2018: 31 August 2020 to 19 October 2027).

### 14 Amounts due to immediate holding company

	2019 \$'000	2018 \$'000
Not later than 1 year:		
- Interest-free (trade)	143	—
- Interest-bearing (trade)	772,854	1,027,583
	772,997	1,027,583
Interest payable	—	3,182
	772,997	1,030,765
After 1 year:		
Interest-bearing (trade)		
- Between 1 to 5 years	526,000	847,287
- After 5 years	647,868	646,993
	1,173,868	1,494,280
	1,946,865	2,525,045

The amounts due to immediate holding company are unsecured.

The current amounts due to immediate holding company are repayable on demand, except for an amount due to immediate holding company of \$650 million (2018: \$571.8 million) which is repayable on 19 June 2020 (2018: 20 June 2019).

The non-current amounts to immediate holding company are repayable between 20 June 2022 to 8 June 2025 (2018: 19 June 2020 to 8 June 2025).

As at 31 December 2019, the effective interest rate for amounts due to immediate holding company ranged from 1.06% to 2.95% (2018: 1.42% to 2.95%) per annum. Interest rates reprice at intervals of 11 to 183 days (2018: 5 to 182 days).

## 15 Deferred tax liabilities

Movements in deferred tax liabilities during the year are as follows:

	At 1 January 2018 \$'000	Recognised in profit or loss (Note 21) \$'000	At 31 December 2018 \$'000	Recognised in profit or loss (Note 21) \$'000	At 31 December 2019 \$'000
<b>Deferred tax liabilities</b>					
Other costs of borrowings on bank loans, debt securities and intercompany loans	5,055	(2,316)	2,739	(878)	1,861

## 16 Employee benefits

### *Performance Share Plan*

This relates to compensation costs of the immediate holding company's Performance Share Plan reflecting the benefits accruing to the employees of the Company over the service period to which the performance criteria relate.

Movements in the number of shares outstanding under the Performance Share Plan were summarised below:

	No. of shares	
	2019	2018
At 1 January	159,109	155,513
Granted	32,014	40,167
Released	(41,909)	(7,131)
Lapsed	(26,794)	(29,440)
At 31 December	122,420	159,109



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.

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 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:

<b>Year of award</b>	<b>2019</b>	<b>2018</b>
<i>Weighted average fair value of shares and assumptions</i>		
Weighted average fair value at measurement date	\$2.74	\$2.65
Expected volatility of the immediate holding company's share price based on 36 months closing share price prior to grant date	17.18%	19.62%
Average volatility of companies in the immediate holding company's peer group based on 36 months prior to grant date	27.12%	28.63%
Immediate holding company's share price at grant date	\$3.45	\$3.62
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	1.65%	1.94%
Immediate holding company's expected dividend yield over the vesting period	3.54% to 4.14%	3.27% to 3.43%
Initial total shareholder return (TSR) performance based on historical TSR performance of the immediate holding company and each company in the peer group	13.46%	0.66%
Average correlation of the immediate holding company's TSR with those companies in the peer group	<u>50.11%</u>	<u>52.45%</u>

#### *Restricted Share Plan*

This relates to compensation costs of the immediate holding company's Restricted Share Plan reflecting the benefits accruing to the employees of the Company over the service period to which the performance criteria relate.

Movements in the number of shares outstanding under the Restricted Share Plan were summarised below:

<b>Year of award</b>	<b>No. of shares</b>	
	<b>2019</b>	<b>2018</b>
At 1 January	408,249	394,327
Granted	242,869	112,481
Released	(234,575)	(77,513)
Lapsed/Cancelled	-	(21,046)
At 31 December	<u>416,543</u>	<u>408,249</u>

As at 31 December 2019, the number of shares in awards granted under the Restricted Share Plan (equity-settled) is as follows:

	<b>2019</b>	<b>2018</b>
Final number of shares has not been determined (baseline award) <sup>#</sup>	168,597	158,711
Final number of shares determined but not released	247,946	249,538
	<u>416,543</u>	<u>408,249</u>

<sup>#</sup> The final number of shares released could range from 0% to 150% of the baseline award.

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. Conversely, 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 shares have a vesting period of two to three years. Recipient 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 are declared during each of the vesting periods and deemed forgone due to the vesting mechanism of the Restricted Share Plan, will also be released upon the final vesting.

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:

<b>Year of award</b>	<b>2019</b>	<b>2018</b>
<i>Weighted average fair value of shares and assumptions</i>		
Weighted average fair value at measurement date	\$3.26	\$3.40
Immediate holding company's share price at grant date	\$3.45	\$3.62
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	1.64% to <u>1.72%</u>	1.75% to <u>1.94%</u>

## 17 Trade and other payables

	2019 \$'000	2018 \$'000
Accrued operating expenses	2,729	1,598
Interest payable – bank loans and debt securities	49,508	38,873
Liability for short-term accumulating compensated absences	128	100
Other payables	53	70
	<u>52,418</u>	<u>40,641</u>

## 18 Amounts due to related corporations

	2019 \$'000	2018 \$'000
Not later than 1 year:		
- Interest-bearing (trade)	1,369,199	1,372,606
- Interest payable	4,268	5,202
	<u>1,373,467</u>	<u>1,377,808</u>
After 1 year:		
Interest-bearing (trade)		
- Between 1 to 5 years	250,000	250,000
	<u>1,623,467</u>	<u>1,627,808</u>

The current amounts due to related corporations are all repayable on demand, unsecured and bears the effective interest rates range from 0% to 3.06% (2018: 1.24% to 3.31%) per annum. Interest rates reprice at intervals of 2 days to 185 days (2018: 9 days to 249 days).

The non-current amounts due to related corporations are repayable on 31 August 2022 (2018: 31 August 2022) and unsecured.

## 19 Revenue

	2019 \$'000	2018 \$'000
Interest income:		
- immediate holding company	20,160	–
- related corporations	228,431	189,546
- fixed deposits and bank balances	26,083	31,289
Others	120	181
	<u>274,794</u>	<u>221,016</u>

## 20 Profit/ Loss before tax

Profit/ Loss before tax includes the following:

	2019 \$'000	2018 \$'000
<b>(a) Direct operating costs</b>		
Interest expense paid and payable to:		
- immediate holding company	51,492	66,956
- related corporations	27,131	26,890
- bank loans	76,697	34,255
- debt securities	85,565	78,782
Others	15,264	11,410
	<u>256,149</u>	<u>218,293</u>
<b>(b) Other operating (income)/expense</b>		
Net foreign exchange loss/ (gain)	27	(1,852)
Mark-to-market loss on derivative instruments		
- with banks	(3,911)	17,172
- with related corporations	13,595	—
Mark-to-market gain on derivative instruments		
- with banks	(13,595)	—
- with related corporations	<u>3,911</u>	<u>(17,172)</u>
<b>(c) Administrative expenses</b>		
Amortisation of intangible assets	2	2
Depreciation of office equipment	6	—
Staff costs:		
- short-term employee benefits	4,325	3,861
- contributions to defined contribution plan	119	696
- share-based expenses		
- equity-settled	886	832
Rental expenses (paid and payable to immediate holding company)	462	479
Shared administrative fee (paid and payable to immediate holding company)	120	107
Maintenance expenses (paid and payable to related corporation)	414	275
Shared service fees (paid and payable to related corporation)	44	—

## 21 Tax expense/ (credit)

	2019 \$'000	2018 \$'000
<b>Current tax expense</b>		
Based on current year's results	3,116	656
(Over)/ Under provision in respect of prior year	(708)	979
Group relief in respect of prior year	708	—
	<u>3,116</u>	<u>1,635</u>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	<u>(878)</u>	<u>(2,316)</u>
Total	<u>2,238</u>	<u>(681)</u>

	<b>2019</b> <b>\$'000</b>	<b>2018</b> <b>\$'000</b>
<b>Reconciliation of effective tax rate</b>		
Profit/ (Loss) before tax	12,088	(1,826)
Income tax using Singapore tax rate of 17% (2018: 17%)	2,055	(310)
Effect of other deductible temporary differences	179	(1,382)
Expenses not deductible for tax purposes	4	32
(Over)/ Under provision in respect of prior year	(708)	979
Group relief in respect of prior year	708	–
	<u>2,238</u>	<u>(681)</u>

## 22 Dividends

	<b>2019</b> <b>\$'000</b>	<b>2018</b> <b>\$'000</b>
Interim one-tier dividend paid of 0.001 cents (2018: 0.001 cents) on each ordinary share	*	*
Interim one-tier dividend paid of 0.001 cents (2018: 0.001 cents) on each redeemable preference share	1	1
	<u>1</u>	<u>1</u>

\* Less than \$1,000

## 23 Financial risk management

### (a) Financial risk management objectives and policies

The Company is exposed to market risk (including interest rate and foreign currency risks), credit risk and liquidity risk arising from its normal course of business. The Company's risk management approach seeks to minimise the potential material adverse effects from these exposures. The Company uses financial instruments such as currency forwards, interest rate swaps, cross currency swaps as well as foreign currency borrowings to hedge certain financial risk exposures.

### (b) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will have on the Company'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 Company's exposure to market risk for changes in interest rate environment relates mainly to fixed deposits, amounts due from/to related corporations and holding company, and debt obligations.

The Company manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings and uses hedging instruments, where appropriate. The Company 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.

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. The Company's exposure to IBORs, that are widely referenced in financial contracts, include Singapore interbank offered rates (SIBOR), SOR, LIBOR, and swap rates for US Dollars, Japanese Yen, Hong Kong Dollars and Singapore Dollars.

As a result of these uncertainties, significant accounting judgement is involved in determining whether certain hedge accounting relationships that hedge the variability of foreign exchange and interest rate risk due to expected changes in IBORs continue to qualify for hedge accounting as at 31 December 2019. IBORs continue to be used as reference rates in financial markets and are used in the valuation of instruments with maturities that exceed the expected end date for these IBORs. Therefore, the Company believes the current market structure supports the continuation of hedge accounting as at 31 December 2019.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The Company 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. As all critical terms matched during the year, the economic relationship was 100% effective.

Hedge ineffectiveness may occur due to changes in the critical terms of either the interest rate swaps or borrowings.

#### *Sensitivity analysis*

For variable rate financial assets and liabilities, it is estimated that an increase of 100 basis point in interest rate at the reporting date would lead to a net increase in the Company's profit before tax (and revenue reserves) by approximately \$1.3 million (2018: \$1.2 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.

#### *(ii) Foreign currency risk*

The Company is exposed to various currencies, mainly Chinese Renminbi, Euro, Hong Kong Dollars, Japanese Yen and US Dollars.

The Company maintains a natural hedge, whenever possible, by borrowing in the currency that matches the loan to related corporations. Foreign exchange exposures in transactional currencies are kept to an acceptable level.

The Company uses hedging instruments such as cross currency swaps and forward foreign exchange contracts to minimise its exposure to foreign exchange risk. The Company enters into cross currency swaps to hedge the foreign exchange risk of its loans denominated in a foreign currency. The Company designates the cross currency swaps as cash flow hedges and forward foreign exchange contracts as fair value hedges.

As at the reporting date, the Company had entered into derivative financial instruments with notional principal values as set out below. These financial instruments were used as cash flow and fair value hedging instruments. The positive and negative fair values represent the mark-to-market values of the derivative financial instruments.

	Notional principal value \$'000	Gross fair value gain \$'000	Gross fair value loss \$'000
<b>31 December 2019</b>			
Forward foreign exchange contracts	195,577	3,910	–
Forward foreign exchange contracts with related corporation	195,577	–	3,910
Interest rate swaps contracts	808,165	–	7,225
Interest rate swaps contracts with related corporation	408,165	4,458	–
Cross currency swaps contracts	544,220	52,961	
	<u>2,151,704</u>	<u>61,329</u>	<u>11,135</u>
<b>31 December 2018</b>			
Interest rate swaps contracts	1,089,460	–	18,052
Interest rate swaps contracts with related corporation	1,089,460	18,052	–
Cross currency swaps contracts	548,156	48,470	–
	<u>2,727,076</u>	<u>66,522</u>	<u>18,052</u>

The maturity dates of these financial instruments are as follows:

	2019 \$'000	2018 \$'000
Not later than 1 year	1,207,484	–
Between 1 to 5 years	944,220	2,727,076
	<u>2,151,704</u>	<u>2,727,076</u>

	2019 \$'000	2018 \$'000
<b><u>Derivative assets</u></b>		
<b>Non-current</b>		
Cross currency swaps contracts	52,961	66,522
<b>Current</b>		
Interest rate swaps contracts with related corporations	4,458	–
Forward foreign exchange contracts	3,910	–
	<u>61,329</u>	<u>66,522</u>

	2019 \$'000	2018 \$'000
<b><u>Derivative liabilities</u></b>		
<b>Non-current</b>		
Interest rate swaps contracts	2,767	18,052
<b>Current</b>		
Interest rate swaps contracts	4,458	–
Forward foreign exchange contracts with related corporations	3,910	–
	<u>11,135</u>	<u>18,052</u>



The Company's exposure to major foreign currencies as at 31 December 2019 and 31 December 2018 are as follows:

**31 December 2019**

	US Dollars \$'000	Hong Kong Dollars \$'000	Japanese Yen \$'000	Chinese Renminbi \$'000	Euro \$'000
Trade and other receivables	6,681	—	—	74	—
Amounts due from/(to) related corporations (net)	263,980	—	395,358	(37,983)	19,708
Cash and cash equivalents	153,836	5	614	37,921	9
Unsecured bank loans, excluding unamortised transaction costs	(416,829)	—	(395,805)	—	(19,685)
Unsecured debt securities, excluding unamortised transaction costs	(544,220)	—	—	—	—
Trade and other payables	(7,331)	—	(64)	—	(7)
	(543,883)	5	103	12	25
Gross currency swaps contracts	544,220	—	—	—	—
Net currency exposure	337	5	103	12	25

**31 December 2018**

	US Dollars \$'000	Hong Kong Dollars \$'000	Japanese Yen \$'000	Chinese Renminbi \$'000	Euro \$'000
Trade and other receivables	6,293	4	—	286	—
Amounts due from/(to) related corporations (net)	1,173,842	24,863	562,089	(168,252)	144,384
Cash and cash equivalents	30,982	1,405	4	168,055	11,889
Unsecured bank loans, excluding unamortised transaction costs	(1,198,264)	(26,210)	(561,580)	—	(156,128)
Unsecured debt securities, excluding unamortised transaction costs	(548,156)	—	—	—	—
Trade and other payables	(13,598)	(62)	(412)	—	(100)
	(548,901)	—	101	89	45
Gross currency swaps contracts	548,156	—	—	—	—
Net currency exposure	(745)	—	101	89	45

**(c) Credit risk**

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Investments and financial transactions are restricted to counterparties that meet the appropriate credit criteria and are of high credit standing.

As at the balance sheet date, there was no significant concentration of credit risk other than the amounts due from related corporations and there were no receivables which were past due. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments and related parties receivables, in the balance sheet.

*(i) Trade receivables*

The Company uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

In measuring the expected credit losses, trade receivables are grouped based on similar credit risk characteristics and days past due. In calculating the expected credit loss rates, the Company considers historical loss rates for each category of customers under each businesses.

Trade and other receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company generally considers a financial asset as in default if the counterparty fails to make contractual payments within 90 days when they fall due and writes off the financial asset when the Company assesses that the debtor fails to make contractual payments. Where receivables are written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss. The Company's credit risk exposure to trade and other receivables as at 31 December 2019 is immaterial.

*(ii) Financial assets at amortised cost (including amounts due from related corporations)*

The Company assesses on a forward-looking basis the expected credit losses associated with all other financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Cash and cash equivalents are subject to immaterial credit loss.

The movement in allowance for impairment loss during the year was:

	<b>Amounts due from related corporations \$'000</b>
At 1 January 2018/ 31 December 2018/ 1 January 2019	2,955
Allowance during the year	—
At 1 January 2019/ 31 December 2019	<u>2,955</u>

**(d) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company 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 Company maintains sufficient level of cash or cash convertible investments to meet its working capital requirement. In addition, the Company strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Company will constantly raise committed funding from both capital markets and financial institutions and prudently balance its portfolio with some short term funding so as to achieve overall cost effectiveness.

The following are the expected contractual undiscounted cash flows of financial liabilities, including interest payments and excluding the impact of netting agreements:

		Contractual cash flows <----- (including interest payments) ----->			
	Carrying amount \$'000	Total \$'000	Not later than 1 year \$'000	Between 1 and 5 years \$'000	After 5 years \$'000
<b>31 December 2019</b>					
Unsecured bank loans	3,312,111	3,550,808	346,650	3,204,158	–
Unsecured debt securities	2,687,313	3,347,579	437,976	1,409,545	1,500,058
Amounts due to:					
- Immediate holding company	1,946,865	2,095,559	811,533	624,951	659,075
- Related corporations	1,623,467	1,648,234	1,379,683	268,551	–
Trade and other payables*	52,290	52,290	52,290	–	–
Financial liabilities at amortised cost	9,622,046	10,694,470	3,028,132	5,507,205	2,159,133
Derivative financial liabilities at fair value	11,135	9,719	9,111	608	–
	9,633,181	10,704,189	3,037,243	5,507,813	2,159,133
<b>31 December 2018</b>					
Unsecured bank loans	2,828,968	3,014,879	641,082	2,373,797	–
Unsecured debt securities	2,144,559	2,508,540	309,941	1,117,999	1,080,600
Amounts due to:					
- Immediate holding company	2,525,045	2,691,411	1,070,405	943,681	677,325
- Related corporations	1,627,808	1,663,613	1,385,736	277,877	–
Trade and other payables*	40,541	40,541	40,541	–	–
Financial liabilities at amortised cost	9,166,921	9,918,984	3,447,705	4,713,354	1,757,925
Derivative financial liabilities at fair value	18,052	17,555	4,445	13,110	–
	9,184,973	9,936,539	3,452,150	4,726,464	1,757,925

\* Excludes liability for short term accumulating compensated absences.

At 31 December 2019, the Company 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 \$'000	Assets/ (Liabilities) \$'000	Financial statement line item	Hedging instrument \$'000	Hedge ineffectiveness recognised in P&L \$'000	Weighted average hedge forex rate/ interest rate (%)
<b>31 December 2019</b>						
<b>Cashflow hedges</b>						
Foreign exchange risk						
- Cross currency swaps to hedge foreign currency borrowings	544,220	52,961	Derivative financial asset	4,491	(4,491)	USD: SGD1.22 (USD 4.08%)
Interest rate risk						
- Interest rate swaps to hedge floating rate borrowings	400,000	(2,767)	Derivative financial liabilities	(2,767)	2,767	1.81% June 2021
<b>31 December 2018</b>						
<b>Cashflow hedges</b>						
Foreign exchange risk						
- Cross currency swaps to hedge foreign currency borrowings	548,156	48,470	Derivative financial asset	8,022	(8,022)	USD: SGD1.22 (USD 4.08%)

**(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 Company's balance sheet; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the balance sheet.

Financial instruments such as trade receivables and trade payables are not disclosed in the tables below unless they are offset in the balance sheet.

The Company'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 sheet as a right of set-off of recognised amounts is enforceable only following an event of default, insolvency or bankruptcy of the Company or the counterparties. In addition, the Company and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

	<b>Gross amount of recognised financial assets/ (liabilities) \$'000</b>	<b>Gross amount of recognised financial assets/ (liabilities) offset in the balance sheet \$'000</b>	<b>Net amount of financial assets/ (liabilities) presented in the balance sheet \$'000</b>	<b>Related amount not offset in the balance sheet \$'000</b>	<b>Net amount \$'000</b>
<b>31 December 2019</b>					
<b>Types of financial assets</b>					
Derivative financial assets	61,329	–	61,329	–	61,329
Amounts due from immediate holding company	6,751	(2,799)	3,952	–	3,952
Amounts due from related corporations	2,890,575	(129,371)	2,761,204	–	2,761,204
	<u>2,958,655</u>	<u>(132,170)</u>	<u>2,826,485</u>	<u>–</u>	<u>2,826,485</u>
<b>31 December 2019</b>					
<b>Types of financial liabilities</b>					
Derivative financial liabilities	(11,135)	–	(11,135)	–	(11,135)
Amounts due to immediate holding company	(775,796)	2,799	(772,997)	–	(772,997)
Amounts due to related corporations	(1,502,838)	129,371	(1,373,467)	–	(1,373,467)
	<u>(2,289,769)</u>	<u>132,170</u>	<u>(2,157,599)</u>	<u>–</u>	<u>(2,157,599)</u>

	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
<b>31 December 2018</b>					
<b>Types of financial assets</b>					
Derivative financial assets	66,522	—	66,522	—	66,522
Amounts due from related corporations	4,245,208	(10,188)	4,235,020	—	4,235,020
	<u>4,311,730</u>	<u>(10,188)</u>	<u>4,301,542</u>	<u>—</u>	<u>4,301,542</u>
<b>Types of financial liabilities</b>					
Derivative financial liabilities	(18,052)	—	(18,052)	—	(18,052)
Amounts due to related corporations	(1,387,996)	10,188	(1,377,808)	—	(1,377,808)
	<u>(1,406,048)</u>	<u>10,188</u>	<u>(1,395,860)</u>	<u>—</u>	<u>(1,395,860)</u>

**(f) Fair values**

The following valuation methods and assumptions are used to estimate the fair values of the following significant classes of financial instruments:

**(i) Derivatives**

Cross currency swap contracts, interest rate swap contracts and forward foreign exchange contracts are valued using valuation techniques with market observable inputs. The most frequently applied valuation technique 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 rates, interest rate curves and forward rate curves.

**(ii) Debt securities**

The fair value of quoted debt securities is their quoted bid price at the balance sheet date. 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.

**(iii) Other financial assets and liabilities**

The carrying amounts of financial assets and liabilities with a maturity of less than one year or repriced within 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 or short repricing frequency.

All other financial assets and liabilities are discounted to determine their fair values. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate for a similar instrument in the balance sheet.

(iv) *Accounting classifications and fair values*

The following tables show the carrying amounts and fair values of financial assets and liabilities. It does not include fair value information of financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

31 December 2019				
Financial assets				
Trade and other receivables		-	6,884	6,884
Amounts due from immediate holding company	6	-	868,368	868,368
Amounts due from related corporations	7	-	7,510,366	7,510,366
Cash and cash equivalents	8	-	1,883,874	1,883,874
Derivative financial assets	23	61,329	-	61,329
		61,329	10,269,492	10,330,821
Financial liabilities				
Unsecured bank loans	12	-	3,312,111	3,312,111
Unsecured debt securities	13	-	2,687,313	2,687,313
Amounts due to immediate holding company	14	-	1,946,865	1,946,865
Trade and other payables*	17	-	52,290	52,290
Amounts due to related corporations	18	-	1,623,467	1,623,467
Derivative financial liabilities	23	11,135	-	11,135
		11,135	9,622,046	9,633,181
				2,755,489
				1,923,871
				11,135

\* Exclude liability for short-term accumulating compensated absences.



	Note	Fair value - hedging instruments \$'000	Amortised cost \$'000	Total carrying amount \$'000	Fair value \$'000
<b>31 December 2018</b>					
Trade and other receivables		–	7,950	7,950	
Amounts due from related corporations	7	–	7,530,730	7,530,730	
Cash and cash equivalents	8	–	1,763,483	1,763,483	
Derivative financial assets	23	66,522	–	66,522	66,522
		66,522	9,302,163	9,368,685	
Unsecured bank loans	12	–	2,828,968	2,828,968	
Unsecured debt securities	13	–	2,144,559	2,144,559	2,159,073
Amounts due to immediate holding company	14	–	2,525,045	2,525,045	2,493,448
Trade and other payables*	17	–	40,541	40,541	
Amounts due to related corporations	18	–	1,627,808	1,627,808	
Derivative financial liabilities	23	18,052	–	18,052	18,052
		18,052	9,166,921	9,184,973	

\* Exclude liability for short-term accumulating compensated absences.

(v) **Fair value hierarchy**

The table below analyses fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques.

	<-----Fair value----->			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>31 December 2019</b>				
<b>Financial assets and liabilities measured at fair value</b>				
Derivative financial assets	—	61,329	—	61,329
Derivative financial liabilities	—	11,135	—	11,135
<b>Financial liabilities not measured at fair value</b>				
Unsecured debt securities	—	2,755,489	—	2,755,489
Amounts due to immediate holding company	—	1,923,871	—	1,923,871
	—	4,679,360	—	4,679,360
<b>31 December 2018</b>				
<b>Financial assets and liabilities measured at fair value</b>				
Derivative financial assets	—	66,552	—	66,552
Derivative financial liabilities	—	18,052	—	18,052
<b>Financial liabilities not measured at fair value</b>				
Unsecured debt securities	—	2,159,073	—	2,159,073
Amounts due to immediate holding company	—	2,493,448	—	2,493,448
	—	4,652,521	—	4,652,521

There was no transfer between the levels during the year.

## **24 Related party transactions**

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the direct and indirect ability to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

### ***Key management personnel***

All directors are employees of the immediate and ultimate holding company and no consideration is paid by the Company to the immediate and ultimate holding company for services rendered by the directors.

## **25 Adoption of new accounting standards**

The Company has applied the following SFRS(I)s, amendments to and interpretation of SFRS(I) for the first time for the annual period beginning on 1 January 2019.

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)

The Company has early adopted the Amendments to SFRS(I) 9, SFRS(I)1-39 and SFRS(I) 7: *Interest Rate Benchmark Reform* (note 3.2(iv)).

The application of the above standards and interpretations did not have a material effect on the financial statements.

## **26 Subsequent event**

Subsequent to 31 December 2019, the spread of the novel coronavirus (Covid-19) has created a high level of uncertainty to the near-term global economic prospects. The spread of Covid-19 and the related impacts are considered non-adjusting events and there is no impact on the recognition and measurement of assets and liabilities as at 31 December 2019.

On 11 March 2020, the World Health Organisation (“WHO”) declared it a pandemic and national governments have implemented a range of policies and actions to combat it. The outbreak has brought about significant uncertainties in the environment. However, the Company has been closely monitoring the developments on the Company’s business and will take necessary actions to ensure the sustainability of the Company.



**CapitaLand Limited and its Subsidiaries**  
**Registration Number: 198900036N**

**Annual Report**  
**Year ended 31 December 2019**

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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 balance sheets of the Group and the Company as at 31 December 2019, the income statements, statements of comprehensive income and statements of changes in equity of the Group and the Company and the statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS148.

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 2019 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 commercial properties, shopping malls, serviced residences and integrated development projects, located primarily in Singapore, China and Europe. Investment properties represent the single largest category of assets on the balance sheet, at \$48.7 billion as at 31 December 2019 (2018: \$39.4 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.

**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.



**Accounting for the acquisition of Ascendas Pte Ltd and Singbridge Pte. Ltd.**  
(Refer to Note 33 to the financial statements)

**Risk:**

The Group completed its acquisition of Ascendas Pte Ltd and Singbridge Pte. Ltd. (collectively, referred to as “ASB”) during the year. This represents a significant transaction for the Group and the acquisition was accounted for as a business combination.

The accounting for the acquisition requires the purchase price to be allocated to the fair value of the identifiable assets (including intangible assets) acquired and liabilities assumed (purchase price allocation or “PPA”). A significant portion of the purchase price was allocated to the underlying ASB property portfolio based on external valuation reports and certificates. The Group also engaged an external valuation specialist to determine the fair value of certain management contracts.

There is judgement and inherent uncertainty involved in the determination of whether the acquisition is a business combination or asset acquisition, as well as the identification and valuation of the assets acquired and liabilities assumed.

**Our response:**

We reviewed the sale and purchase agreements and other related documents to understand the terms of ASB acquisition. Together with our valuation specialist, we discussed with management the PPA to understand their basis of identifying and valuing the identified assets and liabilities.

We considered the objectivity, independence and competency of external specialists, and the scope of their engagement. We also considered the valuation methodologies used against generally accepted market practices for similar property or asset types.

For the valuation of the property portfolio, we inspected the valuation reports and certificates and assessed the reasonableness of the key assumptions used against market trends and data.

With respect to the valuation of intangible asset relating to management contracts, we involved our valuation specialist and held discussions with the external specialists engaged by the Group to understand their valuation approaches and key assumptions used. We assessed the reasonableness of key assumptions used by comparing them to historical results, market data and industry forecasts.

We also considered the adequacy of disclosures in respect of the ASB acquisition in the financial statements.

**Our findings:**

The judgments exercised by the Group in the accounting for the ASB acquisition as a business combination, as well as the PPA assessment were appropriately supported by available information.

The external specialists are members of recognised professional bodies and have considered their own independence in carrying out their work.





The valuation methodologies used by the external specialists are in line with generally accepted market practices and management's key assumptions and estimates applied in the valuations of the property portfolio and intangible asset are within a reasonable range.

We also found the disclosures of the acquisition to be adequate.

#### *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.

#### *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.

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 Lee Sze Yeng.

A handwritten signature in blue ink, appearing to read 'Lee Sze Yeng'.

**KPMG LLP**  
*Public Accountants and*  
*Chartered Accountants*

**Singapore**  
3 March 2020



**Balance Sheets**  
**As at 31 December 2019**

		<b>The Group</b>		<b>The Company</b>	
	<b>Note</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Non-current assets</b>					
Property, plant and equipment	3	1,268,517	752,655	47,128	3,042
Intangible assets	4	988,081	634,715	436	405
Investment properties	5	48,731,897	39,445,960	—	—
Subsidiaries	6	—	—	15,511,154	12,060,311
Associates	7	8,080,868	6,207,264	—	—
Joint ventures	8	4,915,307	3,972,354	—	—
Deferred tax assets	9	353,816	285,490	423	423
Other non-current assets	10(a)	1,382,447	902,847	—	—
		65,720,933	52,201,285	15,559,141	12,064,181
<b>Current assets</b>					
Development properties for sale and stocks	11	7,725,059	5,128,551	—	—
Contract assets	27(b)	—	24,805	—	—
Trade and other receivables	12	2,301,597	1,944,064	889,759	1,166,485
Other current assets	10(b)	45,611	28,737	—	—
Assets held for sale	15	385,111	260,276	—	—
Cash and cash equivalents	16	6,167,606	5,059,839	18,098	15,156
		16,624,984	12,446,272	907,857	1,181,641
<b>Less: current liabilities</b>					
Trade and other payables	17	5,047,568	3,841,906	112,429	261,531
Contract liabilities	27(b)	1,501,306	908,487	—	—
Short term borrowings	19	2,501,026	1,729,472	10,453	—
Current portion of debt securities	20	1,449,027	1,463,984	646,236	571,750
Current tax payable		1,900,452	1,451,474	3,998	3,526
Liabilities held for sale	15	27,797	—	—	—
		12,427,176	9,395,323	773,116	836,807
<b>Net current assets</b>		4,197,808	3,050,949	134,741	344,834
<b>Less: non-current liabilities</b>					
Long term borrowings	19	17,008,518	11,274,259	34,777	—
Debt securities	20	10,452,492	9,166,230	1,170,531	1,479,690
Deferred tax liabilities	9	1,462,440	961,013	1,572	3,329
Other non-current liabilities	21	712,416	543,793	1,282,605	614,132
		29,635,866	21,945,295	2,489,485	2,097,151
<b>Net assets</b>		40,282,875	33,306,939	13,204,397	10,311,864
<b>Representing:</b>					
Share capital	23	9,327,422	6,309,496	9,327,422	6,309,496
Revenue reserve		15,074,009	13,460,921	4,103,135	4,257,059
Other reserves	24	(1,041,961)	(817,705)	(226,160)	(254,691)
<b>Equity attributable to owners of the Company</b>		23,359,470	18,952,712	13,204,397	10,311,864
Perpetual securities	25	897,047	397,127	—	—
Non-controlling interests	6	16,026,358	13,957,100	—	—
<b>Total equity</b>		40,282,875	33,306,939	13,204,397	10,311,864

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

**Income Statements**  
**Year ended 31 December 2019**

	Note	The Group		The Company	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Revenue</b>	27	6,234,764	5,602,423	517,113	532,405
Cost of sales		(3,234,962)	(2,912,981)	—	—
Gross profit		2,999,802	2,689,442	517,113	532,405
Other operating income	28(a)	1,772,158	990,028	66,288	87,309
Administrative expenses		(608,740)	(450,692)	(161,480)	(103,771)
Other operating expenses		(84,385)	(43,187)	(13,526)	(16,903)
<b>Profit from operations</b>		4,078,835	3,185,591	408,395	499,040
<b>Finance costs</b>	28(d)	(839,141)	(636,495)	(79,344)	(76,800)
<b>Share of results (net of tax) of:</b>					
- associates		643,824	625,021	—	—
- joint ventures		344,951	334,386	—	—
		988,775	959,407	—	—
<b>Profit before tax</b>	28	4,228,469	3,508,503	329,051	422,240
<b>Tax expense</b>	29	(814,828)	(658,691)	1,254	1,865
<b>Profit for the year</b>		3,413,641	2,849,812	330,305	424,105
<b>Attributable to:</b>					
Owners of the Company		2,135,894	1,762,493	330,305	424,105
Non-controlling interests		1,277,747	1,087,319	—	—
<b>Profit for the year</b>		3,413,641	2,849,812	330,305	424,105
<b>Basic earnings per share (cents)</b>	30	46.4	42.1		
<b>Diluted earnings per share (cents)</b>	30	43.8	39.0		

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

**Statements of Comprehensive Income**  
**Year ended 31 December 2019**

		<b>The Group</b>		<b>The Company</b>	
	<b>Note</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Profit for the year		3,413,641	2,849,812	330,305	424,105
<b>Other comprehensive income:</b>					
<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		(206,259)	(237,739)	—	—
Effective portion of change in fair value of cash flow hedges		(70,176)	17,832	—	—
Share of other comprehensive income of associates and joint ventures		(161,143)	(327,533)	—	—
<i>Item 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		144,372	(4,047)	—	—
Revaluation of a property, plant and equipment		6,161	—	—	—
<b>Total other comprehensive income for the year, net of tax</b>	<b>26</b>	<b>(287,045)</b>	<b>(551,487)</b>	<b>—</b>	<b>—</b>
<b>Total comprehensive income for the year</b>		<b>3,126,596</b>	<b>2,298,325</b>	<b>330,305</b>	<b>424,105</b>
<b>Attributable to:</b>					
Owners of the Company		1,952,983	1,302,156	330,305	424,105
Non-controlling interests		1,173,613	996,169	—	—
<b>Total comprehensive income for the year</b>		<b>3,126,596</b>	<b>2,298,325</b>	<b>330,305</b>	<b>424,105</b>

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

**Statements of Changes in Equity**  
**Year ended 31 December 2019**

		Attributable to owners of the Company						
	Note	Share capital \$'000	Revenue reserve \$'000	Other reserves \$'000	Total \$'000	Perpetual Securities \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>The Group</b>								
At 1 January 2019		6,309,496	13,460,921	(817,705)	18,952,712	397,127	13,957,100	33,306,939
Adoption of SFRS(I) 16	41	—	(22,597)	—	(22,597)	—	1,572	(21,025)
As adjusted at 1 January 2019		6,309,496	13,438,324	(817,705)	18,930,115	397,127	13,958,672	33,285,914
<b>Total comprehensive income</b>								
Profit for the year		—	2,135,894	—	2,135,894	—	1,277,747	3,413,641
<b>Other comprehensive income</b>								
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)	(206,259)
Change in fair value of equity investment at fair value through other comprehensive income		—	—	136,147	136,147	—	8,225	144,372
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)	(70,176)
Share of other comprehensive income of associates and joint ventures		—	—	(158,816)	(158,816)	—	(2,327)	(161,143)
<b>Total other comprehensive income, net of tax</b>		—	—	(182,911)	(182,911)	—	(104,134)	(287,045)
<b>Total comprehensive income</b>		—	2,135,894	(182,911)	1,952,983	—	1,173,613	3,126,596
<b>Transactions with owners, recorded directly in equity</b>								
<b>Contributions by and distributions to owners</b>								
Issue of treasury shares		—	—	596	596	—	—	596
Issue of new shares		3,017,926	—	—	3,017,926	—	—	3,017,926
Contributions from non-controlling interests (net)		—	—	—	—	—	606,048	606,048
Redemption of convertible bonds		—	18,483	(18,483)	—	—	—	—
Dividends paid/payable		—	(501,007)	—	(501,007)	—	(836,465)	(1,337,472)
Reclassification of equity compensation reserve		—	1,245	(1,245)	—	—	—	—
Issue of perpetual securities (net)		—	—	—	—	645,579	—	645,579
Redemption of perpetual securities		—	—	—	—	(150,000)	—	(150,000)
Distribution attributable to perpetual securities		—	(12,628)	—	(12,628)	23,541	(10,913)	—
Distribution paid to perpetual securities		—	—	—	—	(19,200)	—	(19,200)
Share-based payments		—	—	52,028	52,028	—	1,499	53,527
<b>Total contributions by and distributions to owners</b>		3,017,926	(493,907)	32,896	2,556,915	499,920	(239,831)	2,817,004
Changes in ownership interests in subsidiaries with a change in control		—	23,830	(21,740)	2,090	—	1,149,656	1,151,746
Changes in ownership interests in subsidiaries with no change in control		—	(96,510)	9,420	(87,090)	—	(32,422)	(119,512)
Share of reserves of associates and joint ventures		—	(36,043)	40,141	4,098	—	—	4,098
Transfer of reserves upon divestment of an associate		—	119,928	(119,928)	—	—	—	—
Others		—	(17,507)	17,866	359	—	16,670	17,029
<b>Total changes in ownership interests in subsidiaries and other capital transactions</b>		—	(6,302)	(74,241)	(80,543)	—	1,133,904	1,053,361
<b>Total transactions with owners</b>		3,017,926	(500,209)	(41,345)	2,476,372	499,920	894,073	3,870,365
<b>At 31 December 2019</b>		<b>9,327,422</b>	<b>15,074,009</b>	<b>(1,041,961)</b>	<b>23,359,470</b>	<b>897,047</b>	<b>16,026,358</b>	<b>40,282,875</b>

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



**Statements of Changes in Equity (continued)**  
**Year ended 31 December 2019**

	Attributable to owners of the Company				Perpetual Securities \$'000	Non- controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Revenue reserve \$'000	Other reserves \$'000	Total \$'000			
<b>The Group</b>							
<b>At 1 January 2018</b>	6,309,496	12,178,999	(75,605)	18,412,890	397,127	13,307,807	32,117,824
<b>Total comprehensive income</b>							
Profit for the year	–	1,762,493	–	1,762,493	–	1,087,319	2,849,812
<b>Other comprehensive income</b>							
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	–	–	(125,062)	(125,062)	–	(112,677)	(237,739)
Change in fair value of equity investment at fair value through other comprehensive income	–	–	780	780	–	(4,827)	(4,047)
Effective portion of change in fair value of cash flow hedges	–	–	(10,176)	(10,176)	–	28,008	17,832
Share of other comprehensive income of associates and joint ventures	–	–	(325,879)	(325,879)	–	(1,654)	(327,533)
<b>Total other comprehensive income, net of tax</b>	–	–	(460,337)	(460,337)	–	(91,150)	(551,487)
<b>Total comprehensive income</b>	–	1,762,493	(460,337)	1,302,156	–	996,169	2,298,325
<b>Transactions with owners, recorded directly in equity</b>							
<b>Contributions by and distributions to owners</b>							
Issue of treasury shares	–	–	559	559	–	–	559
Purchase of treasury shares	–	–	(341,825)	(341,825)	–	–	(341,825)
Contributions from non-controlling interests (net)	–	–	–	–	–	506,404	506,404
Redemption of convertible bonds	–	24,433	(24,433)	–	–	–	–
Dividends paid/payable	–	(504,087)	–	(504,087)	–	(730,159)	(1,234,246)
Reclassification of equity compensation reserve	–	4,034	(4,034)	–	–	–	–
Distribution attributable to perpetual securities	–	(8,586)	–	(8,586)	19,200	(10,614)	–
Distribution paid to perpetual securities	–	–	–	–	(19,200)	–	(19,200)
Share-based payments	–	–	41,937	41,937	–	2,510	44,447
<b>Total contributions by and distributions to owners</b>	–	(484,206)	(327,796)	(812,002)	–	(231,859)	(1,043,861)
<b>Changes in ownership interests in subsidiaries with a change in control</b>							
Changes in ownership interests in subsidiaries with no change in control	–	5,486	218	5,704	–	(1,825)	3,879
Share of reserves of associates and joint ventures	–	(18,468)	37,487	19,019	–	–	19,019
Others	–	16,617	8,328	24,945	–	(8,540)	16,405
<b>Total changes in ownership interests in subsidiaries and other capital transactions</b>	–	3,635	46,033	49,668	–	(115,017)	(65,349)
<b>Total transactions with owners</b>	–	(480,571)	(281,763)	(762,334)	–	(346,876)	(1,109,210)
<b>At 31 December 2018</b>	<u>6,309,496</u>	<u>13,460,921</u>	<u>(817,705)</u>	<u>18,952,712</u>	<u>397,127</u>	<u>13,957,100</u>	<u>33,306,939</u>

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

**Statements of Changes in Equity (continued)**  
**Year ended 31 December 2019**

	Attributable to owners of the Company					
	Share capital \$'000	Revenue reserve \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Equity compensation reserve \$'000	Total equity \$'000
<b>The Company</b>						
<b>At 1 January 2019</b>	6,309,496	4,257,059	(385,078)	111,282	19,105	10,311,864
<b>Total comprehensive income</b>						
Profit for the year	–	330,305	–	–	–	330,305
<b>Transactions with owners, recorded directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
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)	–	–
<b>Total transactions with owners</b>	3,017,926	(484,229)	42,853	(18,483)	4,161	2,562,228
<b>At 31 December 2019</b>	9,327,422	4,103,135	(342,225)	92,799	23,266	13,204,397
<b>At 1 January 2018</b>	6,309,496	4,310,421	(78,514)	135,715	19,973	10,697,091
<b>Total comprehensive income</b>						
Profit for the year	–	424,105	–	–	–	424,105
<b>Transactions with owners, recorded directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Purchase of treasury shares	–	–	(341,825)	–	–	(341,825)
Issue of treasury shares	–	–	35,261	–	(8,904)	26,357
Dividends paid	–	(504,087)	–	–	–	(504,087)
Share-based payments	–	–	–	–	10,223	10,223
Reclassification of equity compensation reserve	–	2,187	–	–	(2,187)	–
Redemption of convertible bonds	–	24,433	–	(24,433)	–	–
<b>Total transactions with owners</b>	–	(477,467)	(306,564)	(24,433)	(868)	(809,332)
<b>At 31 December 2018</b>	6,309,496	4,257,059	(385,078)	111,282	19,105	10,311,864

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

**Consolidated Statement of Cash Flows**  
**Year ended 31 December 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Profit after tax	3,413,641	2,849,812
Adjustments for:		
Allowance for/(Write-back of):		
- impairment loss on receivables	10,477	10,001
- foreseeable losses	(3,499)	(43,462)
- impairment on interests in associates and joint ventures	18,251	12,454
- impairment of intangible assets	5,263	-
- impairment on property, plant and equipment	8,682	-
Amortisation of intangible assets	18,461	11,165
Depreciation of property, plant and equipment and right-of-use assets	118,418	63,338
Finance costs	839,141	636,495
Loss on disposal and write off of property, plant and equipment	1,682	749
Gain on disposal of investment properties	(124,744)	(120,743)
Interest income	(98,323)	(88,006)
Net change in fair value of investment properties and assets held for sale	(1,163,944)	(677,018)
Net change in fair value of financial instruments	(11,412)	1,646
Net gain from change of ownership interests in subsidiaries, associates and joint ventures	(218,520)	(49,307)
Share of results of associates and joint ventures	(988,775)	(959,407)
Share-based expenses	66,734	50,421
Tax expense	814,828	658,691
	<u>(707,280)</u>	<u>(492,983)</u>
<b>Operating profit before working capital changes</b>	<b>2,706,361</b>	<b>2,356,829</b>
Changes in working capital:		
Trade and other receivables	(144,263)	(489,363)
Development properties for sale	338,357	346,320
Contract assets	24,805	(273,262)
Trade and other payables	52,154	(202,755)
Contract liabilities	(199,094)	(787,809)
Restricted bank deposits	(61,034)	(6,870)
	<u>10,925</u>	<u>(1,413,739)</u>
Cash generated from operations	2,717,286	943,090
Taxation paid	(471,314)	(389,696)
<b>Net cash generated from operating activities</b>	<b>2,245,972</b>	<b>553,394</b>

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

**Consolidated Statement of Cash Flows (continued)**  
**Year ended 31 December 2019**

	Note	2019 \$'000	2018 \$'000
<b>Cash flows from investing activities</b>			
Acquisition/Development expenditure of investment properties		(1,009,955)	(1,655,625)
Acquisition of subsidiaries, net of cash acquired	32(b)	(2,543,698)	(1,494,442)
Deposits placed for acquisition of investment properties		–	(65,045)
Deposits received for disposal of investment property/subsidiaries		86,850	5,000
Disposal of subsidiaries, net of cash disposed of	32(d)	1,537,188	106,816
Dividends received from associates and joint ventures		291,405	540,662
Interest income received		90,143	83,687
Investment in other financial assets		(18,241)	(51,025)
Return of investments from associates and joint ventures		101,269	261,301
Proceeds from disposal of investment properties		782,982	760,662
Proceeds from disposal of assets held for sale		386,300	253,936
Proceeds from disposal of property, plant and equipment		6,831	1,092
Purchase of intangible assets and property, plant and equipment		(81,465)	(89,348)
Settlement of hedging instruments		1,284	4,403
Restricted bank deposit for acquisition of a subsidiary		10,590	(17,678)
<b>Net cash used in investing activities</b>		<b>(358,517)</b>	<b>(1,355,604)</b>
<b>Cash flows from financing activities</b>			
Repayment of shareholder loans from non-controlling interests		(7,792)	(49,776)
Contributions from non-controlling interests		593,708	498,378
Dividends paid to non-controlling interests		(825,182)	(724,396)
Distributions to perpetual securities holders		(19,200)	(19,200)
Dividends paid to shareholders		(501,007)	(504,087)
Interest expense paid		(890,764)	(731,691)
(Payment for acquisition)/Proceed from disposal of ownership interests in subsidiaries with no change in control		(118,370)	9,497
Proceeds from bank borrowings		9,529,542	8,605,165
Proceeds from issuance of debt securities		1,551,841	1,660,672
Proceeds from issue of perpetual securities by subsidiaries		645,579	–
Redemption of perpetual securities by a subsidiary		(150,000)	–
Purchase of treasury shares		–	(341,825)
Repayments of lease liabilities		(63,256)	(2,931)
Repayments of bank borrowings		(9,302,399)	(7,325,266)
Repayments of debt securities and convertible bonds		(1,208,925)	(1,284,031)
Bank deposits withdrawn as pledge for bank facilities		(771)	(7,615)
<b>Net cash used in financing activities</b>		<b>(766,996)</b>	<b>(217,106)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,120,459</b>	<b>(1,019,316)</b>
Cash and cash equivalents at beginning of the year		5,004,755	6,079,505
Effect of exchange rate changes on cash balances held in foreign currencies		(41,880)	(59,779)
Changes in cash and cash equivalents reclassified to assets held for sale		(21,936)	4,345
<b>Cash and cash equivalents at end of the year</b>	16	<b>6,061,398</b>	<b>5,004,755</b>

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

## **Notes to the Financial Statements**

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 3 March 2020.

### **1 Domicile and activities**

CapitaLand 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.

Following the issuance of the Company's shares amounting to \$3,017.9 million to CLA Real Estate Holdings Pte Ltd in respect of the acquisition of all the issued and paid-up ordinary shares of Ascendas Pte Ltd and Singbridge Pte. Ltd. on 28 June 2019 (note 33), 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.

This is the first set of the Group's annual financial statements in which SFRS(I) 16 *Leases* has been applied. The related changes to significant accounting policies are described in note 2.14 and note 41.

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.

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 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**

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

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.

#### ***Business combinations and property acquisitions***

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

The Group accounts for an acquisition as business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which strategic management function and significant processes are acquired.

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.

**(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.

**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.

### **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.

**(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.

## **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 asset.

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.

***(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.

**(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.

***Specific policies applicable from 1 January 2019 for hedges directly affected by interbank offer rates (IBOR) 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 early adopted the principles of the amendments to SFRS(I) 9, SFRS(1) 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.

***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.

#### ***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.

**(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 expected credit losses (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.

## ***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.

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.

### ***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**

### ***Policy applicable from 1 January 2019***

#### ***(i) As a lessee***

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

The Group recognises a right-of-use 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.

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.

#### ***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.

**(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.

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”.

***Policy applicable before 1 January 2019***

At inception, an arrangement that contains a lease is accounted for as such based on the terms and conditions even though the arrangement is not in the legal form of a lease.

***When entities within the Group are lessees of a finance lease***

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, property, plant and equipment acquired through finance leases are capitalised at the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lease payments are apportioned between finance expense and reduction of the lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest over the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

***When entities within the Group are lessees of an operating lease***

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease payments made. Contingent rentals are charged to the profit or loss in the accounting period in which they are incurred.

***When entities within the Group are lessors of an operating lease***

Assets subject to operating leases are included in either property, plant and equipment (note 2.4) or investment properties (note 2.6).

## **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, Group will capitalise these as contract costs assets only if (a) these cost relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these cost 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.

### **2.16 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.

### **2.17 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.

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 on sale of landed properties with reference to the percentage of appreciated value over the deductible expenditure.

## **2.18 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.

## **2.19 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.

## **2.20 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	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment owned	1,058,980	752,655	2,892	3,042
Right-of-use assets classified within property, plant and equipment	209,537	—	44,236	—
	1,268,517	752,655	47,128	3,042

Property, plant and equipment owned  
Right-of-use assets classified within property, plant and equipment

#### *Property, plant and equipment owned*

The Group	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
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	—	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



<b>The Group</b>		<b>Note</b>	<b>Serviced residence properties \$'000</b>	<b>Land and buildings \$'000</b>	<b>Plant, machinery and improvements \$'000</b>	<b>Motor vehicles \$'000</b>	<b>Furniture, fittings and equipment \$'000</b>	<b>Assets under construction \$'000</b>	<b>Total \$'000</b>
<b>Accumulated depreciation and impairment loss</b>									
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
<b>Carrying amounts</b>									
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

The Group	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
<b>Cost</b>							
At 1 January 2018	339,411	322,666	52,420	12,353	473,290	26,296	1,226,436
Translation differences	(6,780)	(4,572)	(4,554)	(239)	(2,676)	(116)	(18,937)
Additions	1,582	1,173	8,354	512	29,213	25,228	66,062
Acquisition of subsidiaries	—	—	905	49	639	—	1,593
Disposal of subsidiaries	—	—	—	—	(490)	—	(490)
Disposals/Written off	(453)	—	(2,496)	(448)	(17,951)	(191)	(21,539)
Reclassification to other categories of assets	(53,624)	(598)	(4,330)	—	(4,122)	(23,747)	(86,421)
Reclassifications	—	3,816	2,848	13	(529)	(6,148)	—
At 31 December 2018	280,136	322,485	53,147	12,240	477,374	21,322	1,166,704

The Group		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
Note								
<b>Accumulated depreciation and impairment loss</b>								
At 1 January 2018		5,672	37,894	33,732	10,405	298,712	—	386,415
Translation differences		(69)	(92)	(789)	(250)	(6,756)	—	(7,956)
Depreciation for the year	28(c)(ii)	1,281	7,711	7,427	822	46,097	—	63,338
Disposal of subsidiaries		—	—	—	—	(397)	—	(397)
Disposals/Written off		(28)	—	(2,831)	(444)	(17,040)	—	(20,343)
Reclassification to other categories of assets		(2,171)	(531)	(1)	—	(4,305)	—	(7,008)
Reclassifications		—	—	(7)	—	7	—	—
At 31 December 2018		4,685	44,982	37,531	10,533	316,318	—	414,049
<b>Carrying amounts</b>								
At 1 January 2018		333,739	284,772	18,688	1,948	174,578	26,296	840,021
At 31 December 2018		275,451	277,503	15,616	1,707	161,056	21,322	752,655

- (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. During the year, 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 2019, certain property, plant and equipment with carrying value totalling approximately \$23.9 million (2018: \$158.6 million) were mortgaged to banks to secure credit facilities for the Group (note 19).
- (c) 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. No depreciation is recognised where the residual value is higher than the carrying amount.

Residual values of serviced residence properties at the end of the intended holding period are determined based on annual independent professional valuations using discounted cashflow method. Residual value is the estimated amount that the Group would obtain from the disposal of a property if the property is already of the age and in the condition expected at the date when the Group has the intention to dispose that property. The key assumptions used to determine the residual values of serviced residence properties include market corroborated capitalisation rate, terminal yield rate, discount rate and revenue per available unit (RevPau). In relying on valuation reports, management is satisfied that the valuation methods and estimates are reflective of current market conditions.

Hotel properties are measured at cost less accumulated depreciation and accumulated impairment losses. During the financial year ended 31 December 2019, an impairment loss of \$6.2 million was recognised for hotel properties as the net carrying value of the assets exceed the recoverable amount. 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
2019: Hotel properties in Australia (2018: Serviced residence property in United Kingdom)	Discounted cashflow approach	<ul style="list-style-type: none"> <li>- Discount rate: 2019: 7.8% to 8.5% (2018: 6.5%)</li> <li>- Terminal yield rate: 6.0% to 6.8% (2018: 4.5%)</li> <li>- RevPau: \$113 to \$220 (2018: \$314)</li> <li>- Occupancy rate: 2019: 80.0% to 92.0% (2018: 81.0%)</li> </ul>	The estimated fair value varies inversely against the discount rate and terminal yield rate and increases with higher RevPau and higher occupancy rates.

*CapitaLand Limited and its Subsidiaries*  
*Notes to the financial statements*  
*Year ended 31 December 2019*

	Note	Renovations and improvements \$'000	Furniture, fittings and equipment \$'000	Motor vehicles \$'000	Assets under construction \$'000	Total \$'000
<b>The Company</b>						
<b>Cost</b>						
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
<b>Accumulated depreciation and impairment loss</b>						
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
<b>Carrying amounts</b>						
At 1 January 2019		68	2,974	—	—	3,042
At 31 December 2019		25	2,529	338	—	2,892
<b>Cost</b>						
At 1 January 2018		2,358	22,731	354	14,499	39,942
Additions		36	336	—	—	372
Disposals/Written off	(a)	(345)	(13,485)	(352)	(14,499)	(28,681)
At 31 December 2018		2,049	9,582	2	—	11,633
<b>Accumulated depreciation and impairment loss</b>						
At 1 January 2018		2,204	18,340	354	—	20,898
Depreciation for the year	28(c)(ii)	115	833	—	—	948
Disposals/Written off		(338)	(12,565)	(352)	—	(13,255)
At 31 December 2018		1,981	6,608	2	—	8,591
<b>Carrying amounts</b>						
At 1 January 2018		154	4,391	—	14,499	19,044
At 31 December 2018		68	2,974	—	—	3,042

(a) In 2018, the Company disposed IT equipment and software under development at their carrying amount to a subsidiary.

**Right-of-use assets classified within property, plant and equipment**

	Note	Buildings \$'000	Plant and machinery \$'000	Motor vehicles \$'000	Total \$'000
<b>The Group</b>					
<b>Cost</b>					
Adoption of SFRS(I) 16 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)
Written off		(2,216)	(23)	(813)	(3,052)
At 31 December 2019		307,979	60	496	308,535
<b>Accumulated depreciation</b>					
Adoption of SFRS(I) 16 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)
Written off		(158)	—	—	(158)
At 31 December 2019		98,815	49	134	98,998
<b>Carrying amounts</b>					
At 31 December 2019		209,164	11	362	209,537

	Note	Buildings \$'000	Furniture fittings and equipment \$'000	Total \$'000
<b>The Company</b>				
<b>Cost</b>				
Adoption of SFRS(I) 16 at 1 January 2019 and 31 December 2019		55,216	30	55,246
<b>Accumulated depreciation</b>				
At 1 January 2019		—	—	—
Depreciation for the year	28(c)(ii)	10,980	30	11,010
At 31 December 2019		10,980	30	11,010
<b>Carrying amounts</b>				
At 31 December 2019		44,236	—	44,236

## 4 Intangible Assets

	Note	Goodwill \$'000	Management contracts \$'000	Others <sup>^</sup> \$'000	Total \$'000
<b>The Group</b>					
<b>Cost</b>					
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
<b>Accumulated amortisation and impairment loss</b>					
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
<b>Carrying amounts</b>					
At 1 January 2019		534,624	—	100,091	634,715
At 31 December 2019		583,856	313,209	91,016	988,081
<b>Cost</b>					
At 1 January 2018		598,131	—	105,942	704,073
Additions		—	—	25,394	25,394
Acquisition of subsidiaries	32(b)	19,086	—	27,756	46,842
Disposals/Written off		(4,385)	—	(441)	(4,826)
Reclassification from other categories of assets		—	—	14,611	14,611
Translation differences		(76)	—	117	41
At 31 December 2018		612,756	—	173,379	786,135
<b>Accumulated amortisation and impairment loss</b>					
At 1 January 2018		78,542	—	62,236	140,778
Amortisation for the year	28(c)(ii)	—	—	11,165	11,165
Acquisition of subsidiaries		—	—	84	84
Disposals/Written off		—	—	(72)	(72)
Reclassification from other categories of assets		—	—	13	13
Translation differences		(410)	—	(138)	(548)
At 31 December 2018		78,132	—	73,288	151,420
<b>Carrying amounts</b>					
At 1 January 2018		519,589	—	43,706	563,295
At 31 December 2018		534,624	—	100,091	634,715

<sup>^</sup> Others comprise trademarks, software and licences and club memberships.



	<b>Note</b>	<b>Software \$'000</b>	<b>Club memberships \$'000</b>	<b>Total \$'000</b>
<b>The Company</b>				
<b>Cost</b>				
At 1 January 2019		365	147	512
Additions		144	—	144
At 31 December 2019		509	147	656
<b>Accumulated amortisation</b>				
At 1 January 2019		107	—	107
Amortisation for the year	28(c)(ii)	113	—	113
At 31 December 2019		220	—	220
<b>Carrying amounts</b>				
At 1 January 2019		258	147	405
At 31 December 2019		289	147	436
<b>Cost</b>				
At 1 January 2018		43,648	147	43,795
Additions		13	—	13
Disposals	(a)	(43,296)	—	(43,296)
At 31 December 2018		365	147	512
<b>Accumulated amortisation</b>				
At 1 January 2018		23,480	—	23,480
Amortisation for the year	28(c)(ii)	72	—	72
Disposals		(23,445)	—	(23,445)
At 31 December 2018		107	—	107
<b>Carrying amounts</b>				
At 1 January 2018		20,168	147	20,315
At 31 December 2018		258	147	405

(a) In 2018, the Company disposed software at their carrying amount to a subsidiary.

**(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	
	2019	2018	2019	2018	2019	2018
	%	%	%	%	\$'000	\$'000
The Ascott Limited (Ascott)	2.6	1.4	6.2	5.5	416,706	416,706
A serviced residence in London	2.0	2.0	5.8	6.5	14,923	14,906
Synergy Global Housing	2.0	4.0	10.0	8.6	27,296	27,493
TAUZIA Hotel Management (TAUZIA)	3.0	6.0	14.0	14.3	19,036	19,189
CapitaLand Mall Trust					56,330	56,330
ASB	1.0	—	5.9	—	49,565	—
At 31 December					<u>583,856</u>	<u>534,624</u>

**Ascott, a serviced residence in London, Synergy Global Housing and TAUZIA**

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. 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 within management's expectation of the long term average growth rates of the respective industry and countries in which the CGUs operate.

**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 2019, the recoverable amount based on quoted market price is higher than its carrying amount.

**ASB**

As disclosed in note 33, goodwill of \$49.6 million is recorded on the acquisition of ASB arising from excess purchase consideration paid over the fair value of its identifiable net assets and attributed to the fund management business acquired (CGU). 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 three years. Cash flows beyond these periods are extrapolated using the estimated terminal growth rate of 1.0%. The discount rate of 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 used in these calculations are based on financial forecasts covering a 10-year period. The 10-year forecast is reviewed, updated and approved by management on an annual basis. Cash flows beyond the 10-year period are extrapolated using the discount rates of 12.5% to 15.1% and growth rates of 1.0% to 3.0%. The Group has assessed and determined that no impairment in the value of management contracts has arisen.

## 5 Investment Properties

	Note	The Group	
		2019 \$'000	2018 \$'000
At 1 January		39,445,960	36,479,434
Recognition of right-of-use asset on initial application of SFRS(I) 16	41	436,175	–
Adjusted balance at 1 January 2019		39,882,135	36,479,434
Acquisition of subsidiaries	32(b)	9,115,132	1,409,988
Disposal of subsidiaries	32(d)	(1,618,548)	(78,650)
Additions		1,334,680	2,093,188
Disposals		(669,478)	(648,262)
Reclassification to assets held for sale		(274,550)	(254,080)
Reclassifications from/(to) development properties for sale		(63,815)	19,775
Reclassification from property, plant and equipment		279,978	58,619
Changes in fair value		966,340	677,018
Translation differences		(219,977)	(311,070)
At 31 December		<u>48,731,897</u>	<u>39,445,960</u>

- (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. 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 malls \$'000	Commercial \$'000	Integrated developments \$'000	Lodging \$'000	Business park, industrial & logistics \$'000	Total \$'000
<b>The Group</b>						
<b>31 December 2019</b>						
Singapore	9,640,844	3,865,804	9,349,937	1,077,567	2,315,973	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>16,738,735</u>	<u>6,915,869</u>	<u>13,066,901</u>	<u>8,805,965</u>	<u>3,204,427</u>	<u>48,731,897</u>
<b>31 December 2018</b>						
Singapore	9,673,000	3,141,300	8,968,000	739,195	—	22,521,495
China (includes Hong Kong)	4,292,108	575,652	1,529,794	1,389,301	—	7,786,855
Others*	2,148,940	1,493,352	312,547	5,182,771	—	9,137,610
	<u>16,114,048</u>	<u>5,210,304</u>	<u>10,810,341</u>	<u>7,311,267</u>	<u>—</u>	<u>39,445,960</u>

\* Others include countries in Asia (excluding Singapore, China and Hong Kong), Europe, United States of America and Australia.

- (c) As at 31 December 2019, investment properties valued at \$3,351.5 million (2018: \$2,123.1 million) were under development.
- (d) As at 31 December 2019, certain investment properties with carrying value of approximately \$18,040.9 million (2018: \$12,793.4 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 2019, interest capitalised as cost of investment properties amounted to approximately \$46.3 million (2018: \$36.4 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:

	<b>The Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Lease rentals receivable:		
Not later than 1 year	2,036,821	1,744,784
Between 1 and 5 years	3,610,953	2,738,364
After 5 years	1,719,609	1,159,125
	<u>7,367,383</u>	<u>5,642,273</u>

- (g) Contingent rents, representing income based on sales turnover achieved by tenants, amounted to \$91.1 million for the year (2018: \$84.0 million).
- (h) The right-of-use of the land and buildings are classified as investment properties and has carrying amount of \$461.4 million as at 31 December 2019.

## 6 Subsidiaries

	Note	The Company	
		2019 \$'000	2018 \$'000
(a) Unquoted shares, at cost		11,126,510	6,393,908
Less:			
Allowance for impairment loss		(151,127)	(151,105)
		10,975,383	6,242,803
Add:			
Amounts due from subsidiaries, at amortised cost:			
Loan accounts (unsecured)			
- interest bearing		1,176,000	1,499,250
- interest free		3,443,450	4,401,860
Less:			
Allowance for impairment loss on receivables	34	(83,679)	(83,602)
		4,535,771	5,817,508
		15,511,154	12,060,311

During the year, 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.

- (i) Loans due from subsidiaries are unsecured and not expected to be repaid within the next twelve months.
- (ii) As at 31 December 2019, the effective interest rates for amounts due from subsidiaries ranged from 1.95% to 2.95% (2018: 1.85% to 2.80%) per annum.
- (iii) Movements in allowance for impairment loss were as follows:

	Note	The Company	
		2019 \$'000	2018 \$'000
At 1 January		(151,105)	(169,118)
Allowance during the year		(23)	(9)
Reversal of allowance during the year	28(a)	1	18,022
At 31 December		(151,127)	(151,105)

- (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	
	2019 %	2018 %
CapitaLand China Holdings Pte Ltd <sup>1</sup>	100	100
CapitaLand VN Limited	100	100
CapitaLand China Investments Limited	100	100
CapitaLand Singapore (R&R) Limited (formerly known as CapitaLand Singapore Limited)	100	100
CapitaLand Treasury Limited	100	100
CapitaLand Mall Asia Limited	100 <sup>2</sup>	100 <sup>2</sup>
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	—

All the above subsidiaries are audited by KPMG LLP Singapore.

<sup>1</sup> Indirectly held through CapitaLand China Investments Limited.

<sup>2</sup> Includes 15.2% (2018: 15.2%) interest indirectly held through CapitaLand Business Services Pte Ltd.

- (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 Commercial Trust (CCT), CapitaLand Malaysia Mall Trust (CMMT), Ascott Residence Trust (ART), CapitaLand Mall Trust (CMT) and 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 Commercial Trust Management Limited, CapitaLand Malaysia Mall REIT Management Sdn Bhd, Ascott Residence Trust Management Limited, CapitaLand Mall Trust Management Limited and 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.

On 3 July 2019, ART and Ascendas Hospitality Trust (A-HTRUST) jointly announced a proposed combination to be effected by way of a trust scheme of arrangement with ART acquiring all the A-HTRUST stapled units for consideration of \$1,235.4 million, comprising of \$61.8 million in cash and \$902.8 million new Ascott Reit-BT stapled units issued at a price of \$1.30. The proposed combination was completed on 31 December 2019 and the Group's stake in ART was diluted from 44.7% to 40.1%.

- (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	
		2019 %	2018 %
Ascott Residence Trust <sup>1</sup>	Asia Pacific, Europe and United States of America	59.9	55.3
CapitaLand Commercial Trust <sup>2</sup>	Singapore	70.6	69.9
CapitaLand Mall Trust <sup>3</sup>	Singapore	71.5	71.6

All the above subsidiaries are audited by KPMG LLP Singapore.

<sup>1</sup> Indirectly held through The Ascott Limited.

<sup>2</sup> Indirectly held through CapitaLand Singapore (R&R) Limited.

<sup>3</sup> Indirectly held through CapitaLand Mall Asia Limited.

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.

	<b>ART Group \$'000</b>	<b>CCT Group \$'000</b>	<b>CMT Group \$'000</b>	<b>Other subsidiaries with individually immaterial NCI \$'000</b>	<b>Total \$'000</b>
<b>31 December 2019</b>					
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 <sup>1</sup>	(439,777)	(27,681)	(599,634)		
Net increase/(decrease) in cash and cash equivalents	47,881	30,554	(146,305)		
<sup>1</sup> Includes dividends paid to NCI	(91,612)	(249,926)	(274,901)		

	ART Group \$'000	CCT Group \$'000	CMT Group \$'000	Other subsidiaries with individually immaterial NCI \$'000	Total \$'000
<b>31 December 2018</b>					
Revenue	514,273	393,259	695,089		
Profit after tax	151,841	522,858	676,745		
Other comprehensive income	(38,523)	25,010	(7,347)		
Total comprehensive income	113,318	547,868	669,398		
Attributable to NCI:					
- Profit	85,837	367,781	484,211	149,490	1,087,319
- Total comprehensive income	64,168	384,486	480,213	67,302	996,169
Current assets	500,094	265,014	376,021		
Non-current assets	4,809,037	9,425,493	11,125,649		
Current liabilities	(218,191)	(224,769)	(827,700)		
Non-current liabilities	(1,960,031)	(2,557,859)	(3,244,670)		
Net assets	3,130,909	6,907,879	7,429,300		
Net assets attributable to NCI	1,948,489	4,839,295	5,315,665	1,853,651	13,957,100
Cash flows from:					
- Operating activities	226,667	282,034	455,912		
- Investing activities	(672)	58,667	(234,978)		
- Financing activities <sup>1</sup>	(253,865)	(288,369)	(395,176)		
Net (decrease)/increase in cash and cash equivalents	(27,870)	52,332	(174,242)		
<sup>1</sup> Includes dividends paid to NCI	(86,291)	(212,327)	(325,965)		

- (e) 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.

## 7 Associates

	<b>The Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
(a) Investment in associates	7,909,078	5,875,990
Less:		
Allowance for impairment	(4,504)	(12,463)
	<u>7,904,574</u>	<u>5,863,527</u>
Add:		
Amounts due from associates, at amortised cost:		
Loan accounts		
- interest bearing	—	161,749
- interest free	176,294	181,988
	<u>176,294</u>	<u>343,737</u>
	<u>8,080,868</u>	<u>6,207,264</u>

- (i) Movements in allowance for impairment loss were as follows:

	<b>Note</b>	<b>The Group</b>	
		<b>2019</b>	<b>2018</b>
		<b>\$'000</b>	<b>\$'000</b>
At 1 January		(12,463)	(9)
Allowance during the year	28(c)(iii)	—	(12,454)
Reversal during the year	28(a)	7,571	—
Disposal during the year		10	—
Translation differences		378	—
At 31 December		<u>(4,504)</u>	<u>(12,463)</u>

- (ii) Loans due from associates are unsecured and not expected to be repaid within the next twelve months.
- (iii) As at 31 December 2018, the effective interest rate for the interest-bearing loan to an associate was 1.50% per annum.
- (iv) Loan accounts include an amount of approximately \$93.8 million (2018: \$322.2 million), the repayment of which is subordinated to that of the external borrowings of certain associates.

	Note	The Group	
		2019 \$'000	2018 \$'000
(b) Amounts due from associates:			
Current accounts (unsecured)			
- interest free (trade)		40,007	23,423
- interest free (non-trade)		107,237	14,296
- interest bearing (non-trade)		51,649	—
		<u>198,893</u>	<u>37,719</u>
Less:			
Allowance for impairment loss on receivables	34	(105)	(102)
Presented in trade and other receivables	12	<u>198,788</u>	<u>37,617</u>
Non-current loans (unsecured)			
- interest free		—	9
- interest bearing		227,753	157,333
Presented in other non-current assets	10	<u>227,753</u>	<u>157,342</u>
(i) The effective interest rates for amounts due from associates ranged from 1.50% to 5.15% (2018: 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.			

	Note	The Group	
		2019 \$'000	2018 \$'000
(c) Amounts due to associates:			
Current accounts (mainly non-trade and unsecured)			
- interest free		(562,140)	(480,238)
- interest bearing		(5,217)	—
Presented in trade and other payables	17	<u>(567,357)</u>	<u>(480,238)</u>
(i) The effective interest rates for amounts due to associate is 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	
			2019 %	2018 %
Raffles City China Income Ventures Limited <sup>1,3,4</sup> (RCCTV)	Private equity fund which invests in five Raffles City integrated developments in China	China	55.0	55.0
CapitaLand Mall China Funds <sup>1, 4, 5</sup>	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) <sup>2</sup>	Singapore-based REIT which invests in industrial properties and business park in Singapore, Australia, United States of America and United Kingdom	Singapore	19.0	—

<sup>1</sup> Audited by KPMG LLP Singapore.

<sup>2</sup> Audited by Ernst & Young LLP Singapore.

<sup>3</sup> Indirectly held through CapitaLand Mall Asia Limited and CapitaLand China Holdings Pte Ltd.

<sup>4</sup> Considered to be an associate as key decisions are made by an independent board which the Group does not have majority control.

<sup>5</sup> 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.

During the year, 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.

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
<b>31 December 2019</b>					
Revenue <sup>1</sup>	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		
<sup>1</sup> Includes:					
- revenue from contract with customers for sale of residential, commercial strata and urban development	137,985	—	916		
- rental and related 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)	—	(18,377)	(90,054)	(142,338)
- Total comprehensive income	72,844	47,621	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)	(3,058)	(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) <sup>^</sup>	N/A	2,043,040	N/A		

<sup>^</sup> Based on the quoted market price at 31 December 2019.



	RCCIV Group \$'000	CapitaLand Mall China Funds \$'000	Other individually immaterial associates \$'000	Total \$'000
<b>31 December 2018</b>				
Revenue <sup>1</sup>	509,542	556,374		
Profit after tax	587,642	593,639		
Other comprehensive income	(251,687)	(226,242)		
Total comprehensive income	335,955	367,397		
Attributable to:				
- NCI	136,128	7,880		
- Associate's shareholders	199,827	359,517		
<sup>1</sup> Includes:				
- revenue from contract with customers for sale of residential, commercial strata and urban development	111,637	8,704		
- rental and related income from investment properties	397,491	544,662		
Current assets	1,531,215	701,900		
Non-current assets	6,087,252	6,767,612		
Current liabilities	(542,158)	(665,648)		
Non-current liabilities	(2,938,144)	(2,418,570)		
Net assets	4,138,165	4,385,294		
Attributable to:				
- NCI	822,603	197,405		
- Associate's shareholders	3,315,562	4,187,889		
Carrying amount of interest in associate at beginning of the year	1,673,393	2,197,275		
Group's share of:				
- Profit	224,658	249,851	150,512	625,021
- Other comprehensive income	(108,812)	(98,821)	(35,743)	(243,376)
- Total comprehensive income	115,846	151,030	114,769	381,645
Dividends received during the year	—	(240,829)		
Capital returned during the year	—	(326,727)		
Translation and other adjustments	34,320	54,894		
Carrying amount of interest in associate at end of the year	1,823,559	1,835,643	2,204,325	5,863,527

- (e) As at 31 December 2019, the Group's share of the contingent liabilities of the associates is \$26.9 million (2018: \$1,411.7 million).
- (f) The Group carried out impairment assessment for an investment in an associate where the carrying value of the listed investment of \$541.5 million exceeded the market value of the shares held by the Group. The Group took into account the value of the underlying investment properties held by the associate which was based on independent valuation conducted by professional valuers and the financial performance of the associate and concluded that there was no impairment on the investment.

## 8 Joint Ventures

	Note	The Group	
		2019 \$'000	2018 \$'000
(a) Investment in joint ventures		4,208,174	3,327,567
Less:			
Allowance for impairment loss		(36,189)	(11,866)
		4,171,985	3,315,701
Add:			
Amounts due from joint ventures, at amortised cost:			
Loan accounts			
- interest free		726,634	646,716
- interest bearing		31,827	23,715
Less:			
Allowance for impairment loss on receivables	34	(15,139)	(13,778)
		743,322	656,653
		4,915,307	3,972,354

(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	
		2019 \$'000	2018 \$'000
At 1 January		(11,866)	(11,935)
Allowance during the year	28(c)(iii)	(25,822)	—
Allowance utilised during the year		—	69
Disposals during the year		1,244	—
Translation differences		255	—
At 31 December		(36,189)	(11,866)

(iii) As at 31 December 2019, the effective interest rates for the interest-bearing loans to joint ventures ranged from 3.00% to 6.50% (2018: 3.00% to 6.50%) per annum.

(iv) Loan accounts include an amount of approximately \$511.3 million (2018: \$535.3 million), the repayment of which is subordinated to that of the external borrowings of certain joint ventures.

	Note	The Group	
		2019 \$'000	2018 \$'000
(b) Amounts due from joint ventures:			
Current accounts (unsecured)			
- interest free (trade)		37,396	29,558
- interest free (non-trade)		141,072	17,288
- interest bearing (mainly non-trade)		21,173	31,744
		<u>199,641</u>	<u>78,590</u>
Less:			
Allowance for impairment loss on receivables	34	(20,814)	(14,938)
Presented in trade and other receivables	12	<u>178,827</u>	<u>63,652</u>
Non-current loans (unsecured)			
- interest free		5,618	598
- interest bearing		373,865	176,112
Presented in other non-current assets	10	<u>379,483</u>	<u>176,710</u>
(i) The effective interest rates for amounts due from joint ventures ranged from 1.38% to 4.00% (2018: 1.00% to 3.80%) 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	
		2019 \$'000	2018 \$'000
(c) Amounts due to joint ventures:			
Current accounts (unsecured)			
- interest free (mainly non-trade)		(76,054)	(13,783)
- interest bearing (non-trade)		(339,740)	(265,079)
Presented in trade and other payables	17	<u>(415,794)</u>	<u>(278,862)</u>
(i) The effective interest rates for amounts due to joint ventures ranged from 4.35% to 5.22% (2018: 2.85% to 4.35%) per annum.			

(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	
			2019 %	2018 %
Orchard Turn Holding Pte Ltd <sup>2</sup> (OTH)	Owner of an integrated development in Singapore	Singapore	50.0	50.0
CTM Property Trust <sup>3,4</sup> (CTM)	Special purpose trust which invests in a Raffles City integrated development in China	China	— <sup>1</sup>	62.5
CapitaLand Shanghai Malls <sup>2,4,5</sup>	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)	Owner of urban development projects in China	China	50.0	—

All the above joint ventures are audited by KPMG LLP Singapore, except for CapitaLand Shanghai Malls, which are audited by other member firms of KPMG International.

<sup>1</sup> In 2019, CTM became a subsidiary of the group and ceased to be a joint venture following the Group's acquisition of ASB.

<sup>2</sup> Indirectly held through CapitaLand Mall Asia Limited.

<sup>3</sup> Indirectly held through CapitaLand Mall Asia Limited and CapitaLand China Holdings Pte Ltd.

<sup>4</sup> Considered to be a joint venture as the Group had joint control over the relevant activities of the trust with the joint venture partners.

<sup>5</sup> 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.

	OTH Group \$'000	GKC \$'000	CapitaLand Shanghai Malls \$'000	Other individually immaterial joint ventures \$'000	Total \$'000
<b>31 December 2019</b>					
Revenue <sup>1</sup>	261,236	22,500	177,591		
Profit <sup>2</sup> after tax	166,103	164,000	134,320		
Other comprehensive income	179	(14)	(25,278)		
Total comprehensive income	166,282	163,986	109,042		
<sup>1</sup> 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		
<sup>2</sup> 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 <sup>3</sup>	136,158	959,393	492,202		
Non-current assets	3,385,534	1,258,513	3,016,191		
Current liabilities <sup>4</sup>	(100,021)	(504,203)	(156,776)		
Non-current liabilities <sup>5</sup>	(1,686,516)	(38,200)	(1,365,841)		
Net assets	1,735,155	1,675,503	1,985,776		
<sup>3</sup> Includes cash and cash equivalents	122,937	486,444	356,442		
<sup>4</sup> Includes current financial liabilities (excluding trade and other payables and provisions)	(17,531)	—	(19,394)		
<sup>5</sup> 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

	OTH Group \$'000	CTM Group \$'000	CapitaLand Shanghai Malls \$'000	Other individually immaterial joint ventures \$'000	Total \$'000
<b>31 December 2018</b>					
Revenue <sup>1</sup>	265,301	—	186,364		
Profit/(Loss) <sup>2</sup> after tax	138,352	(13,188)	264,644		
Other comprehensive income	(3,739)	(43,292)	(110,336)		
Total comprehensive income	134,613	(56,480)	154,308		
<sup>1</sup> Includes:					
- revenue from contract with customers for sale of residential and commercial strata	—	—	597		
- rental and related income from investment properties	265,301	—	185,110		
<sup>2</sup> Includes:					
- depreciation and amortisation	(2,518)	(78)	(639)		
- interest income	1,055	2,354	9,849		
- interest expense	(43,791)	—	(50,820)		
- tax expense	(24,324)	(1,509)	(97,305)		
Current assets <sup>3</sup>	122,327	1,959,848	492,594		
Non-current assets	3,345,947	1,491,602	3,129,738		
Current liabilities <sup>4</sup>	(76,252)	(996,965)	(76,287)		
Non-current liabilities <sup>5</sup>	(1,703,149)	(1,439,134)	(1,601,513)		
Net assets	1,688,873	1,015,351	1,944,532		
<sup>3</sup> Includes cash and cash equivalents	109,202	318,083	227,149		
<sup>4</sup> Includes current financial liabilities (excluding trade and other payables and provisions)	(17,536)	(98,710)	(13,807)		
<sup>5</sup> Includes non-current financial liabilities (excluding trade and other payables and provisions)	(1,702,634)	(1,432,379)	(1,122,213)		
Carrying amount of interest in joint venture at beginning of the year	832,130	667,657	468,503		
Additions during the year					
Group's share of:					
- Profit/(Loss)	69,176	(5,996)	124,083	147,123	334,386
- Other comprehensive income	(119)	(27,058)	(48,948)	(8,032)	(84,157)
- Total comprehensive income	69,057	(33,054)	75,135	139,091	250,229
Dividends received during the year	(56,750)	—	—		
Translation and other adjustments	—	(9)	8,684		
Carrying amount of interest in joint venture at end of the year	844,437	634,594	552,322	1,284,348	3,315,701

(e) As at 31 December 2019, the Group's share of the capital commitments of the joint ventures is \$1,091.2 million (2018: \$407.4 million).

## 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 1/1/2019 \$'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
<b>The Group</b>						
<b>Deferred tax liabilities</b>						
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
<b>Total</b>	<b>961,013</b>	<b>141,770</b>	<b>383,339</b>	<b>(9,128)</b>	<b>(14,554)</b>	<b>1,462,440</b>
<b>Deferred tax assets</b>						
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)
<b>Total</b>	<b>(285,490)</b>	<b>(64,811)</b>	<b>(8,588)</b>	<b>–</b>	<b>5,073</b>	<b>(353,816)</b>

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The Group	At 1/1/2018 \$'000	Recognised in profit or loss \$'000	Acquisition/ Disposal of subsidiaries \$'000	Translation differences \$'000	At 31/12/2018 \$'000
<b>Deferred tax liabilities</b>					
Accelerated tax depreciation	13,721	(3,568)	-	(2,371)	7,782
Discounts on compound financial instruments	6,143	(2,814)	-	-	3,329
Accrued income and interest receivable	4,687	(1)	-	(106)	4,580
Profits recognised on percentage of completion and fair value adjustments on initial recognition of development properties for sale	255,237	(15,165)	-	(8,324)	231,748
Fair value adjustments arising from a business combination	23,538	(224)	6,852	(279)	29,887
Fair value changes of investment properties	466,044	88,400	(2,874)	(13,867)	537,703
Unremitted earnings	94,298	6,304	1,816	-	102,418
Others	37,630	5,480	-	456	43,566
<b>Total</b>	<b>901,298</b>	<b>78,412</b>	<b>5,794</b>	<b>(24,491)</b>	<b>961,013</b>
<b>Deferred tax assets</b>					
Unutilised tax losses	(5,728)	3,331	(110)	105	(2,402)
Provisions and expenses	(169,149)	(69,688)	-	7,546	(231,291)
Fair value adjustments on initial recognition of development properties for sale	(14,489)	-	-	-	(14,489)
Deferred income	(36)	1	-	2	(33)
Others	(36,968)	(270)	-	(37)	(37,275)
<b>Total</b>	<b>(226,370)</b>	<b>(66,626)</b>	<b>(110)</b>	<b>7,616</b>	<b>(285,490)</b>

	At 1/1/2018 \$'000	Recognised in profit or loss \$'000	At 31/12/2018 \$'000	Recognised in profit or loss \$'000	At 31/12/2019 \$'000
<b>The Company</b>					
<b>Deferred tax liabilities</b>					
Discounts on compound financial instruments	6,143	(2,814)	3,329	(1,757)	1,572
<b>Deferred tax assets</b>					
Provisions	(423)	—	(423)	—	(423)

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:

	<b>Gross Amount \$'000</b>	<b>The Group Offset \$'000</b>	<b>Net Amount \$'000</b>
<b>31 December 2019</b>			
Deferred tax liabilities	1,462,440	–	1,462,440
Deferred tax assets	(353,816)	–	(353,816)
	<u>1,108,624</u>	<u>–</u>	<u>1,108,624</u>
<b>31 December 2018</b>			
Deferred tax liabilities	961,013	–	961,013
Deferred tax assets	(285,490)	–	(285,490)
	<u>675,523</u>	<u>–</u>	<u>675,523</u>

As at 31 December 2019, deferred tax liabilities amounting to \$5.1 million (2018: \$4.5 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:

	<b>The Group 2019 \$'000</b>	<b>2018 \$'000</b>
Deductible temporary differences	289,136	298,448
Tax losses	922,731	1,005,657
Unutilised capital allowances	6,347	6,912
	<u>1,218,214</u>	<u>1,311,017</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:

<b>Expiry period</b>	<b>2019 \$'000</b>	<b>2018 \$'000</b>
No expiry	597,777	689,205
Not later than 1 year	47,148	53,977
Between 1 and 5 years	473,251	479,728
After 5 years	100,038	88,107
	<u>1,218,214</u>	<u>1,311,017</u>

## 10 Other Non-current/Current Assets

### (a) Other non-current assets

	Note	The Group	
		2019 \$'000	2018 \$'000
Equity investments at FVTPL		378,671	296,858
Equity investments at FVOCI	(i)	280,826	111,977
Derivative financial instruments		95,783	92,408
Amounts due from:			
- associates	7(b)	227,753	157,342
- joint ventures	8(b)	379,483	176,710
Other receivables		18,659	2,017
Deposits	(ii)	1,272	65,535
		<u>1,382,447</u>	<u>902,847</u>

- (i) As at 31 December 2019, equity investments at FVOCI included a change in fair value of \$146.9 million. The increase was due to the listing of an associate held by the investee company during the year.
- (ii) In 2018, the amount relates to deposits paid for land and development costs of new acquisitions.

### (b) Other current assets

	Note	The Group	
		2019 \$'000	2018 \$'000
Derivative financial instruments		15,982	5,821
Contract costs	(i)	29,629	22,916
Total		<u>45,611</u>	<u>28,737</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, \$2.5 million (2018: \$13.3 million) was amortised and there was no impairment loss in relation to the costs capitalised.

## 11 Development Properties for Sale and Stocks

	<b>The Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
(a) Properties under development, units for which revenue is recognised over time		
Land and land related cost	1,016,088	815,458
Development costs	12,323	2,260
	<u>1,028,411</u>	<u>817,718</u>
Allowance for foreseeable losses	(44,956)	(44,956)
	<u>983,455</u>	<u>772,762</u>
Properties under development, units for which revenue is recognised at a point in time		
Land and land related costs	3,194,164	2,270,562
Development costs	1,791,660	1,349,701
	<u>4,985,824</u>	<u>3,620,263</u>
Properties under development	<u>5,969,279</u>	<u>4,393,025</u>
(b) Completed development properties, at cost	1,760,895	746,884
Allowance for foreseeable losses	(6,159)	(12,130)
Completed development properties	<u>1,754,736</u>	<u>734,754</u>
(c) Consumable stocks	1,044	772
Total development properties for sale and stocks	<u>7,725,059</u>	<u>5,128,551</u>
(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 2019, development properties for sale amounting to approximately \$3,225.0 million (2018: \$2,313.3 million) were mortgaged to banks to secure credit facilities of the Group (note 19).
- (f) During the financial year, the following amounts were capitalised as cost of development properties for sale:

		<b>The Group</b>	
	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<b>\$'000</b>	<b>\$'000</b>
Staff costs	28(b)	19,069	14,614
Interest costs paid/payable	28(d)	41,126	28,127
Less:			
Interest income received/receivable from project fixed deposit accounts	28(a)	(987)	(238)
		<u>59,208</u>	<u>42,503</u>

- (g) Movements in allowance for foreseeable losses in respect of development properties for sale were as follows:

		<b>The Group</b>	
	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<b>\$'000</b>	<b>\$'000</b>
At 1 January		(57,086)	(144,456)
Reversal during the year	28(c)(i)	3,499	43,462
Utilisation during the year		2,472	43,906
Translation differences		—	2
At 31 December		<u>(51,115)</u>	<u>(57,086)</u>

## 12 Trade and Other Receivables

	Note	The Group		The Company	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Trade receivables	13	341,620	227,090	7	84
Deposits and other receivables	14	682,698	481,754	474	497
Amounts due from:					
- subsidiaries	18	—	—	889,090	1,165,484
- associates	7(b)	198,788	37,617	—	—
- joint ventures	8(b)	178,827	63,652	—	—
- investee (non-trade)	(b)	116,484	118,452	—	—
non-controlling interests (non-trade)	(c)	142,755	145,934	—	—
		1,661,172	1,074,499	889,571	1,166,065
Prepayments	(d)	640,425	869,565	188	420
		2,301,597	1,944,064	889,759	1,166,485

- (a) As at 31 December 2019, certain trade and other receivables amounting to approximately \$3.3 million (2018: \$2.9 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% (2018: 8.00%) per annum.
- (c) Amounts due from non-controlling interests are unsecured, interest-free and repayable on demand.
- (d) As at 31 December 2019, prepayments of \$227.1 million (2018: \$650.2 million) were made for the acquisition of shares and land, pending completion of transactions.

## 13 Trade Receivables

	Note	The Group		The Company	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Trade receivables		357,075	241,957	7	84
Less:					
Allowance for impairment loss on receivables	34	(15,455)	(14,867)	—	—
	12	341,620	227,090	7	84

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	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Deposits		26,435	48,847	458	458
Other receivables		639,405	434,455	16	39
Less:					
Allowance for impairment loss on receivables	34	(15,074)	(15,392)	—	—
		624,331	419,063	16	39
Tax recoverable		31,932	13,844	—	—
	12	682,698	481,754	474	497

## 15 Assets/Liabilities Held for Sale

	Note	The Group	
		2019 \$'000	2018 \$'000
Property, plant and equipment		2,035	6,196
Intangible assets		36	—
Investment properties	35(c)	336,719	254,080
Associates		22,831	—
Trade and other receivables		1,554	—
Cash and cash equivalents		21,936	—
Assets held for sale		385,111	260,276

		The Group	
		2019 \$'000	2018 \$'000
Trade and other payables		7,929	—
Current tax payables		122	—
Deferred tax liabilities	9	9,128	—
Loans and borrowings		10,387	—
Other non-current liabilities		231	—
Liabilities held for sale		27,797	—

Details of assets and liabilities held are as follows:

**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. The sale is expected to be completed by the end of 2020. 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.
- (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 not completed as at 31 December 2019. Accordingly, the assets comprising mainly investment properties were reclassified to assets held for sale.
- (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. The divestments were expected to be completed within 12 months and accordingly, all the assets and liabilities of the entities were reclassified to assets held for sale and liabilities held for sale respectively.

**2018**

- (a) On 1 April 2019, Bugis Village will be returned to the State ("Lessor"). Accordingly, the investment property was reclassified to asset held for sale as at 31 December 2018. The fair value of Bugis Village was based on the agreed sum payable by the Lessor. The transaction was completed in 2019.
- (b) An independent property consultant was engaged to conduct a marketing exercise for the divestment of Ascott Raffles Place Singapore ("ARPS") in 2018. Pursuant to the planned divestment of ARPS, the serviced residence property and property, plant and equipment relating to ARPS were reclassified to assets held for sale as at 31 December 2018. The service residence property, an investment property, was stated at fair value based on independent professional valuation at the year end. The divestment was completed in 2019.
- (c) In 2018, the Group initiated marketing of a property unit at The Interlace, which was previously used as a showcase unit and as property, plant and equipment. Accordingly, the asset was reclassified to asset held for sale as at 31 December 2018 at carrying value. The divestment was completed in 2019.

## 16 Cash and Cash Equivalents

	Note	The Group		The Company	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Fixed deposits		2,145,037	2,500,832	—	—
Cash at banks and in hand		4,022,569	2,559,007	18,098	15,156
Cash and cash equivalents		6,167,606	5,059,839	18,098	15,156
Restricted bank deposits	(a)	(106,208)	(55,084)		
Cash and cash equivalents in the statement of cash flows		6,061,398	5,004,755		

- (a) These are deposit placed in escrow account for acquisition of a subsidiary and bank balances of certain subsidiaries pledged in relation to bankers' guarantees issued to the subsidiaries' contractors and banking facilities as well as bank balances required to be maintained as security for outstanding CapitaVoucher.
- (b) As at 31 December 2019, the Group's cash and cash equivalents of \$199.9 million (2018: \$59.5 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 2019, the effective interest rates for cash and cash equivalents denominated in these currencies ranged from 0% to 2.83% (2018: 0% to 3.30%) per annum.

The cash and cash equivalents are placed with banks and financial institutions which meet the appropriate credit criteria.

## 17 Trade and Other Payables

	Note	The Group		The Company	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Trade payables		282,154	221,493	903	2,161
Accruals	(a)	967,322	790,369	31,097	37,152
Accrued development expenditure		1,249,332	753,905	—	—
Other payables	(b)	1,152,654	905,280	980	1,359
Rental and other deposits		276,687	274,451	—	—
Derivative financial instruments		18,035	60,381	—	—
Liability for employee benefits	22	69,571	39,486	2,469	3,051
Amounts due to:					
- subsidiaries	18	—	—	76,980	217,808
- associates	7(c)	567,357	480,238	—	—
- joint ventures	8(c)	415,794	278,862	—	—
Non-controlling interests (unsecured):					
- interest free		27,746	13,004	—	—
- interest bearing	(c)	20,916	24,437	—	—
		<u>5,047,568</u>	<u>3,841,906</u>	<u>112,429</u>	<u>261,531</u>

- (a) Accruals included accrued operating expenses \$527.7 million (2018: \$416.7 million), accrued interest payable \$154.6 million (2018: \$126.6 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 4.00% to 6.38% (2018: 3.23% to 6.38%) per annum.

## 18 Amounts Due from/(to) Subsidiaries

	Note	The Company	
		2019 \$'000	2018 \$'000
<b>(a) Current</b>			
Amounts due from subsidiaries:			
- current accounts, mainly trade		68,952	126,471
- loans			
- interest free		97,002	53,033
- interest bearing		773,478	1,027,583
		870,480	1,080,616
Less:			
Allowance for impairment loss on receivables	34	(50,342)	(41,603)
		820,138	1,039,013
	12	889,090	1,165,484
<b>Current</b>			
Amounts due to subsidiaries:			
- loans, interest free		(63,215)	(217,326)
- current accounts, mainly trade		(13,765)	(482)
	17	(76,980)	(217,808)

All balances with subsidiaries are unsecured and repayable on demand. The interest-bearing loans due from a subsidiary bore effective interest rates ranging from 1.06% to 1.85% (2018: 1.42% to 2.95%) per annum.

The Company's exposure to credit risks for amounts due from subsidiaries is disclosed in note 34.

	Note	The Company	
		2019 \$'000	2018 \$'000
<b>(b) Non-current</b>			
Amounts due to subsidiaries:			
- interest bearing		(864,416)	—
- interest free		(402,500)	(605,408)
	21	(1,266,916)	(605,408)

All balances with subsidiaries are unsecured and not expected to be repaid within twelve months from 31 December 2019. The interest-bearing loan due to a subsidiary bore an effective interest rate of 3.05% per annum.

## 19 Borrowings

	Note	The Group		The Company	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Bank borrowings					
- secured		10,464,389	6,372,486	—	—
- unsecured		8,360,189	6,630,720	—	—
		18,824,578	13,003,206	—	—
Lease liabilities	(c)	684,966	525	45,230	—
		19,509,544	13,003,731	45,230	—
Repayable:					
Not later than 1 year		2,501,026	1,729,472	10,453	—
Between 1 and 5 years		14,128,079	9,642,440	34,777	—
After 5 years		2,880,439	1,631,819	—	—
After 1 year		17,008,518	11,274,259	34,777	—
		19,509,544	13,003,731	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 2019, the effective interest rates for bank borrowings denominated in these currencies ranged from 0.30% to 4.95% (2018: 0.39% to 5.05%) 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 leases of property, plant and equipment (note 3) and investment properties (note 5).

(d) The reconciliation of liabilities arising from financing activities were as follows:

The Group	Note	At 1/1/2019 \$'000	Financing cashflows * \$'000	Adoption of SFRS(I) 16 \$'000	Acquisition of subsidiaries \$'000	Non-cash changes				At 31/12/2019 \$'000
						Disposal of subsidiaries <sup>@</sup> \$'000	Changes in fair value \$'000	Amortisation of bond discount \$'000	Foreign exchange movement \$'000	Others \$'000
Bank borrowings		13,003,206	227,143	—	5,750,625	(56,700)	—	—	(97,552)	(2,144)
Debt securities	20	10,630,214	375,891 <sup>^</sup>	—	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) <sup>^</sup>	—	36,603	—	(2,054)	—	—	—
Derivative assets		(93,431)	—	—	(7,744)	—	(1,703)	—	—	—
										(102,878)

The Group	Note	At 1/1/2018 \$'000	Financing cashflows * \$'000	Acquisition of subsidiaries \$'000	Disposal of subsidiaries <sup>@</sup> \$'000	Non-cash changes				At 31/12/2018 \$'000
						Changes in fair value \$'000	Amortisation of bond discount \$'000	Foreign exchange movement \$'000	Others \$'000	Others \$'000
Bank borrowings		11,493,622	1,279,899	348,066	(50,210)	—	—	(70,134)	1,963	13,003,206
Debt securities	20	10,229,836	376,641	—	—	—	16,531	5,207	1,999	10,630,214
Lease liabilities	19	3,480	(2,931)	—	—	—	—	(24)	—	525
Derivative liabilities		158,369	—	—	—	(29,440)	—	—	—	128,929
Derivative assets		(92,297)	—	—	—	(1,134)	—	—	—	(93,431)

\* Cashflow from financing activities presented in the consolidated statement of cash flows include interest expense paid of \$890.8 million (2018: \$731.7 million) which are included under accruals, amount due to associates and joint ventures 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.

@ Includes borrowings of \$10.4 million (2018: \$20.0 million) under liabilities held for sale.

<sup>^</sup> 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.



## 20 Debt Securities

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Convertible bonds	1,815,209	2,048,698	1,816,767	2,051,440
Notes and bonds	10,086,310	8,581,516	—	—
	<u>11,901,519</u>	<u>10,630,214</u>	<u>1,816,767</u>	<u>2,051,440</u>
Secured notes and bonds	258,088	234,305	—	—
Unsecured notes and bonds	11,643,431	10,395,909	1,816,767	2,051,440
	<u>11,901,519</u>	<u>10,630,214</u>	<u>1,816,767</u>	<u>2,051,440</u>
Repayable:				
Not later than 1 year	1,449,027	1,463,984	646,236	571,750
Between 1 and 5 years	6,080,972	4,847,399	526,000	837,404
After 5 years	4,371,520	4,318,831	644,531	642,286
After 1 year	10,452,492	9,166,230	1,170,531	1,479,690
	<u>11,901,519</u>	<u>10,630,214</u>	<u>1,816,767</u>	<u>2,051,440</u>

- (a) The repayment schedule for convertible bonds was based on the final maturity dates.
- (b) As at 31 December 2019, the effective interest rates for debt securities ranged from 0.37% to 4.25% (2018: 0.19% to 4.50%) per annum.
- (c) Details of the outstanding convertible bonds as at 31 December 2019 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) \$650.0 million principal amount of convertible bonds of the Company due on 19 June 2020 with interest rate at 1.85% per annum. These bonds are convertible into new ordinary shares at the conversion price of \$4.9782 per share on or after 30 July 2013 and may be redeemed at the option of the Company or at the option of the bondholders on specified dates.
  - (iii) \$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.
  - (iv) \$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.

- (d) During the year, the Company settled convertible bonds with an aggregate principal amount of \$245.0 million (2018: \$600.7 million) due on 20 June 2022 with interest rate of 2.95% (2018: 1.95%) per annum upon the redemption by bondholders.

(e) 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 Mall Trust, Ascott Residence Trust, CapitaLand Commercial Trust, RCS Trust, CapitaLand Retail 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 2019, the secured notes and bonds amounting to \$258.1 million (2018: \$234.3 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	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Amounts due to non-controlling interests (unsecured):					
- interest free		68,494	64,032	—	—
- interest bearing	(a)	35,957	44,233	—	—
Amounts due to subsidiaries	18	—	—	1,266,916	605,408
Liability for employee benefits	22	30,419	14,901	15,454	8,489
Derivative financial instruments		113,680	69,181	—	—
Security deposits and other non-current payables		456,471	346,300	235	235
Deferred income		7,395	5,146	—	—
		<u>712,416</u>	<u>543,793</u>	<u>1,282,605</u>	<u>614,132</u>

- (a) As at 31 December 2019, the effective interest rates for the amounts due to non-controlling interests ranged from 2.50% to 4.55% (2018: 2.50% to 5.50%) per annum.

## 22 Employee Benefits

	Note	The Group		The Company	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Liability for short term accumulating compensated absences		20,800	12,543	1,195	1,068
Liability for staff incentive (a)		64,700	30,782	16,728	10,472
Liability for cash-settled share-based payments		14,490	11,062	—	—
		<u>99,990</u>	<u>54,387</u>	<u>17,923</u>	<u>11,540</u>
Current	17	69,571	39,486	2,469	3,051
Non-current	21	30,419	14,901	15,454	8,489
		<u>99,990</u>	<u>54,387</u>	<u>17,923</u>	<u>11,540</u>

### (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 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 Plan and CapitaLand Performance Share Plan. Under these guidelines, members of senior management are required to retain a portion of the total number of CapitaLand shares received under the two aforementioned share-based plans, which will vary according to their respective job grade and salary.

The details of awards in the Company since commencement of the Share Plans were as follows:

	<-----Aggregate shares----->			Balance as of
	Granted No. of shares	Released No. of shares	Lapsed/ Cancelled No. of shares	31 December 2019 No. of shares
CapitaLand Performance Share Plan 2010	34,286,454	(2,449,051)	(22,677,573)	9,159,830
CapitaLand Restricted Share Plan 2010	112,288,027	(66,648,215)	(17,513,858)	28,125,954

The total number of new shares issued and/or to be issued pursuant to the 2010 Share Plans did not exceed 8% (2018: 8%) of the total number of shares (excluding treasury shares) in the capital of the Company.

***CapitaLand Performance Share Plan 2010***

This relates to compensation costs of the Company's PSP 2010 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 PSP 2010 were summarised below:

	<b>2019</b>	<b>2018</b>
	<b>('000)</b>	<b>('000)</b>
At 1 January	9,503	10,593
Granted	3,462	2,970
Released	(1,270)	(559)
Lapsed/Cancelled	(2,535)	(3,501)
At 31 December	<u>9,160</u>	<u>9,503</u>

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.

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 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:

<b>Year of award</b>	<b>2019</b>	<b>2018</b>
<i>Weighted average fair value of shares and assumptions</i>		
Weighted average fair value at measurement date	\$2.74	\$2.65
Expected volatility of Company's share price based on 36 months closing share price prior to grant date	17.18%	19.62%
Average volatility of companies in the peer group based on 36 months prior to grant date	27.12%	28.63%
Share price at grant date	\$3.45	\$3.62
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	1.65%	1.94%
Expected dividend yield over the vesting period	3.54% to 4.14%	3.27% to 3.43%
Initial total shareholder return (TSR) performance based on historical TSR performance of the Company and each company in the peer group	13.46%	0.66%
Average correlation of Company's TSR with those companies in the peer group	50.11%	52.45%

**CapitaLand Restricted Share Plan 2010 – Equity-settled/Cash-settled**

This relates to compensation costs of the Company's RSP 2010 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 RSP 2010 were summarised below:

	2019 (‘000)	2018 (‘000)
At 1 January	22,971	22,432
Granted	20,744	16,677
Released <sup>@</sup>	(13,794)	(12,909)
Lapsed/Cancelled	(1,795)	(3,229)
At 31 December	<u>28,126</u>	<u>22,971</u>

<sup>@</sup> The number of shares released during the year was 13,794,140 (2018: 12,908,954) of which 2,648,242 (2018: 2,269,948) were cash-settled.

As at 31 December 2019, the number of shares in awards granted under the RSP 2010 is as follows:

	Equity- settled (‘000)	2019 Cash- settled (‘000)	Total (‘000)	Equity- settled (‘000)	2018 Cash- settled (‘000)	Total (‘000)
Final number of shares has not been determined (baseline award) <sup>#</sup>	12,244	2,708	14,952	7,839	1,977	9,816
Final number of shares determined but not released	10,513	2,661	13,174	10,386	2,769	13,155
	<u>22,757</u>	<u>5,369</u>	<u>28,126</u>	<u>18,225</u>	<u>4,746</u>	<u>22,971</u>

<sup>#</sup> The final number of shares released could range from 0% to 150% of the baseline award.

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. Conversely, 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 shares will vest over a period of three years. Recipient 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 are declared during each of the vesting periods and deemed forgone due to the vesting mechanism of the RSP 2010, 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:

Year of award	2019	2018
<i>Weighted average fair value of shares and assumptions</i>		
Weighted average fair value at measurement date	\$3.26	\$3.40
Share price at grant date	\$3.45	\$3.62
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	1.64% to 1.72%	1.75% to 1.94%

The fair value of the shares awarded to non-executive directors for the payment of directors' fees in 2019 was \$3.51 (2018: \$3.59) 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.

***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 Commercial Trust Management Limited (CCTML)

The CCTML Performance Unit Plan 2016 and the CCTML Restricted Unit Plan 2016 (collectively referred to as the "CCTML Unit Plans") were approved by the Board of Directors of CCTML on 14 April 2016.

(c) CapitaLand Mall Trust Management Limited (CMTML)

The CMTML Performance Unit Plan 2016 and the CMTML Restricted Unit Plan 2016 (collectively referred to as the "CMTML Unit Plans") were approved by the Board of Directors of CMTML on 15 April 2016.

(d) 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.

The Boards of ARTML, CCTML, CMTML and CRCTML have instituted a set of unit ownership guidelines for senior management who receive units under the ARTML Unit Plans, CCTML Unit Plans, CMTML Unit Plans and CRCTML 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 2019, the Group recognised share-based expenses in relation to the unit based plans of the Subsidiaries Unit Plans of \$2,704,630 (2018: \$2,064,880) in profit or loss.

***Performance Unit Plan 2016 of ARTML, CCTML, CMTML and CRCTML***

This relates to compensation costs of the Performance Unit Plans of ARTML, CCTML, CMTML and CRCTML 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. Participants receive fully paid units at no cost upon vesting.

***Restricted Unit Plan 2016 of ARTML, CCTML, CMTML and CRCTML***

This relates to compensation costs of the Restricted Unit Plans for ARTML, CCTML, CMTML and CRCTML 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 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, CCTML, CMTML and CRCTML. 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	
		2019	2018
		No. of shares	No. of shares
		('000)	('000)
<b>Issued and fully paid, with no par value</b>			
At 1 January and 31 December, including treasury shares		4,274,384	4,274,384
Add: Issue of new shares	(a)	862,264	—
Less: Treasury shares		(99,154)	(111,570)
At 31 December, excluding treasury shares		<u>5,037,494</u>	<u>4,162,814</u>

- (a) During the year, 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).
- (b) 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.
- (c) At 31 December 2019, there is a maximum of 18,319,660 (2018: 19,006,014) shares under the PSP 2010 and 30,734,937 (2018: 23,599,024) shares under the RSP 2010, details of which are disclosed in note 22(b).
- (d) As at 31 December 2019, the convertible bonds issued by the Company which remained outstanding as follows:

Principal amount \$ million	Final maturity date Year	Conversion price \$	Convertible into new ordinary shares No. of shares
650.00	2020	4.9782	130,569,282
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.

- (e) Movements in the Company's treasury shares were as follows:

	The Company	
	2019	2018
	No. of shares	No. of shares
	('000)	('000)
At 1 January	111,570	27,091
Purchase of treasury shares	—	95,677
Treasury shares transferred pursuant to employee share plans	(12,243)	(11,036)
Payment of directors' fees	(173)	(162)
At 31 December	<u>99,154</u>	<u>111,570</u>

## 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).

	<b>The Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Borrowings and debt securities	31,411,063	23,633,945
Cash and cash equivalents	(6,167,606)	(5,059,839)
Net debt	25,243,457	18,574,106
Total equity	40,282,875	33,306,939
Net debt-to-equity ratio	0.63	0.56

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, nine of the Group's subsidiaries (2018: 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 year.

There were no changes in the Group's approach to capital management during the year.

## 24 Other Reserves

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Reserve for own shares	(342,226)	(385,078)	(342,225)	(385,078)
Capital reserve	295,073	401,141	92,799	111,282
Equity compensation reserve	77,870	69,345	23,266	19,105
Hedging reserve	(104,727)	(45,716)	–	–
Fair value reserve	138,489	2,311	–	–
Assets revaluation reserve	6,161	–	–	–
Foreign currency translation reserve	(1,112,601)	(859,708)	–	–
	<u>(1,041,961)</u>	<u>(817,705)</u>	<u>(226,160)</u>	<u>(254,691)</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, US Dollars, Vietnamese Dong and Malaysian Ringgit.

## 25 Perpetual Securities

The Group's perpetual securities comprise perpetual securities and perpetual notes issued by its subsidiaries, Ascott Residence Trust (ART) and CapitaLand Treasury Limited (CTL) (collectively referred to as "Issuers"). The perpetual securities comprise :

Perpetual securities or notes	Issue date	Principal amount \$
<b><u>ART</u></b>		
- 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
<b><u>Issued under CTL's \$5,000,000,000 Euro Medium Term Note Programme:</u></b>		
- Fixed rate subordinated perpetual notes with an initial distribution rate of 3.65% per annum	17 October 2019	500,000,000

- (a) 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.

- (b) 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.

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	2019 Tax expense \$'000	Net of tax \$'000	Before tax \$'000	2018 Tax expense \$'000	Net of tax \$'000
<b>The Group</b>						
Exchange differences arising from translation of foreign operations and foreign currency loans, forming part of net investment in foreign operations	(285,143)	—	(285,143)	(252,117)	—	(252,117)
Recognition of foreign exchange differences on disposal or liquidation of foreign operations in profit or loss	78,884	—	78,884	14,378	—	14,378
Change in fair value of equity investments at fair value through other comprehensive income	144,372	—	144,372	(4,047)	—	(4,047)
Revaluation of a property, plant and equipment	6,161	—	6,161	—	—	—
Effective portion of change in fair value of cash flow hedges	(77,828)	—	(77,828)	17,823	—	17,823
Recognition of hedging reserve in profit or loss	7,652	—	7,652	9	—	9
Share of other comprehensive income of associates and joint ventures	(161,143)	—	(161,143)	(327,533)	—	(327,533)
	<u>(287,045)</u>	<u>—</u>	<u>(287,045)</u>	<u>(551,487)</u>	<u>—</u>	<u>(551,487)</u>

## 27 Revenue

Revenue of the Group and of the Company is analysed as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenue from contract with customers	2,400,456	2,390,362	70,319	85,956
Rental of investment properties:				
- Retail, commercial, business park, industrial and logistics rental and related income	2,415,989	2,084,342	—	—
- Lodging properties rental and related income	1,381,393	1,100,266	—	—
Others	36,926	27,453	—	—
Dividend income from subsidiaries	—	—	446,794	446,449
	<u>6,234,764</u>	<u>5,602,423</u>	<u>517,113</u>	<u>532,405</u>

(a) Disaggregation of revenue from contracts with customers:

	<b>The Group</b>			<b>The Company</b>
	<b>Residential, commercial strata and urban development</b>	<b>Fee income</b>	<b>Total</b>	<b>Fee income</b>
<b>2019</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Primary segment</b>				
CL Singapore & 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
	<u>2,018,153</u>	<u>382,303</u>	<u>2,400,456</u>	<u>70,319</u>
<b>Secondary segment</b>				
Singapore	128,458	88,084	216,542	70,319
China <sup>1</sup>	1,838,947	199,024	2,037,971	—
Other developed markets	—	22,709	22,709	—
Other emerging markets	50,748	72,486	123,234	—
	<u>2,018,153</u>	<u>382,303</u>	<u>2,400,456</u>	<u>70,319</u>
<sup>1</sup> Includes Hong Kong				
<b>Timing of revenue recognition</b>				
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
	<u>2,018,153</u>	<u>382,303</u>	<u>2,400,456</u>	<u>70,319</u>

	<b>The Group</b>			<b>The Company</b>
	<b>Residential and commercial strata \$'000</b>	<b>Fee income \$'000</b>	<b>Total \$'000</b>	<b>Fee income \$'000</b>
<b>2018</b>				
<b>Primary segment</b>				
CL Singapore & International	505,534	20,839	526,373	—
CL China	1,611,419	111,690	1,723,109	—
CL Lodging	—	70,399	70,399	—
CL Financial	—	67,192	67,192	—
Corporate and others	—	3,289	3,289	85,956
	<u>2,116,953</u>	<u>273,409</u>	<u>2,390,362</u>	<u>85,956</u>
<b>Secondary segment</b>				
Singapore	450,882	25,750	476,632	85,956
China <sup>1</sup>	1,611,419	191,483	1,802,902	—
Other developed markets	—	8,339	8,339	—
Other emerging markets	54,652	47,837	102,489	—
	<u>2,116,953</u>	<u>273,409</u>	<u>2,390,362</u>	<u>85,956</u>
<sup>1</sup> Includes Hong Kong				
<b>Timing of revenue recognition</b>				
Product transferred at a point in time	1,666,071	—	1,666,071	—
Products and services transferred over time	450,882	273,409	724,291	85,956
	<u>2,116,953</u>	<u>273,409</u>	<u>2,390,362</u>	<u>85,956</u>

- (b) The following table provides information about contract assets and contract liabilities for contracts with customers.

	<b>The Group</b>	
	<b>2019 \$'000</b>	<b>2018 \$'000</b>
Contract assets	(i) —	24,805
Contract liabilities	(ii) (1,501,306)	(908,487)
	<u>(1,501,306)</u>	<u>(883,682)</u>
(i) Contract assets		

Contract assets relate primarily to the Group's right to consideration for work completed but not billed at the reporting date in respect of its property development business. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

The changes in contract assets are due to the differences between the agreed payment schedule and progress of the construction work.



(ii) Contract liabilities

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	
		2019 \$'000	2018 \$'000
Revenue recognised that was included in contract liabilities at the beginning of the year		720,282	1,409,618
Increase due to cash received, excluding amounts recognised as revenue during the year		(529,753)	(858,218)
Acquisition of subsidiaries	32(b)	(808,041)	—

## 28 Profit Before Tax

Profit before tax includes the following:

		The Group		The Company	
	Note	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>(a) Other operating income</b>					
Interest income from:					
- deposits		77,133	68,603	164	217
- subsidiaries		—	—	51,492	66,956
- associates and joint ventures		18,222	7,950	—	—
- investee companies and others		3,955	11,691	—	—
- interest capitalised in development properties for sale	11(f)	(987)	(238)	—	—
Balance carried forward		98,323	88,006	51,656	67,173

	Note	The Group 2019 \$'000	2018 \$'000	The Company 2019 \$'000	2018 \$'000
<b>(a) Other operating income</b>					
Balance brought forward		98,323	88,006	51,656	67,173
Dividend income		8,726	9,340	—	—
Foreign exchange gain		—	—	145	17
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	677,018	—	—
Gain on disposal/redemption of available-for-sale financial assets		3	—	—	—
Gain on disposal of property, plant and equipment		677	189	7	108
Gain from change of ownership interests in subsidiaries, associates and joint ventures		218,520	49,307	—	—
Gain on disposal of investment properties		124,744	120,743	—	—
Service contract income		170	—	8,231	—
Reversal of allowance for impairment loss on receivables from:					
- subsidiaries		—	—	4,678	500
- others		162	—	—	—
Reversal of impairment of:					
- subsidiary	6(a)(iii)	—	—	1	18,022
- associates	7(a)(i)	7,571	—	—	—
Income from pre- termination of contracts		49,884	11,286	—	—
Forfeiture of security deposits		6,546	5,502	—	—
Others		81,476	28,637	1,570	1,489
		<u>1,772,158</u>	<u>990,028</u>	<u>66,288</u>	<u>87,309</u>

	Note	The Group		The Company	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>(b) Staff costs</b>					
Wages and salaries		669,371	562,136	56,348	53,026
Contributions to defined contribution plans		70,731	63,535	1,187	7,121
Share-based expenses:					
- equity-settled		56,016	44,137	16,877	10,223
- cash-settled		10,718	6,284	—	—
Increase/(Decrease) in liability for short term accumulating compensated absences		1,595	402	129	(873)
Staff benefits, training/development costs and others		87,340	72,253	5,551	6,145
		<u>895,771</u>	<u>748,747</u>	<u>80,092</u>	<u>75,642</u>
Less:					
Staff costs capitalised in development properties for sale	11(f)	(19,069)	(14,614)	—	—
		<u>876,702</u>	<u>734,133</u>	<u>80,092</u>	<u>75,642</u>
Recognised in:					
Cost of sales	(c)(i)	611,037	513,908	—	—
Administrative expenses	(c)(ii)	265,665	220,225	80,092	75,642
		<u>876,702</u>	<u>734,133</u>	<u>80,092</u>	<u>75,642</u>
<b>(c)(i) Cost of sales include:</b>					
Costs of development properties for sale		1,266,693	1,266,069	—	—
Reversal of foreseeable losses on development properties for sale	11(g)	(3,499)	(43,462)	—	—
Operating expenses of investment properties that generated rental income		977,569	917,091	—	—
Lease expenses (short-term lease)		247,372	—	—	—
Lease expenses (low value assets, excluding short-term leases of low value assets)		28	—	—	—

		<b>The Group</b>		<b>The Company</b>	
	<b>Note</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>(c)(i) Cost of sales include:</b>					
Lease expenses (variable lease payments not included in the measurement of lease liabilities)		10,020	—	—	—
Operating lease expenses		—	205,425	—	—
Staff costs	(b)	<u>611,037</u>	<u>513,908</u>	<u>—</u>	<u>—</u>
<b>(c)(ii) Administrative expenses include:</b>					
Allowance for impairment loss on trade receivables		3,572	4,977	—	—
Amortisation of intangible assets	4	18,461	11,165	113	72
Auditors' remuneration:					
- auditors of the Company		5,529	4,127	359	877
- other auditors		6,750	5,006	—	—
Non-audit fees:					
- auditors of the Company		1,996	855	1,705	40
- other auditors		2,095	1,568	—	—
Depreciation of property, plant and equipment	3	80,225	63,338	523	948
Depreciation expenses of right-of-use assets	3	38,193	—	11,010	—
Lease expenses (short-term lease)		5,403	—	—	—
Lease expenses (low value assets, excluding short-term leases of low value assets)		374	—	—	—
Lease expenses (variable lease payments not included in the measurement of lease liabilities)		178	—	—	—
Operating lease expenses		—	12,666	—	5,195
Staff costs	(b)	<u>265,665</u>	<u>220,225</u>	<u>80,092</u>	<u>75,642</u>

		The Group		The Company	
	Note	2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
<b>(c)(iii) Other operating expenses include:</b>					
Allowance for impairment loss on non-trade receivables		7,067	5,024	13,494	16,803
Foreign exchange loss		38,238	8,975	—	—
Impairment loss on amounts due from:					
- subsidiaries		—	—	24	9
- joint ventures	8(a)(ii)	25,822	—	—	—
- associates	7(a)(i)	—	12,454	—	—
Impairment and write off of property, plant and equipment		10,984	938	—	—
Impairment of intangible assets	4	5,263	—	—	—
Mark-to-market loss on financial asset designated as fair value through profit or loss		—	1,646	—	—

**(d) Finance costs**

Interest costs paid and payable:

- on bank loans and overdrafts		495,248	302,961	—	—
- on debt securities		300,509	258,262	—	—
- to non-controlling interests		10,165	13,083	—	—
- related party		—	—	20,160	—
Convertible bonds:					
- interest expense		47,116	60,252	47,116	60,253
- amortisation of bond discount		10,327	16,531	10,327	16,531
Lease liabilities		22,369	—	1,713	—
Others		32,058	30,215	28	16
Interest on financial liabilities measured at amortised cost		917,792	681,304	79,344	76,800
Derivative financial instruments		8,765	19,731	—	—
Total borrowing costs		926,557	701,035	79,344	76,800
Less:					
Borrowing costs capitalised in:					
- investment properties	5(e)	(46,290)	(36,413)	—	—
- development properties for sale	11(f)	(41,126)	(28,127)	—	—
		(87,416)	(64,540)	—	—
		839,141	636,495	79,344	76,800

## 29 Tax Expense

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Current tax expense</b>				
- Based on current year's results	469,148	354,508	503	949
- Over provision in respect of prior years	(42,938)	(6,476)	—	—
- Group relief	(23,967)	1,430	—	—
	402,243	349,462	503	949
<b>Deferred tax expense</b>				
- Origination and reversal of temporary differences	78,796	26,805	(1,757)	(2,814)
- Over provision in respect of prior years	(1,837)	(15,019)	—	—
	76,959	11,786	(1,757)	(2,814)
<b>Land appreciation tax</b>				
- Current year	302,432	253,303	—	—
- Over provision in respect of prior years	(1,600)	—	—	—
	300,832	253,303	—	—
<b>Withholding tax</b>				
- Current year	34,926	45,900	—	—
- Over provision in respect of prior years	(132)	(1,760)	—	—
	34,794	44,140	—	—
	<u>814,828</u>	<u>658,691</u>	<u>(1,254)</u>	<u>(1,865)</u>

**Reconciliation of effective tax rate**

	<b>The Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit before tax	4,228,469	3,508,503
Less: Share of results of associates and joint ventures	(988,775)	(959,407)
Profit before share of results of associates and joint ventures and tax	3,239,694	2,549,096
Income tax using Singapore tax rate of 17% (2018: 17%)	550,748	433,346
Adjustments:		
Expenses not deductible for tax purposes	209,668	146,615
Income not subject to tax	(347,683)	(280,078)
Effect of unrecognised tax losses and other deductible temporary differences	28,912	16,252
Effect of different tax rates in foreign jurisdictions	131,562	89,497
Effect of taxable distributions from REITs	52,450	43,346
Land appreciation tax	302,432	253,303
Effect of tax reduction on land appreciation tax	(72,219)	(63,326)
Withholding taxes	34,926	45,900
Over provision in respect of prior years	(46,507)	(23,255)
Group relief	(23,967)	1,430
Others	(5,494)	(4,339)
	814,828	658,691
	<b>The Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit before tax	329,051	422,240
Income tax using Singapore tax rate of 17% (2018: 17%)	55,939	71,781
Adjustments:		
Expenses not deductible for tax purposes	19,307	16,605
Income not subject to tax	(75,974)	(87,334)
Effect of other deductible temporary differences	1,728	(99)
Others	(2,254)	(2,818)
	(1,254)	(1,865)



## 30 Earnings Per Share

### (a) Basic earnings per share

	<b>The Group</b>	
	<b>2019</b> <b>\$'000</b>	<b>2018</b> <b>\$'000</b>
Basic earnings per share is based on:		
Net profit attributable to owners of the Company	2,135,894	1,762,493
	<b>2019</b> <b>No. of</b> <b>shares</b> <b>('000)</b>	<b>2018</b> <b>No. of</b> <b>shares</b> <b>('000)</b>
Weighted average number of ordinary shares in issue during the year	4,607,830	4,191,314

### (b) Diluted earnings per share

In calculating diluted earnings per share, the net 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:

	<b>The Group</b>	
	<b>2019</b> <b>\$'000</b>	<b>2018</b> <b>\$'000</b>
Net profit attributable to owners of the Company	2,135,894	1,762,493
Profit impact of conversion of the potential dilutive shares	56,124	73,970
Adjusted net profit attributable to owners of the Company	2,192,018	1,836,463
	<b>2019</b> <b>No. of shares</b> <b>('000)</b>	<b>2018</b> <b>No. of shares</b> <b>('000)</b>
Weighted average number of ordinary shares in issue during the year	4,607,830	4,191,314
Adjustments for potential dilutive shares under:		
- CapitaLand Performance Share Plan	18,320	19,006
- CapitaLand Restricted Share Plan	30,735	23,599
- Convertible bonds	347,196	471,697
	396,251	514,302
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	5,004,081	4,705,616

## 31 Dividends

The Board of Directors of the Company has proposed a tax-exempt ordinary dividend of 12.0 cents per share in respect of the financial year ended 31 December 2019. This would amount to a payout of approximately \$604.5 million based on the number of issued shares (excluding treasury shares) as at 31 December 2019. 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 2018, a tax-exempt ordinary dividend of 12.0 cents per share was approved at the Annual General Meeting held on 12 April 2019. The said dividends of \$501.0 million were paid in May 2019.

## 32 Acquisition/Disposal of Subsidiaries, Net of Cash Acquired/Disposed of

### (a) Acquisition of subsidiaries

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%

\* Acquired through the Group's interests in CapitaLand Retail China Trust.

# Refer to note 33

The list of significant subsidiaries acquired during 2018 is as follows:

Name of subsidiary	Date acquired	Effective interest acquired
Guangzhou Starshine Properties Co., Ltd.	January 2018	63.2%
Hien Duc Tay Ho Joint Stock Company	March 2018	99.5%
Gallileo Property S.a.r.l.*	June 2018	33.6%
Shanghai Mingchang Properties Limited	July 2018	100%
Chongqing Zhonghua Real Estate Co., Ltd	August 2018	100%
BCLand Joint Stock Company	August 2018	100%

\* Includes 5.1% interest held indirectly through CapitaLand International Pte Ltd and 94.9% interest indirectly held through CCT.

**(b) Effects of acquisitions**

The cash flows and net assets of subsidiaries acquired are provided below:

	Note	Recognised values	
		2019 \$'000	2018 \$'000
<b>The Group</b>			
Property, plant and equipment	3	636,400	1,593
Right-of-use assets	3	76,380	—
Intangible assets	4	314,495	27,756
Investment properties	5	9,115,132	1,409,988
Associates		2,219,878	—
Joint ventures		1,364,292	—
Other non-current assets		97,699	309
Development properties for sale and stocks		2,528,103	1,174,985
Trade and other receivables		449,929	185,883
Other current assets		16,990	—
Cash and cash equivalents		1,052,005	226,465
Trade and other payables		(1,090,033)	(975,176)
Contract liabilities	27(b)	(808,041)	—
Current tax payable		(138,787)	—
Borrowings and debt securities		(6,772,554)	(348,066)
Other non-current liabilities		(154,896)	(22,351)
Deferred tax liabilities		(442,741)	(6,852)
Non-controlling interests		(1,156,802)	(6,235)
		<u>7,307,449</u>	<u>1,668,299</u>
Amounts previously accounted for as associates and joint ventures, remeasured at fair value		(827,986)	(1,141)
Net assets acquired		<u>6,479,463</u>	<u>1,667,158</u>
Goodwill arising from acquisition	4	49,565	19,086
Bank and shareholder loans assumed		—	197,716
Total purchase consideration		<u>6,529,028</u>	<u>1,883,960</u>
Deferred purchase consideration and other adjustments		(19,881)	(163,053)
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		<u>(1,052,005)</u>	<u>(226,465)</u>
Cash outflow on acquisition of subsidiaries		<u>2,543,698</u>	<u>1,494,442</u>

**(c) Disposal of subsidiaries**

The list of significant subsidiaries disposed during 2019 is as follows:

<b>Name of subsidiary</b>	<b>Date disposed</b>	<b>Effective interest disposed</b>
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.

The list of significant subsidiaries disposed during 2018 is as follows:

<b>Name of subsidiary</b>	<b>Date disposed</b>	<b>Effective interest disposed</b>
Gain Mark Properties (Shanghai) Ltd	January 2018	44.3%
Citadines (Xi'an) Property Co., Ltd.	January 2018	44.3%
CapitaMalls Foshan City Nanhai Commercial Property Co., Ltd	September 2018	51.0%
CapitaMalls Chongqing Investment Co., Ltd	September 2018	51.0%
CapitaMalls Maoming City Commercial Property Co., Ltd	September 2018	51.0%
CapitaMalls Zhangzhou Commercial Property Co., Ltd	September 2018	51.0%
Super Plus Limited	November 2018	100%

The disposed subsidiaries previously contributed net profit of \$4.5 million from 1 January 2018 to the date of disposal.

**(d) Effects of disposals**

The cash flows and net assets of subsidiaries disposed are provided below:

		<b>The Group</b>	
	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<b>\$'000</b>	<b>\$'000</b>
Property, plant and equipment		11,083	93
Investment properties	5	1,618,548	78,650
Other non-current assets		191	—
Assets held for sale		—	542,262
Other current assets		10,696	503
Cash and cash equivalents		50,849	387
Trade and other payables		(71,299)	—
Liabilities held for sale		—	(75,046)
Other current liabilities		(358)	(254)
Borrowings		(98,186)	(30,152)
Other non-current liabilities		(10,729)	(11,936)
Non-controlling interests		(3,113)	(117,005)
Net assets disposed		1,507,682	387,502
Realisation of reserve		1,655	36,304
Gain on disposal of subsidiaries		109,023	52,820
Sale consideration		1,618,360	476,626
Deferred proceeds and other adjustments		(35,381)	(10,578)
Deposits received in prior year		(11,627)	(104,909)
Payment received for prior year disposals		16,685	—
Cash of subsidiaries disposed		(50,849)	(387)
Cash inflow on disposal of subsidiaries*		1,537,188	360,752

\* Cash inflow for 2018 included cash inflow from disposal of subsidiaries of \$106.8 million as presented in the statement of cash flows and proceeds from disposal of assets held for sale of \$254.0 million relate to the disposal of subsidiaries.

## 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.

### *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:

***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:*

	<b>\$'000</b>
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



**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:

<b>Assets acquired</b>	<b>Valuation technique</b>
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	<p>Intangible assets mainly consist of REITs management contracts which independent valuation is conducted using the multi-period excess earnings method.</p> <p>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.</p>
Investment properties	<p>Independent valuations are conducted for signification properties under development using the following methods:</p> <ul style="list-style-type: none"> <li>• Direct comparison approach</li> <li>• Residual value approach</li> <li>• Discounted cashflow approach</li> <li>• Capitalisation approach</li> </ul> <p>For operational investment properties, the fair values were determined to approximate the carrying amounts. This is supported by independent valuers' certification confirming that that there were no material changes in fair values between March 2019, where last full valuations were carried out, and the date of acquisition.</p>
Investments in associates and joint ventures	Investments in associates and joint ventures included 2 listed REIT and business trust, A-REIT and A-ITRUST, whose valuations are based on share price.

	<p>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.</p> <p>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.</p>
Development properties for sale	Independent valuations conducted using the income approach, direct comparison approach and residual value approach.
Other current assets and liabilities	<p>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</p> <p>The fair values of these assets and liabilities are determined to approximate the carrying amounts since they are short term in nature.</p>
Long-term borrowings	<p>Long-term borrowings consist of floating rate loans and fixed rate medium term notes and bank loans.</p> <p>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.</p> <p>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.</p>

There were no significant business combinations in 2018.

## **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 Risk Assessment Group (RAG). RAG 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.

### **(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 65% and 75% 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 2019, the Group has interest rate swaps classified as cash flow hedges with notional contractual amount of \$6,983.5 million (2018: \$5,680.8 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 2019, the Group has cross currency swaps classified as cash flow hedges with notional contractual amount of \$2,483.6 million (2018: \$2,258.2 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.

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. The Group's exposure to IBORs, that are widely referenced in financial contracts, include Singapore interbank offered rates (SIBOR), SOR, LIBOR, BBSY, TIBOR, EURIBOR and swap rates for US Dollars, Japanese Yen, Hong Kong Dollars and Singapore Dollars.

As a result of these uncertainties, significant accounting judgement is involved in determining whether certain hedge accounting relationships that hedge the variability of foreign exchange and interest rate risk due to expected changes in IBORs continue to qualify for hedge accounting as at 31 December 2019. IBORs continue to be used as reference rates in financial markets and are used in the valuation of instruments with maturities that exceed the expected end date for these IBORs. Therefore, the Group believes the current market structure supports the continuation of hedge accounting as at 31 December 2019.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The Group 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. As all critical terms matched during the year, the economic relationship was 100% effective.

Hedge ineffectiveness may occur due to changes in the critical terms of either the interest rate swaps or borrowings.

The net fair value loss of interest rate swaps as at 31 December 2019 was \$88.9 million (2018: \$24.5 million) comprising derivative assets of \$0.8 million (2018: \$10.5 million) and derivative liabilities of \$89.7 million (2018: \$35.0 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 \$98.7 million (2018: \$62.0 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 2019, 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 \$1.9 million (2018: \$2.4 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 2019 was \$1,304.0 million (2018: \$1,134.6 million) and the fair value of the borrowings was \$1,338.1 million (2018: \$1,124.9 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 gain of the forward exchange and cross currency swap contracts as at 31 December 2019 was \$68.9 million (2018: loss of \$6.8 million), comprising derivative assets of \$111.0 million (2018: \$87.8 million) and derivative liabilities of \$42.1 million (2018: \$94.6 million).

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Group's exposure to foreign currencies were as follows:

The Group	Singapore Dollars \$'000	US Dollars \$'000	Australian Dollars \$'000	Chinese Renminbi \$'000	Indian Rupee \$'000	Japanese Yen \$'000	Euro \$'000	Malaysian Ringgit \$'000	Others <sup>#</sup> \$'000	Total \$'000
<b>31 December 2019</b>										
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: Cross 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)

<sup>#</sup> Others include mainly United Arab Emirates Dirham, Sterling Pound, Thai Baht, Hong Kong Dollars and Vietnamese Dong.



**CapitalLand Limited and its Subsidiaries**  
*Notes to the financial statements*  
Year ended 31 December 2019

The Group	Singapore Dollars \$'000	US Dollars \$'000	Australian Dollars \$'000	Chinese Renminbi \$'000	Hong Kong Dollars \$'000	Japanese Yen \$'000	Euro \$'000	Malaysian Ringgit \$'000	Others* \$'000	Total \$'000
<b>31 December 2018</b>										
Other financial assets	11,321	101,691	—	29,613	165	225,413	—	40,632	—	408,835
Trade and other receivables	393,145	423,697	22,159	759,163	16,566	22,508	226,688	39,478	104,748	2,008,152
Cash and cash equivalents	2,490,066	172,546	15,552	1,850,213	4,659	182,862	89,270	51,992	202,679	5,059,839
Bank borrowings and debt securities	(13,300,000)	(2,315,184)	(87,094)	(2,402,944)	(1,097,329)	(2,536,152)	(1,007,269)	(497,273)	(390,700)	(23,633,945)
Trade and other payables	(1,348,998)	(773,197)	(9,567)	(2,107,619)	(2,163)	(87,112)	(63,504)	(70,399)	(161,196)	(4,623,755)
Gross currency exposure	(11,754,466)	(2,390,447)	(58,950)	(1,871,574)	(1,078,102)	(2,192,481)	(754,815)	(435,570)	(244,469)	(20,780,874)
Add/Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies										
Add: Bank borrowings and debt securities designated for net investment hedge	11,611,516	1,507,826	(11,928)	1,696,089	142,206	1,237,661	349,026	526,928	89,418	17,148,742
Add: Cross currency swaps/foreign exchange forward contracts	—	—	87,462	—	—	268,562	607,171	—	173,959	1,137,154
Less: Financial assets at FVOCI	—	(3,436)	—	—	(165)	—	—	(40,632)	—	(44,233)
Net currency exposure	(142,950)	(268,177)	16,584	(175,485)	19,419	29,553	201,382	50,726	18,908	(250,040)

\* Others include mainly United Arab Emirates Dirham, Sterling Pound, Thai Baht, Indian Rupee and Vietnamese Dong.

*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 \$11.2 million (2018: \$12.5 million) and increase the Group's other components of equity by approximately \$2.1 million (2018: \$2.2 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 2019 and 31 December 2018.

**(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 commercial buildings, shopping malls 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.

*(i) Trade receivables and contract assets*

The Group 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. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers under each businesses.

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. The Group generally considers a financial asset as in default if the counterparty fails to make contractual payments within 90 days when they fall due and writes off the financial asset when the Group assesses that the debtor fails to make contractual payments. 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.

(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.

(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
<b>The Group</b>						
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	<u>15,455</u>	<u>15,074</u>	<u>105</u>	<u>20,814</u>	<u>15,139</u>	<u>66,587</u>
At 1 January 2018	10,537	19,205	3,172	13,389	13,639	59,942
Allowance utilised	(622)	(9,542)	—	—	—	(10,164)
Allowance during the year	4,728	5,844	—	1,450	—	12,022
Reversal of allowance during the year	(362)	—	(3,067)	—	—	(3,429)
Disposal of subsidiaries	(18)	(30)	—	—	—	(48)
Translation differences	604	(85)	(3)	99	139	754
At 31 December 2018	<u>14,867</u>	<u>15,392</u>	<u>102</u>	<u>14,938</u>	<u>13,778</u>	<u>59,077</u>

The movements in allowance for impairment loss on loans (note 6) and amounts due from subsidiaries (note 18) were as follows:

	<b>Amounts due from subsidiaries</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>The Company</b>		
At 1 January	125,205	108,902
Allowance during the year	13,494	16,803
Reversal of allowance during the year	(4,678)	(500)
At 31 December	<u>134,021</u>	<u>125,205</u>

Cash and cash equivalents are subject to immaterial credit loss.

- (b) The maximum exposure to credit risk for trade receivables at the reporting date (by strategic business units) was:

	<b>The Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
CL Singapore & International	79,081	65,988
CL China	157,606	69,981
CL India	9,933	23
CL Lodging	78,289	75,253
CL Financial	16,597	11,677
Others	114	4,168
	<u>341,620</u>	<u>227,090</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. 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 2019 are set out in the provision matrix as follows:

	<b>Current</b>	<b>Past due</b>			<b>Total</b>
		<b>Within 30 days</b>	<b>30 to 90 days</b>	<b>More than 90 days</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>The Group</b>					
<b>2019</b>					
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	—	—	—	41.8%	
Amounts due from joint ventures	140,342	4,945	4,524	49,830	199,641
Loss allowance	—	—	—	20,814	20,814

		← Past due →			
	Current \$'000	Within 30 days \$'000	30 to 90 days \$'000	More than 90 days \$'000	Total \$'000
<b>The Group</b>					
<b>2018</b>					
Expected loss rate	—	0.2%	21.6%	36.4%	
Trade receivables	141,409	51,989	19,815	28,744	241,957
Loss allowance	—	125	4,287	10,455	14,867
Expected loss rate	—	—	—	0.6%	
Amounts due from associates	13,388	2,683	3,806	17,842	37,719
Loss allowance	—	—	—	102	102
Expected loss rate	—	—	—	36.8%	
Amounts due from joint ventures	35,253	1,005	1,794	40,538	78,590
Loss allowance	—	—	—	14,938	14,938

No aging analysis of contract assets and other receivables are presented as the majority of outstanding balances as at 31 December 2019 and 31 December 2018 are current. The Group assesses that no allowance for impairment loss on other receivables is required, except for the amount written off as there is no reasonable expectation of recovery.

The Company's credit risk exposure to other receivables as at 31 December 2019 and 31 December 2018 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 its subsidiaries have strong 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 available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group will constantly raise committed funding from both capital markets and financial institutions and prudently balance its portfolio with some short term funding so as to achieve overall cost effectiveness.

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 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 <sup>#</sup>	(5,003,901)	(5,012,477)	(4,452,082)	(532,703)	(27,692)
	(36,414,964)	(40,355,921)	(9,226,002)	(23,131,042)	(7,998,877)
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
	(19,950)	(49,621)	(17,418)	19,449	(51,652)
	(36,434,914)	(40,405,542)	(9,243,420)	(23,111,593)	(8,050,529)

<sup>#</sup> Excludes liability for employee benefits and deferred income.

		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 2018					
Financial liabilities, at amortised cost					
Bank borrowings	(13,003,731)	(14,360,143)	(2,097,869)	(10,674,394)	(1,587,880)
Debt securities	(10,630,214)	(12,007,218)	(1,781,678)	(5,732,208)	(4,493,332)
Trade and other payables <sup>#</sup>	(3,876,540)	(3,902,458)	(3,482,334)	(388,099)	(32,025)
	(27,510,485)	(30,269,819)	(7,361,881)	(16,794,701)	(6,113,237)
Derivative financial assets/(liabilities), at fair value					
Interest rate swaps (net-settled)					
- assets	10,465	14,181	6,665	7,516	—
- liabilities	(34,984)	(33,261)	(11,071)	(22,190)	—
Forward foreign exchange contracts (net-settled)					
- assets	4,798	4,798	4,798	—	—
- liabilities	(1,155)	(1,155)	(1,155)	—	—
Forward foreign exchange contracts (gross-settled)					
- outflow	(78)	(40,233)	(40,233)	—	—
- inflow		40,155	40,155	—	—
Cross currency swaps (gross-settled)					
- outflow	82,966	(1,060,620)	(42,985)	(904,070)	(113,565)
- inflow		1,108,455	44,304	949,694	114,457
Cross currency swaps (gross-settled)					
- outflow	(93,345)	(1,469,835)	(341,849)	(577,885)	(550,101)
- inflow		1,424,578	306,757	592,728	525,093
	(31,333)	(12,937)	(34,614)	45,793	(24,116)
	(27,541,818)	(30,282,756)	(7,396,495)	(16,748,908)	(6,137,353)

<sup>#</sup> Excludes liability for employee benefits and deferred income.



		<div>&lt;-----&gt;</div> 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 2019					
Financial liabilities, at amortised cost					
Debt securities	(1,816,767)	(1,969,116)	(685,090)	(624,951)	(659,075)
Trade and other payables <sup>#</sup>	(109,959)	(109,959)	(109,959)	–	–
	<u>(1,926,726)</u>	<u>(2,079,075)</u>	<u>(795,049)</u>	<u>(624,951)</u>	<u>(659,075)</u>
31 December 2018					
Financial liabilities, at amortised cost					
Debt securities	(2,051,440)	(2,232,288)	(611,282)	(943,681)	(677,325)
Trade and other payables <sup>#</sup>	(258,480)	(258,480)	(258,480)	–	–
	<u>(2,309,920)</u>	<u>(2,490,768)</u>	<u>(869,762)</u>	<u>(943,681)</u>	<u>(677,325)</u>

<sup>#</sup> Excludes liability for employee benefits.

At 31 December 2019, 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 \$'000	Assets/ (Liabilities) \$'000	Financial statement line item	Hedging instrument \$'000	Hedge ineffectiveness recognised in P&L \$'000	Weighted average hedge forex rate/ interest rate (%)
<b>The Group</b>						
<b>31 December 2019</b>						
<b>Cashflow hedges</b>						
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%)
- 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
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%
<b>Net investment hedges</b>						
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
- 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
- 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

	Carrying amount			Changes in fair value used for calculating hedge ineffectiveness			Maturity date
	Contractual notional amount \$'000	Assets/ (Liabilities) \$'000	Financial statement line item	Hedging instrument \$'000	Hedged item \$'000	Hedge ineffectiveness recognised in P&L \$'000	
<b>The Group</b>							
<b>31 December 2018</b>							
<b>Cashflow hedges</b>							
Foreign exchange risk							
- Cross currency swaps to hedge foreign currency borrowings	2,258,227	(6,219)	Derivative financial instruments	21,746	(21,746)	—	October 2019 to February 2027
							USD: SGD1.237 (USD 4.0009%) HKD: SGD0.167 (HKD 3.2699%)
Interest rate risk							
- Interest rate swaps to hedge floating rate borrowings	5,680,832	67,583	Derivative financial instruments	7,238	(7,238)	—	February 2019 to October 2023
							2.144%
<b>Net investment hedges</b>							
Foreign exchange risk							
- Borrowings to hedge net investments in foreign operations	—	(1,134,606)	Borrowings	18,483	(18,483)	—	March 2020 to September 2025
							JPY: SGD0.0121 EUR: SGD1.561 GBP: SGD1.753 AUD: SGD0.970
- Forward contracts to hedge net investments in foreign operations	624,508	3,643	Derivative financial instruments	5,366	(5,366)	—	January 2019 to March 2019
							USD: SGD1.375 RMB: SGD0.197 HKD: SGD0.176 JPY: SGD0.0121 EUR: SGD1.574 AUD: SGD0.976
- Cross currency swaps to hedge net investments in foreign operations	420,000	578	Derivative financial instruments	4,600	(4,600)	—	November 2022 to March 2024
							JPY: SGD0.0124 EUR: SGD1.531

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.

	<b>Hedging reserve</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>The Group</b>		
At 1 January	(42,939)	(32,763)
Change in fair value:		
- Foreign currency risk	10,728	4,673
- Interest rate risk	(46,206)	(19,040)
Amount reclassified to profit or loss:		
- Foreign currency risk	(1,614)	(723)
- Interest rate risk	5,630	4,914
At 31 December	<u>(74,401)</u>	<u>(42,939)</u>

**(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.

	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
<b>The Group</b>						
<b>31 December 2019</b>						
<b>Types of financial assets</b>						
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)	<u>111,765</u>	<u>—</u>	<u>111,765</u>	<u>(27,383)</u>	<u>84,382</u>
<b>Types of financial liabilities</b>						
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	<u>(131,715)</u>	<u>—</u>	<u>(131,715)</u>	<u>27,383</u>	<u>(104,332)</u>
<b>31 December 2018</b>						
<b>Types of financial assets</b>						
Interest rate swaps		10,465	—	10,465	(1,591)	8,874
Forward foreign exchange contracts		4,798	—	4,798	(1,155)	3,643
Cross currency swaps		82,966	—	82,966	(32,687)	50,279
	10(a), 10(b)	<u>98,229</u>	<u>—</u>	<u>98,229</u>	<u>(35,433)</u>	<u>62,796</u>
<b>Types of financial liabilities</b>						
Interest rate swaps		(34,984)	—	(34,984)	1,591	(33,393)
Forward foreign exchange contracts		(1,233)	—	(1,233)	1,155	(78)
Cross currency swaps		(93,345)	—	(93,345)	32,687	(60,658)
	17, 21	<u>(129,562)</u>	<u>—</u>	<u>(129,562)</u>	<u>35,433</u>	<u>(94,129)</u>

			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
<b>The Company</b>							
<b>31 December 2019</b>							
<b>Types of financial assets</b>							
Amount due from subsidiaries, current account	18		68,952	—	68,952	(13,765)	55,187
<b>Types of financial liabilities</b>							
Amount due to subsidiaries, current account	18		(13,765)	—	(13,765)	13,765	—
<b>31 December 2018</b>							
<b>Types of financial assets</b>							
Amount due from subsidiaries, current account	18		126,471	—	126,471	(482)	125,989
<b>Types of financial liabilities</b>							
Amount due to subsidiaries, current account	18		(482)	—	(482)	482	—

## 35 Fair Value of Assets and Liabilities

### (a) Determination of fair value

The following valuation methods and assumptions are used to estimate the fair values of the following significant classes of assets and liabilities:

#### (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 every six months. 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.



*(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 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.

*(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. The residual values of serviced residence properties at the end of the intended holding period are determined based on annual independent professional valuations, using valuation methods such as discounted cash flow and/or comparison method. The key assumptions used to determine the residual values of serviced residence properties include terminal yield rate and discount rate.

*(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).

(c) Accounting classification and fair values

		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

# 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.

	Note	Fair value - hedging instruments \$'000	Carrying amount			Fair value				
			FVOCI \$'000	FVTPL \$'000	Amortised Cost \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>The Group</b>										
<b>31 December 2019</b>										
<b>Financial liabilities measured at fair value</b>										
Derivative financial instruments:										
- Interest rate swaps and forward foreign exchange contracts	17	(18,035)	-	-	-	(18,035)	-	(18,035)	-	(18,035)
- Interest rate swaps, forward foreign exchange contracts and cross currency swaps	21	(113,680)	-	-	-	(113,680)	-	(113,680)	-	(113,680)
		(131,715)	-	-	-	(131,715)				
<b>Financial liabilities not measured at fair value</b>										
Other non-current liabilities <sup>#</sup>	19	-	-	-	(560,922)	(560,922)	-	-	(555,019)	(555,019)
Bank borrowings <sup>^</sup>	20	-	-	-	(18,824,578)	(18,824,578)	-	(18,856,534)	-	(18,856,534)
Debt securities		-	-	-	(11,901,519)	(11,901,519)	(2,452,455)	(9,939,996)	-	(12,392,451)
Trade and other payables <sup>#</sup>		-	-	-	(4,443,152)	(4,443,152)				
		-	-	-	(35,730,171)	(35,730,171)				

<sup>#</sup> Excludes liability for employee benefits, derivative liabilities and deferred income

<sup>^</sup> Excludes lease liability.

		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		
The Group											
31 December 2018											
Financial assets measured at fair value											
Note											
	Equity investments at FVOCI	10(a)	--	111,977	--	--	111,977	40,632	--	71,345	111,977
	Equity investments at FVTPL	10(a)	--	--	296,858	--	296,858	--	--	296,858	296,858
Derivative financial assets:											
- Forward foreign exchange contracts and cross currency swaps											
10(b)		5,821	--	--	--	--	5,821	--	5,821	--	5,821
- Interest rate swaps, forward foreign exchange contracts and cross currency swaps											
10(a)		92,408	--	--	--	--	92,408	--	92,408	--	92,408
		98,229	111,977	296,858	--	--	507,064				
Financial assets not measured at fair value											
Other non-current assets											
7(a)	Loans due from associates	--	--	--	336,069	--	336,069	--	--	--	336,069
8(a)	Loans due from joint ventures	--	--	--	343,737	--	343,737	--	--	--	343,737
12	Trade and other receivables	--	--	--	656,653	--	656,653	--	--	--	656,653
16	Cash and cash equivalents	--	--	--	1,074,499	--	1,074,499	--	--	--	1,074,499
		--	--	--	5,059,839	--	5,059,839	--	--	--	5,059,839
		--	--	--	7,470,797	--	7,470,797	--	--	--	7,470,797

# 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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<sup>#</sup> Excludes liability for employee benefits, derivative liabilities and deferred income

<sup>^</sup> Excludes lease liability.

		<--- Carrying amount----->		<----- Fair value ----->			
	Note	Amortised Cost \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>The Company</b>							
<b>31 December 2019</b>							
<b>Financial assets not measured at fair value</b>							
	6	4,535,771	4,535,771				
	12	889,571	889,571				
	16	18,098	18,098				
		<u>5,443,440</u>	<u>5,443,440</u>				
<b>Financial liabilities not measured at fair value</b>							
	20	(1,816,767)	(1,816,767)	(1,836,037)	—	—	(1,836,037)
		(109,959)	(109,959)				
		<u>(1,926,726)</u>	<u>(1,926,726)</u>				
<b>31 December 2018</b>							
<b>Financial assets not measured at fair value</b>							
	6	5,817,508	5,817,508				
	12	1,166,065	1,166,065				
	16	15,156	15,156				
		<u>6,998,729</u>	<u>6,998,729</u>				
<b>Financial liabilities not measured at fair value</b>							
	20	(2,051,440)	(2,051,440)	(2,034,742)	—	—	(2,034,742)
		(258,479)	(258,479)				
		<u>(2,309,919)</u>	<u>(2,309,919)</u>				

<sup>#</sup> Excludes liability for employee benefits.

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
<b>The Group</b>		
<b>31 December 2019</b>		
<b>Non-financial assets measured at fair value</b>		
Investment properties	5	48,731,897
Assets held for sale – investment properties	15	336,719
		<u>49,068,616</u>
<b>31 December 2018</b>		
<b>Non-financial assets measured at fair value</b>		
Investment properties	5	39,445,960
Assets held for sale – investment properties	15	254,080
		<u>39,700,040</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
<b>The Group</b>			
<b>2019</b>			
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>



	Equity investments – available- for-sale \$'000	Equity investments designated at FVTPL \$'000	Equity investments at FVOCI \$'000	Equity investments at FVTPL \$'000	Assets held for sale – investment properties \$'000
<b>The Group</b>					
<b>2018</b>					
At 1 January 2018 per FRS 39	237,308	70,168	—	—	512,413
Adjustment on initial application of SFRS(I) 9	(237,308)	(70,168)	17,469	296,327	—
Adjusted balance as at 1 January 2018 per SFRS(I) 9	—	—	17,469	296,327	512,413
Additions	—	—	51,027	—	2,609
Disposals	—	—	—	—	(515,022)
Changes in fair value recognised in the profit or loss	—	—	—	(746)	—
Changes in fair value recognised in other comprehensive income	—	—	2,849	—	—
Reclassification from development properties for sale to assets held for sale	—	—	—	—	254,080
Translation differences	—	—	—	1,277	—
At 31 December 2018	—	—	71,345	296,858	254,080

Movements for investment properties are set out in note 5.

(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 malls	Commercial	Integrated developments	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.
	2019	4.4% to 7.3%	3.5% to 6.0%	3.5% to 7.5%	5.0% to 9.0%	4.5% to 7.0%	
	2018	3.8% to 7.3%	3.5% to 8.0%	3.5% to 10.5%	—	—	
	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	2018	68.7% to 100%	75.0% to 99.0%	50.1% to 99.0%	—	—	
	Discount 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%	The estimated fair value varies inversely against the discount rate and terminal yield rate and increases with higher occupancy rate.
	2018	6.9% to 12.5%	3.7% to 8.0%	6.8% to 13.0%	—	3.8% to 13.0%	
	Terminal yield rate						
	2019	4.3% to 11.0%	3.4% to 6.3%	3.7% to 10.0%	5.3% to 9.0%	3.0% to 8.1%	
	2018	4.3% to 11.0%	3.5% to 5.0%	3.8% to 11.0%	—	3.0% to 9.2%	
	Occupancy rate						
	2019	52.9% to 100%	90.1% to 100%	68.6% to 100%	50.0% to 100%	55.0% to 99.0%	
	2018	68.7% to 100%	60.0% to 99.0%	50.5% to 100%	—	50.0% to 99.0%	

*CapitalLand Limited and its Subsidiaries*  
*Notes to the financial statements*  
*Year ended 31 December 2019*

Valuation methods	Key unobservable inputs	Shopping malls	Commercial	Integrated developments	Business park, industrial and logistics	Lodging	Inter-relationship between key unobservable inputs and fair value measurement
Residual value method	Gross development value (\$ million)						The estimated fair value increases with higher gross development value and decreases with higher cost to completion.
	2019	193	285	168 to 2,012	92 to 516	—	
	2018	—	—	944 to 2,000	—	—	
	Estimated cost to completion (\$ million)						
	2019	26	93	38 to 350	36 to 109	—	
	2018	—	—	340 to 950	—	—	

Type	Valuation methods	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Equity investments at FVTPL	Income approach	<ul style="list-style-type: none"> <li>- Enterprise value/ Revenue multiple of comparable companies: 2.4x to 3.9x (2018: 1.8x to 3.1x)</li> <li>- Volatility of comparable companies: 40% to 47% (2018: 36% to 48%)</li> </ul>	The estimated fair value increases with higher multiple and varies inversely against volatility.
Equity investments at FVTPL	Income approach	<ul style="list-style-type: none"> <li>- Discount rate: 11% to 14%</li> <li>- Terminal growth rate: 2%</li> </ul>	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 \$255.3 million (2018: \$225.4 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 every six months. The valuation and its financial impact are discussed with the Audit Committee and Board of Directors in accordance with the Group's reporting policies. With effect from 2020, the Group will move away from conducting its property valuation on a semi-annual basis to an annual basis.

## 36 Commitments

As at the reporting date, the Group and the Company had the following commitments:

### (a) Operating lease

In 2018, the Group leased a number of offices, motor vehicles, office equipments, industrial land, serviced residences and shopping malls under operating leases. The leases had tenure ranging from one to 48 years, with an option to renew the lease after that date. Lease payments are usually revised at each renewal date to reflect the market rate. In 2019 following the adoption of SFRS(I) 16 (note 41), 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	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Lease payments payable:				
Not later than 1 year	68,231	108,483	—	13,491
Between 1 and 5 years	253	202,516	—	55,503
After 5 years	—	584,865	—	548
	<u>68,484</u>	<u>895,864</u>	<u>—</u>	<u>69,542</u>

### (b) Commitments

	The Group		The Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Commitments in respect of:				
- capital expenditure contracted but not provided for in the financial statements	120,214	77,116	—	—
- development expenditure contracted but not provided for in the financial statements	2,215,750	1,127,128	—	—
- capital contribution in associates, joint ventures and investee companies	1,754,906	750,997	—	—
- purchase of land/a property contracted but not provided for in the financial statements	196,627	269,714	—	—
- shareholders' loan committed to joint ventures and associates	66,215	70,656	—	—
	<u>4,353,712</u>	<u>2,295,611</u>	<u>—</u>	<u>—</u>

- (c) As at the reporting date, the notional principal values of financial instruments were as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Interest rate swaps	6,712,450	6,147,329	—	—
Forward foreign exchange contracts	734,382	662,777	—	—
Cross currency swaps	3,096,616	2,678,227	—	—
	<u>10,543,448</u>	<u>9,488,333</u>	<u>—</u>	<u>—</u>

The maturity profile of these financial instruments was:

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Not later than 1 year	3,145,778	2,269,668	—	—
Between 1 and 5 years	6,007,007	6,599,767	—	—
After 5 years	1,390,663	618,898	—	—
	<u>10,543,448</u>	<u>9,488,333</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.

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
(a) Guarantees given to banks to secure banking facilities provided to:				
- subsidiaries	—	—	6,579,212	5,023,238
- joint ventures	99,153	13,201	—	—
	<u>99,153</u>	<u>13,201</u>	<u>6,579,212</u>	<u>5,023,238</u>

(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 \$300.0 million (2018: \$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 2019, the total amount outstanding under the facilities was \$267.6 million (2018: \$253.3 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 (2018: \$631.0 million) granted to joint ventures. As at 31 December 2019, the amounts outstanding under the term loan is \$534.8 million (2018: \$512.6 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 \$1,088.4 million (2018: \$1,096.3 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 \$163.3 million granted to a joint venture. As at 31 December 2019, the total amount outstanding under the facilities was \$142.3 million (2018: Nil).
- (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 2019, the outstanding notional amount of the guarantees amounted to \$490.5 million (2018: \$431.5 million).
- (vi) In 2018, two subsidiaries of the Group provided interest shortfall and loan repayment undertaking on a proportionate and several basis, in respect of term loan and revolving loan facilities amounting to \$350.0 million granted to a joint venture. In addition, the shares in this joint venture were pledged as part of the securities to secure the credit facilities. The entity ceased to be a joint venture of the Group in 2019.
- (vii) In 2018, two subsidiaries of the Group provided an undertaking on security margin on a joint and several basis, in respect of term loan and revolving loan facilities amounting to \$1,020.0 million granted to an associate. The undertaking has ceased following the refinancing of the loan facilities by the joint venture during the year.



## 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:

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Related corporations</b>				
Management fee income	1,533	1,347	—	—
Rental income	17,357	—	—	—
Purchase consideration for the acquisition of investments	6,035,853	—	4,734,842	—
Utilities expenses	(5,343)	—	(1)	—
Telecommunication expenses	(2,990)	—	(184)	—
Security services expenses	(2,698)	—	—	—
Other expenses	(485)	—	(352)	—
Payables included in trade and other payables and non-current liabilities	(1,379)	—	(95)	—
Receivables included in trade and other receivables	1,438	—	127	—
<b>Subsidiaries</b>				
Management fee income	—	—	67,509	84,503
IT and administrative support services	—	—	2,796	1,426
Rental expense	—	—	—	(16,868)
Proceeds from the sale of property, plant and equipment and software	—	—	—	35,187
Others	—	—	(8,185)	(412)

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Associates and joint ventures</b>				
Management fee income	197,911	114,317	—	—
Construction and project management income	10,159	21,837	—	—
Rental expense	(2,194)	(9,510)	—	—
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	66,724	47,872	(6)	(1)
<b>Key management personnel</b>				
Purchase of units pursuant to preferential offering of a subsidiary	47	—	30	—
Units and cash received pursuant to the combination of ART and A-HTRUST	2,000	—	1,749	—
Sale of a residential property by a subsidiary	—	352	—	—
Interest paid/payable by the Company and its subsidiaries	54	83	54	64
Other benefits	6	—	6	—
<b>Remuneration of key management personnel</b>				
Salary, bonus and other benefits	20,995	24,996	11,570	14,396
Employer's contributions to defined contribution plans	160	190	65	98
Equity compensation benefits	11,643	11,339	6,259	6,937
	<u>32,798</u>	<u>36,525</u>	<u>17,894</u>	<u>21,431</u>

## **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. With effect from 1 January 2019, the Group has re-organised 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 & 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 & International – involves in the residential, commercial, 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, commercial, 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 & 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.

Operating Segments – 31 December 2019

	CL Singapore & International \$'000	CL China \$'000	CL India \$'000	CL Lodging \$'000	CL Financial \$'000	Corporate & Others \$'000	Elimination \$'000	Total \$'000
<b>Revenue</b>								
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)	–
<b>Total revenue</b>	<b>2,216,887</b>	<b>2,552,616</b>	<b>23,013</b>	<b>1,390,623</b>	<b>300,421</b>	<b>422,124</b>	<b>(670,920)</b>	<b>6,234,764</b>
<b>Segmental results</b>								
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
<b>Earnings before interest and tax</b>	<b>2,207,750</b>	<b>2,122,356</b>	<b>38,749</b>	<b>579,645</b>	<b>227,095</b>	<b>(72,144)</b>	<b>(35,841)</b>	<b>5,067,610</b>
Finance costs								(839,141)
Tax expense								(814,828)
<b>Profit for the year</b>								<b>3,413,641</b>
<b>Segment assets</b>	<b>37,655,404</b>	<b>29,936,882</b>	<b>1,061,618</b>	<b>9,612,088</b>	<b>1,282,776</b>	<b>13,772,531</b>	<b>(10,975,382)</b>	<b>82,345,917</b>
<b>Segment liabilities</b>	<b>15,054,640</b>	<b>12,678,182</b>	<b>223,009</b>	<b>4,159,526</b>	<b>601,257</b>	<b>9,346,428</b>	<b>–</b>	<b>42,063,042</b>

Operating Segments – 31 December 2019

	CL Singapore & International \$'000	CL China \$'000	CL India \$'000	CL Lodging \$'000	CL Financial \$'000	Corporate & Others \$'000	Elimination \$'000	Total \$'000
<b>Other segment items:</b>								
Interest income	33,833	29,453	3,499	5,299	(34)	26,273	–	98,323
	(10,748)	(20,936)	(1,381)	(78,146)	(751)	(24,917)	–	(136,879)
Depreciation and amortisation								
Reversal of provision for foreseeable losses	3,499	–	–	–	–	–	–	3,499
(Allowance for)/reversal of impairment losses on assets	(9,552)	–	1,291	(16,803)	–	(7,132)	–	(32,196)
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 <sup>#</sup>	631,579	421,178	16,751	228,945	15,333	163,154	–	1,476,940
Non-current assets <sup>1</sup>	35,355,937	17,802,016	704,565	8,269,640	1,067,524	13,988,851	(14,122,754)	63,065,779

<sup>#</sup> Capital expenditure consists of additions of property, plant and equipment, investment properties and intangible assets.

<sup>1</sup> Non-current assets comprised property, plant and equipment, intangible assets, investment properties, investment in associates and joint ventures.

Operating Segments – 31 December 2018

	CL Singapore & International \$'000	CL China \$'000	CL India \$'000	CL Lodging \$'000	CL Financial \$'000	Corporate & Others \$'000	Elimination \$'000	Total \$'000
<b>Revenue</b>								
External revenue	2,223,575	2,192,981	117	1,114,385	67,168	4,197	–	5,602,423
Inter-segment revenue	30,368	23,418	–	13,085	166,285	313,669	(546,825)	–
<b>Total revenue</b>	<b>2,253,943</b>	<b>2,216,399</b>	<b>117</b>	<b>1,127,470</b>	<b>233,453</b>	<b>317,866</b>	<b>(546,825)</b>	<b>5,602,423</b>
<b>Segmental results</b>								
Company and subsidiaries	1,749,664	1,042,470	(13,561)	329,242	130,967	(34,836)	(18,356)	3,185,590
Associates	65,263	584,576	(376)	(15,337)	–	(9,105)	–	625,021
Joint ventures	103,630	222,690	–	9,869	–	(1,802)	–	334,387
<b>Earnings before interest and tax</b>	<b>1,918,557</b>	<b>1,849,736</b>	<b>(13,937)</b>	<b>323,774</b>	<b>130,967</b>	<b>(45,743)</b>	<b>(18,356)</b>	<b>4,144,998</b>
Finance costs								(636,495)
Tax expense								(658,691)
<b>Profit for the year</b>								<b>2,849,812</b>
<b>Segment assets</b>	<b>33,225,571</b>	<b>22,241,572</b>	<b>1,137</b>	<b>7,925,086</b>	<b>38,867</b>	<b>7,458,127</b>	<b>(6,242,803)</b>	<b>64,647,557</b>
<b>Segment liabilities</b>	<b>11,908,408</b>	<b>8,498,937</b>	<b>2,316</b>	<b>3,429,619</b>	<b>57,137</b>	<b>7,444,201</b>	<b>–</b>	<b>31,340,618</b>

Operating Segments – 31 December 2018

	CL Singapore & International \$'000	CL China \$'000	CL India \$'000	CL Lodging \$'000	CL Financial \$'000	Corporate & Others \$'000	Elimination \$'000	Total \$'000
Other segment items:								
Interest income	35,621	33,539	33	7,432	161	11,220	–	88,006
Depreciation and amortisation	(6,186)	(6,127)	(3)	(45,414)	(104)	(16,669)	–	(74,503)
Reversal of provision for foreseeable losses	43,462	–	–	–	–	–	–	43,462
Allowance for impairment losses on assets	(183)	(146)	(12,454)	(515)	(1)	(93)	–	(13,392)
Fair value gains on investment properties and assets held for sale	489,799	147,099	–	28,834	–	11,286	–	677,018
Share-based expenses	(13,634)	(14,275)	(18)	(4,923)	(3,576)	(13,995)	–	(50,421)
Gains/(loss) on disposal of investments	97,773	18,447	334	60,419	(5,686)	(1,048)	–	170,239
Associates	448,901	5,913,365	–	38,157	–	(193,159)	–	6,207,264
Joint ventures	1,431,553	2,217,269	–	332,564	–	(9,032)	–	3,972,354
Capital expenditure <sup>#</sup>	1,574,583	498,796	–	83,738	10	27,516	–	2,184,643
Non-current assets <sup>1</sup>	29,405,395	15,037,421	1	6,246,181	21	13,520,685	(14,197,147)	50,012,557

<sup>#</sup> Capital expenditure consists of additions of property, plant and equipment, investment properties and intangible assets.

<sup>1</sup> Non-current assets comprised property, plant and equipment, intangible assets, investment properties, investment in associates and joint ventures.



## Geographical Information

	Singapore S'000	China S'000	Other developed markets <sup>2</sup> S'000	Other emerging markets <sup>3</sup> S'000	Group S'000
<b>31 December 2019</b>					
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	2,004,725	2,310,375 <sup>1</sup>	710,016	179,373	5,204,489
Non-current assets <sup>4</sup>	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
<b>31 December 2018</b>					
External revenue	1,889,846	2,376,927	950,347	385,303	5,602,423
Earnings before interest and tax	1,754,170	1,946,187	324,801	119,840	4,144,998
Earnings before interest, tax, depreciation and amortisation	1,779,629	1,954,410 <sup>1</sup>	355,770	129,692	4,219,501
Non-current assets <sup>4</sup>	24,761,627	15,001,104	7,321,879	2,927,947	50,012,557
Total assets	28,977,215	23,407,479	8,295,033	3,967,830	64,647,557

<sup>1</sup> Included contribution from Hong Kong of \$51.2 million (2018: \$65.1 million).

<sup>2</sup> Includes United Kingdom, France, Germany, Spain, Belgium, Ireland, Japan, South Korea, United States of America, Australia and New Zealand.

<sup>3</sup> Other Asia excludes Singapore, China, Hong Kong, Japan and South Korea.

<sup>4</sup> Non-current assets comprised property, plant and equipment, intangible assets, investment properties, investment in associates and joint ventures.

## **40 Subsequent Events**

- (a) The spread of the novel coronavirus (COVID-19) in China and beyond has created a high level of uncertainty to the near-term global economic prospects and this has impacted the Group's operations subsequent to the financial year end.

The Group is taking precautionary measures in accordance with guidelines provided by the respective authorities. In China, in the virus epicentre of Wuhan, we have closed four malls under the directive of the local authority. Some other malls in China have also been temporarily closed or are operating on shorter hours. We have temporarily stopped offering most of our short-stay options at our serviced residences, and are extending assistance to our long-stay guests. In Singapore, we have experienced lower foot traffic to our shopping malls and reduced serviced residence bookings, due to higher caution adopted by shoppers, and lower visitor arrivals.

COVID-19 will therefore have an adverse impact on the Group's operations and trading results, the extent of which will depend on how long the outbreak lasts. The Group will proactively manage our business and take the necessary actions to ensure that our long-term business remains robust.

- (b) On 22 January 2020, the Group announced the proposed merger of CMT and CCT to create a diversified commercial real estate investment trust to be named as "CapitaLand Integrated Commercial Trust" ("CICT"). The proposed merger will be effected by way of a trust scheme of arrangement, with CMT acquiring all units of CCT ("CCT Units") for a total consideration comprising approximately 88% in new units in CMT ("CMT Units") and 12% in cash. The consideration per CCT Unit comprises 0.720 new CMT Units and \$0.2590 in cash. CICT is expected to be the third largest REIT in Asia Pacific and the largest REIT in Singapore, with a market capitalisation of \$16.8 billion and a combined property value of \$22.9 billion.
- (c) On 21 February 2020, Lai Sun Garment (International) Limited ("LSG"), Lai Sun Development Company Ltd ("LSD"), eSun Holdings Limited ("eSun") and Lai Fong Holdings Limited ("LFH") jointly announced that a wholly owned subsidiary of LSD, Holy Unicorn Limited ("Offeror"), intends to make a conditional and voluntary general cash offer to acquire all of the issued shares of LFH not already owned or agreed to be acquired by LSD, the Offeror and wholly owned subsidiaries of LSD, at HK\$8.99 for each issued share, and to cancel all outstanding share options of LFH. The Group has an 19.45% interest in LFH while LSG, LSD, eSun and Offeror are parties unrelated to the Group.

LFH Board has established an Independent Board Committee to make a recommendation to LFH's shareholders and option holders as to whether the offer is fair and reasonable. LFH will appoint an independent financial adviser (with the approval of the LFH Independent Board Committee) to advise the LFH Independent Board Committee in connection with the offer. The Group will review the offer as more information becomes available.

## 41 Adoption of New Accounting Standards

The Group has applied the following SFRS(I)s, amendments to and interpretation of SFRS(I) for the first time for the annual period beginning on 1 January 2019.

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)

The Group has early adopted the Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: *Interest Rate Benchmark Reform* (note 2.8(f)).

Other than SFRS(I) 16, the application of the above standards and interpretations did not have a material effect on the financial statements.

### SFRS(I) 16 *Leases*

The Group applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated - i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations.

#### Definition of a lease

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

#### As a lessee

As a lessee, the Group leases many assets including land, property, office equipment and IT equipment. The Group used a number of practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. office and IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Previously, the Group classified property leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the lessee's incremental borrowing rates as at 1 January 2019.

Right-of-use assets are measured at either:

- their carrying amount as if SFRS(I) 16 had been applied since the commencement date, discounted using the applicable incremental borrowing rates at the date of initial application, or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

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

#### **As a lessor**

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

The Group is not required to make any adjustments on transition to SFRS(I) 16 for leases in which it acts as a lessor.

#### **Impact on transition**

	<b>1 January 2019</b>
	<b>\$'000</b>
<b>The Group</b>	
<b>Balance Sheet</b>	
Right-of-use assets – property, plant and equipment	108,194
Right-of-use assets included in investment properties	436,175
Interests in joint ventures	(22,141)
Lease liabilities	(548,780)
Trade and other payables	5,527
<b>Net assets</b>	<u>(21,025)</u>
Revenue reserves	(22,597)
Non-controlling interests	1,572
<b>Total equity</b>	<u>(21,025)</u>

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the applicable incremental borrowing rates at 1 January 2019. The rates applied ranged from 0.8% to 7.1%.

	<b>1 January 2019</b>
	<b>\$'000</b>
Operating lease commitments at 31 December 2018 as disclosed under SFRS(I) 1-17 in the Group's consolidated financial statements	895,864
Discounted using the incremental borrowing rate at 1 January 2019	590,528
Finance lease liabilities recognised as at 31 December 2018	
- Recognition exemption for leases of low-value assets	(39)
- Recognition exemption for leases with less than 12 months of lease term at transition	(51,305)
- Extension options reasonably certain to be exercised	9,596
<b>Lease liabilities recognised at 1 January 2019</b>	<u>548,780</u>

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