ANNUAL REPORTS AND RELATED DOCUMENTS::

Issuer & Securities

Issuer/ Manager
M&C REIT MANAGEMENT LIMITED

Securities
CDL HOSPITALITY TRUSTS - SG1T66931158 - J85

Stapled Security
Yes

Other Issuer(s) for Stapled Security

Name
DBS TRUSTEE LIMITED

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Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)
Please see the attached documents:

1) Annual Report 2022 of CDL Hospitality Trusts; and
2) Annual Report 2022 of M&C Business Trust Management Limited, the trustee-manager of CDL Hospitality Business Trust.

Additional Details

Period Ended
31/12/2022

Attachments

CDLHT-AR2022.pdf

MBTM-AR2022.pdf

Total size =8339K MB

CDL HOSPITALITY TRUSTS

ANNUAL REPORT

2022

CORPORATE PROFILE

CDL Hospitality Trusts ("**CDLHT**") is a stapled group comprising CDL Hospitality Real Estate Investment Trust ("**H-REIT**"), the first hotel real estate investment trust in Singapore, and CDL Hospitality Business Trust ("**HBT**"), a business trust. CDLHT was listed on the Main Board of Singapore Exchange Securities Trading Limited on 19 July 2006.

CDLHT is one of Asia's leading hospitality trusts with assets under management of S$3.1 billion and market capitalisation of S$1.5 billion as at 31 December 2022.

As at 31 December 2022, it owns 19 operational properties, comprising 16 hotels in Singapore, Australia, New Zealand, Japan, United Kingdom, Germany and Italy; two resorts in the Maldives; and a retail mall in Singapore. The substantial value of its assets is concentrated in central locations of Singapore. All of the hotels are well located in key cities while the two resorts are located in the Maldives, a top-tier destination for luxury tourism.

The portfolio of hotels comprise a total of 4,821 rooms and is operated by lessees and/or hotel managers, which include reputable and/or international hotel groups such as Millennium Hotels and Resorts, AccorHotels, Marriott International, Inc., Hilton Hotels and Resorts, Banyan Tree Hotels & Resorts, MyStays Hotels, EVENT Hotels and Bespoke Hotels.

CDLHT also has a Build-to-Rent ("**BTR**") project (The Castings) in UK, which will add 352 residential apartment units to the portfolio after its practical completion, expected to be by 3Q 2024.

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Countries

19
Operational Properties

4,821
Rooms

OVERVIEW OF CDL HOSPITALITY TRUSTS

CORPORATE PROFILE

CDLHT is a stapled group comprising H-REIT and HBT. As at 31 December 2022, CDLHT owns 19 operational properties, with a total of 4,821 hotel rooms, comprising six hotels and a retail mall in Singapore, two hotels in Australia, one hotel in New Zealand, two hotels in Japan, three hotels in the United Kingdom, one hotel in Germany, one hotel in Italy and two resorts in the Maldives.

CDLHT's portfolio of quality hotels in Singapore, Australia and New Zealand are largely marketed as "superior" or 5-star hotels, and are strategically located in or near the central business districts in key cities or in prime tourist destinations. CDLHT's only retail mall, Claymore Connect, is located in the main shopping belt of Singapore. The Japan Hotels are known as business hotels in the local context and are located within close proximity to major transportation networks and tourist attractions in Tokyo.

CDLHT's two luxury resorts in the Maldives, which is a top-tier premium destination, renowned for the exclusive "one-island-one-resort" concept, offer guests two distinct experiences with beachfront and overwater villas within each resort.

The hotels in UK are situated in prime locations in the heart of Cambridge and Manchester city centres and within the vicinities of popular tourists' attractions. Hilton Cambridge City Centre is an upper upscale hotel located in Cambridge. The Lowry Hotel, a 5-star luxury hotel, and Hotel Brooklyn, an upscale lifestyle hotel, are located in Manchester. Pullman Hotel Munich, an upper upscale hotel, is located in close proximity to a major business park in Munich, Germany. Hotel Cerretani Firenze, a 4-star hotel, is located in the heart of the historic city centre of Florence in Italy.

In terms of future pipeline, CDLHT has a residential BTR project (The Castings) in Manchester, under a forward funding scheme. The Castings will add 352 apartment units to the portfolio after practical completion, which is expected to be by 3Q 2024. CDLHT had also entered into a forward purchase turnkey arrangement for a lifestyle hotel, Moxy Singapore Clarke Quay, with a subsidiary of City Developments Limited ("**CDL**") under a conditional development and sale agreement in November 2019, with practical completion expected in 2025.

All properties in the portfolio are held under H-REIT Group, with the exception of three properties, namely Hilton Cambridge City Centre, The Lowry Hotel and the UK residential BTR under development, which are held under HBT Group.

	No. of Keys	Asset Owner	Operating Structure
SINGAPORE	**2,556**		
Singapore Hotels			
Orchard Hotel	656	H-REIT Group	Leased to Sponsor group
Grand Copthorne Waterfront Hotel	574	H-REIT Group	Leased to Sponsor group
M Hotel	415	H-REIT Group	Leased to Sponsor group
Copthorne King's Hotel	311	H-REIT Group	Leased to Sponsor group
Studio M Hotel	360	H-REIT Group	Leased to Sponsor group
W Singapore – Sentosa Cove ("**W Hotel**")	240	H-REIT Group	Leased to HBT and managed by Marriott International group
Retail Mall			
Claymore Connect	N.A.	H-REIT Group	Leased to retail tenants
NEW ZEALAND	**453**		
Grand Millennium Auckland ("**NZ Hotel**")	453	H-REIT Group	Leased to Sponsor group
AUSTRALIA ("Perth Hotels")	**431**		
Mercure Perth	239	H-REIT Group	Leased to HBT and managed by AccorHotels group
Ibis Perth	192	H-REIT Group	Leased to HBT and managed by AccorHotels group
MALDIVES ("Maldives Resorts")	**151**		
Angsana Velavaru	113	H-REIT Group	Leased to Banyan Tree Hotels & Resorts group
Raffles Maldives Meradhoo	38	H-REIT Group	Leased to HBT and managed by AccorHotels group
JAPAN ("Japan Hotels")	**255**		
Hotel MyStays Asakusabashi	139	H-REIT Group	Leased to HBT and managed by MyStays Hotel group
Hotel MyStays Kamata	116	H-REIT Group	Leased to HBT and managed by MyStays Hotel group
UNITED KINGDOM	**552** [(1)]		
UK Hotels	**552**		
Hilton Cambridge City Centre	198	HBT Group	Managed by Hilton Hotels and Resorts group
The Lowry Hotel	165	HBT Group	Self-operated and managed by HBT
Hotel Brooklyn	189	H-REIT Group	Leased to Marshall Holdings group
Residential Build-to-Rent	**352**		
The Castings (under development)	352	HBT Group	Operator to be appointed closer to completion of development
GERMANY	**337**		
Pullman Hotel Munich ("**Germany Hotel**")	337	H-REIT Group	Leased to EVENT Hotels group
ITALY	**86**		
Hotel Cerretani Firenze – MGallery ("**Hotel Cerretani Firenze**" or "**Italy Hotel**")	86	H-REIT Group	Leased to EVENT Hotels group
TOTAL	**4,821** [(1)]		

(1) Excludes 352 residential BTR apartment units currently under development.

HBT may also act as the master lessee of H-REIT's hotels under the following circumstances:

- It is appointed by H-REIT, in the absence of any other master lessee(s) being appointed at the expiry of the lease term. HBT can appoint professional hotel managers to manage or self-manage these hotels.
- H-REIT acquires hotels and if there are no other suitable master lessees, H-REIT will lease these acquired hotels to HBT. HBT will then become a master lessee for these hotels and can appoint professional hotel managers to manage or self-manage these hotels.

HBT Group currently acts as the master lessee to six of the properties held under H-REIT Group, namely W Hotel, Mercure Perth, Ibis Perth, Raffles Maldives Meradhoo, Hotel MyStays Asakusabashi and Hotel MyStays Kamata. These properties are managed by third-party hotel management companies.

CDLHT'S STRATEGY

H-REIT's principal investment strategy is to invest in a diversified portfolio of income-producing real estate, which is primarily used for hospitality, hospitality-related and other accommodation and/or lodging purposes *(including, without limitation, hotels, serviced apartments, resorts, motels, other lodging facilities and properties used for rental housing, co-living, student accommodation and senior housing)* globally.

HBT's principal investment strategy is to invest in a diversified portfolio of real estate or development projects, which is or will be primarily used for hospitality, hospitality-related and other accommodation and/or lodging purposes *(including, without limitation, hotels, serviced apartments, resorts, motels, other lodging facilities and properties used for rental housing, co-living, student accommodation and senior housing)* globally and may also include the operation and management of the real estate assets held by H-REIT and HBT.

Generally, investments will be made where such investments are considered to be value-enhancing, DPS/DPS yield accretive or have potential for capital appreciation, and are feasible in the light of regulatory, commercial, political and other relevant considerations.

The objectives of M&C REIT Management Limited, as manager of H-REIT (the "**H-REIT Manager**"), and M&C Business Trust Management Limited, as trustee-manager of HBT (the "**HBT Trustee-Manager**", and collectively the "**Managers**") are to maximise the rate of return of Stapled Security Holders and to make regular distributions. The Managers plan to achieve these objectives through the following strategies:

Acquisition Growth Strategy

The Managers will pursue acquisition opportunities of quality assets with growth potential and adopt a medium to long term view to investments, while considering the need for diversification of the portfolio by geography, sub-asset classes within the living space and asset profile.

Potential sources of acquisitions by CDLHT are likely to arise from:

- CDLHT's relationship with the Sponsor group, Millennium & Copthorne Hotels Limited ("**M&C**") and CDL. M&C is an international hotel owner and operator and a wholly-owned subsidiary of CDL, a leading global real estate company listed in Singapore. CDLHT can leverage on the Sponsor group's expertise, market reach and tap on the group's network in the global hospitality and living sectors for its acquisitions. In addition, CDLHT can seek partnership and co-operation opportunities with the Sponsor group as it expands globally. The Sponsor group also provides a source of potential acquisition pipeline.
- Opportunities arising from divestment of assets by hospitality service providers who are looking to free up capital for business expansion or investment funds that have a finite period to divest acquired assets.
- Opportunities arising from divestment of assets by owners or developers.
- Opportunities to acquire under-performing assets with turnaround potential by implementing value-added strategies such as re-flagging, management change and asset enhancements.

Asset Management Strategy

The Managers actively engage its master lessees and operators to maximise the operating performance and cash flow of the assets, including leveraging on CDLHT's relationship with M&C and associated economies of scale as well as tapping on M&C's extensive experience in the hospitality industry. In addition, the Managers seek to implement various asset enhancement initiatives to optimise the assets' potential and quality, and improve value and competitiveness of the portfolio.

Capital Recycling Strategy

The Managers will monitor and evaluate the potential of the properties under management and assess opportunities for divestment periodically. Divestments may be undertaken to recycle capital in search of better growth prospects and returns, rebalance the portfolio and/or unlock underlying asset values, so as to optimise returns for Stapled Security Holders or achieve greater financial flexibility.

Capital And Risk Management Strategy

The Managers will use a combination of debt and/or equity, or funds from divestment proceeds (if available) to fund future acquisitions and property enhancements.

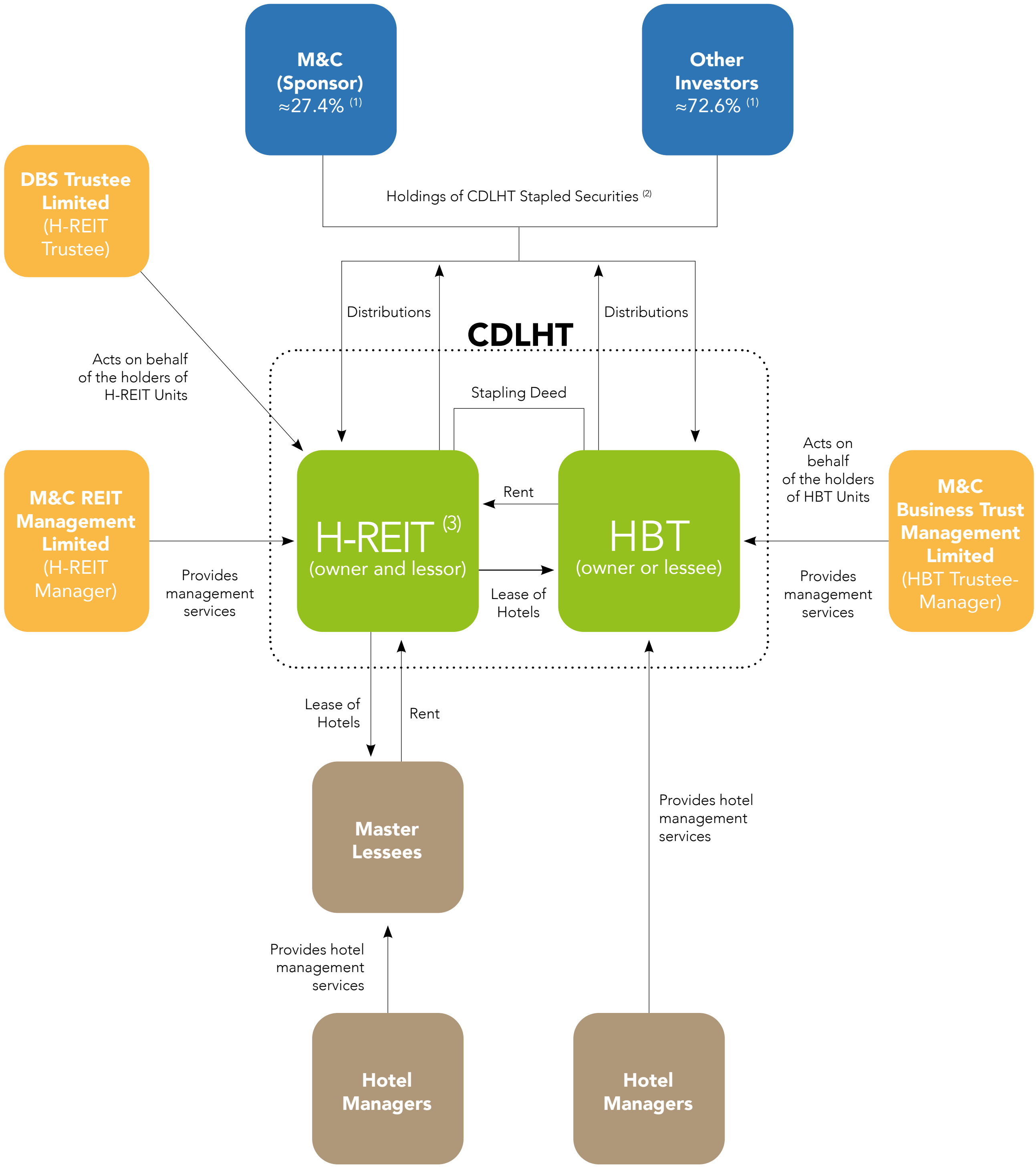
The objectives of the Managers in relation to capital and risk management are to:

- maintain a strong balance sheet and ensure H-REIT remains within the aggregate leverage limit set out in the Property Funds Appendix;
- minimise the cost of debt financing;
- secure diversified funding sources from both financial institutions and capital markets as CDLHT grows in size and scale;
- manage the exposure arising from adverse market movements in interest rates and foreign exchange through appropriate hedging strategies; and
- manage the liquidity risk with credit lines from financial institutions and a S$1.0 billion multi-currency medium term note programme.

OVERVIEW OF CDL HOSPITALITY TRUSTS

STAPLED STRUCTURE OF CDLHT

CDLHT is a stapled group comprising H-REIT, a real estate investment trust, and HBT, a business trust. As at 31 December 2022, CDLHT owns 19 operational properties across eight countries.



(1) Holdings of Stapled Securities as at 1 March 2023.
(2) CDLHT comprises stapled units of H-REIT and HBT ("**Stapled Securities**") with each Stapled Security consisting of a unit in H-REIT and a unit in HBT.
(3) For simplicity, the diagram does not include the relationships in relation to Claymore Connect. The H-REIT Manager asset-manages Claymore Connect and the tenants of the retail units at Claymore Connect make rental payments to H-REIT under the terms of their respective leases.

OVERVIEW OF CDL HOSPITALITY TRUSTS

GLOBAL REACH OF SPONSOR, M&C

CDLHT stands to benefit from the Sponsor's financial strength, experience, market reach and network in the global hotel and hospitality industry. The Sponsor owns as well as operates, manages or franchises a portfolio of over 130 hotels worldwide.

NORTH AMERICA

Anchorage
Avon
Boston
Boulder
Chagrin Falls
Chicago
Durham
Kissimmee
Los Angeles
Minneapolis
Nashville
New York
Scottsdale
St. Louis

EUROPE

Georgia
Tbilisi

France
Paris

Italy
Rome

United Kingdom
Aberdeen
Cardiff
Dudley
Gatwick
Glasgow
Liverpool
London
Manchester
Newcastle
Plymouth
Slough-Windsor

Turkey
Istanbul
Konya

MIDDLE EAST

United Arab Emirates (UAE)
Abu Dhabi
Dubai
Sharjah

Qatar
Doha

Kuwait
Al Jahra
Al Salmiya
Kuwait City

Iraq
Basra
Sulaymaniyah

Oman
Muscat
Salalah

Saudi Arabia
Hail
Jizan
Madinah
Makkah
Tabouk

Palestine
Ramallah

CHINA & TAIWAN

China
Beijing
Chengdu
Fuqing
Hangzhou
Shanghai
Wuxi
Wuyishan
Xiamen
Zunyi

Taiwan
Taichung
Taipei

Hong Kong

REST OF ASIA

Singapore

Indonesia
Jakarta

Malaysia
Cameron Highlands
Kuala Lumpur
Penang

Thailand
Phuket

Philippines
Manila

Japan
Tokyo

NEW ZEALAND

Auckland
Bay of Islands
Dunedin
Greymouth
Masterton
New Plymouth
Palmerston North
Queenstown
Rotorua
Taupo
Te Anau
Wellington

FINANCIAL HIGHLIGHTS

STATEMENT OF TOTAL RETURN

	FY 2022	FY 2021	Better/ (Worse)
Net property income (S$'000)	123,719	86,110	43.7%
Total distribution (before retention for working capital) (S$'000)	76,751	56,693	35.4%
Total distribution (after retention for working capital) (S$'000)	69,713 [1]	52,563	32.6%
Distribution per Stapled Security (after retention) (cents)	5.63	4.27	31.9%
Adjusted Distribution per Stapled Security (after retention) [2] (cents)	5.63	3.26	72.7%

BALANCE SHEET

Prudent capital management has resulted in a strong and flexible balance sheet for CDLHT. As at 31 December 2022, CDLHT's exposure to derivatives [3] represents a negligible percentage of its net assets and market capitalisation.

	As at 31 Dec 2022 S$'000	As at 31 Dec 2021 S$'000	Better/ (Worse)
Investment properties [4]	2,104,672	1,921,748	9.5%
Investment property under development (The Castings)	59,660	27,661	115.7%
Property, plant and equipment	783,250	792,701	(1.2)%
Total assets	3,103,190	2,921,126	6.2%
Borrowings (excludes lease liabilities) [5]	1,085,311	1,102,290	(1.5)%
Net assets	1,793,144	1,642,626	9.2%

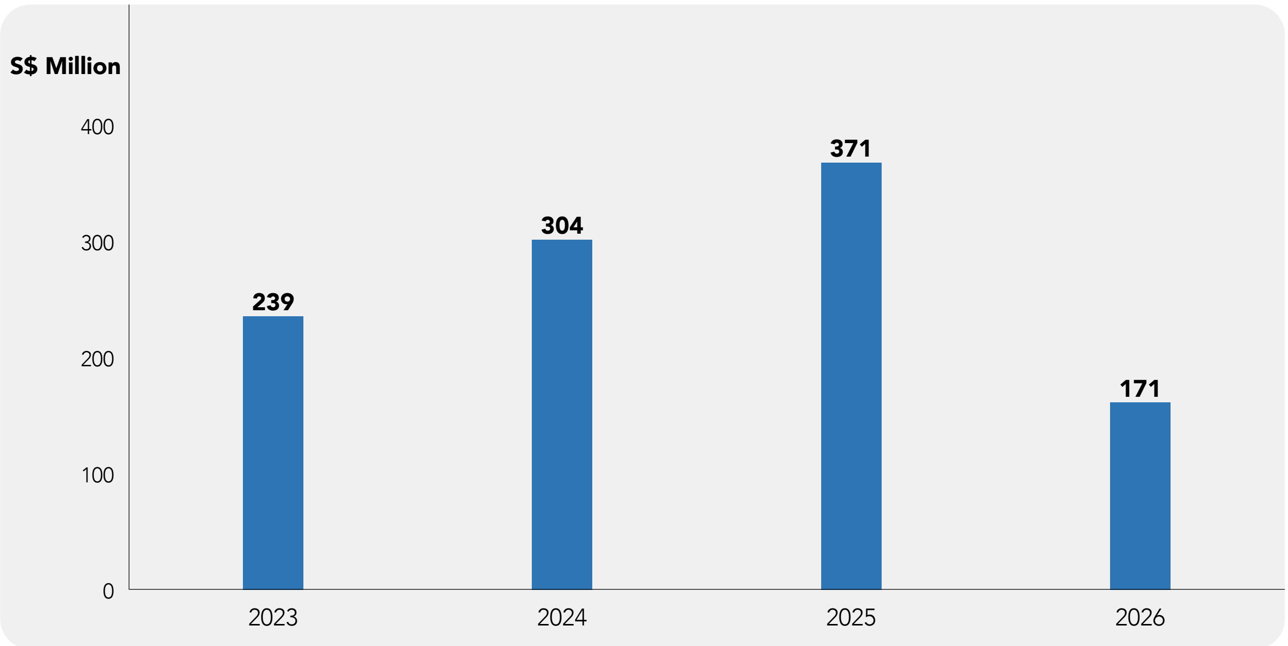
KEY FINANCIAL INDICATORS

	As at 31 Dec 2022	As at 31 Dec 2021	Better/ (Worse)
Gearing [6]	36.6%	39.1%	(2.5) pp
Weighted average cost of debt	3.5%	2.0%	1.5 pp
Weighted average debt to maturity (years)	2.0	2.1	(0.1)
Interest coverage ratio [7]	3.7x	3.3x	0.4x
Adjusted interest coverage ratio [8]	3.7x	3.3x	0.4x
Net asset value per unit [9]	S$1.44	S$1.33	8.3%

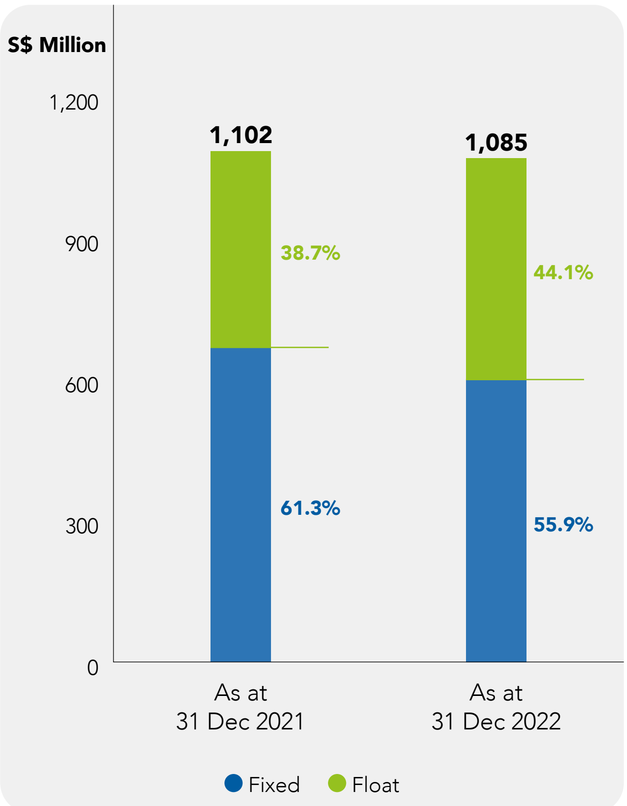
(1) The undistributed income of S$7.0 million retained for working capital comprised solely of tax exempt income.
(2) Adjusted distribution per Stapled Security excludes the capital distribution of S$12.5 million in FY 2021 from sales proceeds of past divestments.
(3) The fair value of the derivatives as at 31 December 2022 is disclosed under Note 11 on page 227 to 228 of the Annual Report.
(4) All properties, excluding W Hotel, Raffles Maldives Meradhoo, the Japan Hotels, Hilton Cambridge City Centre, The Lowry Hotel and the Perth Hotels, are accounted for as investment properties.
(5) The borrowings are presented before the deduction of unamortised transaction costs.
(6) For purposes of gearing computation, the total assets exclude the FRS 116 / SFRS(I) 16 *Leases* (adopted wef 1 January 2019). Refer to Note 30 on pages 267 to 271 of the Annual Report.
(7) Computed by using trailing 12 months EBITDA divided by trailing 12 months interest expense and borrowing-related fees.
(8) The adjusted interest coverage ratio as defined under the Property Funds Appendix is the same as the interest coverage ratio as there are no distributions on any hybrid securities.
(9) The number of Stapled Securities issued and to be issued as at 31 December 2022 was 1,241,804,957 as compared to 1,233,582,311 as at 31 December 2021.

DEBT PROFILE OF CDLHT [(1)]

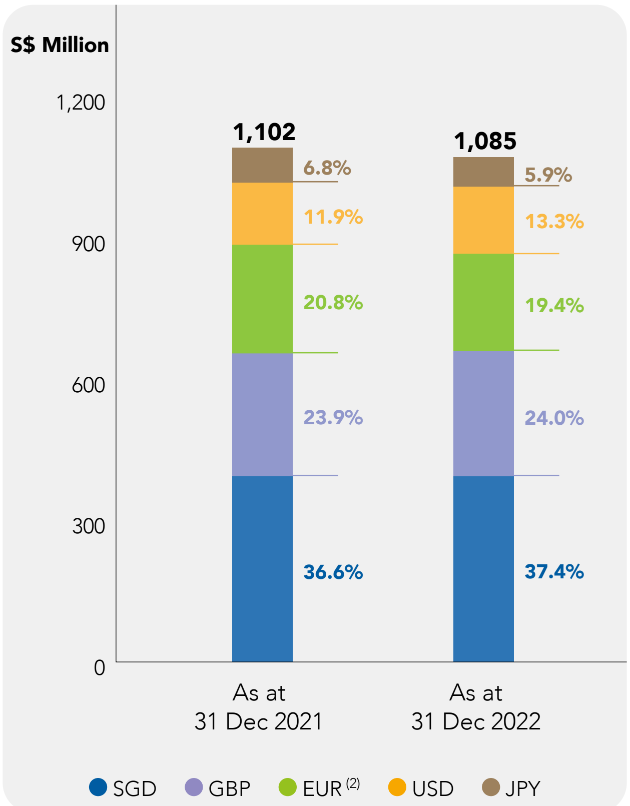
Debt Maturity Profile



Fixed-rate Versus Floating-rate Borrowings



Debt Currency Profile



(1) Excludes lease liabilities.
(2) Includes term loans fixed via EUR/USD and EUR/SGD cross currency swaps, effective exposure is in EUR.

CHAIRMAN'S STATEMENT

> "Recovery in global travel accelerated in 2022 following the easing of pandemic-related travel restrictions and the restoration of public confidence, which also led to the release of strong pent-up demand. Notably, the stellar performance across our portfolio in FY 2022 was achieved despite the absence of international travellers from China."

On behalf of the Board of Directors of the H-REIT Manager and the HBT Trustee-Manager (collectively the "**Managers**"), I am pleased to present our annual report for the financial year ended 31 December 2022 ("**FY 2022**").

STELLAR PERFORMANCE DRIVEN BY THE RECOVERY IN GLOBAL TRAVEL

Recovery in global travel accelerated in 2022 following the easing of pandemic-related travel restrictions and the restoration of public confidence, which also led to the release of strong pent-up demand. Notably, the stellar performance across our portfolio in FY 2022 was achieved despite the absence of international travellers from China.

As we move towards a full recovery, we are faced with challenges and economic headwinds arising from elevated inflation, higher interest rates and disruptions caused by the Russia-Ukraine conflict. Despite these economic headwinds, the return of Chinese travellers is expected to boost international tourism in 2023 and beyond.

Operational efficiency measures taken during the pandemic continue to benefit us today and real productivity gains achieved helped cushion the labour-related inflation.

On the back of positive momentum in rate growth, Revenue Per Available Room ("**RevPAR**") for all of our portfolio hotels (except Grand Millennium Auckland) recorded a yoy increase in FY 2022. By the fourth quarter of 2022, majority of our hotels have achieved RevPAR levels exceeding that of 4Q 2019 pre-pandemic levels. As a result of the strong recovery in trading performance, we recorded an increase of 43.7% in net property income ("**NPI**") to S$123.7 million for the year, from S$86.1 million for FY 2021.

Total distribution and distribution per Stapled Security for FY 2022 was S$69.7 million and 5.63 cents, representing an increase of 32.6% and 31.9% against FY 2021, respectively. Adjusted distribution and adjusted distribution per Stapled Security improved by 74.0% and 72.7% yoy respectively [(1)].

As at 31 December 2022, the portfolio valuation increased by 6.3% (S$166.3 million) yoy to S$2.8 billion, mainly due to the growth in valuation of the Singapore portfolio, the inclusion of Hotel Brooklyn (acquired in February 2022) and construction progress of The Castings [(2)] (residential BTR in UK). On the same store basis (excluding Hotel Brooklyn), the increase would have been 4.8% (S$127.6 million) yoy.

(1) Adjusted distribution per Stapled Security excludes the capital distribution of S$12.5 million in FY 2021 from sales proceeds of past divestments.
(2) Property under development via a forward fund scheme. The independent valuation as at 31 December 2022 was derived by applying the percentage of the spend-to-date (from 31 August 2021 to 31 December 2022) over the total contractual commitment to the assessed market value.

Chairman's Room, Hua Ting Restaurant, Orchard Hotel

MARKET REVIEW AND OUTLOOK

Accommodation demand in Singapore gained momentum following the lifting of travel restrictions in late April 2022, driven by both domestic and inbound demand as well as a series of sporting and citywide events and conventions. These include the return of major events such as the Singapore Grand Prix in September 2022, which was surrounded by a vibrant line-up of events.

Since September 2022, Singapore's airport capacity has been restored with the reopening of all four terminals at Changi Airport, returning the airport's handling capacity to more than 70 million passenger movements a year. As at the first week of January 2023, Changi Airport has reached 82% of pre-pandemic connectivity with over 5,600 weekly scheduled flights, connecting Singapore to 143 cities in 48 countries and territories worldwide [(3)].

Singapore ended 2022 with 6.3 million international visitor arrivals, exceeding the Singapore Tourism Board's forecast of between four to six million visitors. Although the number of visitor arrivals in December 2022 only amounted to 54.0% of the December 2019 pre-pandemic figure, a longer average length of stay supported the recovery in total visitor days to 71.9% of December 2019 [(4)].

The majority of our Singapore Hotels that were operating as isolation facilities have ended these arrangements by mid-2022 and only one hotel remained as such at year-end. The opening of Havelock MRT station in November 2022 has enhanced the connectivity of Grand Copthorne Waterfront Hotel, Copthorne King's Hotel and Studio M Hotel to places of interest such as the Central Business District and the Orchard Road shopping belt. Overall, all of the Singapore Hotels ended the year on a positive note with RevPAR levels for 4Q 2022 exceeding that of 4Q 2019.

For the year ahead, key demand drivers for Singapore's hospitality sector include a healthy pipeline of MICE events, new tourism offerings, increased flight connectivity and capacity, as well as China's reopening. According to STB's forecast, international visitor arrivals are expected to reach around 12 to 14 million in 2023 (approximately 63% to 73% of 2019), before a full recovery to pre-pandemic levels by 2024 [(5)]. The prospects for Singapore's hospitality sector are bright and our Singapore Hotels are well-positioned to benefit from the continued positive momentum in 2023.

(3) Changi Airport Group, "Changi Airport handled 32.2 million passengers in 2022", 31 January 2023
(4) Singapore Tourism Board ("**STB**")
(5) STB

CHAIRMAN'S STATEMENT

Presidential Suite, The Lowry Hotel

In New Zealand, Grand Millennium Auckland exited from the government isolation program in June 2022. Despite the full border reopening from 31 July 2022, the New Zealand Hotel faced challenges such as labour constraints and gradual international flight capacity restoration. Consequently, for FY 2022, the New Zealand Hotel recorded RevPAR decline of 26.8% yoy to NZ$128. Visitor arrivals into New Zealand are expected to recover progressively in 2023, further boosted by major sports events towards the latter half of the year.

In Australia, the performance of the Perth Hotels improved from June 2022 following the lifting of state-wide restrictions from late April 2022 [6]. This was aided by the subsequent recovery of shipping and mining demand, as well as national and international sporting events. The Perth Hotels posted a RevPAR increase of 75.6% to A$87 for the year. In 2023, Perth's hotel demand is expected to be supported by the increased activity in Western Australia's resources sector, coupled with the government's initiatives to attract more tourists, skilled workers and international students.

In Japan, 2.3 million visitor arrivals were recorded in the last two months of 2022, after border restrictions were lifted in October 2022 [7], representing 46.4% of visitor arrivals in the same period in 2019 [8]. Rate recovery gained momentum thereafter and the Japan Hotels achieved a RevPAR growth of 61.0% yoy to ¥4,393 for FY 2022. The continued recovery of inbound visitors and return of visitors from China, which accounted for approximately 30% of total visitor arrivals before the pandemic, are expected to drive hotel demand going forward.

Tourist arrivals into the Maldives for 2022 recovered to 98.4% of 2019 pre-pandemic levels, notwithstanding the absence of China inbound tourism as well as a brief setback earlier in the year due to the onset of the Russian-Ukraine conflict which affected demand. Towards the end of 2022, the reopening of alternative island destinations and the strengthening of the US dollar, resulted in a weakening of demand for the Maldives' resorts. Despite these challenges, the Maldives Resorts achieved a RevPAR increase of 25.9% yoy to US$322 for FY 2022. Going forward, the return of Chinese travellers, which is the largest pre-pandemic visitor source market to the Maldives, should mitigate the impact of the new supply of resorts as well as the diversion of demand into other resort destinations which have now fully re-opened.

(6) ABC.net.au, "WA's relaxed COVID rules explained, from masks and G2G passes, to close contact changes", 27 April 2022
(7) Kyodo News, "Japan scraps COVID border controls in hopes of reviving tourism boom", 11 October 2022
(8) Japan National Tourism Organization

Entrance to Orchard Cafe, Orchard Hotel

In the UK, consumer confidence quickly improved after all remaining domestic restrictions were lifted towards end-February 2022. During the year, the contribution from our UK portfolio included that of Hotel Brooklyn, which was acquired on 22 February 2022. Hilton Cambridge City Centre and The Lowry Hotel recorded a collective RevPAR growth of 70.2% yoy for FY 2022, against a comparatively low base last year. Despite economic challenges clearly weighing on the hospitality sector, UK's tourism outlook remains positive with 35.1 million inbound visitors forecasted to arrive in 2023, representing 86% of the 2019 level and an increase of 18% from 2022 [(9)].

Pullman Hotel Munich saw a slow start to the year due to pandemic-related restrictions in place for most of 1Q 2022. Thereafter, the performance gained traction with the subsequent relaxation of restrictions, coupled with the return of corporate travel and citywide events. Driven by the strong tailwinds, the hotel achieved its highest annual ADR of €157 since its acquisition in 2017, while RevPAR improved to €86 for FY 2022, as compared to €28 in the prior year.

In Italy, Hotel Cerretani Firenze experienced healthy demand from domestic, intra-Europe and US leisure travel, further supported by the return of events and festivals. Notwithstanding a three-week disruption due to air-conditioning repair works from late July 2022, the Italy Hotel registered its highest annual ADR of €229 since its acquisition, which propelled RevPAR to €152 for FY 2022 against €35 in FY 2021.

The positive trends in Munich and Florence are expected to continue into 2023, supported by the recovery of travel in Europe as well as a healthy exhibition and fair calendar.

The financial markets have been very volatile in recent months, exacerbated by the turmoil in the banking system. There will be more macroeconomic uncertainties amidst a weak global economic environment. We will continue to be affected by challenges ahead such as inflationary cost pressures, higher energy prices and as a result of sharply higher interest rates worldwide, elevated interest expenses as well. While these factors could weigh on our bottom line performance in the near to medium term, higher room rates, especially in strong markets or in periods of high

(9) VisitBritain, "2023 tourism forecast", 13 December 2022

CHAIRMAN'S STATEMENT

Moxy Singapore Clarke Quay (Artist's impression)

demand, should mitigate some of these adverse effects. The return of Chinese travellers bodes well for international tourism and should contribute to the continued positive momentum for many of our portfolio markets. While the high interest rate environment is a concern, we believe that these elevated levels will not be a permanent feature and interest rates will normalize once global inflation abates.

GROWTH AND VALUE CREATION

In February 2022, we acquired Hotel Brooklyn, a 189-key, 4-star upscale lifestyle hotel located in Manchester, UK. Hotel Brooklyn has contributed to the pool of stable rental income through an inflation-adjusted, full repairing and insuring lease. The property yield of 7.4% at the point of acquisition has since increased to 7.8% from 7 May 2022 following the annual rental adjustment. The addition of Hotel Brooklyn to our portfolio aligns with our growth strategy of building resilient income streams.

In terms of pipeline, the new UK BTR project, The Castings, will further strengthen our rental income base and provide meaningful portfolio diversification following its expected completion by 3Q 2024.

In addition, the forward purchase of a turnkey lifestyle hotel, Moxy Singapore Clarke Quay, is expected to be completed in 2025. This acquisition will add 475 keys to the portfolio, increasing CDLHT's ownership of total Singapore hotel key count to 3,031 rooms on completion. With a stronger foothold in the core market of Singapore and a growing presence in the lifestyle hotel segment, we will be well-positioned to capture new opportunities and drive growth in the years ahead.

ACTIVE ASSET MANAGEMENT AND SUSTAINABLE INVESTMENTS

As part of our asset enhancement aspirations, Grand Copthorne Waterfront Hotel, a major asset, is currently undergoing a full renovation of 549 rooms scheduled to be completed in 2Q 2023. The hotel's meeting rooms will also be undergoing an extensive rejuvenation from April to July 2023 to significantly elevate its facilities. Although the renovation will disrupt performance in the short term, these works will strongly enhance the hotel's positioning as a leading conference hotel in Singapore in the years to come.

We made further progress on our sustainability journey in FY 2022, and together with our lessees and hotel managers, implemented several new initiatives across the portfolio. Most of the properties in Singapore have obtained the BCA Green Mark certification and we are working towards obtaining the relevant green certifications for the rest of the portfolio. Upon completion in 2025, Moxy Singapore Clarke Quay, which has obtained the BCA Green Mark Award GoldPlus, will add to our portfolio of green properties.

As a testament to our commitment on environmental sustainability, we have rolled out smart in-room control systems at Copthorne King's Hotel, which will be extended to Grand Copthorne Waterfront Hotel as part of the abovementioned asset enhancement exercise. At the Maldives Resorts, installation of solar panels will progressively take place during the year with a significant portion expected to be commissioned by 2Q 2023.

We remain confident of the long-term prospects of the portfolio, especially in our core market of Singapore, and will assess opportunities to invest in capital expenditures and asset enhancements to strengthen the competitiveness of our properties, in a sustainable way.

PRUDENT CAPITAL MANAGEMENT

Maintaining a strong financial position remains one of CDLHT's key priorities. CDLHT's balance sheet is healthy, with a gearing ratio of 36.6% (10), which provides us with a debt headroom of S$790.4 million (11).

Well-supported by banks, we re-financed approximately S$509 million of loans and bank facilities during the financial year. To manage interest rate risks, CDLHT entered into three fixed-rate interest rate swaps and a cross currency swap to hedge against the interest rate volatility on some of its borrowings. In addition, proceeds from previous divestments amounting to £18.8 million were utilised to partially pare down the UK borrowings. These initiatives were taken to partially mitigate the interest cost increases.

The healthy gearing level and a strong unencumbered position of 94.7% of property value provide us with financial flexibility to pursue growth opportunities.

APPRECIATION

On behalf of the Boards and management team, I would like to thank our Stapled Security Holders and various stakeholders such as our lessees, hotel operators, business partners and service providers for your continued support.

I am pleased to welcome Mr Kwek Eik Sheng, who joined our Boards on 20 October 2022. With his years of experience in the real estate industry, CDLHT will benefit from his strong business acumen as we forge forward to grow and continue to build a resilient and sustainable portfolio.

At the same time, Mr Ronald Seah has retired after serving for nine years on the Boards. Mr Seah has contributed greatly to CDLHT with his vast experience in finance and investment, and on behalf of the Boards, I would also like to express our thanks and heartfelt appreciation for Mr Seah's dedication and invaluable counsel.

Lastly, I wish to extend my sincere appreciation to my fellow members of the Boards, management and staff of the Managers and the H-REIT Trustee. Their contributions and dedication allowed us to tide through the unprecedented pandemic. It is without a doubt that we have emerged stronger and the valuable lessons learnt will enable us to scale greater heights.

I look forward to meeting you at our annual general meetings on 21 April 2023.

Chan Soon Hee, Eric
Chairman
Dated as of 21 March 2023

(10) For the purposes of gearing computation, the total assets exclude the effect of FRS 116/SFRS(I) *Leases* (adopted wef 1 January 2019).
(11) Computed on basis of the regulatory gearing limit of 50.0%.

PORTFOLIO SUMMARY OF CDL HOSPITALITY TRUSTS

SUMMARY OF PORTFOLIO

NUMBER OF PROPERTIES

16 Hotels, 2 Resorts, 1 Retail Mall, and 1 BTR project in the pipeline

NUMBER OF ROOMS

4,821

(Excludes 352 residential BTR apartment units under development)

ASSETS UNDER MANAGEMENT

S$3.1 billion

Orchard Hotel

Grand Copthorne Waterfront Hotel

M Hotel

Copthorne King's Hotel

Studio M Hotel

W Singapore – Sentosa Cove

Claymore Connect

Hotel MyStays Asakusabashi

Hotel MyStays Kamata


Grand Millennium Auckland

Mercure Perth


Ibis Perth


Angsana Velavaru


Raffles Maldives Meradhoo


Hilton Cambridge City Centre


The Lowry Hotel


Hotel Brooklyn


The Castings (BTR under development)

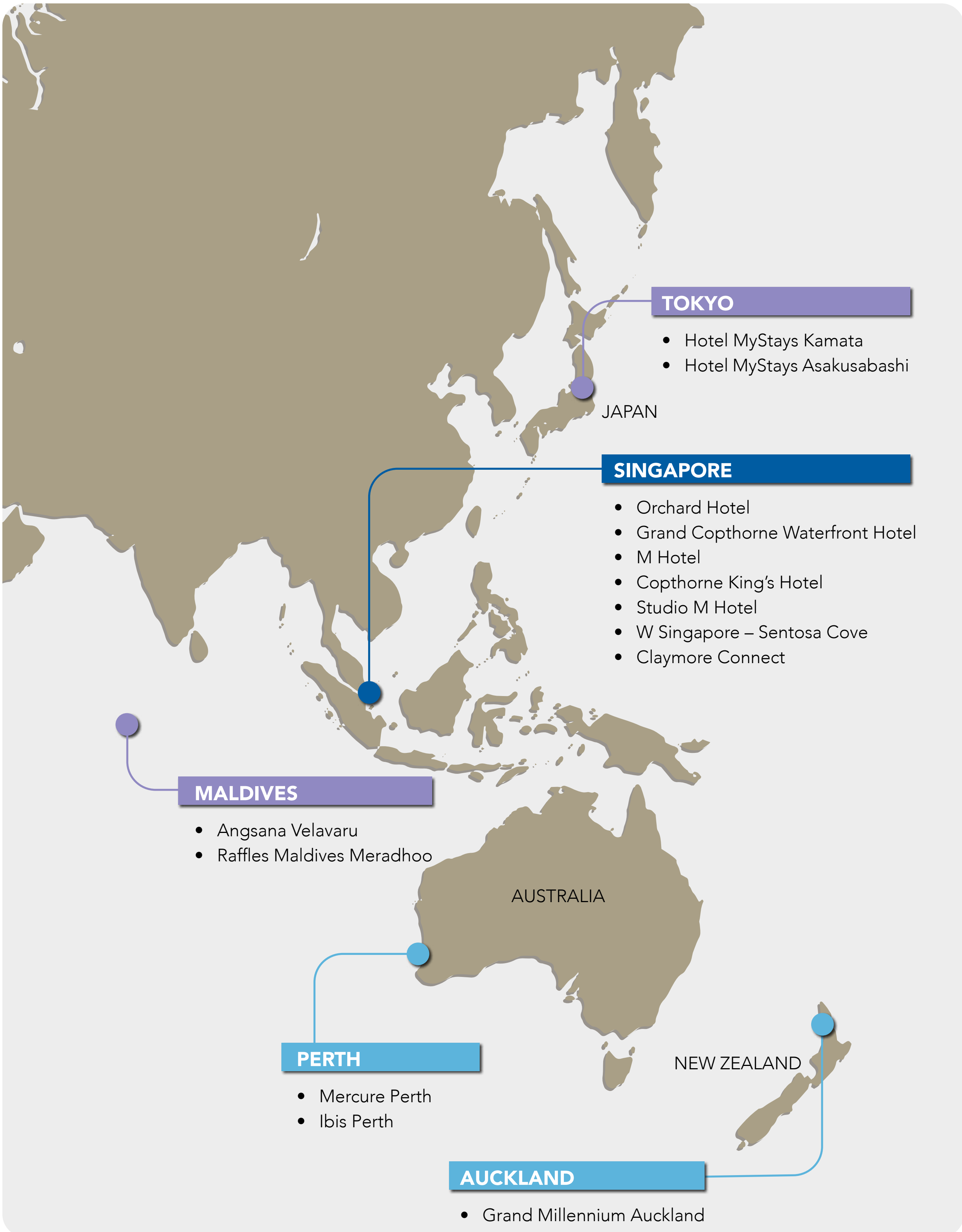

Pullman Hotel Munich


Hotel Cerretani Firenze – MGallery

PORTFOLIO SUMMARY OF CDL HOSPITALITY TRUSTS

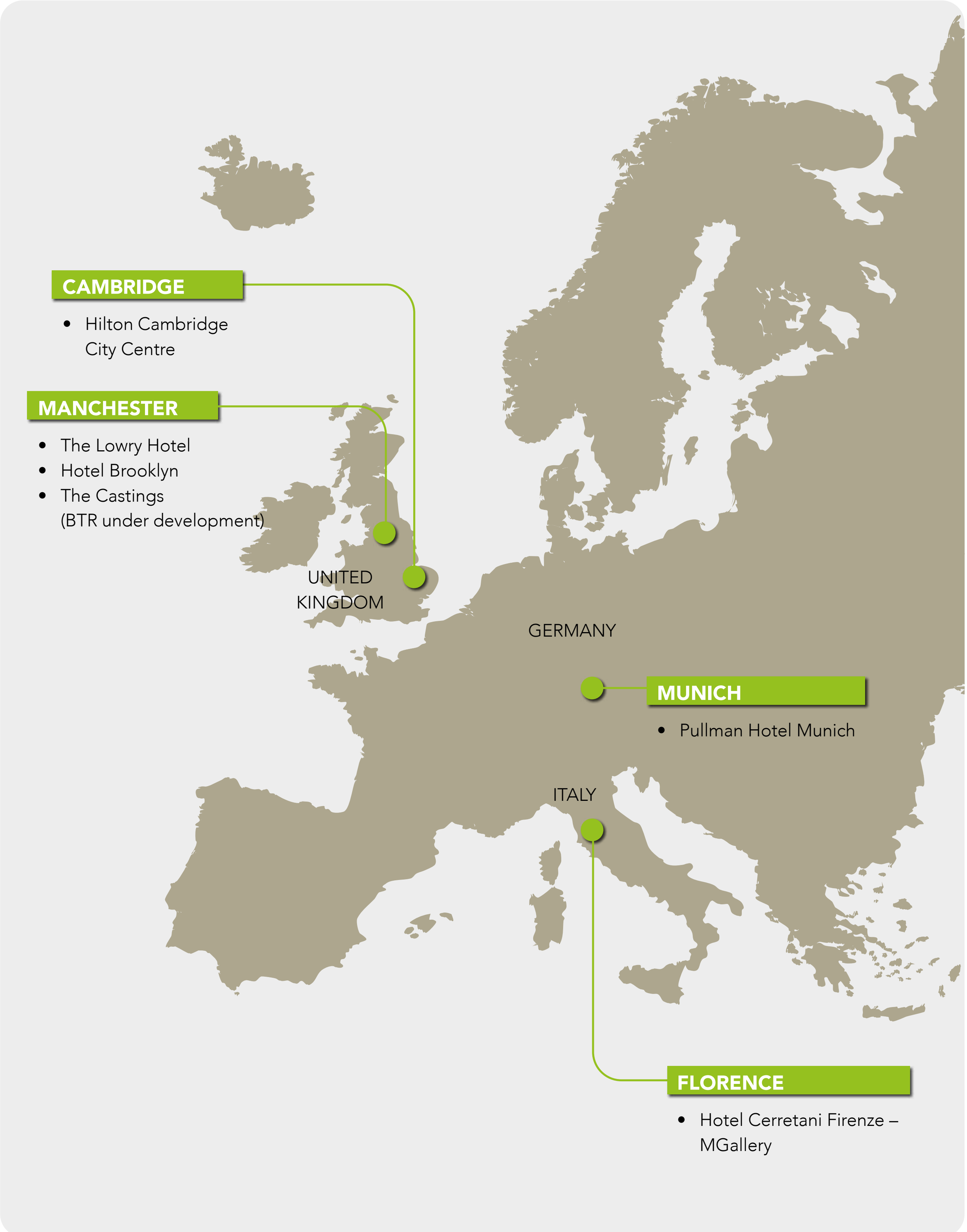
GEOGRAPHICAL SPREAD OF ASSETS UNDER MANAGEMENT

ASIA & OCEANIA



GEOGRAPHICAL SPREAD OF ASSETS UNDER MANAGEMENT

EUROPE



PORTFOLIO SUMMARY OF CDL HOSPITALITY TRUSTS

KEY PROPERTY DETAILS

Summary details of CDLHT's properties are as follows:

	No. of Keys	Title
SINGAPORE		
Orchard Hotel	656	75-year leasehold interest commencing 19 Jul 2006
Grand Copthorne Waterfront Hotel	574	
M Hotel	415	
Copthorne King's Hotel	311	99-year leasehold interest commencing 1 Feb 1968
Studio M Hotel	360	99-year leasehold interest commencing 26 Feb 2007
W Singapore – Sentosa Cove	240	99-year leasehold interest commencing 31 Oct 2006
Claymore Connect	N.A.	75-year leasehold interest commencing 19 Jul 2006
NEW ZEALAND		
Grand Millennium Auckland	453	Freehold
AUSTRALIA		
Mercure Perth	239	Strata Freehold
Ibis Perth	192	Freehold
MALDIVES		
Angsana Velavaru	113	99-year leasehold interest commencing 26 Aug 1997
Raffles Maldives Meradhoo	38	99-year leasehold interest commencing 15 Jun 2006
JAPAN		
Hotel MyStays Asakusabashi	139	Freehold
Hotel MyStays Kamata	116	Freehold
UNITED KINGDOM		
Hilton Cambridge City Centre	198	125-year leasehold interest commencing 25 Dec 1990
The Lowry Hotel	165	150-year leasehold interest commencing 18 Mar 1997
Hotel Brooklyn	189	~197-year leasehold interest commencing 7 May 2021
The Castings (BTR under development)	352	Freehold
GERMANY		
Pullman Hotel Munich (4)	337	Freehold
ITALY		
Hotel Cerretani Firenze – MGallery (4)	86	Freehold

(1) All properties were valued as at 31 December 2022.
(2) The lease term may be extended for a further term of 50 years pursuant to lessee's (CDLHT) option to renew under the lease granted by the head lessor (Cambridge City Council).
(3) The independent valuation as at 31 December 2022 was derived by applying the percentage of the spend-to-date (from 31 August 2021 to 31 December 2022) over the total contractual commitment to the assessed market value.
(4) On the basis of a 100% interest before adjustment of non-controlling interests.

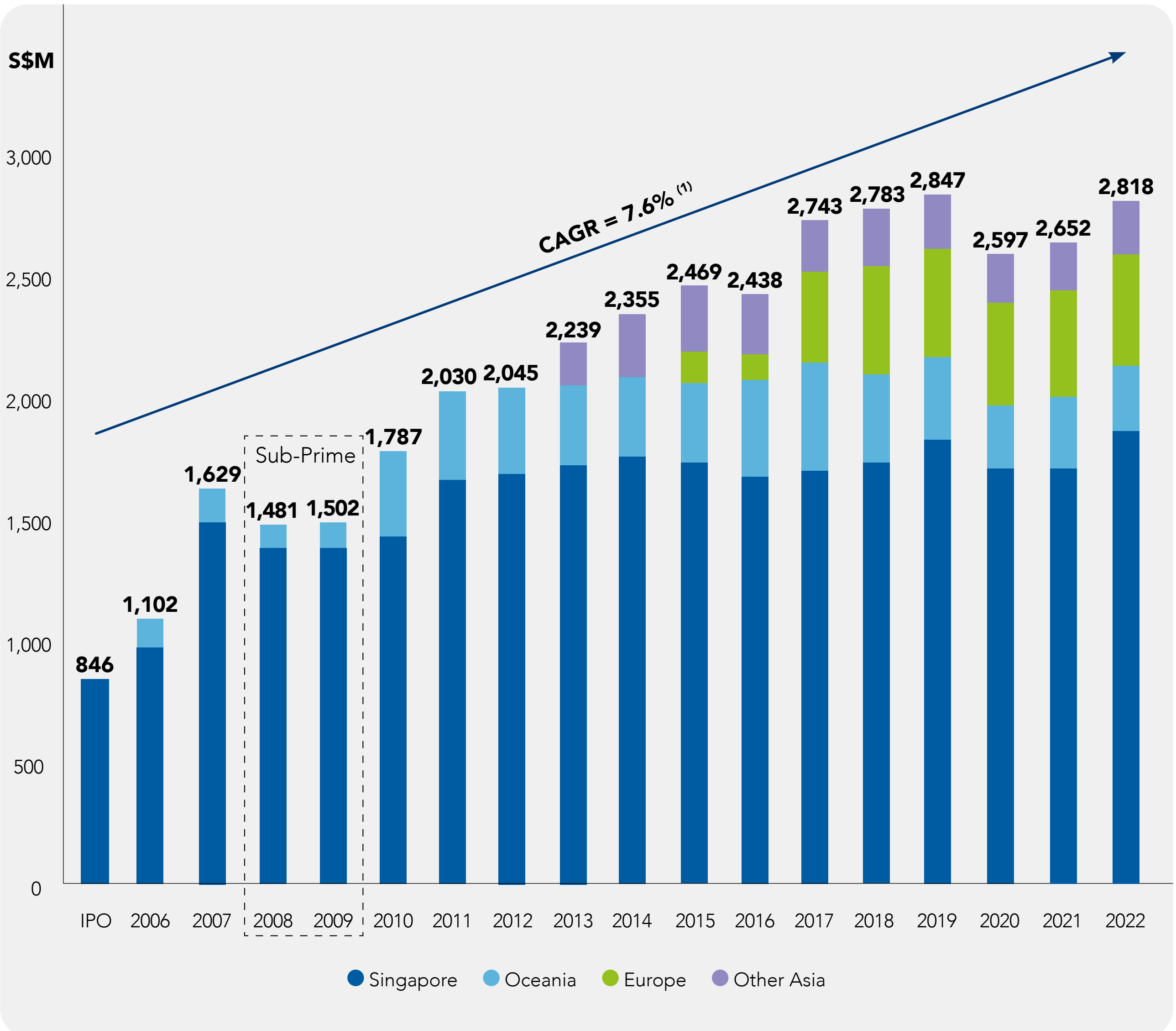
Remaining Term of Land Lease	Date of Acquisition	Purchase Price in Millions	Valuation in Millions [1]
		S$330.1	S$478.0
59 years	19 Jul 2006	S$234.1	S$377.0
		S$161.5	S$259.0
44 years	19 Jul 2006	S$86.1	S$129.0
83 years	3 May 2011	S$154.0	S$187.5
83 years	16 Jul 2020	S$324.0	S$338.0
59 years	19 Jul 2006	S$34.5	S$100.0
–	19 Dec 2006	NZ$113.0	NZ$235.0
–	18 Feb 2010	A$36.2	A$45.0
–	18 Feb 2010	A$21.6	A$31.5
74 years	31 Jan 2013	US$71.0	US$59.8
82 years	31 Dec 2013	US$59.6	US$49.0
–	19 Dec 2014	¥3,200	¥3,870
–	19 Dec 2014	¥2,600	¥2,750
93 years [2]	1 Oct 2015	£61.5	£54.7
124 years	4 May 2017	£52.5	£44.9
195 years	22 Feb 2022	£22.8	£23.8
–	31 Aug 2021	£73.3 (Maximum commitment sum)	£36.7 [3] (Based on construction progress)
–	14 Jul 2017	€104.7	€104.3
–	27 Nov 2018	€42.7	€40.1

PORTFOLIO SUMMARY OF CDL HOSPITALITY TRUSTS

PORTFOLIO VALUATION

As at 31 December 2022, the valuation of CDLHT's portfolio of assets registered a 6.3% or S$166.3 million yoy increase to S$2.8 billion. The increase was mainly due to the growth in valuation of the Singapore portfolio, the inclusion of Hotel Brooklyn (acquired in February 2022) and construction progress of the The Castings (BTR under development) during the year. On a same store basis (excluding Hotel Brooklyn), the valuation of CDLHT's portfolio of assets would have increased by 4.8% or S$127.6 million yoy.

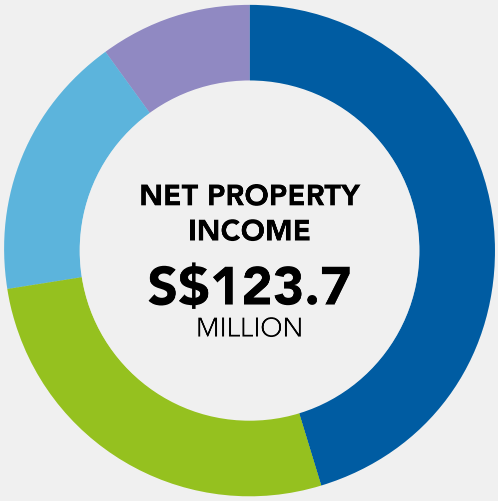
Since IPO till 31 December 2022, the valuation of CDLHT's portfolio of assets has increased from S$0.85 billion to S$2.8 billion, representing a compound annual growth rate ("**CAGR**") of 7.6%.



(1) CAGR from IPO to 31 December 2022.

NET PROPERTY INCOME BY GEOGRAPHY

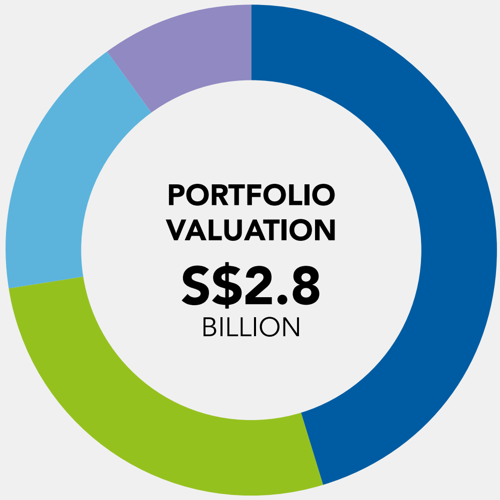
For FY 2022 [1]



SINGAPORE	**62.0%**
EUROPE	**19.5%**
United Kingdom	10.9%
Germany [2]	6.0%
Italy [2]	2.6%
OCEANIA	**10.9%**
New Zealand	8.5%
Australia	2.4%
OTHER ASIA	**7.6%**
Maldives	6.7%
Japan	0.9%

PORTFOLIO VALUATION BY GEOGRAPHY

As at 31 December 2022 [1]



SINGAPORE	**66.3%**
EUROPE	**16.6%**
United Kingdom [3]	9.2%
Germany [2]	5.3%
Italy [2]	2.0%
OCEANIA	**9.5%**
New Zealand	7.1%
Australia	2.5%
OTHER ASIA	**7.6%**
Maldives	5.2%
Japan	2.4%

(1) Numbers and percentages may not add up due to rounding.
(2) On the basis of a 100% interest before adjustment of non-controlling interests.
(3) The independent valuation of The Castings (BTR under development) as at 31 December 2022 was derived by applying the percentage of the spend-to-date (from 31 August 2021 to 31 December 2022) over the total contractual commitment to the assessed market value.

PORTFOLIO SUMMARY OF CDL HOSPITALITY TRUSTS


Meeting Room, Pullman Hotel Munich

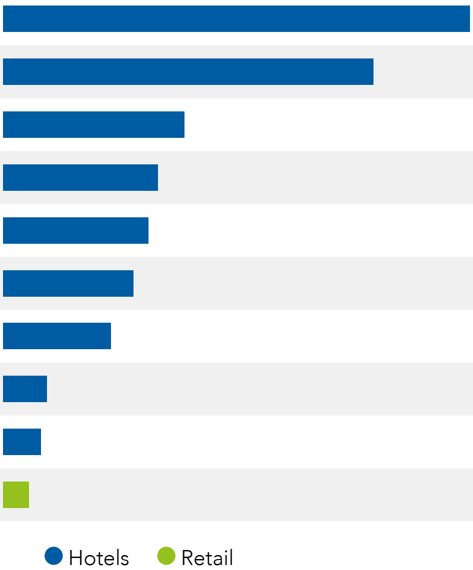
TOP 10 TENANTS BY GROSS RENTAL INCOME FOR PROPERTIES WITH LEASES [(1)]

For FY 2022

CDLHT had 46 tenants in total for properties that were leased out in FY 2022: 9 for the hotel properties, 27 for Claymore Connect and 10 for the retail/office component of Pullman Hotel Munich. 93.3% of CDLHT's gross rental income for FY 2022 was attributed to hotel properties and the remaining 6.7% was attributed to Claymore Connect and the retail/office component of Pullman Hotel Munich.

The top 10 tenants contributed 94.6% of the total gross rental income for properties with leases.

		S$'000	% of Total Gross Rental Income
1	Republic Hotels & Resorts Limited	23,338	23.3%
2	City Hotels Pte. Ltd.	19,975	19.9%
3	Hospitality Services Limited	10,483	10.5%
4	Harbour View Hotel Pte. Ltd.	9,807	9.8%
5	UP Hotel Operations GmbH & Co. KG	8,090	8.1%
6	Maldives Bay Pvt Ltd	7,825	7.8%
7	Republic Iconic Hotel Pte. Ltd.	7,107	7.1%
8	HLD (Manchester) Limited	3,502	3.5%
9	FC Operations Hotel SRL	3,385	3.4%
10	Cold Storage Singapore (1983) Pte Ltd	1,229	1.2%



(1) Does not include properties which are (i) on management contracts, namely W Hotel, Raffles Maldives Meradhoo, the Japan Hotels, the Perth Hotels and Hilton Cambridge City Centre; and (ii) self-operated and managed by HBT Group, namely The Lowry Hotel.

LEASE EXPIRY PROFILE AND TENANT MIX BY GROSS RENTAL INCOME FOR PROPERTIES WITH LEASES

For FY 2022

For the two tables below, properties under management contracts or self-operated are excluded as there are no external leases in place [(1)].

Properties	Tenure of Lease	Year of Expiry [(2)]	% of Gross Rental Income
Singapore IPO Hotels	20 years from 19 Jul 2006 with an option to renew for another 20 years	2026	53.0%
Grand Millennium Auckland	Lease renewed for third 3-year term from 7 Sep 2022, expiring 6 Sep 2025	2025	10.5%
Pullman Hotel Munich	Hotel: 20 years from 14 Jul 2017 expiring 13 Jul 2037	2037	8.1%
	Retail/Office: Range of lease terms - for details on lease expiry profile, refer to page 87		0.9%
Angsana Velavaru	10 years from 1 Feb 2013 expiring 31 Jan 2023. New lease has been entered into for a term of 10 years commencing 1 Feb 2023	2033	7.8%
Studio M Hotel	20 years from 3 May 2011 with an option to renew for three consecutive additional terms of 20 years + 20 years + 10 years	2031	7.1%
Claymore Connect	Range of lease terms - for details on lease expiry profile, refer to page 67		5.7%
Hotel Brooklyn	60 years from 7 May 2021, expiring on 6 May 2081	2081	3.5%
Hotel Cerretani Firenze – MGallery	20 years from 27 Nov 2018 expiring 26 Nov 2038	2038	3.4%

Properties	WALE as at 31 Dec 2022
All hotel leases	6.5 years [(3)]
All retail/office leases	2.9 years [(4)]
New leases	13.7 years [(5)]

The weighted average lease expiry ("**WALE**") are shown separately for the hotel leases and retail/office leases as the nature and profile of these leases differ and separate disclosures are more meaningful.

In FY 2022, new leases entered into relates to Hotel Brooklyn, Angsana Velavaru and Claymore Connect, representing 11.6% [(6)] of total gross rental income for the year. The new lease for Angsana Velavaru was entered into on 14 December 2022 for commencement on 1 February 2023.

(1) Does not include properties which are (i) on management contracts, namely W Hotel, Raffles Maldives Meradhoo, the Japan Hotels, the Perth Hotels and Hilton Cambridge City Centre; and (ii) self-operated and managed by HBT Group, namely The Lowry Hotel.
(2) Expiry does not take into consideration the tenure under the extension options.
(3) WALE is computed assuming the tenant for Hotel Brooklyn exercises its break option to pre-terminate the lease on 15 January 2045. Assuming the tenant does not pre-terminate the lease, the WALE of the hotel leases is 7.8 years. WALE is based on FY 2022 actual gross rental income for hotels with leases.
(4) Based on passing rent in the month which the lease expires and excludes gross turnover rent.
(5) Based on passing rent in the month which the lease expires and excludes gross turnover rent for Claymore Connect. The hotels' WALE is based on FY 2022 actual gross rental income and assuming the tenant for Hotel Brooklyn exercises its break option to pre-terminate the lease on 15 January 2045. Assuming the tenant does not pre-terminate the lease, the WALE of the new leases is 24.8 years.
(6) Computed as a percentage of gross rental income of all properties with leases for FY 2022.

YEAR IN REVIEW

PERFORMANCE BY COUNTRY AND PROPERTY [1]

	FY 2022 S$'000	FY 2021 S$'000	Better / (Worse)	FY 2022 S$'000	FY 2021 S$'000	Better / (Worse)
PROPERTIES WITH LEASES	**Gross Rental Revenue**			**Net Property Income**		
Singapore	**65,965**	**37,088**	**77.9%**	**61,523**	**32,497**	**89.3%**
Singapore Hotels	***60,228***	***33,514***	***79.7%***	***57,583***	***31,099***	***85.2%***
Orchard Hotel	19,975	10,300	93.9%	19,320	9,624	100.7%
Grand Copthorne Waterfront Hotel	13,996	7,200	94.4%	13,306	6,553	103.1%
M Hotel	9,807	6,100	60.8%	9,330	5,602	66.5%
Copthorne King's Hotel	9,342	4,914	90.1%	8,790	4,616	90.4%
Studio M Hotel	7,107	5,000	42.1%	6,837	4,704	45.3%
Singapore Retail	***5,738***	***3,574***	***60.5%***	***3,940***	***1,398***	***181.8%***
Claymore Connect	5,738	3,574	60.5%	3,940	1,398	181.8%
New Zealand	**10,483**	**21,640**	**(51.6)%**	**10,483**	**21,640**	**(51.6)%**
Grand Millennium Auckland	10,483	21,640	(51.6)%	10,483	21,640	(51.6)%
Maldives	**7,825**	**6,621**	**18.2%**	**7,541**	**6,403**	**17.8%**
Angsana Velavaru	7,825	6,621	18.2%	7,541	6,403	17.8%
United Kingdom	**3,502**	**–**	**N.M**	**3,502**	**–**	**N.M**
Hotel Brooklyn (Acquired on 22 February 2022)	3,502	–	N.M	3,502	–	N.M
Germany	**9,025**	**8,189**	**10.2%**	**7,395**	**5,786**	**27.8%**
Pullman Hotel Munich	9,025	8,189	10.2%	7,395	5,786	27.8%
Italy	**3,385**	**1,748**	**93.6%**	**3,203**	**1,507**	**112.5%**
Hotel Cerretani Firenze – MGallery	3,385	1,748	93.6%	3,203	1,507	112.5%
Sub-Total	**100,186**	**75,286**	**33.1%**	**93,647**	**67,833**	**38.1%**
MANAGED PROPERTIES [2]	**Gross Hotel Revenue**			**Net Property Income**		
Singapore	**53,052**	**31,352**	**69.2%**	**15,145**	**6,608**	**129.2%**
W Singapore – Sentosa Cove	53,052	31,352	69.2%	15,145	6,608	129.2%
Australia	**17,532**	**8,763**	**100.1%**	**2,990**	**1,869**	**60.1%**
Ibis Perth [3]	8,260	4,237	94.9%	2,068	918	125.3%
Mercure Perth [3]	9,272	4,526	104.9%	922	951	(2.9)%
Maldives	**14,906**	**13,314**	**12.0%**	**739**	**1,681**	**(56.0)%**
Raffles Maldives Meradhoo	14,906	13,314	12.0%	739	1,681	(56.0)%
Japan	**4,558**	**3,437**	**32.6%**	**1,154**	**386**	**199.0%**
Hotel MyStays Asakusabashi	2,311	1,616	42.9%	512	24	N.M
Hotel MyStays Kamata	2,247	1,821	23.4%	642	362	77.3%
United Kingdom	**39,122**	**25,572**	**53.0%**	**10,044**	**7,733**	**29.9%**
Hilton Cambridge City Centre	18,354	10,791	70.1%	5,913	3,819	54.8%
The Lowry Hotel	20,769	14,781	40.5%	4,131	3,914	5.5%
Sub-Total	**129,170**	**82,438**	**56.7%**	**30,072**	**18,277**	**64.5%**
Total Portfolio	**229,356**	**157,724**	**45.4%**	**123,719**	**86,110**	**43.7%**

(1) Numbers and percentages may not add up due to rounding.
(2) These are properties with management contracts, with the exception of The Lowry Hotel which is self-managed.
(3) As the leases for the Perth Hotels have expired, fixed rent was received up to 30 April 2021. Gross rental revenue (and NPI of the same amounts) was S$0.6 million and S$0.9 million for Ibis Perth and Mercure Perth respectively for the period between 1 January 2021 to 30 April 2021. Subsequent to the expiry of these leases, CDLHT entered into hotel management agreements with AccorHotels to manage the hotels and the contribution from 1 May 2021 onwards was recognised based on hotel trading performance.

Raffles Royal Residence, Raffles Maldives Meradhoo

REVIEW OF FINANCIAL PERFORMANCE

On the back of an accelerated recovery in global travel, with most countries treating COVID-19 as endemic, the majority of CDLHT's portfolio markets have recorded robust growth in performance. For FY 2022, CDLHT recorded gross revenue of S$229.4 million, an increase of 45.4% from FY 2021. The improvement across the portfolio was offset by lower contribution from the New Zealand Hotel, which returned to public trading from 2Q 2022 after exiting the government's isolation programme. Supported by the positive trends in global travel during 2H 2022, the RevPAR of all geographical markets (except New Zealand) recorded improvements in FY 2022 yoy. Notably, 13 (out of 17 (1)) hotels achieved a RevPAR level in 4Q 2022 exceeding that of 4Q 2019 (pre-pandemic).

Driven by the stronger topline performance, NPI increased by 43.7% or S$37.6 million yoy to S$123.7 million in FY 2022. The higher NPI in FY 2022 was primarily driven by the Singapore portfolio and UK Hotels, which collectively increased by S$43.4 million yoy (including an inorganic contribution of S$3.5 million from Hotel Brooklyn). This increase was offset by lower NPI from the New Zealand Hotel, which decreased by S$11.2 million yoy.

In FY 2022, the total distribution (after deducting income retained for working capital) was S$69.7 million, 32.6% higher yoy. Accordingly, DPS (after deducting income retained for working capital) for FY 2022 was 5.63 cents, 31.9% higher yoy. The total distribution includes a capital distribution from UK, Europe and Perth properties of S$6.4 million arising from operating cashflows. In FY 2021, capital distribution was higher at S$15.4 million primarily due to the inclusion of a partial distribution of sales proceeds of S$12.5 million from past divestments. On a same-store basis, excluding the capital distribution of S$12.5 million in FY 2021, the total distribution and DPS for FY 2022 would have improved by 74.0% and 72.7% yoy respectively.

Operating Expenses	FY 2022	FY 2021
Total Operating Expenses (2) (S$'000)	149,698	129,928
Net Asset Value (3) (S$'000)	1,786,218	1,635,334
Total Operating Expenses as a Percentage of Net Asset Value	**8.4%**	**7.9%**

(1) Excludes Hotel Brooklyn, which is on a fixed rent occupational lease
(2) Refers to all operating expenses (including property taxes and insurance) and all fees and charges (including acquisition fees) paid to the Managers and interested parties. The increase in operating expenses in FY 2022 was mainly due to improved hospitality business following the easing of pandemic-related restrictions by governments across CDLHT's geographical markets. Refer to page 168 of the Financial Statements for details relating to the operating expenses.
(3) After deducting for non-controlling interests.

YEAR IN REVIEW

HOTELS' PERFORMANCE FOR FY 2022

Singapore

Singapore recorded 6.3 million tourist arrivals in FY 2022, representing 33.0% of total 2019 arrivals as border restrictions were only fully lifted for all fully vaccinated travellers arriving via air or sea from late April 2022 onwards. However, the longer average length of stay of 5.0 days in 2022 translated to 31.8 million visitor days which is about 49.6% of visitor days in 2019 [(4)].

In contrast to FY 2021, during which CDLHT's Singapore Hotels were supported by government isolation contracts throughout most of the year, the majority of these agreements ended by mid-2022, with the exception of only one hotel that remained an isolation facility by the end of the year. Refurbishment works at Studio M Hotel from 7 February 2022 to 26 May 2022 took 215 rooms out of inventory, while an average of 111 rooms at Grand Copthorne Waterfront Hotel were out of order due to ongoing renovations from 24 October 2022. Despite a moderately slow start to the year before restrictions were fully lifted in late April 2022 [(5)], the recovery of both domestic and inbound demand, along with a series of sporting and citywide events and conventions, fuelled the demand for accommodations.

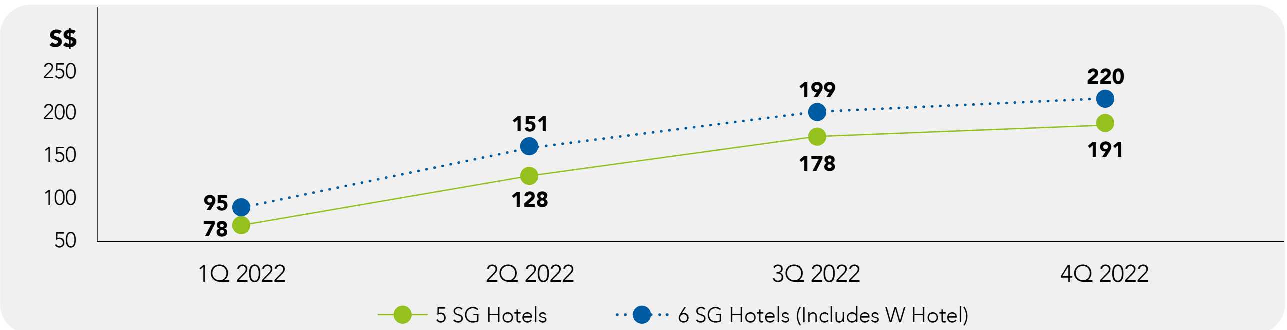
Overall, NPI from the Singapore Hotels showed significant improvement, an increase of 92.9% or S$35.0 million yoy, reaching S$72.7 million for FY 2022. The year ended on a positive note for the Singapore Hotels, with all six hotels surpassing the 4Q 2019 RevPAR levels in 4Q 2022. The Singapore Hotels collectively reported a RevPAR of S$166 for FY 2022, more than double of the RevPAR of S$82 for FY 2021.

On the supply front, Singapore's hotel inventory is estimated to increase by 2,618 rooms for the rest of 2023, representing approximately 3.8% of existing room stock. Supply growth is expected to remain low in the short term, at a compound annual growth rate of 2.8% from March 2023 to end 2025 [(6)].

At Claymore Connect, retail activity gradually picked up in the second half of the year due to the progressive relaxation of group size limits at F&B establishments. During the year, the mall continued to focus on securing new leases, increasing rental levels for renewals and reducing operating costs. As a result, Claymore Connect achieved NPI of S$3.9 million in FY 2022, an increase of S$2.5 million yoy, primarily due to an improved trade mix, new tenant commencement and a higher occupancy.

CDLHT's Singapore Hotels Performance	FY 2022	FY 2021	Better / (Worse)
Average Occupancy Rate [(7)]	76.1%	72.8%	3.3pp
Average Daily Rate	S$219	S$112	95.3%
RevPAR [(7)]	S$166	S$82	104.1%

RevPAR of CDLHT's Singapore Hotels



(4) Singapore Tourism Analytics Network
(5) Ministry of Health, Singapore, Further Easing of Community and Border Measures, 22 April 2022
(6) Sources: Hotels Licensing Board (8 March 2023), Horwath HTL (December 2022) and CDLHT research (March 2023). Based on the number of hotel rooms as at 8 March 2023 by Hotels Licensing Board, adjusted by CDLHT for rooms known to be taken out of inventory.
(7) There were 146 rooms taken out of the inventory for Studio M Hotel due to the inability to access the rooms for works to be conducted since May 2020. This increased to 215 rooms from 7 February 2022, as the hotel re-commenced refurbishment works following its exit from the government contract business, with full inventory becoming available from 27 May 2022. A total of 7,666 room nights were taken out of inventory for Grand Copthorne Waterfront Hotel from 24 October 2022 to 31 December 2022 due to renovation works, which is expected to continue into 1H 2023. Excluding the out of order rooms, for FY 2022 and FY 2021, occupancy would be 78.3% and 77.2% respectively while RevPAR would be S$171 and S$86 respectively.

Overseas

CDLHT's Overseas Hotels RevPAR	FY 2022	FY 2021	Better / (Worse)
NZ Hotel (NZ$)	128	175	(26.8)%
Perth Hotels (A$)	87	49	75.6%
Japan Hotels (¥)	4,393	2,729	61.0%
Maldives Resorts (US$)	322	256	25.9%
UK Hotels (£) [8]	123	72	70.2%
Germany Hotel (€)	86	28	207.3%
Italy Hotel (€)	152	35	339.3%

In New Zealand, facilities throughout Auckland were gradually released from the government isolation program alongside the progressive lifting of border restrictions for non-citizens. Grand Millennium Auckland, which reopened to the public on 9 June 2022, faced a recovery that was hampered against a backdrop of labour constraints limiting maximum occupancy levels, traditionally low winter demand and gradual international flight capacity restoration. Consequently, for FY 2022, the New Zealand Hotel recorded a 26.8% yoy decrease in RevPAR to NZ$128 and NPI decline of 51.6% yoy to S$10.5 million.

In Australia, the contribution from CDLHT's Perth Hotels was based on the actual trading performance in FY 2022, as compared to FY 2021 during which the fixed rent structure was in place until April 2021. While demand was affected by international border closures in 1Q 2022, there was a significant improvement from June 2022, following the lifting of state-wide restrictions (including mandatory mask-wearing and capacity limits at sports events and concerts) in late April 2022 [9]. Additionally, the recovery of shipping and mining demand, as well as national and international sporting events contributed to this improvement. The Perth Hotels recorded a 75.6% yoy increase in RevPAR to A$87 and achieved NPI of S$3.0 million in FY 2022, an increase of 60.0% or S$1.1 million yoy.

For most of 2022, Japan maintained restrictions on foreign arrivals, before lifting these measures on 11 October 2022 [10]. Due to the lack of international arrivals, rates remained low prior to November 2022. However, there was a significant acceleration in rate recovery as inbound travel resumed following the reopening. In FY 2022, the Japan Hotels achieved a RevPAR growth of 61.0% yoy to ¥4,393, coming from a relatively low base in FY 2021. Despite the depreciation of JPY during the year, NPI improved by S$0.8 million or 199.0% yoy to S$1.2 million for FY 2022.

In the Maldives, tourist arrivals experienced a yoy growth of 26.7% in 2022 and nearly recovered to pre-pandemic levels, reaching 98.4% of 2019 levels [11]. This was achieved despite the absence of inbound tourism from China and a brief setback from late 1Q to 2Q 2022 due to the Russian-Ukraine war, which affected demand. While the Maldives benefitted from being one of the few fully-opened Indian Ocean destinations in the early part of the year, the reopening of alternative island destinations and the strengthening of the US dollar resulted in weakened demand for the Maldives' resorts from 4Q 2022. In FY 2022, the Maldives Resorts recorded a 25.9% yoy increase in RevPAR to US$322. The Maldives Resorts achieved a marginal NPI improvement of 2.4% or S$0.2 million yoy to S$8.3 million after taking into account cost increases.

Although the outbreak of the 'Omicron' variant caused a slow start to the year in the UK, consumer confidence improved quickly after all remaining domestic restrictions were lifted on 24 February 2022 [12]. For FY 2022, Hilton Cambridge City Centre and The Lowry Hotel achieved a collective RevPAR growth of 70.2% yoy to £123, against a comparatively low base in FY 2021 when hospitality businesses were only permitted to accept leisure business from 17 May 2021. The Lowry Hotel recognized a one-off S$0.8 million (£0.4 million) business rate refund as income in FY 2021, which was not present in FY 2022. FY 2022 included an inorganic NPI contribution of S$3.5 million from the newly acquired Hotel Brooklyn, which is under an inflation-adjusted fixed lease. Notwithstanding the weakening of GBP during the year, NPI from the UK portfolio increased by 75.2% or S$5.8 million yoy to S$13.5 million for FY 2022.

(8) Excludes Hotel Brooklyn which is under a fixed rent occupational lease.
(9) ABC.net.au, "WA's relaxed COVID rules explained, from masks and G2G passes, to close contact changes", 27 April 2022
(10) Kyodo News, "Japan scraps COVID border controls in hopes of reviving tourism boom", 11 October 2022
(11) Ministry of Tourism, Republic of Maldives
(12) Gov.uk, "Prime Minister sets out plan for living with COVID", 21 February 2022

YEAR IN REVIEW

Pullman Hotel Munich in Germany experienced a slow start to the year due to pandemic-related restrictions that were in place for most of 1Q 2022. The recovery of the Germany Hotel was subsequently supported by the easing of these restrictions and robust return of corporate travel, along with a series of citywide events. In FY 2022, the Germany Hotel achieved its highest annual ADR of €157 since it was acquired in 2017, resulting in an improved RevPAR of €86, up from a low base of €28 in FY 2021 when nationwide travel restrictions were in effect. After taking into account the depreciation of EUR and the recognition of variable rent of S$1.9 million (€1.3 million), NPI increased by 27.8% or S$1.6 million yoy to S$7.4 million for FY 2022.

In Italy, Hotel Cerretani Firenze remained operational throughout 2022, except for a short three-week period in late July 2022 for air-conditioning repair works, as compared to a five-month closure in 2021 due to travel restrictions. The demand for the Italy Hotel was primarily from domestic, intra-Europe, and US leisure travel, further supported by the return of events and festivals. The Italy Hotel achieved its highest annual ADR of €229 since its acquisition in 2018, which boosted RevPAR to €152 for FY 2022, as compared to a low base of €35 for FY 2021. Despite the weaker EUR, the Italy Hotel's NPI more than doubled from S$1.5 million in FY 2021 to S$3.2 million for FY 2022, due to the recognition of variable rent of S$1.5 million (€1.1 million) during the year. In FY 2021, no variable rent was recognised due to the lessee's clawback of its cumulative losses incurred during the pandemic.

ENHANCING RESILIENCE AND INCOME STABILITY

Strengthening Fixed Rental Base

On 22 February 2022, CDLHT completed the acquisition of Hotel Brooklyn, a 189-key 4-star upscale lifestyle hotel centrally located within the heart of Manchester, UK, for a property consideration of £22.8 million from RAHoldingsUK Limited. Cushman & Wakefield Debenham Tie Leung Limited valued Hotel Brooklyn at £25.3 million as at 31 December 2021, using the capitalisation method, which is 10.9% higher than the property consideration of £22.8 million.

Hotel Brooklyn is leased to HLD (Manchester) Limited on a fully repairing and insuring basis, subject to upward-only rent review provisions broadly based on inflation, thus providing CDLHT with a fixed rental income stream. The term of this occupational lease is for 60 years commencing on 7 May 2021 and expiring on 6 May 2081, with a break option exercisable by the occupational tenant on 15 January 2045, and then on every fifth anniversary from that date. The fixed rent for Hotel Brooklyn was increased to £2.4 million (S$4.1 million) for the period commencing 7 May 2022 to 6 May 2023 following the annual inflationary adjustment. This acquisition aligns to CDLHT's strategy of enhancing the stability of its income streams.

As a lifestyle hotel within walking distance to the central business district and popular tourist attractions in the vicinity, Hotel Brooklyn appeals to both corporate and leisure guests. The hotel is within an 8-minute walk to Manchester's main train station and approximately 13.4 kilometres (20-minute drive) from the Manchester Airport. The addition of Hotel Brooklyn to CDLHT's growing collection of lifestyle hotels enables the portfolio to be positioned to capture the growing global consumer demand for unique and experiential accommodations.


Façade, Hotel Brooklyn


Liberty Room, Hotel Brooklyn

On 14 January 2022, NKS Hospitality I B.V. ("**NKS**"), an indirectly-owned subsidiary of H-REIT, entered into an asset purchase agreement with Provent Immobilien Beteiligungs GmbH ("**Provent**") for the purchase from Provent of the remaining 0.49% co-ownership share of the Pullman Hotel Munich for a net purchase consideration of S$0.6 million (€0.4 million). The purchase consideration which was subject to inflation adjustment was agreed upon during the initial acquisition of Pullman Hotel Munich. The acquisition of Provent's co-ownership share was completed on 4 March 2022, following which H-REIT owns an effective 94.9% interest in the Pullman Hotel Munich.

UK Build-to-Rent Project Under Development Through a Forward Funding Scheme

On 31 August 2021, CDLHT invested in a residential Build-to-Rent project through a forward-funding scheme in Manchester, UK. Construction of the development is currently in progress and the superstructure has been completed to more than half of the total building height of 24 levels above ground. Works on the building façade, interior and services are ongoing and development completion is currently expected to be by 3Q 2024.

In Manchester, average residential rents in December 2022 have increased by 20.4% year-on-year, driven by strong demand for residential units in the city. Demand had also far exceeded supply which resulted in a low number of available properties for rent at any one time and short letting speeds [13].

The Castings (Concept drawing – subject to change)

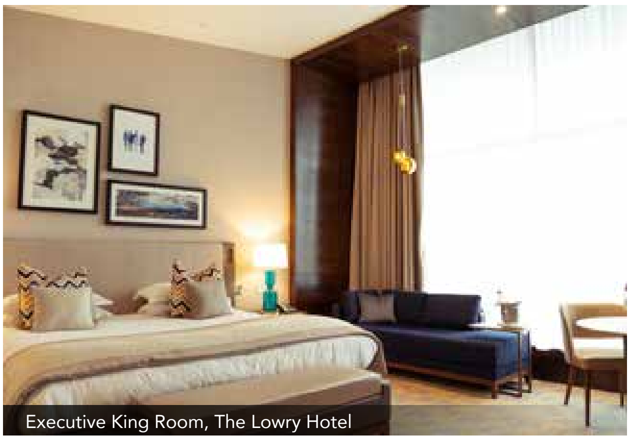
The Castings (Construction progress)

MAINTAINING COMPETITIVENESS AND STRENGTHENING MARKET POSITIONING

The Managers continuously work with the master lessees and hotel managers to enhance the quality of CDLHT's assets under management, with the ultimate goal of increasing value and returns for the Stapled Security Holders.

In the UK, The Lowry Hotel completed the full refurbishment of two floors in August 2021 and the remaining four floors were completed in early-2022. These enhancements have boosted the guest experience and strengthened the hotel's positioning as one of the premier hotels in Manchester.

At Studio M Hotel, a unique lifestyle hotel in Singapore, the refurbishment of all 360 rooms was completed in May 2022, elevating the hotel's product offering and market positioning.



Executive King Room, The Lowry Hotel

(13) urbanbubble, Manchester Monitor Q4 2022

YEAR IN REVIEW

Grand Deluxe Waterfront Room,
Grand Copthorne Waterfront Hotel

Meeting Room (Concept drawing – subject to change),
Grand Copthorne Waterfront Hotel

Grand Copthorne Waterfront Hotel commenced the refurbishment for 549 rooms in phases in October 2022, which is expected to continue through June 2023. As part of the refurbishment project, the rooms will be upgraded with intelligent guest services and room management systems. In addition, the hotel's meeting facilities will undergo extensive rejuvenation from April 2023 to July 2023. These asset enhancement initiatives will strongly boost the prospects for the hotel as one of the pre-eminent conference hotels in Singapore.

The connectivity of Grand Copthorne Waterfront Hotel, along with Copthorne King's Hotel and Studio M Hotel, are greatly enhanced with the opening of the new Havelock MRT station in November 2022, located in close proximity to the hotels.

STRONG CAPITAL STRUCTURE AND PRUDENT RISK MANAGEMENT

In FY 2022, interest costs were higher mainly due to higher funding costs on CDLHT's floating rate loans, refinancing of fixed rate loans, and additional loans taken to fund the acquisition of Hotel Brooklyn. Notwithstanding the higher interest costs, CDLHT remains committed to maintaining a strong financial position and adopts proactive interest rate management strategies by maintaining an appropriate percentage of fixed rate borrowings and utilising interest rate swaps.

CDLHT remains well-supported by the banks and approximately S$509 million of loans and bank facilities were refinanced during the financial year. To manage interest rate risks, CDLHT entered into three fixed-rate interest rate swaps and a cross currency swap to hedge against the interest rate volatility arising from (i) the progressive draw down of the UK BTR development term loan facility (£60.2 million); (ii) the funding of the acquisition of Hotel Brooklyn (£24.1 million); and (iii) re-financing of a €64.0M loan. In addition, proceeds from previous divestments amounting to £18.8 million were utilised to partially pare down the UK borrowings. These initiatives were taken to partially mitigate the interest cost increases. As at 31 December 2022, CDLHT had a robust financial position with a low gearing ratio of 36.6%.

As at 28 February 2023, CDLHT has access to short-term uncommitted bridge loan facilities of S$400.0 million to pursue suitable investments and cash and undrawn committed revolving credit facilities and term loan amounted to S$267.8 million. CDLHT has a strong balance sheet to meet its capital funding requirements, including for the UK BTR development project. Additionally, a high proportion of unencumbered property value of approximately 94.7% provides CDLHT with financial flexibility for future financing.

In February 2023, CDLHT utilised its revolving credit facility to repay a one-year bridge loan that was used to acquire Hotel Brooklyn in February 2022 (£23.1 million). The borrowing is on a fixed-rate basis with interest locked in through an interest rate swap entered in March 2022.

STAPLED SECURITY PRICE STATISTICS [14]

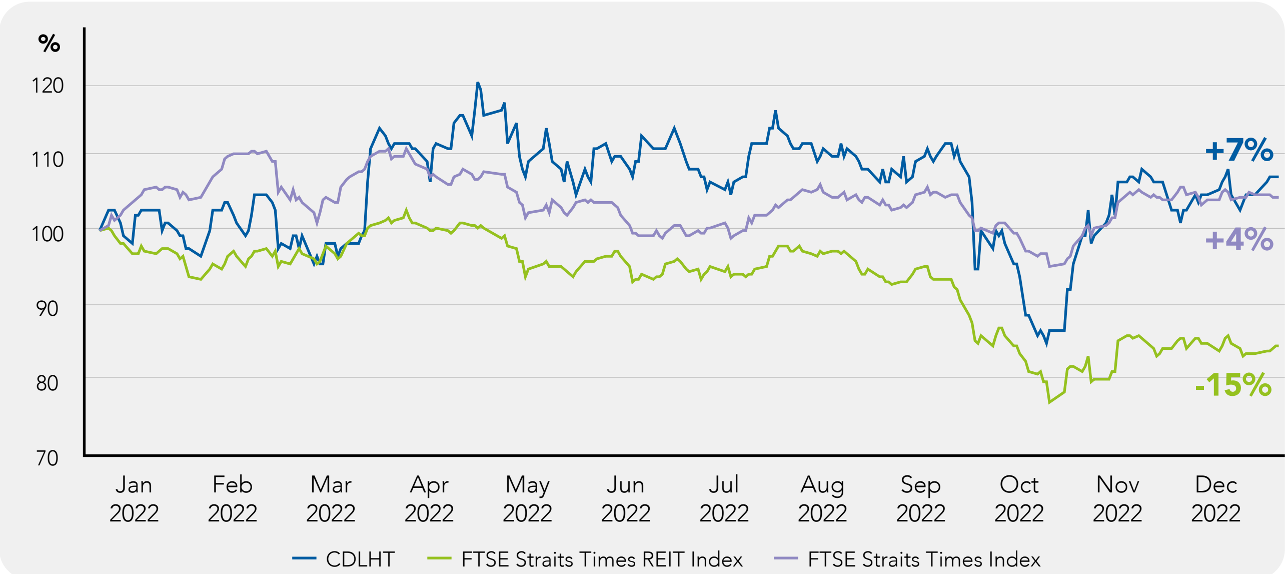
CDLHT closed at a price of S$1.250 per Stapled Security as at 30 December 2022 (last trading day of 2022). Since IPO to 30 December 2022, the Stapled Security's price has appreciated by 50.6%. On the back of the hospitality sector's recovery from the pandemic, the Stapled Security's price increased by 6.8% in year 2022, from S$1.170, the closing price as at 31 December 2021.

Assuming a Stapled Security Holder held the Stapled Securities from IPO till 30 December 2022 and had the distributions been reinvested in the Stapled Securities of CDLHT on the day they were paid out, the total return to the Stapled Security Holder would have been 303.5%. On the same basis and assuming a Stapled Security Holder held the Stapled Securities from 1 January till 31 December 2022, the total return of the Stapled Securities would have been 11.3% in 2022.

Summary of Stapled Security Statistics	2022	2021
IPO as at 19 July 2006 (S$)	0.830	0.830
Closing price as at last trading day of preceding period (S$)	1.170	1.270
Closing price as at last trading day of current period (S$)	1.250	1.170
Highest closing price (S$)	1.390	1.310
Lowest closing price (S$)	1.000	1.040
Weighted average price (S$)	1.227	1.207
Average daily volume traded (number of Stapled Security in millions)	2.2	1.6
Trading volume traded (number of Stapled Securities in millions)	554.4	410.0

Return on Investment	From 1 Jan 2022 to 30 Dec 2022	Since Listing on 19 Jul 2006 to 30 Dec 2022
Price Change	6.8% [15]	50.6%
Total Return [16]	11.3%	303.5%

COMPARATIVE TRADING PERFORMANCE FOR FY 2022 [17]



(14) Source: Bloomberg
(15) Calculation of the price change is based on the closing price on 30 December 2022 compared with the closing price on 31 December 2021.
(16) Total return assumes the distributions paid out during the respective periods are reinvested in the Stapled Securities.
(17) Source: Bloomberg

MARKET REVIEW

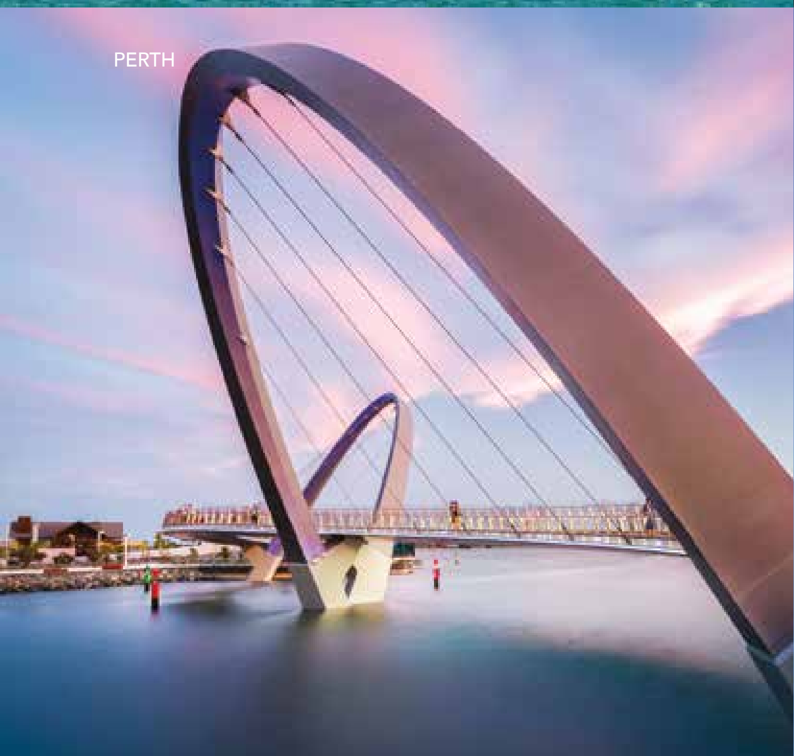
SINGAPORE

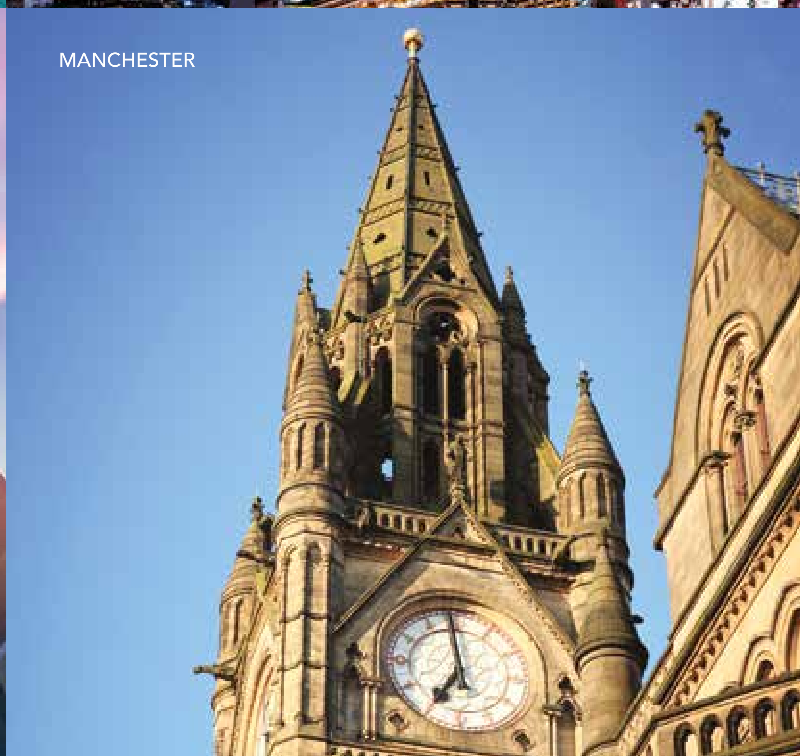
CAMBRIDGE

MUNICH


AUCKLAND


JAPAN


PERTH


MANCHESTER


MALDIVES


FLORENCE

SINGAPORE HOTEL PROPERTY SECTOR

CBRE

SINGAPORE TOURISM MARKET

Over the course of the COVID-19 pandemic, waves of infections globally resulted in prolonged international border closures and the intermittent suspension of travel lane arrangements.

With Singapore's border restrictions to short term visitors remaining largely in place for most of 2021, Singapore recorded 330,059 international visitor arrivals in 2021, amounting to only 1.7% of 2019 pre-pandemic levels and representing a decline of 88.0% from 2020. This variance can be mostly attributed to the higher number of visitor arrivals in 1Q 2020, prior to the onset of border restrictions.

The implementation of the Vaccinated Travel Lanes ("**VTL**") in September 2021, enabled quarantine-free travel into Singapore, resulting in a significant increase in visitor arrivals in 4Q 2021, approximately three times higher than 3Q 2021.

Singapore opened its borders to all vaccinated travellers on 1 April 2022. Under the Vaccinated Travel Framework, all fully vaccinated travellers were able to enter Singapore without serving a Stay-Home-Notice ("**SHN**") or applying for entry approvals. In 2022, Singapore's total visitor arrivals reached 6.3 million, representing 33.0% of the total visitor arrivals recorded in 2019. Notwithstanding the lower number of visitor arrivals, the average length of stay was higher in 2022 at 5.2 days as compared to 3.4 days in 2019. As a result, 33.1 million visitor days was recorded in 2022, amounting to 51.6% of 2019 levels. The total number of visitor arrivals in 2022 also exceeded the STB's forecast for the year. The STB expects visitor arrivals to double to between 12 million to 14 million in 2023, with full tourism recovery expected by 2024. The recovery in 2022 reflects the strong efforts from STB to boost tourism growth and we anticipate the strong recovery to continue into 2023.

EXISTING SUPPLY

The hotel market had seen limited new supply in the last two years due to the pandemic. As at December 2021, there were minimal new additions to the Singapore hotel market, with hotel room supply remaining steady at approximately 68,020 as at 2021. Out of this total supply, economy hotels accounted for approximately 10% of the total stock (6,900 rooms), midscale and upper midscale hotels accounted for approximately 34% (23,300 rooms), upscale and upper upscale accounted for 42% (28,500 rooms) and luxury hotels accounted for approximately 14% (9,200 rooms).

New openings in 2022 include Citadines Connect City Centre and Citadines Connect Rochester, both of which have hotel licenses, and Garden Pod @ Gardens by the bay, which offers a new and creative alternative to a typical hotel. Other openings were mostly rebrandings, such as Hotel Telegraph (formerly Sofitel So Singapore), Vibe Singapore Orchard (formerly Elizabeth Hotel), Pullman Singapore Orchard (formerly Park Hotel Orchard), Paradox Singapore Merchant Court (formerly Swissotel Merchant Court), voco Orchard Singapore (formerly Hilton Singapore) and Momentus Hotel Alexandra (formerly Park Hotel Alexandra).

FUTURE SUPPLY

Going forward, the new room supply pipeline is anticipated to remain muted with a CAGR of 2.7% between 4Q 2022 and 2025 compared to a pre-pandemic historical 5-year CAGR of 4.4% between 2014 to 2019. We anticipate approximately 5,400 keys to open between 4Q 2022 and 2025.

Identified key openings until 2025 include the 204-key The EDITION by Marriott, 62-key Raffles Sentosa Resort & Spa, 338-key Banyan Tree Mandai Park, 900-key Club Street Hotel, 142-key Artyzen Cuscaden, 143-key The Standard Singapore and 303-key Mondrian Singapore, among others.

Limited demand and increased construction costs due to supply chain issues and material/labour price increases will weigh on the hotel supply in the medium term.

HOTEL MARKET PERFORMANCE

The occupancy rate for hotels in Singapore in 2021 was 56.9%, primarily supported by local companies looking to house their foreign workers, domestic tourism following the launch of SingapoRediscover vouchers in December 2020 and business generated from the Singapore Government for hotels operating as Government Quarantine Facilities and dedicated SHN facilities. Notably, hotels were 100% block-booked by the Singapore Government for the contracted period regardless of the actual occupancy of the rooms. However, the contracted room rates were below the market norm. The launch of VTLs in September 2021 contributed to an improved performance of 72.1% occupancy in 4Q 2021.

Market-wide ADR improved 3.8% yoy to S$160 for 2021. Overall, 2021 market-wide RevPAR increased 3.0% yoy at S$91.

In April 2022, Singapore opened its borders to all vaccinated travellers, and from 10 October 2022 onwards, all vaccinated differentiated safe management measures were fully lifted. Market-wide ADR recovered to S$249 with an occupancy of 75.8%. Occupancy was higher by 18.9% yoy, a result of the complete reopening of Singapore's border controls and the resultant pent-up demand. Although occupancy was still below 2019's levels by approximately 11.2 percentage points, the ADR for 2022 was 12.7% higher than 2019. The recovery in ADR was driven by the opening of Singapore's borders and significant pent up demand, with the luxury and upscale hotel tiers seeing elevated activity with these asset types still being seen as relative value to travellers.

HOTEL MARKET OUTLOOK

Singapore has made significant progress, moving towards treating Covid-19 as an endemic by reinforcing medical infrastructure and ensuring the majority of their population is fully vaccinated. As a result, Singapore has now achieved a vaccination rate of over 90% for its population, which is among the highest within the region.

In the medium term from 2022 to 2023, we expect visitor arrivals to continue its recovery. By completely reopening its borders and easing off pandemic-related restrictions, Singapore is indicating to the world that it had maintained its position as a top destination within the region and that is being reflected in the recovery in visitor arrivals. With a well-managed pipeline of hotel room supply and efforts from STB to work with its tourism and MICE partners, it is embracing itself for the recovery of the leisure and essential business segments which are expected to see more growth in the medium-term. For example, STB is looking to boost both business and leisure travel in 2022 and beyond by ramping up marketing efforts. It has also launched the Tour Experience Innovation Lab to develop new innovative tour concepts. In addition to the recovery of inbound travel, these initiatives should help the industry recover from the crisis.

From 2024 and onwards, we expect the visitor arrivals to fully recover to pre-covid levels and this is supported by the infrastructure developments and tourism product offerings, and the recovery of the corporate and MICE segments. A compelling pipeline of infrastructure and tourism offerings include the Mandai Makeover, rejuvenation of Sentosa and Pulau Brani, new tourism hub at Jurong Lake District, Changi Airport Terminal 5 and the expansion of both Integrated Resorts. Our forecast of recovery is also in line with the latest forecast made by the International Air Transport Association in March 2022 in which global passenger volume is expected to return to pre-pandemic levels in 2023/2024.

PERTH, AUSTRALIA HOTEL PROPERTY SECTOR

CUSHMAN & WAKEFIELD

PERTH TOURISM MARKET

For the year ending September 2022 (latest available National and International visitors survey data), there were a total of 10.5 million overnight visitors to Western Australia. Domestic visitors (interstate and intrastate) made up most of the visitation, representing 10.3 million visitors and approximately 7% lower than the same period in 2019. There were approximately 200,000 international visitors for the year ending September 2022, which was lower than the same period in 2019 by approximately 78%.

Visiting Friends and Relatives (VFR) (55%), Holiday (36%) and Business (10%) were the predominant purposes of visit for domestic overnight visitors to Destination Perth for the period from April 2022 to September 2022.

EXISTING AND FUTURE SUPPLY

Between December 2016 and December 2020, 3,518 keys were added to the Perth market, mainly at the upper end of the scale with 5 new or refurbished (5-star) hotels accommodating 1,384 keys and 11 upper/midscale (4 and 4.5 star) hotels accommodating 2,134 keys. This increase in rooms has by far exceeded a State Government forecast indicating a need for 1,900 rooms by 2020. There is still a significant pipeline of development of over 2,500 hotel rooms approved or planned throughout metropolitan Perth, however with the current supply and inflationary environment causing high costs of construction it is unlikely these developments would be commercially viable in the short to medium term.

HOTEL MARKET PERFORMANCE

Perth hotel occupancy and RevPAR peaked in late 2012 but have since suffered a prolonged decline following a significant reduction in resources driven corporate demand and more recently, new stock having entered the market.

STR data for Perth indicated that in the year ended October 2022 occupancy increased by 18.3% whilst the ADR increased by 13.2% resulting in an increase to the RevPAR of 33.9% on the prior year, which shows solid improvement as the sector trades out of the restricted operating scenario brought about by the COVID pandemic. While ADR has bounced back to exceed pre-COVID levels, the occupancy level is still materially lower at 65.9%, compared to between 70% and 75% pre-COVID. The occupancy level is however continuing to climb towards pre pandemic levels.

HOTEL MARKET OUTLOOK

The occupancy levels are anticipated to remain artificially low whilst the COVID-19 pandemic continues and travel remains difficult as a result of limited options and high costs but should ease in the medium term as airlines manage to normalize operations and cost pressures potentially ease. Nevertheless, with over 3,500 rooms having been added to the Perth market in the past 5 years the market is expected to remain subdued with only modest ADR growth above normalized trade over the short to medium term, particularly within secondary stock. Earlier this year, we also saw hotels used for quarantine purposes re-enter the market and this increased room count will continue to place some pressure on both occupancy and ADR going forward, although the difficulties around finding additional staff are also a factor in this regards and may be a limiting factor for increasing supply.

Discussions with city hotel owners and operators indicate that they do not anticipate room night demand and therefore trade to reach pre-COVID 19 levels before 2023/24.

However, there is a greater degree of uncertainty around the trading outlook as the effects of the pandemic continue to weigh on the industry with air travel still being disrupted by staffing issues, the inflationary environment resulting in the cost of travel being more expensive than pre-COVID and the poor global economic outlook all impacting the tourism sector negatively.

AUCKLAND, NEW ZEALAND HOTEL PROPERTY SECTOR

JLL

AUCKLAND TOURISM MARKET

Auckland is a large metropolitan city in the North Island of New Zealand being the most populous urban area in the country with an estimated population of 1,440,300 (as at June 2022). Auckland is also the major economic and financial centre of New Zealand and a tourism 'gateway' with circa 75% of all overseas visitors arriving via Auckland (prior to the onset of the COVID-19 pandemic).

With the gradual re-opening of New Zealand international borders initially from 12 April 2022 (for vaccinated Australian travellers), for vaccinated travellers from visa-waiver countries from 3 May 2022 and fully unrestricted travel from 31 July 2022; the flow of international visitors has improved. However, as at December 2022, international passenger arrivals remain approximately 60% below 2019 passenger numbers.

As airline routes restart and flight service frequencies increase, the longer-term fundamentals of Auckland as a 'gateway' market to the New Zealand remain, providing support to the post-COVID-19 pandemic recovery of Auckland and New Zealand's tourism market.

EXISTING AND FUTURE SUPPLY

As at 31 December 2022, in Auckland, a total of 72 hotel and serviced apartment establishments (rated 3 stars and above comprising over 10,366 guest rooms) reported monthly trading statistics to Hotel Data New Zealand.

There are 12 hotel projects currently under construction and scheduled to enter the market between 2023 and 2024 throughout the Auckland region (although primarily within the CBD), comprising a total of approximately 1,900 rooms representing an approximate 18.4% increase over existing room inventory.

Focusing upon Auckland CBD located hotel projects that are under construction, we note the following:

- **Horizon Hotel Auckland (300 rooms)** – A 5-star hotel located opposite SkyCity Casino and immediately beside the New Zealand International Convention Centre (also under construction) ("NZICC"). Following the fire event at the NZICC site, completion has been delayed with no announcement of an opening date.
- **Precinct Properties/ One Queen Street Redevelopment** - A 21-storey redevelopment to include a 139 room InterContinental hotel across levels 6 to 11, with the balance of the floors on levels 12-20 accommodating 14,300 sqm of premium grade office space. A roof-top bar will be located on level 21. The project, which is scheduled for completion in late 2023, will be integrated with the Commercial Bay retail precinct offering a luxury hotel, office space, and food and beverage retail space.
- **Indigo Hotel** - At 53 Albert Street, NFF New Zealand Pty Limited ('94 Feet') commenced construction of the mixed use 41-storey tower with a 225-room 'Indigo' hotel (being a sub-brand of InterContinental Hotels Group) and 24 luxury private residences in July 2021. Construction is anticipated to span approximately two years.
- **Hotel Grand Chancellor** - A new build 12-storey hotel on a site opposite the New Zealand International Convention Centre that commenced construction in May 2021, with an anticipated completion in 2023. The 191-rooms will be spread across 10 levels, above a two-level podium offering a central courtyard with lobby café and a restaurant and meeting facilities located on the first floor.
- **Moxy Hotel** - Construction commenced in March 2022 of a new 16-level hotel on Wakefield Street comprising 185 rooms, a restaurant, meeting facilities, gallery space, breakfast bar and gym. Construction is anticipated to span approximately two years.

In addition to the above properties, there are still further medium to large scale Auckland CBD hotel projects that are proposed/ mooted which appear to be less advanced in terms of their planning/development although that has the potential to add further new room supply to the Auckland CBD accommodation market and pose direct/indirect future competition to the subject hotel.

However, despite that New Zealand is entering a 'post-pandemic' / recovery phase following the COVID-19 pandemic, there have been significant construction cost escalations in the New Zealand construction industry primarily as a result of labour and materials resource shortages; accordingly, the feasibility of new hotel construction has been materially affected and is likely to restrict the potential for any notable new hotel supply to enter the market after the build-out of current projects.

HOTEL MARKET PERFORMANCE

The impact of the COVID-19 pandemic on the Auckland accommodation sector was significant with year-ending December 2020 Auckland occupancy rate declining to 49.4% from 82.2% in 2019 and declining further in 2021 to 40.7%. ADR declined to $190 in 2020, from $196 in 2019, representing a fall of 3.6% yoy, and further decreased in 2021 to $178 (-6.8% yoy).

With the progressive re-opening of international borders, trading statistics for the period year ending December 2022 indicate that occupancy has improved to 53.7% (compared to 82.8% in 2019), coupled with a strong rebound in ADR to $204 (compared to $196 in 2019).

In summary, occupancies within Auckland remain at low levels when compared against pre-COVID-19 years, with ADR having demonstrated a high level of resilience.

HOTEL MARKET OUTLOOK

The tourism and hospitality market is experiencing a renewed sense of optimism as New Zealand has fully opened its air and maritime borders to all travellers with effect from 1 August 2022. With New Zealand entering a post-pandemic recovery phase, there is an anticipation of normal levels of performance in the medium term, assuming no further setbacks. However, it is unclear how quickly the market will recover after enduring two years of COVID-19 market conditions, and there remains a possibility of rapid changes in the market conditions.

Looking to other markets to establish post-pandemic trends, we are aware that Australian main centre hotel markets have seen strong occupancy uplift in for the period year ending December 2022, although Melbourne and Sydney in particular remaining materially below 2019 occupancy levels. However, there has been very strong ADR growth across all key markets, with double-digit percentage gains during 2022. For example, Sydney ADR has risen to $296 (compared to $223 in 2021), while Melbourne ADR has experienced a 41% increase from $164 to $232.

For the Auckland market, as border restrictions were only lifted from 31 July 2022, it is too early to observe any clear trend or growth trajectory able to be supported by empirical data. Notwithstanding this, there is potentially a shorter recovery profile in a post COVID-19 pandemic market, than has generally been considered in the past by active New Zealand investors.

In response to opening of international borders from 1 August 2022, airlines have re-commenced international services, and are adding new routes or increases in frequency and passenger capacity at Auckland Airport as demand returns. As at 30 June 2022, there were 17 airlines servicing 28 international destinations in comparison to with 29 airlines servicing 43 international destinations pre-pandemic in 2019.

Based upon the above background and our best estimates of future demand and supply projections and relying heavily upon market sentiment, we are forecasting an average occupancy for the Auckland hotel market in the range of 65% over calendar year 2023, followed by a circa 2-year 're-stabilisation' period, being recovery from the pandemic plus a time period for the market to reach a new equilibrium following supply introductions, although ultimately remaining below the pre-COVID-19 occupancy levels, which were in the range of between 80% to 85% when hotel room supply / availability was heavily constrained.

MALDIVES HOTEL PROPERTY SECTOR

CBRE

TOURISM MARKET OVERVIEW

The Maldives was one of the few markets within APAC to ease off its border restrictions in July 2020. With the gradual recovery of international tourism globally and the growing appeal of resort destinations, the tourism and hospitality market for Maldives had made a remarkable recovery. Total arrivals reached 1.7 million in 2022, a significant 26.7% increase over 2021 and representing 98.4% of the levels achieved in 2019. The number of international flight movements reached 15,289 which is 10.9% higher than the flight movements received in 2019.

The increase in visitor arrivals reflects the tourism ministry's strong efforts to boost tourism growth. The ministry continues to market and keep Maldives in the minds of travellers and rebuild demand with various initiatives. Some of the latest initiatives include promoting the resort destination as a leading MICE destination, offering homestay holidays and continually targeting the traditional strong markets of Europe, as well as top markets like India and China.

It is noteworthy that the 2022 arrivals were ahead of 2021 despite the reduced airflight capacity and absence of Chinese arrivals. As China reopens, many industry players are anticipating the positive benefits it will bring to the Asia region in 2023 which can help to soften the possible global recession. With the strong demand fundamentals of the Maldives market, we envisage growth momentum for the tourism and hospitality markets in Maldives for the year ahead.

EXISTING AND FUTURE SUPPLY

According to STR AM:PM, there are currently 19,210 hotel and resort rooms across the Maldives market as at end of 2022. Approximately six new resorts have opened in 2022, contributing about 654 rooms. This equates to a growth rate of approximately 3.5% yoy. Supply grew at a CAGR of approximately 6.4% from 2014 - 2019, before dropping to approximately 5.9% from 2017 - 2022. Key openings include the 109-key Hilton Amingiri, 68-key OBLU Select Lobigili and the 268-key OBLU XPERIENCE Maldives Ailafushi, among others. About 60.3% of the total stock are made up of the upper upscale and luxury segment, demonstrating the upmarket positioning of the Maldives. About 35.5% are accounted for by the midscale and upscale segments and the remaining 4.2% are made up by the economy segment.

The new room supply pipeline is expected to have a CAGR of 3.1% between 2023 and 2026 compared to the pre-pandemic historical five-year CAGR of 6.4% between 2014 and 2019. We project approximately 1,935 keys to open between 2023 and 2026.

Identified key openings until 2026 include the 96-key Gran Melia Huravee, 80-key Sofitel So Maldives, 54-key Bulgari Resort Fuggiri, 130-key Hyatt Regency Maldives, 130-key Mandarin Oriental and the 80-key JW Marriott Maldives Male Atoll, among others. Approximately 48.7% of the supply will be contributed by the Luxury and Upper Upscale segments, followed by the Upscale and Upper Midscale at approximately 41.0% and Economy and Independent at approximately 10.3%. This statistic is in line with what CBRE has observed in the APAC region where developers are looking to capitalise on the growing demand for upscale to high-end hospitality. Increased construction costs due to supply chain issues and the increase in material and labour cost are likely to weigh on the hotel supply in the medium term.

HOTEL MARKET PERFORMANCE

The positive results in the tourism market had benefitted the hotel market in the Maldives quite significantly during the past three years despite the occurrence of the COVID-19 pandemic.

ADR in 2022 was at US$619, an increase of 6.9% yoy and occupancy was at 63.8%, approximately 5.3 percentage points higher than in 2021. As a result, RevPAR was at US$395, a 16.5% increase yoy and representing a increase of 6.1% over 2019 levels.

During the past three years, the Maldives Government had actively helped to support the tourism and hospitality sectors in the Maldives as it is a key sector to the country's economic growth. This had resulted in the Maldives being one of the few markets to begin an early recovery path and its current hotel market performance indicates the market is enjoying a V-shaped recovery curve and this reflects the strong marketing efforts from respective authorities, and the effects of pent-up demand.

Further growth in arrivals is expected in the short to medium term at the back of the Maldives's strong reputation as a leading beach and resort destination and the impending opening of the new airport terminal which is expected to increase the airport capacity from 4 to 7.5 million per annum. The demand fundamentals remain strong, with the Luxury and Upscale hotel tiers seeing elevated activity and remaining popular among luxury travellers.

HOTEL INVESTMENT MARKET

The market is fairly thin in the Maldives but the market has seen a robust 24 months, with approximately US$635 million of transactions across seven properties, averaging approximately at US$90.7 million per transaction. In 2022, the Outrigger Maldives Maafushivaru Resort, W Maldives, and Sheraton Full Moon Resort & Spa were transacted at undisclosed prices and yields. The Outrigger Maafushivaru Maldives was purchased by Outrigger Enterprises Ltd, and the W, and Sheraton Full Moon was purchased by KSL APAC Investments LLC. Buoyant transaction volumes across the market reflect the upbeat investor sentiment and strong belief in the continued growth of the Maldives hotel investment market.

The amendments from the government to the 10th Amendment to the Tourism Act in 2020 to lower the rental rates in the northern and southern atolls to boost development and the invitation from the government to invite investors to bid for 16 out of a planned 28 islands for development also demonstrates to investors that the Maldives government continue to support foreign investment through its policies on tourism investment.

At the same time, it is still quite rare to see distressed assets for disposal unless they are over leveraged. Furthermore, this is also likely due to owners and hoteliers' optimism on the market recovery. In addition, most owners – either institutional investors or wealthy families, are still financially strong and can hold on to their assets as they wait for occupier demand to make a full recovery. We also note that there is a global overweight of capital at the moment looking for the right opportunity and timing to enter the market.

HOTEL MARKET OUTLOOK

International tourism had returned strongly on the back of pent-up demand and the Maldives remained an attractive destination for leisure travels due to its reputation as a top resort destination in the region. With the continued strong marketing efforts by the authorities, the Maldives continues to be well positioned to receive more leisure travellers in the months ahead, and especially with the reopening of the China market, which used to be the top feeder market to the Maldives pre-COVID.

According to the latest forecast by the International Air Transport Association ("IATA") in December 2022, global passenger volume is expected to return to 2019 levels in 2024 and to expand significantly over the next twenty years. Further, the IATA expects the APAC region to be the fastest growing over the next twenty years, adding approximately 2.5 billion passenger trips by 2040, equating to an average annual growth rate of 4.5%. The medium-term growth outlook for the Maldives remains favourable and this further reinforces its attractiveness to leisure visitors.

However, CBRE does note that the future top line performances of hotels in the Maldives market depend on a variety of factors including global economic conditions, the development of COVID-19 pandemic and its variants, as well as the significant increase in operating expenses for hotel operators, particularly for labour and utilities. Notwithstanding these uncertainties, overall forward-looking market expectation is that of moderate long-term growth in a fundamentally sound economic environment.

TOKYO, JAPAN HOTEL PROPERTY SECTOR

TOKYO TOURISM MARKET

Tokyo saw a strong recovery in demand in 4Q 2022, driven by the reopening of borders on 11 October and the launch of the nationwide travel subsidiary program. The recovery is still mainly driven by domestic tourists, and as at YTD October 2022, the number of domestic tourist arrivals in Tokyo surpassed that of the same period in 2019 by 24.4%, driving overall tourist recovery (both domestic and international) to 80% of pre-pandemic levels.

International visitation to Japan has seen a strong pick up since the reopening of its borders, welcoming 3.8 million visitors in 2022. While total international visitors in 2022 are still down by 88.0% from 2019, December 2022 is the first single month since February 2020 to exceed 1 million inbound visitors, recovering to about 50% of December 2019 levels.

EXISTING AND FUTURE SUPPLY

At the end of March 2022, Tokyo Metropolitan area had 3,654 hotels and ryokans with 205,327 guest rooms, sourced from Ministry of Health, Labour and Welfare.

Supply volume of the Tokyo hotel market was generally increasing from 2015 to 2019 along with the growing accommodation demand. In addition, the revision of the Hotel Business Law which went into effect on June 2018 and expectation for increased number of guests during the Olympics Games resulted in a significant increase in the number of hotels in 2019 and 2020. With relaxed regulations, private lodging houses or small property with few guestrooms have registered under hotel/ryokan license. While the pace of increase in the number of hotels slowed in 2021, the rate of increase in the number of guest rooms remained at the same level as the previous year. In 2022, the pace of increase in the number of hotels and guest rooms have further slowed down.

HOTEL MARKET PERFORMANCE

Trading performance for the midscale and limited service hotels in Tokyo recorded an upward trend from 2015 to 2019, according to STR, with RevPAR increasing by a CAGR of 2.4%. RevPAR growth was driven mainly by ADR growth, which registered a CAGR of 2.4% whilst occupancy remained stable at around 88%.

Tokyo's limited-service hotels saw the momentum of performance growth slowing down in 2019 with RevPAR increasing by a modest 1.4% yoy, as compared to yoy increase of 3.8% in 2018. This may be due to the increase in hotel supply which may have put pressure on hotel performance.

The emergence of COVID-19 had resulted in travel restrictions in Japan, as in other countries, which greatly strained the economic activities and affected the entire property market, as seen in the sharp drop of the JREIT index, and the market faced future uncertainties. The impact of COVID-19 to the property market varies by the sector, but the hotel sector in particular had suffered direct impact from sharp contraction of demand from inbound visitors as the result of travel ban, as well as domestic travel restrictions and quarantine.

Due to COVID-19 pandemic, RevPAR declined significantly by 72.5% yoy in 2020 due to the COVID-19 pandemic.

In 2021, RevPAR recovered slightly by 2% yoy. Despite the adverse impact of COVID-19, which led to a decline in overall visitor numbers, occupancy increased by 9.1% yoy. ADR, on the other hand, declined by 19.7% yoy during the same period.

As at YTD November 2022, RevPAR increased by 93.5% yoy, supported by the reopening of borders in October and the temporal effect of the launch of the nationwide travel subsidiary program.

The hotel investment market in Japan saw a steady increase in the number of hotel transactions until 2015. The number of asset transaction dropped dramatically in 2016 and rebounded in 2018.

The growth in the number of transactions in 2018 was mainly due to an increased number of hotels which was on the market for sale. Those were newly developed limited-service hotels built by mid-scale domestic developers. Due to lack of large deals (i.e., more than JPY10 billion), the annual investment volume decreased from JPY350 billion to JPY250 billion in 2018 despite of increase in the number of transactions.

The number of hotel transactions in 2019 remained at the same level as 2018, but the annual transaction volume increased to exceed JPY 400 billion thanks to several large deals including the sale of Hilton Tokyo Odaiba at approximately JPY62.4 billion and The Westin Tokyo at approximately JPY100 billion.

In 2020 and 2021, the hotel investment market had been heavily affected by the outbreak of COVID-19. Investors and lenders were cautious about new hotel investments given the uncertain market conditions. Both investors and sellers adopted a wait-and-see attitude, monitoring the market environment as well as the timing of performance to bottom out. In these market conditions, some companies sold their hotels to bolster their cash on hand. For example, the railway group Kintetsu sold 8 hotels to U.S. fund Blackstone in 2021 and the sales price is said to be around JPY 60 billion in total.

As at 3Q 2022, hotel transaction volume recovered compared to the same period last year attributed to the improving hotel trading performance.

HOTEL MARKET OUTLOOK

For the time being, the government intends to continue its nationwide travel subsidiary program, which is driving domestic demand. Inbound demand is also on a recovery trend and a further increase in arrivals is expected from the relaxation of China's 'zero-COVID' policy. Recovery in accommodation demand is expected to continue to support the hotel trading performance in 2023.

Several large-scale and portfolio hotel transactions are expected going forward. In addition to the recent depreciation of the Japanese yen, the debt financing environment in Japan is attractive to investors against the backdrop of rising interest rates globally. It is expected that hotel transaction activities will accelerate in Japan over the next 12 months.

CAMBRIDGE, UNITED KINGDOM HOTEL PROPERTY SECTOR

CBRE

TOURISM MARKET

The latest forecast by VisitBritain, updated December 2022, projects inbound tourism visits in 2022 for the UK to reach 29.7 million, representing 73% of 2019 levels. The total spend by inbound tourists is also expected to increase to £25.9 billion, equating to 91% of 2019 levels. This represents an increase on the previous August 2022 forecast of 26.7 million visits and £21.6 billion spend.

Inbound tourism visits fell in January 2022 due to national disruption caused by the Coronavirus Omicron variant, but picked up quickly between February and April. The latest available data for YTD September 2022 shows visits and spending remain 31% and 13% below 2019 levels over the same period, respectively. As at December 2022, flight booking numbers suggest this level is likely to be maintained in late 2022.

Recovery of European feeder markets is expected to be quicker than long haul destinations. Despite this, there has been a large number of bookings from long haul markets such as North America, but others have remained cautious.

EXISTING AND FUTURE SUPPLY

There are approximately 4,282 rooms in Cambridge including 144 new rooms in 2022 as a result of one new hotel opening, the Holiday Inn Express Cambridge West Cambourne. Four new hotels opened in 2021 with 710 new rooms. These openings include the Novotel Cambridge North (217 bedrooms), the Curio Collection by Hilton Fellows House (163 bedrooms), Hyatt Centric Cambridge (150 bedrooms) and Turning Locke Cambridge (180 bedrooms), all of which operate in the 4-star segment.

Prior to this, growth in the area was stagnant with the last hotel opening in 2017 equating to 155 rooms. Cambridge is considered to have a relatively high entry barrier for new hotel developments or reconfiguration of existing buildings which has restricted new supply in recent years.

New hotel supply in Cambridge is expected to increase with 11 new projects in the pipeline beyond 2022, equating to approximately 1,149 new rooms.

However, of the 1,149 rooms, only an estimated 56 rooms are expected to enter the market in 2023, with the independent apartments known as The Hobson currently under construction.

Moving forward, the pipeline is expected to be of low classification in locations outside of the centre of Cambridge. Key planned openings include the Wilde by Staycity (227 apartment units) which is expected to open by 2025.

HOTEL MARKET PERFORMANCE

Hotels' trading performance in Cambridge has shown significant improvement in 2022 compared with 2020 and 2021 levels. Hotels in Cambridge achieved an occupancy rate of approximately 68.0% and ADR of £104 in 2022. This led to a RevPAR of £71, reflecting a yoy growth of 75.7% over 2021, however RevPAR is still behind 2019 levels.

HOTEL MARKET OUTLOOK

The impact of Omicron and reintroduction of some travel restrictions as well as work from home rules resulted in a slow start for hotels in 1Q 2022, however demand picked up from the end of March 2022 and saw a strong surge in demand during the summer with strong ADR growth.

However, there are various headwinds which are expected to impact hotel profitability. As a result of both Brexit and the pandemic, the hospitality sector is now experiencing a significant skills shortage, particularly in terms of housekeeping, kitchen staff and chefs. This is resulting in increased staff costs in these departments to recruit and to retain experienced staff. Additional use of agency staff is also resulting in cost increases for hotel operators.

In addition, the rising energy costs will undermine hoteliers' profit margins. Nevertheless, these trends will not impact all hotels equally. For example, limited-service hotels will be less exposed to rising operational costs, whereas full-service hotels will need to offset increasing expenses through strategic revenue growth albeit it is likely that the profit margin of full-service hotels in the UK will not fully recover to pre-pandemic levels.

VisitBritain's latest forecast (updated December 2022), expects 35.1 million visits in 2023 (86% of the 2019 level and 18% higher than in 2022) and £29.5 billion spend (104% of the 2019 level and 14% higher than in 2022). If the latter figure is achieved it would be a record for the value of inbound spend in the UK in nominal terms, although adjusting for inflation it would be 87% of the 2019 level in real terms, in line with the trend in visitor volumes.

Due to the pandemic, the latest forecasts for town specific inbound tourism levels are yet to be released. According to VisitBritain, inbound tourism levels in Cambridge reached 462,000 in 2019. As a result of the pandemic, it is expected that the levels in 2020 and 2021 would be below the 2019 level. Despite this, the Cambridge market benefitted from staycations within the UK.

The attractiveness of Cambridge's hospitality market comes from its unique nature of being the home to a world-famous university. The economic make-up of Cambridge is heavily skewed towards research and educational related sector, such as biomedical, pharmaceutical, artificial intelligence, and advanced manufacturing. Cambridge University stimulates a lot of academic & corporate related demand from students, researchers, and high skilled business professionals. With most of the university teaching conducted online in 2020/2021 and travel restrictions in place, demand generated by the student population and relevant corporates was severely limited.

MANCHESTER, UNITED KINGDOM HOTEL PROPERTY SECTOR

CBRE

TOURISM MARKET

The latest forecast by VisitBritain, updated December 2022, projects inbound tourism visits in 2022 for the UK to reach 29.7 million, representing 73% of 2019 levels. The total spend by inbound tourists is also expected to increase to £25.9 billion, equating to 91% of 2019 levels. This represents an increase on the previous August 2022 forecast of 26.7 million visits and £21.6 billion spend.

Inbound tourism visits fell in January 2022 due to national disruption caused by the Coronavirus Omicron variant, but picked up quickly between February and April. The latest available data for YTD September 2022 shows visits and spending remain 31% and 13% below 2019 levels over the same period, respectively. As at December 2022, flight booking numbers suggest this level is likely to be maintained in late 2022.

Recovery of European feeder markets is expected to be quicker than long haul destinations. Despite this, there has been a large number of bookings from long haul markets such as North America, but others have remained cautious.

EXISTING AND FUTURE SUPPLY

There are approximately 26,904 rooms in Manchester. There were seven new openings in 2022 providing 1,732 rooms. These include the Maldron Hotel (278 rooms), Clayton Hotel (329 rooms) and Leonard Piccadilly (275 rooms). This is in addition to the 1,017 rooms (nine hotels) that opened in 2021.

A total of 28 hotels have opened in Manchester over the past five years equating to 4,335 rooms. The majority of these are within the upscale class and upper midscale class accounting for 31.8% and 23.6% of the market respectively. Following a strong supply in recent years, there is expected to be a further increase in supply in Manchester with 87 new projects in the pipeline beyond 2022 equating to approximately 9,764 new rooms.

However, of the 87 projects, only 14 projects are expected to enter the market in 2023 and 2024, accounting for 2,184 rooms. The Malmaison Manchester (70 rooms) and the Treehouse (224 rooms) are due to open in 2023 and are likely to put pressure on the upscale to luxury market.

Moving forward in the pipeline, hotels such Mollie's Motel & Diner Manchester (210 rooms) and Number One St Michael's Hotel Development (191 rooms) are also due to open.

HOTEL MARKET PERFORMANCE

Hotels' trading performance in Manchester has shown significant improvement in 2022 compared with 2020 and 2021 levels. Hotels in Manchester achieved an occupancy rate of around 73.1% and ADR of £83 in 2022. This led to a RevPAR of £61, reflecting a yoy growth of 83.7% over 2021 and above the RevPAR of £59 in 2019.

HOTEL MARKET OUTLOOK

The impact of Omicron and reintroduction of some travel restrictions as well as work from home rules resulted in a slow start for hotels in 1Q 2022, however demand picked up from the end of March 2022 and saw a strong surge in demand during the summer with strong ADR growth.

However, there are various headwinds which are expected to impact hotel profitability, such as labour shortage and rising energy costs, which will affect hoteliers' profit margin.

VisitBritain's latest forecast (updated December 2022), expects 35.1 million visits in 2023 (86% of the 2019 level and 18% higher than in 2022) and £29.5 billion spend (104% of the 2019 level and 14% higher than in 2022). If the latter figure is achieved it would be a record for the value of inbound spend in the UK in nominal terms, although adjusting for inflation it would be 87% of the 2019 level in real terms, in line with the trend in visitor volumes.

Manchester is amongst the key European cities well positioned for hotel performance recovery. The economic growth potential and resilience of Manchester is underpinned by its diverse industry sectors, featuring balance in business, finance & professional services, advanced manufacturing and creative, digital and technology etc. As such, hotels in Manchester historically benefited greatly from balanced demand generated by corporate and leisure guests from both international and domestic markets. With the reopening of economic markets alongside the lifting of travel restrictions, Manchester is well positioned to lead the economic recovery of the regional cities in the UK, and so does its hospitality sector as well.

MANCHESTER, UNITED KINGDOM RESIDENTIAL MARKET

savills

MACRO ECONOMY

According to statistics provided by Statista, Greater Manchester had a GDP of £76.7bn in 2020, ahead of the West Midlands suggested to be £70.1bn.

The city is serviced by two main line rail stations, Piccadilly and Victoria Stations, which provide intercity services throughout the UK. Pre-pandemic, Manchester Piccadilly is the fourth busiest station in the United Kingdom outside London, with 32.2 million passenger entries and exits in 2019/2020, up significantly from 30.1 million in the previous year. The fastest services to London Euston currently take 1 hour and 58 minutes.

Manchester International Airport is the UK's third largest airport and one of the world's top twenty airports for international passengers. The Airport served approximately 29.4 million people in 2019 to around 200 destinations worldwide, with flights provided by around 100 airlines. Passenger numbers has returned to circa 90% of pre-pandemic levels in 2023.

Between 2021 and 2032, consumer spending in Manchester is forecast to grow by 2.4% per annum compared to 2.0% across the UK.

Demographics

According to the 2021 mid-year population estimates from the ONS, the Greater Manchester Metropolitan County (made up of 10 local authority areas) has an estimated population of 2.9 million, of which over 0.5 million are in the Manchester local authority area. Over the last 10 years, the city has experienced the greatest population growth outside London. The Office for National Statistics forecasts that Greater Manchester's population is set to increase to 3.0 million by 2035. The projections are based on more people coming to live in Greater Manchester, both from other parts of the country and from abroad. Greater Manchester has the largest travel-to-work area of any conurbation in the UK outside of London, with 7 million people living within 1 hour's drive of the city centre.

Statistics provided by the ONS indicate that as at 2021, 71.2% of Manchester's population are aged 16 – 64, broadly unchanged over the last 10 years. Statistics provided by the Valuation Office Agency ("**VOA**") suggests there are approximately 234,290 residential properties in Manchester, 57.2% of which are within Band A for council tax purposes which represents properties valued at less than £40,000 in 1991. The housing stock extends to some 1.25 million homes across Greater Manchester. According to the 2019 Experian estimates, 58% of properties were owner occupied (including shared ownership). According to Experian data for 2021, the median household income in Manchester is £29,434 per annum with the median privately renting household earning £39,352 per annum.

Employment Prospects

Manchester is notable for having one of the largest student populations in Europe. There are around 84,000 people studying across five Higher Education institutions, including approximately 21,000 overseas students. Manchester has the highest graduate retention rate outside London, with 50% of graduates remaining and contributing to a skilled and talented workforce.

According to statistics provided by PROMIS, of the 'Big 6' office markets in terms of employment, comprising Birmingham, Bristol, Edinburgh, Glasgow, Leeds and Manchester, Manchester is the largest office centre with around 903,400 employees at the end of 2020. 265,000 employees are based within the town centre and 638,400 are based out-of-town.

EXISTING AND FUTURE SUPPLY

Across Manchester, we understand there is a total of approximately 13,700 completed Build-to-Rent units ("**BTR**"), and a further 3,400 under construction.

RESIDENTIAL AND BUILD-TO-RENT MARKET PERFORMANCE

Whilst increases to debt costs and the recent period of economic uncertainty has brought into question investment strategies across all real estate sectors, transactions in BTR continue to progress. In Q4 2022, there were c.£885 million of funding deals completed. 2022 saw the most investment in BTR of any calendar year on record, at c.£3.3bn for funding deals and a further c.£1bn of investment in operational stock. Funding deals remain a common theme for BTR investment transactions.

RESIDENTIAL & BUILD-TO-RENT MARKET OUTLOOK

The majority of the BTR pipeline is now located outside London (62%) compared with London (38%).

In terms of scale of delivery, as the sector evolves and matures, the size of developments is increasing. While half of completed BTR schemes have fewer than 100 units, only 26% of schemes under construction or in planning fall in this size band. This is reflective of growing investor confidence and the desire to build large scale portfolios.

We expect UK rental growth to continue to be driven by the relative imbalance of supply and demand. At its peak in July 2022, UK rental growth was running at 12.1% while rents in London rose by 17.8%. This is more than just a post-pandemic recovery as rents both in London and nationally already returned to pre-lockdown levels in 2021. Average UK rents were 18.3% above their pre-pandemic level in March 2020 by November 2022. London rates were 16.4% above by November 2022.

We are forecasting further growth across the UK of 6.5% for 2023.

Rental listings in Manchester in Q4 2022 were 28% below their 2017-19 average, according to Rightmove, highlighting the continued shortage of rental supply in the city. This is driven by continued divestment by mortgaged buy-to-let landlords, who are penalised by regulatory and tax changes in recent years. Thus, this is creating the need for more build-to-rent delivery in the city to provide much needed new supply.

At the same time, demand remains close to record levels, according to the RICS Residential Survey. This imbalance will support rental value growth over the short and medium term.

MUNICH, GERMANY HOTEL PROPERTY SECTOR

MUNICH TOURISM MARKET

Munich is the capital of the Free State of Bavaria and, with a population of around 1.5 million (as of June 2022), the third largest city in Germany after Berlin and Hamburg.

Compared to other German cities, Munich attracts the second largest number of guests in terms of overnights after Berlin, which is due to the city's high attractiveness for both leisure and corporate/MICE guests. In terms of corporate business, the city is a leading business location with a total of seven DAX companies operating in Munich and its surroundings. These include: Allianz, BMW, MTU Aero Engines, Münchener Rück, Infineon, Siemens and Siemens Energy. In addition, Munich is also known as "Isar Valley" (in the style of Silicon Valley), due to the considerable number of high-tech companies such as IBM, Apple and Google having large-scale offices in the city.

In terms of MICE demand, the Munich Trade Fair features the fifth largest trade fair centre in Germany in terms of exhibition space. Exceptional visitor numbers are usually attracted by key fairs such as Bauma (every three years), Bau and Ifat (biannual). In 2019, 'Messe Munich' welcomed 2.5 million visitors on its trade fair grounds. In 2021, visitor numbers only reached approximately 25.0% of 2019 levels as most events were cancelled or held digitally. A major exception was the car fair, IAA Mobility, that took place in Munich for the first time in September 2021, attracting a total of 400,000 participants. After two difficult trade fair years however, the unprecedented number of events in 2022 generated strong visitor numbers again. Between September and November 2022, five of the world's leading trade fairs were held in Munich, most notably Bauma - the largest trade fair in the world in terms of exhibition space.

While Munich's economy has shown a positive development in the past with continuous GDP growth, the pandemic had its effects with all indicators worsening in 2020. Even though the economy showed positive trends as of the second half of 2021, the repercussions of the war in Ukraine, in particular the high inflation and the subsequent response to rising interest rates, has affected the economic indicators negatively.

Munich is also a popular leisure destination due to its beautiful city centre, theatres, museums, as well as the annual Oktoberfest which took place again in 2022 after a break of two years caused by the pandemic. The festival attracted approximately 5.7 million visitors in 2022 compared to 6.3 million in 2019. Furthermore, the one-off European Athletics Championship took place in Munich in August 2022.

Despite slight easements during the summer of 2020, demand figures for the full year 2020 decreased by 65.8% (arrivals) and 61.3% (overnights) on account of the Covid-19 pandemic, compared to 2019. In 2021, the city showed only moderate demand increase of 12.6% due to the continued restrictions in place. However, the yoy comparison for 2022 showed a significant increase on the back of some large pent-up demand. Overnight stays grew by 101.3% and currently sit at 87.6% of the 2019 levels. Generally, Munich enjoys a good balance of domestic and international demand, with the latter accounting for roughly 48.0% (in 2019) and 40.5% in 2022, highlighting that international demand has not fully bounced back yet. However, a considerable increase in international overnight stays has been seen especially in the recent summer months.

EXISTING AND FUTURE SUPPLY

Driven by an increasing tourism demand in the last decade and a booming real estate market, hotels and hotel beds have grown by a CAGR of 2.0% and 5.8% respectively between 2010 and 2019. Supply peaked in 2019, with the city counting a total of 414 hotels and 83,109 beds at the end of the year.

In 2022, Munich's hotel market counted a total of 461 accommodation establishments offering 94,631 beds. Of the 461 accommodation establishments, 400 properties categorised as hotels contributed 89,518 beds to total supply.

In 2022, Munich saw the addition of another 11 properties so far with the most recent openings including the serviced apartment property "WunderLocke", the ibis Styles Neuperlach as well as another Ruby Hotel. Moreover, the Scandic Die Macherei with 234 rooms and the Vienna House R.evo with 607 rooms opened in Q4 2022 altogether adding 2,500 rooms to the existing supply.

Munich has an extensive pipeline with currently around 25 properties under construction or in the planning phase, which are planned to be open by the end of 2025. The openings of these hotels would grow the local supply by around 4,100 rooms which corresponds to approximately 7.9% of the existing supply as of 2022.

Expected openings include a Dorint Hotel in Garching with 208 rooms, a Marriott Hotel City West, offering 405 rooms, a 132-bedroom Rosewood Hotel Munich and a further Motel One property along Schillerstraße with 269 rooms. Moreover, the former Hotel Königshof is undergoing a major refurbishment into a JW Marriott (105 rooms).

A noticeably large share of developments are hotel types within the long-stay segment, which have proven to be very resilient during the pandemic.

HOTEL MARKET PERFORMANCE

Munich is generally able to realise the highest ADR of all German cities due to a desirable mix of demand generated by the strong MICE, corporate and leisure markets. In recent years (before Covid-19) this position has been tempered by strong supply growth. With many of the new hotels developed operating in the economy and midscale segment, this has had the impact of diluting the rate at a market-wide level. With a glut of hotel openings in recent years, bed supply has grown at a faster pace than demand, resulting in a slight decrease in market-wide occupancy, despite increasing demand. Overall, RevPAR of €95 was recorded in 2019, based on Occupancy of 75.1% and an ADR of €126.

In 2020, the hotel market performance dropped to a historic low with a 75.0% decrease in RevPAR compared to 2019 and on-going restrictions kept local market KPIs at low levels for 2021. But after two years of heavily impacted KPIs, YTD October 2022 RevPAR recorded a growth of 196.1% to €77, driven by an upswing in ADR and occupancy. ADR has risen sharply to record numbers of €193 in September 2022 and even €197 in October 2022, mainly driven by the Oktoberfest and fairs, such as the Bauma or the Expo Real. While occupancy has not yet fully reached pre-pandemic levels so far, it has surpassed the 70% mark in each month since June 2022.

HOTEL MARKET OUTLOOK

Despite the positive pick-up in demand, the pent-up demand is expected to slow down, as the current geopolitical uncertainties, the economic slowdown and the subsequent reduced purchasing power of many households is likely to have a dampening effect in the coming months. Furthermore, increased energy costs and labour shortages will put increased pressure on hotels' profitability levels. The supply pipeline could have a detrimental impact on the pace of recovery; however, we expect demand figures to return to pre-pandemic levels in the medium term (2023/24) supported by Munich's wide-ranging attractions for both business and leisure travel.

On the investment side, the risen interest rates have led to increased financing costs and subsequent price adjustments. Prime yields were raised for all real estate asset classes, including hotel assets. For leased hotel asset in the Top 5 cities prime yields have increased by 40bps since July 2022 to 4.65% (in November 2022).

In Germany a transaction volume of €2.5 billion was recorded in 2021, representing a 27.0% increase on 2020 levels, boosted by an incredibly strong Q4 2021 which witnessed €1.0 billion in assets changing hands. Due to the current economic circumstances, 2022 saw a transaction volume of €1.9 billion, marking a decline of 26.0% compared to 2021.

At 18.0% of total transaction volume in Berlin, Germany continued to capture the largest share in investment activity. The sale of the Sheraton Hotel Berlin Grand Esplanade in 2022, was also the largest single asset transaction. Munich captured the second largest share in investment activity, at 9.0% of total transaction volume.

FLORENCE, ITALY HOTEL PROPERTY SECTOR

CBRE

FLORENCE TOURISM MARKET

Florence is the capital city of the Tuscany region with a remarkable artistic and cultural identity, recognized as one of the major national economic centre leveraging on the tourism and fashion sector. The city has some of the most important historic monuments in addition to museums and art galleries such as the Uffizi gallery and the Academy of Fine Arts. Many other significant places make Florence a leisure-driven destination. It ranked 4th in 2019 among the 4 prime Italian hotel markets in terms of overnight stays after Venice, Milan and Rome.

Moreover, UNESCO declared the Historic Centre of Florence a World Heritage Site in 1982.

Florence is well-known for the presence of headquarters of various Italian fashion companies such as Gucci, Roberto Cavalli, Salvatore Ferragamo, Ermanno Scervino, Patrizia Pepe, Emilio Pucci, Conte of Florence among others.

Hotel Demand

According to the Metropolitan City of Florence Observatory of Tourism, in 2019 the Municipality recorded 2,996,000 arrivals and 7,848,000 bednights, with a 2014-2019 5-year CAGR of 1.2% and 3.0% respectively. The average length of stay was 2.6 days.

Based on the pre-pandemic nationality mix, the US is the main international market followed by China and the UK. In the five- year period 2014-2019, international demand represented approximately 75% of the total overnight stays. However, in 2020, due to the impact of COVID-19 and travel restrictions, international bednights suffered a greater percentage drop than domestic ones.

2021 showed signs of recovery compared to 2020. However, demand remained behind 2019 levels, resulting in 1,023,000 arrivals and 2,152,000 bednights with a 2019-2021 2-year CAGR of -41.6% and -47.6% respectively. We observe the major decrease in international demand reflecting a CAGR of over -50% for both arrivals and bednights, while for domestic demand, the decrease in arrivals and bednights reflect a CAGR of -17.6% and -29.3%, respectively, with respect to 2019. Furthermore, the average length of stay results to be 2.1 days, which decreased significantly for domestic demand (i.e. 1.8 days).

EXISTING AND FUTURE SUPPLY

According to the latest available data by ISTAT (2021), with 14,661 rooms spread over 379 hotels in 2021, Florence is one of the four most important Italian hotel markets.

In 2021, the market is dominated by 3-star and 4-star structures, which account for 27% and 55% of the overall number of rooms respectively.

Between 2019 and 2021, the total number of hotels sand total number of rooms slightly decreased, reflecting a CAGR of -1.5% and -0.7% respectively. The 5-star segment drove the growth in terms of both number of structures (CAGR of +4.9%) and number of rooms (CAGR of +4.6%), with respect to 2019, while we observe slight decrease in the number of hotels and rooms for other segments.

In terms of the pipeline, the COVID-19 outbreak caused serious drawbacks in many construction works. However, in 2023, we observe a good pipeline with 6 hotels of upper upscale and lower segments, which will add over approximately 1,050 rooms to the existing supply. These include Radisson Blu Florence, ex. NH AngloAmerican Firenze, Hotel Palazzo Ricasoli, Hotel Londra, Palazzo Sassi and The Student Hotel Manifattura Tabacchi.

As a consequence of the planned refurbishment and repositioning activity (such as Radisson Blu Florence, ex. NH AngloAmerican Firenze, Hotel Palazzo Ricasoli, Hotel Londra) and of the overall pipeline, which is concentrated in the upper segments, we foresee further growth opportunities in the market. The arrival of new upper upscale and luxury brand will further enhance the supply in the segment and improve the positioning of the destination in general as already seen in other destinations in Italy which have followed the same path (e.g. Taormina).

HOTEL MARKET PERFORMANCE

After the 2008 economic crisis, 2014 was the first year in which the occupancy rate stabilized above 70% in Florence. With an ADR of €119, the RevPAR was €83. In the following years, the performance of the hotel market continued to improve, reaching an occupancy of 75.6% in 2019, with an ADR of €181 and a RevPAR of €137.

In the five-year period from 2014 to 2019, ADR increased at a CAGR of 8.6%, resulting in an increase in RevPAR at a CAGR of 10.2%.

The impact of COVID-19 on the performance of Italian hotels has been significant, with a decrease in both occupancy levels and ADR, which resulted in a decrease in terms of RevPAR. This was mainly caused by operators applying discounts on ADRs in order to attract more tourists and to increase occupancy levels which were lowered by the lockdown measures.

Analyzing the hotel performance in Florence according to AICA data, in 2022, we observe that occupancy levels are still lagging behind 2019 (64.8% in 2022 vs 75.6% in 2019), however there is a significant increase in ADR (€259 in 2022 vs €181 in 2019). Accordingly, the RevPAR of full-year 2022 stands at €168, which reflect an increase of approximately 23%, compared to 2019's RevPAR at €137.

HOTEL MARKET OUTLOOK

Investment in the Italian real estate market in Q4 2022 amounted to €2.3 billion (-51% on Q4 2021, -26% on Q3 2022), for a total of €11.7 billion for the whole of 2022 (+12% on last year), while hotel investments accounted to €1.6 billion (-22% on last year). In 2022, Hotels was the third-largest asset class by investment volume in Italy. Investors are targeting value-add opportunities in the luxury sector in leisure destinations.

The rise of interest rates negatively affected the cost of financing starting from Q2 2022, causing yields to soften across all major asset classes, widening the bid-ask spread between vendors and potential buyers.

The quality of Italian hotels stock is gradually improving, following the expansion of international hotels chains and intense development activity. The outlook for domestic and international demand for leisure travel in Italy is positive, especially for the upper-upscale and luxury sectors, both in terms of revenues and number of arrivals.

BOARD OF DIRECTORS

M&C REIT MANAGEMENT LIMITED (THE "H-REIT MANAGER")
M&C BUSINESS TRUST MANAGEMENT LIMITED (THE "HBT TRUSTEE-MANAGER")

CHAN SOON HEE, ERIC
Chairman
Independent Non-Executive Director

VINCENT YEO WEE ENG
Chief Executive Officer
Executive Director

FOO SAY MUI (BILL)
Lead Independent Non-Executive Director

KWEK EIK SHENG
Non-Independent Non-Executive Director

KENNY KIM
Independent Non-Executive Director

CHEAH SUI LING
Independent Non-Executive Director

CHAN SOON HEE, ERIC, 69
Chairman
Independent Non-Executive Director

Date of first appointment as Director: 22 June 2018
Date of appointment as Chairman: 22 June 2018

Board committees:
- Nominating and Remuneration Committees (Chairman)

Present directorships in other listed companies and principal commitments:
- Thoughts Advisory Pte. Ltd. (Founder and Chief Executive Officer)

Past directorships in other listed companies and principal commitments held in the preceding five years:
- City Developments Limited (Lead Independent Director; Chairman of Audit and Risk, Remuneration and Board Sustainability Committees; and member of Board and Nominating Committees)

Mr Chan Soon Hee, Eric is a founder and the Chief Executive Officer of Thoughts Advisory Pte. Ltd. which provides consultancy services to entrepreneurs to further develop their strategic and business plans. He has more than 35 years of experience working in a public accounting firm environment, serving as audit partner with KPMG LLP (KPMG) from 1989 to 2001, and subsequently as partner in charge of Transaction Services at KPMG until his retirement in September 2011.

Mr Chan is a Fellow Chartered Accountant of Singapore, a Fellow of the Association of Chartered Certified Accountants, a Fellow of Certified Public Accountants Australia and a Chartered Valuer & Appraiser.

VINCENT YEO WEE ENG, 54
Chief Executive Officer
Executive Director

Date of first appointment as Director: 17 May 2006
Date of appointment as Chief Executive officer: 19 July 2006

Board committees:
- Nil

Present directorships in other listed companies and principal commitments:
- CDL Investments New Zealand Limited (Non-Executive Director)

Past directorships in other listed companies and principal commitments held in the preceding five years:
- Nil

Mr Vincent Yeo Wee Eng is responsible for working within the H-REIT Manager Board and the HBT Trustee-Manager Board to determine the overall business, investment and operational strategies for H-REIT and HBT. He also works with other members of the H-REIT Manager's management team and the master lessees and managers of H-REIT's hotel properties to ensure that the business, investment and operational strategies of H-REIT are carried out as planned. In addition, Mr Yeo is responsible for the overall management and planning of the strategic direction of H-REIT and HBT. This includes overseeing the acquisition of hospitality, hospitality-related and other accommodation and/or lodging assets and property management strategies for H-REIT, as well as the activities of HBT, which acts as master lessee of any of H-REIT's hotel property or when it undertakes certain hospitality, hospitality-related and other accommodation and/or lodging development projects. Mr Yeo also handles the asset management function relating to some of the hotels currently.

Prior to his appointment as the Chief Executive Officer of the H-REIT Manager and HBT Trustee-Manager, he was the President of Millennium & Copthorne International Limited, Asia Pacific from 2003 to July 2006, responsible for overseeing the hotel operations in Asia Pacific and the corporate office in Singapore. Prior to that, he held the position of Chief Operating Officer from 2001 to 2003. Mr Yeo served as Chief Executive Officer of City e-Solutions Limited until November 2008 and as an Executive Director until April 2009.

Between 1998 and 2000, he was an Executive Director of M&C based in London overseeing global sales and marketing. Between 1993 and 1998, he was the Executive Director and then the Managing Director of Millennium & Copthorne Hotels New Zealand Limited where he developed and integrated the largest chain of hotels in New Zealand.

Mr Yeo graduated Summa Cum Laude and the top of his faculty in 1988 from Boston University with a Bachelor of Science in Business Administration (Major in Finance).

BOARD OF DIRECTORS

FOO SAY MUI (BILL), 65

Lead Independent Non-Executive Director

Date of first appointment as Director: 11 May 2016
Date of appointment as Lead Independent Director: 26 April 2017

Board committees:
- Audit and Risk Committees (Chairman)
- Nominating and Remuneration Committees (Member)

Present directorships in other listed companies and principal commitments:
- Kenon Holdings Ltd. (Non-Executive Director)
- Mewah International Inc. (Lead Independent Director)
- Tung Lok Restaurants (2000) Ltd (Chairman)
- Tower Capital Asia Pte. Ltd.
- Business Circle Singapore Pte. Ltd.

Past directorships in other listed companies and principal commitments held in the preceding five years:
- I.C. Power Asia Development Ltd (Non-Executive Director)
- IC Power Ltd (Non-Executive Director)

Dr Foo Say Mui (Bill) has over 30 years of experience in the financial services industry, having served as the CEO/ General Manager of Australia & New Zealand Banking Group Ltd (ANZ) in Singapore for 12 years from 1999 to 2011 and thereafter as Vice Chairman, South and South East Asia for another 4 years, prior to his retirement from ANZ in 2015. Prior to that, he was the Regional Head of Investment Banking for Schroders Investment Bank and also served as the President Director of Schroders Indonesia for about 5 years. He had also served on the Council of the Association of Banks in Singapore for 9 years and was Deputy Chairman of the Singapore Investment Banking Association for about 3 years.

Dr Foo graduated from Concordia University with a Bachelor of Business Administration. He holds a Masters of Business Administration from McGill University and an honorary Doctorate of Commerce from James Cook University Australia, in honour of his contribution to education and the community.

KENNY KIM, 55

Independent Non-Executive Director

Date of first appointment as Director: 25 January 2017

Board committees:
- Audit and Risk Committees (Member)

Present directorships in other listed companies and principal commitments:
- Pelikan International Corporation Berhad (Non-Executive Director)
- Ikhlas Capital Singapore Pte. Ltd. (Founding Partner and Chief Executive Officer)

Past directorships in other listed companies and principal commitments held in the preceding five years:
- Nil

Mr Kenny Kim is a founding partner and currently, the Chief Executive Officer of Ikhlas Capital Singapore Pte. Ltd., an ASEAN private equity fund manager headquartered in Singapore and has on-ground presence in Kuala Lumpur, Jakarta and Manila. He was the Senior Adviser and a member of the Executive Committee of RRJ Capital, one of the largest private equity funds in Asia which focuses on private equity investments in China and Southeast Asia from October 2015 until his resignation in September 2017. At RRJ Capital, he was responsible for originating and executing deals as well as providing advice to fund financial transactions.

Mr Kim has worked in various senior positions in the financial services sector for more than 20 years, having served as the Chief Executive Officer, Strategy and Investments and Group Chief Financial Officer at CIMB Group Holdings Berhad, a financial institution listed on Bursa Malaysia, and the 5th largest banking group in South East Asia. He also acted as Adviser to the Group Chief Executive Officer at CIMB Group Holdings Berhad and its subsidiary, CIMB Group Sdn Bhd up to 30 September 2015. During his tenure with the CIMB Group, Mr Kim was awarded Best Chief Financial Officer in South East Asia and Best Chief Financial Officer in Malaysia in 2013, both awards given by Alpha Southeast Asia, an institutional investment publication focused on Southeast Asia.

Mr Kim graduated from the University of Lancaster, United Kingdom, with a Master of Science in Finance degree. He is also a fellow of the Association of Chartered Certified Accountants, UK, a member of the Institute of Chartered Accountants England & Wales, CF Faculty and a member of the Malaysian Institute of Accountants.

CHEAH SUI LING, 51

Independent Non-Executive Director

Date of first appointment as Director: 18 August 2017

Board committees:
- Audit and Risk Committees (Member)
- Nominating and Remuneration Committees (Member)

Present directorships in other listed companies and principal commitments:
- Parkway Trust Management Limited, as Manager of Parkway Life REIT (Independent Director and Chairman of Audit Committee)
- TeleChoice International Limited (Independent Director)
- Pathology Asia Holdings Pte. Ltd. (Independent Director and Chair of Audit Committee)
- ecoSPIRITS Pte. Ltd. (Executive Board Chair)
- Wavemaker Partners (Operating Partner)

Past directorships in other listed companies and principal commitments held in the preceding five years:
- Nil

Ms Cheah Sui Ling is currently an Operating Partner with Wavemaker Partners, a venture capital firm based in Singapore and Los Angeles that focuses on technology company investments, where she is responsible for helping portfolio companies with business development, follow on financings and eventual exits.

Ms Cheah has over 20 years of international investment banking and corporate experience, having been a financial and strategic advisor to global and regional companies across multiple industries. Most of her career was spent across Singapore, Paris, Hong Kong, London and New York focusing on capital raising transactions and cross border mergers and acquisitions for corporate clients. Between 2010 to 2013 she was Co-Head of Corporate Finance for South East Asia at BNP Paribas. Prior to that, she was a senior coverage banker for Singapore in the investment banking division of JP Morgan. She started out her career at Merrill Lynch Investment Banking.

Ms Cheah graduated Magna Cum Laude with a Bachelor of Arts in Economics and French from Wellesley College, Massachusetts in the US.

KWEK EIK SHENG, 41

Non-Independent Non-Executive Director

Date of first appointment as Director: 20 October 2022

Board committees:
- Nil

Present directorships in other listed companies and principal commitments:
- Millennium & Copthorne Hotels New Zealand Limited (Non-Executive Director)
- CDL Investments New Zealand Limited (Non-Executive Director)
- Grand Plaza Hotel Corporation (Non-Executive Chairman)
- City Developments Limited (Group Chief Operating Officer)
- Millennium & Copthorne Hotels Limited (Executive Director)

Past directorships in other listed companies and principal commitments held in the preceding five years:
- Nil

Mr Kwek Eik Sheng is currently the Group Chief Operating Officer of City Developments Limited (CDL). Mr Kwek joined CDL in 2009, covering Business Development for overseas projects before being appointed as Head of Corporate Development. In 2014, he assumed his role as Chief Strategy Officer and undertook an added portfolio as Head of Asset Management in April 2016.

Prior to joining CDL, he was with the Hong Leong Group of companies in Singapore, specialising in corporate finance roles from 2006 to 2008.

Mr Kwek was appointed an Executive Director of CDL's principal subsidiary, Millennium & Copthorne Hotels Limited (M&C), previously listed on London Stock Exchange under the name "Millennium & Copthorne Hotels plc" in November 2019, having previously been appointed a Non-Executive Director of M&C from April 2008 to October 2019.

Mr Kwek holds a Bachelor of Engineering in Electrical and Electronics Engineering from Imperial College of Science, Technology and Medicine of University of London, UK and a Master of Philosophy in Finance from Judge Business School of University of Cambridge, UK.

BOARD OF DIRECTORS

BOARD OF THE H-REIT MANAGER AND HBT TRUSTEE-MANAGER	
CHAN SOON HEE, ERIC Chairman and Independent Non-Executive Director	**KENNY KIM** Independent Non-Executive Director
VINCENT YEO WEE ENG Chief Executive Officer and Executive Director	**CHEAH SUI LING** Independent Non-Executive Director
FOO SAY MUI (BILL) Lead Independent Non-Executive Director	**KWEK EIK SHENG** Non-Independent Non-Executive Director

AUDIT AND RISK COMMITTEE OF THE H-REIT MANAGER AND HBT TRUSTEE-MANAGER

FOO SAY MUI (BILL)
Chairman

KENNY KIM
Member

CHEAH SUI LING
Member

NOMINATING AND REMUNERATION COMMITTEE OF THE H-REIT MANAGER AND HBT TRUSTEE-MANAGER

CHAN SOON HEE, ERIC
Chairman

FOO SAY MUI (BILL)
Member

CHEAH SUI LING
Member

MANAGEMENT TEAM

VINCENT YEO WEE ENG
Chief Executive Officer

ANNIE GAN
Chief Financial Officer

PAUL KITAMURA
Head, Asset Management

MANDY KOO
Head, Investments & Investor Relation

MANAGEMENT TEAM

VINCENT YEO
Chief Executive Officer

Mr Yeo is also the Executive Director of the H-REIT Manager and the HBT Trustee-Manager and his profile can be found under the "Board of Directors" section on page 45 of the Annual Report.

ANNIE GAN
Chief Financial Officer

Ms Gan heads the finance team and is responsible for CDLHT's financial and capital management functions. She oversees all matters involving finance and accounting, treasury, corporate finance (including fund raising activities), taxation, compliance and fund management, ensuring the alignment with CDLHT's investment strategy while focusing on optimising revenue and investment returns.

Ms Gan has more than 34 years of diverse experience in financial management, treasury, mergers and acquisitions, taxation and corporate advisory as well as in-depth knowledge of the hospitality, property development and property investment industries.

Prior to joining the H-REIT Manager and the HBT Trustee-Manager, Ms Gan was the Group Financial Controller of the then public-listed company, Orchard Parade Holdings Limited ("**OPHL**" and now known as Far East Orchard Limited), a member of Far East Organisation. She also served as a Director of all the subsidiaries of OPHL, primarily responsible for the stewardship of the subsidiaries' affairs and advising on new investment opportunities.

Ms Gan was also previously with PricewaterhouseCoopers, Singapore as Senior Audit Manager, where she was responsible for due diligence and acquisition audits, profit forecast reviews and the statutory audits of several public-listed companies and large multinational corporations.

Ms Gan is a Chartered Accountant with the Institute of Singapore Chartered Accountants and a Fellow of Certified Public Accountants Australia and holds a Bachelor of Commerce from The Australian National University.

Games Room (Concept drawing – subject to change), The Castings

Studio Room, W Hotel

PAUL KITAMURA

Head, Asset Management

Mr Kitamura is responsible for CDLHT's asset management function involving performance optimisation and asset value enhancement initiatives across the portfolio.

Mr Kitamura has 35 years of experience in hospitality and previously served as Senior Vice President of asset management for GIC Real Estate where he was responsible for the sovereign fund's Asia-Pacific hospitality portfolio comprising assets such as the Westin Tokyo, Shangri-La Sydney and Park Hyatt Melbourne, a portfolio of Oakwood serviced apartments in Japan and a retail portfolio in Sydney, Australia.

During the 2008-2009 global downturn, he successfully drove cost efficiency initiatives and led the re-branding of the 1,053-room Hilton Fukuoka. His hotel management experience includes leading IHG's overall businesses in Japan from 2002-2008, and securing exclusivity with ANA Airlines for a JV partnership to co-brand the 50-property ANA hotel chain in Japan. During this period, deal flow increased 200% including signing of the 600-room Crowne Plaza Kobe and successful extension of the group's presence in Tokyo, Yokohama, Kyoto and Nagasaki. Operationally, he led IHG's business in Japan across a multi-brand portfolio covering 10 cities including Tokyo, Yokohama and Kyoto.

Mr Kitamura has also held senior Asia Pacific brand management and marketing positions with IHG across the Asia Pacific region. He started his career with Mandarin Oriental Hotel Group in a variety of sales & marketing roles at the property, regional and corporate levels in Asia and Hawaii.

Mr Kitamura holds a Master of Business Administration from the University of Chicago Booth Graduate School of Business and a Bachelor of Science degree in Hotel Administration from Cornell University.

MANDY KOO

Head, Investments & Investor Relations

Ms Koo is responsible for sourcing, evaluating, structuring, negotiating and executing potential acquisitions with a view to enhance CDLHT's investment portfolio. Her role includes the analysis and execution of suitable divestment opportunities and operator selection exercises for CDLHT. She is also responsible for maintaining relations with the media, investment and research community, as well as equity capital raising and corporate finance activities.

Ms Koo has more than 18 years of experience, spanning across real estate investments and investor relations in the REIT industry, equity corporate finance and listing regulations. Ms Koo was previously with the Standard Chartered Bank Corporate Advisory & Finance team which was responsible for the execution of merger and acquisition and equity corporate finance deals in Southeast Asia. Prior to her investment banking stint, she was with YTL Pacific Star REIT Management Limited, primarily involved in investments and asset management. Before this, Ms Koo was with the H-REIT Manager where her core responsibilities were investments and investor relations. She started her career in Singapore Exchange Limited, Issuer Regulation, and was responsible for reviewing applications for initial public offerings, fund raising and corporate actions of listed companies.

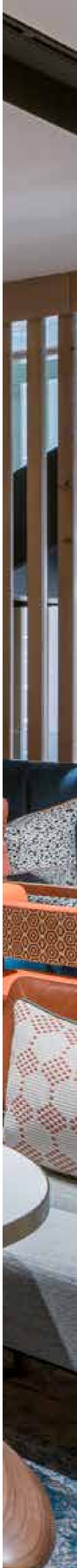
Ms Koo holds both the Chartered Financial Analyst and Chartered Alternative Investment Analyst designations. She graduated Summa Cum Laude from Singapore Management University with a Bachelor of Business Management (Major in Finance) and a Bachelor of Accountancy.

PROPERTY PORTFOLIO





HOTEL
BROOKLYN
MCR

SINGAPORE

Lobby

ORCHARD HOTEL

442 Orchard Road, Singapore 238879
Offering cosmopolitan elegance in the heart of Orchard Road, Singapore's premier retail district, and Cantonese fine dining at its award-winning Hua Ting Restaurant.

656
Guest Rooms

8,588
SQ M Land Area

S$478M
Valuation as at 31 Dec 2022

Hua Ting Restaurant

Signature Suite

PROPERTY DETAILS

Number of guest rooms: 656

Number of food & beverage outlets:
Four outlets comprising Hua Ting Restaurant, The Orchard Cafe, Bar Intermezzo and Poolside Snack Bar

Banquet/Conference/Meeting facilities:
A 1,245 sq m pillar-free Orchard Grand Ballroom and 343 sq m of pre-function space with a maximum capacity of 1,500 guests theatre-style, and convertible into three separate smaller ballrooms

A Conference Centre with five multi-function rooms equipped with state-of-the-art facilities

Car park facilities: 452 car park lots
The car park facilities are shared with Claymore Connect

Land area: 8,588.0 sq m
(including Claymore Connect)

Gross floor area: 49,940.9 sq m
(including Claymore Connect)

Title: 75-year leasehold interest commencing from 19 July 2006

Purchase price at 19 July 2006:
S$330.1 million

Valuation [(1)] as at 31 December 2022:
S$478.0 million

MASTER LEASE DETAILS

Master lessee: City Hotels Pte. Ltd., a subsidiary of M&C

Term of lease:
20 years from 19 July 2006 with an option to renew for another 20 years

Minimum rental income:
S$10.3 million comprising a fixed rent of S$5.9 million and a service charge of S$4.4 million per annum

FY 2022 KEY FINANCIALS

Rental income: S$20.0 million

Net property income: S$19.3 million

Average occupancy rate: 78.9%

Situated on Singapore's renowned Orchard Road and in proximity to the Orchard MRT Station and the UNESCO-listed Botanic Gardens, Orchard Hotel offers 656 guest rooms and suites in twin wings, Orchard Wing (325-room) and Claymore Wing (331-room).

Enlivened and refurbished to epitomise warm Asian hospitality, Orchard Wing features Grand Deluxe Rooms, ideal for business and leisure travellers alike; distinctive Signature Rooms and Suites designed by the world-renowned designer, Pierre Yves Rochon. The hotel's contemporary collection of Premier, Premier Club Rooms and Premier Suites at the Claymore Wing are fully equipped with modern amenities and conveniences.

The hotel features a host of refreshed dining and events offerings, including a refurbished Grand Ballroom that seats up to 1,500 people theatre-style, one of Singapore's largest column-free dining halls, and comes equipped with two floor-to-ceiling LED walls. Experience a diverse array of signature cuisines at the hotel's award-winning dining outlets, including Hua Ting Restaurant. Guests can also enjoy local heritage-inspired highlights at The Orchard Cafe or a line-up of beverage mix at Bar Intermezzo.

Other facilities include a 25m outdoor pool, fitness studio and adjoining the hotel is a destination mall - Claymore Connect, catering to the discerning urban family with choice selections of lifestyle services and gastronomic treats.

NOTABLE ACCOLADES

- BCA Green Mark Gold Plus
- TripAdvisor Travellers' Choice Award (2021 – 2022)
- TripAdvisor Certificate of Excellence, Hall of Fame Excellence Award (2016 – 2021)
- SG Clean Quality Mark | Orchard Hotel Singapore | Hua Ting Restaurant | The Orchard Cafe (2020 – 2022)
- The Michelin Guide Singapore (Michelin Selected Restaurant) (2019 – 2022) – Hua Ting Restaurant
- World Gourmet Summit (WGS) Awards Hall of Fame: Hua Ting Restaurant
- Singapore Tatler Singapore's Best Restaurants | Hua Ting Restaurant (2017 – 2022) | The Orchard Cafe (2020 – 2022)
- Haute Grandeur Global Excellence Awards 2020 | Hua Ting Restaurant (Best Chinese Cuisine, Global; Best Asian Cuisine, Singapore)
- Hotel Security Award 2022 (Honesty)
- SHA Excellent Service Award (2018 – 2021)

(1) The property was valued by CBRE Pte. Ltd. using a combination of the Capitalisation and Discounted Cash Flow approaches.

SINGAPORE

Lobby

GRAND COPTHORNE WATERFRONT HOTEL

392 Havelock Road, Singapore 169663

One of Singapore's leading conference hotels along the historic Singapore River, located across the new Havelock MRT Station, in proximity to the Central Business District and the waterfront precincts of Robertson Quay and Clarke Quay.

574 Guest Rooms	**10,860** SQ M Land Area	**S$377M** Valuation as at 31 Dec 2022

La Residenza Suite

Premier King Room

PROPERTY DETAILS

Number of guest rooms: 550 rooms and 24 La Residenza serviced suites

Number of food & beverage outlets: Three outlets comprising Food Capital, TEMPO Bar & Grill and Red House Seafood

Banquet/Conference/Meeting facilities: 33 versatile meeting rooms covering 6,200 sq m, including a six-metre high, pillar-free ballroom of 850 sq m and seating up to 600 guests banquet-style and 1,100 guests theatre-style

Other facilities: Hair, beauty and wellness services, Executive Club Lounge and leisure facilities including a 24-hour fitness centre, outdoor swimming pool, jacuzzi and tennis courts

Car park facilities: 287 car park lots (1)

Land area: 10,860.2 sq m (including adjoining Waterfront Plaza) (2)

Gross floor area: 63,496.0 sq m (including adjoining Waterfront Plaza) (2)

Title: 75-year leasehold interest commencing from 19 July 2006

Purchase price at 19 July 2006: S$234.1 million

Valuation (3) as at 31 December 2022: S$377.0 million

MASTER LEASE DETAILS

Master lessee: Republic Hotels & Resorts Limited, a subsidiary of M&C

Term of lease: 20 years from 19 July 2006 with an option to renew for another 20 years

Minimum rental income: S$7.2 million comprising a fixed rent of S$3.0 million and a service charge of S$4.2 million per annum

FY 2022 KEY FINANCIALS

Rental income: S$14.0 million

Net property income: S$13.3 million

Average occupancy rate: 68.2%

The 574-room premier deluxe conference hotel offers lifestyle comfort and business enabling conveniences to facilitate travelers' executive accommodation and leisure needs, including La Residenza, comprising 24 serviced suites, which have high ceilings and come in studio, one or two-bedroom units.

The adjoining Waterfront Conference Centre has 33 versatile meeting rooms including a six-metre high, pillar-free ballroom covering 850 sq m. With one of the best-designed conference venues in the region, offering cutting edge meeting facilities, it is a choice venue for many multinational organisations.

The hotel is undergoing an extensive refurbishment to its guest rooms in phases commencing from October 2022 and expected to continue through June 2023. The new rooms boast modern in-room amenities as well as intelligent guest services and room management system. The meeting facilities will also undergo extensive rejuvenation from April 2023 to July 2023. Overall, the asset enhancement initiatives will strongly boost the prospects for the hotel as one of the pre-eminent conference hotels in Singapore.

The hotel has three F&B outlets including Food Capital, an interactive buffet restaurant, TEMPO Bar & Grill, an "All-New" Alfresco dining area and cocktail bar, and Red House Seafood restaurant which specialises in Asian seafood dishes and Singaporean cuisine.

NOTABLE ACCOLADES

- BCA Green Mark Platinum
- TripAdvisor Travellers' Choice Best of the Best Award (2020 – 2021)
- International Hotel Awards, Best Convention Hotel, Singapore (2018 – 2020)
- International Hotel Awards, Best Luxury Hotel, Singapore (2018 – 2020)
- International Hotel Awards, International Five Star Hotel (2017 – 2020)
- Blissful Brides Editor's Choice Preferred Banquet Venue Winner (2016 – 2020)

(1) The basement level car park facility was not acquired by H-REIT from CDL. However, the hotel enjoys a right of easement to use the basement level car park facility.
(2) H-REIT leases from CDL the second level of Waterfront Plaza which comprises the Waterfront Conference Centre which H-REIT in turn sub-lets to Republic Hotels & Resorts Limited ("**RHRL**"). Rental income received from RHRL is thereafter paid to CDL as rental expense.
(3) The property was valued by CBRE Pte. Ltd. using a combination of the Capitalisation and Discounted Cash Flow approaches.

SINGAPORE

Premier Room

M HOTEL

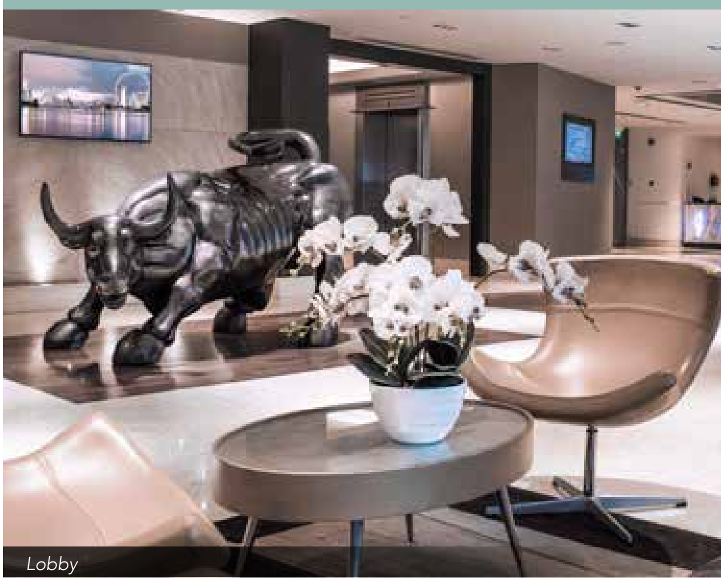
81 Anson Road, Singapore 079908

A premier award-winning hotel strategically located in the heart of the financial district and a choice venue for discerning business travellers.

415
Guest Rooms

2,134
SQ M Land Area

S$259M
Valuation as at 31 Dec 2022



Lobby

Banquet Suite

PROPERTY DETAILS

Number of guest rooms: 415

Number of food & beverage outlets:
Four outlets comprising Café 2000, The Buffet Restaurant, Hokkaido Sushi Restaurant and J Bar

Banquet/Conference/Meeting facilities:
A banquet suite with a maximum capacity of 350 guests theatre-style (with stage), featuring three state-of-the-art panoramic LED video walls, intelligent lighting, and a concert-quality sound system

14 multi-function rooms equipped with complete meeting facilities

Other facilities: 32 fully furnished designer office suites complete with a selection of modern business and IT facilities at Level 8 Office Suites & Business Centre

The Waterfloor features a spa, an outdoor swimming pool and a 24-hour gymnasium

Car park facilities: 224 car park lots and 40 motorcycle lots

Land area: 2,133.9 sq m

Gross floor area: 32,379.3 sq m

Title: 75-year leasehold interest commencing from 19 July 2006

Purchase price at 19 July 2006:
S$161.5 million

Valuation [1] as at 31 December 2022:
S$259.0 million

MASTER LEASE DETAILS

Master lessee: Harbour View Hotel Pte. Ltd., a subsidiary of M&C

Term of lease:
20 years from 19 July 2006 with an option to renew for another 20 years

Minimum rental income: S$6.1 million comprising a fixed rent of S$3.9 million and a service charge of S$2.2 million per annum

FY 2022 KEY FINANCIALS

Rental income: S$9.8 million

Net property income: S$9.3 million

Average occupancy rate: 100.0%

(1) The property was valued by CBRE Pte. Ltd. using a combination of the Capitalisation and Discounted Cash Flow approaches.

M Hotel, one of Singapore's premier business hotels, is strategically located in the heart of the financial district and close to government offices, the Integrated Resorts, Sentosa, Chinatown and Marina Bay. It has 415 rooms designed for business travellers with modern technological amenities.

The hotel's prime location as well as its variety of function areas which are well-equipped with the state-of-the-art audio and visual facilities, makes it a favoured venue for corporate meetings, social events and weddings. Its Level 8 Office Suites & Business Centre offers 32 fully furnished office suites with comprehensive secretarial support, modern meeting facilities and 24-hour security and internet access for all business needs.

The food & beverage outlets at M Hotel Singapore offer an all-day dining and seafood buffet spread at Café 2000, a specialty Halal hotpot buffet at The Buffet Restaurant, as well as authentic Japanese delicacies at Hokkaido Sushi Restaurant. The J Bar offers live entertainment and a separate daylight function room, J Collyer. The Waterfloor offers guests rejuvenation and recreation during their stay with spa facilities, outdoor swimming pool and a 24-hour gymnasium.

NOTABLE ACCOLADES

- BCA Green Mark Gold Plus
- Ctrip Top 10 Hotels Award 2018
- Ctrip Preferred Hotel (2017 and 2018)
- Hotels.com™ Loved by Guests Award 2018
- Rakuten Bronze Awards 2018
- PUB Water Efficient Building Silver Award (2013 – 2019)
- Hotel Security Awards (2017 – 2019)
- SkillsFuture Employer Awards 2022 (Silver)

SINGAPORE

Signature Studio Room

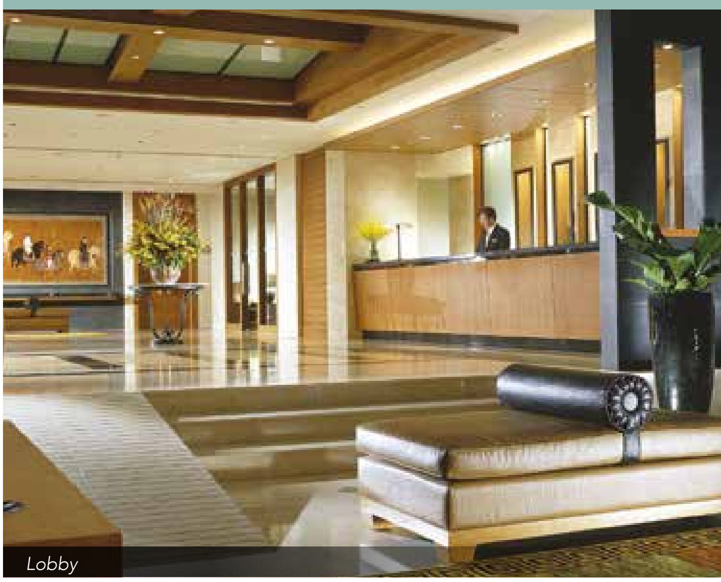
COPTHORNE KING'S HOTEL

403 Havelock Road, Singapore 169632
A superior business hotel that is in proximity to the Central Business District and Orchard Road shopping belt.

311
Guest Rooms

5,637
SQ M Land Area

S$129M
Valuation as at 31 Dec 2022



Lobby

Princess Terrace Café

PROPERTY DETAILS

Number of guest rooms: 311

Number of food & beverage outlets:
Three outlets comprising Tien Court Restaurant, Princess Terrace Café and Connections Lounge

Banquet/Conference/Meeting facilities:
Seven fully equipped function rooms that can be easily configured to various meeting arrangements

Car park facilities: 77 car park lots

Land area: 5,636.9 sq m

Gross floor area: 17,598.3 sq m

Title: 99-year leasehold interest commencing from 1 February 1968

Purchase price at 19 July 2006:
S$86.1 million

Valuation (1) as at 31 December 2022:
S$129.0 million

MASTER LEASE DETAILS

Master lessee: Republic Hotels & Resorts Limited, a subsidiary of M&C

Term of lease:
20 years from 19 July 2006 with an option to renew for another 20 years

Minimum rental income: S$2.8 million comprising a fixed rent of S$0.6 million and a service charge of S$2.2 million per annum

FY 2022 KEY FINANCIALS

Rental income: S$9.3 million

Net property income: S$8.8 million

Average occupancy rate: 76.1%

The 311-room hotel is conveniently located 3 minutes away from the newly opened Havelock MRT Station (TE16) on the Thomson-East Coast Line connecting guests to the Orchard Road shopping belt, Central Business District, Chinatown and Marina Bay area. It is also a 5 to 8 minutes short walking distance to Robertson Quay, Clarke Quay and Boat Quay.

Copthorne King's Hotel's elegantly appointed rooms and suites offer all the comforts of modern day amenities, replete with award-winning restaurants, seven fully equipped function rooms that can be configured to various meeting arrangements, complete with the latest audiovisual equipment and wireless broadband connectivity. 142 rooms in the Tower Wing were furnished in 2020 with contemporary Chinoiserie décor and in-room technology, offering guests an enhanced experience. Recreational facilities include a landscaped outdoor pool and jacuzzi, mini putting green, gymnasium, sauna and steam bath.

Its award-winning restaurants include Tien Court Restaurant which serves Teochew and Cantonese delicacies and Princess Terrace Café which is renowned in Singapore for serving authentic Penang cuisine. Connections Lounge offers live music entertainment, an ideal setting for business and social gatherings.

NOTABLE ACCOLADES

- BCA Green Mark Platinum
- Singapore Tourism Award 2022 – Best Innovation Award
- SkillsFuture Employer Award 2022 (Silver)
- Eco Food & Beverages Award 2022
- Hotel Security Award 2022 (Honesty/Bravery/Vigilance)

(1) The property was valued by CBRE Pte. Ltd. using a combination of the Capitalisation and Discounted Cash Flow approaches.

SINGAPORE

Cabana

STUDIO M HOTEL

3 Nanson Road, Singapore 238910
A contemporary design-oriented hotel that is in the Robertson Quay entertainment precinct and in proximity to the Central Business District.

360
Guest Rooms

2,932
SQ M Land Area

S$188M
Valuation as at 31 Dec 2022

Executive Loft

Lobby

PROPERTY DETAILS

Number of guest rooms: 360

Number of food & beverage outlets:
Two outlets – MEMO and Breeze

Other facilities:
Recreational facilities incorporating a 25-metre lap pool, a jacuzzi jet pool, an open-air gymnasium and three cabanas

Car park facilities: 30 car park lots

Land area: 2,932.1 sq m

Gross floor area: 8,258.9 sq m

Title: 99-year leasehold interest commencing from 26 February 2007

Purchase price at 3 May 2011:
S$154.0 million

Valuation [(1)] as at 31 December 2022:
S$187.5 million

MASTER LEASE DETAILS

Master lessee: Republic Iconic Hotel Pte. Ltd., a subsidiary of M&C

Term of lease:
20 years from 3 May 2011 with:
(i) an option to extend the lease for a first additional term of 20 years commencing immediately after the expiry of the initial term;
(ii) an option to extend the lease for a second additional term of 20 years commencing immediately after the expiry of the first additional term; and
(iii) an option to extend the lease for a third additional term of 10 years commencing immediately after the expiry of the second additional term.

Minimum rental income:
Fixed rent of S$5.0 million

FY 2022 KEY FINANCIALS

Rental income: S$7.1 million

Net property income: S$6.8 million

Average occupancy rate: 61.6%

(1) The property was valued by CBRE Pte. Ltd. using a combination of the Capitalisation and Discounted Cash Flow approaches.

Studio M Hotel is a unique and stylised lifestyle hotel in Singapore that blends modern design with functionality. It is the first fully loft-inspired Singapore hotel that occupies a prime and vibrant location in the city; within easy reach of both the Central Business District and Orchard Road. The lifestyle hotel offers a great leisure getaway or business stay in the iconic entertainment precinct of Robertson Quay. Studio M Hotel has 360 stylish guest rooms and facilities which include an open-air tropical oasis pool bar – Breeze, where guests can enjoy specialised continental buffet for breakfast, 25-metre lap pool, a jacuzzi jet pool, well equipped open-air gymnasium and in-house food and beverage outlet – MEMO. MEMO is a modern cosy bistro café nestled in Robertson Quay, offering a relaxing ambience.

In May 2022, Studio M Hotel completed the refurbishment of 360 guestrooms which has enhanced the hotel's product offering and market positioning.

NOTABLE ACCOLADES

- BCA Green Mark Gold
- Singapore Green Hotel Award (2019 – 2020)
- PUB Water Efficient Building Basic Award (2010 – 2022)
- Hotel Security Excellence Award (2018 – 2021)
- bizSAFE Level 4 Certification (2019 – 2024)
- Certified SG Clean Hotel (2021 – 2023)
- IM First Class – The Gold List Best Design Hotel (2022)

SINGAPORE

Fantastic Suite

W SINGAPORE – SENTOSA COVE

21 Ocean Way, Singapore 098374

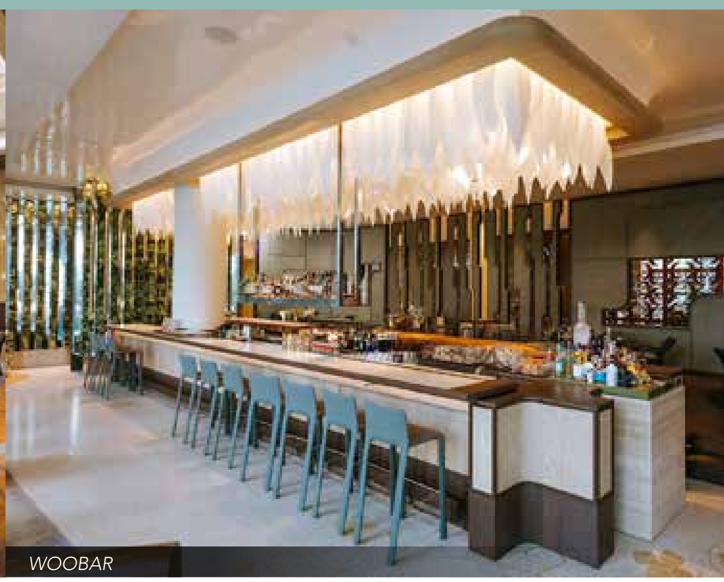
Located in Sentosa, a vibrant island resort for business and leisure, W Singapore – Sentosa Cove is a luxury lifestyle hotel under Marriott International. The hotel has won several accolades for its design and has an expansive view of the marina and seafront.

240
Guest Rooms

17,016
SQ M Land Area

S$338M
Valuation as at 31 Dec 2022

Great Room



WOOBAR

PROPERTY DETAILS

Number of guest rooms: 240

Number of food & beverage outlets:
Four F&B outlets comprising SKIRT, the kitchen table, WOOBAR, and one poolside bar, WET Bar

Banquet/Conference/Meeting facilities:
Eight versatile meeting spaces covering more than 1,800 sq m including a 720 sq m ballroom with a capacity of up to 480 guests banquet-style and 500 guests theatre-style

Other facilities:
AWAY Spa, a luxury spa facility with a decompression area, sauna, steam room, whirlpool, vitality pool and experiential showers; FIT, a 235 sq m, state-of-the-art gym with panoramic garden views through floor-to-ceiling windows; WET, one of Singapore's largest free-form outdoor pools, open 24-hours daily; and WIRED, a contemporary business centre

Car park facilities: 121 car park lots [(1)]

Land area: 17,016.0 sq m

Gross floor area: 25,374.3 sq m

Title: 99 year leasehold interest commencing from 31 October 2006

Purchase price at 16 July 2020:
S$324.0 million

Valuation [(2)] as at 31 December 2022:
S$338.0 million

HOTEL MANAGEMENT AGREEMENT DETAILS

Operator: Luxury Hotels International of Hong Kong Limited, an indirect wholly-owned subsidiary of Marriott International, Inc.

Term of hotel management agreement: Expires 31 December 2032, with options to renew for four consecutive periods of five years each, at the option of CDLHT

FY 2022 KEY FINANCIALS

Gross hotel revenue: S$53.1 million

Net property income: S$15.1 million

Average occupancy rate: 67.2%

W Singapore – Sentosa Cove is located in a luxury waterfront precinct. A vibrant resort island for business and leisure, Sentosa has over 30 themed attractions, some 200 F&B and retail outlets, a mega integrated resort, two world class golf courses, a yachting marina, and more.

A luxury lifestyle hotel with 240 guest rooms, the hotel has won several accolades for its design and has an expansive view of the marina and seafront. The hotel also offers a comprehensive suite of facilities including a ballroom, function rooms, swimming pool, spa, restaurants and bars. Nearby amenities include Quayside Isle, an upscale waterfront retail and dining concept, and ONE°15 Marina Sentosa Cove, Singapore, an exclusive marina and lifestyle destination.

Conceptualised from the bold and vibrant culture of New York City, W Hotels, part of Marriott International, is an iconic brand which has been the trendsetter for the lifestyle hotel concept in the global hospitality scene for over two decades. The W brand is positioned to offer a unique mix of cutting-edge design, world-class service and passions around fashion, music and entertainment, and integrates restaurant concepts, entertainment experiences, retail concepts and signature spas to cater to discerning leisure travellers seeking luxury in a non-traditional way.

NOTABLE ACCOLADES

- Forbes Travel Guide Star Award Winner (2022 – 2023): Recommended
- Tripadvisor Travelers' Choice 2023: Best of the Best (Top 25 Hotels – Singapore)
- Honeycombers Readers' Choice Awards 2022: Best Romantic Staycation in Singapore (Gold Winner)
- Expat Living Readers' Choice Awards 2022: Best Hotel for a Family Staycation in Singapore (Silver Winner)

(1) The W Hotel property includes a basement car park which comprises 121 car park lots. The basement car park is connected to the 78 car park lots owned by neighbouring property known as Quayside Isle. Taking into account the Quayside Isle basement car park lots, there are in total 199 lots available for public use.
(2) The property was valued by CBRE Pte. Ltd. using a combination of the Capitalisation and Discounted Cash Flow approaches.

SINGAPORE

CLAYMORE CONNECT

442 Orchard Road, Singapore 238879
Occupying a prime spot at the junction of Claymore Road and the Orchard Road shopping and tourist belt, Claymore Connect is a family-friendly mall with a range of lifestyle and F&B retail offerings.

24	**~7,187**	**S$100M**
Tenants as at 31 Dec 2022	SQ M in NLA	Valuation as at 31 Dec 2022


Entrance

Facade

PROPERTY DETAILS

Net lettable area (including Galleria): Approximately 7,187 sq m

Car park facilities: The car park facilities are shared with Orchard Hotel

Title: 75-year leasehold interest commencing from 19 July 2006

Purchase price at 19 July 2006: S$34.5 million

Valuation [(1)] as at 31 December 2022: S$100.0 million

FY 2022 KEY FINANCIALS

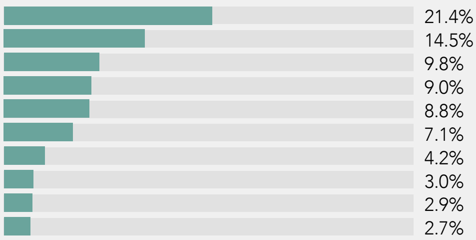
Rental income: S$5.7 million

Net property income: S$3.9 million

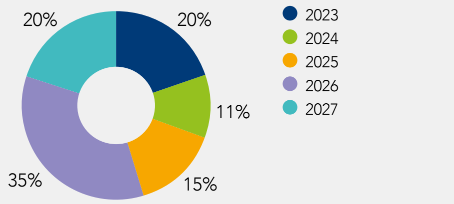
Total number of tenants as at 31 December 2022: 24

Committed occupancy rate as at 31 December 2022: 95.7%

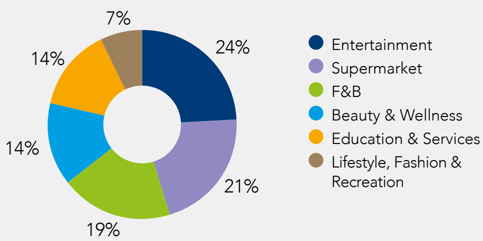
% CONTRIBUTION TO RENTAL INCOME OF TOP 10 TENANTS FOR FY 2022



LEASE EXPIRY ANALYSIS BY PASSING RENT AS AT MONTH OF EXPIRY [(2)]



TENANT MIX BY RENTAL INCOME FOR FY 2022 [(2)]



(1) The property was valued by CBRE Pte. Ltd. using a combination of the Capitalisation and Discounted Cash Flow approaches.

(2) Percentages do not add up due to rounding.

Claymore Connect is located within a short walking distance from Orchard MRT station, situated at the junction of Scotts Road, Paterson Road and Orchard Road. Its main entrance is along Claymore Road, with direct access to Orchard Hotel from the mall's mezzanine floor and Level 2.

The mall caters to the captive residential population in the nearby precincts of Tanglin, Orchard and Claymore. Orchard Hotel guests also enjoy the convenience of the F&B outlets, beauty, wellness and lifestyle services at the mall.

Apart from the anchor tenant Cold Storage, Claymore Connect features tenants such as MapleBear Singapore – an early education centre offering Canadian education philosophies and practices, combined with Singapore's bilingual literacy curriculum, Ch'i Life Studio – Singapore's Premier International Martial Arts Studio for children and adults of all ages and Wonderlit Education Centre – a creative enrichment space tailored to nurture and develop children through their formative years to become confident communicators.

The mall also offers a diverse range of food and beverage selections such as:

- Muddy Murphy's, an Irish cottage themed pub which has a loyal following for its dining and drinks options as well as live band and televised sports;
- Summer Hill, a famous French Bistro with the signature French Style Roast Chicken and other authentic French cuisine; and
- Kappo Kaji, a Kyoto-style kappo restaurant serving Japanese kaiseki and omakase cuisine by Chef Kaji, originally from Kyoto, who delights diners with his skills and knowledge.

Additionally, the mall also offers a number of lifestyle and fashion retailers such as Maharaja's Custom Tailors, one of Singapore's leading bespoke men's and womenswear specialists established since 1958; and Wine Connection, South-East Asia's leading chain of wine shops. Claymore Connect also features a number of beauty and wellness outlets ready to pamper discerning patrons such as Indulge Skin & Body Lab, which incorporates both Western science and Traditional Chinese Medicine (TCM) principles, techniques and products in their treatments, and Salon Le Point, one of Singapore's leading hair salons established since 1997 and also one of the hair spas appointed by L'Oreal Kerastase in Singapore.

AUSTRALIA

Beccaria Bar and Restaurant, Mercure Perth

MERCURE & IBIS PERTH

10 Irwin Street, Perth | 334 Murray Street, Perth
Strategically located in the heart of Perth, the hotels are located minutes away from the Central Business District.

MERCURE PERTH

239 Guest Rooms

757 SQ M Land Area

A$45M Valuation as at 31 Dec 2022

IBIS PERTH

192 Guest Rooms

1,480 SQ M Land Area

A$32M Valuation as at 31 Dec 2022

Superior Room, Mercure Perth

Lobby, Ibis Perth

PROPERTY DETAILS

Hotel:	Mercure Perth	Ibis Perth
Number of guest rooms:	239	192
Number of food & beverage outlets:	Three outlets comprising Beccaria Bar, Beccaria Restaurant and Cucina on Hay	Two outlets comprising the Rubix Bar and Cafe and Murray Street Grill
Banquet/ Conference/ Meeting/ Other facilities:	Dedicated conference floor on Level 1 with 6 separate function rooms accommodating up to 350 delegates, heated rooftop swimming pool, and gym	Three function rooms for up to 300 guests
Car park facilities:	32 car park lots	13 car park lots
Land area:	757 sq m	1,480 sq m
Gross floor area:	22,419 sq m	9,650 sq m
Title:	Strata Freehold	Freehold
Purchase price at 18 February 2010:	A$36.2 million	A$21.6 million
Valuation (1) as at 31 December 2022:	A$45.0 million	A$31.5 million

HOTEL MANAGEMENT AGREEMENT DETAILS

Operator:	AAPC Properties Pty Limited
Term of hotel management agreements:	Term of 10 years from 1 May 2021, expiring 30 April 2031, with options to renew for two terms of five years each (subject to mutual agreement of the parties)

FY 2022 KEY FINANCIALS

Gross revenue:	S$9.3 million (2) (A$9.7 million)	S$8.3 million (2) (A$8.6 million)
Net property income:	S$0.9 million (2) (A$1.0 million)	S$2.1 million (2) (A$2.2 million)
Average occupancy rate:	55.2%	65.6%

Mercure Perth and Ibis Perth are both strategically located in the heart of Perth city, just a short stroll from the Swan River, Perth Mint and Supreme Court Gardens, amongst many of Perth's attractions.

Mercure Perth features 239 well-appointed rooms, along with three F&B outlets comprising Beccaria Bar, Beccaria Restaurant and Cucina on Hay. The property has a large heated rooftop swimming pool, modern refurbished pool deck area, and spacious gym. Business guests are also well catered for at this hotel with a number of meeting rooms available, which feature natural light and modern AV technology, accommodating up to 350 delegates.

Ibis Perth is located 300 metres from the Murray and Hay Street shopping malls and around the corner from the popular King Street, Murray Street shopping strips and a short walk to the Raine Square, Palace Cinema Complex and Yagan Square. The hotel also offers a full service breakfast restaurant, casual bar and bistro, 24-hour room services and three function rooms catering for up to 300 guests. Other features include secure covered parking, business centre and secure guest access to all hotel floors. The hotel is currently rated Silver by Accor Hotels "Planet 21" sustainability program.

Mercure Perth and Ibis Perth are both certified to be fully compliant with ALLSAFE, Accor's enhanced health and safety protocols.

(1) Mercure Perth and Ibis Perth were valued by Cushman & Wakefield (Valuations) Pty Ltd, both using a combination of the Capitalisation and Discounted Cash Flow approaches.
(2) Based on the average exchange rate of A$1.00 = S$0.9598.

NEW ZEALAND

Lobby

GRAND MILLENNIUM AUCKLAND

71-87, Mayoral Drive, Auckland 1010

Overlooking the Auckland Central Business District, Grand Millennium Auckland is one of the largest hotels in New Zealand, located within walking distance to Auckland's convention and retail precincts.

453
Guest Rooms

5,910
SQ M Land Area

NZ$235M
Valuation as at 31 Dec 2022

King Deluxe Room

Front Desk

PROPERTY DETAILS

Number of guest rooms: 453

Number of food & beverage outlets:
Three outlets comprising Grand Millennium Brasserie, Katsura Japanese Restaurant and the Atrium Lounge

Banquet/Conference/Meeting facilities:
15 meeting spaces comprising over 1,619 sq m offering a variety of flexible multi-function rooms that can be used for intimate board meetings through to large gala dinners, exhibitions or cocktail functions for up to 1,000 delegates

Car park facilities: 259 car park lots

Land area: 5,910.0 sq m

Title: Freehold

Purchase price at 19 December 2006:
NZ$113.0 million

Valuation [1] as at 31 December 2022:
NZ$235.0 million

MASTER LEASE DETAILS

Master lessee: Hospitality Services Limited, a subsidiary of Millennium & Copthorne Hotels New Zealand Limited

Term of lease:
Three years from 7 September 2016 with options to renew for two further 3-year terms each. Lease renewed for third 3-year term from 7 September 2022 expiring 6 September 2025

Minimum rental income: Zero for the first two years of the term and NZ$2.0 million for the third year

FY 2022 KEY FINANCIALS

Rental income: S$10.5 million [2]
(NZ$11.9 million)

Net property income: S$10.5 million [2]
(NZ$11.9 million)

Average occupancy rate: 72.8%

The 453-room Grand Millennium Auckland is a prime 12-storey atrium-styled hotel located in New Zealand's main gateway city. The property is one of the largest hotels in the city, situated in the heart of Auckland, only 600 metres south of the Sky City entertainment complex, and minutes from all major commercial buildings and the University of Auckland.

A key highlight of the hotel's location is its proximity to Auckland Conventions, Auckland's prime convention precinct which comprises four of Auckland's finest venues: Aotea Centre, The Civic, Auckland Town Hall and Aotea Square. The hotel is also within walking distance to the casino and the New Zealand International Convention Centre which is due to open in 2025.

The hotel has complementary and extensive conference facilities with approximately 1,619 sq m of meeting space that can accommodate up to 1,000 delegates. It also provides a full-serviced business centre which offers additional boardrooms.

The hotel offers varied dining options from an extensive buffet breakfast, and a la carte dinner menu in Grand Millennium Brasserie to Japanese cuisine in Katsura and light lunch and dinner options in the Atrium Lounge.

NOTABLE ACCOLADES

- TripAdvisor Certificate of Excellence (2012 – 2021)
- Qualmark Assessment 2022 – 4.0 stars

(1) The property was valued by Jones Lang LaSalle Incorporated using a combination of the Capitalisation and Discounted Cash Flow approaches.
(2) Based on the average exchange rate of NZ$1.00 = S$0.8787.

MALDIVES

Kuredhi Pool

ANGSANA VELAVARU

Velavaru Island, South Nilandhe Atoll, Republic of Maldives
Located in a picturesque lagoon in the Maldives, Angsana Velavaru offers two distinct experiences with its beachfront villas and its standalone overwater villas.

113
Villas

67,717
SQ M Land Area

US$60M
Valuation as at 31 Dec 2022

Lobby

Beach Villa

PROPERTY DETAILS

Number of guest rooms:
79 Beachfront Villas, 34 InOcean Villas

Number of food & beverage outlets:
Four outlets comprising Kaani Restaurant, Funa Restaurant, Azzurro Restaurant and Bar, Kuredhi Pool Bar

Other facilities:
Angsana Spa & Gallery, Swimming Pool, Marine Conservation Lab, PADI 5 Star Gold Palm Dive Centre, Watersports Centre, Kids Club, Wedding Pavilion, Gym and Medical Center

Land area: 67,717 sq m

Title: 99-year leasehold interest commencing from 26 August 1997

Purchase price at 31 January 2013:
US$71.0 million

Valuation [(1)] as at 31 December 2022:
US$59.8 million

MASTER LEASE DETAILS

Master lessee: Maldives Bay Pvt Ltd, a subsidiary of Banyan Tree Holdings Limited

Term of lease:
10 years from 1 February 2023

Minimum rental income:
Minimum rent of US$6.0 million per year guaranteed by master lessee / Banyan Tree Holdings Limited, subject to maximum rent reserve of US$6.0 million for the lease term

FY 2022 KEY FINANCIALS

Rental income: S$7.8 million [(2)]
(US$5.7 million)

Net property income: S$7.5 million [(2)]
(US$5.5 million)

Average occupancy rate: 60.8%

The Maldives is a nation of coral islands scattered across the Indian Ocean, consisting 26 natural atolls with over 1,100 islands. The Maldives' tropical climate, white beaches, rich marine environment, "one-island-one-resort" concept and ease of accessibility from Europe, the Middle East and Asia have firmly established the island paradise as a top-tier destination for luxury tourism.

The property is located at the southern edge of the Maldives archipelago in the South Nilandhe Atoll. It occupies the island of Velavaru, one of the more intimate lagoons in the Maldives. The Angsana Velavaru resort is a 40-minute scenic seaplane ride from Malé International Airport. It comprises 79 Beachfront Villas and 34 InOcean Villas, providing guests the opportunity to enjoy two distinct experiences at one resort. Infinity pools were added to 24 of the Beachfront villas where guests can have a more enjoyable experience at the resort.

Offering a Maldivian-style resort, Angsana Velavaru is positioned for romantic vacations and family and group getaways. Angsana Velavaru is the first resort to introduce the concept of standalone overwater villas, which are exclusively positioned at the edge of the reef about one kilometre away from the main island. Facilities within the resort include three restaurants, two bars, an award-winning spa, cooking classes, lifestyle gallery, a marine conservation lab, water sports and dive center, and kids' club.

NOTABLE ACCOLADES

- TripAdvisor Traveller's Choice 2022
- EarthCheck Gold Certificate (2019 – 2022)
- TripAdvisor Certificate of Excellence 2019
- Luxury Travel Guide Spa & Wellness Awards 2018

(1) The property was valued by CBRE Pte. Ltd. using a combination of the Capitalisation and Discounted Cash Flow approaches.
(2) Based on the average exchange rate of US$1.00 = S$1.3752.

MALDIVES

Overwater Villa

RAFFLES MALDIVES MERADHOO

Meradhoo Island, Gaafu Alifu Atoll, Republic of Maldives

Tucked away at the southern edge of the Maldives archipelago, Raffles Maldives Meradhoo is the premier destination that focuses on personalised luxury of the highest standard. Its spacious beachfront and overwater villas are among the largest in the Maldives.

38
Villas

53,576
SQ M Land Area

US$49M
Valuation as at 31 Dec 2022

Beach Villa

Yuzu Restaurant & Yapa Sunset Bar

PROPERTY DETAILS

Number of guest rooms:
21 Beach Villas, 16 Overwater Villas, one Raffles Royal Residence

Number of food & beverage outlets:
Three restaurants comprising Thari, Yuzu and The Firepit and two bars comprising Long Bar and Yapa Sunset Bar

Other facilities:
PADI 5 Star dive and water sports centre, Raffles Spa, Kids Club, overwater fitness and yoga studio, two infinity edge pools, 24-hour butler service and resort boutique

Land area: 53,576 sq m

Title: 99 year leasehold interest commencing from 15 June 2006

Purchase price at 31 December 2013:
US$59.6 million

Valuation (1) as at 31 December 2022:
US$49.0 million

HOTEL MANAGEMENT AGREEMENT DETAILS

Operator: AAPC (Maldives) Private Limited

Term of hotel management agreement:
20 years commencing from 9 May 2019 (operator has right to extend another 5 years)

FY 2022 KEY FINANCIALS

Gross hotel revenue: S$14.9 million (2)
(US$10.8 million)

Net property income: S$0.7 million (2)
(US$0.5 million)

Average occupancy rate: 35.1%

Raffles Maldives Meradhoo Whale Shark Encounter

(1) The property was valued by CBRE Pte. Ltd. using a combination of the Capitalisation and Discounted Cash Flow approaches.
(2) Based on the average exchange rate of US$1.00 = S$1.3752.

Aerial View, Raffles Royal Residence

Raffles Maldives Meradhoo is located at the southern edge of the Maldives archipelago in the Gaafu Alifu Atoll, occupying the exclusive Meradhoo Island and its surrounding crystal clear lagoon. The Maldives archipelago is home to a host of tropical wildlife and unique underwater encounters near the resort, including reef sharks, spinner dolphins, eagle rays, 26 resident turtles and napoleon fishes. The resort is accessible via a 55-minute domestic flight from Malé International Airport to Kaadedhdhoo Airport, followed by a 15-minute yacht journey. Private jets can land at either Gan International Airport or Kooddoo Airport and connect to the resort via seaplane or speedboat respectively.

The 38-villa resort is an all-suite resort comprising a presidential villa (Raffles Royal Residence) and one to two-bedroom villas (16 overwater villas; 21 beachfront villas) ranging from approximately 220 to 300 sq m, each with its own private pool. The resort competes at the top end of the Maldives luxury market and the extremely spacious villas are among the largest in the destination. The Raffles Royal Residence, features a spacious 1,250 sq m ultra-luxury villa comprising three bedrooms (expandable up to 6 bedrooms by adjoining with other villas), a rooftop bar and a 40-metre private infinity pool. The overwater villas boast high ceilings and full-length floor-to-ceiling windows that provide panoramic views of the Indian Ocean from the bedroom, bathroom and living room.

The resort offers a wide range of dining options including three restaurants and two bars, comprising Thari, an all-day diner; Yuzu, a Peruvian and Japanese fusion restaurant; The Firepit, where guests can enjoy various flame-grilled chef specialty dishes; the popular Long Bar on the main island; and the over-water Yapa Sunset Bar. Guests are also offered private destination dining options such as a picnic on the beach or sunset cruises. There are also leisure options including a spa, an over-water gym and yoga studio, two infinity edge pools, a PADI 5 Star dive and water sports centre, kids club and a resort boutique. Guests can also enjoy guided dives or snorkel sessions by the resort's in-house Marine Biologist to experience the rich marine life in the two house reefs surrounding the resort's two private islands.

NOTABLE ACCOLADES

- Planet 21 Platinum Level Certified
- TripAdvisor Travellers' Choice 2021 & 2022
- World Luxury Hotels Awards – Maldives Luxury Island Resort (2020 Country Winner)
- Best New Hotels in the World 2019 by Town & Country Magazine

JAPAN


Hotel MyStays Asakusabashi


Hotel MyStays Kamata

HOTEL MYSTAYS ASAKUSABASHI & MYSTAYS KAMATA

1-5-5 Asakusabashi, Taito-Ku, Tokyo 111-0053 | 5-46-5 Kamata, Ota-Ku, Tokyo 144-0052
Located in close proximity to major transportation networks and tourist attractions, the hotels appeal to both business and leisure travellers.

ASAKUSABASHI

139	564	¥3.9B
Guest Rooms	SQ M Land Area	Valuation as at 31 Dec 2022

KAMATA

116	497	¥2.8B
Guest Rooms	SQ M Land Area	Valuation as at 31 Dec 2022


Modern Twin Room Sakura, Hotel MyStays Asakusabashi


Standard Double Room, Hotel MyStays Kamata

PROPERTY DETAILS

Hotel:	Hotel MyStays Asakusabashi	Hotel MyStays Kamata
Number of guest rooms:	139	116
Other facilities:	1 convenience store	N.A.
Car park facilities:	6 car park lots	6 car park lots
Land area:	564 sq m	497 sq m
Title:	Freehold	Freehold
Purchase price at 19 December 2014:	¥3.20 billion	¥2.60 billion
Valuation (1) as at 31 December 2022:	¥3.87 billion	¥2.75 billion

HOTEL MANAGEMENT AGREEMENT DETAILS

Operator:	MyStays Hotel Management Co., Ltd.
Term of hotel management agreement:	3-year auto-renewal basis, unless terminated with notice

FY 2022 KEY FINANCIALS

Gross hotel revenue:	S$2.3 million (2) (¥218.0 million)	S$2.2 million (2) (¥211.9 million)
Net property income:	S$0.5 million (2) (¥48.3 million)	S$0.6 million (2) (¥60.6 million)
Average occupancy rate:	72.5%	79.2%

Both hotels are within close proximity to major transportation networks and tourist attractions.

Hotel MyStays Asakusabashi is a business (economy) hotel which is located in central Tokyo. It has easy access to Asakusa and Akihabara, and is only a few stations away from several popular sightseeing spots and attractions, such as the traditional cultural area of Asakusa. The hotel is also within walking distance to various subway and railway stations. The hotel's modern rooms feature a décor of elegant simplicity catering to travellers of either business or leisure. Guests staying in the Superior "Sky Tree View" rooms also enjoy a view of the Tokyo Sky Tree. A convenience store is located on the ground floor and a variety of dining options are available around the hotel.

Hotel MyStays Kamata is a business (economy) hotel, located near to Keikyu-Kamata Station which is only a 10-minute train ride from Haneda Airport. It is within 4 minutes to JR Kamata Station and Tokyu Kamata Station with convenient access to major core cities such as Shinagawa, Kawasaki, Yokohama and Shibuya. The hotel's cosy rooms with refined interiors offer a comfortable environment for guests who are travelling alone or otherwise.

Both Hotel MyStays Asakusabashi and Hotel MyStays Kamata provide complimentary laundry facilities which ensure a convenient stay for long-stay guests.

(1) The Japan Hotels were valued by JLL Morii Valuation & Advisory K.K. using a combination of the Capitalisation and Discounted Cash Flow approaches.
(2) Based on the average exchange rate of S$1.00 = ¥94.34.

UNITED KINGDOM

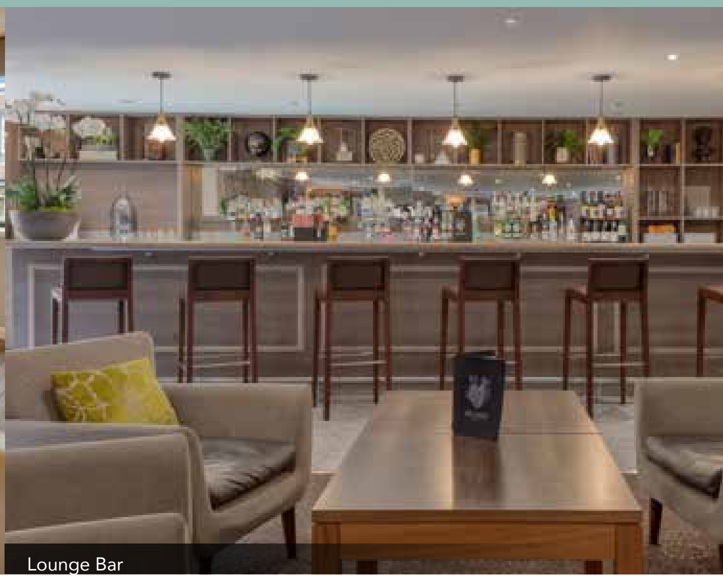

Executive Lounge

HILTON CAMBRIDGE CITY CENTRE

20 Downing Street, Cambridge CB2 3DT
Situated in a prime location in the heart of Cambridge city centre, the hotel is beside the main thoroughfare and within the vicinity of popular tourist attractions.

198	~3,600	£55M
Rooms	SQ M Land Area	Valuation as at 31 Dec 2022


Junior Suite


Lounge Bar

PROPERTY DETAILS

Number of guest rooms: 198

Number of food & beverage outlets:
Two outlets comprising Bull & Bass Restaurant and the Lounge Bar

Banquet/Conference/Meeting facilities:
501 sq m of event space comprising five function rooms and atrium public space

Other facilities:
Executive Lounge, LivingWell Fitness Gym, 24-hour In-room Dining, and the Bar Oh Ltd concession – a private members jazz event club & bar

Car park facilities: 60 car park lots with valet car parking

Land area: ~3,600.0 sq m

Title: 125-year leasehold interest commencing from 25 December 1990 (1)

Purchase price at 1 October 2015:
£61.5 million (2)

Valuation (3) as at 31 December 2022:
£54.7 million

HOTEL MANAGEMENT AGREEMENT DETAILS

Operator: Hilton UK Manage Limited, an affiliate of Hilton Worldwide Inc.

Term of hotel management agreement:
1 October 2015 to 31 December 2027

FY 2022 KEY FINANCIALS

Gross hotel revenue: S$18.4 million (4) (£10.7 million)

Net property income: S$5.9 million (4) (£3.5 million)

Average occupancy rate: 66.2%

(1) The lease term may be extended for a further term of 50 years pursuant to lessee's (CDLHT) option to renew under the lease granted by the head lessor (Cambridge City Council).
(2) The purchase price of £61.5 million refers to the price of the property and excludes the adjustment for net working capital.
(3) The property was valued by CBRE Hotels Limited using the Discounted Cash Flow approach.
(4) Based on the average exchange rate of £1.00 = S$1.7086.

Hilton Cambridge City Centre is an upper upscale hotel with 198 rooms and suites, and arguably the best located and largest premium hotel in Cambridge City Centre. It boasts a prime location in the heart of the city, being 1.6 km from Cambridge railway station and is situated beside the main shopping and historic attractions. It is also within the vicinity of popular tourist destinations such as King's College, Trinity College, Fitzwilliam Museum, Cambridge University Botanic Gardens, and the River Cam. The Grand Arcade Shopping Centre, the city's largest shopping mall, is also adjacent to the property.

The hotel's extensive suite of facilities includes: two food & beverage outlets, the 24-hour LivingWell Fitness Gym, an exclusive Hilton Honors Executive Lounge, secure undercover car parking, and events' space for up to 220 persons theatre-style. The event space was refurbished in 2021 and is equipped with the latest integrated audiovisual technology allowing for hybrid meetings and advanced presentations.

The Bull & Bass Restaurant serves à la carte seasonal dishes paired with exquisite wines. The other facilities include the Lounge Bar and a private jazz club concession.

NOTABLE ACCOLADES

- TripAdvisor Certificate of Excellence 2015 – 2022
- TripAdvisor GreenLeaders GreenPartner 2019 – 2022
- Accreditation by the Meeting Industry Association 2017 – 2021
- Cambridge BID Awards 2022 – Best Overall Customer Experience (Runner-up – Overnight Accommodation)
- Gold Accreditation for Overall Customer Experience in Cambridge BID Awards 2019
- Gold Accreditation for Bull & Bass Restaurant in Cambridge BID Awards 2018
- Booking.com Gold Certificate of Excellence 2017 – 2021
- Hotels.com™ Certificate of Excellence 2017 – 2019
- HolidayCheck Certificate of Excellence 2018
- Great Places to Work UK | 2020 (3rd place) | 2021 (1st place) | 2022 (1st place)

UNITED KINGDOM

Lobby

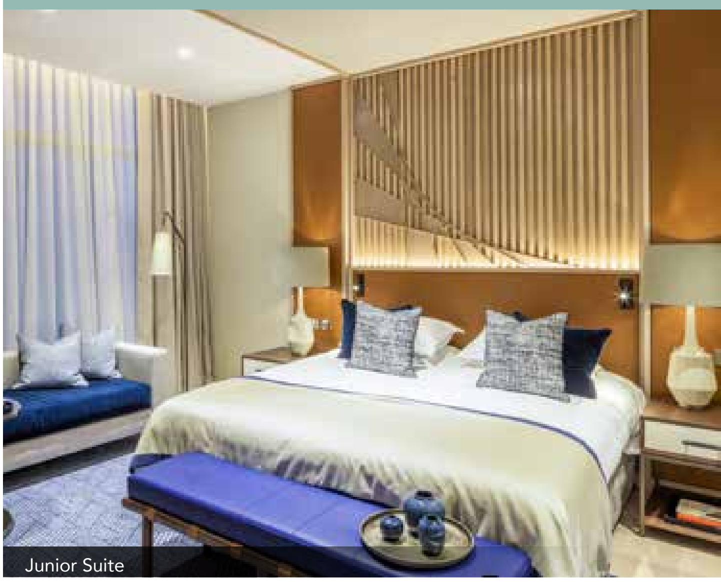
THE LOWRY HOTEL

50 Dearmans Place, Salford, Manchester M3 5LH
The iconic 5-star hotel is located in proximity to the heart of Manchester city centre and also within the vicinity of top office developments.

165
Rooms

~2,200
SQ M Land Area

£45M
Valuation as at 31 Dec 2022



Junior Suite

The River Restaurant

PROPERTY DETAILS

Number of guest rooms: 165

Number of food & beverage outlets:
Two outlets comprising The River Restaurant and Lowry Lounge and Bar

Banquet/Conference/Meeting facilities:
Eight purpose-built meeting rooms for private events or business conferences and a grand ballroom for up to 300 people

Other facilities:
A spa comprising a gym, four treatment rooms, a fitness studio, cryotherapy chamber, floatation tank and somadome meditation pod as well as a hair salon

Car park facilities: 88 car park lots

Land area: ~2,200.0 sq m

Title: 150-year leasehold interest commencing 18 March 1997

Purchase price at 4 May 2017:
£52.5 million [1]

Valuation [2] as at 31 December 2022:
£44.9 million

Vacant Possession:
Owner-operated, free of operator or brand

FY 2022 KEY FINANCIALS

Gross hotel revenue: S$20.8 million (£12.2 million) [3]

Net property income: S$4.1 million (£2.4 million) [3]

Average occupancy rate: 68.9%

The Lowry Hotel is an iconic 5-star luxury hotel which offers 165 rooms and a comprehensive suite of facilities and is located in proximity to the heart of Manchester city centre. It is also within close vicinity of top office developments such as Spinningfields and prominent retail establishments such as the Arndale Shopping Centre (one of the busiest retail malls in the UK). Key entertainment hubs such as the Royal Theatre Exchange, Manchester Opera House and Manchester Arena are all within close walking range of the hotel.

The Lowry Hotel is also well-known throughout the United Kingdom and since its opening in 2001, the hotel has hosted many notable celebrities, prominent foreign dignitaries, sports stars as well as prestigious football teams.

In keeping up with efforts to enhance The Lowry Hotel's position as one of the top hotels in Manchester, the hotel has undergone a significant amount of renovation works between 2018 and 2022 including refurbishment of the hotel lobby, a full refurbishment of the River Restaurant and the Lowry Lounge and Bar. The Spa (known as RE:TREAT) was also completely refurbished alongside an extensive refurbishment of all 165 bedrooms and suites within the hotel.

The River Restaurant is a fine dining restaurant specialising in the very best of British cuisine and has received the prestigious two-AA-Rosette award for the fourth consecutive year.

NOTABLE ACCOLADES

- The AA Rosette Award (2018 – 2022) – The River Restaurant (Two Rosettes)
- Manchester's Finest 2018 – Best Restaurant in Manchester
- Eat, Sleep and Drinks Awards 2017 – Best Hotel Restaurant in Manchester
- Best Bedroom CHS Awards 2017
- Good Spa Guide Bubble Rating of 5 Bubbles – RE:TREAT

(1) The purchase price of £52.5 million refers to the price of the property and excludes the adjustment for net working capital.
(2) The property was valued by CBRE Hotels Limited using the Discounted Cash Flow approach.
(3) Based on the average exchange rate of £1.00 = S$1.7086.

UNITED KINGDOM

Runyon's Bar & Restaurant

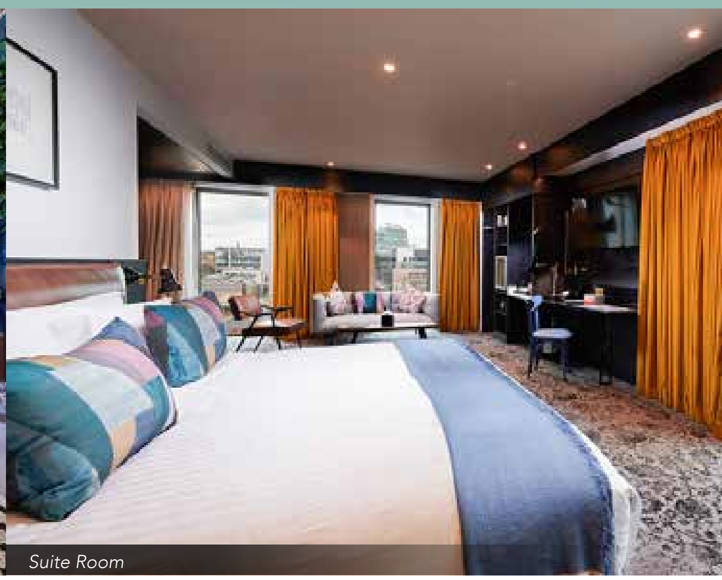
HOTEL BROOKLYN

57 & 59 Portland Street, Manchester M1 3HP

A 4-star upscale lifestyle hotel at the heart of Manchester city centre, providing guests convenient access to shopping, nightlife, attractions, and Manchester's commercial and business hubs.

189 Rooms	**~1,438** SQ M Land Area	**£24M** Valuation as at 31 Dec 2022

Reception



Suite Room

PROPERTY DETAILS

Number of guest rooms: 189

Number of food & beverage outlets:
Two outlets comprising Runyon's Bar & Restaurant and Salvation Bar

Banquet/Conference/Meeting facilities:
Three meeting rooms (which can be combined and accommodate up to 140 people theatre-style)

Other facilities:
Casino with restaurant and bar

Land area: ~1,438 sq m

Title: ~197-year leasehold interest commencing 7 May 2021 and expiring on 26 June 2218

Purchase price at 22 February 2022:
£22.8 million (1)

Valuation (2) as at 31 December 2022:
£23.8 million

OCCUPATIONAL LEASE DETAILS

Occupational lessee: HLD (Manchester) Limited

Term of lease: 60 years commencing from 7 May 2021 (3)

Minimum rental income:
Fixed rent of £2.4 million (4)

FY 2022 KEY FINANCIALS

Gross hotel revenue: S$3.5 million (£2.0 million) (5)

Net property income: S$3.5 million (£2.0 million) (5)

Average occupancy rate: 77.1%

Hotel Brooklyn is a 4-star upscale lifestyle hotel located at the heart of Manchester city centre offering 189 guest rooms. The hotel appeals to both corporate and leisure guests being within walking distance to the central business district (Spinningfields), as well as popular tourist attractions such as the Manchester Art Gallery, retail areas such as Market Street and Manchester Arndale, as well as entertainment hubs such as the Manchester Arena. It is within a 2-minute walk to Oxford Road train station and 8-minute walk to the Manchester Piccadilly, Manchester's main train station, and approximately 13.4 kilometres (20-minute drive) from the Manchester Airport.

Hotel Brooklyn opened in February 2020 (6) and was finished to a high standard, with a distinctive New York lifestyle feel. The dining offerings include two food & beverage outlets comprising Runyon's Bar & Restaurant and Salvation Bar. There are also three meeting rooms which can be combined and accommodate up to 140 people theatre-style. Napoleons Casino and Restaurant, located in the basement, comprises a casino, restaurant and cocktail bar.

NOTABLE ACCOLADES

- TripAdvisor Travellers' Choice Awards 2021 | Best of The Best | Top 1% of Hotels Worldwide
- Condé Nast Traveller Readers' Choice Awards 2021: Top 30 Best Hotels in UK
- Luxury Lifestyle Magazine Readers' Travel Awards (UK) | Best Hotel for Design (2020) | Best City Hotel (2020 – 2021)
- itravel Staycation Awards 2020 – Hotel of the Year
- Catey's Accessibility Award (2021)

(1) The purchase price of £22.8 million refers to the price of the property and excludes the adjustment for net working capital.
(2) The property was valued by Cushman & Wakefield Debenham Tie Leung Limited using the Capitalisation method.
(3) The occupational lease has a term commencing on 7 May 2021 and expiring on 6 May 2081 with a break option exercisable by the occupational lessee on 15 January 2045 and then on every fifth anniversary from that date, by providing at least six months' prior notice to CDLHT.
(4) Pursuant to the occupational lease, the fixed rent applicable for 7 May 2022 to 6 May 2023 is £2.4 million. The fixed rent is subject to an annual upward-only rent review broadly based on inflation.
(5) Based on the average exchange rate of £1.00 = S$1.7086.
(6) Due to the COVID-19 situation, the hotel opened and closed for business intermittently between February 2020 and April 2021, but has been operational since May 2021.

UNITED KINGDOM


Concept drawing - subject to change

THE CASTINGS

Piccadilly East, Manchester
A freehold 352-unit residential build-to-rent property located in Piccadilly East, a developing neighbourhood situated close to the Manchester Piccadilly Station and the tram stop.

352	~28,455	£37M
Rooms	SQ M Gross Internal Area	Valuation as at 31 Dec 2022


Concept drawing - subject to change

PROPERTY DETAILS

Number of apartments: 352

Amenity spaces:
Internal and external common amenity spaces which will include a gym, a screening room, resident lounge and games areas, co-working and meeting spaces, a private dining room with kitchen, a roof terrace and ground floor retail spaces (subject to design and changes)

Other common areas:
Approximately 350 bicycle storage

Car park facilities: 20 car park lots

Gross internal area: ~ 28,455 sq m

Title: Freehold

Purchase price at 31 August 2021 under a forward-funding arrangement:
£73.3 million

Valuation [(1)] as at 31 December 2022:
£36.7 million (Based on construction progress)

Target completion: By 3Q 2024

(1) The property was valued by Savills (UK) Limited using the capitalisation method for the residential and car park components and the direct comparison method for the retail component. The independent valuation was derived by applying the percentage of the spend-to-date (from 31 August 2021 to 31 December 2022) over the total contractual commitment to the assessed market value.

The Castings is currently under development under a forward-funding arrangement announced on 31 August 2021. On completion of the development, there will be 352 residential apartment units comprising a mix of studios, one, two and three bedroom units, with a total residential net internal area of approximately 20,400 sq m. The property will also comprise internal and external common amenity spaces, which will include a gym, a screening room, resident lounge and games areas, co-working and meeting spaces, a private dining room with kitchen, a roof terrace and ground floor retail spaces (subject to design and changes). In addition, there will also be approximately 20 car parking and 350 bicycle storage spaces.

The property is located in Piccadilly East, a rapidly emerging mixed-use neighbourhood focused on providing a high quality public realm, vibrant ground floor activity and some of the best connectivity, working and living environments in the city. In addition, the residential BTR site is minutes from Ancoats, The Northern Quarter and New Islington, highly popular districts within Manchester city centre.

The site is located within 2 kilometres from the Manchester CBD and boasts convenient accessibility, being within a 9-minute walk to Manchester Piccadilly Station, which is the main train station in Manchester that has direct access to the airport and links Manchester to London and other major cities across the UK. The Manchester Piccadilly Station is served by the local Manchester Metrolink and bus lines, offering ease of travel to Spinningfields (a 6-minute tram ride), the biggest commercial district in the city, Manchester Arndale shopping centre (a 5-minute tram ride) and the Old Trafford football stadium (a 14-minute tram ride).

GERMANY

Lobby

PULLMAN HOTEL MUNICH

Theodor-Dombart-Strasse 4, 80805 Munich, Germany

Strategically located adjacent to a commercial district which is home to a variety of national and international companies, the hotel also boasts convenient accessibility and is in proximity to many of Munich's popular tourist destinations.

337
Rooms

~8,189
SQ M Land Area

€104M
Valuation as at 31 Dec 2022


Garden SPA


Executive Room

PROPERTY DETAILS

Number of guest rooms: 337

Number of food & beverage outlets:
Five outlets comprising Theo's Restaurant, Theo's Bar, Theo's Beer Garden Terrace, Theo's Castaway Beach and Marketplace

Banquet/Conference/Meeting facilities:
Two conference rooms for up to 60 people theatre style

Other facilities:
400 sq m of fitness and spa area including two saunas and a steam room

Commercial components of the property has four retail and six office tenants (committed occupancy rate as at 31 December 2022: 95.3%)

Car park facilities: 196 car park lots
The car park facilities are shared with the commercial components of the property

Land area: ~8,189 sq m

Title: Freehold

Purchase price at 14 July 2017:
€98.9 million (1)

Valuation (2) as at 31 December 2022:
€104.3 million

MASTER LEASE DETAILS

Master lessee: UP Hotel Operations GmbH & Co. KG (a wholly-owned subsidiary of EVENT Hotels)

Term of lease: 20 years commencing from 14 July 2017

Minimum rental income: €3.6 million (3)

FY 2022 KEY FINANCIALS

Rental income: S$9.0 million (€6.2 million) (4)

Net property income: S$7.4 million (€5.1 million) (4)

Average occupancy rate: 54.6%

(1) The purchase price of €98.9 million is based on H-REIT's effective 94.5% interest in Pullman Hotel Munich, its commercial components and the furniture, fixture and equipment. This excludes the adjustment for net working capital. On the basis of 100% interest, the purchase price is €104.7 million.
(2) The property was valued by CBRE GmbH using the Discounted Cash Flow approach.
(3) Due to the COVID-19 pandemic, a temporary rent abatement agreement for Pullman Hotel Munich was signed in April 2021 ("**Temporary Arrangement**"). Pursuant to the Temporary Arrangement, (a) the lessor has released the lessee from its obligation to pay the base rent for the months of March to December 2020, which corresponds to a total amount of €3.0 million; and (b) from 2021 to 2024, the annual base rent of the hotel will be reduced, starting with €0.6 million in 2021, stepping up annually to €2.4 million in 2024, before reverting to the original base rent of €3.6 million per annum from 1 January 2025. Under accounting rules, the rental income under this lease modification will be accounted for on a straight-line basis over the remaining lease tenure at €3.1 million per annum. Under the Temporary Arrangement, between March 2020 to December 2024 (the "**Restructured Term**"), after paying for its rent obligations and relevant hotel-related expenses, any losses suffered by the lessee during the Restructured Term solely due to causes related to the COVID-19 pandemic will first be funded by the lessee, but the lessee will be allowed to clawback the cumulative losses incurred during the Restructured Term from future variable rent payment obligations. Variable rent shall not be due to the lessor until the cumulative losses are clawed back by the lessee. The rationale for the Temporary Arrangement is for business continuity and working together with the lessee is important to navigate the hotel out of the crisis successfully.
(4) Based on the average exchange rate of €1.00 = S$1.4560.

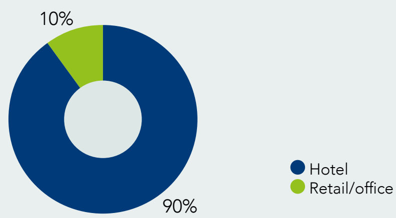
Pullman Hotel Munich is a 4-star hotel with 337 rooms and a comprehensive suite of facilities, as well as secondary spaces currently let out to four retail and six office tenants.

The hotel is strategically located adjacent to the commercial district of "Parkstadt Schwabing", which is home to a variety of national and international companies. It boasts convenient accessibility, with an underground subway access located next to the hotel, motorways connecting Munich to Berlin and Frankfurt within a two-minute drive away, and the Munich railway station and Munich International Airport being accessible via a short drive. Travellers also have direct access to Munich International Airport via the Lufthansa Express Bus service, which stops diagonally opposite the hotel and runs at regular 20 minute intervals, offering significant cost savings and ease of travel to the airport within 25 minutes.

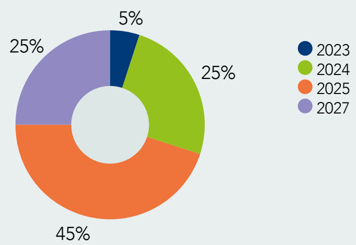
The hotel is also in proximity to many of Munich's popular tourist destinations including the English Garden, the BMW headquarters, the Olympic park and the Allianz Arena, home of FC Bayern Munich.

Theo's Restaurant and Theo's Bar serve contemporary Bavarian cuisine. In summer, the green courtyard transforms into an outdoor oasis with Theo's Beer Garden Terrace.

PULLMAN HOTEL MUNICH FY 2022 GROSS REVENUE SPLIT



LEASE EXPIRY ANALYSIS BY PASSING RENTAL AS AT MONTH OF EXPIRY



* There are no leases expiring in 2026

ITALY


Junior Suite

HOTEL CERRETANI FIRENZE – MGALLERY

Via De' Cerretani 68, 50123 Florence, Italy
4-star hotel boasting an exceptional location in the heart of Florence's historic city centre, with world-famous tourist attractions, good connectivity and transportation within walking distance.

86
Rooms

~1,350
SQ M Land Area

€40M
Valuation as at 31 Dec 2022


Lobby


Il Michelangelo Bar

PROPERTY DETAILS

Number of guest rooms: 86

Number of food & beverage outlets:
Two outlets comprising "Il Patio" Restaurant (which serves breakfast buffet) and "Il Michelangelo" Bar

Land area: ~1,350.0 sq m

Title: Freehold

Purchase price at 27 November 2018:
€40.6 million (1)

Valuation (2) as at 31 December 2022:
€40.1 million

MASTER LEASE DETAILS

Master lessee: FC Operations Hotel SRL, affiliated to EVENT Hotels

Term of lease: 20 years commencing from 27 November 2018

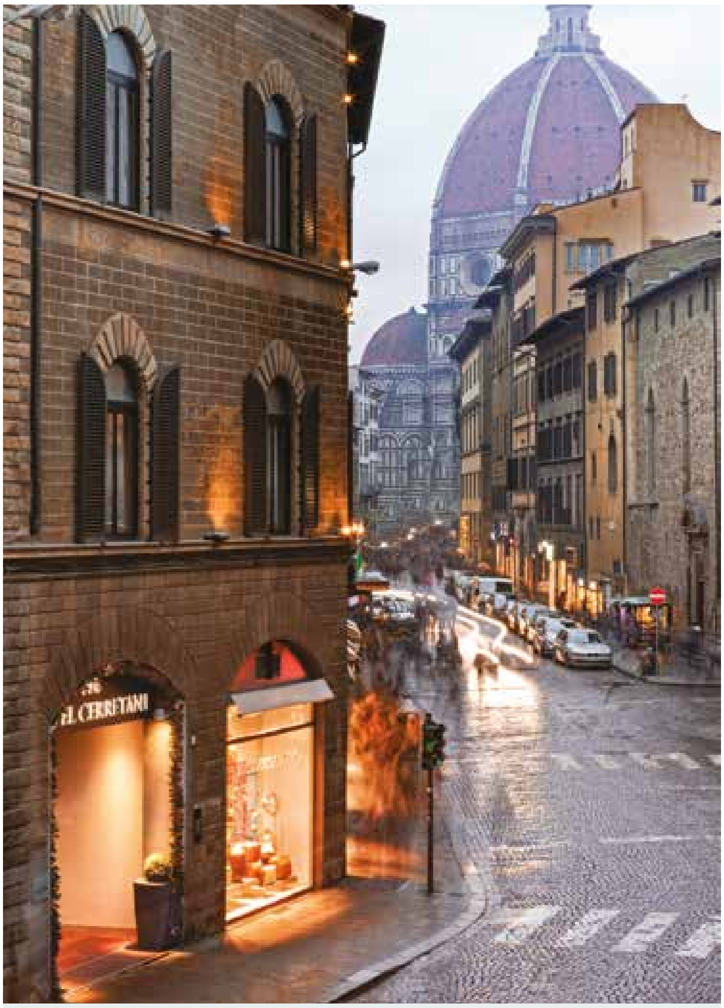
Minimum rental income: €1.3 million (3)

FY 2022 KEY FINANCIALS

Rental income: S$3.4 million
(€2.3 million) (4)

Net property income: S$3.2 million
(€2.2 million) (4)

Average occupancy rate: 66.3%



Hotel Cerretani Firenze – MGallery is a 4-star hotel with 86 rooms. The hotel is located in an exceptional location in the heart of Florence's historic city, within walking distance to famous tourist attractions including the Cathedral of Santa Maria del Fiore (Il Duomo), Basilica of Santa Croce, Piazza della Signoria and Ponte Vecchio. Museums in the vicinity such as the Uffizi Gallery and the Accademia Gallery house some of the most important works of the Renaissance, such as those by Leonardo da Vinci, Botticelli and Michelangelo.

The main train station "Santa Maria Novella", is only an 8-minute walk from the hotel while Florence International Airport is also easily accessible via a relatively short 15 to 25-minute drive or 20 minutes by tram.

The "Il Patio" Restaurant is an intimate venue that serves breakfast and afternoon tea-time. The "Il Michelangelo" Bar offers a wide selection of regional wines, cocktails, appetizers and typical Tuscan dishes.

NOTABLE ACCOLADES

- TripAdvisor Traveller's Choice Awards 2022

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(1) The purchase price of €40.6 million is based on H-REIT's effective 95.0% interest in Hotel Cerretani Firenze and the furniture, fixture and equipment. This excludes the adjustment for net working capital. On the basis of 100% interest, the purchase price is €42.7 million.

(2) The property was valued by CBRE Valuation S.p.A. using the Discounted Cash Flow approach.

(3) Due to the COVID-19 pandemic, a temporary 5-year rent abatement agreement for Hotel Cerretani Firenze was signed in December 2020 ("**Temporary Arrangement**"). Pursuant to the Temporary Arrangement, from 2020 to 2024, the annual base rent level of the hotel has been reduced, starting with €0.2 million in 2020, stepping up annually to a base rent level of €0.9 million in 2024, before reverting to the original base rent level of €1.3 million per annum in 2025. Under FRS 116 / SFRS(I) 16 *Leases*, the rental income under this lease modification will be accounted for on a straight-line basis over the remaining lease tenure at €1.1 million per annum. Under the Temporary Arrangement, between March 2020 to December 2024 (the "**Restructured Term**"), after paying for its rent obligations and relevant hotel related expenses, any losses suffered by the lessee during the Restructured Term will be first funded by the lessee, but the lessee will be allowed to clawback the cumulative losses incurred from future variable rent payment obligations. The variable rent formula remains unchanged throughout the Restructured Term or after, except that variable rent will be suspended until the cumulative losses are clawed back by the lessee. As soon as the cumulative losses are fully clawed back, the lessor shall be entitled to receive the variable rent thereafter. Lowering the base rent level in the five-year period serves to lower the level of cumulative losses suffered by the lessee and hence lower the amount of clawbacks from future available variable rent. The rationale for the Temporary Arrangement is for business continuity and working together with the lessees is important to navigate the hotel out of the crisis successfully.

(4) Based on the average exchange rate of €1.00 = S$1.4560.

SUSTAINABILITY REPORT

SUSTAINABILITY REPORT

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SUSTAINABILITY REPORT

BOARD STATEMENT

Dear Stakeholders,

The Boards of Directors (the "**Boards**") are pleased to issue CDL Hospitality Trusts' ("**CDLHT**") Sustainability Report ("**Report**") for the financial year ended 31 December 2022 ("**FY 2022**"). This Report outlines CDLHT's vision and strategic imperatives regarding sustainability and related aspects such as climate change, resource conservation and human capital. It further details the progress and performance made against the targets we have set to achieve our sustainability ambitions. As one of Asia's leading hospitality trusts with approximately $3.1 billion assets under management as of 31 December 2022, we believe sustainability is vital to ensuring the longevity and success of our business and the planet. In this report, we highlight our sustainability strategies, performance, and goals across material Environmental, Social, and Governance ("**ESG**") topics for FY 2022. Despite the continuously evolving and challenging landscape, CDLHT remains focused on its responsibility towards sustainability and will continue to evaluate its performance to ensure sustainable progress.

CDLHT is cognisant of maintaining a balance between accomplishing organisational objectives whilst ensuring a positive impact and responsible contribution to our environment and society. Through the integration of sustainability into our business strategies and our core values, the Boards are committed and oversee all sustainability-related imperatives, whilst ensuring compliance with the regulation and guidelines from Singapore Exchange ("**SGX**"). CDLHT continues to remain compliant with country-specific regulations and standards, whilst maintaining strong corporate governance, integrity, and responsible business conduct across the organisation.

As pandemic-related restrictions were lifted across key geographical markets at varying paces throughout FY 2022, CDLHT and its properties have adjusted to a "new normal". CDLHT remains committed to monitoring and managing its environmental and social impacts by seizing opportunities for development and improvement, whilst managing overall business recovery.

Despite the increased level of business activity, our energy efficiency is continually improving through the implementation of various initiatives. CDLHT exercises environmental stewardship through its spearheading of a community of best practices surrounding effective management of natural resource consumption. We set and review reduction targets and continuously explore opportunities to reduce usage and improve efficiency, as we detail this report. We aim to continuously advance our sustainability journey and have taken progressive steps in our data gathering and reporting. As part of our progressive approach to sustainability reporting, we commence the reporting on five new material topics in our FY 2022 report. These are: Responsible Investment, Climate Action and Resilience, Emissions Reduction, Data Privacy and Security, and Local Community Impact.

People form the cornerstone of our business and we strive to create a safe environment for all stakeholders by ensuring the well-being, health, and safety of both employees and hotel guests is at the forefront of all we do. Moreover, as we believe in creating a positive impact to society through community engagement, our properties continue to partner with local charitable and social organisations to promote social responsibility.

Moving forward, we will continue our efforts to find more effective ways to improve our environmental, economic, and social footprint, towards creating a more sustainable future.

Board of Directors
REIT Manager Board
Trustee-Manager Board

SUSTAINABILITY REPORT

ABOUT THIS REPORT

CDLHT presents its sixth Sustainability Report for FY 2022. The Report is intended to be read in tandem with the CDLHT Annual Report and makes reference to sections within it .

CDLHT has been listed on the Singapore Exchange Securities Trading Limited since 2006 and comprises CDL Hospitality Real Estate Investment Trust ("**H-REIT**") and CDL Hospitality Business Trust ("**HBT**"). H-REIT's principal investment strategy is to invest in a diversified portfolio of income-producing real estate, which is primarily used for hospitality, hospitality-related and other accommodation and/or lodging purposes globally. HBT's principal investment strategy is to invest in a diversified portfolio of real estate or development projects, which is or will be primarily used for hospitality, hospitality-related and other accommodation and/or lodging purposes globally and may also include the operation and management of the real estate assets held by H-REIT and HBT.

M&C REIT Management Limited is the manager of H-REIT (the "**H-REIT Manager**"), and M&C Business Trust Management Limited, is the trustee-manager of HBT (the "**HBT Trustee-Manager**", and collectively the "**Managers**"). For more information on CDLHT's business, please refer to page 2 of the Annual Report.

Reporting Period And Scope

This report scopes our portfolio properties and showcases our sustainability strategies and performance that took place for FY 2022.

CDLHT's portfolio comprises 19 operational properties that span across numerous geographies, of which, 18 properties form a part of the reporting scope for FY 2022 [(1)].

Portfolio Properties	Location
Orchard Hotel	Singapore
Grand Copthorne Waterfront Hotel	
M Hotel	
Copthorne King's Hotel	
Studio M Hotel	
W Singapore - Sentosa Cove	
Claymore Connect	
Grand Millennium Auckland	New Zealand
Mercure Perth	Australia
Ibis Perth	
Raffles Maldives Meradhoo	Maldives
Angsana Velavaru	
Hotel MyStays Asakusabashi	Japan
Hotel MyStays Kamata	
Hilton Cambridge City Centre	United Kingdom
The Lowry Hotel	
Pullman Hotel Munich	Germany
Hotel Cerretani Firenze - MGallery	Italy

Reporting Standards And Guidelines

This Report is compliant with the SGX Listing Rules 711A and 711B and has been prepared with reference to the Global Reporting Initiative ("**GRI**") Sustainability Reporting Standards. CDLHT applies the GRI Standards to its Report as the internationally recognised disclosures are most relevant to its business and provide holistic and effective guidance on the management strategy, performance tracking and target-setting processes pertaining to CDLHT's material ESG topics. The GRI Content Index is available on page 121 of the Report.

For FY 2022, CDLHT has also begun a journey to report in line with the Task Force on Climate-related Financial Disclosures ("**TCFD**") recommendations, two years ahead of the SGX requirements for listed companies classified under the real estate sector. CDLHT's TCFD Report also serves as disclosure against the Guidelines on Environmental Risk Management for Asset Managers issued by the Monetary Authority of Singapore ("**MAS**").

Accessibility And Feedback

We have made this Report available online on our corporate website at www.cdlht.com. In line with our environmental objective to conserve resources and minimise impact on the environment, CDLHT will only print a limited number of this report.

As we aim to continuously progress in our sustainability journey, we welcome any feedback and comments regarding our Report. Please contact Mr. Paul Kitamura (Head, Asset Management) at PaulKitamura@cdlht.com.

(1) Hotel Brooklyn in the United Kingdom was excluded from the scope for FY 2022 for our GHG emissions, resource usage, and employee headcounts as the occupational lease is a full repairing and insuring one where the lessor has limited access to data. In particular, the occupational lessee and hotel manager are two separate third parties.

OUR SUSTAINABILITY APPROACH

Guided by our sustainability vision and mission, CDLHT's Sustainability Framework comprises five core sustainability pillars, which encompass our stakeholders' priorities, drive our sustainability policies and initiatives, and allow us to create the greatest impact across our material ESG issues.

VISION

Establishing CDLHT as premier hospitality and lodging platform with sustainable, innovative, and quality accommodation spaces, generating long-term value for our stakeholders

MISSION

To enable sustainability profitability by acting as responsible stewards of our environmental and social landscapes

SUSTAINABILITY FRAMEWORK

VALUE
Responsible investment and sustainable value

ENVIRONMENT
Climate resilience and environmental stewardship

PEOPLE
Inclusiveness, safety, growth and diversity

COMMUNITIES
Engage loval communities and advocate for positive impact

GOVERNANCE
Good governance and ethical business

Delivering Value And Best Practices

As part of our commitment to be a responsible investor and generate long-term value for our stakeholders, CDLHT is driving ESG best practices across the portfolio through various initiatives. Through active asset management and understanding of various ESG initiatives across the portfolio, we create a community of practice that consolidates and shares these positive actions for implementation across all assets in CDLHT.

Our environmental stewardship efforts span across building operations and include energy conservation, renewable energy sourcing, water conservation and waste reduction. These initiatives are being rolled out across all the properties in order to meet and exceed ESG benchmarks for our portfolio and align with industry best practice.

Action Across Properties

Portfolio hotels' efforts on energy include energy conservation measures such as reducing the operating hours of lighting, heavy machinery, pool pumps. It has been possible to reduce air conditioning use in some cases by installing air curtains, films and shades to help keep buildings cool, as well as using better sealing for windows. Some properties have also upgraded their equipment to become less energy intensive – with the installation of more energy efficient stoves in kitchens and LED lighting, for example.

Water conservation methods have included installation of water-saving shower heads and eco toilet flushing, along with monitoring of water use with smart water meters. Some properties also engage in rainwater harvesting for use in gardening. To reduce waste, we have implemented various measures, including using filtered water instead of disposable water bottles, recycling food waste and switching to digital guest invoicing and room keys.

Finally, our properties are improving their social performance by offering regular trainings on workplace health and safety, as well as skills upgrading via e-learning platforms for staff.

SUSTAINABILITY REPORT

Our Key Results And Targets

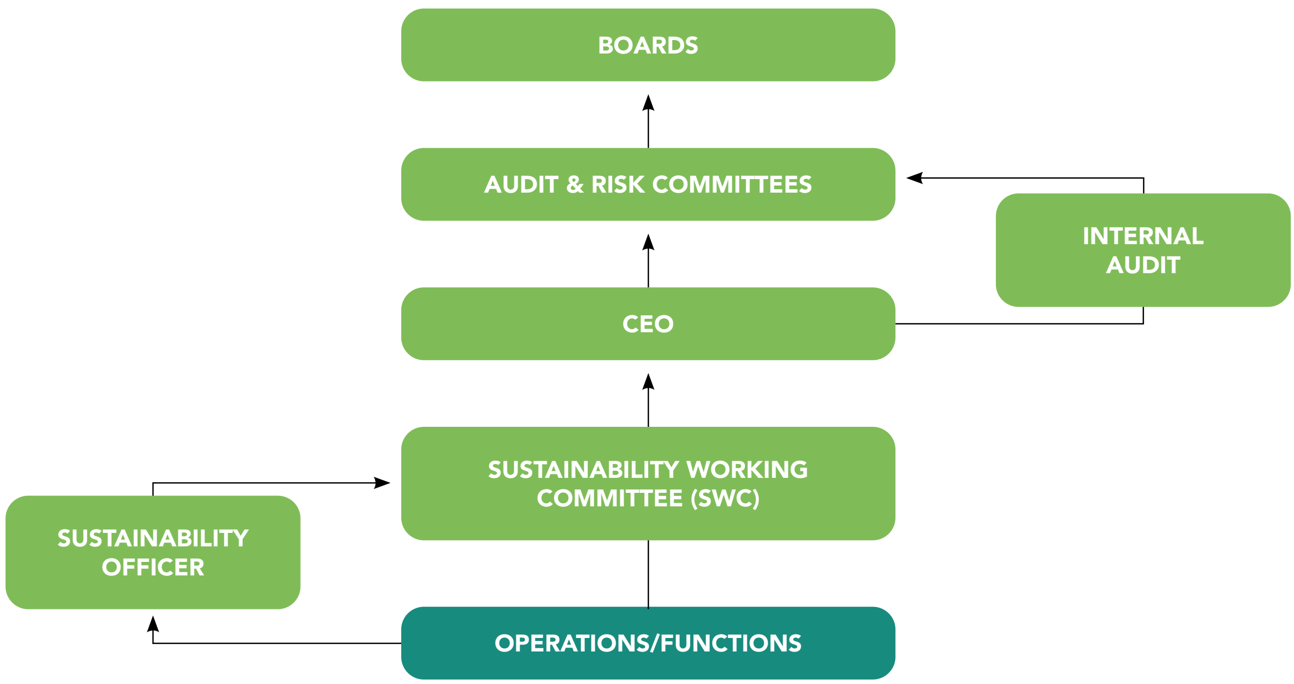
We are proud of our progress made on many of our ESG Material Factors. We have set a range of environmental targets relating to energy water and waste, as well as social targets relating to safety, corporate social responsibility and training for our staff.

ESG Factors	Targets for FY 2022	Key results in FY 2022	Targets for FY 2023
Emissions	• Started disclosing Scope 1 and 2 emissions in FY 2022		Aim to be Net Zero by 2050
Energy (*)	• CDLHT aims to achieve an aggregate 5% to 7% reduction in energy consumption across our portfolio by 2026, with FY 2019 as the comparative baseline	• On track	Maintained
Water	• CDLHT aims to achieve an aggregate 2% to 7% reduction in water consumption by 2026, with FY 2019 as our comparative baseline	• On track	Maintained
Waste	• Established FY 2022 as our baseline and manage food waste by implementing food waste management systems	• Five of our Singapore hotels have on-site food digesters to reduce food waste • Eight of our hotels have replaced single-use bathroom products with reusable pumps	We target to remove or partly remove single use plastic bathroom amenities from operations for 50% of our hotel portfolio by FY 2023, using FY 2021 as our baseline year
Safety Management	• We aim to have zero incidents of fatality or permanent disability and strive to minimise any work-related injuries	• Zero fatalities at our hotels in FY 2022	Maintained
Average Training Hours	• We target to achieve an increased number of training hours per employee	• Exceeded	We target to achieve a minimum of 20 hours of training per employee across our portfolio in FY 2023
Corporate Social Responsibility	• We target to conduct at least one community event/project for 60% of the hotel portfolio for FY 2022	• Exceeded	We target to conduct at least 15 community/social events or projects across the portfolio in FY 2023

(*) Refers electricity consumption reported for FY 2019

Sustainability Governance

CDLHT ensures sustained progress towards our sustainability goals and ambitions through our governance structure, which ensures the Boards have due oversight of all our sustainability initiatives and strategic imperatives.



At CDLHT, the Boards are responsible for overseeing all relevant sustainability considerations to ensure CDLHT's business goals and strategies are progressing in accordance with the objectives set. The Boards also manage and monitor the material ESG factors and their performance, including those pertaining to climate-related issues such as emission reductions and climate action and resilience. The Audit and Risk Committees ("**ARCs**") oversee our sustainability processes and strategies, and in particular look after risk management policies and identification of such risks, including those pertaining to climate risk. Management reports to the ARCs and Boards on CDLHT's sustainability efforts and performance progressively during the quarterly meetings and at the end of each financial year end.

CDLHT's Sustainability Working Committee ("**SWC**") comprises key personnel from various business functions and is led by the CEO of the Managers, Mr. Vincent Yeo Wee Eng. The SWC, overseen by the ARCs, manage and monitor CDLHT's overall sustainability performance and leads the development of strategies that incorporate material ESG factors into daily operations. For FY 2022, the SWC has reported to the ARCs and Boards on CDLHT's sustainability performance. A dedicated Sustainability Officer, hired in July 2022, holds the full-time responsibility of tracking the sustainability-related metrics and the progress of green initiatives and reports frequently to the SWC.

To strengthen its sustainability and climate-related governance capabilities, CDLHT's directors and senior management attended ESG workshops for FY 2022, strengthening their knowledge and considerations of environmental issues in asset management. The monitoring of our sustainability performance has also been strengthened by our portfolio-wide data capture and analysis software which is continuously being updated to enable CDLHT to collect data from various properties to better monitor and track individual property and portfolio performance so as to enhance oversight of sustainability performance at the portfolio level.

SUSTAINABILITY REPORT

Our Material ESG Factors

CDLHT's Material ESG Factors under our Core ESG Pillars were determined in consultation with our ESG consultants, internal stakeholders and approved by our boards. These material factors are considered material because they are relevant for the continuity of our business.

We have reviewed our identified material topics for FY 2022 and have renewed our commitments to the existing list of topics under our five core ESG pillars. In FY 2022, we have also expanded our reporting to include five new factors that we consider material in ensuring the sustainability of our operations. These are: Responsible Investment, Data Privacy and Protection, Climate Action and Resilience, Emissions Reduction, and Local Community Impact. We will also commence reporting on the topics of Safe and Liveable Buildings, and Fair Labour and Human Rights as part of our ESG framework from FY 2023.

We have strengthened our sustainability framework by aligning our ESG pillars, material ESG factors, and our commitments to the relevant United Nations Sustainable Development Goals ("**SDGs**").

Core ESG Pillar	Our Material ESG Factors	SDGs	Overarching Ambitions
Responsible Investment and Sustainable Value	• Economic Performance • Responsible Investment	8 DECENT WORK AND ECONOMIC GROWTH	• Implement responsible investment practices • Create economic value for stakeholders and ensuring continual business growth
Good Governance and Ethical Business	• Board Diversity* • Whistleblowing Policy* • Compliance with Social and Environmental Regulations • Data Privacy and Protection • Ethical and Transparent Business • Safe and Liveable Buildings**	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	• Ensure fair, responsible, compliant, and transparent business conduct • Educate and raise awareness on issues of modern slavery and human trafficking • Facilitate supply chain stewardship with vendors, partners, managers, and tenants
Climate Resilience and Environmental Stewardship	• Climate Action and Resilience • Emissions Reduction • Energy Efficiency • Water Stewardship • Waste Reduction	13 CLIMATE ACTION	• Understand and manage our climate opportunities and risks • Manage and minimise our carbon footprint and reduce our impact on the environment • Advocate, enable and enhance resource efficiencies in our portfolio
Enabling Inclusiveness, Safety, Growth and Diversity of Our People	• Diversity, Inclusion and Equal Opportunity • Employment and Employee Engagement • Fair Labour and Human Rights** • Health and Safety • Training and Development	3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES	• Advocate, enable and enhance fair labour practices and employee well-being • Promote safe and healthy workplaces for our people and customers • Engage with our people and support their growth and development

Core ESG Pillar	Our Material ESG Factors	SDGs	Overarching Ambitions
Engaging Local Communities and Advocate for Positive Impact	• Local Community Impact*		• Advocate strategic partnerships to enhance sustainability • Promote positive community engagement

* Refers to new material topics reported in this FY 2022 sustainability report.
** Refers to new material topics to be reported on from FY 2023 sustainability report.

Stakeholder Engagement

CDLHT maintains proactive regular communication and engagement with our various stakeholder groups. We reflect and address their key topics of concern, in relation to our organisation, and keep them abreast of our initiatives and progress through proactive regular communication and engagement.

In FY 2022, we continued our dialogue with our internal stakeholders through various channels, whilst adhering to all regulations and guidelines. Feedback from internal stakeholders is gathered through quarterly board meetings, as well as dialogue with the operating and management teams of hotels across our portfolio. We maintain continuous engagement with external stakeholders, and target periodic engagement with our hotel suppliers and business partners through frequent meetings and vendor assessments. The table below summarises our engagement efforts in FY 2022.

Stakeholder Group	Engagement Approach	Key Topics of Concern
Board of Directors	• Board meetings (including ad-hoc briefings with external ESG consultants) • Email communication	• Economic performance • ESG performance & trends • Pandemic resilience • Risk management
Government and Regulators	• Ad-hoc briefings and consultations • Participation in surveys and focus groups	• Risk management • Social and environmental related legislation
Hotel Employees	Led by hotel operators: • Training and transition assistance programmes • Annual employment survey • Performance and career development reviews	• Career development opportunities • Training and development • Workplace safety and well-being, including pandemic readiness
Hotel Guests	• Customer satisfaction surveys • Social media • Feedback via General Manager	• Customer health and safety, including pandemic readiness
Master Lessees and Hotel Managers	• Regular management meetings and communication • Bilateral communication, one-on-one meetings, and site visits	• Workplace safety and well-being • Customer health and safety • Eco-efficiency of buildings • Pandemic readiness

SUSTAINABILITY REPORT

Stakeholder Group	Engagement Approach	Key Topics of Concern
Investors, Analysts and Media	• Release of financial results and announcements, press releases and other disclosures through SGXNet and CDLHT's website • Meetings and calls with analysts and media • Investor meetings, conferences and roadshows • Annual General Meetings • Annual reports and sustainability reports • Media releases and interviews • Responses to investors' sustainability surveys	• Business strategy and outlook • Corporate governance • Distribution and earnings • Market and operational performance • Regulatory compliance
Hotel Suppliers and Business Partners	Led by hotel operators: • Assessment of suppliers and vendors • Meetings with business partners	• Economic performance • Environmental factors

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT

In FY 2022, CDLHT began aligning our climate-related disclosures to the TCFD recommendations on Governance, Strategy, Risk Management and Metrics and Targets. The disclosures in this section are also in accordance with MAS' Guidelines on Environmental Risk Management for Asset Managers, which have been in effect since June 2022 and aim to enhance the policies and actions of asset owners, as well as the disclosures surrounding them.

We seek to continuously improve the management of climate-related issues and the quality of our TCFD-aligned disclosures in future Reports.

Governance

The Boards maintain overall responsibility for overseeing the integration of sustainability into CDLHT's business goals and strategies, and approve the environment-related (including climate) policies and frameworks. The Boards monitor CDLHT's material ESG factors and respective performance, which includes climate-related risks and opportunities pertaining to CDLHT's emissions reductions and climate action and resilience. The Boards are updated on all relevant ESG issues and their progress on a quarterly basis.

Within the Boards, the ARCs oversee CDLHT's sustainability processes and related strategies, ensuring they are in line with CDLHT's overall strategy and risk management. Management ensures the development and implementation of an environmental risk management framework and policy, as well as tools and metrics to monitor exposures to environmental risk. Management reports to the ARCs and the Boards on CDLHT's sustainability efforts and performance progressively throughout the year at the quarterly meetings and at the end of each financial year end. With regard to specific material environmental or climate issues, Management updates the Boards at least once a quarter.

CDLHT's SWC which comprises key personnel from various business functions, is led by the CEO and overseen by the ARCs. At a more operational level, the SWC manages and monitors CDLHT's overall sustainability performance and leads the development of strategies, including those at the individual function level that incorporate material ESG factors into daily operations.

Further details of our sustainability governance structure and processes may be found in the Sustainability Governance subsection under Our Sustainability Approach.

Strategy

CDLHT identifies its material ESG topics, including those that pertain to our climate-related risks and opportunities, through a materiality assessment conducted on an annual basis. In FY 2021, we reviewed our material topics which identified climate-related issues as material topic which we have included under the topics of Climate Action and Resilience and Emissions Reduction within our Climate Resilience and Environmental Stewardship pillar.

In FY 2022, the Managers conducted a scenario analysis exercise to determine the climate-related risks and opportunities that would be material to our operations. The risks were explored across the eight geographical markets in our portfolio using the following parameters:

Scenario Parameters	
Assets and country coverage	100% coverage (18 properties in eight countries)
Baseline year	2019
Scenarios explored	1.5°C warming (NGFS Net-Zero & RCP 2.6) > 3°C warming (NGFS Current Policies & RCP 8.5)
Timeframes explored	2030 and 2050

Our analysis revealed a number of climate-related risks that may be financially material to our operations, which we table below. Each of the identified risks includes our preliminary, high-level mitigation and adaptation measures.

Risk / Opportunity Type	Geography	Potential Impacts	Risk Level 1.5°C Warming	Risk Level > 3°C Warming	Mitigation Measures
Extreme and more frequent heatwaves	Singapore, Maldives, New Zealand, United Kingdom	Increase in cooling demand which may lead to higher utilities costs	High	High	• Increase measures to prevent health risks of the staff and guests in the hotels due to heat stress
Flooding	Australia, Singapore, New Zealand, Japan, United Kingdom, Germany, Italy	Loss of asset value and operational costs due to business disruptions	Moderated	Moderated	• Performing specific site level climate risk assessments, especially for new investments • Considering mitigation and adaptation measures • Reviewing insurance coverage
Wind storms	Singapore, Japan, United Kingdom, Germany	Loss of asset value and operational costs due to business disruptions	Moderated	High	• Performing specific site level climate risk assessments, especially for new investments • Considering mitigation and adaptation measures • Reviewing insurance coverage
Rising sea levels	Maldives, United Kingdom	Loss of asset value (asset may become uninsurable)	High	High	• Performing specific site level climate risk assessments, especially for new investments • Considering mitigation and adaptation measures for higher risk assets
Carbon pricing	All	Increase in operational costs associated with carbon pricing	High	Low	• Developing a decarbonisation roadmap
Technology adoption and market shifts	All	Potential regulatory obligations to adopt certain technologies	–	–	• Assessing green/smart building technologies that can value add and improve building operation

High Moderated Low

CDLHT is in the midst of incorporating the prioritised climate-related risks and opportunities into our general decision-making process and investment strategy. Currently, we are exploring this in the shorter term (by 2030) and also in the longer term (by 2050). As we adjust our operations in the transition to a low-carbon economy, immediate impacts on our investment strategies include an avoidance of locations with significant physical risk, or the implementation of building mitigation and adaptation measures at specific sites. We would also consider low carbon and renewable energy features in the buildings when assessing potential acquisitions.

In addition to the mitigation measures above, the key, overarching strategy to achieve Net Zero emissions by 2050 is currently being developed. We are exploring the associated steps necessary to establish our baseline emissions for Scope 3 Greenhouse Gas ("**GHG**") emissions, as well as a potential decarbonisation strategy and trajectory following a science-based approach. We will update our progress in future reports.

SUSTAINABILITY REPORT

Risk Management

Risk management constitutes a key component of CDLHT's ESG policy and takes into consideration the Guidelines on Environmental Risk Management for Asset Managers set by MAS. CDLHT's ESG risk management process includes:

- A risk identification checklist that guides the scoping of an ESG risk universe, shortlisting the most relevant ESG factors for CDLHT's operations.
- Procedural systems to monitor, assess and manage the ongoing risks of environmental impacts on individual investments and at a portfolio-level. Risk and return profiles of the investment portfolio are expected to be updated for material occurrences such as natural disasters or significant regulatory changes.
- Alignment with the overall Enterprise Risk Management system, which subjects risks to three lines of defence mechanisms, prioritises and assesses them according to likelihood, degree of impact, and urgency vis-à-vis other risks via a risk matrix, and then assigns controls to each risk.
- Maintenance of ESG risks in a risk register and develop appropriate treatments for each material risk, including avoiding, mitigating or transferring such risks.

For FY 2022, the Managers held a climate risk workshop with senior management where the significant climate-related risks applicable to CDLHT's portfolio were presented and discussed. These risks were further considered in the climate scenario analysis performed and their findings were subsequently communicated to the Boards, where high risk areas were further deliberated.

Metrics And Targets

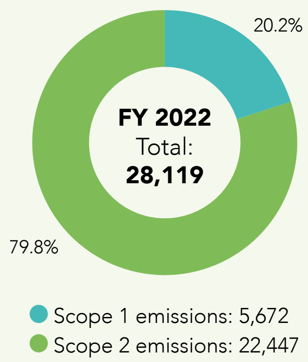
The Managers track sustainability-related performance and seek to improve sustainability and climate-related metrics and targets via tracking and disclosure. In addition, the Managers maintain an internal corporate scorecard that includes ESG achievements and tracking of climate-related indicators against corporate objectives. The corporate scorecard performance is a material component of the Managers' executives' remuneration, aligning financial incentives partially to sustainability and climate-related performance.

Greenhouse Gas (GHG) Emissions (FY 2022)

FY 2022 was the first year in which we measured and calculated GHG emissions, which will serve as our emissions baseline. We are following the operational control approach to align our inventorisation methodology with the Greenhouse Gas Protocol and associated standards. Our emission factors are sourced from the Department of Environment, Food & Rural Affairs and the International Energy Agency.

Our Scope 1 emissions are based on the usage of Diesel, Liquefied Petroleum Gas (LPG), and Natural Gas, and the majority of Scope 1 emissions come from fuel usage. Our Scope 2 emissions come from the use of purchased electricity. The breakdown of our Scope 1 and 2 emissions are presented under the Emissions Reduction material topic of our Sustainability Report and summarised in the following table:

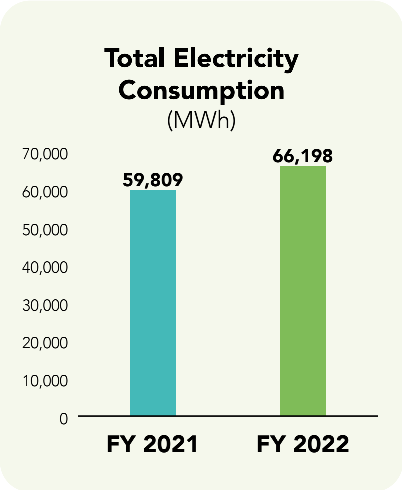
Greenhouse Gas Emissions
(tCO_2e)

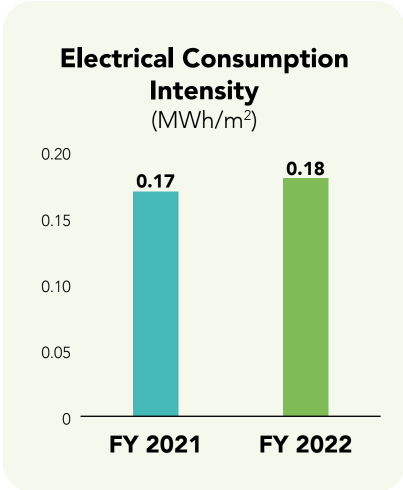


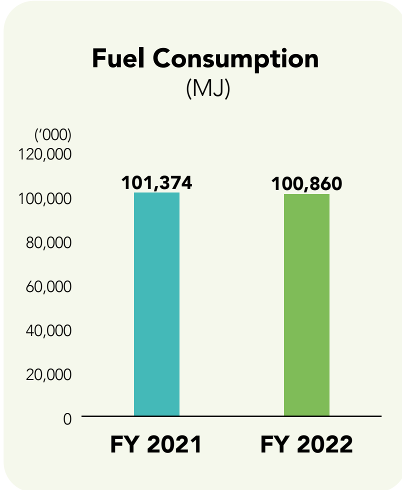
From FY 2023, CDLHT will begin to prioritise and prepare for Scope 3 emission measurements in response to the increasing requirements from the market and investors request for transparency regarding value chain emissions. This would also assist us in identifying the emission hotspots in our preparation of a decarbonisation roadmap, which would tackle the most carbon-intensive categories of our Scope 1, 2 and 3 emissions to meet our Net Zero target by year 2050.

CDLHT is exploring setting targets for our Scope 1 and 2 emissions as a start and will report on our plans progressively.

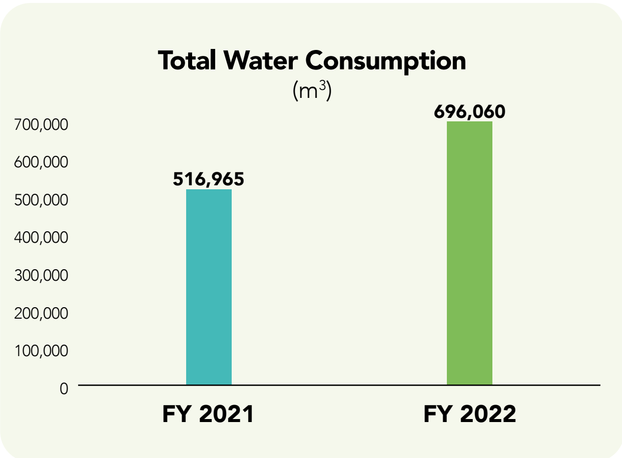
Energy Consumption (2)

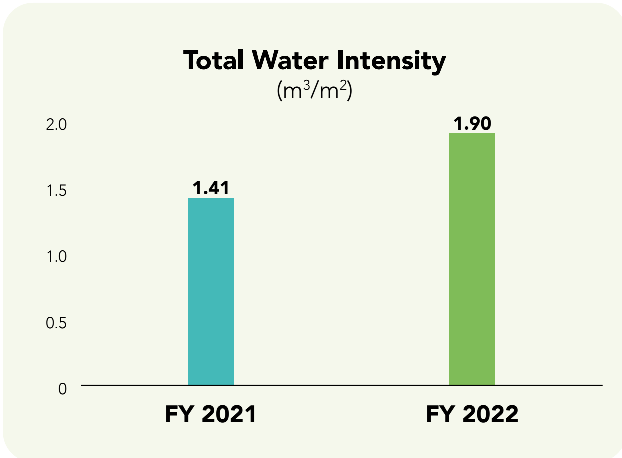


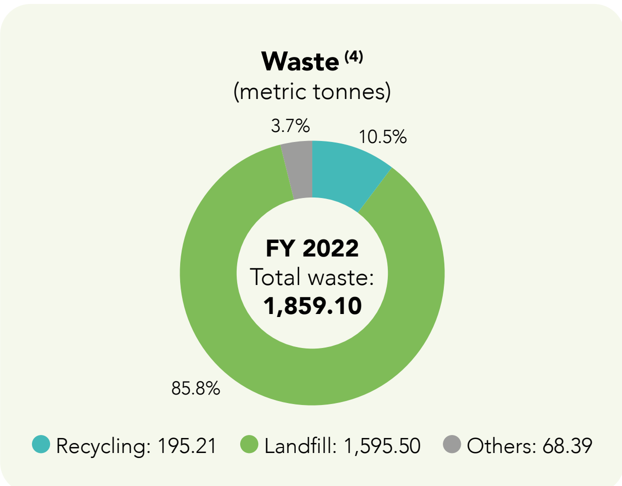




Water Consumption (3)







Targets

Within the Sponsor group, City Development Limited has pledged in 2021 to achieve Net Zero operations by 2030 (5), becoming Singapore's first real estate developer signatory of the WorldGBC Commitment. CDLHT is working to do its part in the Sponsor group decarbonisation journey by exploring our own decarbonisation roadmap and we aim to be Net Zero by 2050. As we have begun to measure and report our GHG inventory this year, we will also start considering the attainable and ambitious short, medium and long-term targets when it comes to decarbonisation. Our other environmental performance targets are presented in their respective sections of the Report.

(2) Further information can be found under our material topic on Energy Efficiency.
(3) Further information can be found under our material topic on Water Stewardship.
(4) Further information can be found under our material topic on Waste.
(5) CDL pledges net zero operations by 2030 – first Singapore real estate developer signatory of WorldGBC Commitment - CDL website, 3 February 2021 https://cdl.com.sg/newsroom/cdl-pledges-net-zero-operations-by-2030-first-singapore-real-estate-developer-signatory-of-worldgbc-commitment

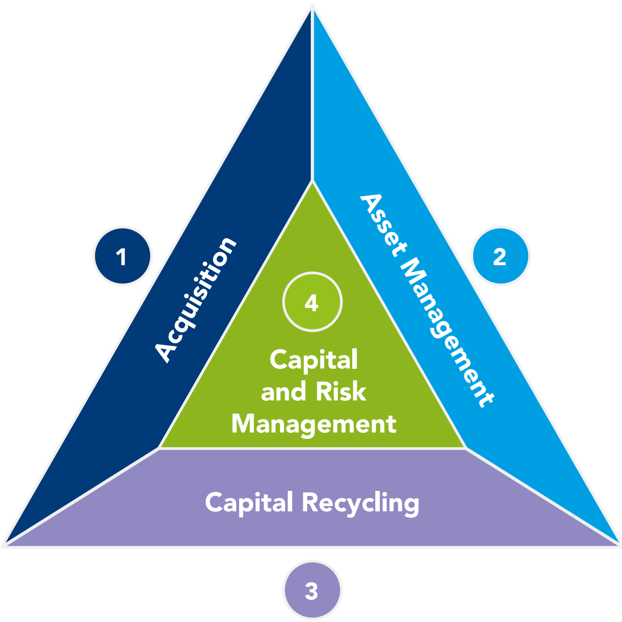
SUSTAINABILITY REPORT

RESPONSIBLE INVESTMENT AND SUSTAINABLE VALUE

At CDLHT we are driving the shift towards responsible investing by ensuring transparent, sustainable, and ethical investments. As our hotels operate across numerous geographies, we track, as far as possible, our environmental and social impacts, risks and opportunities across our business value chain and operations. We create sustainable value by incorporating our ESG material topics within our economic performance, investments decisions, and business efforts, and strategically adopting a holistic business approach that contributes to the betterment of the communities in which we have a presence. We aim to deploy our capital to positively impact society and the environment towards a sustainable future.

Economic Performance

As one of the leading hospitality trusts, ensuring economic growth is paramount to the longevity of our business. Our primary economic objectives are to maximise the rate of return of Stapled Security Holders and to make regular distributions. The financial summary of FY 2022's operations, revenues and costs are highlighted on pages 155 to 275, in our annual report. Our management aims to achieve these economic objectives through the following means:



1 Acquisition Growth Strategy

- Pursue quality assets with growth potential
- Pursue asset class diversification within the lodging space and promote income stability
- Adopt a medium to long term perspective to ride through market cycles
- Partner with or tap on potential pipeline from M&C / CDL

2 Asset Management Strategy

- Work closely with master lessees, hotel/property managers and/or operators to implement active revenue and cost management
- Implement asset enhancement initiatives to optimise asset potential
- Operate and invest in alignment with relevant ESG standards

3 Capital Recycling Strategy

- Evaluate divestment opportunities periodically to recycle capital for better returns, rebalance portfolio and/or unlock underlying asset values
- Continually improve quality of portfolio

4 Capital and Risk Management Strategy

- Maintain a healthy balance sheet
- Enhance financial flexibility by maintaining diversified sources of funding
- Manage exposure arising from interest rates and foreign exchange through appropriate hedging strategies

Responsible Investment

As the world adapts to operating in a post pandemic environment, many businesses have begun including broader corporate objectives, including notions of profit-with-purpose. This is also evident from the rapidly increasing value of global assets under management that fall under ESG investing, or asset managers that have committed themselves to sustainable or net-zero portfolio investments. As we progress towards a more sustainable world, CDLHT will build ESG considerations into its investment decisions as part of our responsible investment approach.

Our Approach

As part of our investment due diligence process, we aim to assess the sustainability performance and risks of potential acquisitions by conducting ESG due diligence. This due diligence process allows us to identify potential ESG and carbon risks and opportunities for improving energy and carbon performance of a targeted asset. The risks assessed may include climate and environmental risks (such as energy efficiency, renewable energies, water utilisation, waste and pollution etc.), social risks (such as accessibility, health and well-being of stakeholders etc.) and governance risks (such as sustainability labelling, ESG strategy, etc.) of the asset. The carbon due diligence will identify the asset's carbon footprint, energy consumption and GHG emissions.

The responsible investment approach also extends to management of ESG-related practices in our existing managed assets. In the respective material topics, we detail how we build sustainable infrastructure into our hotels, such as EV charging stations, eco-digesters to reduce food waste, and water-saving showerheads. On an ongoing basis, CDLHT looks out for capital expenditure investment opportunities to further green our buildings, especially in improving operational and energy efficiency.

Our Performance

In FY 2022, we acquired Hotel Brooklyn which has achieved an EPC 'B' rating and 'Very Good' BREEAM certification rating. We are in the midst of asset enhancement works such as the installation of solar panels at Raffles Maldives Meradhoo and Angsana Velavaru, which are scheduled to be completed progressively in 2023 with a significant part of the commissioning by 1H 2023, as well as solar films that reduce the high level of sun rays, of which works are ongoing at The Lowry Hotel and across our Singapore portfolio.

GOOD GOVERNANCE AND ETHICAL BUSINESS

Fair, responsible, compliant, and transparent business conduct is key to building trust and loyalty to all stakeholders. Our strong commitment to corporate governance, ethical business practices and compliance to all applicable regulations, ensures CDLHT's long-term sustainability while safeguarding the interests of our stakeholders. Throughout FY 2022, the Managers have complied with the principles of corporate governance laid down by the Code of Corporate Governance 2018 (Code), and also complied, substantially with the provisions underlying the principles of the Code. In addition, the REIT Manager is a member of the Financial Industry Disputes Resolution Centre Ltd (FIDReC) and a member of REIT Association of Singapore (REITAS).

Ethical and Transparent Business

Zero cases of corruption, bribery and misconduct in FY 2022

Social and Environmental Compliance

Zero cases of non-compliance with social, environmental laws in FY 2022

Data Privacy and Protection

Zero data privacy and protection breaches in FY 2022

SUSTAINABILITY REPORT

Board Diversity

Our Approach

The Boards of the Managers recognise that a diverse Board of Directors is an important element which will better support CDLHT's achievement of its strategic objectives for sustainable development by enhancing the decision-making process of the Boards through the perspectives derived from the various skills, business experience, industry discipline, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service and other distinguishing qualities of the directors.

The final decision on selection of directors will be based on merit against an objective criteria that complements and expands the skills and experience of the Board as a whole, and after giving due regard to the overall balance and effectiveness of diverse Boards.

The Nominating and Remuneration Committees of the Managers will review the Board Diversity Policy from time to time, as appropriate, for an assessment of its relevance and effectiveness and will recommend changes as appropriate, to the Boards.

Our Performance

The Managers strive to maintain a board size of six, with two out of three or more members being independent over a 4-year period. The Boards would appoint directors with relevant expertise and experience that would complement those already on the Boards and for succession planning by FY 2025. Presently, four out of six directors are independent. Mr Kwek Eik Sheng, who is the Group Chief Operating Officer of CDL and Executive Director of the Sponsor was appointed to the Board on 20 October 2022. Mr Kwek's experience in the real estate and hospitality industries, as well as in strategic planning will further complement and strengthen the core competencies and diversity of the Boards.

For FY 2022, one out of the six Board members are in age group of 50 years or below. The Managers target to improve age diversity over a 4-year period by appointing younger directors aged 50 or below by FY 2025.

The female representation on the Boards is currently 16.7%. The Boards will strive to increase its female representation to at least 25% by FY 2025.

Ethical And Transparent Business

At CDLHT, we are committed to upholding the highest level of integrity and ethical standards across all our business functions through robust corporate governance, responsible business practices, accountability, and transparent management systems. This is key to preventing incidents of misconduct, corruption, and non-compliance across our organisational processes. Through this, we can position ourselves as a trustworthy partner to the public and our stakeholders, forming the foundation of our success.

Our Approach

We ensure good corporate governance by conducting mandatory compliance training for our employees tailored to each business function. Our hotel employees are required to practice the highest level of integrity across all our operations.

The Managers and the hotel portfolio have adopted numerous policies to promote a strong risk management culture by addressing various issues targeting ethical business practices, such as Anti-Bribery Policy, Anti-Corruption Compliance Guide, Business Hospitality and Gifts Policy and Whistleblowing Policy. We also have established policies on Corporate Communications, Global Data Protection and Related Party Transactions.

Across the portfolio, the implementation of these policies is managed through the following processes:

- Regular screening and implementation of any changes to applicable laws and regulations
- Reporting of any suspected violations to the established line manager
- Oversight and monitoring of non-compliance issues
- Documentation of incidents by way of an incident report that will be filed with the Security department

Our Performance

In FY 2022, we had zero cases of misconduct and non-compliance across the portfolio. As a result, CDLHT did not incur any related fines or sanctions.

Whistle Blowing Policy

Our Approach

The Managers have in place a whistle blowing policy setting out the procedure where staff and directors of the Managers as well as any other third parties can raise concerns in confidence as well as good faith on possible improprieties without fear of reprisals. The whistle blowing policy is made known to all new employees of the Managers as part of their orientation training and is publicly disclosed on CDLHT's website. For concerns raised, it will be independently investigated and appropriate actions will be taken. There is also an open-door policy at the hotel level maintained by the respective human resource departments for staff to have an open channel to report any incidences of non-compliance or violations.

The Managers' ARCs maintain oversight and review of whistle blowing incidents at its scheduled meetings

Our Performance

There were no whistle blowing complaints received via CDLHT's whistle blowing channels.

Anti-bribery And Code of Conduct

Our Approach

CDLHT has zero tolerance for bribery, corruption or fraud. The Managers are committed to conducting business with integrity and in compliance with all applicable laws. Consistent with this commitment, various policies and guidelines are in place to guide all employees of the Managers to maintain the highest standards of integrity in their work and business dealings. There is an Internal Code of Business and Ethical Conduct and a Business Hospitality and Gifts Policy for all employees of the Managers which serve as frameworks for the handling of gifts (monetary or in kind), entertainment or concessionary offerings.

All employees also undergo refresher training periodically to re-acquaint themselves with anti-corruption policies and procedures.

Our Performance

The Managers strive to maintain zero incidences of corruption, bribery and misconduct resulting in significant fines and sanctions. For FY 2022, there were no such incidences reported. We continuously conduct training on relevant policies as part of the orientation for new hires, and keep our employees informed of new related policies and regulations.

Compliance With Social And Environmental Regulations

As an organisation with a global portfolio, CDLHT is conscious of remaining compliant with all the social and environmental regulations applicable within the countries in which we operate.

Our Approach

We ensure compliance by continually monitoring changes to requirements through monthly interaction with our hotel operating partners in each country. This process allows each asset to adhere to local and national regulations.

Our Performance

In FY 2022, CDLHT had zero incidences of non-compliance with social and environmental laws, and no significant fines and sanctions. CDLHT aims to maintain zero incidences of non-compliance with social and environmental laws and regulations which could result in significant fines and sanctions.

Data Privacy And Protection

Our Approach

The Managers have a Data Protection Handbook in place to ensure that personal data processed is subject to certain legal safeguards and restrictions, in line with the Personal Data Protection Act and the Securities and Futures Act in Singapore. At the portfolio level, relevant lessees/hotel managers will also comply with local data and privacy laws in the respective jurisdictions.

Our Performance

In FY 2022, there were no complaints received by the Data Protection Officer on data privacy breaches for H-REIT Manager and HBT-Trustee Manager. The portfolio properties will continue to ensure upkeep of best practice in data protection measures, both in our Singapore and overseas operations.

SUSTAINABILITY REPORT

CLIMATE RESILIENCE AND ENVIRONMENTAL STEWARDSHIP

CDLHT acknowledges the importance of addressing climate change and its affiliated risks to ensure alignment to best practice within the industry. For example, in March 2022, the Singapore Hotel Association and Singapore Tourism Board announced the launch of the Hotel Sustainability Roadmap, which included key focus areas in water conservation, waste management, recycling and the circular economy, sustainable procurement and energy conservation.

As a key player in the hospitality industry, we are committed to reducing the environmental impact of our operations, whilst also nurturing and creating positive change in the industry. We endeavour to conserve natural resources, including energy and water, as well as to reduce carbon emissions and waste generation across our portfolio of properties.

Climate Action And Resilience
First TCFD disclosure in FY 2022, two years ahead of SGX requirements
Emissions Reduction
Reporting Scope 1 and Scope 2 emissions from FY 2022
Energy
Target to reduce energy consumption by 7% by 2026
Water
33% reduction in overall water consumption since FY 2019
Waste
Target to remove or partially remove single-use plastics from 50% of our hotel portfolio by 2023

Climate Action And Resilience

Climate change poses both physical and transition risks to CDLHT's assets and operations around the world, making our commitment to climate action a vital factor to our business strategies and engagement with stakeholders to ensure the sustainability and resilience of our business. Our hotel operations traverse multiple continents and hence it is critical for us to take stock of regional factors, from changing energy costs in the world's transition to a low-carbon economy to the risks of flooding or natural disasters.

Our Approach

The TCFD framework recommends a set of disclosures to companies on pertinent climate-related aspects. CDLHT has utilised the framework as guidance on how we approach climate resilience.

In FY 2022, we disclosed in alignment with the TCFD recommendations for the first time, reporting on CDLHT's financially material climate-related aspects. In particular, the Strategy and Resilience pillars of disclosure outlines our key policies and actions towards ensuring a climate-resilient portfolio. We intend to continue strengthening our capabilities and experience in this arena and will report on our progress in future years.

Climate-related Risk Management

Climate-related risks may be viewed as either physical risks or transition risks. Physical risks include chronic risks that occur over a longer period of time, such as rising sea levels, as well as acute risks that refer to hazards such as wildfires, heat waves or floods. Transition risks encompass increased costs of carbon-intensive energy sources due to rising carbon tax, or increased compliance costs due to the need for green certification of buildings. Notably, some of these risks may be viewed as opportunities to position CDLHT positively and gain a competitive edge via an effective climate strategy.

We are beginning on our journey of formalising our climate risk management policies and systems, and strive to minimise our exposure to material climate risks through the integration and analysis into investment policy or consideration of a divestment strategy. For further details, please refer to our Risk Management disclosures under our TCFD Report above.

Scenario Analysis

By conducting a scenario analysis against different global decarbonisation pathways, we are better informed of the sufficiency of the actions we take with regards to CDLHT's climate resilience. Our scenarios are science-based and informed by the Network for Greening the Financial System ("**NGFS**"). For further details, please refer to our Strategy disclosures under our TCFD Report above.

Emissions Reduction

The hospitality industry remains a significant contributor to global GHG emissions. Research by the Sustainable Hospitality Alliance in 2022 showed that the hotel sector accounts for around 1% of global carbon emissions, with this amount expected to increase over time. CDLHT recognises the significant risks posed to business operations as a result of a changing climate. We are committed to our emission reduction journey to ensure the sustainability of our business and to play our part in mitigating climate change.

Our Approach

In line with the Singapore Hotel Sustainability Roadmap's targets, CDLHT began tracking and reporting on its Scope 1 and 2 GHG emissions in FY 2022. In FY 2023, we will gain a more complete picture of our emissions baseline as we explore the methodology of estimating our Scope 3 emissions and use it to inform our emission reduction strategy by targeting the carbon hotspots within our value chain.

Our Performance

GHG Emissions for FY 2022 (in metric tCO_2e)

Scope 1	
Diesel	2,626.8
Liquefied Petroleum Gas (LPG)	521.6
Natural Gas	2,523.9
Scope 1 total	**5,672.2**
Scope 2	
Electric Power	22,447.1
Scope 1 & 2 total	**28,119.3**

Our Scope 1 emissions include the use of fuel across the 18 portfolio properties across the different geographies. Diesel and LPG usage is mainly from properties in the Maldives and Japan, while natural gas is the main form of fuel used in the rest of the properties.

For further details, please refer to our Metrics and Targets disclosures within our TCFD Report above.

Our Targets

We aim to work towards reducing our emissions through various energy efficiency measures, with a target of achieving Net Zero by 2050. We will also consider decarbonisation strategies for identified emission-intensive hotspots. Our reporting baseline for Scope 1 and Scope 2 emissions will be FY 2022.

Energy Efficiency

We strive to reduce energy consumption across our entire portfolio through multiple energy efficiency initiatives whilst actively monitoring consumption patterns to deduce areas for further improvement and relevant strategic decisions to curtail our overall energy consumption.

Our Approach

The numerous assets across the CDLHT portfolio tailor their energy management approaches according to their respective environmental policies and regulations, and based on their individual energy practices. This involves implementing operational initiatives aimed at directly reducing energy consumption and retrofitting technological advancements to generate energy efficiencies.

Operational Controls To Curb Energy Consumption

Our hotels are largely subject to their respective brand system environmental policies and energy management systems, which monitor energy consumption practices, guide the implementation of energy measures, and improve awareness of energy consumption.

Primary energy efficiency measures adopted across our individual hotels include the use of Building Management Systems ("**BMS**") and Energy Management Systems ("**EMS**"). BMS and/or EMS have been adopted at 83% of the properties covered in this report. These systems assist in monitoring, managing, reporting, and ultimately controlling energy intensive business operations, thereby enabling hotels to optimise their energy use. Our hotels employ BMS and EMS to determine lighting schedules, operating hours for building functions, temperature settings and other control functions to reduce energy consumption.

Action Across Hotels

- More than 80% of our portfolio properties by value have fully converted to LED lighting. Some of these LED lights also feature motion sensors that allow for further energy savings when certain areas are not occupied.
- **Copthorne King's Hotel** uses an Energy Management System for its chiller plant operation and air handling unit controls in its public areas and function rooms, allowing the hotel to effectively manage temperatures. All of the guest rooms are also fitted with Smart Room Control Units that sense the occupancy status of the rooms, adjusting lighting and air-conditioning accordingly. The hotel has improved its energy efficiency by approximately 10% since the implementation of the Smart Room Control Units.
- **Orchard Hotel** replaced its entire chiller system in FY 2022. This new system coupled with use of Energy Management control points, enabled the hotel to reduce its energy consumption by 20% to 30%.
- **W Singapore - Sentosa Cove**, continues to uphold a commitment to their "2025 Sustainability and Social Impact Goals" aimed at reducing the operational carbon footprint through advancements in energy efficiency and stringent energy consumption monitoring. Its BMS helped delineate areas to optimise energy usage through alterations to its chillers and Heating, Ventilating and Air Conditioning system.
- **All of our properties** also carry out regular maintenance and cleaning of critical Air-Conditioning and Mechanical Ventilation Systems ensuring that this equipment operates at the intended condition. Additionally where applicable, non-essential zones will have energy supply limited to equipment such as lighting, escalators and air-conditioning to reduce energy wastage.

SUSTAINABILITY REPORT

Retrofitting And Technological Advancements to Boost Energy Efficiency

To facilitate energy efficiency, CDLHT employs technological advancements by retrofitting our operational assets and equipment. For example, all of our hotels have replaced virtually all halogen lights to LEDs to significantly reduce energy consumption.

To continuously improve utility consumption, some of our portfolio assets have also been equipped with sensor lights to detect motion and halt energy use during non-occupancy. We have also partnered with City Gas to progressively replace the electrical heaters with gas heaters across our hotels in Singapore. Nine electrical heaters have been replaced across Copthorne King's Hotel, Orchard Hotel and Grand Copthorne Waterfront Hotel. This enables the use of methane and green hydrogen, which are cleaner and greener energy sources, reducing our overall emissions. In addition, the gas heaters are more efficient than electric heaters, with each gas heater able to save 10% to 15% of the electrical operating cost.

We also engaged SP Group's SP Mobility to install EV vehicle charging stations in our Singapore hotels, to propel the government's Green Plan 2030 commitment.

SP Mobility has now installed this hardware at the Orchard Hotel, Grand Copthorne Waterfront Hotel, Copthorne King's Hotel, M Hotel and Studio M Hotel.

EV chargers at Grand Copthorne Waterfront Hotel

Action Across Hotels

- **Copthorne King's Hotel** upgraded its rooms with an innovative technology system to improve efficient management of power, lighting, and air-conditioning. This system monitors the occupancy status of the room and adjusts energy consumption accordingly. This upgrade has been acknowledged by the government by way of a grant for the cutting-edge use of technology to enhance energy savings and efficiency.
- The **Grand Copthorne Waterfront Hotel** is undergoing room refurbishment works and rooms will be fitted with Smart Room technology to control energy consumption. The hotel has also replaced internal lighting with LEDs and aims to install LEDs on the external façade of the building in upcoming years.
- Our **Hilton Cambridge City Centre** hotel continues to implement Hilton's award-winning LightStay platform, which enables the tracking, management, reporting and improvement of environmental and social impacts across its global portfolio of hotels. This aids in improving the energy efficiency and resource consumption by Hilton Hotels. At this property, LightStay has resulted in the implementation of motion lighting sensors in the gym and toilets, low-energy monitors for hotel computers and 95% conversion to LED lighting.
- **Both the Maldives resorts** are installing solar panels to supply between 15% to 20% of the resorts' energy requirement. Installation will be ongoing throughout the year with a substantial portion of commissioning completed in the first half of 2023.

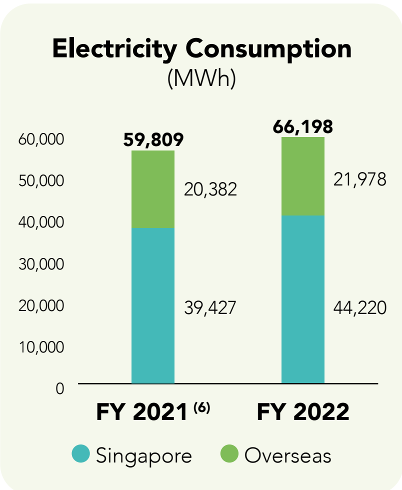
Awards And Certifications

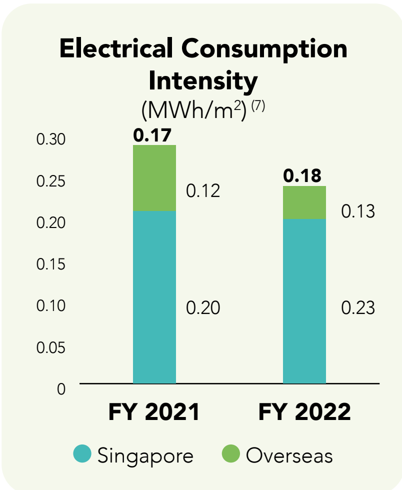
We view accreditation of our energy initiatives as recognition of our efforts as a hospitality industry leader.

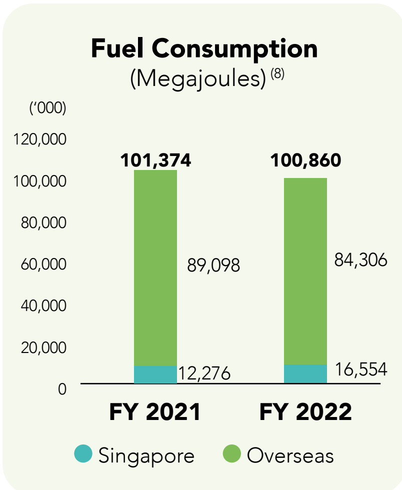
Name Of Award	Our Portfolio
BCA Green Mark Award	**Platinum** • Copthorne King's Hotel • Grand Copthorne Waterfront Hotel **Gold Plus** • Orchard Hotel • M Hotel **Gold** • Studio M Hotel
EarthCheck Gold Certificate	Angsana Velavaru
EPC Rating	**"B" Rating** • The Lowry Hotel • Hotel Brooklyn
BREEAM	**Very Good** • Hotel Brooklyn

Our Performance

We experienced an increase in our overall electricity consumption in FY 2022 which is attributable to the increase in travel following the further easing of COVID-19 restrictions in many jurisdictions. As the effects from the pandemic stabilised, our properties generally operated at higher capacities compared to FY 2020 and FY 2021.







Our Targets

Whilst properties across our portfolio have individually established targets, CDLHT aims to achieve an aggregate 5% to 7% reduction in energy consumption across our portfolio by 2026, with FY 2019 as the comparative baseline year.

We continuously look for new areas of improvement and opportunities to implement technological advancements to achieve our targets.

(6) We have restated our electricity consumption values for FY 2021 as some of our hotels were unable to furnish their consumption values. This also resulted in a restatement of our energy intensity value for FY 2021.
(7) In FY 2021, have restated the metric for calculating energy intensity, from kWh/m2 to MWh/m2, as it reflects a standardised metric relating to our energy consumption.
(8) The conversion for Diesel was calculated based on the following: 1 litre of diesel = 38 Megajoules.

SUSTAINABILITY REPORT

Water Stewardship

Responsible water use is integral to our properties' operations. CDLHT has implemented water management and conservation initiatives to spearhead water preservation and promote the sustainability of our operations.

Our Approach

We are committed to conserving water and limiting our consumption through water management policies, operational control mechanisms and investment in technological advancements. Our properties operate in compliance with water-related regulations in their respective jurisdictions. All of CDLHT's portfolio properties include water conservation policies, each outlining the mechanisms employable to reduce overall water consumption.

In Singapore, our portfolio properties continue to report their water data on the Water Efficiency Management Plan of the Public Utilities Board, enabling effective implementation of water conservation policies whilst tracking water utility, consumption, and potential areas to minimise water loss.

Operational Controls To Curb Water Consumption And Retrofitting To Boost Water Efficiency

All our properties have water management systems that monitor their daily water use across all functions. This enables them to identify abnormal spikes in consumption and respond. Daily monitoring has also aided in the prompt identification of any abnormalities and leakages in water-providing mechanisms to limit wasteful water loss. We recognise the role of innovation and technology in improving water efficiency and retrofit our systems to conserve water.

Action Across Hotels

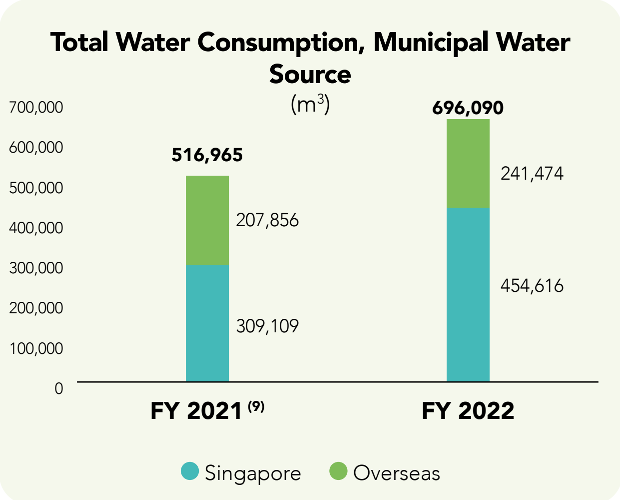
- **Grand Copthorne Waterfront Hotel** employs water management systems to reduce water use in hand basins and showers. We have installed water pressure reducers and water consumption restrictors across the hotel's basins, cisterns, and shower heads to reduce the flow rate.
- Whenever possible, **Orchard Hotel**, **Copthorne King's Hotel** and **M Hotel in Singapore** each utilise just one cooling tower, instead of the industry standard two, as a means of conserving water across their operations. **Copthorne King's Hotel** has also upgraded all taps and showerheads to become more water efficient.
- **W Singapore - Sentosa Cove** operates under Marriott International's conservation initiatives targeting hotel operations including low-flow toilets and showerheads, smart irrigation controllers, laundry water reuse systems, and high-efficiency irrigation spray nozzles. Recycled water is also used for landscaping and flushing.
- **All hotels** are fitted with water-saving shower heads that reduce consumption while maintaining water pressure with the majority having introduced the option for guest to skip daily housekeeping to reduce excessive water use.

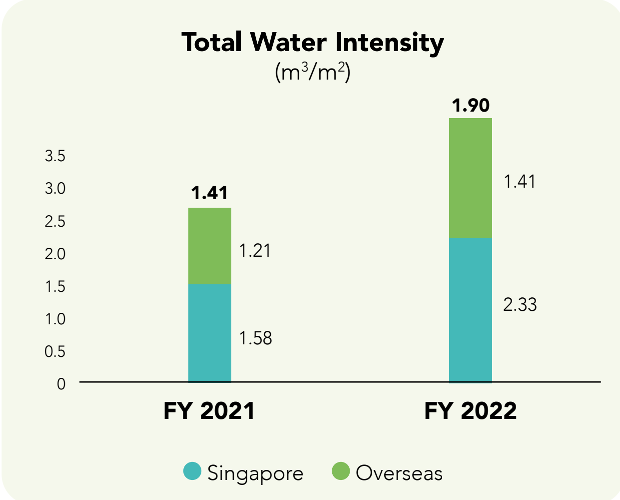
Recycling Water

Several CDLHT properties endeavour to further reduce their water consumption by using recycled water and harvested rainwater. These have been used for landscaping and gardening purposes at W Singapore - Sentosa Cove, Raffles Maldives Meradhoo and Angsana Velavaru.

Our Performance

In FY 2022, we experienced a significant increase in overall water consumption and water intensity across the entire portfolio, mostly attributed to increased business activity in Singapore and overseas as market recovery accelerated globally. CDLHT strives to manage its water consumption responsibly and to reach its long-term targets.





Our Targets

We aim to achieve an aggregate 2% to 7% reduction in water consumption by 2026, with FY 2019 as our comparative baseline.

Waste

Waste is an increasingly crucial issue for governments and organisations to manage. This is also a highly pertinent issue for the hospitality industry, especially in regard to food waste. If left unchecked, waste may lead to compounding environmental and financial risks for businesses.

Our Approach

CDLHT properties have implemented numerous initiatives to reduce their waste output, and improve waste segregation and recycling. In FY 2021, CDLHT commenced collecting and reporting on its waste performance.

Waste Reduction

Many of our hotels utilise waste digesters to safely compost waste, thereby reducing the volume of our waste output. Our hotels are increasingly shifting towards employing reusable materials across all hotel functions.

Action Across Hotels

- **Grand Copthorne Waterfront Hotel** has installed a food digester to convert all food waste into water, resulting in the creation of recycled water, which is ready for use after sanitation.
- **Copthorne King's Hotel**, **Orchard Hotel** and **Studio M Hotel** have on site food digesters.
- **Angsana Velavaru** has implemented an island-wide ban on single-use plastic bottles to reduce waste.
- **Mercure Perth** and **Ibis Perth** hotels have also eliminated the provision of plastics and plastic guest amenities by installing shampoo and soap dispensers as alternatives to individual bottles, reducing packaging waste.
- Both Japan hotels - **Hotel MyStays Asakusabashi** and **Kamata** – as well as the **Raffles Maldives Meradhoo**, **Angsana Velavaru**, **Hilton Cambridge City Centre**, **The Lowry Hotel**, **Pullman Hotel Munich** and **Hotel Cerretani Firenze - MGallery** have also replaced all single-use bathroom amenities with recyclable pump amenities. **Copthorne King's Hotel**, **Orchard Hotel**, **M Hotel**, **Grand Copthorne Waterfront Hotel** and **Studio M Hotel** will see all single-use plastic bathroom amenities phase out from their operations starting in the first half of 2023.

(9) We are restating our water consumption values for FY 2021 as some of our hotels were unable to furbish their consumption values. This has resulted in a restatement of our water intensity value for FY 2020.

SUSTAINABILITY REPORT

Waste Segregation And Recycling

Many of our hotels complete a waste segregation exercise prior to collection as an essential step in recycling. Waste is segregated into paper, plastic, and glass, and upon recycling, the respective weights of each category are reported monthly. This informs our waste management systems and denotes areas of improvement.

Awareness campaigns are key to discouraging practices that generate excessive waste. As a result, our hotels engage in food waste reduction and recycling programmes for paper, glassware, and plastic, promoting a sense of purposeful contribution and environmentally friendly habits amongst our staff. This involves an interdepartmental collaboration across our housekeeping, food & beverages, and engineering departments.

Action Across Hotels

- **W Singapore - Sentosa Cove** recycles and reuses wet waste for landscaping purposes after its composting. It is also participating in the Food Waste Recycling Programme at Sentosa Cove Village.
- **Raffles Maldives Meradhoo** has been operating a biogas plant since August 2022, which converts food waste into gas which is collected and used in the kitchen. The hotel also uses recycled materials derived from the hotel and island's generated waste to operate its organic garden.
- **Angsana Velavaru** started operating a food composter in 3Q 2022. This generates a daily average of 80kg of compost which is being used throughout the resort. The hotel has also implemented a Reduce, Reuse and Recycle policy to advocate for waste reduction, including advocacy for reusable glass bottles and dispensers as well as recycling on premises. The resort also invests in biodegradable items including garbage bags and cling film to reduce its plastic footprint.
- **Hilton Cambridge City Centre** implemented its #RefuseTheStraw initiative, curbing single-use straws on its premises by shifting towards biodegradable straws. The use of biodegradable straws is aimed at protecting our oceans and ultimately reducing plastic use and pollution.

Our Performance

As CDLHT's portfolio operates within the hospitality industry, waste is generated only from non-hazardous sources, including paper, glass, and food.

Waste by Type and Disposal Method for FY 2022

Disposal Method	In Singapore	Overseas	All Properties
	Total Weight of Non-Hazardous Waste	Total Weight of Non-Hazardous Waste	Total Weight of Non-Hazardous Waste
		(Metric Tonnes)	
Recycling	126.62	68.58	195.21
Landfill	1,107.84	487.67	1,595.50
Others	66.10	2.28	68.39
Total waste	**1,300.57**	**558.53**	**1,859.10**

Our Targets

We target to remove or partly remove single use plastics bathroom amenities from operations for 50% of our hotel portfolio by FY 2023, using FY 2021 as our baseline reporting year.

We continue to monitor and manage food waste through food management systems to manage buffet food waste at our W Singapore - Sentosa Cove and an eco-digester at both Raffles Maldives Meradhoo and Angsana Velavaru.

ENABLING INCLUSIVENESS, SAFETY, GROWTH AND DIVERSITY OF OUR PEOPLE

Our people form the backbone of our success. As the hospitality and tourism industries have reopened post-pandemic, CDLHT's portfolio of hotels strive to sustain a safe and engaging working environment for its employees.

CDLHT's portfolio of Singapore hotels have implemented the following to address the above:

- Diversity Policy
- Fair and merit-based employment and recruitment practices
- Policies on performance evaluation, and career development
- Tripartite Alliance for Fair and Progressive Employment Practices ("**TAFPEP**")
- Fair and competitive remuneration based on merit

In our FY 2022 Report, we are restating our employee data for FY 2021 due to a correction in the employee count for the year by two of the hotels. CDLHT continues to strive to ensure that our data collection and internal control systems remain robust and hence have duly put in place internal controls to minimise the data discrepancies going forward.

Employment And Employee Engagement

With a resurgence in demand for hotel-related services, CDLHT remains committed to upholding fair employment standards and competitive remuneration for our employees on the foundation of merit and compliance with the relevant regulations in the jurisdiction of operation.

Employment and Employee Engagement
Our hotels employed more than 2,000 staff in FY 2022

Health and Safety
Zero fatalities from work-related injuries in FY 2022

Diversity Inclusion & Equal Opportunity
41% permanent staff were female in FY 2022

Training and Development
24 hours of training on average across portfolios

Our Approach

At CDLHT, we believe in the importance of continuous employee engagement from the point of induction of new joiners to ongoing communication with the more experienced staff. At both the Managers and portfolio property level, the HR policies maintain processes and channels that ensure employees' needs are looked after. Continuous staff training and development, which is a key part of employee engagement, is addressed in our "Training and Development" subtopic below.

Employee Well-being

The Managers collate employee feedback via staff dialogue to obtain a comprehensive understanding of key areas of concern within CDLHT. During the commencement of an employee's employment at CDLHT, we conduct meetings to understand the employee's integration into their role and new environment. At the end of the employee's tenure with us, we conduct an exit interview to receive feedback to inform us of any areas of concern.

Additionally, we disseminate an employee handbook that details all policies and procedures pertaining to employment, performance evaluation and development. Together with the handbook, CDLHT provides guidance and related resources on informing employees of their benefits, such as medical coverage. As part of progressive work norms, we practise a flexible hybrid work arrangement that allows staff to work from the office and home. We also ensure the proper induction and on-boarding of all staff.

The Managers' staff are automatically enrolled to Hong Leong Group Sports & Recreation Club where the committee organise sporting competitions, shopping tours, movie nights and other interest group events to foster team bonding. There are staff benefits at F&B outlets and accommodation managed by the Sponsor group.

Our hotels have engaged their employees on activities that nurture mental and physical welfare as part of looking after employee well-being.

SUSTAINABILITY REPORT

Our Performance

In FY 2022, the hotels employed a total of 2,084 staff with a mix of 57% male and 43% female. 868 employees left us, of whom 52% were male and 48% were female, while 1,146 newly joined, of whom 56% were male and 44% were female. As a result, our total rates of new hire employment and turnover was 55% and 42%, respectively.

New Employee Hires and Turnover

(FY 2022)

For FY 2022	All Properties		
	Male	Female	Total
Employee Count	1,195	889	2,084
Number of New Employee Hires	645	501	1,146
Rate of New Employee Hires	54%	56%	55%
Number of Employee Turnover	455	413	868
Rate of Employee Turnover	38%	46%	42%

New Employee Hires and Turnover

(FY 2021 restated)

For FY 2021	All Properties		
	Male	Female	Total
Employee Count	1,099	721	1,820
Number of New Employee Hires	530	402	932
Rate of New Employee Hires	48%	56%	51%
Number of Employee Turnover	432	305	737
Rate of Employee Turnover	39%	42%	40%

We aim to continuously minimize our staff turnover rate to retain talent within our portfolio.

Health And Safety

With the relaxation of COVID-19 travel restrictions throughout FY 2022, CDLHT remained committed to diligently adhering to and enforcing workplace health and safety standards to ensure our portfolio of hotels were able to continue safe operations.

Our Approach

CDLHT monitors the overarching safety measures implemented by the individual hotel operators and lessees. The hotel operators and lessees are tasked with ensuring strict adherence to all local regulations and guidelines whilst establishing any additional safety standards required to guarantee the well-being and safety of all our hotel employees and guests. As the asset owner, CDLHT regularly communicates with the hotel operators and lessees on compliance, incidents of work-related injuries, implementation of additional safety requirements resulting from evolving landscape needs, and areas of improvement. In cases of work-related injuries, each hotel operator lodges a report of the injury resulting in an investigation, a review and risk assessment to mitigate the affiliated hazards aimed at limiting its future occurrence. We also record all affiliated hazards and conduct an annual review to strengthen our health and safety standards.

In addition to ensuring governance for health and safety matters, training and communication of Occupational Health and Safety ("**OH&S**") to employees is crucial in the management of health and safety at the workplace. Across our portfolio, the policies surrounding OH&S are applicable to our employees, visitors, and contractors as they are expected to remain compliant with all regulatory standards and workplace guidelines. Hotel employees in managerial levels, including managers and supervisors, are responsible for ensuring OH&S and enforcing its policies.

Our hotels undertake numerous OH&S related initiatives to limit affiliated hazards and liabilities, including risk assessments, certified accreditation, and measures to curb the spread of COVID-19.

Conducting OH&S Risk Assessments

Workplace risk assessments are carried out to identify potential hazards, determining employees, jobs or equipment that are of high risk. Our portfolio of hotels conducts risk assessments for routine and non-routine work activities to prevent affiliated hazards. Additionally, some of our hotels, including Orchard Hotel in Singapore, conduct risk assessments for new equipment introduced to identify dangers that employees could be exposed to during operation.

Accreditation

We endeavour to obtain accreditation and certify our OH&S processes as it strengthens the hotels management system and initiatives. Grand Copthorne Waterfront Hotel has achieved the Bizsafe Level 4 Certification whilst the W Singapore - Sentosa Cove in Singapore has been 'SG Clean Certified'. At Pullman Hotel Munich, they have achieved the Hazard Analysis Critical Control Point ("**HACCP**") across their kitchen and food service processes.

Pandemic Resilience

In light of COVID-19, our Singapore and overseas hotels have implemented differentiated measures to ensure highest safety standards for our staff and guests. We have plans, protocols and measures in place to remain pandemic-resilient. We have also retrofitted and enhanced air handling units across our hotels to improve air circulation.

Our Performance

We are pleased to report that we had zero fatalities resulting from work-related injuries in FY 2022.

Work-Related Injuries for FY 2022

Type Of Work-Related Injury	All Properties
Number of Fatalities as a result of Work-Related Injury	0
Number of High-Consequence Work-Related Injury (excluding fatalities) [10]	28
Number of Recordable Work-Related Injury [11]	19
Total Work-Related Injury	47
Number of Hours Worked	3,265,428

Our Targets

We aim to have zero incidents of fatality or permanent disability and strive to minimise any work-related injuries. CDLHT will continue to engage its stakeholders, including hotel operators, to ensure that workplace health and safety measures are in place and upheld.

Diversity, Inclusion And Equal Opportunity

As a global business with operations across numerous countries, we strive to foster diversity and inclusion in the workplace to establish a fair and equitable working environment. We achieve this through our diversity policies, training, and commitment to respecting the diverse backgrounds within our organisation. We believe in the inclusion of all individuals regardless of their backgrounds to establish ourselves as fair and equal employers.

Our Approach

CDLHT's initiatives around Diversity, Inclusion and Equal Opportunity are driven by the policies of our hotel portfolio managers.

Action Across Hotels

- **Hilton Cambridge City Centre** has been established as the first Lesbian, Gay, Bisexual, Transgender, Queer, and Others ("**LGBTQ+**")-led hotel in Cambridge. All employees have undergone a Diversity, Inclusion and Unconscious Bias training, conducted by the hotel's General Manager.
- In FY 2022, **Mercure Perth** and **Ibis Perth** worked with indigenous and disability-focused recruiters to ensure a diverse workforce. The Human Resource ("**HR**") manager also participated in the Accor Inclusion and Diversity Committee on a project to combat violence against women.

Our Performance

In FY 2022, 59% of our total permanent staff were male and 41% were female, while 49% of our total temporary staff were male and 51% were female. The majority of our properties' employees are aged between 30 and 50 years or are under 30, at 54% and 29% respectively, attributable to the nature of our industry. We continuously strive to implement diversity and inclusion across our workforce as it enables a more holistic, productive, and sustainable work culture.

Diversity and Inclusion Data for FY 2022

Number Of Employees	All Properties		
	Male	Female	Total
Permanent Staff	1,055	746	1,801
Temporary Staff	140	143	283

Number Of Employees	All Properties
Aged <30 years	612
Aged between 30 – 50 years	1,136
Aged >50 years	336

Diversity and Inclusion Data for FY 2021 (restated)

Number Of Employees	All Properties		
	Male	Female	Total
Permanent Staff	883	557	1,440
Temporary Staff	216	164	380

Number Of Employees	All Properties
Aged <30 years	582
Aged between 30 – 50 years	942
Aged >50 years	296

Our Targets

We remain committed to reflect diversity across our workforce and hiring processes. We strive to increase the diversity of our employees across management roles through continuous development and retention opportunities, whilst honing our hiring plan to attract and retain a diversified workforce.

(10) This category includes: Number of dangerous occurrences, incidents exceeding three days of medical leave, incidents of hospitalisation, occupational disease, and/or permanent disabilities.
(11) This category includes: Number of incidents that required less than three days of medical leave, reportable incidents, and/or temporary disabilities.

SUSTAINABILITY REPORT

Training And Development

We place great importance on the continuous training and development of our employees to promote a resilient, competitive, and upskilled workforce. As the world emerges from the pandemic, we recognise that new norms may bring new work demands and job skills. Our hotel employees were provided with training opportunities beyond what is mandatory to refresh and upgrade their skills, which supports the continuous development of their career aspirations and contributes value to the business.

Our Approach

CDLHT recognises the pivotal role that employee development and job design play in employee satisfaction. Respectively, our Singapore hotel HR policies reflect the emphasis we pay in each area to ensure that our employees remained engaged and enjoy cross-functional opportunities.

Continuous Training, Development And Upskilling

At H-REIT Manager and HBT Trustee-Manager, biannual performance reviews are conducted to provide feedback to employees and evaluate their achievements, goals, and career trajectory. We conduct an informal mid-year review and a formal year-end performance appraisal. Key performance indicators are established, updated, communicated and pegged to individual roles prior to performance assessments to encourage continuous growth.

At the hotels, the relevant HR department provides general orientation as well as mandatory training courses to all those on-boarded. The respective HR departments undergo a training needs analysis to identify skill gaps and gauge employee interest when tailoring skill training programmes for dissemination. Once confirmed, HR encourages Heads of Departments ("**HODs**") across the hotels to nominate relevant staff for specified training. These specialised training courses, including leadership training, are conducted by HODs, the internal training department or external providers.

Job Redesign

At CDLHT, we acknowledge the importance of equipping hotel employees with cross functional skills, thus ensuring talent retention and diversification of skillsets. Orchard Hotel and W Singapore - Sentosa Cove in Singapore have embarked on a 'job redesign' initiative to improve employee efficiency, skills and resourcefulness through cross-functional training. As the Singapore government has been supporting this initiative, we have been engaging government agencies to encourage hotel employees to attend trainings relating to job redesign.

Our Performance

Average Training Hours (FY 2022)

Number Of Employees	All Properties		
	Male	Female	Total
Total number of employees (head count or FTE)	1,055	746	1,801
Total number of training hours provided to employees	37,154	21,474	58,628
Average training hours per employee	35.22	28.79	32.55

Average Training Hours (FY 2021 restated)

Number Of Employees	All Properties		
	Male	Female	Total
Total number of employees (head count or FTE)	883	557	1,440
Total number of training hours provided to employees	24,077	22,671	46,748
Average training hours per employee	27.27	40.70	32,46

Our Targets

We target to achieve a minimum of 20 hours of training per employee across our portfolio in FY 2023.

ENGAGING LOCAL COMMUNITIES AND ADVOCATE FOR POSITIVE IMPACT

Local Community Impact

Beyond functioning as businesses, our portfolio properties engage and support the communities in which they operate across geographies. CDLHT views community involvement as vital to earning support in the various localities where we do business and ensuring our positive contribution to society as good corporate citizens.

Our Performance

Our properties held at least 30 Corporate Social Responsibility ("**CSR**") activities in FY 2022 - ranging from volunteering to donation drives and information sessions in their local communities. This exceeded our target of having 60% of our portfolio participate in at least one community event or project in FY 2022.

Christmas Market at Grand Copthorne Waterfront Hotel

Sustainable Christmas Market

The Grand Copthorne Waterfront Hotel hosted the first certified carbon neutral Christmas market in Singapore, organised by Peace of Art SG, in partnership with City Developments Limited and The Singapore Red Cross. The market featured environmentally focused workshops, a bazaar featuring pre-loved items, sustainably-made fashion and lifestyle products, as well as food and drink booths. The Managers' staff participated in the workshops and made Christmas gifts from sustainable materials. The event raised close to S$150,000, which will go to support the vulnerable children of climate refugees affected by the floods in Pakistan, via the Singapore Red Cross.

Donation drive with Lions Club of Singapore Galaxy

Shoes To Spare?

The Managers together with Orchard Hotel participated in a shoe donation drive organised by the Lions Club of Singapore Galaxy, with employees donating 50 pairs of their children's gently used shoes. The drive aimed to provide shoes to children and youths in Philippines who make livelihoods from collecting trash and who mostly do not have proper footwear. Through these donations, we were able to put the shoes to good use again and at the same time, encourage acts of kindness and compassion.

SUSTAINABILITY REPORT

Action Across Hotels

- **W Singapore - Sentosa Cove Singapore**
  Staff volunteered at Singapore-based non-profit organisation Willing Hearts, which operates a soup kitchen that prepares, cooks and delivers 7,000 meals daily, island-wide.

  They also made donations to Singapore charity Food from the Heart, festive fundraiser Children's Wishing Well Christmas and non-profit organisation Club Rainbow, which supports children with chronic diseases and their families. Donations also went to Melrose Home for vulnerable children and youths, and the Community Chest, the philanthropy arm of Singapore's National Council of Social Service.

- **Copthorne King's Hotel and M Hotel**
  The hotels and their staff donated food items and vouchers to Assisi Hospice, which provides home, inpatient and day palliative care for patients and families.

  They also collaborated with an NGO to donate excess food to those in need, cutting food waste and participated in a Children for Children's event.

  M Hotel also held a blood donation drive and hosted a lunch for Arc Children's Centre, which provides day care for children with critical illnesses.

- **Hilton Cambridge City Centre**
  The hotel's donations over the year included time for staff to collect litter in a local park, and funds to Spectrum, a local children's charity. In addition, they provided toiletries, PPE, food, drinks, clothing and toys to Rosie Maternity Hospital. Vouchers for complimentary stays were also given to various charities, and over two tons of daily items left behind by hotel guests were donated to a local homeless charity.

- **The Lowry Hotel**
  The hotel has offered support for local charities Mustard Tree and Wood Street Mission as well as UK-wide charities Hospitality Action, Springboard and Maggie's Cancer Trust. Staff have also worked with local colleges and schools to develop young talent in hospitality as well as Manchester City Centre Management Company, CityCo, on community-inspired projects.

- **Angsana Velavaru**
  The hotel held events including an island clean-up for Environment Day, career guidance for local students for World Tourism Day, an awareness session for World Diabetes Day, and a blood donation drive.

- **Raffles Maldives Meradhoo**
  Staff volunteered at a school for children with special needs, while the hotel made donations to a local school to build a library and support for a local Women Leadership Committee. They also donated Soccer jerseys to Kaadedhdhoo Airport, Maldivian Airlines, and Thinadhoo Hospital.

Our Targets
The target for the portfolio is to conduct at least 15 community/ social events or projects in FY 2023.

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CORPORATE GOVERNANCE

CDL Hospitality Trusts ("**CDLHT**") is a stapled group comprising CDL Hospitality Real Estate Investment Trust ("**H-REIT**") and CDL Hospitality Business Trust ("**HBT**") (the "**Stapled Group**") pursuant to a Stapling Deed dated 12 June 2006 (as amended) and each Stapled Security consists of one H-REIT Unit and one HBT Unit and is treated as a single instrument. M&C REIT Management Limited (the "**H-REIT Manager**") was appointed manager of H-REIT in accordance with the terms of the Trust Deed dated 8 June 2006 (as amended) [(1)] between the H-REIT Manager and DBS Trustee Limited, the H-REIT Trustee. M&C Business Trust Management Limited (the "**HBT Trustee-Manager**") was appointed the trustee-manager of HBT in accordance with the terms of the Trust Deed constituting HBT dated 12 June 2006 (as amended) [(1)].

The H-REIT Manager has general powers of management over the assets of H-REIT and its main responsibility is to manage H-REIT's assets and liabilities for the benefit of the holders of H-REIT Units. The H-REIT Manager is responsible for formulating the business plans in relation to H-REIT's properties and in this regard, it works closely with the master lessees of H-REIT's properties to implement H-REIT's strategies. In addition, the H-REIT Manager sets the strategic direction of H-REIT and gives recommendations to the H-REIT Trustee on acquisitions, divestment or enhancement of H-REIT's assets in accordance with its stated investment strategies.

Other roles and responsibilities of the H-REIT Manager include:

- Managing, enhancing and maintaining Claymore Connect aimed at achieving high occupancy levels at good rentals.
- Using its best endeavours to ensure that the business of H-REIT is carried on and conducted in a proper and efficient manner and to conduct all transactions with or for H-REIT at arm's length and on normal commercial terms.
- Ensuring that H-REIT complies with the relevant applicable laws and regulations, including the applicable provisions of the Securities and Futures Act 2001 ("**SFA**"), the Listing Rules issued by Singapore Exchange Securities Trading Limited ("**Listing Manual of SGX-ST**"), the Code on Collective Investment Schemes (including the Property Funds Appendix), the conditions set out in the Capital Markets Services ("**CMS**") Licence for REIT Management issued by the Monetary Authority of Singapore ("**MAS**"), the H-REIT Trust Deed, the tax rulings issued by the Inland Revenue Authority of Singapore on the taxation of H-REIT and the holders of the Stapled Securities of CDLHT ("**Stapled Security Holders**") and all relevant contracts.

The H-REIT Manager holds a CMS licence issued by MAS to conduct real estate investment trust management activities as required under the licensing regime for real estate investment trust managers. In addition, employees of the H-REIT Manager who are engaged in investment management, asset management, financing, marketing and investor relations functions are holders of CMS representative licences.

HBT acts as the master lessee of Raffles Maldives Meradhoo, a resort in the Maldives, W Singapore – Sentosa Cove, Hotel MyStays Asakusabashi and Hotel MyStays Kamata in Japan as well as Ibis Perth and Mercure Perth all of which are owned by H-REIT. In addition to its function as a master lessee, HBT undertakes certain hospitality and hospitality-related and other accommodation development projects, acquisitions and investments which may not be suitable for H-REIT. HBT is the owner of Hilton Cambridge City Centre, a purpose-built upper upscale hotel located in Cambridge, United Kingdom which is managed by the Hilton Hotels and Resorts, and The Lowry Hotel, a purpose-built 5-star luxury hotel located in Manchester, United Kingdom. HBT also has a land purchase agreement and a development funding agreement for The Castings (residential build-to-rent under development) in the United Kingdom which is expected to be completed by 3Q 2024.

The HBT Trustee-Manager has the dual responsibility of safeguarding the interests of the HBT Unitholders, and managing the business conducted by HBT. The HBT Trustee-Manager has general powers of management over the assets of HBT and its main responsibility is to manage HBT's assets and liabilities for the benefit of the HBT Unitholders. The HBT Trustee-Manager also sets the strategic direction of HBT and works closely with the hotel managers where it is the master lessee or owner of the properties.

Both H-REIT and HBT are externally managed by the H-REIT Manager [(2)] and the HBT Trustee-Manager (collectively, the "**Managers**") respectively. Accordingly, both H-REIT and HBT do not have personnel of their own. The H-REIT Manager and the HBT Trustee-Manager employ experienced and well-qualified management staff to run the day-to-day operations of H-REIT and HBT. The Directors and employees of the H-REIT Manager and HBT Trustee-Manager are remunerated by the H-REIT Manager and HBT Trustee-Manager and not by H-REIT, HBT or CDLHT.

(1) Copies of the Trust Deeds are available for inspection at the registered offices of H-REIT Manager and HBT Trustee-Manager during business hours. Prior appointment is appreciated.

(2) Under certain circumstances as provided for in the H-REIT Trust Deed, the H-REIT Manager may be removed by notice in writing given by the trustee of H-REIT, including by a resolution passed by a simple majority of Stapled Security Holders present and voting (with no Stapled Security Holders being disenfranchised) at a general meeting duly convened and held in accordance with the provisions of the H-REIT Trust Deed.

CORPORATE GOVERNANCE

This report sets out the corporate governance practices of both the Managers as they have adopted a similar set of corporate governance practices, with specific reference to the principles and provisions of the Code of Corporate Governance 2018 ("**CG Code**"). For the financial year ended 31 December 2022 ("**FY 2022**"), the Managers have adhered to the principles of the CG Code. Where there are differences in practice from the provisions under the CG Code, the Managers' position in respect of the same is also explained in this report.

BOARD MATTERS

<u>The Board's Conduct of Affairs</u>
<u>Principle 1</u>

Primary Functions of the H-REIT Manager Board and the HBT Trustee-Manager Board

Both the H-REIT Manager Board and the HBT Trustee-Manager Board are responsible for the overall corporate governance of the Managers respectively, including establishing goals for management and monitoring the achievement of these goals. The Managers' Boards are also responsible for setting strategic business objectives and direction as well as the risk management of H-REIT and HBT, and to ensure that necessary financial, operational and human resources are in place for the Managers to meet their objectives. All Board members of the H-REIT Manager and the HBT Trustee-Manager participate in matters relating to corporate governance including setting corporate values and ethical standards, business operations and risk management, desired organisational culture, financial performance, engaging key stakeholder groups and the nomination and review of performance of Directors and key management personnel ("**KMPs**"). A Code of Business and Ethical Conduct duly approved by the Managers' Boards is in place.

The H-REIT Manager Board and the HBT Trustee-Manager Board have established a framework for the management of the Managers, H-REIT and HBT, including a system of internal controls and business risk management processes. The Managers' Boards meet quarterly or more often if necessary to (i) review respectively the financial performance of H-REIT and HBT against previously approved budgets, (ii) review the business risks of H-REIT and HBT respectively, (iii) examine liability management, (iv) oversee the sustainability performance of H-REIT and HBT, and (v) act upon any recommendations and/or comments from both the internal and external auditors of H-REIT and HBT respectively. In assessing business risks, the Managers' Boards also consider the economic environment and risks relevant to the property and hospitality industries. They also review management reports and feasibility studies on individual projects prior to approving major transactions.

Directors' Objective Discharge of Duties and Declaration of Interests

All of the Managers' Directors are required to objectively discharge their duties and responsibilities in the best interests of H-REIT and HBT. This ability to exercise objectivity is one of the assessment criteria in the annual evaluation of the Directors. Directors who are in any way, directly or indirectly, interested in a transaction or proposed transaction will declare the nature of their interests in accordance with the provisions of the Companies Act 1967 and the SFA, where relevant, and in the case of any conflicts of interests, abstain from participating in the deliberation and decision making on such transactions, with abstention duly recorded within the minutes and/or resolutions of the Board and/or the Board Committees.

Delegation by the H-REIT Manager Board and the HBT Trustee-Manager Board

The primary functions of the H-REIT Manager Board and the HBT Trustee-Manager Board are either carried out directly by the H-REIT Manager Board and the HBT Trustee-Manager Board or delegated to the board committees ("**Committees**") with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Managers' Boards.

CORPORATE GOVERNANCE

The Committees established by the Boards, together with their respective composition are set out below as well as under the corporate directory section in this Annual Report 2022 ("**Annual Report**"):

Committees	Composition
Audit & Risk Committees ("**ARCs**")	Foo Say Mui (Bill) Kenny Kim Cheah Sui Ling
Nominating & Remuneration Committees ("**NRCs**")	Chan Soon Hee, Eric Foo Say Mui (Bill) Cheah Sui Ling

Each Committee reports key matters to the Boards at Board Meetings and submit its report at least on an annual basis. All terms of reference for the Committees are approved by the H-REIT Manager Board and the HBT Trustee-Manager Board and reviewed annually to ensure their continued relevance, taking into account the changes in the governance and legal environment.

The delegation of authority by the H-REIT Manager Board and the HBT Trustee-Manager Board to the Committees enables the H-REIT Manager Board and the HBT Trustee-Manager Board to achieve operational efficiency by empowering the Committees to decide, review and make recommendations on matters within their respective written terms of reference and/or limits of delegated authority, without abdicating their respective overall responsibility.

Further information on the activities of the ARCs and NRCs can be found in the sections on Principles 4 to 10 in this report.

Board Processes of the H-REIT Manager and the HBT Trustee-Manager

Meetings of the Boards, ARCs and NRCs of the Managers were held regularly. Eight Board Meetings, four ARC Meetings and three NRC Meetings were held in 2022.

A meeting of the Independent Directors ("**IDs**") of the H-REIT Manager Board and HBT Trustee-Manager Board, chaired by the lead independent Director ("**Lead ID**") was also held in 2022 to discuss matters without the presence of management and feedback was provided to the Board after the IDs meeting.

The attendance of the Directors of H-REIT Manager and the HBT Trustee-Manager at meetings of the Board and Committees of the Managers, as well as the frequency of such meetings during 2022, are disclosed below. Notwithstanding such disclosure, the H-REIT Manager Board and the HBT Trustee-Manager Board are of the view that the contribution of each Director should not be focused solely on his/her attendance at meetings of the Board and/or the Committees.

A Director's contribution also extends beyond the confines of the formal environment of such meetings, through the sharing of views, advice, experience and strategic networking relationships which will further the interests of H-REIT and HBT.

The proposed meetings for the Boards and Committees of the Managers for each new calendar year are set out in a schedule of meetings and notified to all members of the Managers' Boards before the start of each calendar year. Additional meetings are convened as and when circumstances warrant. Records of all such meetings, including discussions on key deliberations and decisions taken, are maintained by the Company Secretaries. The Managers' respective Constitutions allow for meetings of their Boards and Committees to be held via teleconferencing and videoconferencing. The H-REIT Manager Board and the HBT Trustee-Manager Board as well as their Committees may also make decisions by way of circulating written resolutions.

CORPORATE GOVERNANCE

Directors' Attendance at the General Meetings and Meetings of Boards, the Committees and IDs in 2022

	General Meetings[1]	Boards	ARCs	NRCs	IDs
Number of meetings held in 2022	1	8	4	3	1
Name of Directors	**Number of meetings attended in 2022**				
Chan Soon Hee, Eric [2]	1/1	8/8	N. A.	3/3	1/1
Vincent Yeo Wee Eng	1/1	8/8	N. A.	N. A.	N.A.
Ronald Seah Lim Siang [3]	1/1	7/7	3/3	2/2	N.A.
Foo Say Mui (Bill)	1/1	8/8	4/4	3/3	1/1
Kenny Kim	1/1	8/8	4/4	N. A.	1/1
Cheah Sui Ling [4]	1/1	8/8	1/1	3/3	1/1
Kwek Eik Sheng [5]	N.A.	1/1	N. A.	N. A.	N. A.

Note:

(1) All Directors, including Mr Chan Soon Hee, Eric (Chairman of the Board), Dr Foo Say Mui (Bill) (Lead ID and the chairman of the ARC) and Mr Ronald Seah Lim Siang (the chairman of the NRC) were in attendance at the Annual General Meetings ("**AGMs**") in 2022, together with the key management personnel and the external auditors of CDLHT. The AGMs were held via electronic means.

(2) Mr Chan Soon Hee, Eric was appointed as Chairman of the NRC on 20 October 2022.

(3) Mr Ronald Seah Lim Siang, who stepped down as a Director on 20 October 2022, had attended seven Board Meetings, three ARC meetings and two NRC meetings held prior to his cessation.

(4) Ms Cheah Sui Ling, who was appointed as a member of the ARC on 20 October 2022, had attended one ARC meeting held after her appointment.

(5) Mr Kwek Eik Sheng, who was appointed as a Director on 20 October 2022, had attended one Board Meeting held after his appointment.

H-REIT Manager and HBT Trustee-Manager Directors' Time Commitments

It is recommended under the CG Code Practice Guidance that the Boards of the H-REIT Manager and HBT Trustee-Manager consider providing guidance on the maximum number of listed company board representations which each Director of the H-REIT Manager and HBT Trustee-Manager may hold in order to address competing time commitments faced by directors serving on multiple boards. The NRCs and the Boards had set the maximum number of listed company board representations which each Director of the H-REIT Manager and HBT Trustee-Manager may hold at six. The NRCs may review this guideline from time to time and will also consider the circumstances of individual Directors or potential candidates with multiple listed company directorships above the recommended number to determine their capacity to participate and contribute effectively to the Boards.

Based on an annual analysis of directorships held by the Directors as well as each Director's confirmation as to whether he/she has any issue with competing time commitments which may impact his/her ability to provide sufficient time and attention to his/her duties as a Director on the respective Boards, the NRCs were satisfied that all Directors are able to carry out and have been adequately carrying out their duties as a Director of the Managers. The NRCs of the H-REIT Manager and HBT Trustee-Manager further noted that, excluding the directorships held in the H-REIT Manager Board and HBT Trustee-Manager Board, the number of listed company board representations currently held by the Directors did not exceed five.

Complete, Adequate and Timely Information

Prior to each meeting, members of the H-REIT Manager Board and HBT Trustee-Manager Board and the Committees are provided with the meeting agenda and the relevant papers submitted by the Management, containing complete, adequate and timely information to enable full deliberation on the issues to be considered at the respective meetings. The Management is in attendance at such meetings, whilst the auditors and professional advisers who can provide additional insight into the matters for discussion are invited from time to time to attend the relevant meetings. The Management also provides all Directors of the Managers with monthly updates on the financial performance of H-REIT and HBT.

Draft agendas for the Board and Committee meetings are circulated in advance to the Chairman of each Board and the chairmen of the various Committees, for them to review and suggest items for the agenda. The members of the Boards and the Committees also receive reports on the financial performance, whistle-blowing and related party transactions, where applicable, from the Management. Each of the chairmen of the ARC and NRC of the H-REIT Manager and the HBT Trustee-Manager provides an annual report of the respective Committees' activities during the year under review to the Boards. The minutes of meetings of the Committees are circulated to all Board members.

CORPORATE GOVERNANCE

Access to Management, Company Secretaries and Independent Professional Advice

All Directors of the Managers have direct and independent access to the Management. To facilitate this access, all Directors are provided with the contact details of the key management personnel. The contact details of the head of internal audit are also provided to the ARCs.

The Directors, whether as a group or individually, are entitled to take independent professional advice at the expense of the H-REIT Manager and HBT Trustee-Manager, in furtherance of their duties and where circumstances warrant the same. The Managers have also put in place internal guidelines allowing for the Directors to seek independent professional advice.

The Company Secretaries, whose appointment and removal are subject to the approval of the H-REIT Manager Board and the HBT Trustee-Manager Board, attend all Board and Committee meetings to provide guidance for the Board procedures to be followed. The Company Secretaries, together with Management of the H-REIT Manager and the HBT Trustee-Manager, also ensure that the H-REIT Manager, H-REIT, the HBT Trustee-Manager and HBT comply with all applicable statutory and regulatory rules. Together with the Management, the Company Secretaries also assist the Board Chairman, the Board and Committees of the H-REIT Manager and the HBT Trustee-Manager on corporate governance matters and assist to implement and strengthen corporate governance practices and processes, including ensuring good information flow within the Boards of the Managers and the Committees and between the Directors and Management, facilitating induction for newly appointed Directors of the Managers and newly appointed members of Committees, and assisting in the continuing training and development for the Directors.

On an on-going basis, the Directors of the H-REIT Manager and the HBT Trustee-Manager have separate and independent access to the Company Secretaries.

H-REIT Manager Board and the HBT Trustee-Manager Board Approval

The H-REIT Manager Board and the HBT Trustee-Manager Board have in place an internal guide wherein certain key matters are specifically reserved for approval by the H-REIT Manager Board and the HBT Trustee-Manager Board respectively, and these include decisions over the strategic direction and policies and financial objectives which have or may have material impact on the profitability or performance of H-REIT and HBT and decisions on material capital expenditure and undertakings or all acquisition and disposal of properties of H-REIT and HBT as well as decisions to commence, discontinue or modify significantly any business activity or to enter or withdraw from a particular market sector, corporate or financial restructuring, decisions over new borrowings or significant amendments to the terms and conditions of existing borrowings other than in the ordinary course of business, adoption of corporate governance policies and any other matters which require the H-REIT Manager Board or the HBT Trustee-Manager Board approval as prescribed under the relevant legislations and regulations as well as the provisions of the H-REIT or HBT Trust Deeds. The Management of the H-REIT Manager and HBT Trustee-Manager are fully apprised of such matters which require the approval of the respective Boards and Committees.

H-REIT Manager Board and HBT Trustee-Manager Board Orientation and Training

Every newly appointed Director of the Managers receives a formal letter, setting out his general duties and obligations as a Director pursuant to the relevant legislations and regulations. The new Director will also receive an induction pack containing information and documents relating to the roles, duties and responsibilities of a director (and where applicable, as a member of the Committees), the principal businesses of H-REIT or HBT and their respective subsidiaries, the H-REIT Manager and the HBT Trustee-Manager Board processes and corporate governance practices, relevant policies and procedures, as well as a board meeting calendar for the year with a brief of the routine agenda for each meeting of the Boards and where applicable, the Committees.

The Managers also conduct a comprehensive induction programme for newly appointed Directors and for existing Directors pursuant to their appointments to any of the Committees, which seeks to familiarise Directors with CDLHT's business, the Managers' governance practices and processes, internal controls and risk management systems, their responsibilities as directors and in the case of appointments to any of the Committees, the roles and areas of responsibilities of such Committees. The induction programme includes meetings with various key executives of the Management to allow the new Directors to be acquainted with the Management team and to facilitate their independent access to the Management team in future. The programme also includes briefings by the Management team on key areas of the Managers' operations and by each Chairman of the relevant Committees to which the Director is newly appointed to on the roles and responsibilities of the Committees.

CORPORATE GOVERNANCE

For a first time Director who has no prior experience as a director of a listed company, in addition to the induction as detailed above, he or she will be required to also attend specific modules of the Listed Entity Director ("**LED**") Programme conducted by the Singapore Institute of Directors ("**SID**"), in order to acquire relevant knowledge of what is expected of a listed company director, this being a mandatory requirement under the SGX-ST Listing Rules. Completion of the LED Programme, which focuses on comprehensive training of company directors on compliance, regulatory and corporate governance matters, should provide the first time Director with a broad understanding of the roles and responsibilities of a director of a listed company under the requirements of the Companies Act 1967, the Listing Manual of SGX-ST and the CG Code. The Company Secretaries, where relevant, will co-ordinate with such Director to endeavour completion of the LED Programme within one year from his or her date of appointment subject to SID's training schedule and the Director's availability.

Mr Kwek Eik Sheng, who was appointed a Director in October 2022, has completed majority of the modules of the mandatory training provided by SID including the Sustainability E-Training for Directors programme conducted by Institute of Singapore Chartered Accountants, and will be completing the final module before October 2023. He was also given detailed briefings by the management team in respect of CDLHT's business and operations, financial as well as compliance matters.

Ms Cheah Sui Ling, appointed as a member of the ARCs during the year was separately provided with an induction pack containing information and documents relating to the ARCs.

The Directors are provided with updates and/or briefings from time to time by professional advisers, auditors, Management and the Company Secretaries in areas such as directors' duties and responsibilities, corporate governance practices, relevant legislations and regulations, risk management issues, financial reporting standards and tax laws and practices. The Directors are also regularly kept informed by the Company Secretaries of the availability of appropriate courses, conferences and seminars such as those conducted by The Accounting and Corporate Regulatory Authority ("**ACRA**"), SGX-ST and SID and the Directors are encouraged to attend such training to develop and maintain their skills and knowledge at the Managers' expense. The NRCs and the Boards of the Managers are kept informed of the trainings attended by the Directors during the year, as part of the NRCs annual assessment of the skills set of the Boards and the Committees. The NRCs would also recommend further training for the Directors in specific areas, if so required, to supplement the regular updates/briefings provided to Directors from time to time.

The Directors had attended in-house seminars conducted by external speakers and other SID courses in 2022 and they were also briefed during the Boards and Committees meetings on the recent regulatory changes such as accounting, the CG Code and related listing rules revisions. In addition to the training courses/programmes and briefing updates, Directors are also at liberty to approach Management should they require any further information or clarification concerning the Managers' operations. All the Directors had attended prescribed sustainability training courses in 2022, in compliance with the enhanced SGX sustainability reporting rules.

Board Composition and Guidance
Principle 2

Board Independence

The Boards of the H-REIT Manager and the HBT Trustee-Manager currently comprise six members each. All members of the Boards, except for Mr Vincent Yeo Wee Eng, the CEO, are non-executive Directors ("**NEDs**"). Of the five NEDs, the NRCs have recommended and the Boards have determined four of them, namely Mr Chan Soon Hee, Eric, Dr Foo Say Mui, (Bill), Mr Kenny Kim and Ms Cheah Sui Ling, being more than half on the Boards, to be IDs, thus providing for a strong and independent element on the Boards capable of exercising objective judgement on corporate affairs of the H-REIT and its subsidiaries ("**H-REIT Group**") and the HBT and its subsidiaries ("**HBT Group**").

The NRCs determine on an annual basis whether a Director is independent, bearing in mind the Listing Manual of SGX-ST and the CG Code's definition of an "independent director" and guidance as to relationships the existence of which would deem a Director not to be independent, as well as the enhancements to independence requirements announced by MAS on 2 July 2015 (the "**Enhanced Independence Requirements**").

CORPORATE GOVERNANCE

Under the CG Code, a Director who has no relationship with the Managers, their related corporations, substantial Stapled Security Holders of CDLHT or their officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in the best interests of CDLHT, is considered to be independent. In addition, under the Enhanced Independence Requirements, an ID is one who:

(i) is independent from any management and business relationship with the Managers and CDLHT;

(ii) is independent from any substantial shareholder of the Managers and any substantial Stapled Security Holder of CDLHT; and

(iii) has not served on the Board for a continuous period of 9 years or longer.

When reviewing the independence of the NEDs for 2022, the Managers' NRCs had considered the guidelines for independence set out in Provision 2.1 of the CG Code and the Business Trusts Regulations. Mr Kwek Eik Sheng is considered non-independent by virtue of his employment as Group Chief Operating Officer of City Developments Limited ("**CDL**") and an Executive Director of Millennium & Copthorne Hotels Limited (the "**Sponsor**"), both being substantial Stapled Security Holders of CDLHT. Mr Ronald Seah, who was appointed on 21 October 2013, has stepped down from the Boards on 20 October 2022, after serving close to 9 years on the Managers' Boards.

For purposes of determination of independence, the IDs have provided confirmation that they are not related to the Managers or substantial Stapled Security Holders of CDLHT or their related corporations and the substantial shareholders of the Managers or their officers that could interfere, or be reasonably perceived to interfere, with their judgement in the best interests of H-REIT Manager and HBT Trustee-Manager or Stapled Security Holders of CDLHT. Mr Chan Soon Hee, Eric, Dr Foo Say Mui (Bill), Mr Kenny Kim and Ms Cheah Sui Ling were considered IDs during FY 2022. The NRCs are satisfied that there is no other relationship which could affect the independence of the IDs. The Boards concurred with the NRCs determination of the independence of the IDs.

Each member of the NRCs and the Boards recused himself or herself from the NRCs' and the Boards' deliberations respectively on his or her own independence.

H-REIT Manager / HBT Trustee-Manager Board Composition, Size and Diversity

The NRCs review the size and composition of the H-REIT Manager Board and the HBT Trustee-Manager Board and the Board Committees annually. At the recommendation of the NRCs, the Boards adopted a Board Diversity Policy which is available on CDLHT's corporate website, setting out its policy and framework for promoting diversity on the Boards. The Boards recognise that a diverse Board of Directors is an important element which will better support the CDLHT Group's achievement of its strategic objectives for sustainable development by enhancing the decision-making process of the Boards, to avoid group think and foster constructive debate through the perspectives derived from the various skills, qualifications/knowledge, business experience, industry discipline, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service and other distinguishing qualities of the Directors. The final decision on selection of Directors will be based on merit against an objective criteria that complements and expands the skills and experience of the Boards as a whole, and after having given due regard to the overall balance and effectiveness of the diverse Boards.

The NRCs had considered the core competencies of the Directors based on the skills and experience of each Director and are of the view that the Boards have the critical skills and expertise needed in the strategic direction and planning of the business of H-REIT and HBT. The NRCs are satisfied that there is a good balance of expertise on the Boards, with experience in real estate and hotel-related businesses, hotel and funds management, corporate finance, business leadership and management, strategic planning, marketing, accounting or finance, risk management and sustainability. H-REIT and HBT own assets in various regions such as Asia, Oceania and Europe including the United Kingdom. The CEO, who is also an Executive Director of the H-REIT Manager Board and the HBT Trustee-Manager Board, together with the NEDs collectively have prior work experience in these regions.

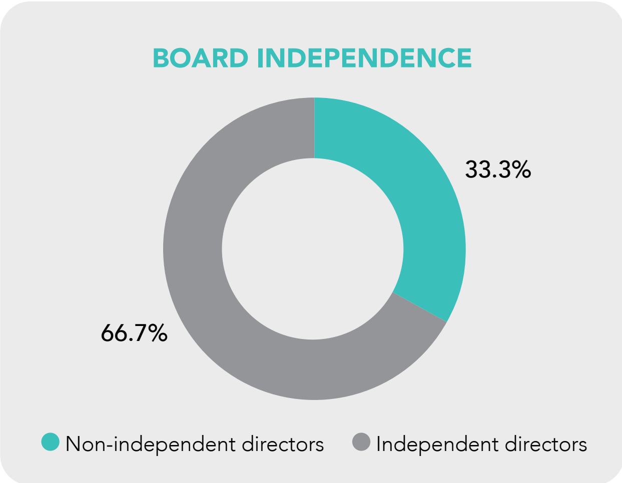
The Boards will continue to review opportunities to refresh the Boards with a view to expanding the skills, experience and diversity of the Boards as a whole. The Boards also agreed that there was no need to set a specific target for ethnicity or nationality so long as the candidates provide distinguishing qualities that complement and expand the skills and experience of the Boards as a whole. Further information on the individual Directors' background, experience and skills can be found in the "Board of Directors" section in the Annual Report.

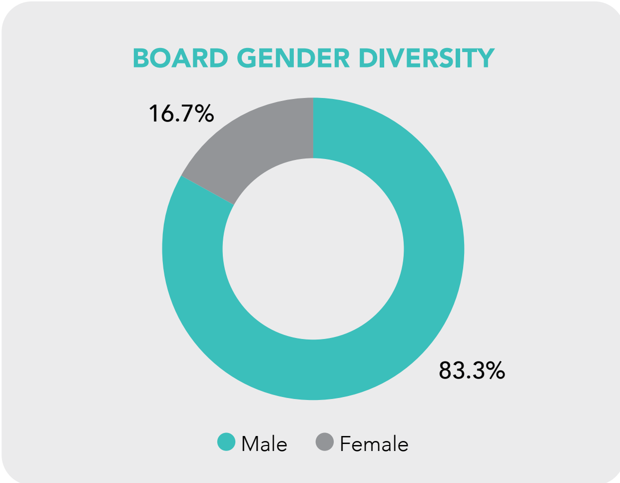
Having considered the scope and nature of the operations of the H-REIT Group and the HBT Group, the Boards are satisfied that the current composition mix and size of the Boards provide for diversity and allow for informed and constructive discussion and effective decision-making at the meetings of Boards and Committees. No individual or small group of individuals dominates the Boards' decision-making. No alternate Directors have been appointed in respect of any of the Directors.

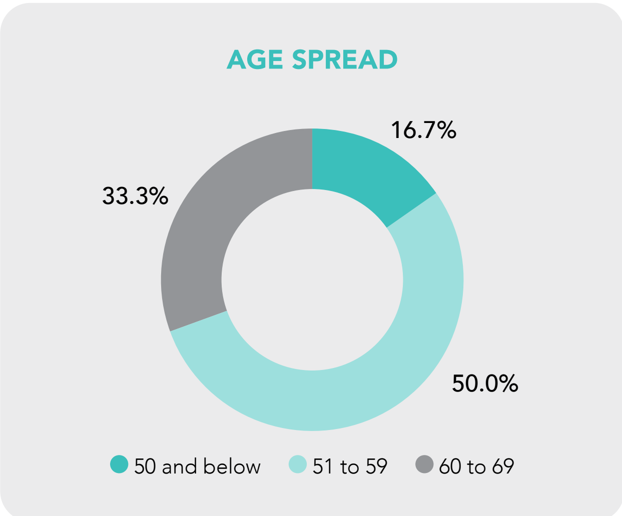
CORPORATE GOVERNANCE

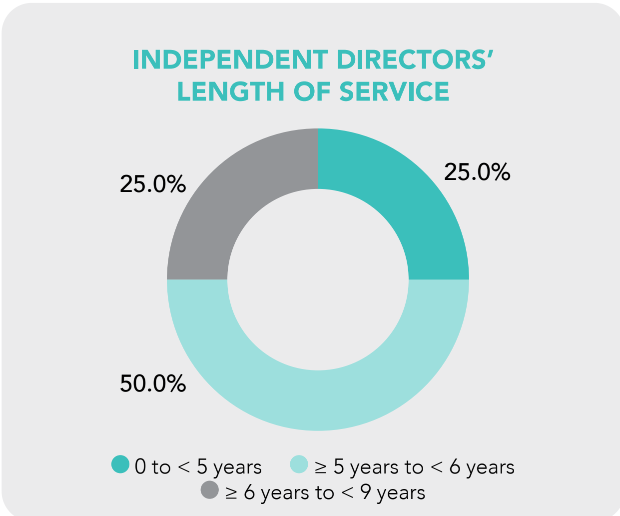
So long as the H-REIT Units remain stapled to HBT Units, in order to avoid any conflict between H-REIT and HBT and to act in the best interest of CDLHT, each of the Directors of the H-REIT Manager Board is also a Director of the HBT Trustee-Manager Board, and vice versa. Further, in line with MAS's Response to Feedback Received on its Consultation Paper on Enhancements to the Regulatory Regime Governing REITs and REIT Managers, under circumstances where unitholders of H-REIT are not given the right to appoint directors, at least half of the H-REIT Manager Board would have to be IDs. Similarly, the HBT Trustee-Manager Board would also be required to comply with the provision under Regulation 12 of the Business Trusts Regulations that at least a majority of the Directors of the board of the trustee-manager of a business trust to comprise Directors who are independent from management and business relationships with the trustee-manager. Majority of the H-REIT Manager Board and the HBT Trustee-Manager Board comprise IDs.

Board Composition in terms of independence, diversity, age spread and IDs' length of service as at 31 December 2022









OVERVIEW AND FINANCIAL REVIEW
MARKET REVIEW
LEADERSHIP STRUCTURE
PROPERTY PORTFOLIO
SUSTAINABILITY & GOVERNANCE
FINANCIAL STATEMENTS AND OTHER INFORMATION

CORPORATE GOVERNANCE

Diversity Targets and Progress in FY 2022

Targets	Progress
Size: Maintain a board size of six with two out of three or more members being independent over a 4-year period. Appoint directors with relevant expertise and experience that would complement those already on the Boards and for succession planning by FY 2025.	Mr Ronald Seah Lim Siang, an independent director, has stepped down on 20 October 2022. Mr Kwek Eik Sheng was appointed as a non-executive and non-independent director with effect from 20 October 2022.
Skills and Experience: Broaden the skillset of directors on the Boards by appointing directors with the relevant expertise and experience that would complement those already on the Boards and which would help drive CDLHT Group's strategy.	Mr Kwek Eik Sheng is the Group Chief Operating Officer of CDL and Executive Director of the Sponsor. Mr Kwek's experience in the real estate and hospitality industries, as well as in strategic planning, will further complement and strengthen the core competencies and diversity of the Boards.
Age: Improve age diversity over a 4-year period by appointing younger directors (50 years or below) by FY 2025	Currently, there is one out of six members in the age group of 50 years or below.
Gender: Improve gender diversity over a 4-year period by achieving at least 25% female representation by FY 2025	The female representation on the Boards is currently 16.7%. The Boards will strive to increase its female representation to 25% by FY 2025. In this regard, the NRCs will try to ensure that: (a) if external search consultants are used to search for candidates for Board appointments, the brief will include a requirement to present female candidates; (d) when seeking to identify a new Director for appointment to the Boards, the NRCs will request for female candidates to be fielded for consideration; and (c) at least one female Director be appointed to the NRCs. Ms Cheah Sui Ling is a member of the NRCs.

Non-Executive Directors' Participation

NEDs of the H-REIT Manager and the HBT Trustee-Manager are encouraged to participate actively at Board meetings in the development of H-REIT's and HBT's strategic plans and direction, in the review and monitoring of Management's performance through periodic reports from the Management and have unrestricted access to the Management. They also sit on various Committees established by the Boards of the H-REIT Manager and the HBT Trustee-Manager to provide unbiased and independent views, constructive input and the necessary review and monitoring of performance of H-REIT, HBT and the Management. The Lead ID may call for meetings of NEDs or IDs from time to time, when appropriate, without the presence of the Management and provide feedback to the Chairman after such meetings. The H-REIT Manager and HBT Trustee-Manager held respective meetings of the IDs, chaired by the Lead ID in October 2022 (without the presence of Management and the CEO).

<u>Chairman and Chief Executive Officer</u>
<u>Principle 3</u>

The roles of the Chairman and CEO are separate. Mr Chan Soon Hee, Eric is an Independent and non-executive Chairman, while the CEO, Mr Vincent Yeo Wee Eng, is an executive Director. This ensures an appropriate balance of power, increased accountability and greater capacity of the H-REIT Manager Board and the HBT Trustee-Manager Board for independent decision-making. The Chairman is not related to the CEO.

CORPORATE GOVERNANCE

The Chairman sets the right ethical and behavioural tone and bears primary responsibility for the workings of the H-REIT Manager Board and the HBT Trustee-Manager Board, by ensuring effectiveness on all aspects of its role including setting agenda for both the H-REIT Manager Board and the HBT Trustee-Manager Board meetings with input from Management, ensuring that sufficient allocation of time for thorough discussion of each agenda item at Board meetings, promoting an open environment within the Board room for constructive debate, encouraging the NEDs to speak freely and contribute effectively, and exercising control over the quality, quantity and timeliness of information flow between the H-REIT Manager/ HBT Trustee-Manager Board and Management. At annual general meetings and other general meetings of the Stapled Security Holders, he plays a pivotal role in fostering constructive dialogue between Stapled Security Holders, the Boards of the H-REIT Manager and the HBT Trustee-Manager and Management.

The CEO of the H-REIT Manager and the HBT Trustee-Manager is responsible for working with the H-REIT Manager Board and the HBT Trustee-Manager Board to determine the overall business, investment and operational strategies for H-REIT and HBT. The CEO also works with the other members of the Managers' management team, master lessees and hotel managers to ensure that the business, investment and operational strategies of H-REIT and HBT are carried out as planned.

In addition, the CEO is responsible for the overall management and planning of the strategic direction of the Stapled Group, including overseeing the acquisition of hospitality and hospitality-related assets and the asset and property management strategies for H-REIT and HBT.

Lead Independent Director

Dr Foo Say Mui (Bill), who was appointed as the Lead ID of the H-REIT Manager and HBT Trustee-Manager, serves as an intermediary between the IDs and the Chairman. The role of each of the H-REIT Manager Board's Lead ID and the HBT Trustee Manager Board's Lead ID is set out under the written terms of reference of the Lead ID which have been approved by the Board of the H-REIT Manager and the Board of the HBT Trustee-Manager.

The Lead ID is available to the Stapled Security Holders should they have concerns and for which contact through the normal channels of the Chairman or the Management has failed to resolve or is inappropriate. No query or request on any matter which requires the Lead ID's attention was received from the Stapled Security Holders in 2022.

Board Membership
Principle 4

Nominating and Remuneration Committee Composition and Role

All three members of the NRCs are IDs, including the NRC Chairman. The Lead ID is one of the members of the NRC. Please refer to the 'Corporate Directory' section of this Annual Report for the composition of the NRCs.

The NRCs' responsibilities as set out in its written terms of reference approved by the Boards, are to review the structure, size and composition of the Boards and Committees, succession plans for the Chairman of the Board, CEO and KMPs, review appointments and resignations of Directors and relevant KMPs, including the CEO and the CFO, determine Directors' independence annually, evaluate the performance of the Boards, Committees and Directors, review Directors' induction, orientation, training and continuous professional development programmes as well as review the remuneration framework and policies of the Managers and specific remuneration packages of Directors and KMPs.

The Boards believe in carrying out succession planning for itself, the Board Chairman and the KMPs to ensure continuity of leadership. Board renewal is a continuous process and in this regard, the NRCs review annually the composition of the Boards and Committees, which include size and mix, and recommend to the Boards the selection and appointment of new Directors, whether in addition to the existing Board members or as replacement of retiring Board members, with a view to identifying any gaps in the Boards' skill sets taking into account the Group's strategy and business operations. The Boards will be able to function smoothly notwithstanding any resignation or retirement of any Director given the present number of members and mix of competencies on the Boards.

During the review for FY 2022, the NRCs conducted a self-assessment of their own effectiveness in the discharge of their role and responsibilities, which was facilitated through the use of a self-assessment checklist ("**NRC Self-Assessment Checklist**"). The NRC Self-Assessment Checklist covered, *inter alia*, the responsibilities of the NRCs under the terms of reference and considered also the contributions of NRC members to the deliberation and decision-making process at the meetings of NRCs.

Based on the self-assessment, the NRCs are of the view that they have fulfilled their responsibilities and discharged their duties as set out in the terms of reference.

CORPORATE GOVERNANCE

Criteria and Process for Nomination and Selection of New Directors of the H-REIT Manager and HBT Trustee-Manager

The NRC of the Managers have formalised guidelines for Board and Board Committee appointments which include taking into consideration (a) the current Board and Board Committee size, composition mix and core competencies; (b) the candidate's/Director's independence, in the case of an ID; (c) the composition requirements for the Board and Committees (if the candidate/Director is proposed to be appointed to any of the Committees); (d) the candidate's/Director's age, gender, track record, experience and capabilities and such other relevant factors as may be determined by the H-REIT Manager Board and HBT Trustee-Manager Board which would provide an appropriate balance and contribute to the collective skills of the respective Boards; and (e) any competing time commitments if the candidate/Director has multiple board representations and/or other principal commitments.

The NRCs interview shortlisted candidates before formally considering and recommending them for appointment to the Boards and where applicable, to the Committees. Searches for potential candidates generally take into account recommendations from Directors and various other sources, including candidates which may be suggested by SID, the Council for Board Diversity and any other relevant organisations. Should it be necessary, the NRCs may consider the use of external search firms to find appropriate candidates. Shortlisted candidates would be required to furnish their curriculum vitae containing information on their academic/professional qualification, work experience, employment history and experience (if any) as directors of listed companies.

Key Information on Directors

Please refer to the "Board of Directors" section in the Annual Report for key information on the H-REIT Manager Directors and the HBT Trustee-Manager Directors and "Directors' Statement", including *inter alia* their date of appointment, the academic/professional qualifications, major appointments/principal commitments, directorships held in listed companies, both currently and in the preceding five years, and other relevant information as well as the number of stapled securities held by Directors in CDLHT.

Board Development

The NRCs review the training and development of the Directors to ensure that Directors receive appropriate development on a continuing basis, to perform their roles on the Boards and where applicable, the Committees. The Directors are provided with updates and/or briefings to assist them to properly discharge their duties. The briefings are conducted either internally with invited speakers, or externally, at the expense of the H-REIT Manager or HBT Trustee-Manager (as the case may be). A separate programme is established for new Directors, details of which together with details of the internal briefing and updates provided to the Directors are set out in the paragraph under the header "H-REIT Manager and HBT Trustee-Manager Board Orientation and Training". The members of the Boards are kept apprised twice yearly on the list of training programmes attended by the Directors during the year.

<u>Board Performance</u>
<u>Principle 5</u>

Board Evaluation Process

The H-REIT Manager Board and HBT Trustee-Manager Board have in place formal processes to assess the effectiveness of each Board as a whole, the various Committees and the contribution by each Director towards the effectiveness of the Boards and the Committees, where applicable. No external facilitator has been used. The performance of each Board was assessed on an annual basis through feedback from individual Directors on areas relating to the Board's competencies and effectiveness. Based on feedback from each Director on areas relating to the Board's role on strategy and performance, the Board's process and governance (including oversight on internal controls and risk management), the Board's competencies and effectiveness of the Board Chairman, a consolidated report is prepared and reviewed/evaluated by the NRCs, its comments and recommendations for improvements, if any, are presented to the Boards.

The NRCs also undertook the evaluation of the performance of the Committees, with the assistance of self-assessment checklists completed by the members of the Committees.

The annual evaluation for the Chairman of the Boards and the individual Director's performance comprise three parts: (a) self-evaluation completed by each Director which comprised criteria such as abilities and competencies, objectivity and participation at meetings; (b) review of background information concerning the Director including his/her attendance records at the Boards and Committees meetings; and (c) NRCs' evaluation based on certain assessment parameters, which were recommended by the NRCs and approved by the Boards.

When deliberating on the performance of a particular Director who is also a member of the NRCs, that member abstains from the discussions in order to avoid any conflict of interests.

Each of the H-REIT Manager Board and HBT Trustee-Manager Board is of the view that in the financial year, it had operated effectively and each of its members had contributed to its overall effectiveness and is committed to maintaining such effectiveness.

The Chairman of the Boards would be fully apprised of the results of the performance evaluation.

REMUNERATION MATTERS

Procedures for developing Remuneration Policies
Principle 6

All Directors and employees of the Managers are remunerated by the H-REIT Manager and HBT Trustee-Manager, as appropriate, and in accordance with the remuneration policies set out in the following paragraphs.

The H-REIT Manager and HBT Trustee-Manager Boards have adopted a Remuneration Framework which covers all aspects of remuneration for the Directors and KMPs and includes termination terms which are applicable to the Executive Director and KMPs.

Level and Mix of Remuneration
Principle 7

All Directors of the H-REIT Manager, including the Executive Director, will receive a fixed base director's fee and the Lead ID will receive an additional fee to reflect his expanded responsibility. The Board Chairman, chairman and members of the ARCs and NRCs respectively also receive additional fees. Such fees are subject to the shareholder's approval at the annual general meeting of the H-REIT Manager. The Directors of the HBT Trustee-Manager presently do not receive any Directors' fees.

The Managers' remuneration policy for Directors comprises the following distinct objectives:

(a) to ensure that the procedure for determining remuneration for Directors is formal and transparent;
(b) to ensure that the level of remuneration is sufficient to attract and retain Directors to exercise oversight responsibility over the Company; and
(c) to ensure that no Director is involved in deciding on his own remuneration.

The Managers' remuneration policy for employees comprises the following distinct objectives:

(a) to ensure that the remuneration packages are competitive in attracting and retaining employees capable of meeting the Managers' needs;
(b) to ensure that remuneration commensurate with employees' duties, responsibilities and length of service;
(c) to build sustainable value-creation to align with longer term shareholder's interests;
(d) to reward employees for achieving corporate and individual performance targets in an equitable way; and
(e) to enhance retention of key talents to build strong organisational capabilities.

Under the Managers' remuneration policy, the remuneration packages for employees, including the CEO who is an Executive Director, comprises a fixed base component (in the form of a base salary) and a variable component (which includes variable, year-end annual and special bonuses). The variable component is determined by the individual's performance, competitive market practices and information gathered from market surveys conducted by independent human resource consultants as well as CDLHT's overall performance in each specific year. Employees are also provided with the standard benefits including insurance and medical benefits. In 2022, Aon Singapore Pte. Ltd., an external human resource consultant was engaged to provide benchmarking for all levels of employees of the Managers. The consultant is not related to the Managers, their controlling shareholder, their related corporations or any of their Directors.

The remuneration structure is also directly linked to CDLHT and the individual performance of the CEO and KMPs, both in terms of financial and non-financial performances by incorporating appropriate key performance indicators ("**KPIs**") and competency reviews for the award of annual cash incentives. Some of these KPIs include key financial indicators, sustainability, risk management, compliance and controls measures, talent development and retention.

The KPIs are set and chosen because they support how the Managers achieve its strategic objectives. The framework provides a link for staff in understanding how they contribute to the Managers' overall strategic goals. The H-REIT Manager Board, at the recommendation of the H-REIT Manager NRC, reviews and approves the evaluation of the CEO and KMPs annually. Currently, the remuneration of the Directors, KMPs and employees are paid in cash only and no compensation is payable to any Director, KMP or employee of the H-REIT Manager in the form of options in stapled securities or pursuant to any bonus or profit-sharing plan or any other profit-linked agreement or arrangement, under their service contracts.

CORPORATE GOVERNANCE

Although there is currently no share scheme or other forms of long-term incentive schemes in place, the Managers continue to execute the long-term growth and value creation strategies of CDLHT. Accordingly, the Boards and the NRC of the Managers are of the view that the structure of remuneration takes into account the long-term interests of CDLHT.

Disclosure on Remuneration
Principle 8

The Directors' fees take into account the Directors' level of contribution and their respective responsibilities and include Board Committee fees in addition to their base fee. For FY 2022, the aggregate amount of Directors' fees receivable by each of the Directors of the H-REIT Manager Board was less than S$250,000. These fees will be subject to approval by the shareholder of the H-REIT Manager. No Director is involved in deciding his own remuneration. The Directors of the HBT Trustee-Manager Board did not receive any Directors' fees for FY 2022.

The structure of the fees payable to Directors of the H-REIT Manager for FY 2022 is as follows:

Appointment	Per Annum (S$)
Board of Directors - Chairman's Fee - Base Fee	 90,000* 60,000
Audit and Risk Committee - ARC Chairman's Fee - ARC Member's Fee	 70,000# 40,000
Nominating and Remuneration Committee - NRC Chairman's Fee - NRC Member's Fee	 10,000# 5,000
Lead Independent Director's Fee	10,000

* Inclusive of Base Fee
# Inclusive of member's fee

A breakdown of the aggregate Directors' Fees received by each Director for FY 2022 is appended below:

Director	Role	Board Fees (S$)
Chan Soon Hee, Eric (1)	Chairman and Independent Non-Executive Director Member of NRC	96,000
Foo Say Mui (Bill)	Lead Independent Director Chairman of ARC Member of NRC	145,000
Vincent Yeo Wee Eng	Executive Director	60,000
Ronald Seah Lim Siang (2)	Independent Non-Executive Director Member of ARC Chairman of NRC	88,000
Kenny Kim	Independent Non-Executive Director Member of ARC	100,000
Cheah Sui Ling (3)	Independent Non-Executive Director Member of ARC Member of NRC	73,000
Kwek Eik Sheng (4)	Non-Independent Non-Executive Director	12,000

Note:
(1) Mr Chan Soon Hee, Eric was appointed as the Chairman of NRC with effect from 20 October 2022 and the Board Committees fees payable to him are pro-rated for FY 2022.
(2) Mr Ronald Seah Lim Siang stepped down as a Director with effect from 20 October 2022 and the Board and Board Committees fees payable to him are pro-rated for FY 2022.
(3) Ms Cheah Sui Ling was appointed as a member of the ARC with effect from 20 October 2022 and the Board Committees fees payable to her are pro-rated for FY 2022.
(4) Mr Kwek Eik Sheng was appointed as a Director with effect from 20 October 2022 and the Board fee payable to him is pro-rated for FY 2022.

CORPORATE GOVERNANCE

The NRCs had recommended and the Boards of the Managers had assessed and decided against the disclosure of the remuneration of the top five executive officers (including the CEO) on a named basis, whether in exact quantum or bands of S$250,000 and the total remuneration paid in aggregate to the top five KMPs (who are not directors or the CEO), and believe that the interests of the Stapled Security Holders will not be prejudiced as a result of such non-disclosure, for the following reasons:

- due to the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the area of real estate investment trusts and business trusts, such disclosure of remuneration information may give rise to recruitment and talent retention issues;

- the negative impact to H-REIT and HBT if members of the experienced and qualified management team are poached individually and/or collectively, thereby affecting both the ability to nurture a sustainable talent pool and ensure the smooth continuity of leadership to achieve business and operations objectives of H-REIT and HBT;

- there is no misalignment between the remuneration of the executive officers and the interest of Stapled Security Holders, given that their remuneration is not linked to the gross revenue of H-REIT or HBT and are paid out of the own assets of the Managers; and

- there is full and frank disclosure regarding the total amount of fees paid to the H-REIT Manager and HBT Trustee-Manager in Note 18 of the Notes to the Financial Statements.

The NRCs and the Boards of the Managers are of the view that their practice is consistent with the intent of Principle 8 of the CG Code as a whole.

For each of the H-REIT Manager and HBT Trustee-Manager, there is no employee who is a substantial shareholder; or an immediate family member of a director or the CEO or a substantial shareholder.

Pursuant to their terms of reference, the NRCs shall regularly review and recommend to the Boards, their assessment of the performance of KMPs. The NRCs shall also take a holistic approach to the Managers' remuneration policy by considering the contribution and performance of KMPs in light of the performance of CDLHT and prevailing economic and industry conditions.

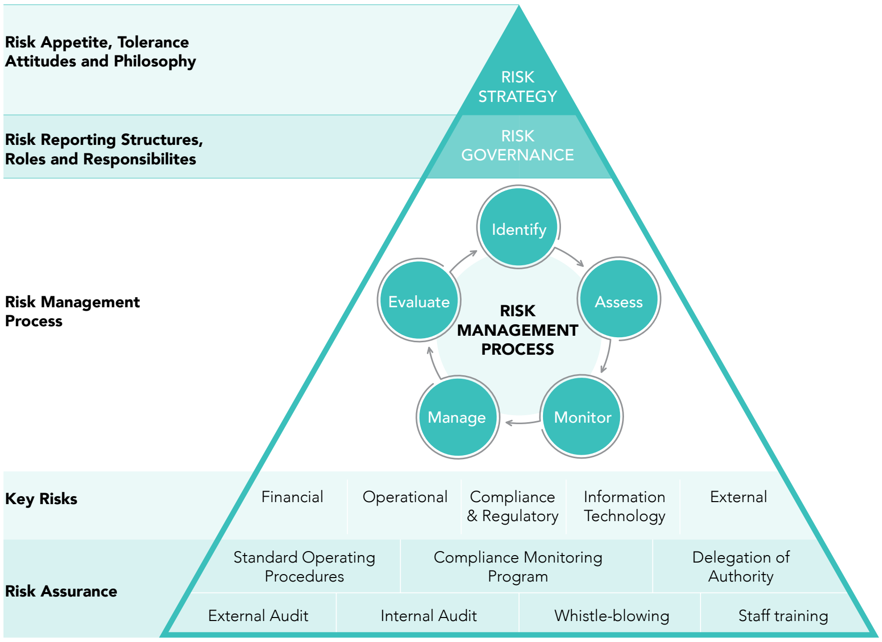
Accountability and Audit
Principle 9

Risk Management and Internal Controls

The H-REIT Manager Board and the HBT Trustee-Manager Board recognise that they have overall responsibility to ensure proper financial reporting for the H-REIT Group, the HBT Group and the Stapled Group and the adequacy and effectiveness of H-REIT's and HBT's system of internal controls, including financial, operational, compliance and information technology controls and risk management policies and systems.

CORPORATE GOVERNANCE

Oversight of Risk Management



The ARCs of the H-REIT Manager and the HBT Trustee-Manager assist the H-REIT Manager Board and HBT Trustee-Manager Board in providing oversight of risk management and maintaining an effective control environment that reflects both the established risk appetite and the business objectives and reporting to the Boards annually their observations on any matters under their purview including any risk management, internal controls or financial and management matters as they consider necessary and make recommendations to the Boards as they think fit.

An organisational risk management framework has been established by the Managers to formalise and document the internal processes, many of which are already currently in place, to enable key business risks affecting H-REIT and HBT to be identified, assessed, monitored, managed and evaluated. The key risks identified include but are not limited to the following:

- External risk
  As part of its active asset management strategy, the Managers continue to closely monitor economic and geopolitical developments across the markets that CDLHT operates in. As the global tourism and travel industry recovers, Management monitors the macro environment and reviews the hotels' business operations on an on-going basis.

- Financial risk
  Financial market risks and capital adequacy are closely monitored by the Managers and are reported to the Boards on a quarterly basis. At the portfolio level, this includes active management of CDLHT's debt maturity profile, operating cash flows and availability of funding facilities to meet its capital, re-financing and operating needs. CDLHT also hedges its portfolio exposure to interest rate volatility risks through interest rate derivatives and fixed rate borrowings. For more information, please refer to Note 25 on page 248 of this Annual Report.

- Operational risk
  The H-REIT Manager and HBT Trustee-Manager have put in place standard operating procedures ("**SOPs**") to manage the risks associated with the day-to-day operations of CDLHT. To stay relevant and effective, these SOPs are reviewed periodically. The Management provides monthly reports covering H-REIT Group and HBT Group's financial performance to all Directors. Apart from the periodic updates provided by the Management, any member of the H-REIT Manager Board or HBT Trustee-Manager Board may at any time seek further information from and discuss the respective operations and performance with the Management.

- Compliance and Regulatory risk
  Breaches of applicable regulations and laws in the various jurisdictions in which CDLHT operate in may result in litigation, penalties, revocation of business licenses and bad publicity. The H-REIT Manager and HBT Trustee-Manager identify the applicable regulations and laws and are committed to ensuring compliance in their day-to-day business operations.

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- Information Technology risk
  With the rapidly changing technology, this exposes businesses to potential information technology ("**IT**") breaches and cyber security threats. The H-REIT Manager and HBT Trustee-Manager have put in place policies and procedures for IT governance and controls as well as an IT Disaster Recovery Plan to ensure timely recovery of business-critical IT systems. In addition, all staff are also required to attend IT and cybersecurity awareness training.

The Managers recognise that the risk management process is an ongoing process and will thus, continuously ensure that the current risk management system and processes are in line with industry practices.

During the financial year under review, the ARCs reported to their respective Boards on the nature and extent of the risk management functions performed by them and made recommendations to the Boards on matters within their scope of duties. The ARCs, in providing oversight of the risk management framework designed, established and implemented by the Management for the identification, assessment, management and monitoring of risks, and with the objective of embedding risk management processes into existing management processes shall within their written terms of reference, specifically:

- review the overall risk appetite and tolerance as determined using the risk limits and/or parameters established by the Management and approved by the ARCs, which limits and/or parameters are to be reviewed from time to time;

- keep under review the key strategic risks (and gaps) identified by the Management and discuss with Management the risk acceptance and/or risk mitigation strategies taken in respect of such risks;

- review H-REIT's and HBT's risk profile periodically and assist the Boards in the review of H-REIT's and HBT's risk strategy and key risk policies;

- ensure that Management puts in place procedures for accurate and timely monitoring of large exposures and critical risks so that H-REIT and HBT are capable of responding to current and prospective changes within both H-REIT's and HBT's business and industry and the macroeconomic and financial environment;

- review reports on any material breaches of risk limits and the adequacy of the proposed actions taken to rectify such breaches; and

- review and report to the Boards annually on the adequacy and effectiveness of the established risk management framework, especially to address H-REIT's and HBT's financial, operational, compliance and information technology risks (which review may be carried out internally or with the assistance of competent third parties).

Internal Controls

Having regard to the risks to which the business is exposed, the likelihood of such risks occurring and the costs of mitigating such risks, H-REIT and HBT's internal controls structure have been designed and put in place by Management to provide reasonable assurance against material financial misstatements or loss, for the safeguarding of assets, for the maintenance of proper accounting records, for the provision of financial and other information with integrity, reliability and relevance, and in compliance with applicable laws and regulations. However, no internal controls system can provide absolute assurance in view of inherent limitations of any internal controls system against the occurrence of human and system errors, poor judgement in decision-making, losses, fraud or other irregularities. H-REIT and HBT's internal controls structure includes:

- an external audit programme;
- an internal audit programme;
- a risk management framework established for the identification, evaluation, management and monitoring of its key risks;
- the establishment and review from time to time of policies and procedures which govern and allow for the monitoring of financial, operational and compliance controls; and
- a whistle blowing programme.

The Management provides monthly reports covering H-REIT Group's and HBT Group's financial performance to all Directors. Apart from the periodic updates provided by the Management, any member of the H-REIT Manager Board or HBT Trustee-Manager Board may at any time seek further information from and discuss the respective operations and performance with the Management. Each Board also receives a separate quarterly representation on the financial information and controls, that nothing has come to Management's attention which may render the financial statements to be false or misleading in any material respect.

CORPORATE GOVERNANCE

Based on the internal controls framework established, the independent annual review conducted by an external consultant, work performed by the internal and external auditors, quarterly regulatory and compliance reviews of H-REIT and HBT and the written assurance from the CEO and the CFO, the H-REIT Manager Board and HBT Trustee-Manager Board confirm, with the assistance of the ARCs, that they have reviewed the adequacy and effectiveness of H-REIT and HBT's risk management and internal controls systems that addresses the financial, operational, compliance and information technology controls. The Boards, with the concurrence of the ARCs, conclude that the risk management and internal controls systems in place as at 31 December 2022 are adequate and effective to address in all material respects the financial, operational, compliance and information technology risks within the current scope of H-REIT and HBT's business operations and that the financial records have been properly maintained and the financial statements give a true and fair view of the operations and finances of H-REIT and HBT.

Audit Committee
Principle 10

Composition of the ARCs

The ARCs of both the H-REIT Manager and the HBT Trustee-Manager comprise three NEDs, all of whom (including the chairman of the ARCs) are independent.

The chairman of the ARCs and all members of the ARCs have audit, accounting or finance background and experience. The H-REIT Manager Board and the HBT Trustee-Manager Board are of the view that the ARCs have sufficient financial management expertise and experience amongst its members to discharge the functions of the ARCs within its written terms of reference approved and adopted by the respective Boards.

Powers and Duties of the ARCs

The ARCs are authorised by the H-REIT Manager Board and the HBT Trustee-Manager Board to review and investigate any matters they deem appropriate within their written terms of reference and have direct and unrestricted access to the external auditors and the internal auditors. The ARCs may invite any Director, Management, officer or employee of the H-REIT Manager and/or the HBT Trustee-Manager Board to attend their meetings. The ARCs are also authorised to engage any firm of accountants, lawyers or other professionals as they see fit to provide independent counsel and advice to assist in the review or investigation on such matters within their terms of reference as they deem appropriate at the expense of the H-REIT Manager and the HBT Trustee-Manager respectively.

The principal responsibility of the ARCs is to assist the H-REIT Manager Board and the HBT Trustee-Manager Board in maintaining a high standard of corporate governance, particularly by providing an independent review of the adequacy and effectiveness of H-REIT's and HBT's financial reporting process (including reviewing the accounting policies and practices of the H-REIT Group, the HBT Group and the Stapled Group on a consolidated basis) and risk management and key internal controls, including financial, operational, compliance and information technology controls. Other duties within their written terms of reference include, *inter alia*:

- to monitor the integrity of the financial statements of H-REIT Group, HBT Group and the Stapled Group, in particular, the application and consistency of accounting standards used at company and group levels;
- to assess and challenge, if necessary, the correctness, completeness and consistency of financial information in the financial statements of H-REIT Group, HBT Group and the Stapled Group and any announcements relating to the financial performance of H-REIT Group, HBT Group and the Stapled Group, before submission to the Boards for approval or before they are made public;
- to review the assurance provided by the CEO and the CFO that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the H-REIT Group's, the HBT Group's and the Stapled Group's operations and financial position; and (b) the adequacy and effectiveness of the risk management and internal controls systems;
- to review the adequacy, effectiveness, independence, scope and results of the internal audit function;
- to review the scope and results of the external audit, and the adequacy, effectiveness, independence and objectivity of the external auditors;
- to approve, on behalf of the Boards, the remuneration and terms of engagement of the external auditors;
- to review and make recommendation to the Boards on the appointment, re-appointment or removal of the external auditors;

CORPORATE GOVERNANCE

- to review all Interested Party Transactions and/or Related Party Transactions entered into from time to time and ensure compliance with the relevant provisions of the Listing Manual of SGX-ST, the Property Funds Appendix and the relevant accounting standards;
- To ensure that the H-REIT Group, the HBT Group and CDLHT are in compliance with the applicable laws and regulations;
- to oversee the establishment and operation of the whistle-blowing processes; and
- to have oversight on CDLHT's compliance with disclosure requirements relating to sustainability matters specifically consider the environmental, social and governance ("**ESG**") framework, review best practices as well as CDLHT's polices, practices and performance on its material ESG factors which are significant and contribute to CDLHT's performance and business activities. Further information on CDLHT's sustainability practices is set out in the Sustainability Report on pages 90 to 123 of this Annual Report.

Financial Matters

In the review of the financial statements for FY 2022, the H-REIT Manager ARC and the HBT Trustee-Manager ARC have discussed with Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The following significant matters impacting the financial statements were discussed with Management and the external auditors and were reviewed by the H-REIT Manager ARC and the HBT Trustee-Manager ARC:

Significant Matters	How the ARCs reviewed these matters and what decisions were made
Valuation of investment properties and investment property under development	The H-REIT Manager ARC and the HBT Trustee-Manager ARC considered the approach and methodology applied to the valuation model in assessing the valuation of the investment properties and investment property under development. The ARCs noted that: • there was appropriate use of third party valuation expertise; • sufficient robust challenge was given to management by the external auditors; • material judgemental assumptions that were used in the valuations were within reasonable parameters; and • conclusions have been appropriately drawn. The valuation of the investment properties and investment property under development was an area of focus by the external auditors. The external auditors have included this item as a key audit matter in their audit report for the financial year ended 31 December 2022. Refer to page 163 of this Annual Report.
Valuation of property, plant and equipment	The H-REIT Manager ARC and the HBT Trustee-Manager ARC considered the approach and methodology applied to the valuation model in assessing the valuation of the property, plant and equipment. The ARCs noted that: • there was appropriate use of third party valuation expertise; • sufficient robust challenge was given to management by the external auditors; • material judgemental assumptions that were used in the valuations were within reasonable parameters; and • conclusions have been appropriately drawn. The valuation of property, plant and equipment was an area of focus by the external auditors. The external auditors have included this item as a key audit matter in their audit report for the financial year ended 31 December 2022. Refer to page 163 of this Annual Report.

During the financial year under review, the ARCs of the H-REIT Manager and HBT Trustee-Manager have established an internal controls system to ensure that all Related Party Transactions and/or Interested Party Transactions are undertaken on normal commercial terms and are not prejudicial to the interests of H-REIT and the holders of H-REIT units or HBT and the holders of HBT units. The ARCs have been kept abreast on changes to the accounting standards and issues which have direct impact on the the H-REIT Group, HBT Group and the Stapled Group's financial statements by the CFO and the external auditors during FY 2022.

CORPORATE GOVERNANCE

The H-REIT Manager ARC and the HBT Trustee-Manager ARC held four meetings each during the year respectively and carried out their duties as set out within the terms of reference. The Company Secretaries maintain records of all ARC meetings including records of discussions on key deliberations and decisions taken. The ARCs met with the external auditors separately without the presence of Management annually.

In performing its duties, the H-REIT Manager ARC and the HBT Trustee-Manager ARC also took guidance from the Audit Committee Guide and the Board Risk Committee Guide both issued by the SID. For the financial year under review, the ARCs conducted a self-assessment of its effectiveness in the discharge of its duties and responsibilities. The assessment was facilitated through the use of a self-assessment checklist ("**ARC Self-Assessment Checklist**"). The ARC Self-Assessment Checklist covered *inter alia*, the responsibilities of the ARCs under their terms of reference.

Based on the outcome of the self-assessment, the H-REIT Manager ARC and the HBT Trustee-Manager ARC agreed that they had fulfilled their responsibilities and discharged their duties as set out in their terms of reference.

External Auditors

The ARCs had evaluated the performance of the external auditors for FY 2022. The ARCs also reviewed the responses furnished by KPMG LLP ("**KPMG**") based on the sample questionnaire set out in the Guidebook for Audit Committees In Singapore produced by the Audit Committee Guidance Committee.

Taking cognisance that the external auditors should be free from any business or other relationships with the H-REIT Group, HBT Group and the Stapled Group that could materially interfere with their ability to act with integrity and objectivity, the ARCs had, in 2022 , undertaken a review of the independence of KPMG and gave careful consideration to the H-REIT Group's, the HBT Group's and the Stapled Group's relationships with them during 2022 including the processes, policies and safeguards adopted by the H-REIT Group, the HBT Group and the Stapled Group. The ARCs also considered the nature of the provision of the non-audit services in 2022 and the corresponding fees and are of the opinion that such non-audit fees did not impair or threaten the audit independence. Based on the review, the ARCs are of the opinion that KPMG is, and is perceived to be, independent for the purpose of the H-REIT Group's, HBT Group's and the Stapled Group's statutory audit.

For details of the fees paid and/or payable by the H-REIT Group, HBT Group and the Stapled Group in respect of audit and non-audit services for FY 2022, please refer to Note 20 of the Notes to the Financial Statements.

In reviewing the nomination of KPMG for re-appointment for the financial year ending 31 December 2023, the ARCs had taken into consideration the Audit Quality Indicators Framework introduced by ACRA. The ARCs also considered the following in their review:

(i) the adequacy and experience of the supervisory and professional staff of KPMG assigned to the audit of the H-REIT Group, HBT Group and the Stapled Group;

(ii) the audit engagement partner assigned to the audit;

(iii) KPMG's past experience in auditing clients in the REIT sector; and

(iv) the size and complexity of the audit exercise for the H-REIT Group, HBT Group and the Stapled Group.

KPMG have confirmed that they are registered with ACRA in accordance with Rule 712(2) of the Listing Manual of SGX-ST. The Stapled Group is thus in compliance with Rules 712 and 715 (read with Rule 716) of the Listing Manual of SGX-ST in relation to the appointment of its auditors.

On the basis of the above, the ARCs have recommended to the Board the nomination of KPMG for re-appointment as external auditors of the H-REIT Group, HBT Group and the Stapled Group at the 2023 Annual General Meetings ("**2023 AGMs**").

CORPORATE GOVERNANCE

Whistle Blowing Policy

The H-REIT Manager and the HBT Trustee-Manager have in place a whistle blowing policy setting out the procedure where staff of the H-REIT Manager and the HBT Trustee-Manager and other persons can raise in confidence, whether anonymously or otherwise, concerns on possible improprieties relating to accounting, financial reporting, internal controls and auditing matters, without fear of reprisals in any form. The ARCs have the responsibility of overseeing this policy which is administered with the assistance of Management. Under these procedures, arrangements are in place for independent investigation of such matters raised and for appropriate follow up action to be taken.

The H-REIT Manager and the HBT Trustee-Manager are committed to maintaining procedures for the confidential and anonymous submission of reports and the anonymity of whistle-blowers concerned will be maintained where so requested by the whistle-blowers who lodged the report. Investigations into such reports will be handled on a confidential basis to the extent permissible or deemed appropriate under the circumstances, and involve persons who need to be involved in order to properly carry out the investigation and will, on a best efforts basis, be carried out in a timely manner.

In order to facilitate and encourage the reporting of such matters, the whistleblowing policy, including the dedicated whistle blowing email address at archairman@cdlht.com and postal correspondence channel are available on CDLHT's website and clearly communicates to employees the existence of a whistle-blowing policy. The whistle blowing policy and procedural arrangements are reviewed by the ARCs from time to time.

Internal Audit

Internal Audit ("**IA**") plays an important role in monitoring an effective system of internal controls. The IA function of the Singapore hotels' operations, which are managed by Millennium & Copthorne International Limited, is performed by the internal audit team of CDL, a controlling shareholder of the Managers, who reports directly to the ARCs. Deloitte & Touche Enterprise Risk Services Pte Ltd ("**Deloitte**"), staffed with professionals with relevant qualifications and experience, has been appointed mainly for the IA work on CDLHT's hospitality properties which are not managed by the Sponsor group, retail property and the Managers.

The internal auditors have been directed to meet or exceed the standards set by internationally recognised professional bodies including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The ARCs review the IA plan and a summary of the internal auditors' reports is extended to the ARCs, the CEO and the CFO of the H-REIT Manager and HBT Trustee-Manager. Processes are in place such that material control weaknesses raised in the IA reports are dealt with in a timely manner, with outstanding exceptions or recommendations being closely monitored and reported back to the ARCs on a quarterly basis.

The ARCs review the activities of the internal auditors on a quarterly basis and are satisfied that the IA function is independent of the activities which it audits; is adequately resourced; and has appropriate standing within the H-REIT Manager and HBT Trustee-Manager to perform its role and responsibilities effectively. As the IA function is outsourced, the ARC's evaluation of the IA function's effectiveness was guided by the ARC's self-assessment checklist as well as through the reports submitted by IA at ARC meetings.

The ARCs met with the internal auditors separately without the presence of Management in January 2023.

CORPORATE GOVERNANCE

RIGHTS OF STAPLED SECURITY HOLDERS AND ENGAGEMENT

Rights of Stapled Security Holders and Conduct of General Meetings
Principle 11

Being committed to good corporate practices, the H-REIT Manager and the HBT Trustee-Manager treat all Stapled Security Holders fairly and equitably. To facilitate the exercise of Stapled Security Holders' rights, the H-REIT Manager and the HBT Trustee-Manager ensure that all material information relating to the Stapled Group and its financial performance is disclosed in an accurate and timely manner via SGXNet.

In view of the COVID-19 pandemic, the last Annual General Meetings ("**2022 AGMs**") of H-REIT and HBT were held on 22 April 2022 via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**COVID-19 Temporary Measures Order**"). Alternative arrangements relating to attendance at the 2022 AGMs via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio only stream, submission of questions in advance of the 2022 AGMs, addressing of substantial and relevant questions prior to or at the 2022 AGMs and voting by appointing the chairman of the meeting as proxy at the 2022 AGMs), were released via SGXNet and make available on the website of CDLHT. The voting results of the 2022 AGMs were released via SGXNet and the minutes of 2022 AGMs were released via SGXNet within one month from 2022 AGMs. All the Directors including the chairmen of the ARCs and NRCs as well as the external auditors had attended 2022 AGMs via electronic means and would endeavour to be present at the 2023 AGMs.

2023 AGMs of H-REIT and HBT will be held via electronic means pursuant to the COVID-19 Temporary Measures Order. Alternative arrangements have been put in place to allow Stapled Security Holders to participate at the 2023 AGMs by:

(i) observing and/or listening to AGM proceedings via live audio-visual webcast or live audio only stream;
(ii) submitting questions in advance of, or 'live' at the AGM;
(iii) (a) voting at the AGMs 'live' via electronic means; (b) appointing a proxy(ies) (other than the Chairman of the AGMs) to vote 'live' via electronic means on their behalf at the AGM; or (c) appointing the Chairman of the AGMs as proxy to vote on their behalf at the AGM.

Details of the arrangements will be set out in a separate announcement to be released on SGXNet together with the Notice of AGMs.

The description below sets out CDLHT's usual practice for Stapled Security Holders meetings when there are no pandemic risks and the COVID-19 Temporary Measures Order is not in operation.

All Stapled Security Holders are entitled to attend and vote at general meetings in person or by proxy. The rules including the voting procedures are set out in the notice of general meetings. In accordance with the H-REIT Trust Deed and HBT Trust Deed (as amended), Stapled Security Holders who are not relevant intermediaries may appoint not more than two proxies to attend, speak and vote at general meetings in their absence, and Stapled Security Holders who are relevant intermediaries may appoint more than two proxies to attend, speak and vote at general meetings.

The proxy forms must be deposited at such place or places specified in the notice convening the general meetings not less than forty-eight (48) hours before the time set for the general meetings. Separate resolutions on each substantial issue are put to vote at the general meetings. Detailed information on each item in the agenda of the general meetings is in the explanatory notes to the Notice of the general meetings.

At general meetings, Stapled Security Holders are given the opportunity to communicate their views and are encouraged to ask the H-REIT Manager Board and the HBT Trustee-Manager Board and the Management questions regarding matters affecting H-REIT and HBT.

All Stapled Security Holders are allowed to vote in person or by proxy. As the authentication of a Stapled Security Holder's identity information and other related integrity issues still remain a concern, the H-REIT Manager and HBT Trustee-Manager have decided, for the time being, not to implement voting in absentia by mail or electronic means as recommended by Provision 11.4 of the CG Code.

CORPORATE GOVERNANCE

Pursuant to Rule 730A(2) of the Listing Manual of SGX, all resolutions proposed at AGMs and at any adjournment thereof shall be put to vote by way of poll. In support of greater transparency and to allow for a more efficient voting system, the H-REIT Manager and the HBT Trustee-Manager have introduced electronic poll voting instead of voting by show of hands since the 2014 AGMs. With electronic poll voting, Stapled Security Holders present in person or represented by proxy at the meeting are entitled to vote on a "one-stapled security, one-vote" basis. The voting results of all votes cast in respect of each resolution will also be instantaneously displayed on-screen at the meeting. An external firm will be appointed as scrutineers for the AGMs voting process, which is independent of the firm appointed to undertake the electronic poll voting process. The detailed results setting out the number of votes cast for and against each resolution and the respective percentages will be announced via SGXNet after the AGMs.

The H-REIT Manager and HBT Trustee-Manager also maintain minutes of the general meetings, which includes the key comments and queries raised by Stapled Security Holders and the responses from the H-REIT Manager Board, HBT Trustee-Manager Board, Management and/or the external auditors. The minutes of the general meetings will be made available on the corporate website as soon as practicable.

Distribution Policy

H-REIT's current distribution policy is to distribute at least 90.0% of its taxable income and its tax-exempt income (if any), with the actual level of distribution to be determined at the H-REIT Manager's discretion. H-REIT makes distributions to unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. Distributions, when paid, will be in Singapore Dollars. As for HBT's distribution policy, the determination to distribute and the quantum of distributions will be made by the HBT Trustee-Manager Board at its sole discretion.

<u>Engagement with Stapled Security Holders</u>
<u>Principle 12</u>

The H-REIT Manager Board and the HBT Trustee-Manager Board provide the Stapled Security Holders with half year and full year financial results of the H-REIT Group, the HBT Group and the Stapled Group. The Unaudited half year results of the H-REIT Group, the HBT Group and the Stapled Group were released to Stapled Security Holders within 45 days of the end of the six-month period whilst unaudited full year results of the H-REIT Group, HBT Group and the Stapled Group are released within 60 days from the financial year ended 31 December 2022. In presenting the 2022 full year and half-yearly results of the H-REIT Group, the HBT Group and the Stapled Group as well as operational updates for first and third quarters, the H-REIT Manager Board and HBT Trustee-Manager Board aimed to provide the Stapled Security Holders with a balanced and understandable assessment of the performance and financial position of the H-REIT Group, the HBT Group and the Stapled Group, with a commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which CDLHT operates.

The H-REIT Manager and the HBT Trustee-Manager ensure that Stapled Security Holders are notified of all material information in an accurate and timely manner, including the date of release of the financial results of the H-REIT Group, the HBT Group and the Stapled Group via SGXNet. The half year and full year financial results of the H-REIT Group, the HBT Group and the Stapled Group are announced within the mandatory period. The financial statements of the H-REIT Group, the HBT Group and the Stapled Group and other presentation materials presented at general meetings, including material and price-sensitive information, are disseminated and publicly released via SGXNet on a timely basis.

Stapled Security Holders, stakeholders and investors can access information on CDLHT at its website at <u>www.cdlht.com</u> which provides, *inter alia*, corporate announcements, press releases and the latest financial results as disclosed by CDLHT on SGXNet. Pursuant to the COVID-19 Temporary Measures Order, Annual report 2021 of CDLHT and the Notice of 2022 AGMs were made available to Stapled Security Holders solely by electronic means via publication on CDLHT's website and SGXNet.

From time to time, the Management of the H-REIT Manager and the HBT Trustee-Manager hold briefings with analysts and the media to coincide with the release of CDLHT's half year and full year financial results. Presentation slides are also released on SGXNet and made available on the CDLHT's website. In addition, the Management takes an active role in investor relations, meeting local and foreign fund managers regularly as well as participating in roadshows and conferences both locally and overseas.

CORPORATE GOVERNANCE

Investor Relations Policy

The H-REIT Manager and the HBT Trustee-Manager are committed to building investor confidence and trust through effective open, two-way communication with Stapled Security Holders, the investment community and the media. The Investor Relations ("**IR**") Policy, available on the CDLHT's corporate website, sets out the process and mechanism to engage its stakeholders, including the channel of communication through which Stapled Security Holders and investors may pose queries and through which the Company may respond. The IR Policy outlines the principles and framework in which the Company communicates and engages with investors, analysts and other IR stakeholders to provide balanced, clear and pertinent information.

<u>Engagement with Stakeholders</u>
<u>Principle 13</u>

The Management of the H-REIT Manager and the HBT Trustee-Manager noted that the relationships with the key stakeholders may have an impact on the CDLHT's long term sustainability. Regular dialogue with key stakeholders such as the Boards, employees, Trustee, master lessees, hotel managers, hotel guests, tenants, suppliers, government/regulators, investors and local communities are ongoing to better understand and manage their expectations.

The Managers are committed to sustainability issues and more details can be found on CDLHT's Sustainabilty Report found on pages 90 to 123 of this Annual Report.

The Managers regularly engages one of its key trade creditors, the lending banks, and ensures that the gearing ratio is well below the regulatory limits and the loan covenants are complied with.

Dealing with Conflicts of Interest

The Managers have established the following procedures to manage conflicts of interest involving CDLHT:

(i) In respect of matters which a Director and his or her associates have an interest, direct or indirect, the interested Director will inform the Boards as soon as he or she becomes aware of the matter and abstain from voting. The quorum will comprise a majority without the interested Director's vote;

(ii) In respect of matters in which the Sponsor and/or its subsidiaries have an interest, direct or indirect, any director appointed to represent their interests will abstain from voting on such matters. The quorum will comprise a majority of the independent directors and will exclude the director representing the Sponsor's interests; and

(iii) At least two thirds of the Boards shall comprise independent directors, as disclosed on page 44 of this Annual Report.

In FY 2022, there are no material contracts entered into by CDLHT or any of its subsidiaries that involve the interests of any Director, the CEO or any controlling Stapled Security Holders save as disclosed in this annual report.

Dealing with Interested Person Transactions

With regards to Interested Person Transactions ("**IPTs**"), the Managers are guided by the following principles:

(i) IPTs will be undertaken on an arm's length basis with normal commercial terms;

(ii) IPTs must not be prejudicial to the interests of CDLHT and its minority Stapled Security Holders; and

(iii) IPTs are compliant with applicable SGX Listing Rules and other regulatory guidelines as prescribed from time to time.

For IPTs concerning H-REIT which are entered or to be entered by the H-REIT Trustee (acting in its capacity as trustee of H-REIT), the H-REIT Trustee is required to consider the terms of the IPTs to satisfy itself that such transactions are conducted (i) on normal commercial terms, (ii) are not prejudicial to the interests of the H-REIT and the Unitholders, and (iii) are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction.

Furthermore, the H-REIT Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into an IPT. If the H-REIT Trustee is to sign any IPT contract, the Trustee will review the contract to ensure that it complies with the requirements relating to IPTs as well as guidelines (amended from time to time) prescribed by the MAS and the SGX-ST to apply to real estate investment trusts.

CORPORATE GOVERNANCE

The Managers maintain master registers of all IPTs and related party transactions entered into by CDLHT. Furthermore, the ARC will periodically review the master registers to ensure IPTs are in compliance with the Managers' internal controls systems, the SGX Listing Manual and the Property Funds Appendix.

Please refer to page 278 for more details about IPTs in FY 2022.

Anti-Corruption, Anti-Bribery and Code of Conduct and Ethics

The H-REIT Manager Board, HBT Trustee-Manager Board and Management are committed to conducting business with integrity and consistent with the highest standards of business ethics, and in compliance with all applicable laws and regulatory requirements. There is no tolerance for bribery or corruption. To mitigate reputational risk, the Managers have established various policies and guidelines to guide employees of the Managers, such as the receipt of corporate gifts, entertainment or concessionary offerings in order to avoid any misperception of impropriety. The Managers also uphold the anti-corruption and anti-bribery clauses found in contractual agreements when dealing with business partners.

The Managers have also adopted an internal code of business and ethical conduct which sets out the business principles and practices with respect to matters which may have ethical implications. The code provides a communicable and understandable framework for employees of the Managers to observe principles such as honesty, integrity, responsibility and accountability at all levels of the organisation and in the conduct of business in their relationships with suppliers and amongst employees, including situations where there are potential conflicts of interests.

New employees of the Managers are made aware of the importance of business ethics as part of their orientation and on a periodic basis, employees of the Managers undergo refresher training. Employees of the Managers also provide an annual self-attestation to affirm their fit and proper status. The various anti-corruption policies and the internal code of business and ethical conduct are made available to all employees in the Managers' intranet.

Confidential Information

The H-REIT Manager and HBT Trustee-Manager may in the course of business, collect, process, use or disclose personal data of individuals, including H-REIT and HBT unitholders, employees, lessees or tenants, and in some cases, guests or employees of hotels owned, third-party hotel owners, agents, partners, suppliers and other individuals. The CDLHT Data Protection Handbook is in place to ensure that the personal data processed is subject to certain legal safeguards and restrictions, in line with the requirements of the Personal Data Protection Act and SFA.

Internal Code on Dealings in Securities

The H-REIT Manager and the HBT Trustee-Manager have in place an internal code on securities trading which sets out the implications of insider trading and provides guidance and internal regulation with regard to dealings in the stapled securities of CDLHT by the Directors and employees of both the Managers. These guidelines prohibit dealing in the stapled securities of CDLHT (a) on short-term considerations, (b) while in possession of unpublished material price-sensitive information in relation to such stapled securities, and (c) during the "closed period", which is defined as one month before the date of announcement of the H-REIT's and HBT's half-yearly and full-year financial results, and ending on the date of the announcement of the relevant results. The Directors and employees of the H-REIT Manager are notified in advance of the commencement of each "closed period" relating to dealing in the stapled securities of CDLHT.

A pre-trading approval process is in place for Directors and the CEO of the Managers who intend to trade in CDLHT's stapled securities. Dealings by each Director and the Chief Executive Officer in CDLHT's stapled securities are disclosed in accordance with the applicable SGX listing rules and the SFA. In FY 2022, based on the information available to the Managers, save as disclosed in accordance with such requirements, there were no dealings by the Directors in CDLHT's stapled securities.

STATEMENT OF POLICIES AND PRACTICES OF HBT

Apart from the corporate governance practices disclosed above, the HBT Trustee-Manager has prepared a statement of policies and practices in relation to the management and governance of HBT (as described in section 87(1) of the Business Trusts Act 2004 in respect of FY 2022, which is set out on pages 149 to 154 of this Annual Report.

CORPORATE GOVERNANCE

ADDITIONAL DISCLOSURE ON FEES PAYABLE TO THE REIT MANAGER

Pursuant to the Clauses 14.1, 14.2 and 14.7 of the H-REIT Trust Deed, the H-REIT Manager is entitled to receive fees payable out of the deposited property of H-REIT.

The methodology for the computation and payment of fees, with reference to the aforesaid Trust Deed clauses, is disclosed on pages 187 to 190 of this Annual Report. The various fees earned by the H-REIT Manager and their rationale are further elaborated as follows:

Management Fee

The base fee covers the H-REIT Manager's operational, compliance, reporting and administrative costs for developing and executing strategies and business plans for H-REIT and represents fair compensation to the H-REIT Manager for discharging its core responsibilities and duties. It is based on a percentage of the value of H-REIT's deposited properties and is an appropriate metric because as H-REIT grows in size and complexity, the Manager's responsibilities will grow correspondingly.

The performance fee payable to the H-REIT Manager is based on a percentage of the H-REIT Group's net property income. The fee methodology is transparent and reflective of the alignment of interest between the H-REIT Manager and Stapled Security Holders in growing higher property income over the long term through proactive management which includes working with lessees/ hotel managers to drive revenues and cost efficiencies at the property level, carrying out asset enhancement, repositioning or rebranding initiatives, operator selection exercises and negotiation of commercial lease terms or management contract terms. Accordingly, the H-REIT Board is of the view that the performance fee will incentivise the H-REIT Manager to take a holistic and balanced approach towards seeking growth opportunities and encourage the H-REIT Manager to act in the interests of Stapled Security Holders to enhance the net property income and consequently the long-term value of assets.

Acquisition fee & Divestment fee

The acquisition fee and divestment fee payable to the H-REIT Manager serve as a form of compensation for the time, effort and resources spent in sourcing, evaluating, conducting due diligence and executing potential opportunities to acquire new properties or in rebalancing and unlocking the underlying value of existing properties by divestments respectively.

The H-REIT Manager provides these services over and above the provision of ongoing management services with the aim of generating long-term value for Stapled Security Holders. The acquisition fee is higher than the divestment fee because the time and efforts undertaken in terms of sourcing, evaluating and conducting due diligence, and fund raising for an acquisition, are higher as compared to a divestment.

Development Management fee

The development management fee payable is to compensate the H-REIT Manager for its time, costs and effort in facilitating the undertaking of development projects [3], on behalf of H-REIT, when an attractive opportunity arises which is beneficial to Stapled Security Holders as development projects can potentially provide significant returns and contribute to improving the net asset value of H-REIT's portfolio, and provide growing distributions to Stapled Security Holders.

The development management fee is higher than the acquisition fee because unlike outright acquisitions of completed income-producing properties, the process of property development is more complex as it requires a longer gestation period and involves the management and supervision of significant construction activity. The gestation period (i.e. from the time taken between identification of development opportunities and the confirmation of a deal) may take up to a year and sometimes longer. From confirmation of a deal to the completion of the construction of the development project, the development management process may typically take 12 to 36 months depending on the size, complexity and location of the project. In contrast, the time frame for outright acquisitions may be as short as three to six months from the initial inspection until the completion of the acquisition.

In addition, development management usually involves more extensive liaisons with external parties such as architects, engineers, designers, contractors and the relevant authorities. The services rendered for a development project is significantly more than the services rendered for an acquisition.

(3) "Development Project" means a project involving the development or re-development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by H-REIT, provided always that, paragraph 5 of Appendix 6 of the Code on Collective Investment Schemes issued by the MAS (the "**Property Funds Appendix**") shall be complied with for the purposes of such development, including major development, re-development, refurbishment, retrofitting, addition and alteration and renovation works.

STATEMENT OF POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF CDL HOSPITALITY BUSINESS TRUST

CDL Hospitality Business Trust ("**HBT**") was activated on 31 December 2013 by M&C Business Trust Management Limited, as the trustee-manager of HBT (the "**HBT Trustee-Manager**"), to be the master lessee of Raffles Maldives Meradhoo, a property which was acquired by a wholly-owned subsidiary of CDL Hospitality Real Estate Investment Trust ("**H-REIT**") and which was leased to a wholly-owned subsidiary of HBT. Since then, HBT has proceeded to act as the master lessee of Hotel MyStays Asakusabashi and Hotel MyStays Kamata, Japan and on 1 October 2015, acquired Hilton Cambridge City Centre, United Kingdom. On 4 May 2017, HBT added The Lowry Hotel to its portfolio and operates it as an owner-operator. On 16 July 2020, H-REIT completed the acquisition of W Singapore – Sentosa Cove ("**W Hotel**") and a wholly-owned subsidiary of HBT is the master lessee and business owner of W Hotel. On 30 April 2021, wholly-owned subsidiaries of HBT have acquired business assets of Ibis Perth and Mercure Perth (the "**Perth Hotels**") as well as entered into separate leases with subsidiaries of H-REIT, to act as lessor of the Perth Hotels.

HBT's principal investment strategy include references to real estate which is primarily used for other accommodation and/or lodging purposes including, without limitation, properties used for rental housing, co-living, student accommodation and senior housing. On 31 August 2021, HBT entered into a land purchase agreement and a development funding agreement for The Castings, a residential build-to-rent property in the United Kingdom, which is expected to be completed by 3Q 2024.

The Board of Directors of the HBT Trustee-Manager (the "**HBT Trustee-Manager Board**") is responsible for safeguarding the interests of the unitholders of HBT (the "**HBT Unitholders**") as a whole and managing the business of HBT. The HBT Trustee-Manager has general power of management over the business and assets of HBT and its main responsibility is to manage HBT's assets and liabilities for the benefit of the HBT Unitholders as a whole. In the event of a conflict between the interests of the HBT Unitholders as a whole and its own interests, the HBT Trustee-Manager will give priority to the interests of the HBT Unitholders as a whole over its own interests.

The HBT Trustee-Manager Board is also obliged to exercise due care to comply with the relevant provisions of all applicable legislations and regulations, the listing manual of Singapore Exchange Securities Trading Limited (the "**Listing Manual**"), the trust deed constituting HBT dated 12 June 2006 (as amended from time to time) (the "**HBT Trust Deed**"), the stapling deed dated 12 June 2006 (as amended from time to time) (the "**Stapling Deed**") and all relevant contracts entered into by HBT.

The HBT Trustee-Manager, in exercising its powers and carrying out its duties as trustee-manager of the HBT, is required to, and will:

- treat the HBT Unitholders who hold units of HBT ("**HBT Units**") in the same class fairly and equally and HBT Unitholders who hold HBT Units in different classes (if any) fairly;
- ensure that all payments out of the trust property of HBT (the "**HBT Trust Property**") are made in accordance with the Business Trusts Act 2004 (the "**BTA**"), the HBT Trust Deed and the Stapling Deed;
- report to Monetary Authority of Singapore ("**MAS**") any contravention of the BTA or Business Trusts Regulations by any other person that:
  - o relates to HBT; and
  - o has had, has or is likely to have, a material adverse effect on the interests of all the HBT Unitholders, or any class of HBT Unitholders, as a whole,

  as soon as practicable after the HBT Trustee-Manager becomes aware of the contravention;
- ensure that the HBT Trust Property is properly accounted for; and
- ensure that the HBT Trust Property is kept distinct from the property of the HBT Trustee-Manager held in its own capacity.

STATEMENT OF POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF CDL HOSPITALITY BUSINESS TRUST

In addition, the HBT Trustee-Manager will:

- at all times act honestly and exercise reasonable diligence in the discharge of its duties as the trustee-manager of the HBT in accordance with the BTA, the HBT Trust Deed and the Stapling Deed;
- act in the best interests of all the HBT Unitholders as a whole and give priority to the interests of all HBT Unitholders as a whole over its own interests in the event of a conflict between the interests of all HBT Unitholders as a whole and its own interests;
- not make improper use of any information acquired by virtue of its position as the HBT Trustee-Manager to gain, directly or indirectly, an advantage for itself or for any other person to the detriment of the HBT Unitholders;
- hold the HBT Trust Property on trust for all HBT Unitholders as a whole in accordance with the terms of the HBT Trust Deed;
- adhere with the business scope of HBT as set out in the HBT Trust Deed;
- review interested person transactions in relation to HBT;
- review expense and cost allocations payable to the HBT Trustee-Manager in its capacity as trustee-manager of HBT out of the HBT Trust Property and ensure that fees and expenses charged to HBT are appropriate and in accordance with the HBT Trust Deed; and
- comply with the BTA and the Listing Manual.

The MAS has also granted the HBT Trustee-Manager an exemption from compliance with Section 10(2)(a) of the BTA and the directors of the HBT Trustee-Manager (the "**HBT Trustee-Manager Directors**") from compliance with Section 11(1)(a) of the BTA subject to the condition that for the duration of the time that the HBT Units are stapled to the units of H-REIT, the HBT Trustee-Manager and HBT Trustee-Manager Directors shall act in the best interests of all the holders of the stapled securities of CDL Hospitality Trusts.

The HBT Trustee-Manager Board, in exercising its power and carrying out its duties as trustee-manager of HBT, has put in place measures to ensure that:

- the HBT Trust Property is properly accounted for and is kept distinct from the property held by the HBT Trustee-Manager in its own capacity;
- the business scope of HBT as set out in the HBT Trust Deed has been adhered to;
- potential conflicts between the interests of the HBT Trustee-Manager and the interests of the HBT Unitholders as a whole are appropriately managed;
- interested person transactions are transparent, properly recorded and disclosed;
- expenses and cost allocations payable to the HBT Trustee-Manager out of the HBT Trust Property, and the fees and expenses charged to HBT are appropriate and are made in accordance with the HBT Trust Deed; and
- the BTA, Business Trusts Regulations and the Listing Manual have been complied with.

The HBT Trustee-Manager has also adopted a set of corporate governance practices as set out on pages 124 to 148 of this Annual Report.

STATEMENT OF POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF CDL HOSPITALITY BUSINESS TRUST

HBT Trust Property Properly Accounted For

To ensure that the HBT Trust Property is properly accounted for and is kept distinct from the property held by the HBT Trustee-Manager in its own capacity, the accounting records of HBT are kept separate and distinct from the accounting records of the HBT Trustee-Manager. The Trustee-Manager maintains different bank accounts in its own capacity and in its capacity as the Trustee-Manager of HBT. Regular internal reviews are also carried out to ascertain that all Trust Property of HBT has been fully accounted for.

Each of the financial statements of HBT and HBT Trustee-Manager are approved by the HBT Trustee-Manager Directors on a half-yearly basis. Each of the financial statements of HBT and HBT Trustee-Manager are also kept separate and distinct and are duly audited by external auditors on an annual basis to ensure that the HBT Trust Property is properly accounted for and the HBT Trust Property is kept distinct from the property of the HBT Trustee-Manager held in its own capacity.

Adherence to Business Scope

The HBT Trustee-Manager Board reviews and approves all authorised businesses undertaken by HBT so as to ensure its adherence to the business scope under the HBT Trust Deed. Such authorised businesses include:

(i) the investment in, development of, operation of and/or management of real estate and real estate related assets and all activities, concerns, functions and matters reasonably incidental thereto;

(ii) acquisition, disposition, ownership, management, operation, finance leasing and leasing of real estate and real estate related assets and all activities, concerns, functions and matters reasonably incidental thereto; and

(iii) any business, undertaking or activity associated with, incidental and/or ancillary to the carrying on of the businesses referred to in paragraphs (i) and (ii),

whether directly, indirectly through subsidiaries or in the form of joint ventures together with other parties.

Management provides regular updates to the Board and the Audit and Risk Committee of the HBT Trustee-Manager about potential projects that it is looking into on behalf of HBT and the Board and the Audit and Risk Committee of the HBT Trustee-Manager ensure that all such projects are within the permitted business scope under the HBT Trust Deed. Prior to the carrying out of any significant business transactions, the Board, the Audit and Risk Committee and/or management of the HBT Trustee-Manager will have careful regard to the provisions of the HBT Trust Deed and when in doubt, will seek advice from professional advisers.

Potential conflicts of interest

The HBT Trustee-Manager is not involved in any other businesses other than managing HBT. All potential conflicts of interest, as and when they arise, will be identified by the HBT Trustee-Manager Board and management, and will be reviewed accordingly.

As the HBT Trustee-Manager is an indirect wholly-owned subsidiary of Millennium & Copthorne Hotels Limited (the "**Sponsor**"), being the sponsor and controlling unitholder of HBT, there may be potential conflicts of interest between HBT, the HBT Trustee-Manager and the Sponsor.

The HBT Trustee-Manager has instituted, among others, the following procedures to deal with issues of conflicts of interest:

- The HBT Trustee-Manager Board comprises four independent directors who do not have management or business relationships with the HBT Trustee-Manager and are independent from the substantial shareholder of the HBT Trustee-Manager. The independent directors form the majority of the HBT Trustee-Manager Board. This allows the HBT Trustee-Manager Board to examine independently and objectively, any potential issue of conflicts of interest arising between the HBT Trustee-Manager in its own capacity and the HBT Unitholders as a whole.

- Employees, if any, are directly employed by the HBT Trustee-Manager.

- All resolutions in writing of the HBT Trustee-Manager Directors in relation to matters concerning HBT must be approved by all the HBT Trustee-Manager Directors.

- In respect of matters in which the Sponsor and/or its subsidiaries has an interest, direct or indirect, any nominees appointed by the Sponsor and/or its subsidiaries to the HBT Trustee-Manager Board to represent its/their interests will abstain from voting. In such matters, the quorum shall comprise a majority of the independent HBT Trustee-Manager Directors and shall exclude nominee director of the Sponsor and/ or its subsidiaries.

STATEMENT OF POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF CDL HOSPITALITY BUSINESS TRUST

- In respect of matters in which an HBT Trustee-Manager Director or his Associates (as defined in the Listing Manual) has an interest, direct or indirect, such interested Director shall abstain from voting. In such matters, the quorum must comprise a majority of the HBT Trustee-Manager Directors and must exclude such interested director.

- Where matters concerning HBT relate to transactions to be entered into by the HBT Trustee-Manager for and on behalf of HBT with an interested person of the HBT Trustee-Manager or HBT (which would include relevant associates thereof), the Audit and Risk Committee is required to consider the terms of such transactions (except transactions under agreements which are deemed to have been specifically approved by HBT Unitholders upon purchase of HBT Units) to satisfy itself that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of HBT and the HBT Unitholders, and are in compliance with all applicable requirements of the Listing Manual and the BTA relating to the transactions in question. If the HBT Trustee-Manager is to sign any contract with an interested person of the HBT Trustee-Manager or HBT, the HBT Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to interested person transactions (as may be amended from time to time) as well as any other guidelines as may from time to time be prescribed to apply to business trusts.

Present and Ongoing Interested Person Transactions

(i) Exempted Agreements

The fees and charges payable by HBT to the HBT Trustee-Manager under the HBT Trust Deed are considered interested person transactions which are deemed to have been specifically approved by the HBT Unitholders upon their purchase of the HBT Units, to the extent that there are no subsequent changes to the rates and/or bases of the fees charged thereunder which will adversely affect HBT.

(ii) Future Interested Person Transactions

Depending on the materiality of the transaction, HBT may make a public announcement of or obtain prior approval of the HBT Unitholders for such a transaction. If necessary, the HBT Trustee-Manager Board may make a written statement in accordance with the resolution of the HBT Trustee-Manager Board and signed by at least two HBT Trustee-Manager Directors on behalf of the HBT Trustee-Manager Board certifying that, *inter alia*, such interested person transaction is not detrimental to the interests of the HBT Unitholders as a whole, based on the circumstances at the time of the transaction.

The HBT Trustee-Manager may, in future, seek an annual general mandate from the HBT Unitholders for recurrent transactions of revenue or trading nature or those necessary for the day-to-day operations with interested persons, and all transactions would then be conducted under such a general mandate for that relevant financial year. In seeking such an annual general mandate, the HBT Trustee-Manager may appoint an independent financial adviser to render an opinion as to whether the methods or procedures for determining the transaction prices contemplated under the annual general mandate are sufficient, in an effort to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of HBT and the HBT Unitholders.

The HBT Trustee-Manager has in place an internal control system as well as policies and procedures to ensure that all future interested person transactions will be undertaken on an arm's length basis, on normal commercial terms, will not be prejudicial to the interests of HBT and its minority Unitholders, and will be in accordance with all applicable requirements of the BTA, the Listing Manual and all applicable guidelines as may from time to time be prescribed to apply to business trusts relating to the transaction in question.

Management identifies interested person transactions in relation to HBT. The HBT Trustee-Manager maintains a register to record all interested person transactions which are entered into by HBT. The HBT Trustee-Manager incorporates into its plan a review of all interested person transactions entered into by HBT during the financial year. The Audit and Risk Committee reviews at least quarterly in each financial year the interested person transactions entered into during such quarterly period to ascertain that the guidelines and procedures established to monitor interested person transactions have been complied with. The review includes the examination of the nature of the transactions and their supporting documents or such other data that the Audit and Risk Committee deems necessary. If a member of the Audit and Risk Committee has an interest in a transaction, he or she will abstain from participating in the review and approval process in relation to that transaction.

STATEMENT OF POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF CDL HOSPITALITY BUSINESS TRUST

In addition, all such interested person transactions conducted and any contracts entered into by the HBT Trustee-Manager on behalf of HBT with an interested person of the HBT Trustee-Manager or HBT, shall comply with and be in accordance with all applicable requirements of the Listing Manual, Business Trusts Regulations and the BTA as well as such other guidelines as may from time to time be prescribed to apply to business trusts.

In particular, when HBT acquires assets from the Sponsor or parties related to the Sponsor in future, the HBT Trustee-Manager will obtain valuations from independent parties. In any event, interested person transactions entered into by HBT, depending on the materiality of such transactions, may be publicly announced or, as the case may be, approved by HBT Unitholders, and will, in addition, be:

- reviewed and recommended by the Audit and Risk Committee of the HBT Trustee-Manager, which comprises only independent directors; and
- decided by the HBT Trustee-Manager Board, of which more than half of the directors are independent directors.

Fees and expenses charged to HBT are appropriate and in accordance with the HBT Trust Deed

The HBT Trustee-Manager is entitled under the HBT Trust Deed to a management fee comprising a base fee of up to a maximum of 0.25% per annum of the value of the HBT's Deposited Property and a performance fee of 5.0% per annum of HBT's net property income. For the purpose of calculating the management fee, if HBT holds only a partial interest in an investment from which such profit is derived, such profit shall be pro-rated in proportion to the partial interest held.

The management fee is payable to the HBT Trustee-Manager in the form of cash and/or Stapled Securities as the HBT Trustee-Manager may elect, and in such proportion and for such period as may be determined by the HBT Trustee-Manager.

Under the HBT Trust Deed, if the value of the HBT Trust Property is at least S$50.0 million, a maximum of 0.1% per annum of the value of the HBT's Deposited Property (if any), subject to a minimum fee of S$10,000 per month, excluding out-of-pocket expenses and goods and services tax, is payable to the HBT Trustee-Manager as trustee fee. For the purpose of calculating the trustee fee, if HBT holds only a partial interest in any of HBT's Deposited Property, such HBT's Deposited Property shall be pro-rated in proportion to the partial interest held.

The trustee fee is payable to the HBT Trustee-Manager in arrears on a monthly basis in the form of cash.

The HBT Trustee-Manager is also entitled to receive an acquisition fee at the rate of 0.75% of the acquisition price for acquisition from interested persons and at a rate of 1.0% of the acquisition price for all other acquisitions directly or indirectly by HBT (pro-rated if applicable to the proportion of HBT's interest in the authorised investment acquired).

The acquisition fee is payable to the HBT Trustee-Manager in the form of cash and/or Stapled Securities as the HBT Trustee-Manager may elect, and in such proportion and for such period as may be determined by the HBT Trustee-Manager.

The HBT Trustee-Manager is also entitled to a divestment fee at the rate of 0.5% of the sale price of any divestment directly or indirectly by HBT (pro-rated if applicable to the proportion of HBT's interest).

The divestment fee is payable to the HBT Trustee-Manager in the form of cash and/or Stapled Securities as the HBT Trustee-Manager may elect, and in such proportion and for such period as may be determined by the HBT Trustee-Manager.

Any increase in the rate or any change in structure of the HBT Trustee-Manager's management fee, trustee fee, the acquisition fee or the divestment fee, must be approved by an extraordinary resolution passed at a meeting of HBT Unitholders duly convened and held in accordance with the provisions of the HBT Trust Deed.

STATEMENT OF POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF CDL HOSPITALITY BUSINESS TRUST

The table below sets out the fees earned by the HBT Trustee-Manager for the financial year ended 31 December 2022.

Fee	Amount (S$'000)	% in Cash	% in Units
Management Fee	1,015	20	80
Trustee Fee	272	100	0

For the financial year ended 31 December 2022, the HBT Trustee-Manager will receive 100% of trustee fee in cash while the management fee is in the form of 20% cash and 80% Stapled Securities. No expenses were paid to the HBT Trustee-Manager during the financial year ended 31 December 2022 and any out-of-pocket expenses incurred were funded by HBT's working capital.

Fees payable to the HBT Trustee-Manager by HBT will be put up to the HBT Trustee-Manager Board for approval every quarter.

The HBT Trustee-Manager Board will meet every quarter to review the material expenses, cost allocations and fees charged to HBT and to ensure that the fees and expenses payable to the HBT Trustee-Manager out of the HBT Trust Property are appropriate and in accordance with the HBT Trust Deed.

Compliance with the Business Trusts Act and Listing Manual

The HBT Trustee-Manager has an internal compliance manual which serves to summarise all the applicable rules and regulations as well as key internal policies and processes which HBT needs to comply with. The manual will be consistently updated whenever there are changes to the rules and regulations and such policies and processes, and this will help management to ensure that applicable rules and regulations are being complied with.

The HBT Trustee-Manager will also engage the services of and obtain advice from professional advisers and consultants from time to time, and in particular when dealing with acquisitions and capital raising, to ensure compliance with the requirements of the BTA and the Listing Manual.

FINANCIAL STATEMENTS

CONTENTS

REPORT OF THE TRUSTEE-MANAGER OF CDL HOSPITALITY BUSINESS TRUST

The directors of M&C Business Trust Management Limited, the trustee-manager of CDL Hospitality Business Trust ("**HBT**") (the "**Trustee-Manager**") and its subsidiaries (collectively, the "**HBT Group**"), are pleased to present this report to the unitholders together with the audited financial statements for the financial year ended 31 December 2022.

DIRECTORS

The directors of the Trustee-Manager in office at the date of this report are as follows:

Chan Soon Hee, Eric	(Chairman)
Vincent Yeo Wee Eng	(Chief Executive Officer)
Foo Say Mui (Bill)	
Kenny Kim	
Cheah Sui Ling	
Kwek Eik Sheng	(Appointed on 20 October 2022)

DIRECTORS' INTEREST IN UNITS OR DEBENTURES

According to the register kept by the Trustee-Manager for the purposes of Sections 13 and 76 of the Business Trusts Act 2004 of Singapore (the "**BTA**"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children below 18 years of age) in units of HBT are as follows:

	Holdings at beginning of the year/Date of appointment	**Holdings at end of the year**
Vincent Yeo Wee Eng	138,000	138,000
Kwek Eik Sheng	695,638	695,638

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in units of HBT either at the beginning of financial year, or at date of appointment if later, or at the end of the financial year.

There were no changes in the abovementioned interests of HBT between the end of the financial year and 21 January 2023.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE UNITS AND DEBENTURES

Neither at the end of, nor at any time during the financial year, was the Trustee-Manager a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Trustee-Manager to acquire benefits by means of the acquisition of units in or debentures of HBT.

DIRECTORS' CONTRACTUAL BENEFITS

During the financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Trustee-Manager, on behalf of HBT or a related corporation with the director, or with a firm of which such director is a member or with a company in which such director has a substantial financial interest.

OPTIONS

During the financial year, there were:

(i) no options granted by the Trustee-Manager to any person to take up unissued units in HBT; and

(ii) no units issued by virtue of any exercise of option to take up unissued units of HBT.

As at the end of the financial year, there were no unissued units of HBT under options.

REPORT OF THE TRUSTEE-MANAGER OF CDL HOSPITALITY BUSINESS TRUST

AUDIT AND RISK COMMITTEE

The members of the Audit and Risk Committee at the date of this statement are:

- Foo Say Mui (Bill) (Chairman), Independent, non-executive director
- Kenny Kim, Independent, non-executive director
- Cheah Sui Ling, Independent, non-executive director (Appointed on 20 October 2022)

The Audit and Risk Committee performs the functions specified in Section 201B of the Companies Act 1967, Regulation 13(6) of the Business Trusts Regulations 2005, the Listing Manual of Singapore Exchange Securities Trading Limited (the "**SGX Listing Manual**") and the Code of Corporate Governance.

The Audit and Risk Committee has held four meetings since the last report of the Trustee-Manager. In performing its functions, the Audit and Risk Committee met with HBT's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the HBT's internal accounting control system.

The Audit and Risk Committee also reviewed the following:

- assistance provided by HBT's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of HBT prior to their submission to the directors of the Trustee-Manager for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit and Risk Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit and Risk Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit and Risk Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors of the Trustee-Manager that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of HBT.

In appointing our auditors for HBT Group, we have complied with Rules 712 and 715 of the SGX Listing Manual.

AUDITORS

The auditors, KPMG LLP, have expressed their willingness to accept re-appointment.

STATEMENT BY THE TRUSTEE-MANAGER

In our opinion:

(a) the consolidated financial statements of HBT Group set out on pages 167 to 275 are drawn up so as to give a true and fair view of the state of affairs of HBT Group as at 31 December 2022 and the financial performance, movements in unitholders' funds and cash flows of HBT Group for the year ended on that date in accordance with the provisions of the BTA and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that HBT Group will be able to pay its debts as and when they fall due.

REPORT OF THE TRUSTEE-MANAGER OF CDL HOSPITALITY BUSINESS TRUST

In accordance with Section 86(2) of the BTA, the directors of the Trustee-Manager further certify that:

- fees or charges paid or payable out of the trust property of HBT Group to the Trustee-Manager are in accordance with HBT's trust deed dated 12 June 2006 (as amended);

- interested person transactions are not detrimental to the interests of all the unitholders as a whole based on the circumstances at the time of the transaction; and

- the Board of Directors is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the HBT Group or on the interests of all the unitholders as a whole.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

For and on behalf of the Board of Directors of the Trustee-Manager,
M&C Business Trust Management Limited

Chan Soon Hee, Eric
Director

Vincent Yeo Wee Eng
Director

21 March 2023

STATEMENT BY THE CHIEF EXECUTIVE OFFICER OF THE TRUSTEE-MANAGER

In accordance with Section 86 of the BTA, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of HBT Group or on the interests of all the unitholders of HBT as a whole.

Vincent Yeo Wee Eng
Chief Executive Officer

21 March 2023

REPORT OF THE TRUSTEE OF CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST

DBS Trustee Limited (the "**H-REIT Trustee**") is under a duty to take into custody and hold the assets of CDL Hospitality Real Estate Investment Trust ("**H-REIT**") held by it or through its subsidiaries (collectively, the "**H-REIT Group**") in trust for the holders of units in H-REIT. In accordance with the Securities and Futures Act 2001, its subsidiary legislation and the Code on Collective Investment Schemes, the H-REIT Trustee shall monitor the activities of M&C REIT Management Limited (the "**H-REIT Manager**") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 8 June 2006 (as amended) (the "**H-REIT Trust Deed**") between the H-REIT Manager and the H-REIT Trustee in each annual accounting period; and report thereon to unitholders in an annual report.

To the best knowledge of the H-REIT Trustee, the H-REIT Manager has, in all material respects, managed the H-REIT Group during the period covered by these financial statements set out on pages 167 to 275, in accordance with the limitations imposed on the investment and borrowing powers set out in the H-REIT Trust Deed.

For and on behalf of the H-REIT Trustee,
DBS Trustee Limited

Jane Lim Puay Yuen
Director

21 March 2023

REPORT OF THE MANAGER OF CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST

In the opinion of M&C REIT Management Limited (the "**H-REIT Manager**"), the Manager of CDL Hospitality Real Estate Investment Trust ("**H-REIT**"), the accompanying consolidated financial statements of H-REIT and its subsidiaries (collectively, the "**H-REIT Group**"), and CDL Hospitality Trusts (the "**Stapled Group**", comprising the H-REIT Group and HBT Group) set out on pages 167 to 275, comprising the statement of financial position, statement of total return, statement of movements in unitholders' funds, portfolio statement and statement of cash flows of the H-REIT Group; the statement of financial position, statement of total return, statement of movements in unitholders' funds, distribution statement, portfolio statement and statement of cash flows of the Stapled Group; and notes to the financial statements, are drawn up so as to present fairly, in all material respects, the financial positions and portfolio holdings of the H-REIT Group and the Stapled Group as at 31 December 2022 and the financial performance, movements in unitholders' funds and cash flows of the H-REIT Group and the financial performance, movements in unitholders' funds, distributable income and cash flows of the Stapled Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants and the provisions of H-REIT's trust deed between DBS Trustee Limited (the "**H-REIT Trustee**") and the H-REIT Manager dated 8 June 2006 (as amended) and the stapling deed of CDL Hospitality Trusts between the H-REIT Trustee, the H-REIT Manager and M&C Business Trust Management Limited (the Trustee-Manager of HBT) dated 12 June 2006 (as amended). At the date of this statement, there are reasonable grounds to believe that the H-REIT Group and the Stapled Group will be able to meet their respective financial obligations as and when they materialise.

For and on behalf of the H-REIT Manager,
M&C REIT Management Limited

Vincent Yeo Wee Eng
Director

21 March 2023

INDEPENDENT AUDITORS' REPORT

UNITHOLDERS

CDL Hospitality Business Trust
(Constituted under a Trust Deed in the Republic of Singapore)
CDL Hospitality Real Estate Investment Trust
(Constituted under a Trust Deed in the Republic of Singapore)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited:

(i) the consolidated financial statements of CDL Hospitality Business Trust ("**HBT**") and its subsidiaries (the "**HBT Group**"), which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss, statement of comprehensive income, statement of movements in unitholders' funds and statement of cash flows of the HBT Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies;

(ii) the consolidated financial statements of CDL Hospitality Real Estate Investment Trust ("**H-REIT**") and its subsidiaries (the "**H-REIT Group**"), which comprise the statement of financial position and portfolio statement as at 31 December 2022, the statement of total return, statement of movements in unitholders' funds and statement of cash flows of the H-REIT Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies; and

(iii) the consolidated financial statements of CDL Hospitality Trusts, which comprise the statement of financial position and portfolio statement as at 31 December 2022, the statement of total return, distribution statement, statement of movements in unitholders' funds and statement of cash flows of CDL Hospitality Trusts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies;

as set out on pages 167 to 275. CDL Hospitality Trusts, which comprises the HBT Group and the H-REIT Group, is hereinafter referred to as the "**Stapled Group**".

In our opinion:

(a) the accompanying consolidated financial statements of the HBT Group are properly drawn up in accordance with the provisions of the Business Trusts Act 2004 of Singapore (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") so as to give a true and fair view of the financial position of the HBT Group as at 31 December 2022 and the financial performance, movements in unitholders' funds and cash flows of the HBT Group for the year ended on that date; and

(b) the accompanying consolidated financial statements of the H-REIT Group and the Stapled Group present fairly, in all material respects, the financial position and portfolio holdings of the H-REIT Group and the Stapled Group as at 31 December 2022 and the financial performance, movements in unitholders' funds and cash flows of the H-REIT Group and the financial performance, movements in unitholders' funds, distributable income and cash flows of the Stapled Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice ("**RAP**") *7 Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants ("**ISCA**").

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 consolidated financial statements'* section of our report. We are independent of the HBT Group, the H-REIT Group and the Stapled Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("**ACRA Code**") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT

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 and investment property under development
(Refer to Note 4 and Note 5 to the financial statements)

The key audit matter

The Stapled Group, the H-REIT Group and the HBT Group own properties which are classified as investment properties and/or investment property under development with a total carrying value of $2.2 billion, $2.6 billion and $60.0 million respectively, as at 31 December 2022. Investment properties and investment property under development represent significant asset items on the statements of financial position.

The accounting policy of the Stapled Group, the H-REIT Group and the HBT Group is to state investment properties and investment property under development at fair value based on independent external valuations. The valuation process involves significant judgement in determining the valuation method to be used and in estimating the underlying assumptions to be applied. The valuations are sensitive to the key assumptions applied and a change in assumptions could have a significant impact to the valuation.

Our response

We evaluated the qualifications and objectivity of the external valuers. We held discussions with the valuers to understand their valuation methods, assumptions and basis used, including how they have considered the implications of the on-going impact of the COVID-19 pandemic, global inflationary and geopolitical pressures have heightened the potential for greater volatility in the property markets over short-to-medium term, where appropriate. We considered the valuation methodologies used against those applied for similar property types by other valuers. We evaluated the reasonableness of the key assumptions used in the valuations which included a comparison of the assumptions against historical rates and available industry data, taking into consideration comparability and market factors.

Our findings

The valuers are members of recognised professional bodies for valuers. The valuation methodology and key assumptions used by the valuers are in line with generally accepted market practices and comparable to available industry data.

Valuation of property, plant and equipment
(Refer to Note 6 to the financial statements)

The key audit matter

The Stapled Group, the H-REIT Group and the HBT Group own hotels classified as property, plant and equipment with a total carrying value of $783.3 million, $67.4 million and $284.4 million respectively, as at 31 December 2022. Property, plant and equipment represent a significant asset item on the statements of financial position.

The accounting policy of the Stapled Group, the H-REIT Group and the HBT Group is to revalue freehold land, leasehold land and buildings included as part of property, plant and equipment to their fair value at the reporting date based on independent external valuations. The valuation process involves significant judgement in determining the valuation method to be used and in estimating the underlying assumptions to be applied. The valuations are sensitive to the key assumptions applied and a change in assumptions could have a significant impact to the valuation.

Our response

We evaluated the qualifications and objectivity of the external valuers. We held discussions with the valuers to understand their valuation methods, assumptions and basis used, including how they have considered the implications of the on-going impact of the COVID-19 pandemic, global inflationary and geopolitical pressures have heightened the potential for greater volatility in the property markets over short-to-medium term, where appropriate. We considered the valuation methodologies used against those applied for similar property types by other valuers. We evaluated the reasonableness of the key assumptions used in the valuations which included a comparison of the assumptions against historical rates and available industry data, taking into consideration comparability and market factors.

INDEPENDENT AUDITORS' REPORT

Our findings

The valuers are members of recognised professional bodies for valuers. The valuation methodology and key assumptions used by the valuers are in line with generally accepted market practices and comparable to available industry data.

Other information

M&C Business Trust Management Limited, the Trustee-Manager of HBT (the "**HBT Trustee-Manager**") and M&C REIT Management Limited, the Manager of H-REIT (the "**H-REIT Manager**") are responsible for the other information. The other information is defined as all information in the annual report other than the financial statements and our auditors' reports 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the HBT Trustee-Manager for the consolidated financial statements

The HBT Trustee-Manager is responsible for the preparation of consolidated financial statements of the HBT Group that gives a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets that are part of the trust property of the registered business trust are safeguarded against loss from unauthorised use or disposition; and transactions by the HBT Trustee-Manager entered into on behalf of or purported to be entered into on behalf of the registered business trust 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, the HBT Trustee-Manager is responsible for assessing the ability of the HBT Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the HBT Trustee-Manager either intends to terminate the HBT Group or to cease the operations of the HBT Group, or has no realistic alternative but to do so.

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

Responsibilities of the H-REIT Manager for the consolidated financial statements

The H-REIT Manager is responsible for the preparation and fair presentation of the consolidated financial statements of the H-REIT Group and the Stapled Group in accordance with the recommendations of RAP 7 issued by ISCA, and for such internal controls as the H-REIT Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The H-REIT Manager's responsibilities include overseeing the financial reporting process of the H-REIT Group and of the Stapled Group.

INDEPENDENT AUDITORS' REPORT

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 internal controls of the HBT Group, the H-REIT Group and the Stapled Group.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the HBT Trustee-Manager and the H-REIT Manager.

- Conclude on the appropriateness of the use of the going concern basis of accounting by the HBT Trustee-Manager and the H-REIT Manager and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the HBT Group, the H-REIT Group and the Stapled Group 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 HBT Group, the H-REIT Group and the Stapled Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents 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 HBT Group, the H-REIT Group and the Stapled 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 HBT Trustee-Manager and the H-REIT Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

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

From the matters communicated with the HBT Trustee-Manager and the H-REIT Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the HBT Trustee-Manager on behalf of HBT 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 Karen Lee Shu Pei.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
21 March 2023

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	HBT Group 2022 $'000	HBT Group 2021 $'000	H-REIT Group 2022 $'000	H-REIT Group 2021 $'000	Stapled Group 2022 $'000	Stapled Group 2021 $'000
Non-current assets							
Investment properties	4	–	–	2,631,976	2,419,305	2,104,672	1,921,748
Investment property under development	5	59,660	27,661	–	–	59,660	27,661
Property, plant and equipment	6	284,416	334,284	67,399	72,631	783,250	792,701
Finance lease receivables	7	–	–	1,327	1,803	1,327	1,803
Deferred tax assets	13	426	163	737	789	1,162	952
Financial derivative assets	11	–	–	26,336	4,762	26,336	4,762
Other receivables	8	529	212	87,078	72,845	677	361
		345,031	362,320	2,814,853	2,572,135	2,977,084	2,749,988
Current assets							
Inventories		2,391	2,403	–	–	2,391	2,403
Finance lease receivables	7	–	–	476	395	476	395
Trade and other receivables	8	22,410	22,340	41,163	35,148	26,228	28,876
Financial derivative assets	11	–	–	83	–	83	–
Cash and cash equivalents	9	25,549	32,327	71,379	107,137	96,928	139,464
		50,350	57,070	113,101	142,680	126,106	171,138
Total assets		395,381	419,390	2,927,954	2,714,815	3,103,190	2,921,126
Non-current liabilities							
Loans and borrowings	10	300,170	139,600	868,969	750,259	972,439	768,284
Financial derivative liabilities	11	–	–	–	948	–	948
Other payables	12	77	92	11,606	10,927	11,683	11,019
Deferred tax liabilities	13	17,155	13,939	7,959	6,703	25,878	21,672
		317,402	153,631	888,534	768,837	1,010,000	801,923
Current liabilities							
Loans and borrowings	10	8,010	176,819	239,390	324,655	239,484	422,888
Trade and other payables	12	59,831	49,891	35,144	31,750	49,848	45,195
Financial derivative liabilities	11	–	–	163	–	163	–
Provision for taxation		3,127	65	7,424	8,429	10,551	8,494
		70,968	226,775	282,121	364,834	300,046	476,577
Total liabilities		388,370	380,406	1,170,655	1,133,671	1,310,046	1,278,500
Net assets		7,011	38,984	1,757,299	1,581,144	1,793,144	1,642,626
Represented by:							
Unitholders' funds		7,011	38,984	1,750,373	1,573,852	1,786,218	1,635,334
Non-controlling interests	14	–	–	6,926	7,292	6,926	7,292
		7,011	38,984	1,757,299	1,581,144	1,793,144	1,642,626
Units/Stapled Securities in issue ('000)	15	1,237,020	1,230,012	1,237,020	1,230,012	1,237,020	1,230,012
Net asset value per Unit/ Stapled Security ($)	16	0.0056	0.0316	1.41	1.28	1.44	1.33

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

STATEMENT OF PROFIT OR LOSS OF THE HBT GROUP STATEMENTS OF TOTAL RETURN OF THE H-REIT GROUP AND THE STAPLED GROUP

Year ended 31 December 2022

	Note	HBT Group 2022 $'000	HBT Group 2021 $'000	H-REIT Group 2022 $'000	H-REIT Group 2021 $'000	Stapled Group 2022 $'000	Stapled Group 2021 $'000
Revenue	17	129,170	80,867	129,584	94,200	229,356	157,724
Property expenses							
Operations and maintenance expenses		(28,760)	(24,867)	–	–	(28,760)	(24,867)
Employee benefit expenses		(40,432)	(20,419)	–	–	(40,432)	(20,419)
Rental expenses		(17,152)	(6,333)	–	–	(104)	241
Property tax		(1,650)	255	(4,429)	(4,841)	(6,079)	(4,586)
Other property expenses		(23,439)	(16,241)	(6,823)	(13,508)	(30,262)	(21,983)
		(111,433)	(67,605)	(11,252)	(18,349)	(105,637)	(71,614)
Net property income		17,737	13,262	118,332	75,851	123,719	86,110
H-REIT Manager's management fee	18	–	–	(11,702)	(9,458)	(11,702)	(9,458)
H-REIT Trustee's fee		–	–	(375)	(362)	(375)	(362)
HBT Trustee-Manager's management fee	18	(1,015)	(854)	–	–	(1,015)	(854)
HBT Trustee-Manager's trustee fee		(272)	(243)	–	–	(272)	(243)
Valuation fee		(42)	(47)	(149)	(136)	(191)	(183)
Depreciation	20	(16,771)	(15,942)	(1,487)	(1,671)	(20,984)	(21,453)
Other expenses		(889)	(556)	(4,199)	(3,444)	(5,086)	(4,000)
Finance income		8,133	–	43,177	17,891	40,644	17,667
Finance costs		(8,856)	(8,255)	(38,912)	(36,464)	(45,080)	(39,428)
Net finance (costs)/income	19	(723)	(8,255)	4,265	(18,573)	(4,436)	(21,761)
Net (loss)/income before fair value adjustment		(1,975)	(12,635)	104,685	42,207	79,658	27,796
(Revaluation deficit)/Reversal of revaluation deficit on property, plant and equipment		(3,667)	4,460	409	911	13,250	13,337
Net fair value gain on investment properties and investment property under development		6,374	438	142,788	18,237	130,262	30,509
Profit/(Loss)/Total return for the year before tax	20	732	(7,737)	247,882	61,355	223,170	71,642
Tax expense	21	(3,958)	(689)	(4,022)	(2,092)	(7,778)	(3,841)
(Loss)/Total return for the year	22	(3,226)	(8,426)	243,860	59,263	215,392	67,801
(Loss)/Total return attributable to:							
Unitholders		(3,226)	(8,426)	243,743	59,396	215,275	67,934
Non-controlling interests	14	–	–	117	(133)	117	(133)
		(3,226)	(8,426)	243,860	59,263	215,392	67,801
Earnings per Stapled Security (cents)	23						
Basic						17.43	5.53
Diluted						17.35	5.51

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

STATEMENT OF COMPREHENSIVE INCOME OF THE HBT GROUP

Year ended 31 December 2022

	HBT Group	
	2022	**2021**
	$'000	**$'000**
Loss for the year	(3,226)	(8,426)
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Revaluation (deficit)/surplus on property, plant and equipment	(7,679)	7,642
Tax effect on revaluation of property, plant and equipment	(3,376)	(2,023)
	(11,055)	5,619
Items that are or may be reclassified subsequently to profit or loss:		
Translation differences relating to financial statements of foreign subsidiaries	(11,978)	(202)
Exchange differences on monetary items forming part of net investment in foreign operations	(10,245)	981
Exchange differences on hedge of net investments in foreign operations	7,835	(539)
	(14,388)	240
Other comprehensive income for the year, net of tax	(25,443)	5,859
Total comprehensive income for the year	(28,669)	(2,567)

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2022

HBT GROUP

	Units in issue and to be issued $'000	Issue expenses $'000	Revaluation reserve $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Total $'000
At 1 January 2022	111,947	(121)	16,874	6,689	(96,405)	38,984
Operations						
- Decrease in net assets resulting from operations	–	–	–	–	(3,226)	(3,226)
Revaluation reserve						
- Revaluation deficit on property, plant and equipment	–	–	(7,679)	–	–	(7,679)
- Tax effect on revaluation of property, plant and equipment	–	–	(3,376)	–	–	(3,376)
Foreign currency translation reserve						
- Translation differences relating to financial statements of foreign subsidiaries	–	–	–	(11,978)	–	(11,978)
- Exchange differences on monetary items forming part of net investment in foreign operations	–	–	–	(10,245)	–	(10,245)
- Exchange differences on hedge of net investments in foreign operations	–	–	–	7,835	–	7,835
Other comprehensive income	–	–	(11,055)	(14,388)	–	(25,443)
Total comprehensive income	–	–	(11,055)	(14,388)	(3,226)	(28,669)
Transactions with owners, recorded directly in equity						
- Distributions to holders of Stapled Securities	(4,116)	–	–	–	–	(4,116)
- Units/Stapled Securities issued and to be issued as payment of HBT Trustee-Manager's management fee	812	–	–	–	–	812
Total transactions with owners	(3,304)	–	–	–	–	(3,304)
At 31 December 2022	108,643	(121)	5,819	(7,699)	(99,631)	7,011

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2022

H-REIT GROUP

	Attributable to Stapled Security Holders $'000	Non-controlling interests $'000	Total $'000
At 1 January 2022	1,573,852	7,292	1,581,144
Operations			
- Increase in net assets resulting from operations	243,743	117	243,860
Revaluation reserve			
- Revaluation surplus on property, plant and equipment	6,029	–	6,029
- Tax effect on revaluation of property, plant and equipment	(1,124)	–	(1,124)
Foreign currency translation reserve			
- Translation differences relating to financial statements of foreign subsidiaries	(26,709)	(483)	(27,192)
- Exchange differences on monetary items forming part of net investment in foreign operations	(6,436)	–	(6,436)
- Exchange differences on hedge of net investments in foreign operations	10,427	–	10,427
Other comprehensive income	(17,813)	(483)	(18,296)
Total comprehensive income	225,930	(366)	225,564
Transactions with owners, recorded directly in equity			
- Distributions to holders of Stapled Securities	(58,771)	–	(58,771)
- Units/Stapled Securities issued and to be issued as payment of H-REIT Manager's management fee	9,362	–	9,362
Total transactions with owners	(49,409)	–	(49,409)
At 31 December 2022	1,750,373	6,926	1,757,299

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2022

STAPLED GROUP

	Attributable to Stapled Security Holders $'000	Non-controlling interests $'000	Total $'000
At 1 January 2022	1,635,334	7,292	1,642,626
Operations			
- Increase in net assets resulting from operations	215,275	117	215,392
Revaluation reserve			
- Revaluation surplus on property, plant and equipment	19,300	–	19,300
- Tax effect on revaluation of property, plant and equipment	(4,500)	–	(4,500)
Foreign currency translation reserve			
- Translation differences relating to financial statements of foreign subsidiaries	(39,467)	(483)	(39,950)
- Exchange differences on monetary items forming part of net investment in foreign operations	(16,681)	–	(16,681)
- Exchange differences on hedge of net investments in foreign operations	29,670	–	29,670
Other comprehensive income	(11,678)	(483)	(12,161)
Total comprehensive income	203,597	(366)	203,231
Transactions with owners, recorded directly in equity			
- Distributions to holders of Stapled Securities	(62,887)	–	(62,887)
- Units/Stapled Securities issued and to be issued as payment of H-REIT Manager's management fee	9,362	–	9,362
- Units/Stapled Securities issued and to be issued as payment of HBT Trustee-Manager's management fee	812	–	812
Total transactions with owners	(52,713)	–	(52,713)
At 31 December 2022	1,786,218	6,926	1,793,144

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2022

HBT GROUP

	Units in issue and to be issued $'000	Issue expenses $'000	Revaluation reserve $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Total $'000
At 1 January 2021	111,264	(121)	11,255	6,449	(87,979)	40,868
Operations						
- Decrease in net assets resulting from operations	–	–	–	–	(8,426)	(8,426)
Revaluation reserve						
- Revaluation surplus on property, plant and equipment	–	–	7,642	–	–	7,642
- Tax effect on revaluation of property, plant and equipment	–	–	(2,023)	–	–	(2,023)
Foreign currency translation reserve						
- Translation differences relating to financial statements of foreign subsidiaries	–	–	–	(202)	–	(202)
- Exchange differences on monetary items forming part of net investment in foreign operations	–	–	–	981	–	981
- Exchange differences on hedge of net investments in foreign operations	–	–	–	(539)	–	(539)
Other comprehensive income	–	–	5,619	240	–	5,859
Total comprehensive income	–	–	5,619	240	(8,426)	(2,567)
Transactions with owners, recorded directly in equity						
- Units/Stapled Securities issued and to be issued as payment of HBT Trustee-Manager's management fee	683	–	–	–	–	683
Total transactions with owners	683	–	–	–	–	683
At 31 December 2021	111,947	(121)	16,874	6,689	(96,405)	38,984

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS
Year ended 31 December 2022

H-REIT GROUP

	Attributable to Stapled Security Holders $'000	Non-controlling interests $'000	Total $'000
At 1 January 2021	1,573,044	7,827	1,580,871
Operations			
- Increase/(Decrease) in net assets resulting from operations	59,396	(133)	59,263
Revaluation reserve			
- Revaluation deficit on property, plant and equipment	(1,058)	–	(1,058)
- Tax effect on revaluation of property, plant and equipment	(13)	–	(13)
Foreign currency translation reserve			
- Translation differences relating to financial statements of foreign subsidiaries	(8,932)	(434)	(9,366)
- Exchange differences on monetary items forming part of net investment in foreign operations	(1,354)	–	(1,354)
- Exchange differences on hedge of net investments in foreign operations	2,317	–	2,317
Other comprehensive income	(9,040)	(434)	(9,474)
Total comprehensive income	50,356	(567)	49,789
Transactions with owners, recorded directly in equity			
- Distributions to holders of Stapled Securities	(57,114)	–	(57,114)
- Units/Stapled Securities issued and to be issued as payment of H-REIT Manager's management fee	7,566	–	7,566
- Capital contribution from non-controlling interest	–	32	32
Total transactions with owners	(49,548)	32	(49,516)
At 31 December 2021	1,573,852	7,292	1,581,144

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2022

STAPLED GROUP

	Attributable to Stapled Security Holders $'000	Non-controlling interests $'000	Total $'000
At 1 January 2021	1,619,908	7,827	1,627,735
Operations			
- Increase/(Decrease) in net assets resulting from operations	67,934	(133)	67,801
Revaluation reserve			
- Revaluation surplus on property, plant and equipment	7,246	–	7,246
- Tax effect on revaluation of property, plant and equipment	(2,035)	–	(2,035)
Foreign currency translation reserve			
- Translation differences relating to financial statements of foreign subsidiaries	(9,200)	(434)	(9,634)
- Exchange differences on monetary items forming part of net investment in foreign operations	(373)	–	(373)
- Exchange differences on hedge of net investments in foreign operations	719	–	719
Other comprehensive income	(3,643)	(434)	(4,077)
Total comprehensive income	64,291	(567)	63,724
Transactions with owners, recorded directly in equity			
- Distributions to holders of Stapled Securities	(57,114)	–	(57,114)
- Units/Stapled Securities issued and to be issued as payment of H-REIT Manager's management fee	7,566	–	7,566
- Units/Stapled Securities issued and to be issued as payment of HBT Trustee-Manager's management fee	683	–	683
- Capital contribution from non-controlling interest	–	32	32
Total transactions with owners	(48,865)	32	(48,833)
At 31 December 2021	1,635,334	7,292	1,642,626

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations into Singapore dollar, exchange differences on monetary items which form part of Stapled Group's net investment in foreign operations and exchange differences arising from hedge of net investment in foreign operations.

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

DISTRIBUTION STATEMENT

Year ended 31 December 2022

	Note	Stapled Group 2022 $'000	Stapled Group 2021 $'000
Amount available for distribution to holders of Stapled Securities at the beginning of the year		36,587	41,138
Total return of H-REIT	22	223,185	31,485
Loss of HBT	22	(24,660)	(13,468)
Net tax adjustments (Note A)		(128,146)	23,278
		70,379	41,295
Less: Amount retained for working capital		(7,038)	(4,130)
Add: Capital distribution		6,372	15,398
Amount available for distribution to holders of Stapled Securities		106,300	93,701
Distribution to holders of Stapled Securities:			
Distribution of 3.44 cents per Stapled Security for the period from 1/7/2020 to 31/12/2020		–	(42,123)
Distribution of 1.22 cents per Stapled Security for the period from 1/1/2021 to 30/6/2021		–	(14,991)
Distribution of 3.06 cents per Stapled Security for the period from 1/7/2021 to 31/12/2021		(37,677)	–
Distribution of 2.04 cents per Stapled Security for the period from 1/1/2022 to 30/6/2022		(25,210)	–
		(62,887)	(57,114)
Amount available for distribution to holders of Stapled Securities at the end of the year		43,413	36,587
Distribution per Stapled Security (DPS) (cents) (1)		5.63	4.27

Note A – Net tax adjustments comprise:

		2022 $'000	2021 $'000
Non-tax deductible/(chargeable) items:			
- Amortisation of transaction costs		2,050	1,490
- Fair value gain on financial derivatives		(40,196)	(17,521)
- Financial expense arising from accretion of non-current rental deposits measured at amortised cost		261	251
- Foreign exchange (gain)/loss		(2,958)	12,917
- Impairment loss on investment in subsidiaries		42,686	16,558
- H-REIT Manager's management fee paid/payable in Stapled Securities		9,362	7,566
- H-REIT Trustee's fee		375	362
- HBT Trustee-Manager's management fee paid/payable in Stapled Securities		812	683
- HBT Trustee-Manager's trustee fee		272	243
- Net fair value gain on investment properties		(146,809)	(3,447)
- Other items		5,999	4,176
Net tax adjustments		(128,146)	23,278

Distributions of the Stapled Group represents the aggregate of distributions by H-REIT and HBT.

(1) The DPS relates to the distributions in respect of the relevant financial year. The distribution for the second half of the financial year will be made subsequent to the financial year end.

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

PORTFOLIO STATEMENTS
As at 31 December 2022

H-REIT GROUP

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value at 31/12/2022 (1) $'000	Carrying value at 31/12/2021 (1) $'000	Percentage of total net assets at 31/12/2022 %	Percentage of total net assets at 31/12/2021 %
Investment properties									
Singapore									
Orchard Hotel	Freehold (2)	75 years	59 years	442 Orchard Road	Hotel	478,000	443,000	27.2	28.0
Claymore Connect	Freehold (2)	75 years	59 years	442 Orchard Road	Retail	100,000	88,000	5.7	5.6
Grand Copthorne Waterfront Hotel	Freehold (2)	75 years	59 years	392 Havelock Road	Hotel	377,000	356,000	21.5	22.5
M Hotel	Freehold (2)	75 years	59 years	81 Anson Road	Hotel	259,000	239,000	14.7	15.1
Copthorne King's Hotel	Leasehold	99 years from 1 February 1968	44 years	403 Havelock Road	Hotel	129,000	115,000	7.3	7.3
Studio M Hotel	Leasehold	99 years from 26 February 2007	83 years	3 Nanson Road	Hotel	187,500	166,000	10.7	10.5
W Singapore – Sentosa Cove	Leasehold	99 years from 31 October 2006	83 years	21 Ocean Way	Hotel	390,349	366,467	22.2	23.2
Balance carried forward						1,920,849	1,773,467	109.3	112.2

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

PORTFOLIO STATEMENTS
As at 31 December 2022

H-REIT GROUP (CONT'D)

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value at 31/12/2022 [1] $'000	Carrying value at 31/12/2021 [1] $'000	Percentage of total net assets at 31/12/2022 %	Percentage of total net assets at 31/12/2021 %
Balance brought forward						1,920,849	1,773,467	109.3	112.2
Germany									
Pullman Hotel Munich	Freehold	–	–	Theodor-Dombart-Strasse 4, Munich	Hotel	149,337	159,591	8.5	10.1
Italy									
Hotel Cerretani Firenze – MGallery	Freehold	–	–	Via De Cerretani 68, Florence	Hotel	57,415	61,782	3.3	3.9
New Zealand									
Grand Millennium Auckland	Freehold	–	–	71 – 87 Mayoral Drive, Auckland	Hotel	199,304	212,152	11.3	13.4
Australia									
Ibis Perth	Freehold	–	–	334 Murray Street, Perth	Hotel	27,470	28,429	1.6	1.8
Mercure Perth	Freehold	–	–	10 Irwin Street, Perth	Hotel	39,568	42,643	2.3	2.7
Maldives									
Angsana Velavaru	Leasehold	99 years from 26 August 1997	74 years	South Nilandhe Atoll	Resort	94,807	81,223	5.4	5.1
Raffles Maldives Meradhoo	Leasehold	99 years from 15 June 2006	82 years	Gaafu Alifu Atoll	Resort	69,917	60,018	3.9	3.8
United Kingdom									
Hotel Brooklyn	Leasehold	197 years from 7 May 2021	196 years	57 & 59 Portland Street, Manchester	Hotel	73,309 [3]	–	4.2	–
Investment properties						2,631,976	2,419,305	149.8	153.0

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

PORTFOLIO STATEMENTS

As at 31 December 2022

H-REIT GROUP (CONT'D)

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value at 31/12/2022 (1) $'000	Carrying value at 31/12/2021 (1) $'000	Percentage of total net assets at 31/12/2022 %	Percentage of total net assets at 31/12/2021 %
Property, plant and equipment									
Japan									
Hotel MyStays Asakusabashi	Freehold	–	–	1-5-5 Asakusabashi, Taito-ku, Tokyo, Japan	Hotel	39,164	42,326	2.2	2.7
Hotel MyStays Kamata	Freehold	–	–	5-46-5 Kamata, Ota-ku, Tokyo, Japan	Hotel	27,830	30,065	1.6	1.9
Other plant and equipment	–	–	–	–	–	405	240	0.0	0.0
Property, plant and equipment						67,399	72,631	3.8	4.6
Investment properties and property, plant and equipment						2,699,375	2,491,936	153.6	157.6
Other assets and liabilities (net)						(942,076)	(910,792)	(53.6)	(57.6)
Net assets of the H-REIT Group						1,757,299	1,581,144	100.0	100.0

(1) The carrying values include right-of-use assets recognised on leases of land.
(2) H-REIT's interest in the freehold land is restricted to the remaining term of each respective lease.
(3) The acquisition of Hotel Brooklyn was completed on 22 February 2022 (Note 29).

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

PORTFOLIO STATEMENTS

As at 31 December 2022

STAPLED GROUP

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value at 31/12/2022 [1] $'000	Carrying value at 31/12/2021 [1] $'000	Percentage of total net assets at 31/12/2022 %	Percentage of total net assets at 31/12/2021 %
Investment properties and investment property under development									
Singapore									
Orchard Hotel	Freehold [2]	75 years	59 years	442 Orchard Road	Hotel	478,000	443,000	26.7	27.0
Claymore Connect	Freehold [2]	75 years	59 years	442 Orchard Road	Retail	100,000	88,000	5.6	5.4
Grand Copthorne Waterfront Hotel	Freehold [2]	75 years	59 years	392 Havelock Road	Hotel	377,000	356,000	21.0	21.7
M Hotel	Freehold [2]	75 years	59 years	81 Anson Road	Hotel	259,000	239,000	14.4	14.5
Copthorne King's Hotel	Leasehold	99 years from 1 February 1968	44 years	403 Havelock Road	Hotel	129,000	115,000	7.2	7.0
Studio M Hotel	Leasehold	99 years from 26 February 2007	83 years	3 Nanson Road	Hotel	187,500	166,000	10.5	10.1
Balance carried forward						1,530,500	1,407,000	85.4	85.7

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

PORTFOLIO STATEMENTS

As at 31 December 2022

STAPLED GROUP (CONT'D)

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value at 31/12/2022 (1) $'000	Carrying value at 31/12/2021 (1) $'000	Percentage of total net assets at 31/12/2022 %	Percentage of total net assets at 31/12/2021 %
Balance brought forward						1,530,500	1,407,000	85.4	85.7
Germany									
Pullman Hotel Munich	Freehold	–	–	Theodor-Dombart-Strasse 4, Munich	Hotel	149,337	159,591	8.3	9.7
Italy									
Hotel Cerretani Firenze – MGallery	Freehold	–	–	Via De Cerretani 68, Florence	Hotel	57,415	61,782	3.2	3.8
New Zealand									
Grand Millennium Auckland	Freehold	–	–	71 – 87 Mayoral Drive, Auckland	Hotel	199,304	212,152	11.1	12.9
Maldives									
Angsana Velavaru	Leasehold	99 years from 26 August 1997	74 years	South Nilandhe Atoll	Resort	94,807	81,223	5.3	4.9
United Kingdom									
Hotel Brooklyn	Leasehold	197 years from 7 May 2021	196 years	57 & 59 Portland Street, Manchester	Hotel	73,309 (3)	–	4.2	–
Investment properties						2,104,672	1,921,748	117.5	117.0
United Kingdom									
Residential build-to-rent ("**BTR**") (under development)	Freehold	–	–	Heyrod Street, Manchester	–	59,660	27,661 (4)	3.3	1.7
Investment property under development						59,660	27,661	3.3	1.7

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

PORTFOLIO STATEMENTS
As at 31 December 2022

STAPLED GROUP (CONT'D)

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value at 31/12/2022 (1) $'000	Carrying value at 31/12/2021 (1) $'000	Percentage of total net assets at 31/12/2022 %	Percentage of total net assets at 31/12/2021 %
Property, plant and equipment									
Singapore									
W Singapore – Sentosa Cove	Leasehold	99 years from 31 October 2006	83 years	21 Ocean Way	Hotel	393,352	369,588	21.9	22.5
Australia									
Ibis Perth	Freehold	–	–	334 Murray Street, Perth	Hotel	28,652	30,389	1.6	1.8
Mercure Perth	Freehold	–	–	10 Irwin Street, Perth	Hotel	40,932	44,114	2.3	2.7
Maldives									
Raffles Maldives Meradhoo	Leasehold	99 years from 15 June 2006	82 years	Gaafu Alifu Atoll	Resort	74,627	62,072	4.2	3.8
Japan									
Hotel MyStays Asakusabashi	Freehold	–	–	1-5-5 Asakusabashi, Taito-ku, Tokyo, Japan	Hotel	39,164	42,326	2.2	2.6
Hotel MyStays Kamata	Freehold	–	–	5-46-5 Kamata, Ota-ku, Tokyo, Japan	Hotel	27,830	30,065	1.6	1.8
United Kingdom									
Hilton Cambridge City Centre	Leasehold	125 years from 25 December 1990	93 years	Downing Street, Cambridge	Hotel	97,855	118,045	5.5	7.2
The Lowry Hotel	Leasehold	150 years from 18 March 1997	124 years	Manchester	Hotel	80,230	95,772	4.5	5.8
Other plant and equipment	–	–	–	–	–	608	330	0.0	0.0
Property, plant and equipment						783,250	792,701	43.8	48.2
Investment properties, investment property under development and property, plant and equipment						2,947,582	2,742,110	164.6	166.9
Other assets and liabilities (net)						(1,154,438)	(1,099,484)	(64.6)	(66.9)
Net assets of the Stapled Group						1,793,144	1,642,626	100.0	100.0

(1) The carrying values include right-of-use assets recognised on leases of land and buildings.
(2) H-REIT's interest in the freehold land is restricted to the remaining term of each respective lease.
(3) The acquisition of Hotel Brooklyn was completed on 22 February 2022 (Note 29).
(4) The acquisition of the residential BTR (under development) was completed on 31 August 2021 (Note 29).

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

PORTFOLIO STATEMENTS
As at 31 December 2022

The carrying values of the investment properties and investment property under development are as follows:

	H-REIT Group 2022 $'000	H-REIT Group 2021 $'000	Stapled Group 2022 $'000	Stapled Group 2021 $'000
Investment properties and investment property under development				
Orchard Hotel	478,000	443,000	478,000	443,000
Grand Copthorne Waterfront Hotel	377,000	356,000	377,000	356,000
M Hotel	259,000	239,000	259,000	239,000
Copthorne King's Hotel	129,000	115,000	129,000	115,000
W Singapore – Sentosa Cove	390,349	366,467	–	–
Studio M Hotel	187,500	166,000	187,500	166,000
Claymore Connect	100,000	88,000	100,000	88,000
Grand Millennium Auckland	199,304	212,152	199,304	212,152
Ibis Perth	27,470	28,429	–	–
Mercure Perth	39,568	42,643	–	–
Angsana Velavaru	94,807	81,223	94,807	81,223
Raffles Maldives Meradhoo	69,917	60,018	–	–
Pullman Hotel Munich	149,337	159,591	149,337	159,591
Hotel Cerretani Firenze – MGallery	57,415	61,782	57,415	61,782
Residential BTR (under development)	–	–	59,660	27,661
Hotel Brooklyn	73,309	–	73,309	–
	2,631,976	2,419,305	2,164,332	1,949,409

The carrying values of property, plant and equipment by property are set out below:

	H-REIT Group 2022 $'000	H-REIT Group 2021 $'000	Stapled Group 2022 $'000	Stapled Group 2021 $'000
Property, plant and equipment				
W Singapore – Sentosa Cove	–	–	393,352	369,588
Ibis Perth	–	–	28,652	30,389
Mercure Perth	–	–	40,932	44,114
Raffles Maldives Meradhoo	–	–	74,627	62,072
Hotel MyStays Asakusabashi	39,164	42,326	39,164	42,326
Hotel MyStays Kamata	27,830	30,065	27,830	30,065
Hilton Cambridge City Centre	–	–	97,855	118,045
The Lowry Hotel	–	–	80,230	95,772
Other plant and equipment	405	240	608	330
	67,399	72,631	783,250	792,701

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

PORTFOLIO STATEMENTS
As at 31 December 2022

As at 31 December 2022 and 31 December 2021, Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel, Studio M Hotel and Grand Millennium Auckland are leased by the H-REIT Group to related corporations of the H-REIT Manager. As at 31 December 2022 and 31 December 2021, W Singapore – Sentosa Cove, Raffles Maldives Meradhoo, the Japan Properties and the Australia Properties are leased by the H-REIT Group to the HBT Group.

The terms of the lease are as follows:

Singapore

The leases for Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel and Copthorne King's Hotel contain an initial term of 20 years from 19 July 2006 with an option to renew for another 20 years. The lease for Studio M Hotel contains an initial term of 20 years from 3 May 2011 with an option to renew up to a total term of 70 years. The lease for W Singapore – Sentosa Cove contains a term of 20 years. The leases for Claymore Connect generally contain an initial term of 1 to 3 years.

New Zealand

The lease for Grand Millennium Auckland contains a term of 3 years from 7 September 2019 with an option to extend for a 3-year period, which has been renewed for a term of 3 years from 7 September 2022.

Australia

The leases for the Australia properties contain a term of 10 years from 1 May 2021.

Maldives

The lease for Angsana Velavaru contains a term of 10 years from 1 February 2013. A new lease agreement has been entered into for a term of 10 years commencing 1 February 2023. Raffles Maldives Meradhoo is leased to CDL HBT Oceanic Maldives Private Limited, an indirect subsidiary of HBT, for a term of 10 years from 31 December 2013 with an option to renew for another 10 years.

Japan

The Japan properties are under master lease arrangements between a trust bank in Japan (in its capacity as the trust bank holding the legal title to the Japan hotels) and AKO GK, an indirect subsidiary of HBT. The lease for the properties was renewed for a term of 1 year from 18 July 2022.

Germany

The lease for Pullman Hotel Munich contains a term of 20 years from 14 July 2017. The leases for the office and retail components generally contain an initial term of 1 to 5 years.

Italy

The lease for Hotel Cerretani Firenze – MGallery contains a term of 20 years from 27 November 2018.

United Kingdom

The lease for Hotel Brooklyn contains a term of 60 years from 7 May 2021 with an option for lessee to terminate the lease on 15 January 2045 and every 5-year interval thereafter.

Subsequent renewals are renegotiated with the lessees.

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

STATEMENTS OF CASH FLOWS

Year ended 31 December 2022

	Note	HBT Group		H-REIT Group		Stapled Group	
		2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Cash flows from operating activities							
Profit/(Loss)/Total return for the year before tax		732	(7,737)	247,882	61,355	223,170	71,642
Adjustments for:							
H-REIT Manager's and HBT Trustee-Manager's fees paid/payable in Stapled Securities		812	683	9,362	7,566	10,174	8,249
Depreciation of property, plant and equipment	6	16,771	15,942	1,487	1,671	20,984	21,453
Loss on disposal of property, plant and equipment		21	–	–	–	21	–
Write-off of property, plant and equipment		–	–	56	–	67	–
Impairment loss/(Reversal of impairment loss) on trade and other receivables		127	(89)	–	9,168	127	1,313
Revaluation deficit /(Reversal of revaluation deficit) on property, plant and equipment		3,667	(4,460)	(409)	(911)	(13,250)	(13,337)
Net fair value gain on investment properties and investment property under development		(6,374)	(438)	(142,788)	(18,237)	(130,262)	(30,509)
Net finance costs/(income)		723	8,255	(4,265)	18,573	4,436	21,761
Operating income before working capital changes		16,479	12,156	111,325	79,185	115,467	80,572
Changes in:							
- Inventories		(44)	(344)	–	–	(44)	(344)
- Trade and other receivables		(1,075)	(6,044)	(13,791)	(10,731)	(3,030)	(6,951)
- Trade and other payables		12,319	9,423	5,250	(3,811)	7,357	(471)
Cash generated from operating activities		27,679	15,191	102,784	64,643	119,750	72,806
Tax refund/(paid)		562	(671)	(3,902)	(9,608)	(3,341)	(10,279)
Net cash generated from operating activities		28,241	14,520	98,882	55,035	116,409	62,527
Cash flows from investing activities							
Loan to related entity		–	–	(18,527)	(43,982)	–	–
Acquisition of business and/or assets, net of cash acquired	29	–	284	–	(5,883)	–	(5,599)
Acquisition of property, net of cash acquired	29	–	–	(43,122)	–	(43,122)	–
Acquisition of investment property under development	29	–	(17,542)	–	–	–	(17,542)
Additions to property, plant and equipment		(4,644)	(5,205)	(363)	(90)	(8,285)	(7,653)
Proceeds from disposal of property, plant and equipment		66	–	–	–	66	–
Additions to ROU assets		–	–	(13,752)	–	(13,752)	–
Capital expenditure on investment properties and investment property under development		(30,326)	(10,087)	(8,420)	(6,144)	(33,846)	(13,873)
Receipt of finance lease receivables		–	–	395	655	395	655
Interest received		44	–	280	146	323	146
Net cash used in investing activities		(34,860)	(32,550)	(83,509)	(55,298)	(98,221)	(43,866)

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

STATEMENTS OF CASH FLOWS

Year ended 31 December 2022

	Note	HBT Group		H-REIT Group		Stapled Group	
		2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Cash flows from financing activities							
Loan from related entity		18,527	43,982	–	–	–	–
Capital contribution from non-controlling interest		–	–	–	32	–	32
Proceeds from bank loans		92,264	34,704	372,549	276,175	464,813	310,879
Repayment of bank loans		(92,264)	(34,639)	(329,582)	(202,828)	(421,846)	(237,467)
Payment of transaction costs related to bank loans		(568)	–	(2,726)	(1,419)	(3,294)	(1,419)
Payment of lease liabilities		(4,963)	(4,063)	(948)	(1,471)	(1,100)	(1,709)
Finance costs paid		(7,557)	(7,003)	(26,814)	(16,591)	(30,089)	(20,391)
Distributions to holders of Stapled Securities		(4,116)	–	(58,771)	(57,114)	(62,887)	(57,114)
Movement in restricted cash		–	–	2,473	31	2,473	31
Net cash generated from/(used in) financing activities		1,323	32,981	(43,819)	(3,185)	(51,930)	(7,158)
Net (decrease)/increase in cash and cash equivalents		(5,296)	14,951	(28,446)	(3,448)	(33,742)	11,503
Cash and cash equivalents at beginning of the year		32,327	17,532	102,799	109,059	135,126	126,591
Effect of exchange rate changes on cash and cash equivalents		(1,482)	(156)	(4,602)	(2,812)	(6,084)	(2,968)
Cash and cash equivalents at end of the year	9	25,549	32,327	69,751	102,799	95,300	135,126

Significant non-cash transactions

There were the following non-cash transactions:

(i) 6,392,689 (2021: 8,142,678) Stapled Securities amounting to $7.6 million (2021: $10.1 million) were issued to the H-REIT Manager as satisfaction of the management fee and acquisition fee payable in Stapled Securities.

(ii) 615,154 (2021: 370,451) Stapled Securities amounting to $0.7 million (2021: $0.4 million) were issued to the HBT Trustee-Manager as satisfaction of the management fee payable in Stapled Securities.

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 HBT Trustee-Manager, the H-REIT Manager and the H-REIT Trustee on 21 March 2023.

1 GENERAL

CDL Hospitality Trusts is a stapled group comprising CDL Hospitality Real Estate Investment Trust ("**H-REIT**") and its subsidiaries (the "**H-REIT Group**") and CDL Hospitality Business Trust ("**HBT**") and its subsidiaries (the "**HBT Group**") (collectively, the "**Stapled Group**"). H-REIT is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 8 June 2006 (as amended) (the "**H-REIT Trust Deed**") between M&C REIT Management Limited (the "**H-REIT Manager**") and DBS Trustee Limited (the "**H-REIT Trustee**"). The H-REIT Trust Deed is governed by the laws of the Republic of Singapore. The H-REIT Trustee is under a duty to take into custody and hold the assets of H-REIT held by it or through its subsidiaries in trust for the holders of units in H-REIT. HBT is a business trust constituted by a trust deed dated 12 June 2006 (as amended) (the "**HBT Trust Deed**") and is managed by M&C Business Trust Management Limited (the "**HBT Trustee-Manager**"). The securities in each of H-REIT and HBT are stapled together under the terms of a stapling deed dated 12 June 2006 entered into between the H-REIT Manager, the H-REIT Trustee and the HBT Trustee-Manager (the "**Stapling Deed**") and cannot be traded separately. Each stapled security in CDL Hospitality Trusts (the "**Stapled Security**") comprises a unit in H-REIT (the "**H-REIT Unit**") and a unit in HBT (the "**HBT Unit**").

CDL Hospitality Trusts was formally admitted to the Official List of Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 19 July 2006.

The principal activity of H-REIT and its subsidiaries is to invest in income producing real estate and real estate related assets, which are used or primarily used for hospitality, hospitality related and other accommodation and/or lodging purposes globally.

The principal activity of HBT and its subsidiaries is to invest in diversified portfolio of real estate or development projects and real estate related assets, which are used or primarily used for hospitality, hospitality-related and other accommodation and/or lodging purposes globally, and shall also include the operation and management of the real estate assets.

The consolidated financial statements of the H-REIT Group relate to H-REIT and its subsidiaries. The consolidated financial statements of the HBT Group relate to HBT and its subsidiaries. The consolidated financial statements of the Stapled Group relate to the HBT Group and the H-REIT Group.

Several service agreements are in place in relation to the management of HBT and H-REIT and its property operations. The fee structures of these services are as follows:

(i) HBT Trustee-Manager's fees

Pursuant to Clauses 12.1, 12.2, 12.3 and 12.4 of the HBT Trust Deed, the HBT Trustee-Manager is entitled to the following:

- Trustee fee of not exceeding 0.1% per annum of the value of HBT's Deposited Property (as defined in the HBT Trust Deed), subject to a minimum fee of $10,000 per month, if the value of HBT's Deposited Property is at least $50.0 million. The trustee fee is payable in arrears on a monthly basis in the form of cash.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL

(i) HBT Trustee-Manager's fees (cont'd)

- Management fees comprising a base fee of 0.25% per annum of the value of HBT's Deposited Property (as defined in the HBT Trust Deed) and a performance fee of 5.0% per annum of HBT's net property income (as defined in the HBT Trust Deed).

  The HBT Trustee-Manager's management fees are payable in the form of Stapled Securities and/or cash as the HBT Trustee-Manager may elect (such election to be irrevocable and made prior to the relevant calendar quarter), and in such proportion as may be determined by the HBT Trustee-Manager, such determination to be irrevocable and made prior to be relevant calendar quarter. Where the management fees are payable in the form of Stapled Securities or (in the event that unstapling of the H-REIT units and HBT units has taken place) HBT units, such Stapled Securities or HBT units shall be issued at the market price (as defined in the HBT Trust Deed) prevailing at the date the management fees accrue.

  For the years ended 31 December 2022 and 31 December 2021, 80% of the HBT Trustee-Manager's management fees was satisfied in Stapled Securities and the remaining 20% was satisfied in cash.

  Any increase in the maximum permitted rate or any change in the structure of the HBT Trustee-Manager's management fees must be approved by an extraordinary resolution at a meeting of holders of the HBT units duly convened and held in accordance with the provisions of the HBT Trust Deed.

  The portion of the base management fee payable in the form of Stapled Securities is paid on a quarterly basis, in arrears. The portion of the base management fee payable in the form of cash is paid on a monthly basis, in arrears. Performance fee is paid on an annual basis in arrears, regardless of whether it is paid in the form of Stapled Securities or in cash.

- An acquisition fee of 1% (0.75% for acquisitions from related parties as defined in the HBT Trust Deed) of the acquisition price and a divestment fee of 0.5% of the sale price on all future acquisitions or disposals of properties. Both the acquisition fee and divestment fee are payable in the form of Stapled Securities and/or cash as the HBT Trustee-Manager may elect, and in such proportion as may be determined by the HBT Trustee-Manager. In the event that the HBT Trustee-Manager receives an acquisition fee in connection with a transaction with a related party, any such acquisition fee shall be paid in the form of Stapled Securities issued at the market price.

- Development management fee of 3% of the Total Project Costs (as defined in the HBT Trust Deed) incurred in a Development Project (as defined in the HBT Trust Deed) undertaken on behalf of HBT Group. If the estimated Total Project Costs exceeds $200.0 million, the HBT Trustee-Manager's independent directors will first review and approve the quantum of the development management fee whereupon the HBT Trustee-Manager may be directed by its independent directors to reduce the development management fee.

  The development management fee is payable in equal monthly instalments in cash over the construction period of each Development Project based on the HBT Trustee-Manager's best estimate of the Total Project Costs and construction period and, if necessary, a final payment of the balance amount to be paid to the HBT Trustee-Manager or (as the case may be) paid by the HBT Trustee-Manager when the Total Project Costs is finalised. No acquisition fee shall be paid when the HBT Trustee-Manager receives the development management fee for a Development Project.

  Any increase in the percentage or any change in the structure of the HBT Trustee-Manager's development management fee must be approved by an extraordinary resolution at a meeting of holders of the HBT units duly convened and held in accordance with the provisions of the HBT Trust Deed.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL (CONT'D)

(ii) *H-REIT Manager's fees*

Pursuant to Clauses 14.1, 14.2 and 14.7 of the H-REIT Trust Deed, the H-REIT Manager is entitled to the following:

- Management fees comprising a base fee of 0.25% per annum of the value of H-REIT's Deposited Property (as defined in the H-REIT Trust Deed) and a performance fee of 5.0% per annum of H-REIT's net property income (as defined in the H-REIT Trust Deed).

  The H-REIT Manager's management fees are payable in the form of Stapled Securities and/or cash as the H-REIT Manager may elect (such election to be irrevocable and made prior to the relevant calendar quarter), and in such proportion as may be determined by the H-REIT Manager, such determination to be irrevocable and made prior to be relevant calendar quarter. Where the management fees are payable in the form of Stapled Securities or (in the event that unstapling of the H-REIT units and HBT units has taken place) H-REIT units, such Stapled Securities or H-REIT units shall be issued at the market price (as defined in the H-REIT Trust Deed) prevailing at the date the management fees accrue.

  For the years ended 31 December 2022 and 31 December 2021, 80% of the H-REIT Manager's management fees was satisfied in Stapled Securities and the remaining 20% was satisfied in cash.

  Any increase in the maximum permitted rate or any change in the structure of the H-REIT Manager's management fees must be approved by an extraordinary resolution at a meeting of holders of the H-REIT units duly convened and held in accordance with the provisions of the H-REIT Trust Deed.

  The portion of the base management fee payable in the form of Stapled Securities is paid on a quarterly basis, in arrears. The portion of the base management fee payable in the form of cash is paid on a monthly basis, in arrears. Performance fee is paid on an annual basis in arrears, regardless of whether it is paid in the form of Stapled Securities or in cash.

- Acquisition fee of 1% (0.75% for acquisitions from related parties as defined in the H-REIT Trust Deed) of the acquisition price and a divestment fee of 0.5% of the sale price on all future acquisitions or disposals of properties. Both the acquisition fee and divestment fee are payable in the form of Stapled Securities and/or cash as the H-REIT Manager may elect, and in such proportion as may be determined by the H-REIT Manager. In the event that the H-REIT Manager receives an acquisition fee in connection with a transaction with a related party, any such acquisition fee shall be paid in the form of Stapled Securities issued at the market price.

- Development management fee of 3% of the Total Project Costs (as defined in the H-REIT Trust Deed) incurred in a Development Project (as defined in the H-REIT Trust Deed) undertaken on behalf of H-REIT Group. If the estimated Total Project Costs exceeds $200.0 million, the H-REIT Manager's independent directors will first review and approve the quantum of the development management fee whereupon the H-REIT Manager may be directed by its independent directors to reduce the development management fee.

  The development management fee is payable in equal monthly instalments in cash over the construction period of each Development Project based on the H-REIT Manager's best estimate of the Total Project Costs and construction period and, if necessary, a final payment of the balance amount to be paid to the H-REIT Manager or (as the case may be) paid by the H-REIT Manager when the Total Project Costs is finalised. No acquisition fee shall be paid when the H-REIT Manager receives the development management fee for a Development Project.

  Any increase in the percentage or any change in the structure of the H-REIT Manager's development management fee must be approved by an extraordinary resolution at a meeting of holders of the H-REIT units duly convened and held in accordance with the provisions of the H-REIT Trust Deed.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL (CONT'D)

(iii) H-REIT Trustee's fee

Pursuant to the H-REIT Trust Deed, the H-REIT Trustee's fee shall not exceed 0.1% per annum of the value of H-REIT's Deposited Property (subject to a minimum of $10,000 per month) or such higher percentage as may be fixed by an extraordinary resolution of a meeting of holders of the H-REIT units. The H-REIT Trustee's fee is payable out of H-REIT's Deposited Property on a monthly basis, in arrears. The H-REIT Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the H-REIT Trust Deed.

Based on the current agreement between the H-REIT Manager and the H-REIT Trustee, the H-REIT Trustee's fee is charged on a scaled basis of up to 0.02% per annum of the value of H-REIT's Deposited Property (subject to a minimum of $10,000 per month).

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the HBT Group have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**"), the applicable requirements of the Business Trusts Act 2004 of Singapore and the provisions of the HBT Trust Deed.

The financial statements of the H-REIT Group and the Stapled Group are prepared in accordance with the Statement of Recommended Accounting Practice ("**RAP**") 7 *Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes (the "**CIS Code**") issued by the Monetary Authority of Singapore ("**MAS**") and the provisions of the H-REIT Trust Deed and the Stapling Deed. RAP 7 requires the accounting policies to generally comply with the recognition and measurement principles of the Singapore Financial Reporting Standards ("**FRS**").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as described below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the functional currency of HBT and H-REIT. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about critical judgements in applying accounting policies and assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 4 – Valuation of investment properties
- Note 5 – Valuation of investment property under development
- Note 6 – Valuation of property, plant and equipment

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Measurement of fair values

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

The H-REIT Manager and the HBT Trustee-Manager have an established control framework with respect to the measurement of fair values. This includes a team that regularly reviews significant unobservable inputs and reports directly to the Chief Financial Officer, who has overall responsibility for all significant fair value measurements.

The H-REIT Manager and the HBT Trustee-Manager regularly review significant unobservable inputs and valuation adjustments included in the fair value measurements. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the H-REIT Manager and the HBT Trustee-Manager assess the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS / SFRS(I), including the level in the fair value hierarchy the resulting fair value estimate should be classified.

When measuring the fair value of an asset or a liability, the H-REIT Manager and the HBT Trustee-Manager use market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: unobservable inputs for the assets 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).

Transfers between levels of the fair value hierarchy are recognised as of the end of the financial year during which the change has occurred.

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

- Note 4 – Valuation of investment properties
- Note 5 – Valuation of investment property under development
- Note 6 – Valuation of property, plant and equipment
- Note 25 – Valuation of financial instruments

2.5 Change in accounting policies

The Stapled Group has applied the following FRSs / SFRS(I)s and amendments to FRSs / SFRS(I)s for the first time for the annual period beginning on 1 January 2022:

- *Covid-19-Related Rent Concessions beyond 30 June 2021* (Amendment to FRS 116 / SFRS(I) 16)
- *Reference to the Conceptual Framework* (Amendments to FRS 103 / SFRS(I) 3)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to FRS 16 / SFRS(I) 1-16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to FRS 37 / SFRS(I) 1-37)
- Annual Improvements to FRSs 2018 – 2020

The application of these amendments to standards did not have a material effect on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied by the HBT Group, the H-REIT Group and the Stapled Group consistently to all periods presented in these financial statements.

3.1 Consolidation

(i) Stapling

Where entities enter into a stapling arrangement, the stapling arrangement is accounted for as a business combination under the acquisition method.

(ii) Business combinations

The Stapled Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Stapled Group. In determining whether a particular set of activities and assets is a business, the Stapled Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Stapled Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Stapled Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest ("**NCI**") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss or the statement of total return (as the case may be).

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by FRS / SFRS(I).

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Stapled Group incurs in connection with a business combination are expensed as incurred.

(iii) Subsidiaries

Subsidiaries are entities controlled by either the HBT Group or the H-REIT Group. The HBT Group and the H-REIT Group control an entity when they are exposed to or has rights to, variable returns from their involvement with the entity and have the ability to affect those returns through their 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 of the HBT Group, the H-REIT Group and the Stapled Group, where appropriate. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements of the HBT Group, the H-REIT Group and the Stapled Group.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the entities in the HBT Group, the H-REIT Group and the Stapled Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss or the statement of total return (as the case may be). However, for foreign currency differences arising on the translation of a financial liability designated as a hedge of the HBT Group's, H-REIT Group's and the Stapled Group's net investment in a foreign operation to the extent that the hedge is effective are recognised in other comprehensive income ("**OCI**") or unitholders' funds (as the case may be) directly.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised directly in OCI or unitholders' funds (as the case may be). However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss or the statements of total return (as the case may be) as part of the gain or loss on disposal. When only part of the interest in a subsidiary that includes a foreign operation is disposed of while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised directly in the foreign currency translation reserve in OCI or unitholders' funds (as the case may be).

(iii) Hedge of net investment in foreign operation

The HBT Group, H-REIT Group and the Stapled Group apply hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the HBT Group, H-REIT Group and the Stapled Group's functional currency (Singapore dollars), regardless of whether the net investment is held directly or through an intermediate parent.

Foreign currency differences arising on the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised directly in foreign currency translation reserve in unitholders' funds to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in profit or loss or the statement of total return (as the case may be). When the hedged net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to profit or loss or the statements of total return (as the case may be) as part of the profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment

(i) Recognition and measurement

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent to recognition, freehold land, leasehold land and buildings are measured at fair value less accumulated depreciation and accumulated impairment losses while other assets are measured at cost less accumulated depreciation and accumulated impairment losses.

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

Any surplus arising on the revaluation is recognised in OCI or unitholders' funds (as the case may be), except to the extent that the surplus reverses a previous revaluation deficit on the same asset recognised in profit or loss or the statements of total return (as the case may be), in which case the credit to that extent is recognised in profit or loss or the statements of total return (as the case may be). Any deficit on revaluation is recognised in profit or loss or the statement of total return (as the case may be) except to the extent that it reverses a previous revaluation surplus on the same asset, in which case the debit to that extent is recognised in OCI or unitholders' funds (as the case may be).

When an item of property, plant and equipment is sold or retired, its cost and accumulated depreciation are removed from the statements of financial position. The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss or the statement of total return (as the case may be). The revaluation surplus included in equity or unitholders' funds (as the case may be) in respect of an item of property, plant and equipment measured using revaluation model, is transferred directly to accumulated profits/losses or unitholders' funds (as the case may be).

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Stapled Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss or the statements of total return (as the case may be) as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss or the statement of total return (as the case may be) on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the Stapled Group will obtain ownership by the end of the lease term. Freehold land and capital work-in-progress are not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

- Leasehold land — Remaining useful lives of land leases of 82 years to 125 years (2021: 35 years to 126 years)
- Buildings — 31 years to 50 years
- Plant and machinery — 10 to 12 years
- Furniture and fixtures — 7 years
- Motor vehicles and boats — 5 years
- Office equipment — 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Investment properties and investment property under development

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property under development is property being constructed or developed for future use as investment property. Investment properties and investment property under development are measured at cost on initial recognition and subsequently at fair value with any changes therein recognised in profit or loss or the statements of total return (as the case may be).

The cost of a purchased property comprises its purchase price and any directly attributable expenditure including transaction costs. 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. Fair value is determined in accordance with the HBT Trust Deed and the H-REIT Trust Deed which requires the investment properties and investment property under development to be valued by independent registered valuers in the following events:

- at least once a year in accordance with the Property Funds Appendix of CIS Code issued by MAS; and
- where the HBT Trustee-Manager and the H-REIT Manager proposes to issue new units for subscription or to redeem existing units unless the investment properties have been valued not more than 6 months ago.

When an investment property is disposed of, the resulting gain or loss recognised in profit or loss or the statement of total return (as the case may be) is the difference between net disposal proceeds and the carrying amount of the property.

Properties are classified either as investment properties or property, plant and equipment in the statement of financial position. In assessing whether a property is classified as an investment property or property, plant and equipment, the Stapled Group takes into consideration several factors including, but not limited to, the business model, the extent of ancillary services provided, the power that the Stapled Group has to make significant operating and financing decisions regarding the operations of the property and the significance of its exposure to variations in the net cash flows of the property. The factors above are considered collectively, together with the facts and circumstances of each lease, in determining the classification of a property.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

3.5 Leases

At inception of a contract, the Stapled Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Stapled 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 Stapled Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

The subsequent measurement of the ROU asset will depend on whether it is presented in investment property or property, plant and equipment. The accounting policies for investment property and property, plant and equipment are set out in Note 3.4 and Note 3.3 respectively.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Leases (cont'd)

(i) As a lessee (cont'd)

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 as the discount rate.

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

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

- fixed payments, including in-substances fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- lease payments in an optional renewal period if the Stapled Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the Stapled Group changes its assessment of whether it will exercise an extension option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

The Stapled Group presents ROU assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statements of financial position.

Short-term leases and leases of low value assets

The Stapled Group has elected not to recognise ROU assets and lease liabilities for leases of low-value assets and short-term leases. The Stapled Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Stapled Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Stapled Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Stapled Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Stapled Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Stapled Group is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset.

If an arrangement contains lease and non-lease components, then the Stapled Group applies FRS 115 / SFRS(I) 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract.

The Stapled Group applies the derecognition and impairment requirements in FRS 109 / SFRS(I) 9 *Financial Instruments* to the net investment in the lease (see Note 3.8(i)).

The Stapled Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss ("**FVTPL**"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified at: amortised cost; fair value through other comprehensive income ("**FVOCI**") – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Stapled Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Stapled Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets: Business model assessment

The Stapled Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Stapled Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Stapled Group's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Stapled Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Stapled Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Stapled Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Non-derivative financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They 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 or the statement of total return (as the case may be).

(iii) Derecognition

Financial assets

The Stapled Group derecognises a financial asset when:

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

Transferred assets are not derecognised when the Stapled Group enters into transactions whereby it transfers assets recognised in its statements of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(iii) Derecognition (cont'd)

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Stapled Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. No immediate gain or loss is recognised. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Stapled Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Stapled Group applies the policies on accounting for modifications to the additional changes.

(iv) Offsetting

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

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and fixed deposits that are subject to an insignificant risk of changes in their fair values, and are used by the Stapled Group in the management of its short-term commitments. For the purpose of the statement of cash flows, restricted cash is excluded.

(vi) Derivative financial instruments and hedge accounting

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

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

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

Net investment hedges

The Stapled Group designates certain non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(vi) Derivative financial instruments and hedge accounting (cont'd)

Net investment hedges (cont'd)

When 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 foreign exchange gains and losses for a non-derivative financial liability is recognised in OCI and presented in the translation reserve within unitholders' funds. Any ineffective portion of foreign exchange gains and losses on the non-derivative financial liability is recognised immediately in profit or loss or the statements of total return (as the case may be). The amount recognised in the foreign currency translation reserve is fully or partially reclassified to profit or loss or the statements of total return (as the case may be) as a reclassification adjustment on disposal or partial disposal of the foreign operation, respectively.

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 profit or loss or the statements of total return (as the case may be).

3.7 Inventories

Inventories comprise mainly food, beverage stocks, engineering items and spa supplies for the operations of hotels and a resort.

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average cost formula. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling costs.

3.8 Impairment

(i) Non-derivative financial assets

The Stapled Group recognises loss allowances for expected credit loss ("**ECL**") on financial assets measured at amortised cost and lease receivables.

Loss allowances of the Stapled Group are measured on either of the following bases:

- 12-month ECL: these are ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Stapled Group applies the simplified approach to provide for ECL for all trade receivables (including lease receivables). The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECL.

General approach

The Stapled Group applies the general approach to provide for ECL on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

General approach (cont'd)

At each reporting date, the Stapled Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Stapled Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Stapled Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECL.

The Stapled Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Stapled Group in full, without recourse by the Stapled Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECL is the maximum contractual period over which the Stapled Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Stapled Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Stapled 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;
- the restructuring of a loan or advance by the Stapled Group on terms that the Stapled Group would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment (cont'd)

(ii) Non-financial assets

Presentation of allowance for ECLs in the statements of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Stapled Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Stapled Group's procedures for recovery of amounts due.

The carrying amounts of the Stapled Group's non-financial assets, other than investment properties, investment property under development, deferred tax assets and inventories, 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, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit ("**CGU**") exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. 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 testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss or the statement of total return (as the case may be). Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (groups of CGUs), and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

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

3.9 Unitholders' funds

Unitholders' funds of the Stapled Group comprise unitholders' funds of the HBT Group and the H-REIT Group. Unitholders' funds are classified as equity.

Issue expenses relate to expenses incurred in connection with the issue of Stapled Securities. The expenses are deducted directly against the unitholders' funds.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Provisions

A provision is recognised if, as a result of a past event, the Stapled 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.11 Revenue

(i) Rental income from operating leases

Rental income receivable under operating leases is recognised in the statement of total return on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income to be received. Variable rentals are recognised as income in the accounting period in which they are earned and the amount can be measured reliably.

(ii) Hotel revenue

Revenue from hotel and resort operations is recognised when the accommodation and related services are rendered.

3.12 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Stapled 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.

3.13 Finance income and finance costs

Finance income comprises interest income on funds invested, finance lease receivables and loan to related entity, net foreign exchange gains and gains on hedging instruments that are recognised in profit or loss or the statement of total return (as the case may be). Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprises interest expense on loans and borrowings, lease liabilities and loan from related entity, amortisation of transaction costs on loans and borrowings, unwinding of the discount on non-current rental deposits, net foreign exchange losses and losses on hedging instruments that are recognised in profit or loss or the statement of total return (as the case may be). Interest expenses are recognised as they accrue, in profit or loss or the statement of total return (as the case may be), using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset, or the amortised cost of the financial liability.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss or the statements of total return (as the case may be) except to the extent that it relates to a business combination, or items recognised directly in OCI or unitholders' funds.

The Stapled Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 / SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets.*

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflect 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 to the extent that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Stapled Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, 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 for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be 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 Stapled Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Stapled 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 Stapled 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.

H-REIT received a tax ruling from the Inland Revenue Authority of Singapore ("**IRAS**") and subject to meeting the terms and conditions of the tax ruling which includes a distribution of at least 90% of the taxable income of H-REIT, H-REIT will not be taxed on the portion of taxable income of H-REIT that is distributed to holders of H-REIT units. Any portion of the taxable income that is not distributed to holders of H-REIT units will be taxed on H-REIT. In the event that there are subsequent adjustments to the taxable income when the actual taxable income of H-REIT is finally agreed with the IRAS, such adjustments are taken up as an adjustment to the taxable income for the next distribution following the agreement with the IRAS.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Tax (cont'd)

Although H-REIT is not taxed on its taxable income distributed, the H-REIT Trustee and the H-REIT Manager are required to deduct income tax at the applicable corporate tax rate from distributions of such taxable income of H-REIT (i.e. which has not been taxed in the hands of the H-REIT Trustee) to certain holders of H-REIT units. The H-REIT Trustee and the H-REIT Manager will not deduct tax from distributions made out of H-REIT's taxable income to the extent that the beneficial holder of H-REIT units is:

- An individual (excluding a partnership in Singapore);
- A tax resident Singapore-incorporated company;
- A Singapore branch of a company incorporated outside Singapore;
- A body of persons (excluding partnerships) incorporated or registered in Singapore, including:
  - (i) a charity registered under the Charities Act (Cap 37) or established by any written law;
  - (ii) a town council;
  - (iii) a statutory board;
  - (iv) a co-operative society registered under the Co-operative Societies Act (Cap 62); and
  - (v) a trade union registered under the Trade Unions Act (Cap 333).
- an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap 145); and
- real estate investment trust exchange-traded funds which have been accorded the tax transparency treatment.

The above tax transparency ruling does not apply to gains from sale of real properties. Such gains which are considered as trading gains are assessable to tax on H-REIT. Where the gains are capital gains, H-REIT will not be assessed to tax and may distribute the capital gains without tax being deducted at source.

3.15 Levies

A provision for levies is recognised when the condition that triggers the payment of the levy as specified in the relevant legislation is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

3.16 Government grants

Grants that compensate the Stapled Group for expenses incurred are recognised in profit or loss or the statements of total return (as the case may be) on a systematic basis and deducted against the related expenses in the same period in which the expenses are recognised.

3.17 Earnings per Stapled Security

The Stapled Group presents basic and diluted earnings per Stapled Security. Basic earnings per Stapled Security is calculated by dividing the total return attributable to Stapled Security Holders by the weighted average number of Stapled Securities outstanding during the year. Diluted earnings per Stapled Security is determined by adjusting the total return attributable to Stapled Security Holders and the weighted average number of Stapled Securities outstanding, adjusted for the effects of all dilutive potential Stapled Securities.

3.18 Segment reporting

An operating segment is a component of the HBT Group, the H-REIT Group and the Stapled Group that engages in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the other components of the HBT Group, the H-REIT Group and the Stapled Group. All operating segments' operating results are reviewed regularly by the HBT Board or the H-REIT Board (the "**Boards**") to make decisions about resources to be allocated to the segment and assess its performance, and is a component for which discrete financial information is available.

Segment results that are reported to the Boards include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly management fee, finance income, finance costs and other expenses.

Segment capital expenditure is the total cost incurred on investment properties, investment property under development and property, plant and equipment during the year.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 New standards and interpretations not yet adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. The Stapled Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The Stapled Group is in the process of assessing the impact of the new FRSs / SFRS(I)s, interpretations and amendments to FRSs / SFRS(I)s on its financial statements.

- *Classification of Liabilities as Current or Non-current* (Amendments to FRS 1 / SFRS(I) 1-1)
- *Disclosure of Accounting Policies* (Amendments to FRS 1 / SFRS(I) 1-1 and FRS / SFRS(I) Practice Statement 2)
- *Definition of Accounting Estimates* (Amendments to FRS 8 / SFRS(I) 1-8)
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to FRS 12 / SFRS(I) 1-12)
- *Insurance Contracts* (Amendments to FRS 117 / SFRS(I) 17)

4 INVESTMENT PROPERTIES

	HBT Group		H-REIT Group		Stapled Group	
	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January	–	–	2,419,305	2,403,183	1,921,748	1,978,356
Acquisition of property, including acquisition costs	–	–	80,859	–	80,859	–
Acquisition of assets	–	–	–	5,883	–	–
Straight-line rental adjustments	–	–	6,599	7,726	3,774	4,095
Additions of right-of-use assets	–	–	13,752	–	6,876	–
Adjustment to right-of-use assets	–	–	8,960	(2,186)	6,560	–
Capital expenditure	–	–	6,469	4,639	3,203	2,281
Fair value changes (unrealised)	–	–	142,788	18,237	123,036	30,071
Reclassified to property, plant and equipment (Note 6)	–	–	–	–	–	(75,863)
Translation differences	–	–	(46,756)	(18,177)	(41,384)	(17,192)
At 31 December	–	–	2,631,976	2,419,305	2,104,672	1,921,748

The straight-line rental adjustments represent the effect of recognising rental income on a straight-line basis over the lease term of the investment properties.

Security

At 31 December 2022, an investment property of the H-REIT Group and the Stapled Group with a carrying amount of $149.3 million (2021: $159.6 million) is pledged as security to secure a bank loan (Note 10).

NOTES TO THE FINANCIAL STATEMENTS

4 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value

The carrying amounts of the investment properties as at 31 December 2022 were based on independent valuations undertaken by CBRE Pte. Ltd. for the Singapore and Maldives properties, Jones Lang LaSalle Incorporated for the New Zealand property, Cushman & Wakefield (Valuations) Pty Ltd for the Australia properties, CBRE GmbH for the German property, CBRE Valuation S.p.A. for the Italy property and Cushman & Wakefield Debenham Tie Leung Limited for the United Kingdom property, as at that date. The carrying amounts of the investment properties as at 31 December 2021 were based on independent valuations undertaken by CBRE Pte. Ltd. for the Singapore and Maldives properties, Jones Lang LaSalle Incorporated for the New Zealand property, CIVAS (NSW) Pty Ltd (trading as Colliers International) for the Australia properties, CBRE GmbH for the German property, CBRE Valuation S.p.A. for the Italy property, as at that date. The independent valuers have appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

The valuations were based on the discounted cash flow and capitalisation methods, where appropriate. The valuation methods used in determining the fair value involve certain estimates including those relating to discount rate, terminal yield and capitalisation rate. The specific risks inherent in each of the properties are taken into consideration in arriving at the property valuation. In relying on the valuation reports, the H-REIT Manager has exercised its judgement and is satisfied that the valuation methods and estimates used are reflective of market conditions prevailing at the end of the reporting date.

Valuers in certain markets highlighted that global inflationary and geopolitical pressures and the on-going impact of the COVID-19 pandemic have heightened the potential for greater volatility in those property markets over the short-to-medium term. Past experience has shown that consumer and investor behavior can quickly change during periods of such heightened volatility and recommend that its impact on valuations be closely monitored. Accordingly, the carrying amounts of the investment properties in the financial statements represents the position as at 31 December 2022 only.

Fair value hierarchy

The fair value measurement for investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used (see Note 2.4).

	H-REIT Group		Stapled Group	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Fair value of investment properties (based on valuation reports)	2,518,928	2,347,201	2,055,666	1,911,630
Add: Carrying amount of lease liabilities	113,048	72,104	49,006	10,118
Carrying amount of investment properties	2,631,976	2,419,305	2,104,672	1,921,748

4 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Country	Valuation techniques	Significant unobservable inputs	2022	2021
Singapore	Discounted cash flow and capitalisation methods	Hotel		
		Discount rate	5.75% - 6.50%	5.75% - 6.50%
		Terminal yield	3.75% - 4.50%	3.75% - 4.50%
		Capitalisation rate	3.50% - 4.25%	3.50% - 4.25%
		Retail		
		Discount rate	7.00%	7.00%
		Terminal yield	5.25%	5.25%
		Capitalisation rate	5.00%	5.00%
New Zealand	Discounted cash flow and capitalisation methods	Discount rate	8.25%	8.25%
		Terminal yield	6.25%	6.13%
		Capitalisation rate	6.25%	6.13%
Germany	Discounted cash flow method	Hotel		
		Discount rate	7.00% - 8.50%	6.50% - 8.50%
		Terminal yield	5.00% - 6.50%	4.50% - 6.00%
		Retail		
		Discount rate	5.25%	4.85%
		Terminal yield	4.65%	4.35%
Australia	Discounted cash flow and capitalisation methods	Discount rate	8.75%	7.25%
		Terminal yield	6.50%	5.75%
		Capitalisation rate	6.50%	5.13% - 5.75%
Maldives	Discounted cash flow and capitalisation methods	Discount rate	11.25% - 11.75%	11.75% - 12.00%
		Terminal yield	8.25% - 8.75%	8.75% - 9.00%
		Capitalisation rate	8.00% - 8.50%	8.50% - 8.75%
Italy	Discounted cash flow method	Discount rate	6.17% - 7.17%	5.26% - 6.26%
		Terminal yield	4.25% - 5.25%	4.00% - 5.00%
United Kingdom	Capitalisation method	Capitalisation rate	7.00%	N.A.

N.A. – Not applicable

NOTES TO THE FINANCIAL STATEMENTS

4 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

Inter-relationship between key unobservable inputs and fair value measurement

The significant unobservable inputs used in the fair value measurement of investment properties are discount rate, terminal yield and capitalisation rate. An increase in discount rate, terminal yield and capitalisation rate in isolation would result in a lower fair value.

Reclassification – transfer to property, plant and equipment

<u>For the financial year ended 31 December 2021</u>

During the financial year, subsidiaries of the HBT Group became the master lessees and operators of the Australia properties held by the H-REIT Group that were previously leased to external lessees. On the date of transfer, the carrying amount of Australia properties of $75,863,000 has been reclassified from investment properties to property, plant and equipment at the Stapled Group.

5 INVESTMENT PROPERTY UNDER DEVELOPMENT

	HBT Group		H-REIT Group		Stapled Group	
	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January	27,661	–	–	–	27,661	–
Acquisition of property, including acquisition costs	–	17,542	–	–	–	17,542
Development costs and interest capitalised	30,326 (1)	10,087	–	–	29,474 (2)	10,087
Fair value changes (unrealised)	6,374	438	–	–	7,226	438
Translation differences	(4,701)	(406)	–	–	(4,701)	(406)
At 31 December	59,660	27,661	–	–	59,660	27,661

(1) Included capitalised interest cost of $1,637,000.
(2) Included capitalised interest cost of $785,000.

Measurement of fair value

The carrying amount of the investment property under development as at 31 December 2022 and 31 December 2021 was based on an independent valuation undertaken by Savills (UK) Limited, as at that date. The independent valuer has appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The valuation was based on the gross development investment value method. The valuation method used in determining the fair value was derived by applying the percentage of the spend-to-date over the total contractual commitment to the assessed market value. The specific risks inherent in the property are taken into consideration in arriving at the property valuation. In relying on the valuation report, the HBT Trustee-Manager has exercised its judgement and is satisfied that the valuation method and estimates used are reflective of market conditions prevailing at the end of the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

5 INVESTMENT PROPERTY UNDER DEVELOPMENT (CONT'D)

Fair value hierarchy

The fair value measurement for investment property under development has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2.4).

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property under development, as well as the significant unobservable inputs used.

Country	Valuation technique	Significant unobservable inputs	2022	2021
United Kingdom	Gross development investment value	Capitalisation rate	4.20%	4.15%

Inter-relationship between key unobservable inputs and fair value measurement

The significant unobservable inputs used in the fair value measurement of investment property under development is capitalisation rate. An increase in capitalisation rate in isolation would result in a lower fair value.

NOTES TO THE FINANCIAL STATEMENTS

6 PROPERTY, PLANT AND EQUIPMENT

	At valuation		At cost					
	Leasehold land $'000	Buildings $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and fixtures $'000	Office equipment $'000	Capital work-in-progress $'000	Total $'000
HBT Group								
At valuation/cost								
At 1 January 2021	102,262	155,634	4,458	279	32,713	1,013	443	296,802
Additions	19	49,102	–	–	433	43	4,753	54,350
Transfers	–	–	–	–	4,753	–	(4,753)	–
Disposal	–	(150)	–	–	–	–	–	(150)
Adjustment to right-of-use assets	2,938	–	–	–	–	–	–	2,938
Translation differences	1,285	(262)	46	–	263	10	5	1,347
Reversal of revaluation deficit recognised in statement of profit or loss	4,460	–	–	–	–	–	–	4,460
Revaluation surplus recognised in OCI	–	7,642	–	–	–	–	–	7,642
Elimination of accumulated depreciation on revaluation	(3,570)	(7,871)	–	–	–	–	–	(11,441)
At 31 December 2021	107,394	204,095	4,504	279	38,162	1,066	448	355,948
At 1 January 2022	107,394	204,095	4,504	279	38,162	1,066	448	355,948
Additions	–	–	–	–	77	–	4,573	4,650
Transfers	–	–	233	–	4,100	62	(4,395)	–
Disposal	–	–	–	(156)	–	(20)	–	(176)
Written-off	–	(372)	–	(123)	–	–	–	(495)
Addition of right-of-use assets	–	225	–	–	–	–	–	225
Adjustment to right-of-use assets	–	(1,407)	–	–	–	–	–	(1,407)
Translation differences	(7,986)	(14,727)	(490)	–	(4,271)	(111)	(57)	(27,642)
Reversal of revaluation deficit/(Revaluation deficit) recognised in statement of profit or loss	471	(4,138)	–	–	–	–	–	(3,667)
Revaluation surplus/(deficit) recognised in OCI	1,127	(8,806)	–	–	–	–	–	(7,679)
Elimination of accumulated depreciation on revaluation	(3,568)	(8,328)	–	–	–	–	–	(11,896)
At 31 December 2022	97,438	166,542	4,247	–	38,068	997	569	307,861

NOTES TO THE FINANCIAL STATEMENTS

6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At valuation		At cost					
	Leasehold land $'000	Buildings $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and fixtures $'000	Office equipment $'000	Capital work-in-progress $'000	Total $'000
HBT Group (cont'd)								
Accumulated depreciation								
At 1 January 2021	–	–	1,647	55	14,895	600	–	17,197
Depreciation	3,570	8,021	464	72	3,644	171	–	15,942
Disposal	–	(150)	–	–	–	–	–	(150)
Translation differences	–	–	10	–	102	4	–	116
Elimination of accumulated depreciation on revaluation	(3,570)	(7,871)	–	–	–	–	–	(11,441)
At 31 December 2021	–	–	2,121	127	18,641	775	–	21,664
At 1 January 2022	–	–	2,121	127	18,641	775	–	21,664
Depreciation	3,568	8,700	431	65	3,849	158	–	16,771
Disposal	–	–	–	(69)	–	(14)	–	(83)
Written-off	–	(372)	–	(123)	–	–	–	(495)
Translation differences	–	–	(246)	–	(2,182)	(88)	–	(2,516)
Elimination of accumulated depreciation on revaluation	(3,568)	(8,328)	–	–	–	–	–	(11,896)
At 31 December 2022	–	–	2,306	–	20,308	831	–	23,445
Carrying amounts								
At 31 December 2021	107,394	204,095	2,383	152	19,521	291	448	334,284
At 31 December 2022	97,438	166,542	1,941	–	17,760	166	569	284,416

NOTES TO THE FINANCIAL STATEMENTS

6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At valuation		At cost			
	Freehold land $'000	Buildings $'000	Plant and machinery $'000	Motor vehicles and boats $'000	Furniture and fixtures $'000	Total $'000
H-REIT Group						
At valuation/cost						
At 1 January 2021	54,344	22,620	7,006	1,444	956	86,370
Additions	–	24	–	90	–	114
Translation differences	(4,392)	(1,837)	(568)	30	(78)	(6,845)
Revaluation deficit recognised in unitholders' funds	(1,058)	–	–	–	–	(1,058)
Reversal of revaluation deficit recognised in statement of total return	–	911	–	–	–	911
Elimination of accumulated depreciation on revaluation	–	(787)	–	–	–	(787)
At 31 December 2021	48,894	20,931	6,438	1,564	878	78,705
At 1 January 2022	48,894	20,931	6,438	1,564	878	78,705
Additions	–	–	10	354	–	364
Written-off	–	–	–	(244)	–	(244)
Translation differences	(7,079)	(3,070)	(912)	(13)	(124)	(11,198)
Revaluation surplus recognised in unitholders' funds	3,365	2,664	–	–	–	6,029
Reversal of revaluation deficit recognised in statement of total return	–	409	–	–	–	409
Elimination of accumulated depreciation on revaluation	–	(712)	–	–	–	(712)
At 31 December 2022	45,180	20,222	5,536	1,661	754	73,353
Accumulated depreciation						
At 1 January 2021	–	–	4,046	1,203	299	5,548
Depreciation	–	787	659	116	109	1,671
Translation differences	–	–	(355)	25	(28)	(358)
Elimination of accumulated depreciation on revaluation	–	(787)	–	–	–	(787)
At 31 December 2021	–	–	4,350	1,344	380	6,074
At 1 January 2022	–	–	4,350	1,344	380	6,074
Depreciation	–	712	568	112	95	1,487
Written-off	–	–	–	(188)	–	(188)
Translation differences	–	–	(642)	(7)	(58)	(707)
Elimination of accumulated depreciation on revaluation	–	(712)	–	–	–	(712)
At 31 December 2022	–	–	4,276	1,261	417	5,954
Carrying amounts						
At 31 December 2021	48,894	20,931	2,088	220	498	72,631
At 31 December 2022	45,180	20,222	1,260	400	337	67,399

6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At valuation			At cost					
	Freehold land $'000	Leasehold land $'000	Buildings $'000	Plant and machinery $'000	Furniture and fixtures $'000	Motor vehicles and boats $'000	Office equipment $'000	Capital work-in-progress $'000	Total $'000
Stapled Group									
At valuation/cost									
At 1 January 2021	54,344	313,184	289,005	32,695	43,974	1,957	5,266	672	741,097
Additions	–	19	415	570	1,261	90	292	5,197	7,844
Acquisition of assets (Note 29)	–	–	–	5,611	256	–	16	–	5,883
Disposal	–	–	(150)	–	–	–	–	–	(150)
Transfers	–	–	–	121	4,772	–	–	(4,893)	–
Adjustment to right-of-use assets	–	752	–	–	–	–	–	–	752
Reclassified from investment properties	23,366	–	39,631	12,866	–	–	–	–	75,863
Revaluation (deficit)/surplus recognised in unitholders' funds	(1,058)	255	8,049	–	–	–	–	–	7,246
Reversal of revaluation deficit recognised in statement of total return	–	8,088	5,249	–	–	–	–	–	13,337
Translation differences	(5,113)	854	(997)	(990)	237	34	54	5	(5,916)
Elimination of accumulated depreciation on revaluation	–	(3,974)	(7,152)	–	–	–	–	–	(11,126)
At 31 December 2021	71,539	319,178	334,050	50,873	50,500	2,081	5,628	981	834,830
At 1 January 2022	71,539	319,178	334,050	50,873	50,500	2,081	5,628	981	834,830
Additions	–	–	961	621	580	454	659	5,025	8,300
Disposal	–	–	–	–	–	(156)	(20)	–	(176)
Written-off	–	–	(372)	(14)	–	(367)	–	–	(753)
Transfers	–	–	–	253	4,407	–	62	(4,722)	–
Addition of right-of-use assets	–	6,876	225	–	–	–	–	–	7,101
Adjustment to right-of-use assets	–	2,400	–	–	–	–	–	–	2,400
Revaluation surplus recognised in unitholders' funds	4,632	393	14,275	–	–	–	–	–	19,300
(Revaluation deficit)/ Reversal of revaluation deficit recognised in statement of total return	(96)	7,488	5,858	–	–	–	–	–	13,250
Translation differences	(8,772)	(8,032)	(17,853)	(2,760)	(4,438)	(16)	(144)	(56)	(42,071)
Elimination of accumulated depreciation on revaluation	–	(3,977)	(6,484)	–	–	–	–	–	(10,461)
At 31 December 2022	67,303	324,326	330,660	48,973	51,049	1,996	6,185	1,228	831,720

NOTES TO THE FINANCIAL STATEMENTS

6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At valuation			At cost					
	Freehold land $'000	Leasehold land $'000	Buildings $'000	Plant and machinery $'000	Furniture and fixtures $'000	Motor vehicles and boats $'000	Office equipment $'000	Capital work-in-progress $'000	Total $'000
Stapled Group (cont'd)									
Accumulated depreciation									
At 1 January 2021	–	–	–	9,438	18,577	1,486	2,557	–	32,058
Depreciation	–	3,974	7,302	4,382	4,776	191	828	–	21,453
Disposal	–	–	(150)	–	–	–	–	–	(150)
Translation differences	–	–	–	(306)	129	30	41	–	(106)
Elimination of accumulated depreciation on revaluation	–	(3,974)	(7,152)	–	–	–	–	–	(11,126)
At 31 December 2021	–	–	–	13,514	23,482	1,707	3,426	–	42,129
At 1 January 2022	–	–	–	13,514	23,482	1,707	3,426	–	42,129
Depreciation	–	3,977	6,856	3,959	5,126	181	885	–	20,984
Disposal	–	–	–	–	–	(69)	(14)	–	(83)
Written-off	–	–	(372)	(3)	–	(311)	–	–	(686)
Translation differences	–	–	–	(1,028)	(2,269)	(8)	(108)	–	(3,413)
Elimination of accumulated depreciation on revaluation	–	(3,977)	(6,484)	–	–	–	–	–	(10,461)
At 31 December 2022	–	–	–	16,442	26,339	1,500	4,189	–	48,470
Carrying amounts									
At 31 December 2021	71,539	319,178	334,050	37,359	27,018	374	2,202	981	792,701
At 31 December 2022	67,303	324,326	330,660	32,531	24,710	496	1,996	1,228	783,250

The depreciation expense is included in "depreciation" in profit or loss or the statement of total return (as the case may be).

NOTES TO THE FINANCIAL STATEMENTS

6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

For each revalued class of property, plant and equipment, the carrying amount that would have been recognised had the assets been carried under the cost model is as follows:

	HBT Group		H-REIT Group		Stapled Group	
	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000
Freehold land						
Cost and carrying value	–	–	31,117	36,252	52,129	58,897
Leasehold land						
Cost	122,874	132,712	–	–	363,149	363,737
Accumulated depreciation and impairment losses	(26,074)	(22,712)	–	–	(28,152)	(34,984)
Carrying value	96,800	110,000	–	–	334,997	328,753
Buildings						
Cost	186,422	203,067	24,488	28,523	393,304	412,912
Accumulated depreciation and impairment losses	(21,048)	(11,188)	(5,660)	(5,761)	(74,008)	(80,728)
Carrying value	165,374	191,879	18,828	22,762	319,296	332,184

Measurement of fair value

The carrying amounts of the properties as at 31 December 2022 were based on independent valuations undertaken by JLL Morii Valuation & Advisory K.K. for the Japan properties, CBRE Hotels Limited for the United Kingdom properties, CBRE Pte. Ltd. for the Maldives property and Singapore property and Cushman & Wakefield (Valuations) Pty Ltd for the Australia properties. The carrying amounts of the properties as at 31 December 2021 were based on independent valuations undertaken by JLL Morii Valuation & Advisory K.K. for the Japan properties, CBRE Hotels Limited for the United Kingdom properties, CBRE Pte. Ltd. for the Maldives property and Singapore property and CIVAS (NSW) Pty Ltd (trading as Colliers International) for the Australia properties. The independent valuers have appropriate professional qualifications and recent experience in the location and category of the properties being valued.

The valuations were based on the discounted cash flow and capitalisation methods, where appropriate. The valuation methods used in determining the fair value involve certain estimates including those relating to discount rate, terminal yield and capitalisation rate. The specific risks inherent in each of the properties are taken into consideration in arriving at the property valuation. In relying on the valuation reports, the H-REIT Manager and HBT Trustee-Manager has exercised its judgement and is satisfied that the valuation methods and estimates used are reflective of market conditions prevailing at the end of the reporting date.

Valuers in certain markets highlighted that global inflationary and geopolitical pressures and the on-going impact of the COVID-19 pandemic have heightened the potential for greater volatility in those property markets over the short-to-medium term. Past experience has shown that consumer and investor behavior can quickly change during periods of such heightened volatility and recommend that its impact on valuations be closely monitored. Accordingly, the carrying amounts of the property, plant and equipment in the financial statements represents the position as at 31 December 2022 only.

NOTES TO THE FINANCIAL STATEMENTS

6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Measurement of fair value (cont'd)

Fair value hierarchy

The fair value measurement for property, plant and equipment has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used (see Note 2.4).

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair value of property, plant and equipment, as well as the significant unobservable inputs used.

Country	Valuation techniques	Significant unobservable inputs	2022	2021
Singapore	Discounted cash flow and capitalisation methods	Discount rate	5.75%	5.75%
		Terminal yield	3.75%	3.75%
		Capitalisation rate	3.50%	3.50%
Japan	Discounted cash flow and capitalisation methods	Discount rate	4.10% - 4.40%	4.20% - 4.50%
		Terminal yield	4.40% - 4.70%	4.50% - 4.80%
		Capitalisation rate	4.30% - 4.60%	4.40% - 4.70%
United Kingdom	Discounted cash flow method	Discount rate	8.50%	8.25%
		Terminal yield	6.50%	6.25%
Maldives	Discounted cash flow and capitalisation methods	Discount rate	11.25%	12.00%
		Terminal yield	8.25%	9.00%
		Capitalisation rate	8.00%	8.75%
Australia	Discounted cash flow and capitalisation methods	Discount rate	8.75%	7.25%
		Terminal yield	7.00%	5.75%
		Capitalisation rate	6.75%	5.25%

Inter-relationship between key unobservable inputs and fair value measurement

The significant unobservable inputs used in the fair value measurement of properties are discount rate, terminal yield and capitalisation rate. An increase in discount rate, terminal yield and capitalisation rate in isolation would result in a lower fair value.

NOTES TO THE FINANCIAL STATEMENTS

7 FINANCE LEASE RECEIVABLES

	HBT Group		H-REIT Group		Stapled Group	
	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000
Finance lease receivables:						
- related corporation	–	–	1,803	2,198	1,803	2,198
Non-current	–	–	1,327	1,803	1,327	1,803
Current	–	–	476	395	476	395
	–	–	1,803	2,198	1,803	2,198

Finance lease receivables relate to sub-lease of a property to a related corporation. There is no impairment loss arising from the receivables as the ECL is negligible.

8 TRADE AND OTHER RECEIVABLES

	HBT Group		H-REIT Group		Stapled Group	
	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000
Trade receivables:						
- related corporations	–	–	7,213	6,033	7,213	6,033
- related entities	–	–	27,504	24,361	–	–
- third parties	5,987	4,160	3,195	4,038	9,182	8,198
	5,987	4,160	37,912	34,432	16,395	14,231
Impairment loss	(131)	(4)	(7,953)	(8,005)	(302)	(175)
Net trade receivables	5,856	4,156	29,959	26,427	16,093	14,056
Other receivables:						
- related corporations	–	–	20	6	20	6
- related entities	13,780	11,393	90,773	73,388	–	–
- third parties	688	5,760	2,348	5,833	3,036	11,593
	14,468	17,153	93,141	79,227	3,056	11,599
Rental deposits	558	245	149	149	707	394
	20,882	21,554	123,249	105,803	19,856	26,049
Prepayments	2,057	998	4,992	2,190	7,049	3,188
	22,939	22,552	128,241	107,993	26,905	29,237
Non-current	529	212	87,078	72,845	677	361
Current	22,410	22,340	41,163	35,148	26,228	28,876
	22,939	22,552	128,241	107,993	26,905	29,237

NOTES TO THE FINANCIAL STATEMENTS

8 TRADE AND OTHER RECEIVABLES (CONT'D)

Related corporations refer to related corporations of the H-REIT Manager and HBT Trustee-Manager. Related entities refer to H-REIT and its subsidiaries or HBT and its subsidiaries (as the case may be).

The H-REIT Group's properties, except Claymore Connect, are leased to 14 (2021: 13) master lessees.

Other receivables from related corporations are unsecured, interest-free and repayable on demand.

Other receivables from related entities comprise mainly loans amounting to $86,929,000 (2021: $72,696,000) which are unsecured, bear interest at rates ranging from 4.24% to 4.70% (2021: 0.92% to 1.50%) and repayment is neither planned nor likely to occur in foreseeable future. The remaining receivables from related entities are unsecured, interest free and repayable from demand.

The exposure of the HBT Group, H-REIT Group and Stapled Group to credit risk and impairment losses for trade and other receivables is disclosed in Note 25.

9 CASH AND CASH EQUIVALENTS

	HBT Group		H-REIT Group		Stapled Group	
	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000
Cash at bank and in hand	22,621	32,327	30,378	80,282	52,999	112,609
Fixed deposits with financial institutions	2,928	–	41,001	26,855	43,929	26,855
Cash and cash equivalents in the statements of financial position	25,549	32,327	71,379	107,137	96,928	139,464
Restricted cash	–	–	(1,628)	(4,338)	(1,628)	(4,338)
Cash and cash equivalents in the statements of cash flows	25,549	32,327	69,751	102,799	95,300	135,126

10 LOANS AND BORROWINGS

	HBT Group		H-REIT Group		Stapled Group	
	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000
At amortised cost:						
Non-current						
Secured TMK bond	–	–	30,947	35,874	30,947	35,874
Secured bank loan	–	–	62,931	67,350	62,931	67,350
Unsecured bank loans	87,274	–	660,871	573,653	748,145	573,653
Lease liabilities	125,967	139,600	114,220	73,382	130,416	91,407
Loan from related entity	86,929	–	–	–	–	–
	300,170	139,600	868,969	750,259	972,439	768,284
Current						
Unsecured bank loans	–	98,128	238,753	323,714	238,753	421,842
Lease liabilities	8,010	5,995	637	941	731	1,046
Loan from related entity	–	72,696	–	–	–	–
	8,010	176,819	239,390	324,655	239,484	422,888
	308,180	316,419	1,108,359	1,074,914	1,211,923	1,191,172

NOTES TO THE FINANCIAL STATEMENTS

10 LOANS AND BORROWINGS (CONT'D)

Secured TMK Bond

The TMK bond included in the H-REIT Group relates to a 5-year Japanese Yen denominated bond of $31.4 million (JPY3.1 billion) (2021: $36.5 million (JPY3.1 billion)) issued by H-REIT's indirectly-owned subsidiary, CDLHT Hanei Tokutei Mokuteki Kaisha. H-REIT's interest in its Japan hotels is held via a Tokutei Mokuteki Kaisha ("**TMK**") structure, and such TMK structure is required to issue a bond to fund the acquisition of assets.

The bondholders have a statutory preferred right, under Article 128 of the Japan Asset Liquidation Law, to receive payment of all obligations under the bond prior to other creditors out of the assets of the TMK. Such right shall be junior to the priority of the general statutory lien under the Japan Civil Code. While the assets of TMK are subject to a statutory preferred right, it is not considered a mortgage under Japan laws.

Secured bank loan

The secured bank loan relates to a 7-year fixed term loan of $63.0 million (€44.0 million) (2021: $67.5 million (€44.0 million)) drawn down by H-REIT's indirectly-owned subsidiary, NKS Hospitality I B.V. ("**NKS**").

As at the end of the financial year, an investment property, Pullman Hotel Munich, with a carrying value of $149.3 million (€104.3 million) (2021: $159.6 million (€104.1 million)), and certain bank accounts in NKS, together with the Stapled Group's shares in NKS, representing a 94.9% equity interest in NKS, are pledged as security for bank facilities granted to NKS.

Unsecured bank loans

As at the end of the financial year, the Stapled Group has the following facilities and term loans:

Facilities partially drawn down or available for utilisation

(i) $400.0 million (2021: $450.0 million) committed bilateral multi-currency unsecured revolving credit facilities (comprising $50.0 million for a 1.5-year term, $200.0 million for a 3-year term and another $150.0 million for a 3-year term) (2021: comprising $100.0 million for a 2-year term, $200.0 million for a 3-year term and another $150.0 million for a 3-year term). As at the reporting date, $224.6 million (2021: $217.4 million) has been drawn down under these facilities and $175.4 million (2021: $232.6 million) of the facilities remained unutilised.

(ii) $98.0 million (£60.2 million) (2021: $143.7 million (£79.0 million)) committed unsecured term loan, with a maximum repayment period of three years. As at the reporting date, $21.4 million (£13.2 million) (2021: $34.1 million (£18.8 million)) has been drawn down under this facility and $76.6 million (£47.0 million) (2021: $109.6 million (£60.2 million)) of the facility remained unutilised.

(iii) $400.0 million (2021: $400.0 million) uncommitted multi-currency unsecured bridge loan facilities, with a maximum repayment period of one year. As at reporting date, $37.5 million (£23.1 million) (2021: Nil) has been drawn down under these facilities and $362.5 million (2021: $400.0 million) of the facilities remained unutilised.

NOTES TO THE FINANCIAL STATEMENTS

10 LOANS AND BORROWINGS (CONT'D)

Unsecured bank loans (cont'd)

Term loans fully drawn down

(i) $190.0 million (2021: $190.0 million) fixed rate term loans;

(ii) $83.6 million (2021: $83.6 million) floating rate term loan;

(iii) $87.5 million (US$65.0 million) (2021: $88.0 million (US$65.0 million)) floating rate term loan (swap to fixed rate with an interest rate swap (Note 11));

(iv) $90.2 million (2021: Nil) floating rate term loan (swap to fixed rate with cross-currency interest rate swap (Note 11));

(v) $53.8 million (US$40.0 million) (2021: $157.3 million (US$116.2 million)) floating rate term loan (swap to fixed rate with cross-currency interest rate swap (Note 11));

(vi) $33.1 million (JPY3.3 billion) (2021: $38.6 million (JPY3.3 billion)) fixed rate term loan;

(vii) $81.3 million (£50.0 million) (2021: $91.0 million (£50.0 million)) floating rate term loan; and

(viii) $87.8 million (£54.0 million) floating rate term loan (2021: $98.3 million (£54.0 million) fixed rate term loan).

Lease liabilities

The lease liabilities recognised mainly relate to operating leases in respect of ground leases for investment properties and property, plant and equipment.

Loan from related entity

The loan from related entity under the HBT Group is unsecured, bears interest at rates ranging from 4.24% to 4.70% (2021: 0.92% to 1.50%) and is repayable on demand. On 31 December 2022, the related entity has confirmed that it will not demand for repayment within 12 months of the next financial year.

Unsecured medium term notes

H-REIT's wholly-owned subsidiary, CDLHT MTN Pte. Ltd., has in place a $1.0 billion (2021: $1.0 billion) Multi-currency Medium Term Note Programme. As at 31 December 2022 and 31 December 2021, there were no outstanding notes.

10 LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000
As at 31 December 2022				
HBT Group				
Unsecured bank loan				
GBP	5.46	2026	87,831	87,274
Loan from related entity				
SGD	4.24	*	3,511	3,511
GBP	4.24 to 4.70	*	64,361	64,361
USD	4.69	*	19,057	19,057
Lease liabilities				
SGD	1.79 to 3.59	2025 to 2040	52,842	40,940
USD	5.05	2033	44,405	34,166
GBP	3.99 to 4.04	2115 to 2147	69,908	16,085
AUD	2.45 to 2.74	2031	50,629	42,786
			392,544	308,180
H-REIT Group				
Secured TMK bond				
JPY	0.71	2025	31,372	30,947
Secured bank loan				
EUR	1.72	2025	62,999	62,931
Unsecured bank loans				
SGD	2.33 to 4.32	2023 to 2026	495,840	493,588
USD	0.58 to 5.52	2024	198,086	197,814
JPY	1.39	2025	33,092	32,964
GBP	2.47 to 4.70	2023 to 2025	173,141	172,308
EUR	3.09	2024	2,950	2,950
Lease liabilities				
SGD	3.12 to 3.41	2026 to 2105	167,490	57,152
USD	1.64 to 5.75	2023 to 2105	92,247	23,106
GBP	3.00	2218	202,826	34,599
			1,460,043	1,108,359
Stapled Group				
Secured TMK bond				
JPY	0.71	2025	31,372	30,947
Secured bank loan				
EUR	1.72	2025	62,999	62,931
Unsecured bank loans				
SGD	2.33 to 4.32	2023 to 2026	495,840	493,588
USD	0.58 to 5.52	2024	198,086	197,814
JPY	1.39	2025	33,092	32,964
GBP	2.47 to 5.46	2023 to 2026	260,972	259,582
EUR	3.09	2024	2,950	2,950
Lease liabilities				
SGD	1.79 to 3.59	2025 to 2105	167,704	57,357
USD	1.64 to 5.75	2023 to 2105	92,247	23,106
GBP	3.00 to 4.04	2115 to 2218	272,733	50,684
			1,617,995	1,211,923

* The loan from related entity is repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

10 LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment schedule (cont'd)

	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000
As at 31 December 2021				
HBT Group				
Unsecured bank loan				
GBP	2.74	2022	98,269	98,128
Loan from related entity				
SGD	0.93 to 1.14	*	3,422	3,422
GBP	0.93 to 1.44	*	50,646	50,646
USD	0.92 to 1.50	*	18,628	18,628
Lease liabilities				
SGD	1.79 to 3.08	2022 to 2040	55,715	42,582
USD	5.05	2033	48,758	36,671
GBP	3.99 to 4.04	2115 to 2147	78,949	18,008
AUD	2.45	2031	54,472	48,334
			408,859	316,419
H-REIT Group				
Secured TMK bond				
JPY	0.71	2025	36,549	35,874
Secured bank loan				
EUR	1.72	2025	67,454	67,350
Unsecured bank loans				
SGD	0.96 to 3.16	2022 to 2026	403,186	401,332
USD	0.58 to 2.70	2022 to 2024	288,988	288,433
JPY	1.39	2025	38,553	38,378
GBP	0.93 to 1.80	2022 to 2024	164,691	164,625
EUR	1.30	2024	4,599	4,599
Lease liabilities				
SGD	3.12 to 3.41	2026 to 2105	171,975	57,665
USD	1.64 to 5.75	2023 to 2056	33,874	16,658
			1,209,869	1,074,914
Stapled Group				
Secured TMK bond				
JPY	0.71	2025	36,549	35,874
Secured bank loan				
EUR	1.72	2025	67,454	67,350
Unsecured bank loans				
SGD	0.96 to 3.16	2022 to 2026	403,186	401,332
USD	0.58 to 2.70	2022 to 2024	288,988	288,433
JPY	1.39	2025	38,553	38,378
GBP	0.93 to 2.74	2022 to 2024	262,960	262,753
EUR	1.30	2024	4,599	4,599
Lease liabilities				
SGD	1.79 to 3.41	2022 to 2105	172,061	57,787
USD	1.64 to 5.75	2023 to 2056	33,874	16,658
GBP	3.99 to 4.04	2115 to 2147	78,949	18,008
			1,387,173	1,191,172

* The loan from related entity is repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

10 LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	HBT Group			H-REIT Group			Stapled Group		
	Loans and borrowings $'000	Lease liabilities $'000	Interest payables $'000	Loans and borrowings $'000	Lease liabilities $'000	Interest payables $'000	Loans and borrowings $'000	Lease liabilities $'000	Interest payables $'000
Balance at 1 January 2022	170,824	145,595	192	1,000,591	74,323	1,862	1,098,719	92,453	2,054
Changes from financing cash flows									
Loan from related entity	18,527	–	–	–	–	–	–	–	–
Proceeds from bank loans	92,264	–	–	372,549	–	–	464,813	–	–
Repayment of bank loans	(92,264)	–	–	(329,582)	–	–	(421,846)	–	–
Payment of transaction costs related to borrowings	(568)	–	–	(2,726)	–	–	(3,294)	–	–
Payment of lease liabilities	–	(4,963)	–	–	(948)	–	–	(1,100)	–
Finance costs paid	–	(4,965)	(2,592)	–	(3,812)	(23,002)	–	(4,495)	(25,594)
Total changes from financing cash flows	17,959	(9,928)	(2,592)	40,241	(4,760)	(23,002)	39,673	(5,595)	(25,594)
Effect of changes in foreign exchange rates	(17,308)	(5,473)	(45)	(49,420)	(4,483)	(150)	(59,858)	(6,396)	(195)
Other changes									
Liability-related									
Acquisition of subsidiary	–	–	–	–	37,005	–	–	37,005	–
Addition of lease liabilities	–	225	–	–	–	–	–	225	–
Remeasurement of lease liabilities	–	(1,407)	–	–	8,960	–	–	8,960	–
Amortisation of transaction costs	152	–	–	2,090	–	–	2,242	–	–
Interest expenses capitalised	1,515	–	122	–	–	–	–	–	785
Interest expense	1,061	4,965	2,678	–	3,812	24,476	–	4,495	26,491
Total liability-related other changes	2,728	3,783	2,800	2,090	49,777	24,476	2,242	50,685	27,276
Balance at 31 December 2022	174,203	133,977	355	993,502	114,857	3,186	1,080,776	131,147	3,541

NOTES TO THE FINANCIAL STATEMENTS

10 LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	HBT Group			H-REIT Group			Stapled Group		
	Loans and borrowings $'000	Lease liabilities $'000	Interest payables $'000	Loans and borrowings $'000	Lease liabilities $'000	Interest payables $'000	Loans and borrowings $'000	Lease liabilities $'000	Interest payables $'000
Balance at 1 January 2021	107,092	97,366	204	931,549	79,667	2,154	1,028,525	94,822	2,358
Changes from financing cash flows									
Loan from related entity	43,982	–	–	–	–	–	–	–	–
Proceeds from bank loans	34,704	–	–	276,175	–	–	310,879	–	–
Repayment of bank loans	(34,639)	–	–	(202,828)	–	–	(237,467)	–	–
Payment of transaction costs related to borrowings	–	–	–	(1,419)	–	–	(1,419)	–	–
Payment of lease liabilities	–	(4,063)	–	–	(1,471)	–	–	(1,709)	–
Finance costs paid	–	(4,150)	(2,853)	–	(2,918)	(13,673)	–	(3,865)	(16,526)
Total changes from financing cash flows	44,047	(8,213)	(2,853)	71,928	(4,389)	(13,673)	71,993	(5,574)	(16,526)
Effect of changes in foreign exchange rates	934	(597)	8	(4,444)	359	(3,328)	(3,510)	467	(3,320)
Other changes									
Liability-related									
Addition of lease liabilities	–	49,145	–	–	24	–	–	191	–
Reclassification from other payables to loan from related entity	18,374	–	–	–	–	–	–	–	–
Remeasurement of lease liabilities	–	2,938	–	–	(4,256)	–	–	(1,318)	–
Amortisation of transaction costs	153	–	–	1,558	–	–	1,711	–	–
Interest expense	224	4,956	2,833	–	2,918	16,709	–	3,865	19,542
Total liability-related other changes	18,751	57,039	2,833	1,558	(1,314)	16,709	1,711	2,738	19,542
Balance at 31 December 2021	170,824	145,595	192	1,000,591	74,323	1,862	1,098,719	92,453	2,054

Re-measurement of lease liabilities

2022

During the financial year:

(i) the lease payments with related entity for a leased building of the HBT Group have been revised; and

(ii) the lease tenor and lease payments for leasehold lands of the H-REIT Group have been extended and revised respectively.

There were no other changes to the original terms and conditions of leases. The HBT Group, the H-REIT Group and the Stapled Group accounted these leases as lease modification that is not accounted for as a separate lease. The difference between the carrying amount of lease liabilities before the modification and the carrying amount of the modified lease liabilities of:

(i) a $1.4 million decrease for the HBT Group has been recognised as an adjustment to the ROU assets in property, plant and equipment; and

(ii) a $9.0 million increase for the H-REIT Group and the Stapled Group has been recognised as an adjustment to the ROU assets in investment properties and/or property, plant and equipment (as the case may be).

10 LOANS AND BORROWINGS (CONT'D)

Re-measurement of lease liabilities (cont'd)

2021

During the financial year, future lease payments for leased land of the HBT Group, the H-REIT Group had been revised with no other changes to the original terms and conditions of the leases. The HBT Group, the H-REIT Group and the Stapled Group accounted these leases as lease modification that is not accounted for as a separate lease. The difference between the carrying amount of lease liabilities before the modification and the carrying amount of the modified lease liabilities of:

(i) a $2.9 million increase for the HBT Group recognised as an adjustment to the ROU assets in property, plant and equipment; and

(ii) a total $4.3 million decrease for the H-REIT Group, of which $2.2 million had been recognised as an adjustment to the ROU assets in investment properties and the remaining $2.1 million had been recognised as an adjustment to the finance lease receivable.

11 FINANCIAL DERIVATIVES

	HBT Group		H-REIT Group		Stapled Group	
	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000
Non-current assets						
Cross-currency interest rate swaps	–	–	9,362	4,762	9,362	4,762
Interest rate swaps	–	–	16,974	–	16,974	–
	–	–	26,336	4,762	26,336	4,762
Current assets						
Forward exchange contracts	–	–	83	–	83	–
Non-current liabilities						
Cross-currency interest rate swap	–	–	–	7	–	7
Interest rate swap	–	–	–	941	–	941
	–	–	–	948	–	948
Current liabilities						
Forward exchange contracts	–	–	163	–	163	–

Forward exchange contracts

The H-REIT Group uses forward foreign exchange contracts to manage its exposure to foreign currencies.

As at 31 December 2022, the H-REIT Group and the Stapled Group have forward exchange contracts with a total notional amount of $6.1 million (2021: Nil) respectively.

NOTES TO THE FINANCIAL STATEMENTS

11 FINANCIAL DERIVATIVES (CONT'D)

Cross-currency interest rate swaps

The H-REIT Group uses cross-currency interest rate swaps to manage its exposure to foreign currency risk and interest rate risk associated with movements in foreign exchange rates and interest rates.

As at 31 December 2022, the H-REIT Group and the Stapled Group have cross-currency interest rate swaps with notional amounts of:

(i) $90.2 million (2021: $103.2 million) to swap $90.2 million (2021: US$76.2 million) at floating rate to €64.0 million (2021: €64.0 million) at fixed rate; and

(ii) $53.8 million (2021: $54.1 million) to swap US$40.0 million (2021: US$40.0 million) at floating rate to €35.5 million (2021: €35.5 million) at fixed rate.

Interest rate swaps

The H-REIT Group uses interest rate swaps to manage its exposure to interest rate risk.

As at 31 December 2022, the H-REIT Group and the Stapled Group have interest rate swaps with notional amounts of:

(i) $87.5 million (US$65.0 million) (2021: $88.0 million (US$65.0 million)) to swap floating rate to fixed rate; and

(ii) $57.2 million (£35.2 million) (2021: Nil) to swap floating rate to fixed rate.

12 TRADE AND OTHER PAYABLES

	HBT Group		H-REIT Group		Stapled Group	
	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000
Trade payables:						
- related corporations	–	–	1,277	1,520	1,277	1,520
- the H-REIT Manager	–	–	218	429	218	429
- related entities	27,504	24,361	–	–	–	–
- third parties	7,115	7,802	990	376	8,105	8,178
	34,619	32,163	2,485	2,325	9,600	10,127
Other payables:						
- related corporations	25	–	138	438	163	438
- the H-REIT Manager	19	24	36	49	55	73
- the HBT Trustee-Manager	134	149	–	–	134	149
- related entities	3,844	692	13,780	11,393	–	–
- third parties	5,602	3,870	1,934	4,541	7,536	8,411
	9,624	4,735	15,888	16,421	7,888	9,071
Accruals	14,552	11,959	13,450	11,331	28,003	23,290
Rental deposits						
- related corporations	–	–	8,947	8,668	8,947	8,668
- third parties	–	–	2,320	2,070	2,320	2,070
Interest payable	355	192	3,186	1,862	3,541	2,054
Deferred income	758	934	474	–	1,232	934
	59,908	49,983	46,750	42,677	61,531	56,214
Non-current	77	92	11,606	10,927	11,683	11,019
Current	59,831	49,891	35,144	31,750	49,848	45,195
	59,908	49,983	46,750	42,677	61,531	56,214

12 TRADE AND OTHER PAYABLES (CONT'D)

Related corporations refer to related corporations of the H-REIT Manager and the HBT Trustee-Manager. Related entities refer to H-REIT and its subsidiaries or HBT and its subsidiaries (as the case may be).

Outstanding payables to the related corporations, related entities, the H-REIT Manager and the HBT Trustee-Manager are unsecured, interest-free and repayable on demand.

Included in accruals of the H-REIT Group and the Stapled Group are the following:

- amounts payable to the H-REIT Trustee and the H-REIT Manager of $65,000 (2021: $92,000) and $1,146,000 (2021: $724,000) respectively; and
- amounts payable to related corporations of $3,853,000 (2021: Nil).

For HBT Group, deferred income relates primarily to advance consideration received from customers of hotel business. Deferred income is a contract liability under SFRS(I) 15. Deferred income is recognised as revenue when the HBT Group fulfils its performance obligation under the contract with the customer. Changes in the deferred income during the year are as follows:

	HBT Group	
	2022 $'000	2021 $'000
Revenue recognised that was included in deferred income at the beginning of the year	(934)	(1,194)
Increase due to cash received, excluding amounts recognised as revenue during the year	758	934

13 DEFERRED TAX

Recognised deferred tax assets and liabilities

Movement in deferred tax balances (prior to offsetting of balances) during the year are as follows:

	Balance as at 1/1/2021 $'000	Recognised in profit or loss (Note 21) $'000	Recognised in other comprehensive income $'000	Exchange differences $'000	Balance as at 31/12/2021 $'000	Recognised in profit or loss (Note 21) $'000	Recognised in other comprehensive income $'000	Exchange differences $'000	Balance as at 31/12/2022 $'000
HBT Group									
Deferred tax assets									
Tax losses carried forward	(1,612)	28	–	(15)	(1,599)	872	–	98	(629)
Deferred tax liabilities									
Property, plant and equipment	12,300	970	2,023	82	15,375	422	3,376	(1,815)	17,358
	10,688	998	2,023	67	13,776	1,294	3,376	(1,717)	16,729

NOTES TO THE FINANCIAL STATEMENTS

13 DEFERRED TAX (CONT'D)

Recognised deferred tax assets and liabilities (cont'd)

	Balance as at 1/1/2021 $'000	Recognised in statement of total return (Note 21) $'000	Recognised in statement of unitholders' funds $'000	Exchange differences $'000	Balance as at 31/12/2021 $'000	Recognised in statement of total return (Note 21) $'000	Recognised in statement of unitholders' funds $'000	Exchange differences $'000	Balance as at 31/12/2022 $'000
H-REIT Group									
Deferred tax assets									
Tax losses carried forward	(835)	–	–	46	(789)	–	–	52	(737)
Deferred tax liabilities									
Investment properties	9,139	(4,521)	–	119	4,737	785	–	(374)	5,148
Property, plant and equipment	2,159	–	(31)	(162)	1,966	–	1,124	(279)	2,811
	11,298	(4,521)	(31)	(43)	6,703	785	1,124	(653)	7,959
	10,463	(4,521)	(31)	3	5,914	785	1,124	(601)	7,222
Stapled Group									
Deferred tax assets									
Tax losses carried forward	(2,447)	28	–	31	(2,388)	872	–	151	(1,365)
Deferred tax liabilities									
Property, plant and equipment	23,598	(2,491)	2,035	(34)	23,108	1,005	4,500	(2,532)	26,081
	21,151	(2,463)	2,035	(3)	20,720	1,877	4,500	(2,381)	24,716

Deferred tax assets and liabilities 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 amounts, determined after appropriate offsetting, are as follows:

	HBT Group		H-REIT Group		Stapled Group	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Deferred tax assets	426	163	737	789	1,162	952
Deferred tax liabilities	(17,155)	(13,939)	(7,959)	(6,703)	(25,878)	(21,672)
	(16,729)	(13,776)	(7,222)	(5,914)	(24,716)	(20,720)

Under FRS 12 / SFRS(I) 1-12 *Income Taxes*, deferred tax is not recognised for temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit or loss. As at 31 December 2022, the H-REIT Group and the Stapled Group have not recognised deferred tax liabilities of $23.6 million (2021: $21.0 million) relating to temporary differences on the initial recognition of assets and liabilities of the subsidiaries acquired.

NOTES TO THE FINANCIAL STATEMENTS

13 DEFERRED TAX (CONT'D)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the HBT Group, the H-REIT Group and the Stapled Group can utilise the benefits therefrom.

	HBT Group		H-REIT Group		Stapled Group	
	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000
Tax losses	33,021	40,968	20,328	24,691	53,349	65,659

Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate. The tax losses under the Stapled Group of $53,013,000 (2021: $54,699,000) will expire between 2023 to 2027 (2021: 2022 to 2026). The remaining tax losses do not expire under current tax legislation.

14 NON-CONTROLLING INTERESTS

The following subsidiaries have non-controlling interests:

Name	Principal places of business/Country of incorporation	Operating Segment	Ownership interests held by NCI	
			2022	2021
			%	%
CDLHT CFM III B.V.	Netherlands	Italy	5.0	5.0
NKS Hospitality I B.V.	Netherlands	Germany	5.1	5.1
Munich Furniture B.V.	Netherlands	Germany	5.1	5.1

The following summarised financial information for the above subsidiaries is prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Stapled Group's accounting policies.

	H-REIT Group and Stapled Group			
	CDLHT CFM III B.V.	NKS Hospitality I B.V.	Munich Furniture B.V.	Total
	$'000	$'000	$'000	$'000
2022				
Revenue	3,385	8,015	1,010	12,410
(Loss)/Profit and total comprehensive income	(73)	1,983	391	2,301
Attributable to NCI:				
- (Loss)/Profit and total comprehensive income	(4)	101	20	117
Non-current assets	56,705	144,234	4,276	205,215
Current assets	3,969	7,554	2,687	14,210
Non-current liabilities	(15,578)	(62,931)	–	(78,509)
Current liabilities	(1,228)	(2,305)	(712)	(4,245)
Net assets	43,868	86,552	6,251	136,671
Net assets attributable to NCI	2,193	4,414	319	6,926

NOTES TO THE FINANCIAL STATEMENTS

14 NON-CONTROLLING INTERESTS (CONT'D)

	H-REIT Group and Stapled Group			
	CDLHT CFM III B.V.	NKS Hospitality I B.V.	Munich Furniture B.V.	Total
	$'000	$'000	$'000	$'000
2022 (cont'd)				
Cash flows from operating activities	84	236	17	
Cash flows from investing activities	(7)	(40)	(4)	
Cash flows from financing activities	–	(55)	–	
Net increase in cash and cash equivalents	77	141	13	
2021				
Revenue	1,748	7,087	1,102	9,937
(Loss)/Profit and total comprehensive income	(1,060)	(2,364)	798	(2,626)
Attributable to NCI:				
- (Loss)/Profit and total comprehensive income	(53)	(121)	41	(133)
Non-current assets	61,022	153,485	5,220	219,727
Current assets	2,814	5,406	2,357	10,577
Non-current liabilities	(15,923)	(67,349)	–	(83,272)
Current liabilities	(868)	(1,680)	(573)	(3,121)
Net assets	47,045	89,862	7,004	143,911
Net assets attributable to NCI	2,352	4,583	357	7,292
Cash flows from operating activities	11	45	97	
Cash flows from investing activities	(7)	–	–	
Cash flows from financing activities	–	(28)	–	
Net increase in cash and cash equivalents	4	17	97	

NOTES TO THE FINANCIAL STATEMENTS

15 UNITS/STAPLED SECURITIES IN ISSUE AND TO BE ISSUED

	HBT Group		H-REIT Group		Stapled Group	
	2022	2021	2022	2021	2022	2021
	'000	'000	'000	'000	'000	'000
Units/Stapled Securities in issue:						
At 1 January	1,230,012	1,221,499	1,230,012	1,221,499	1,230,012	1,221,499
Creation of Units/Stapled Securities:						
- H-REIT Manager's management fees paid in Stapled Securities	6,393	8,143	6,393	8,143	6,393	8,143
- HBT Trustee-Manager's management fees paid in Stapled Securities	615	370	615	370	615	370
At 31 December	1,237,020	1,230,012	1,237,020	1,230,012	1,237,020	1,230,012
Units/Stapled Securities to be issued:						
H-REIT Manager's management fees payable in Stapled Securities	4,453	3,279	4,453	3,279	4,453	3,279
HBT Trustee-Manager's management fees payable in Stapled Securities	332	291	332	291	332	291
At 31 December	4,785	3,570	4,785	3,570	4,785	3,570
Units/Stapled Securities, in issue and to be issued	1,241,805	1,233,582	1,241,805	1,233,582	1,241,805	1,233,582

Financial year ended 31 December 2022

(i) During the financial year, the following Stapled Securities were issued:

- 6,392,689 Stapled Securities at unit prices ranging from $1.1431 to $1.2956 per Stapled Security, amounting to $7,640,000, were issued as satisfaction of the H-REIT Manager's management fees payable in Stapled Securities; and

- 615,154 Stapled Securities at unit prices ranging from $1.1431 to $1.2956 per Stapled Security, amounting to $738,000, were issued as satisfaction of the HBT Trustee-Manager's management fees payable in Stapled Securities.

(ii) 4,453,213 Stapled Securities at a unit price of $1.2283 per Stapled Security, amounting to $5,470,000, will be issued subsequent to year end as satisfaction of the H-REIT Manager's base fee for the period from 1 October 2022 to 31 December 2022 and performance fee for the financial year ended 31 December 2022.

(iii) 332,028 Stapled Securities at a unit price of $1.2283 per Stapled Security, amounting to $408,000, will be issued subsequent to year end as satisfaction of the HBT Trustee-Manager's base fee for the period from 1 October 2022 to 31 December 2022 and performance fee for the financial year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

15 UNITS/STAPLED SECURITIES IN ISSUE AND TO BE ISSUED (CONT'D)

Financial year ended 31 December 2021

(i) During the financial year, the following Stapled Securities were issued:

- 8,142,678 Stapled Securities at unit prices ranging from $1.0782 to $1.2860 per Stapled Security, amounting to $10,147,000, were issued as satisfaction of the H-REIT Manager's management fees and acquisition fee relating to the acquisition of W Singapore – Sentosa Cove payable in Stapled Securities; and

- 370,451 Stapled Securities at unit prices ranging from $1.0782 to $1.2860 per Stapled Security, amounting to $445,000, were issued as satisfaction of the HBT Trustee-Manager's management fees payable in Stapled Securities.

(ii) 3,278,751 Stapled Securities at a unit price of $1.1431 per Stapled Security, amounting to $3,748,000, were issued subsequent to year end as satisfaction of the H-REIT Manager's base fee for the period from 1 October 2021 to 31 December 2021 and performance fee for the financial year ended 31 December 2021.

(iii) 291,687 Stapled Securities at a unit price of $1.1431 per Stapled Security, amounting to $333,000, were issued subsequent to year end as satisfaction of the HBT Trustee-Manager's base fee for the period from 1 October 2021 to 31 December 2021 and performance fee for the financial year ended 31 December 2021.

Capital management

The Boards of the H-REIT Manager and the HBT Trustee-Manager have a policy to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of unitholders' funds. The Boards monitor the yield of the property portfolio, which is defined as net property income from the property divided by the latest valuation for the property. The Boards also monitor the level of distributions made to holders of Stapled Securities.

The Boards seek to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

H-REIT is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code issued by the MAS. The CIS Code stipulates that the total borrowings and deferred payments (together the "**Aggregate Leverage**") of a property fund should not exceed 45.0% or up to a maximum of 50% if the property fund has a minimum adjusted interest coverage ratio of 2.5 times (2021: should not exceed 50%).

The Aggregate Leverage of H-REIT as at 31 December 2022 was 35.5% (2021: 38.1%) of H-REIT Group's Deposited Property which were within the limit described in the CIS code.

The HBT Group, the H-REIT Group and the Stapled Group are in compliance with the borrowing limit requirements imposed by the relevant Trust Deeds for the financial year ended 31 December 2022 and 31 December 2021. There were no substantial changes in the HBT Group's, the H-REIT Group's and the Stapled Group's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS

16 NET ASSET VALUE PER UNIT/STAPLED SECURITY

	Note	HBT Group 2022 $'000	HBT Group 2021 $'000	H-REIT Group 2022 $'000	H-REIT Group 2021 $'000	Stapled Group 2022 $'000	Stapled Group 2021 $'000
Net asset value per Unit/Stapled Security is based on:							
Net assets attributable to holders of Stapled Securities		7,011	38,984	1,750,373	1,573,852	1,786,218	1,635,334
Total issued and to be issued Units/ Stapled Securities at 31 December	15	1,241,805	1,233,582	1,241,805	1,233,582	1,241,805	1,233,582

17 REVENUE

	HBT Group 2022 $'000	HBT Group 2021 $'000	H-REIT Group 2022 $'000	H-REIT Group 2021 $'000	Stapled Group 2022 $'000	Stapled Group 2021 $'000
Revenue from contract with customers:						
- Hotel revenue	129,170	80,867	–	–	129,170	80,841
Rental income						
- Fixed rent	–	–	65,292	59,124	39,643	47,373
- Variable rent	–	–	64,292	35,076	60,543	29,510
	129,170	80,867	129,584	94,200	229,356	157,724

Hotel revenue

Hotel revenue is disaggregated by primary geographical markets in Singapore, Maldives, Japan, United Kingdom and Australia, which are the reportable segments of the HBT Group. Hotel revenue is recognised at a point in time when the accommodation and related services are rendered.

Rental revenue

Rental revenue for the H-REIT Group includes rental income from the HBT Group and related corporations of the H-REIT Manager of $29,398,000 (2021: $17,343,000) and $70,711,000 (2021: $55,154,000), respectively. Such revenue is attributable to the Maldives segment, New Zealand segment, Singapore segment, Japan segment and Australia segment.

Under the terms of the master lease agreements for the properties, the H-REIT Group is generally entitled to a fixed rent component and/or a variable rent component computed based on a certain percentage of the revenue and/or gross operating profit.

NOTES TO THE FINANCIAL STATEMENTS

18 MANAGEMENT FEES

	HBT Group		H-REIT Group		Stapled Group	
	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000
H-REIT Manager's management fee						
- Base fee	–	–	6,562	6,394	6,562	6,394
- Performance fee	–	–	5,140	3,064	5,140	3,064
	–	–	11,702	9,458	11,702	9,458
HBT Trustee-Manager's management fee						
- Base fee	680	609	–	–	680	609
- Performance fee	335	245	–	–	335	245
	1,015	854	–	–	1,015	854

H-REIT Manager's management fee

Included in the H-REIT Manager's fees is an aggregate of 7,567,151 (2021: 6,500,064) Stapled Securities, amounting to approximately $9,362,000 (2021: $7,566,000), that have been or will be issued to the H-REIT Manager as satisfaction of the H-REIT Manager's management fees payable in Stapled Securities, at unit prices ranging from $1.2002 to $1.2956 (2021: $1.0782 to $1.2529) per Stapled Security.

HBT Trustee-Manager's management fee

Included in the HBT Trustee-Manager's fees is an aggregate of 655,495 (2021: 587,631) Stapled Securities, amounting to approximately $812,000 (2021: $683,000), that have been or will be issued to the HBT Trustee-Manager as satisfaction of the HBT Trustee-Manager's management fees payable in Stapled Securities, at unit prices ranging from $1.2002 to $1.2956 (2021: $1.0782 to $1.2529) per Stapled Security.

NOTES TO THE FINANCIAL STATEMENTS

19 FINANCE INCOME AND FINANCE COSTS

	HBT Group		H-REIT Group		Stapled Group	
	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000
Finance income						
Interest income under the effective interest method on:						
- cash and cash equivalents	44	–	342	38	386	38
- finance lease receivables	–	–	62	108	62	108
- loan to related entity	–	–	2,577	224	–	–
	44	–	2,981	370	448	146
Fair value gains on financial derivatives designated at FVTPL	–	–	40,196	17,521	40,196	17,521
Net foreign exchange gain	8,089	–	–	–	–	–
	8,133	–	43,177	17,891	40,644	17,667
Finance costs						
Financial liabilities measured at amortised cost:						
- interest expense on:						
- loans and borrowings	(2,678)	(2,833)	(24,476)	(16,709)	(26,491)	(19,542)
- lease liabilities	(4,965)	(4,956)	(3,812)	(2,918)	(4,495)	(3,865)
- loan from related entity	(1,061)	(224)	–	–	–	–
- amortisation of transaction costs on loans and borrowings	(152)	(153)	(2,090)	(1,558)	(2,242)	(1,711)
- financial expense arising from accretion of non-current rental deposits	–	–	(261)	(251)	(261)	(251)
	(8,856)	(8,166)	(30,639)	(21,436)	(33,489)	(25,369)
Net foreign exchange losses	–	(89)	(8,273)	(15,028)	(11,591)	(14,059)
	(8,856)	(8,255)	(38,912)	(36,464)	(45,080)	(39,428)
Net finance (costs)/income	(723)	(8,255)	4,265	(18,573)	(4,436)	(21,761)

NOTES TO THE FINANCIAL STATEMENTS

20 LOSS/TOTAL RETURN BEFORE TAX

(i) An analysis of depreciation is set out below:

	HBT Group		H-REIT Group		Stapled Group	
	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000
Depreciation of property, plant and equipment	16,771	15,942	1,487	1,671	20,984	21,453

(ii) Loss/Total return before tax is arrived at after charging/(crediting) the following items:

	HBT Group		H-REIT Group		Stapled Group	
	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000
Audit fees paid to:						
- auditors of HBT/H-REIT	189	142	370	311	559	453
- other auditors	420	144	257	53	677	197
Non-audit fees paid to:						
- auditors of HBT/H-REIT	21	24	131	45	152	69
- other auditors	145	263	98	887	243	1,150
Employee benefit expense						
- salaries, bonuses and other costs	38,903	22,091	–	–	38,903	22,091
- contributions to defined contribution plans	2,141	1,224	–	–	2,141	1,224
	41,044	23,315	–	–	41,044	23,315
Less: Government grants received	(612)	(2,896)	–	–	(612)	(2,896)
	40,432	20,419	–	–	40,432	20,419
Impairment loss/(Reversal of impairment loss) on trade and other receivables	127	(89)	–	9,168	127	1,313
Revaluation deficit/(Reversal of revaluation deficit) on property, plant and equipment	3,667	(4,460)	(409)	(911)	(13,250)	(13,337)
Cost of inventories	6,978	5,114	–	–	6,978	5,114
Operating expenses arising from rental of investment properties	–	–	10,964	18,020	6,539	7,453

Employee benefit expense above includes staff-related costs reimbursed to hotel managers of the respective hotels. The expense is set-off by government grants received, which consist of subsidies provided by the respective local governments as wage support during the period of uncertainty arising from the COVID-19 pandemic.

NOTES TO THE FINANCIAL STATEMENTS

21 TAX EXPENSE/(CREDIT)

	HBT Group		H-REIT Group		Stapled Group	
	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000
Current tax expense						
Current year	2,231	156	1,890	4,040	4,121	4,196
Under/(Over) provision in prior years	289	(1,109)	167	1,292	456	183
	2,520	(953)	2,057	5,332	4,577	4,379
Withholding tax	144	644	1,180	1,281	1,324	1,925
Deferred tax expense						
Origination and reversal of temporary differences (Note 13)	1,294	998	785	(4,521)	1,877	(2,463)
Tax expense	3,958	689	4,022	2,092	7,778	3,841
Reconciliation of effective tax rate						
Profit/(Loss)/Total return for the year before tax	732	(7,737)	247,882	61,355	223,170	71,642
Tax calculated using Singapore tax rate of 17%	124	(1,315)	42,140	10,430	37,939	12,179
Effect of tax in a foreign jurisdiction	(843)	(1,083)	2,363	5,475	1,520	4,392
Non-tax deductible items	4,672	1,384	4,031	1,876	8,703	2,316
Non-taxable items	(3,190)	(374)	(35,982)	(11,581)	(34,847)	(13,015)
Tax exempt income	(17)	(17)	(1,290)	(815)	(1,307)	(832)
Tax transparency	–	–	(9,902)	(4,459)	(9,902)	(4,459)
Current year tax losses for which no deferred tax asset was recognised	1,485	1,500	530	688	2,015	2,188
Change in unrecognised temporary difference	1,294	1,059	785	(2,095)	1,877	(1,036)
Withholding tax expense	144	644	1,180	1,281	1,324	1,925
Under/(Over) provision in prior years	289	(1,109)	167	1,292	456	183
	3,958	689	4,022	2,092	7,778	3,841

NOTES TO THE FINANCIAL STATEMENTS

22 LOSS/TOTAL RETURN FOR THE YEAR

	HBT Group		H-REIT Group		Stapled Group	
	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000
Comprises loss/total return of:						
- H-REIT	–	–	223,185	31,485	223,185	31,485
- Other H-REIT Group entities*	–	–	20,675	27,778	20,675	27,778
- HBT	(24,660)	(13,468)	–	–	(24,660)	(13,468)
- Other HBT Group entities*	21,434	5,042	–	–	21,434	5,042
- Stapled Group's consolidation adjustments	–	–	–	–	(25,242)	16,964
	(3,226)	(8,426)	243,860	59,263	215,392	67,801

* including consolidation adjustments

23 EARNINGS PER STAPLED SECURITY

Earnings per Stapled Security is based on:

	Stapled Group	
	2022	2021
	$'000	$'000
Total return for the year attributable to holders of Stapled Securities	215,275	67,934

	Number of Stapled Securities	
	2022	2021
	'000	'000
Weighted average number of Stapled Securities used in arriving at basic earnings per Stapled Security:		
- outstanding during the year	1,235,311	1,228,225
- to be issued as payment of H-REIT Manager's and/or HBT Trustee-Manager's management fees payable in Stapled Securities	7	7
	1,235,318	1,228,232
Weighted average number of Stapled Securities used in arriving at diluted earnings per Stapled Security:		
- weighted average number of Stapled Securities (basic)	1,235,318	1,228,232
- effect of H-REIT Manager's and/or HBT Trustee-Manager's management fees paid/payable in Stapled Securities	6,487	5,350
	1,241,805	1,233,582
Earnings per Stapled Security (cents)		
Basic	17.43	5.53
Diluted	17.35	5.51

NOTES TO THE FINANCIAL STATEMENTS

24 OPERATING SEGMENTS

In 2022, the HBT Group, the H-REIT Group and the Stapled Group have 5, 8 and 8 (2021: 5, 7 and 8) reportable segments, respectively, as described below. All the segments relate to properties operated as hotels, resorts and/or a residential BTR (under development). Each segment is managed separately because of the differences in operating and regulatory environment. The Board of Directors ("**BOD**") of the HBT Trustee-Manager and the H-REIT Manager review the internal management reports for the segments at least quarterly.

The number of properties included in each reportable segment is set out below:

	Number of properties					
	HBT Group		H-REIT Group		Stapled Group	
	2022	2021	2022	2021	2022	2021
Reportable segment						
Singapore	1	1	6	6	6	6
New Zealand	–	–	1	1	1	1
Australia	2	2	2	2	2	2
Germany	–	–	1	1	1	1
Italy	–	–	1	1	1	1
Maldives	1	1	2	2	2	2
Japan	2	2	2	2	2	2
United Kingdom (UK)	3	3	1	–	4	3

Other operations of the H-REIT Group and the Stapled Group include Claymore Connect which is leased to individual tenants and is operated as a retail space.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment net property income, as included in the internal management reports that are reviewed by the BOD of the HBT Trustee-Manager or the H-REIT Manager. Segment net property income is used to measure performance as the HBT Trustee-Manager or the H-REIT Manager believe that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within the same industry.

NOTES TO THE FINANCIAL STATEMENTS

24 OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Singapore $'000	Australia $'000	Maldives $'000	Japan $'000	UK $'000	Total $'000
HBT Group						
2022						
Hotel revenue – external	53,052	17,532	14,906	4,558	39,122	129,170
Reportable segment net property income	3,761	2,287	1,591	54	10,044	17,737
Depreciation of property, plant and equipment	(2,406)	(4,505)	(2,900)	–	(6,960)	(16,771)
Fair value gain on investment property under development	–	–	–	–	6,374	6,374
Revaluation deficit on property, plant and equipment	–	–	–	–	(3,667)	(3,667)
Unallocated items:						
- HBT Trustee-Manager's management fee						(1,015)
- HBT Trustee-Manager's trustee fee						(272)
- Valuation fee						(42)
- Other expenses						(889)
- Finance income						8,133
- Finance costs						(8,856)
- Tax expense						(3,958)
Loss for the year						(3,226)
Other material non-cash items						
Impairment loss on trade receivables	(9)	–	–	–	(118)	(127)
Reportable segment assets						
Capital expenditure:						
- Property, plant and equipment	–	–	–	–	4,650	4,650
- Investment property under development	–	–	–	–	30,326	30,326
Non-current assets^	39,518	35,579	31,235	–	237,744	344,076

^ Excluding deferred tax assets and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

24 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Singapore $'000	Australia $'000	Maldives $'000	Japan $'000	UK $'000	Total $'000
HBT Group						
2021						
Hotel revenue – external	31,352	7,192	13,314	3,437	25,572	80,867
Reportable segment net property income/(loss)	3,203	(205)	2,391	140	7,733	13,262
Depreciation of property, plant and equipment	(2,444)	(3,265)	(2,833)	–	(7,400)	(15,942)
Fair value gain on investment property under development	–	–	–	–	438	438
Reversal of revaluation deficit on property, plant and equipment	–	–	–	–	4,460	4,460
Unallocated items:						
- HBT Trustee-Manager's management fee						(854)
- HBT Trustee-Manager's trustee fee						(243)
- Valuation fee						(47)
- Other expenses						(556)
- Finance costs						(8,255)
- Tax expense						(689)
Loss for the year						(8,426)
Other material non-cash items						
(Impairment loss)/Reversal of impairment loss on trade receivables	–	(3)	–	–	92	89
Reportable segment assets						
Capital expenditure:						
- Property, plant and equipment	–	–	–	–	5,205	5,205
- Investment property under development	–	–	–	–	10,087	10,087
Non-current assets^	41,786	44,383	34,296	–	241,480	361,945

^ Excluding deferred tax assets and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

24 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Singapore $'000	New Zealand $'000	Australia $'000	Germany $'000	Maldives $'000	Japan $'000	Italy $'000	UK $'000	Total reportable segments $'000	Others $'000	Total $'000
H-REIT Group											
2022											
Rental revenue	76,526	10,483	7,587	9,025	11,951	1,387	3,385	3,502	123,846	5,738	129,584
Reportable segment net property income	71,966	10,483	5,929	7,395	10,814	1,100	3,203	3,502	114,392	3,940	118,332
Depreciation of property, plant and equipment	–	–	–	–	(128)	(1,359)	–	–	(1,487)	–	(1,487)
Net fair value gain/(loss) on investment properties	146,809	3,934	(2,549)	(3,385)	(112)	–	(1,655)	(254)	142,788	–	142,788
Reversal of revaluation deficit on property, plant and equipment	–	–	–	–	–	409	–	–	409	–	409
Unallocated items:											
- H-REIT Manager's management fee											(11,702)
- H-REIT Trustee's fee											(375)
- Valuation fee											(149)
- Other expenses											(4,199)
- Finance income											43,177
- Finance costs											(38,912)
- Tax expense											(4,022)
Total return for the year											243,860
Other material non-cash items											
Impairment loss on trade and other receivables	–	–	–	–	–	–	–	–	–	–	–
Reportable segment assets											
Capital expenditure on investment properties and property, plant and equipment	574	274	443	867	4,515	10	150	–	6,833	–	6,833
Non-current assets^	1,820,849	199,304	67,037	149,337	165,130	66,994	57,415	73,309	2,599,375	100,000	2,699,375

^ Excluding deferred tax assets, financial derivative assets, finance lease receivables and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

24 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Singapore $'000	New Zealand $'000	Australia $'000	Germany $'000	Maldives $'000	Japan $'000	Italy $'000	Total reportable segments $'000	Others $'000	Total $'000
H-REIT Group										
2021										
Rental revenue	41,530	21,640	6,295	8,189	10,649	575	1,748	90,626	3,574	94,200
Reportable segment net property income	37,505	21,640	5,814	5,786	1,955	246	1,507	74,453	1,398	75,851
Depreciation of property, plant and equipment	–	–	–	–	(128)	(1,543)	–	(1,671)	–	(1,671)
Net fair value gain/(loss) on investment properties	3,445	30,770	(12,316)	(5,383)	3,359	–	(1,638)	18,237	–	18,237
Reversal of revaluation deficit on property, plant and equipment	–	–	–	–	–	911	–	911	–	911
Unallocated items:										
- H-REIT Manager's management fee										(9,458)
- H-REIT Trustee's fee										(362)
- Valuation fee										(136)
- Other expenses										(3,444)
- Finance income										17,891
- Finance costs										(36,464)
- Tax expense										(2,092)
Total return for the year										59,263
Other material non-cash items										
Impairment loss on trade and other receivables	–	–	–	(1,187)	(7,766)	–	–	(8,953)	(215)	(9,168)
Reportable segment assets										
Capital expenditure on investment properties and property, plant and equipment	2,450	544	168	–	1,413	–	154	4,729	–	4,729
Non-current assets^	1,685,465	212,152	71,072	159,591	141,483	72,391	61,782	2,403,936	88,000	2,491,936

^ Excluding deferred tax assets, financial derivative assets, finance lease receivables and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

24 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Singapore $'000	New Zealand $'000	Australia $'000	Germany $'000	Maldives $'000	Japan $'000	Italy $'000	UK $'000	Total reportable segments $'000	Others $'000	Total $'000
Stapled Group											
2022											
Rental revenue	60,228	10,483	–	9,025	7,825	–	3,385	3,502	94,448	5,738	100,186
Hotel revenue	53,052	–	17,532	–	14,906	4,558	–	39,122	129,170	–	129,170
Revenue – external	113,280	10,483	17,532	9,025	22,731	4,558	3,385	42,624	223,618	5,738	229,356
Reportable segment net property income	72,728	10,483	2,990	7,395	8,280	1,154	3,203	13,546	119,779	3,940	123,719
Depreciation of property, plant and equipment	(7,371)	–	(2,026)	–	(3,268)	(1,359)	–	(6,960)	(20,984)	–	(20,984)
Net fair value gain/(loss) of investment properties and investment property under development	123,943	3,934	–	(3,385)	453	–	(1,655)	6,972	130,262	–	130,262
Reversal of revaluation deficit/(Revaluation deficit) on property, plant and equipment	9,652	–	796	–	6,060	409	–	(3,667)	13,250	–	13,250
Unallocated items:											
- H-REIT Manager's management fee											(11,702)
- H-REIT Trustee's fee											(375)
- HBT Trustee-Manager's management fee											(1,015)
- HBT Trustee-Manager's trustee fee											(272)
- Valuation fee											(191)
- Other expenses											(5,086)
- Finance income											40,644
- Finance costs											(45,080)
- Tax expense											(7,778)
Total return for the year											215,392
Other material non-cash items											
Impairment loss on trade and other receivables	(9)	–	–	–	–	–	–	(118)	(127)	–	(127)
Reportable segment assets											
Capital expenditure:											
- Investment properties and property, plant and equipment	594	274	443	867	4,515	10	150	4,650	11,503	–	11,503
- Investment property under development	–	–	–	–	–	–	–	29,474	29,474	–	29,474
Non-current assets^	1,824,055	199,304	69,584	149,337	169,840	66,994	57,415	311,053	2,847,582	100,000	2,947,582

^ Excluding deferred tax assets, financial derivative assets, finance lease receivables and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

24 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Singapore $'000	New Zealand $'000	Australia $'000	Germany $'000	Maldives $'000	Japan $'000	Italy $'000	UK $'000	Total reportable segments $'000	Others $'000	Total $'000
Stapled Group											
2021											
Rental revenue	33,514	21,640	1,597	8,189	6,621	–	1,748	–	73,309	3,574	76,883
Hotel revenue	31,352	–	7,166	–	13,314	3,437	–	25,572	80,841	–	80,841
Revenue – external	64,866	21,640	8,763	8,189	19,935	3,437	1,748	25,572	154,150	3,574	157,724
Reportable segment net property income	37,708	21,640	1,869	5,786	8,083	386	1,507	7,733	84,712	1,398	86,110
Depreciation of property, plant and equipment	(7,193)	–	(1,829)	–	(3,488)	(1,543)	–	(7,400)	(21,453)	–	(21,453)
Net fair value gain/(loss) of investment properties and investment property under development	4,016	30,770	–	(5,383)	2,306	–	(1,638)	438	30,509	–	30,509
Reversal of revaluation deficit/(Revaluation deficit) on property, plant and equipment	5,007	–	(3,213)	–	6,172	911	–	4,460	13,337	–	13,337
Unallocated items:											
- H-REIT Manager's management fee											(9,458)
- H-REIT Trustee's fee											(362)
- HBT Trustee-Manager's management fee											(854)
- HBT Trustee-Manager's trustee fee											(243)
- Valuation fee											(183)
- Other expenses											(4,000)
- Finance income											17,667
- Finance costs											(39,428)
- Tax expense											(3,841)
Total return for the year											67,801
Other material non-cash items											
(Impairment loss)/Reversal of impairment loss on trade and other receivables	–	–	(3)	(1,187)	–	–	–	92	(1,098)	(215)	(1,313)
Reportable segment assets											
Capital expenditure:											
- Investment properties and property, plant and equipment	2,450	544	168	–	1,413	–	154	5,205	9,934	–	9,934
- Investment property under development	–	–	–	–	–	–	–	10,087	10,087	–	10,087
Non-current assets^	1,688,696	212,152	74,503	159,591	143,515	72,391	61,782	241,480	2,654,110	88,000	2,742,110

^ Excluding deferred tax assets, financial derivative assets, finance lease receivables and other receivables.

Major customers

The H-REIT Group's properties, except Claymore Connect, are leased to 14 (2021: 13) master lessees. Such master lessees include subsidiaries of Millennium & Copthorne Hotels Limited, a related corporation, which accounted for $70,711,000 (2021: $55,154,000) or 54.6% (2021: 58.5%) of the revenue of the H-REIT Group, and subsidiaries of a third party which accounted for approximately $11,476,000 (2021: $10,405,000) or 8.9% (2021: 11.0%) of the revenue of the H-REIT Group.

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Stapled Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the exposure of the HBT Group, the H-REIT Group and the Stapled Group to each of the above risks, their objectives, policies and procedures for measuring and managing risk, and their management of capital.

Risk management framework

Risk management is integral to the whole business of the Stapled Group. The Stapled Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The HBT Trustee-Manager and the H-REIT Manager continually monitor the Stapled Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Stapled Group's activities.

The Audit and Risk Management Committees of the H-REIT Manager and HBT Trustee-Manager assist the H-REIT Manager's and HBT Trustee-Manager's Boards in reviewing the effectiveness of the Stapled Group's material internal controls, including those relating to financial, operational and compliance.

In addition, the Audit and Risk Management Committees of the H-REIT Manager and HBT Trustee-Manager assist the H-REIT Manager's and HBT Trustee-Manager's Boards in discharging its duties with respect to maintaining an effective control environment that reflects both the established risk appetite and the business objectives of the Stapled Group. The Audit and Risk Management Committees oversee how management monitors compliance with the Stapled Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Stapled Group.

(i) Credit risk

Credit risk is the risk of financial loss resulting from the failure of a customer or counterparty to a financial instrument to settle its financial and contractual obligations to the Stapled Group, as and when they fall due.

The carrying value of financial assets in the statements of financial position represents maximum exposure of the Stapled Group of credit risk, before taking into account any collateral held. The Stapled Group limits its exposure to credit risk from trade receivables by collecting security deposits as collateral, where possible.

Trade and other receivables

Credit evaluations are performed before lease agreements are entered into with tenants. Rental deposits are received, where appropriate, to reduce credit risk. In addition, the balances due from lessees and tenants are being monitored on an on-going basis.

The hotel/resort operators which manage the hotels under the HBT Group perform credit evaluations on customers before accepting customers and monitor their balances on an on-going basis.

At 31 December 2022 and 31 December 2021, the trade receivables from related corporations and/or related entities arising from the master lease arrangements for certain hotel properties represent a significant portion of the H-REIT Group's and the Stapled Group's receivables (Note 8). Except as disclosed, there was no significant concentration of credit risk.

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(i) Credit risk (cont'd)

Trade and other receivables (cont'd)

Exposure to credit risk

Expected credit loss assessment for individual lessees and customers

The Stapled Group uses an allowance matrix to measure the ECLs of trade receivables.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments (geographic region) based on actual credit loss experience over the past four years. These rates are adjusted by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Stapled Group's view of economic conditions over the expected lives of the receivables.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2022 and 31 December 2021:

	2022		2021	
	Gross carrying amount $'000	Impairment loss allowance $'000	Gross carrying amount $'000	Impairment loss allowance $'000
HBT Group				
Not past due	4,669	–	3,492	–
Past due 31 – 60 days	1,062	–	400	(1)
Past due 61 – 90 days	125	–	167	–
Past due over 90 days	131	(131)	101	(3)
	5,987	(131)	4,160	(4)
Not credit-impaired	5,987	(131)	4,160	(4)
	5,987	(131)	4,160	(4)
H-REIT Group				
Not past due	27,952	–	32,272	(7,834)
Past due 31 – 60 days	1,949	–	1,223	–
Past due 61 – 90 days	2	–	732	–
Past due over 90 days	8,009	(7,953)	205	(171)
	37,912	(7,953)	34,432	(8,005)
Credit-impaired	22,509	(7,782)	20,105	(7,834)
Not credit-impaired	15,403	(171)	14,327	(171)
	37,912	(7,953)	34,432	(8,005)
Stapled Group				
Not past due	14,803	–	13,179	–
Past due 31 – 60 days	1,107	–	567	(1)
Past due 61 – 90 days	127	–	179	–
Past due over 90 days	358	(302)	306	(174)
	16,395	(302)	14,231	(175)
Not credit-impaired	16,395	(302)	14,231	(175)
	16,395	(302)	14,231	(175)

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(i) Credit risk (cont'd)

Trade and other receivables (cont'd)

Exposure to credit risk (cont'd)

Movement in allowance for impairment in respect of trade and other receivables

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

	HBT Group		H-REIT Group		Stapled Group	
	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January	4	105	8,005	4,931	175	5,036
Impairment loss recognised/ (Reversal of impairment loss)	127	(89)	–	9,168	127	1,313
Amounts utilised	–	(15)	–	(6,162)	–	(6,177)
Translation differences	–	3	(52)	68	–	3
At 31 December	131	4	7,953	8,005	302	175

The Stapled Group establishes allowances for impairment that represents its estimate of the expected credit loss and specific loss component in respect of trade and other receivables.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Stapled Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and cash equivalents

Cash and fixed deposits are placed with financial institutions which are regulated. Investments and transactions are allowed only with counterparties who have sound credit ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Stapled Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

Derivatives

Derivatives are only entered into with banks and financial institution counterparties with sound credit ratings. Details of the derivatives held by the H-REIT Group and the Stapled Group are set out in Note 11.

(ii) Liquidity risk

Liquidity risk is the risk that the Stapled Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The HBT Trustee-Manager and H-REIT Manager monitor their liquidity risk and maintain a level of cash and cash equivalents deemed adequate to finance the HBT Group's and the H-REIT Group's operations and to mitigate the effects of fluctuations in cash flows. The H-REIT Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings. As at the end of the financial year, the H-REIT Group maintains several lines of credit (Note 10).

The Stapled Group has contractual commitments to incur capital expenditure (Note 26).

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(ii) Liquidity risk (cont'd)

The following are the material contractual undiscounted cash inflows/(outflows) of financial liabilities, including estimated interest payments:

	Carrying amount $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	Cash flows Between 1 to 5 years $'000	Cash flows More than 5 years $'000
HBT Group					
2022					
Non-derivative financial liabilities					
Unsecured bank loan	87,274	(106,679)	(4,794)	(101,885)	–
Loan from related entity	86,929	(86,929)	(86,929)	–	–
Lease liabilities	133,977	(217,784)	(12,899)	(55,487)	(149,398)
Trade and other payables^	59,150	(59,150)	(59,150)	–	–
	367,330	(470,542)	(163,772)	(157,372)	(149,398)
2021					
Non-derivative financial liabilities					
Unsecured bank loan	98,128	(100,763)	(100,763)	–	–
Loan from related entity	72,696	(72,696)	(72,696)	–	–
Lease liabilities	145,595	(237,894)	(10,921)	(55,004)	(171,969)
Trade and other payables^	49,049	(49,049)	(48,957)	(92)	–
	365,468	(460,402)	(233,337)	(55,096)	(171,969)
H-REIT Group					
2022					
Non-derivative financial liabilities					
Secured TMK bond	30,947	(31,978)	(223)	(31,755)	–
Secured bank loan	62,931	(65,449)	(1,084)	(64,365)	–
Unsecured bank loans	899,624	(957,974)	(264,108)	(693,866)	–
Lease liabilities	114,857	(462,563)	(4,730)	(18,180)	(439,653)
Trade and other payables^	46,276	(46,700)	(35,600)	(1,938)	(9,162)
	1,154,635	(1,564,664)	(305,745)	(810,104)	(448,815)
2021					
Non-derivative financial liabilities					
Secured TMK bond	35,874	(37,516)	(260)	(37,256)	–
Secured bank loan	67,350	(71,237)	(1,160)	(70,077)	–
Unsecured bank loans	897,367	(932,879)	(337,924)	(594,955)	–
Lease liabilities	74,323	(205,849)	(4,146)	(16,110)	(185,593)
Trade and other payables	42,677	(43,370)	(31,898)	(2,310)	(9,162)
	1,117,591	(1,290,851)	(375,388)	(720,708)	(194,755)

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(ii) Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	Between 1 to 5 years $'000	More than 5 years $'000
Stapled Group					
2022					
Non-derivative financial liabilities					
Secured TMK bond	30,947	(31,978)	(223)	(31,755)	–
Secured bank loan	62,931	(65,449)	(1,084)	(64,365)	–
Unsecured bank loans	986,898	(1,064,653)	(268,902)	(795,751)	–
Lease liabilities	131,147	(532,685)	(5,473)	(20,924)	(506,288)
Trade and other payables^	60,299	(60,723)	(49,623)	(1,938)	(9,162)
	1,272,222	(1,755,488)	(325,305)	(914,733)	(515,450)
2021					
Non-derivative financial liabilities					
Secured TMK bond	35,874	(37,516)	(260)	(37,256)	–
Secured bank loan	67,350	(71,237)	(1,160)	(70,077)	–
Unsecured bank loans	995,495	(1,033,642)	(438,687)	(594,955)	–
Lease liabilities	92,453	(284,884)	(4,965)	(19,040)	(260,879)
Trade and other payables^	55,280	(55,973)	(44,409)	(2,402)	(9,162)
	1,246,452	(1,483,252)	(489,481)	(723,730)	(270,041)

^ Excluding deferred income

The maturity analyses show the material contractual undiscounted cash flows of the Stapled Group's financial liabilities on the basis of their earliest possible contractual maturity. The cash inflows/(outflows) disclosed relate to these instruments held for risk management purposes and which are usually not closed out prior to contractual maturity.

The interest payments on floating rate loans and borrowings in the table above reflect market forward interest rates at the period end and these amounts may change as market interest rates changes.

(iii) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the HBT Group's profit or loss and the H-REIT Group's and the Stapled Group's total return. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The H-REIT Manager's and the HBT Trustee-Manager's strategy to manage the risk of potential interest rate volatility is through the use of interest rate hedging instruments and/or fixed rate borrowings. The H-REIT Manager and HBT Trustee-Manager will regularly evaluate the feasibility of putting in place the appropriate level of interest rate hedges, after taking into account the prevailing market conditions.

Derivative financial instruments are used to manage exposures to interest rate risks arising from financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

25 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

Interest rate risk (cont'd)

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("**IBORs**") with alternative nearly risk-free rates (referred to as "**IBOR reform**"). The Stapled Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Stapled Group's main IBOR exposure is the US Dollar LIBOR ("**USD-LIBOR**") and Singapore swap offer rate ("**SOR**"). The alternative reference rate is the Secured Overnight Financing Rate ("**SOFR**") and Singapore Overnight Rate Average ("**SORA**") respectively.

The Stapled Group anticipates that IBOR reform will impact its risk management processes. The main risks to which the Stapled Group is exposed as a result of IBOR reform are operational.

Derivatives

The Stapled Group holds interest rate swap and cross currency swap for risk management purposes. The interest rate swaps have floating legs that are indexed to USD-LIBOR. The Stapled Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association's ("**ISDA**") master agreements.

Loans and borrowings

The Stapled Group's floating rate bank loans are indexed to USD-LIBOR (2021: USD-LIBOR and SOR).

Total amounts of unreformed contracts, including those with an appropriate fallback clause

The Stapled Group monitors the progress of transition from IBORs to new benchmark rates. The Stapled Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to interest rate benchmark reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

The following table shows the total amounts of unreformed contracts and those appropriate fallback language as at 31 December 2022. The amounts of financial liabilities and derivatives are shown at their nominal amounts.

	USD-LIBOR		SOR	
	Total amount of unreformed contracts $'000	**Amount with appropriate fallback clause $'000**	**Total amount of unreformed contracts $'000**	**Amount with appropriate fallback clause $'000**
H-REIT Group and Stapled Group				
31 December 2022				
Financial liabilities				
Bank loans	141,288	141,288	–	–
Derivatives				
Cross-currency interest rate swap	53,824	–	–	–
Interest rate swap	87,464	–	–	–
31 December 2021				
Financial liabilities				
Bank loans	245,363	245,363	90,436	90,436
Derivatives				
Cross-currency interest rate swaps	157,327	–	–	–
Interest rate swap	88,036	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

Interest rate risk (cont'd)

The floating rate bank loans under USD-LIBOR were swapped to fixed rate with the cross-currency interest rate swap and interest rate swap.

Exposure to interest rate risk

The Stapled Group's exposure to changes in interest rates relate primarily to interest-earning financial assets and interest-bearing financial liabilities. At the end of the financial year, the interest rate profile of the interest-bearing financial instruments based on their nominal amounts was as follows:

	HBT Group		H-REIT Group		Stapled Group	
	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000
Fixed rate instruments						
Financial assets	6,268	5,329	55,099	45,409	61,367	50,738
Financial liabilities	(304,713)	(408,858)	(780,027)	(783,768)	(850,148)	(961,072)
Effect of interest rate swap	–	–	(144,676)	(88,036)	(144,676)	(88,036)
Effect of cross-currency interest rate swaps	–	–	(144,064)	(157,327)	(144,064)	(157,327)
	(298,445)	(403,529)	(1,013,668)	(983,722)	(1,077,521)	(1,155,697)
Variable rate instruments						
Financial liabilities	(87,831)	–	(680,016)	(426,101)	(767,847)	(426,101)
Effect of interest rate swap	–	–	144,676	88,036	144,676	88,036
Effect of cross-currency interest rate swaps	–	–	144,064	157,327	144,064	157,327
	(87,831)	–	(391,276)	(180,738)	(479,107)	(180,738)

Fair value sensitivity analysis for fixed rate instruments

The Stapled Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the financial year would not affect total return.

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

Interest rate risk (cont'd)

A change of 100 basis points (bp) in interest rate at the end of the financial year would increase/(decrease) profit or loss (before any tax effects) of the HBT Group and total return (before any tax effects) of the H-REIT Group and the Stapled Group, by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Profit or loss	
	100 bp increase 2022 $'000	100 bp decrease 2022 $'000	100 bp increase 2021 $'000	100 bp decrease 2021 $'000
HBT Group				
Variable rate instruments				
Loans and borrowings	(878)	878	–	–

	Total return		Total return	
	100 bp increase 2022 $'000	100 bp decrease 2022 $'000	100 bp increase 2021 $'000	100 bp decrease 2021 $'000
H-REIT Group				
Variable rate instruments				
Loans and borrowings	(6,800)	6,800	(4,261)	4,261
Interest rate swap	1,447	(1,447)	880	(880)
Cross-currency interest rate swaps	1,441	(1,441)	1,573	(1,573)
Cash flow sensitivity (net)	(3,912)	3,912	(1,808)	1,808
Stapled Group				
Variable rate instruments				
Loans and borrowings	(7,678)	7,678	(4,261)	4,261
Interest rate swap	1,447	(1,447)	880	(880)
Cross-currency interest rate swaps	1,441	(1,441)	1,573	(1,573)
Cash flow sensitivity (net)	(4,790)	4,790	(1,808)	1,808

Foreign currency risk

The Stapled Group has exposure to foreign currency risk as a result of its operations in several countries. The currencies giving rise to this risk are Australian Dollar, New Zealand Dollar, Euro, United States Dollar, Japanese Yen and Sterling Pound.

In order to manage the foreign currency risk, the H-REIT Manager and the HBT Trustee-Manager adopts foreign currency risk management strategies that may include:

- entering into forward exchange contracts to hedge the foreign currency income from the overseas assets as a natural hedge;
- the use of certain foreign currency denominated borrowings to match the capital values of the overseas assets as a natural hedge, whenever possible; and
- the use of certain foreign currency denominated borrowings to hedge against the currency risk arising from the Stapled Group's net investments in certain subsidiaries in Australia, Germany, Japan, Maldives and United Kingdom. These borrowings are designated as net investment hedges.

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

Foreign currency risk (cont'd)

Hedge accounting – Net investment hedges

At the end of the financial year, the HBT Group, the H-REIT Group and the Stapled Group have designated certain of their bank loans, with carrying amounts of $48.8 million (2021: $68.2 million), $158.1 million (2021: $97.2 million) and $291.5 million (2021: $269.1 million) respectively as net investment hedges, which mitigate the currency risk arising from certain subsidiaries' net assets. The cumulative net foreign exchange differences in respect of the Australia, Germany, Japan, Maldives and United Kingdom net investment hedges which remained in the unitholders' funds are as follows:

	HBT Group		H-REIT Group		Stapled Group	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Net foreign exchange gain/(loss)	6,736	(1,097)	4,895	(5,532)	19,249	(10,420)

To assess hedge effectiveness, the HBT Group, the H-REIT Group and the Stapled Group determine the economic relationship between the hedge instrument and the hedge item by comparing changes in the carrying amount of debt that is attributable to a change in the spot rate with changes in the investment in the foreign operation due to movement in the spot rate (the offset method). The HBT Group, the H-REIT Group and the Stapled Group's policy is to hedge the net investment only to the extent of debt principal.

During the financial year, the HBT Group, the H-REIT Group and the Stapled Group have recognised net foreign exchange differences in OCI or unitholders' funds (as the case may be) in respect of bank loans which were used as hedges for net investments in Japan, Maldives and United Kingdom:

	HBT Group		H-REIT Group		Stapled Group	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Net foreign exchange gain/(loss)	7,835	(539)	10,427	2,317	29,670	719

The exposure of the HBT Group, the H-REIT Group and the Stapled Group to foreign currencies is as follows based on notional amounts:

	United States Dollar		Japanese Yen		Sterling Pound	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
HBT Group						
Trade and other receivables	8	–	26	31	4,559	2,747
Cash and cash equivalents	–	–	–	–	4,211	4,758
Trade and other payables	–	–	–	–	(355)	–
Bank loans	–	–	–	–	(87,831)	(98,269)
Loan from related entity	(19,057)	(18,628)	–	–	(64,362)	(50,646)
Net exposure	(19,049)	(18,628)	26	31	(143,778)	(141,410)

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

Foreign currency risk (cont'd)

	Australian Dollar		New Zealand Dollar		Euro		United States Dollar		Japanese Yen		Sterling Pound	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
H-REIT Group												
Trade and other receivables	7,783	12,828	4,001	7,742	587	690	71,416	60,536	–	–	65,593	50,653
Cash and cash equivalents	5,120	37,447	8,327	17,371	79	212	181	1,593	14	16	2,804	–
Trade and other payables	(650)	(1,196)	(292)	(317)	(90)	(97)	(1,500)	(1,510)	–	–	(60)	–
Bank loans	–	–	–	–	(2,950)	(4,599)	(198,086)	(288,988)	(33,092)	(38,553)	(173,141)	(164,691)
Net statements of financial position exposure	12,253	49,079	12,036	24,796	(2,374)	(3,794)	(127,989)	(228,369)	(33,078)	(38,537)	(104,804)	(114,038)
Foreign currency forward contract	(1,951)	–	(651)	–	–	–	(854)	–	–	–	(2,600)	–
Cross-currency interest rate swaps	–	–	–	–	(53,824)	(157,327)	53,824	157,327	–	–	–	–
Net exposure	10,302	49,079	11,385	24,796	(56,198)	(161,121)	(75,019)	(71,042)	(33,078)	(38,537)	(107,404)	(114,038)
Stapled Group												
Trade and other receivables	7,783	12,828	4,001	7,742	587	690	52,367	60,536	26	31	5,790	2,747
Cash and cash equivalents	5,120	37,447	8,327	17,371	79	212	181	1,593	14	16	7,015	4,758
Trade and other payables	(650)	(1,196)	(292)	(317)	(90)	(97)	(1,500)	(1,510)	–	–	(415)	–
Bank loans	–	–	–	–	(2,950)	(4,599)	(198,086)	(288,988)	(33,092)	(38,553)	(260,972)	(262,960)
Net statements of financial position exposure	12,253	49,079	12,036	24,796	(2,374)	(3,794)	(147,038)	(228,369)	(33,052)	(38,506)	(248,582)	(255,455)
Foreign currency forward contract	(1,951)	–	(651)	–	–	–	(854)	–	–	–	(2,600)	–
Cross-currency interest rate swaps	–	–	–	–	(53,824)	(157,327)	53,824	157,327	–	–	–	–
Net exposure	10,302	49,079	11,385	24,796	(56,198)	(161,121)	(94,068)	(71,042)	(33,052)	(38,506)	(251,182)	(255,455)

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

Foreign currency risk (cont'd)

Sensitivity analysis

A 10% strengthening of the Singapore dollar against the following currencies at the end of the financial year would increase/(decrease) profit or loss and other comprehensive income (before any tax effects) of the HBT Group and total return and unitholders' funds (before any tax effects) of the H-REIT Group and the Stapled Group, by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	HBT Group		H-REIT Group		Stapled Group	
	Profit or loss	Other comprehensive income	Total return	Unitholders' funds	Total return	Unitholders' funds
	$'000	$'000	$'000	$'000	$'000	$'000
2022						
Australian Dollar	–	–	(1,030)	–	(1,030)	–
New Zealand Dollar	–	–	(1,138)	–	(1,138)	–
Euro	–	–	5,620	–	5,620	–
United States Dollar	1,905	–	(1,244)	8,746	661	8,746
Japanese Yen	(3)	–	(1)	3,309	(4)	3,309
Sterling Pound	9,498	4,880	10,740	–	16,484	8,634
2021						
Australian Dollar	–	–	(4,908)	–	(4,908)	–
New Zealand Dollar	–	–	(2,480)	–	(2,480)	–
Euro	–	–	16,112	–	16,112	–
United States Dollar	1,863	–	806	6,298	806	6,298
Japanese Yen	(3)	–	435	3,419	432	3,419
Sterling Pound	7,863	6,278	11,404	–	9,441	16,105

A 10% weakening of the Singapore dollar against the above currencies at the end of the financial year would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iv) Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are detailed below. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Carrying amount			Fair value			
		Amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
HBT Group								
2022								
Financial assets not measured at fair value								
Trade and other receivables [1]	8	20,882	–	20,882				
Cash and cash equivalents	9	25,549	–	25,549				
		46,431	–	46,431				
Financial liabilities not measured at fair value								
Unsecured bank loan	10	–	(87,274)	(87,274)	–	(87,274)	–	(87,274)
Loan from related entity	10	–	(86,929)	(86,929)				
Trade and other payables [2]	12	–	(59,150)	(59,150)				
		–	(233,353)	(233,353)				
HBT Group								
2021								
Financial assets not measured at fair value								
Trade and other receivables [1]	8	21,554	–	21,554				
Cash and cash equivalents	9	32,327	–	32,327				
		53,881	–	53,881				
Financial liabilities not measured at fair value								
Unsecured bank loan	10	–	(98,128)	(98,128)	–	(97,754)	–	(97,754)
Loan from related entity	10	–	(72,696)	(72,696)				
Trade and other payables [2]	12	–	(49,049)	(49,049)				
		–	(219,873)	(219,873)				

(1) Excluding prepayments
(2) Excluding deferred income

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iv) Accounting classifications and fair values (cont'd)

		Carrying amount				Fair value			
	Note	Amortised cost $'000	Fair value –hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
H-REIT Group									
2022									
Financial assets not measured at fair value									
Finance lease receivables	7	1,803	–	–	1,803				
Trade and other receivables [1]	8	123,249	–	–	123,249				
Cash and cash equivalents	9	71,379	–	–	71,379				
		196,431	–	–	196,431				
Financial assets measured at fair value									
Financial derivative assets	11	–	26,419	–	26,419	–	26,419	–	26,419
Financial liabilities measured at fair value									
Financial derivative liabilities	11	–	(163)	–	(163)	–	(163)	–	(163)
Financial liabilities not measured at fair value									
Secured TMK bond	10	–	–	(30,947)	(30,947)	–	(30,388)	–	(30,388)
Secured bank loan	10	–	–	(62,931)	(62,931)	–	(58,922)	–	(58,922)
Unsecured bank loans	10	–	–	(899,624)	(899,624)	–	(889,719)	–	(889,719)
Trade and other payables [2]		–	–	(35,009)	(35,009)				
Rental deposits		–	–	(11,267)	(11,267)	–	–	(10,890)	(10,890)
		–	–	(1,039,778)	(1,039,778)				

(1) Excluding prepayments
(2) Excluding deferred income

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iv) Accounting classifications and fair values (cont'd)

		Carrying amount				Fair value			
	Note	Amortised cost $'000	Fair value –hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
H-REIT Group									
2021									
Financial assets not measured at fair value									
Finance lease receivables	7	2,198	–	–	2,198				
Trade and other receivables [(1)]	8	105,803	–	–	105,803				
Cash and cash equivalents	9	107,137	–	–	107,137				
		215,138	–	–	215,138				
Financial assets measured at fair value									
Financial derivative assets	11	–	4,762	–	4,762	–	4,762	–	4,762
Financial liabilities measured at fair value									
Financial derivative liabilities	11	–	(948)	–	(948)	–	(948)	–	(948)
Financial liabilities not measured at fair value									
Secured TMK bond	10	–	–	(35,874)	(35,874)	–	(36,531)	–	(36,531)
Secured bank loan	10	–	–	(67,350)	(67,350)	–	(69,949)	–	(69,949)
Unsecured bank loans	10	–	–	(897,367)	(897,367)	–	(875,400)	–	(875,400)
Trade and other payables		–	–	(31,939)	(31,939)				
Rental deposits		–	–	(10,738)	(10,738)	–	–	(10,900)	(10,900)
		–	–	(1,043,268)	(1,043,268)				

(1) Excluding prepayments

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iv) Accounting classifications and fair values (cont'd)

	Note	Carrying amount				Fair value			
		Amortised cost $'000	Fair value –hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Stapled Group									
2022									
Financial assets not measured at fair value									
Finance lease receivables	7	1,803	–	–	1,803				
Trade and other receivables [(1)]	8	19,856	–	–	19,856				
Cash and cash equivalents	9	96,928	–	–	96,928				
		118,587	–	–	118,587				
Financial assets measured at fair value									
Financial derivative assets	11	–	26,419	–	26,419	–	26,419	–	26,419
Financial liabilities measured at fair value									
Financial derivative liabilities	11	–	(163)	–	(163)	–	(163)	–	(163)
Financial liabilities not measured at fair value									
Secured TMK bond	10	–	–	(30,947)	(30,947)	–	(30,388)	–	(30,388)
Secured bank loan	10	–	–	(62,931)	(62,931)	–	(58,922)	–	(58,922)
Unsecured bank loans	10	–	–	(986,898)	(986,898)	–	(976,993)	–	(976,993)
Trade and other payables [(2)]		–	–	(49,032)	(49,032)				
Rental deposits		–	–	(11,267)	(11,267)	–	–	(10,890)	(10,890)
		–	–	(1,141,075)	(1,141,075)				

(1) Excluding prepayments
(2) Excluding deferred income

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iv) Accounting classifications and fair values (cont'd)

		Carrying amount				Fair value			
	Note	Amortised cost $'000	Fair value –hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Stapled Group									
2021									
Financial assets not measured at fair value									
Finance lease receivables	7	2,198	–	–	2,198				
Trade and other receivables [(1)]	8	26,049	–	–	26,049				
Cash and cash equivalents	9	139,464	–	–	139,464				
		167,711	–	–	167,711				
Financial assets measured at fair value									
Financial derivative assets	11	–	4,762	–	4,762	–	4,762	–	4,762
Financial liabilities measured at fair value									
Financial derivative liabilities	11	–	(948)	–	(948)	–	(948)	–	(948)
Financial liabilities not measured at fair value									
Secured TMK bond	10	–	–	(35,874)	(35,874)	–	(36,531)	–	(36,531)
Secured bank loan	10	–	–	(67,350)	(67,350)	–	(69,949)	–	(69,949)
Unsecured bank loans	10	–	–	(995,495)	(995,495)	–	(973,154)	–	(973,154)
Trade and other payables [(2)]		–	–	(44,542)	(44,542)				
Rental deposits		–	–	(10,738)	(10,738)	–	–	(10,900)	(10,900)
		–	–	(1,153,999)	(1,153,999)				

(1) Excluding prepayments
(2) Excluding deferred income

25 FINANCIAL INSTRUMENTS (CONT'D)

Measurement of fair values

The following show the valuation techniques used in measuring Level 2 and Level 3 fair values.

Financial instruments measured at fair value

Financial derivatives

The fair values of forward foreign exchange contracts, cross-currency interest rate swaps and interest rate swap are based on banks' quotes (Level 2 fair values). Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

Financial instruments not measured at fair value

Other non-derivative financial assets and liabilities

The fair values of TMK bond, bank loans and rental deposits are calculated using the discounted cash flow technique based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

26 COMMITMENTS

	HBT Group		H-REIT Group		Stapled Group	
	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000
(a) Capital expenditure contracted but not provided for	70,098	108,693	10,701	9,641	80,799	118,334

In 2021, HBT's subsidiary, CDL HBT Investments (I) Property Limited, entered into a Development Funding Agreement with an external party to redevelop a plot of land in Manchester, United Kingdom into a residential BTR for a development sum of $118.4 million (£63.8 million). The development is expected to be completed in 2024.

(b) Under the terms of the lease agreements for certain properties, the H-REIT Group and the Stapled Group are required to incur expenditure equivalent to 2.5% to 4.0% (2021: 2.5% to 4.0%) of the gross revenue to maintain and improve the hotel's or resort's furniture and fixtures, equipment and its environment. As at the end of the financial year, the H-REIT Group and the Stapled Group are committed to incur capital expenditure of $6,313,000 (2021: $4,428,000) under the terms of the lease agreements.

(c) HBT's subsidiary, CDL HBT Cambridge City Hotel (UK) Ltd, holds a leasehold land, with a 125-year lease granted by the Cambridge City Council commencing on 25 December 1990 (the "**Head Lease**"). The lease term may be extended for a further term of 50 years pursuant to the lessee's option to renew under the Head Lease. Lease payment under this lease is variable, being a percentage of gross revenue and subject to a minimum value that is itself a function of the aggregate rent paid over the previous 3 years.

Lease liabilities and a corresponding ROU asset were recognised in the financial statements based on present value of the minimum lease payments. The variable lease payments not included in the measurement of the lease liabilities are recognised in profit or loss or statement of total return (as the case may be). No variable lease payments being recorded for the years ended 31 December 2021 and 2022.

(d) H-REIT holds a leasehold building, with a remaining 99 years lease granted by Sentosa Development Corporation commencing on 31 October 2006. Lease payment under this lease is variable, being a percentage of gross revenue and subject to a minimum value.

Lease liabilities and a corresponding ROU asset were recognised in the financial statements based on present value of the minimum lease payments. The variable lease payments not included in the measurement of the lease liabilities are recognised in profit or loss or statement of total return (as the case may be). For the year ended 31 December 2022, the Stapled Group recorded variable lease payments of $1,183,000 (2021: Nil).

NOTES TO THE FINANCIAL STATEMENTS

26 COMMITMENTS (CONT'D)

(e) The Stapled Group has entered into several agreements in 2020, including:

- a development and sale agreement to acquire a brand new lifestyle hotel from a related corporation for a purchase price equal to the lower of the fixed price of $475.0 million or 110% of the vendor's actual development cost. The transaction is expected to be completed in 2025.

- a sale and purchase agreement to acquire 100% of shares in a hotel operating company from a related corporation for a consideration equal to the acquiree's net asset value at acquisition date plus partial reimbursement of pre-opening costs incurred, subject to a maximum of $3.1 million. The transaction is expected to be completed in 2025.

27 RELATED PARTY TRANSACTIONS

In the normal course of the operations of HBT, the HBT Trustee-Manager's trustee, management and acquisition fees have been paid or are payable to the HBT Trustee-Manager.

In the normal course of the operations of H-REIT, the H-REIT Manager's management and acquisition fees and H-REIT Trustee's fee have been paid or are payable to the H-REIT Manager and H-REIT Trustee respectively.

As at the reporting date, the H-REIT Manager and the master lessees of Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel, Studio M Hotel, W Singapore –Sentosa Cove Hotel and Grand Millennium Auckland are indirect wholly-owned subsidiaries of a substantial holder of the Stapled Securities in the Stapled Group.

During the financial year, other than the transactions disclosed elsewhere in the financial statements, there were the following related party transactions:

	HBT Group		H-REIT Group		Stapled Group	
	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000
Related corporations of the H-REIT Manager and HBT Trustee-Manager						
Acquisition fee paid/payable	–	–	414	–	414	–
Rental income received/receivable	–	–	70,983	55,914	70,983	55,914
Rental expense paid/payable	96	129	742	768	838	897
Shared service expenses paid/payable	135	–	261	312	396	312
Corporate secretarial services fee paid/payable	62	69	109	164	171	233
Advisory fee paid/payable	65	–	–	–	65	–

NOTES TO THE FINANCIAL STATEMENTS

28 FINANCIAL RATIOS

	H-REIT Group		Stapled Group	
	2022	2021	2022	2021
	%	%	%	%
Expenses to weighted average net assets [(1)]				
- including performance component of H-REIT Manager's management fees [(2)]	1.02	0.86	1.13	0.96
- excluding performance component of H-REIT Manager's management fees [(2)]	0.70	0.67	0.80	0.76
Portfolio turnover rate [(3)]	2.58	–	2.51	–

(1) The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the H-REIT Group and the Stapled Group, excluding property expenses, interest expense and income tax expense of each entity, where applicable.

(2) Excluding acquisition fee and costs associated with the acquisition of a property.

(3) The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the H-REIT Group and the Stapled Group expressed as a percentage of daily average net asset value.

29 ACQUISITIONS

H-REIT Group

Acquisition of property

For the financial year ended 31 December 2022

On 22 February 2022, the H-REIT Group entered into a share purchase agreement to acquire 100% of the shares and voting interest in Roundapple Hotel Partners III Limited (renamed to CDL HREIT Investments (II) Property Limited) which owns Hotel Brooklyn in Manchester, United Kingdom, for a total consideration of $41.0 million (£22.4 million). The acquisition was accounted for as an acquisition of assets.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	$'000
Investment property	78,764
Other receivables	286
Other payables	(1,039)
Lease liabilities	(37,005)
Total identifiable net assets	41,006

Consideration transferred

	$'000
Cash paid	41,006

Effect of the acquisition on cash flows

Total consideration for 100% equity interest acquired	41,006
Add: Acquisition-related costs	2,341
Less: Acquisition-related costs not yet paid	(225)
Net cash outflow on acquisition	43,122

NOTES TO THE FINANCIAL STATEMENTS

29 ACQUISITIONS (CONT'D)

H-REIT Group (cont'd)

Acquisition of assets

For the financial year ended 31 December 2021

On 1 May 2021, the H-REIT Group acquired the furniture, fittings and equipment of Ibis Perth and Mercure Perth for a total consideration of $5.9 million.

HBT Group

Acquisition of business

For the financial year ended 31 December 2021

On 1 May 2021, CDL HBT Sun Three Pty Ltd and CDL HBT Sun Four Pty Ltd., subsidiaries of the HBT Group acquired the business and business assets of the hotels operated as Ibis Perth and Mercure Perth (the "**Perth Hotels**") (the "**Business Acquisition**") for a total consideration of $0.3 million. The purpose of the Business Acquisition is for the HBT Group to manage the Perth Hotels which are leased from the H-REIT Group. The acquisition was accounted for as a business combination as the HBT Group had acquired various operational processes.

From the date of acquisition to 31 December 2021, the Business Acquisition contributed revenue of $7,192,000 and net loss before tax of $4,521,000 to the HBT Group's results. If the acquisition had occurred on 1 January 2021, the HBT Trustee-Manager estimates that the HBT Group's revenue would have been $85,731,000 and the HBT Group's net loss before tax for the year would have been $9,880,000. In determining these amounts, the HBT Trustee-Manager has assumed that the agreement to lease the Perth Hotels from the H-REIT Group would commence on 1 January 2021.

Acquisition of property

For the financial year ended 31 December 2021

On 31 August 2021, the HBT Group entered into a land purchase agreement to acquire a plot of land in Manchester, United Kingdom for a total consideration of $17.6 million (£9.5 million) from a third party. The land will be developed into a residential BTR. The acquisition was accounted for as an acquisition of assets.

30 LEASES

(i) Leases as lessee

The HBT Group, the H-REIT Group and the Stapled Group mainly lease land and buildings. The leases typically run for periods ranging from 2 to 197 years (2021: 2 to 50 years), some with options to renew after the lease expiry dates. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the HBT Group, the H-REIT Group and the Stapled Group are restricted from entering into any sub-lease arrangements.

Some of the leases of land and building were entered into many years ago.

One of the leased properties has been sub-let by the H-REIT Group and the Stapled Group. The sub-lease is classified as a finance lease.

NOTES TO THE FINANCIAL STATEMENTS

30 LEASES (CONT'D)

(i) Leases as lessee (cont'd)

Information about leases for which the HBT Group, the H-REIT Group and the Stapled Group are lessees is presented below.

Right-of-use assets

ROU assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment.

	Leasehold Land $'000	Building $'000	Office Equipment $'000	Motor Vehicles $'000	Total $'000
HBT Group					
2022					
Balance at 1 January	43,971	93,863	37	41	137,912
Additions to ROU assets	–	225	–	–	225
Adjustment to ROU assets	–	(1,407)	–	–	(1,407)
Depreciation charge	(2,997)	(6,897)	(9)	(41)	(9,944)
Translation differences	(1,183)	(3,727)	–	–	(4,910)
Balance at 31 December	39,791	82,057	28	–	121,876
2021					
Balance at 1 January	43,288	51,708	–	82	95,078
Acquisition of ROU assets	–	49,102	43	–	49,145
Additions to ROU assets	2,938	–	–	–	2,938
Depreciation charge	(2,990)	(5,695)	(6)	(41)	(8,732)
Translation differences	735	(1,252)	–	–	(517)
Balance at 31 December	43,971	93,863	37	41	137,912

	Building $'000
H-REIT Group	
2022	
Balance at 1 January	21
Depreciation charge	(15)
Balance at 31 December	6
2021	
Balance at 1 January	9
Additions to ROU assets	24
Depreciation charge	(12)
Balance at 31 December	21

NOTES TO THE FINANCIAL STATEMENTS

30 LEASES (CONT'D)

(i) Leases as lessee (cont'd)

Right-of-use assets (cont'd)

	Leasehold Land $'000	Building $'000	Office Equipment $'000	Motor Vehicles $'000	Total $'000
Stapled Group					
2022					
Balance at 1 January	76,891	7,945	37	41	84,914
Additions to ROU assets	6,876	225	–	–	7,101
Adjustment to ROU assets	2,400	–	–	–	2,400
Depreciation charge	(1,297)	(166)	(9)	(41)	(1,513)
Revaluation deficit recognised in unitholders' funds	(735)	–	–	–	(735)
Revaluation deficit recognised in statement of total return	(2,635)	–	–	–	(2,635)
Translation differences	(1,220)	(834)	–	–	(2,054)
Balance at 31 December	80,280	7,170	28	–	87,478
2021					
Balance at 1 January	76,882	7,919	–	82	84,883
Additions to ROU assets	–	148	43	–	191
Adjustment to ROU assets	752	–	–	–	752
Depreciation charge	(1,303)	(200)	(6)	(41)	(1,550)
Revaluation surplus recognised in unitholders' funds	255	–	–	–	255
Translation differences	305	78	–	–	383
Balance at 31 December	76,891	7,945	37	41	84,914

Amounts recognised in profit or loss or the statements of total return (as the case may be)

	HBT Group		H-REIT Group		Stapled Group	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Interest on lease liabilities	4,965	4,956	3,812	2,918	4,495	3,865
Expenses relating to short term leases	–	–	546	393	546	393

Amounts recognised in statements of cash flows

	HBT Group		H-REIT Group		Stapled Group	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Payment of lease liabilities	(4,963)	(4,063)	(948)	(1,471)	(1,100)	(1,709)
Finance costs paid	(4,965)	(4,150)	(3,812)	(2,918)	(4,495)	(3,865)
Total cash outflow for leases	(9,928)	(8,213)	(4,760)	(4,389)	(5,595)	(5,574)

NOTES TO THE FINANCIAL STATEMENTS

30 LEASES (CONT'D)

(i) Leases as lessee (cont'd)

Extension options

Some property leases contain extension options exercisable by the HBT Group and the H-REIT Group before the end of the non-cancellable contract period. Where practicable, the HBT Group and the H-REIT Group seek to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the HBT Group and the H-REIT Group and not by the lessors. The HBT Group and the H-REIT Group assess at lease commencement date whether it is reasonably certain to exercise the extension options. The HBT Group and the H-REIT Group reassess whether it is reasonably certain to exercise the options if there is a significant event of significant changes in circumstances within their control.

The H-REIT Group have estimated the potential future lease payments that are not reflected in the measurement of lease liabilities, should they exercise the extension options, would result in an increase in future cash outflows of $28.8 million (2021: $28.8 million).

Variable lease payments

HBT's subsidiary, AKO GK, leases the Japan hotel properties from CDLHT Hanei Tokutei Mokuteki Kaisha, subsidiary of H-REIT for 1-year periods, renewable on an annual basis. Monthly lease payments under these leases are variable, equal to the gross operating profit of the hotel properties in the preceding month, subject to certain adjustments. Lease liabilities are not recognised in respect of these leases as the variable monthly lease payments are not subject to a minimum value.

(ii) Leases as lessor

The H-REIT Group and the Stapled Group lease out their investment properties consisting of hotels, resorts, a retail property and a leased property. All leases are classified as operating leases from a lessor perspective with the exception of a sub-lease which has been classified as a finance sub-lease.

Finance lease

The H-REIT Group and the Stapled Group have sub-leased a building in which the ROU asset arising from the head lease has been presented as part of investment property. The sub-lease was assessed to be a finance lease under FRS 116 / SFRS(I) 16. Consequently, the H-REIT Group and the Stapled Group derecognised the ROU asset relating to the head lease and recognised finance lease receivables. During the term of the sub-lease, the H-REIT Group and the Stapled Group recognise both interest income on the sub-lease and interest expense on the head lease.

During the financial year, the H-REIT Group and the Stapled Group recognised interest income on the finance lease receivables of $62,000 (2021: $108,000).

The following table sets out a maturity analysis of finance lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	2022 $'000	2021 $'000
H-REIT Group and Stapled Group		
Within 1 year	524	458
1 to 2 years	524	524
2 to 3 years	524	524
3 to 4 years	331	524
4 to 5 years	–	331
Total undiscounted finance lease receivables	1,903	2,361
Unearned finance income	(100)	(163)
Net investment in the lease	1,803	2,198

30 LEASES (CONT'D)

(ii) Leases as lessor (cont'd)

Operating lease

The H-REIT Group and the Stapled Group lease out their investment properties. The H-REIT Group and the Stapled Group have classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The portfolio statements set out information about the operating leases of investment properties.

Rental revenue from investment property recognised by the H-REIT Group and the Stapled Group is disclosed in Note 17.

In addition, the H-REIT Group also leases out its Japan properties which are classified as property, plant and equipment to the HBT Group for 1-year periods, renewable on an annual basis. Monthly lease payments receivable under these leases are variable, equal to the gross operating profit of the hotel properties in the preceding month, subject to certain adjustments. The variable monthly lease payments are not subject to a minimum value.

The rental revenue from property, plant and equipment recognised by the H-REIT Group in respect of these leases during the year was $1,387,000 (2021: $575,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

Operating leases under FRS 116 / SFRS(I) 16

	HBT Group		H-REIT Group		Stapled Group	
	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000
Within 1 year	97	113	63,229	52,410	54,468	42,421
1 to 2 years	76	113	65,767	51,768	56,348	39,622
2 to 3 years	–	89	67,789	49,702	57,840	40,909
3 to 4 years	–	–	53,733	51,535	43,784	42,163
4 to 5 years	–	–	38,185	39,123	28,236	29,751
More than 5 years	–	–	281,431	183,037	241,203	114,810
	173	315	570,134	427,575	481,879	309,676

The above operating lease receivables are based on the fixed component of the rent receivable under the lease agreements, adjusted for increases in rent where such increases have been provided for under the lease agreements.

NOTES TO THE FINANCIAL STATEMENTS

31 GROUP ENTITIES

The HBT Group and the H-REIT Group have equity investments in subsidiaries.

Details of the significant subsidiaries are as follows:

Name of subsidiaries	Place of incorporation	Effective equity interest held by the H-REIT Group and the Stapled Group	
		2022	2021
		%	%
Subsidiaries of H-REIT			
(1) CDLHT (BVI) One Ltd	British Virgin Islands	100	100
(1) CDLHT (BVI) Trust One	–	100	100
(3) Sunshine Hotels Australia Pty Ltd	Australia	100	100
(1) CDLHT Sunshine Limited	British Virgin Islands	100	100
(1) CDLHT Sunrise Limited	British Virgin Islands	100	100
(1) CDLHT Sanctuary Limited	British Virgin Islands	100	100
(2) CDLHT MTN Pte. Ltd.	Singapore	100	100
(2) CDLHT Oceanic Holdings Pte. Ltd.	Singapore	100	100
(2) CDLHT Hanei One Pte. Ltd.	Singapore	100	100
(2) CDLHT Hanei Two Pte. Ltd.	Singapore	100	100
(2) CDLHT Two Pte. Ltd.	Singapore	100	100
(2) CDLHT Munich One Pte. Ltd.	Singapore	100	100
(2) CDLHT Munich Two Pte. Ltd.	Singapore	100	100
(2) CDLHT CFM One Pte. Ltd.	Singapore	100	100
(2) CDLHT CFM Two Pte. Ltd.	Singapore	100	100
(3) CDL HREIT Investments (II) Limited	England and Wales	100	100
Subsidiaries of CDLHT Sunshine Limited			
(1) Sun One Investments Limited	British Virgin Islands	–	100
(1) Sun Two Investments Limited	British Virgin Islands	100	100
(1) Sun Three Investments Limited	British Virgin Islands	100	100
(1) Sun Four Investments Limited	British Virgin Islands	100	100
Subsidiary of Sun One Investments Limited			
(1) Sun Trust One	–	–	100
Subsidiary of Sun Two Investments Limited			
(1) Sun Trust Two	–	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 GROUP ENTITIES (CONT'D)

Name of subsidiaries	Place of incorporation	Effective equity interest held by the H-REIT Group and the Stapled Group 2022 %	2021 %
Subsidiary of Sun Three Investments Limited			
(1) Sun Trust Three	–	100	100
Subsidiary of Sun Four Investments Limited			
(1) Sun Trust Four	–	100	100
Subsidiary of CDLHT Sanctuary Limited			
(3) Sanctuary Sands Maldives Private Limited	Maldives	100	100
Subsidiary of CDLHT Oceanic Holdings Pte. Ltd.			
(1) CDLHT Oceanic Ltd	British Virgin Islands	100	100
Subsidiary of CDLHT Oceanic Ltd			
(1) CDLHT Oceanic Two Ltd	British Virgin Islands	100	100
Subsidiary of CDLHT Oceanic Two Ltd			
(3) CDLHT Oceanic Maldives Private Limited	Maldives	100	100
Subsidiary of CDLHT Hanei Two Pte. Ltd.			
(3) CDLHT Hanei Tokutei Mokuteki Kaisha	Japan	100	100
Subsidiaries of CDLHT Munich One Pte. Ltd.			
(1) NKS Hospitality I B.V.	Netherlands	94.9	94.9
(1) Munich Furniture B.V.	Netherlands	94.9	94.9
Subsidiary of CDLHT CFM One Pte. Ltd.			
(1) CDLHT CFM III B.V.	Netherlands	95.0	95.0
Subsidiary of CDLHT CFM III B.V.			
(1) CDLHT CFM III SRL	Italy	95.0	95.0
Subsidiary of CDLHT CFM III SRL			
(1) NKS Hospitality III SRL	Italy	95.0	95.0

NOTES TO THE FINANCIAL STATEMENTS

31 GROUP ENTITIES (CONT'D)

Name of subsidiaries	Place of incorporation	Effective equity interest held by the H-REIT Group and the Stapled Group 2022 %	2021 %
Subsidiary of CDL HREIT Investments (II) Limited			
(3) CDL HREIT Investments (II) Property Limited	England and Wales	100	–
Subsidiaries of HBT			
(2) CDL HBT Oceanic Holdings Pte. Ltd.	Singapore	100	100
(2) CDL HBT Hanei Pte. Ltd.	Singapore	100	100
(2) CDL HBT Cambridge City Pte. Ltd.	Singapore	100	100
(2) Gemini Two Pte. Ltd.	Singapore	100	100
(2) CDL HBT Sun Pte. Ltd.	Singapore	100	100
(2) CDL HBT Investments (I) Pte. Ltd.	Singapore	100	100
Subsidiary of CDL HBT Oceanic Holdings Pte. Ltd.			
(1) CDL HBT Oceanic Ltd	British Virgin Islands	100	100
Subsidiary of CDL HBT Oceanic Ltd			
(1) CDL HBT Oceanic Two Ltd	British Virgin Islands	100	100
Subsidiary of CDL HBT Oceanic Two Ltd			
(3) CDL HBT Oceanic Maldives Private Limited	Maldives	100	100
Subsidiary of CDL HBT Hanei Pte. Ltd.			
(3) AKO GK	Japan	100	100
Subsidiaries of CDL HBT Cambridge City Pte. Ltd.			
(3) CDL HBT Cambridge City (UK) Ltd	England and Wales	100	100
(4) CDL HBT North Ltd	England and Wales	100	100
Subsidiary of CDL HBT Cambridge City (UK) Ltd			
(3) CDL HBT Cambridge City Hotel (UK) Ltd	England and Wales	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 GROUP ENTITIES (CONT'D)

Name of subsidiaries	Place of incorporation	Effective equity interest held by the H-REIT Group and the Stapled Group 2022 %	2021 %
Subsidiary of CDL HBT North Ltd			
(4) The Lowry Hotel Ltd	England and Wales	100	100
Subsidiaries of CDL HBT Sun Pte. Ltd.			
(3) CDL HBT Sun Three Pty Ltd	Australia	100	100
(3) CDL HBT Sun Four Pty Ltd	Australia	100	100
Subsidiary of CDL HBT Investments (I) Pte. Ltd.			
(4) CDL HBT Investments (I) Limited	England and Wales	100	100
Subsidiaries of CDL HBT Investments (I) Limited			
(4) CDL HBT Investments (I) Property Limited	England and Wales	100	100
(4) CDL HBT Investments (I) Operations Limited	England and Wales	100	100

(1) Not required to be audited under the laws of the country of incorporation/constitution.
(2) Audited by KPMG LLP, Singapore.
(3) Audited by other member firms of KPMG International.
(4) Audited by BDO LLP, United Kingdom.

32 SUBSEQUENT EVENTS

Subsequent to the reporting date, there were the following events:

(i) the HBT Trustee-Manager and the H-REIT Manager declared a distribution of 3.59 cents per Stapled Security to Stapled Security Holders in respect of the period from 1 July 2022 to 31 December 2022.

(ii) 1,105,387 Stapled Securities, amounting to $1,358,000, were issued as satisfaction of the H-REIT Manager's base fee for the period from 1 October 2022 to 31 December 2022.

(iii) 113,779 Stapled Securities, amounting to $140,000, were issued as satisfaction of the HBT Trustee-Manager's base fee for the period from 1 October 2022 to 31 December 2022.

(iv) An existing $37.5 million (£23.1 million) uncommitted multi-currency unsecured bridge loan was re-financed by H-REIT using its committed bilateral multi-currency unsecured revolving credit facility.

STATISTICS OF STAPLED SECURITY HOLDINGS
As at 1 March 2023

SUMMARY INFORMATION OF STAPLED SECURITIES

A Stapled Security means a security comprising one unit of H-REIT and one unit of HBT stapled together under the terms of the Stapling Deed dated 12 June 2006 (as amended). Each holder of the Stapled Securities has one vote per Stapled Security.

RANGE OF STAPLED SECURITY HOLDINGS

Issued and Fully Paid Stapled Securities: 1,238,238,882 Stapled Securities

Size of Stapled Security Holdings	No. of Stapled Security Holders	%	No. of Stapled Securities	%
1 - 99	2,398	8.93	117,288	0.01
100 - 1,000	12,749	47.50	4,756,059	0.38
1,001 - 10,000	8,185	30.50	36,258,706	2.93
10,001 - 1,000,000	3,469	12.93	139,691,319	11.28
1,000,001 and above	37	0.14	1,057,415,510	85.40
TOTAL	**26,838**	**100.00**	**1,238,238,882**	**100.00**

TWENTY LARGEST STAPLED SECURITY HOLDERS

No.	Name	No. of Stapled Securities	%*
1	CITIBANK NOMINEES SINGAPORE PTE LTD	205,061,655	16.56
2	HOSPITALITY HOLDINGS PTE LTD	169,650,000	13.70
3	DBS NOMINEES (PRIVATE) LIMITED	128,678,622	10.39
4	M&C REIT MANAGEMENT LIMITED	104,649,326	8.45
5	HSBC (SINGAPORE) NOMINEES PTE LTD	102,247,644	8.26
6	RAFFLES NOMINEES (PTE.) LIMITED	86,742,731	7.01
7	REPUBLIC HOTELS & RESORTS LIMITED	62,790,000	5.07
8	DBSN SERVICES PTE. LTD.	53,284,551	4.30
9	HONG LEONG INVESTMENT HOLDINGS PTE LTD	26,825,566	2.17
10	HONG LEONG HOLDINGS LTD	23,657,208	1.91
11	BPSS NOMINEES SINGAPORE (PTE.) LTD.	8,631,879	0.70
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	8,002,552	0.65
13	GUAN HONG PLANTATION PTE LTD	6,908,745	0.56
14	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	5,955,206	0.48
15	HONG REALTY (PRIVATE) LIMITED	5,478,787	0.44
16	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	5,018,058	0.41
17	MILLENNIUM SECURITIES PTE LTD	4,800,000	0.39
18	DB NOMINEES (SINGAPORE) PTE LTD	3,849,814	0.31
19	PHILLIP SECURITIES PTE LTD	3,785,180	0.31
20	SOON LI HENG CIVIL ENGINEERING PTE LTD	3,414,060	0.28
	TOTAL	**1,019,431,584**	**82.35**

* The percentage of Stapled Securities is based on the total number of issued Stapled Securities as at 1 March 2023.

SUBSCRIPTION OF STAPLED SECURITIES IN CDL HOSPITALITY TRUSTS

As at 31 December 2022, 1,237,019,716 Stapled Securities were issued. On 30 January 2023, 1,105,387 Stapled Securities and 113,779 Stapled Securities were issued to the H-REIT Manager and HBT Trustee-Manager as payment of 80.0 per cent of base management fees for the period from 1 October 2022 to 31 December 2022 respectively.

STATISTICS OF STAPLED SECURITY HOLDINGS

As at 1 March 2023

H-REIT MANAGER'S DIRECTORS' AND HBT TRUSTEE-MANAGER'S DIRECTORS' STAPLED SECURITY HOLDINGS

As shown in the Register of Directors' Stapled Security Holdings as at 1 March 2023, the interests of each Director in the Stapled Securities in CDLHT are as follows:

Name of Director	Holdings
Chan Soon Hee, Eric	NIL
Vincent Yeo Wee Eng	138,000
Foo Say Mui (Bill)	NIL
Kenny Kim	NIL
Cheah Sui Ling	NIL
Kwek Eik Sheng	695,638

SUBSTANTIAL STAPLED SECURITY HOLDERS

As at 1 March 2023

Name	Direct Interest	Deemed Interest	Total Holdings	%*
Hospitality Holdings Pte. Ltd.	169,650,000	–	169,650,000	13.70
M&C REIT Management Limited	104,649,326	2,314,750 (1)	106,964,076	8.64
Republic Hotels & Resorts Limited	62,790,000	–	62,790,000	5.07
ATOS Holding GmbH	–	169,650,000 (2)	169,650,000	13.70
M&C Hotel Investments Pte. Ltd.	–	169,754,076 (3)	169,754,076	13.71
M&C Hospitality International Limited	–	169,754,076 (3)	169,754,076	13.71
M&C Singapore Holdings (UK) Limited	–	169,754,076 (3)	169,754,076	13.71
Millennium & Copthorne Hotels Limited	–	339,404,076 (4)	339,404,076	27.41
Agapier Investments Limited	–	339,404,076 (4)	339,404,076	27.41
Singapura Developments (Private) Limited	–	339,404,076 (4)	339,404,076	27.41
City Developments Limited	108,177	339,404,076 (4)	339,512,253	27.42
Hong Leong Investment Holdings Pte. Ltd.	26,825,566	387,496,945 (5)	414,322,511	33.46
Davos Investment Holdings Private Limited	–	414,322,511 (6)	414,322,511	33.46
Kwek Holdings Pte Ltd	–	414,322,511 (6)	414,322,511	33.46

* The percentage of Stapled Securities is based on the total number of issued Stapled Securities as at 1 March 2023.

Notes:

(1) M&C REIT Management Limited is deemed under Section 4 of the Securities and Futures Act 2001 ("**SFA**"), to have an interest in the 2,314,750 Stapled Securities held by a company in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the Stapled Securities thereof.

(2) ATOS Holding GmbH is deemed under Section 4 of the SFA, to have an interest in the 169,650,000 Stapled Securities held by a company in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the Stapled Securities thereof.

(3) M&C Hotel Investments Pte. Ltd., M&C Hospitality International Limited and M&C Singapore Holdings (UK) Limited are deemed under Section 4 of the SFA, to have an interest in the 169,754,076 Stapled Securities held by companies in which they are entitled to exercise or control the exercise of not less than 20% of the votes attached to the Stapled Securities thereof.

(4) Millennium & Copthorne Hotels Limited, Agapier Investments Limited, Singapura Developments (Private) Limited and City Developments Limited are deemed under Section 4 of the SFA, to have an interest in the 339,404,076 Stapled Securities held by companies in which they are entitled to exercise or control the exercise of not less than 20% of the votes attached to the Stapled Securities thereof.

(5) Hong Leong Investment Holdings Pte. Ltd. is deemed under Section 4 of the SFA, to have an interest in the 387,496,945 Stapled Securities held by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the Stapled Securities thereof.

(6) Davos Investment Holdings Private Limited and Kwek Holdings Pte Ltd are deemed under Section 4 of the SFA, to have an interest in the 414,322,511 Stapled Securities held by companies in which they are entitled to exercise or control the exercise of not less than 20% of the votes attached to the Stapled Securities thereof.

FREE FLOAT

Based on information made available to the H-REIT Manager and the HBT Trustee-Manager as at 1 March 2023, no less than 66.32% of the Stapled Securities in CDL Hospitality Trusts is held by the public and accordingly, Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited has been complied with.

INTERESTED PERSON TRANSACTIONS

The aggregate value of all Interested Person Transactions, as defined in the Listing Manual of Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the Property Funds Appendix of the Code on Collective Investment Schemes, which were entered into during the financial year ended 31 December 2022 ("**FY2022**") (excluding transactions less than S$100,000) are listed below.

Name of Interested Persons	Nature of relationship	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under Stapled Security Holders' mandate pursuant to Rule 920 of the Listing Manual of SGX-ST)	Aggregate value of all Interested Person Transactions conducted under Stapled Security Holders' mandate pursuant to Rule 920 of the Listing Manual of SGX-ST (excluding transactions less than S$100,000)
CDL Hospitality Real Estate Investment Trust ("H-REIT")			
Subsidiaries of City Developments Limited			
- Rental income in relation to Grand Millennium Auckland	City Developments Limited is a controlling unitholder of H-REIT. Its subsidiaries are interested persons being associates of the controlling unitholder.	S$15,482,000	Not Applicable [1]
- Provision of Corporate Secretarial Services		S$136,700	Not Applicable [1]
CDL Hospitality Business Trust ("HBT")			
Subsidiaries/associate of City Developments Limited			
- Shared services agreement for revenue management between W Singapore - Sentosa Cove, The St. Regis Singapore and JW Marriott Singapore South Beach	City Developments Limited is a controlling unitholder of HBT. Its subsidiaries are interested persons being associates of the controlling unitholder.	S$128,464	Not Applicable [1]
- Warehouse Lease for Lease of Units 03-05 at Cideco Industrial Complex		S$236,590	Not Applicable [1]
- Provision of Corporate Secretarial Services		S$52,825 [2]	Not Applicable [1]
Total:		**S$16,036,579**	**–**

Note:

(1) The H-REIT Manager and the HBT Trustee-Manager have not sought any unitholders' mandate for interested person/party transactions pursuant to Rule 920 of the Listing Manual of SGX-ST.

(2) Notwithstanding the transaction value is below S$100,000, the H-REIT Manager and the HBT Trustee-Manager have taken a view to aggregate and disclose the transaction as one transaction with the same interested person, being subsidiaries/associates of the controlling unitholder.

Except as disclosed above, there were no other interested person/party transactions (excluding transactions of less than $100,000 each and/or transactions collectively described as "**Exempted Agreements**") entered into in FY2022.

GLOSSARY PAGE

2022 AGMs	2022 Annual General Meetings
2023 AGMs	2023 Annual General Meetings
5 Singapore Hotels	Portfolio hotels located in Singapore consisting of Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel and Studio M Hotel
6 Singapore Hotels	Portfolio hotels located in Singapore consisting of Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel, Studio M Hotel and W Singapore – Sentosa Cove
ACRA	Accounting and Corporate Regulatory Authority
ACRA Code	Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities
Act or BTA	Business Trusts Act
ADR	Average Daily Rate
Aggregate Leverage	Total Borrowings and Deferred Payments of a Property Fund over its Deposited Property
AGMs	Annual General Meetings
Annual Report	Annual Report 2022
ARCs	Audit and Risk Committees
ARC Self-Assessment Checklist	A self-assessment checklist which the ARC used to conduct an assessment of its effectiveness for the financial year under review, adapted from the self- assessment checklist for audit committees set out in the ACGC Guidebook
BCA	Building & Construction Authority
BMS	Building Management Systems
Boards	HBT Board and the H-REIT Board
BOD or Board	Board of Directors
BTR or UK BTR	Build-to-Rent
Business Acquisition	Acquisition of the business and business assets of the hotels operated as Ibis Perth and Mercure Perth
CAGR	Compound annual growth rate
CDL	City Developments Limited
CDLHT	CDL Hospitality Trusts
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CG Code	Code of Corporate Governance 2018
CGU	Cash Generating Unit
CIS Code	Code on Collective Investment Schemes
CMS	Capital Markets Services
Committees	Committees established by the H-REIT Manager Board and the HBT Trustee- Manager Board, namely the Audit and Risk Committee(s) and Nominating and Remuneration Committee(s)
COVID-19	Coronavirus Disease
COVID-19 Temporary Measures Order	COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020
CPF Board	Central Provident Fund Board
CSR	Corporate Social Responsibility
Deloitte	Deloitte & Touche Enterprise Risk Services Pte Ltd
DPS	Distribution per Stapled Security
ECL	Expected Credit Loss
EMS	Energy Management Systems
Enhanced Independence Requirements	Enhancements to independence requirements announced by MAS on 2 July 2015
ESG	Environmental, Social and Governance
Exempted Agreements	Interested Person/Party Transactions of less than $100,000 each
F&B	Food and Beverage
FRS	Singapore Financial Reporting Standards
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
FY 2022	Financial Year Ended 31 December 2022
Germany Hotel	Pullman Hotel Munich
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
HACCP	Hazard Analysis Critical Control Point

GLOSSARY PAGE

HBT	CDL Hospitality Business Trust
HBT Group	CDL Hospitality Business Trust and its subsidiaries
HBT Trust Deed	The trust deed constituting HBT dated 12 June 2006
HBT Trust Property	The trust property of HBT
HBT Trustee-Manager/ Trustee-Manager	M&C Business Trust Management Limited as trustee-manager of CDL Hospitality Business Trust
HBT Trustee-Manager Board	Board of Directors of the HBT Trustee-Manager
HBT Trustee-Manager Directors	Directors of the HBT Trustee-Manager
HBT Unitholders	Unitholders of HBT
HBT Unit(s)	Unit(s) of HBT
Head Lease	125-year leasehold interest commencing 25 Dec 1990 for Hilton Cambridge City Centre
HODs	Heads of Departments
Hotel Cerretani Firenze or Italy Hotel	Hotel Cerretani Firenze – MGallery
H-REIT	CDL Hospitality Real Estate Investment Trust
H-REIT Group	CDL Hospitality Real Estate Investment Trust and its subsidiaries
H-REIT Manager	M&C REIT Management Limited as the manager of CDL Hospitality Real Estate Investment Trust
H-REIT Trust Deed	The trust deed constituting H-REIT dated 8 June 2006
H-REIT Trustee	DBS Trustee Limited as the trustee of CDL Hospitality Real Estate Investment Trust
H-REIT Unit(s)	Unit(s) of H-REIT
IA	Internal Audit
IATA	International Air Transport Association
IBORs	Interbank offered rates
IBOR reform	The replacement of some interbank offered rates with alternative nearly risk-free rates
IDs	Independent Directors
Instruments	Offers, agreements or options
IPO Hotels	Portfolio hotels at IPO consisting of Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel and Copthorne King's Hotel
IPTs	Interested Person Transactions
IR	Investor Relations
IRAS	Inland Revenue Authority of Singapore
ISCA	Institute of Singapore Chartered Accountants
ISDA	International Swaps and Derivatives Association
Japan Hotels	Portfolio hotels located in Japan consisting of Hotel MyStays Asakusabashi and Hotel MyStays Kamata
KMPs	Key Management Personnel
KPIs	Key Performance Indicators
KPMG	KPMG LLP
LED	Listed Entity Director
Lead ID	Lead Independent Director
Listing Manual (of SGX-ST)	Listing rules issued by Singapore Exchange Securities Trading Limited
M&C	Millennium and Copthorne Hotels Limited
Maldives Resorts	Portfolio resorts located in the Maldives consisting of Angsana Velavaru and Raffles Maldives Meradhoo
Managers	The H-REIT Manager and the HBT Trustee-Manager
Managers' Boards	Board of the H-REIT Manager and Board of the HBT Trustee-Manager
MAS	Monetary Authority of Singapore
Meetings	Annual General Meetings
MICE	Meetings, Incentives, Conventions and Exhibitions
NCI	Non-Controlling Interests
NEDs	Non-Executive Directors
NGFS	Network for Greening the Financial System
NKS	NKS Hospitality I B.V.
N.M	Not Meaningful
NPI	Net Property Income
NRC(s)	Nominating and Remuneration Committee(s)

GLOSSARY PAGE

NRC Self-Assessment Checklist	Checklist to facilitate self-assessment of NRC's effectiveness in the discharge of its role and responsibilities
NZ Hotel	Grand Millennium Auckland
NZICC	New Zealand International Convention Centre
OCI	Other Comprehensive Income
OH&S	Occupational Health and Safety
OPHL	Orchard Parade Holdings Limited
Perth Hotels	Portfolio hotels located in Perth consisting of Mercure Perth and Ibis Perth
Property Funds Appendix	Appendix 6 of the Code on Collective Investment Schemes
Provent	Provent Immobilien Beteiligungs GmbH
RAP	Statement of Recommended Accounting Practice
Report	CDL Hospitality Trusts' Sustainability Report
Restructured Term	Term from March 2020 to December 2024 in relation to the temporary rent abatement agreements for Pullman Hotel Munich and Hotel Cerretani Firenze
RevPAR	Revenue per Available Room
RHRL	Republic Hotels & Resorts Limited
ROU	Right-Of-Use
SDGs	United Nations Sustainable Development Goals
SFA	Securities and Futures Act 2001
SFRS(I) or SFRS(I)s	Singapore Financial Reporting Standards (International)
SGX	Singapore Exchange Limited
SGX-ST	Singapore Exchange Securities Trading Limited
SGX Listing Manual	Listing Manual of Singapore Exchange Securities Trading Limited
SHN	Stay-Home-Notice
SID	Singapore Institute of Directors
Sponsor	Millennium & Copthorne Hotels Limited
sq m	square meters
SSAs	Singapore Standards on Auditing
Stapled Group	Stapled group comprising the H-REIT Group and the HBT Group
Stapled Security(ies)	Stapled Unit(s) of H-REIT and HBT
Stapled Security Holders	Holders of Stapled Securities of CDLHT
Stapling Deed	The stapling deed dated 12 June 2006
STB	Singapore Tourism Board
SOFR	Secured Overnight Financing Rate
SOPs	Standard Operating Procedures
SOR	Singapore swap offer rate
SORA	Singapore Overnight Rate Average
SWC	Sustainability Working Committee
TAFPEP	Tripartite Alliance for Fair and Progressive Employment Practices
TCFD	Task Force on Climate-related Financial Disclosures
Temporary Arrangement	Temporary rent abatement agreements for Pullman Hotel Munich and Hotel Cerretani Firenze
TMK	Tokutei Mokuteki Kaisha
UK Hotels	Portfolio hotels located in the United Kingdom namely Hilton Cambridge City Centre, The Lowry Hotel (Manchester), and Hotel Brooklyn (Manchester)
UN SDGs	United Nations Sustainable Development Goals
USD-LIBOR	US Dollar LIBOR
W Hotel	W Singapore – Sentosa Cove
WALE	Weighted average lease expiry
VOA	Valuation Office Agency
VTL	Vaccinated Travel Lanes
YOY or yoy	Year-on-Year

CDL HOSPITALITY TRUSTS

A stapled group comprising:

CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST

(a real estate investment trust constituted on 8 June 2006
under the laws of the Republic of Singapore)

CDL HOSPITALITY BUSINESS TRUST

(a business trust constituted on 12 June 2006
under the laws of the Republic of Singapore)

NOTICE OF ANNUAL GENERAL MEETINGS

NOTICE IS HEREBY GIVEN that the Annual General Meetings ("**Meetings**") of the unitholders of CDL Hospitality Real Estate Investment Trust ("**H-REIT**") and CDL Hospitality Business Trust ("**HBT**") will be convened and held by way of electronic means on Friday, 21 April 2023 at 9.30 a.m. for the following business:

(A) AS ORDINARY BUSINESS

1. To receive and adopt the Report of M&C Business Trust Management Limited, as trustee-manager of HBT (the "**HBT Trustee-Manager**"), the Statement by the Chief Executive Officer of the HBT Trustee-Manager, the Report of DBS Trustee Limited, as trustee of H-REIT (the "**H-REIT Trustee**"), the Report of M&C REIT Management Limited, as manager of H-REIT (the "**H-REIT Manager**") and the Audited Financial Statements of HBT, H-REIT and CDL Hospitality Trusts ("**CDLHT**") for the year ended 31 December 2022 and the Auditors' Report thereon. **(Ordinary Resolution 1)**

2. To re-appoint Messrs KPMG LLP as the Independent Auditors of H-REIT and HBT and to hold office until the conclusion of the next Annual General Meetings of H-REIT and HBT, and to authorise the H-REIT Manager and the HBT Trustee-Manager to fix their remuneration. **(Ordinary Resolution 2)**

(B) AS SPECIAL BUSINESS

To consider and if thought fit, to pass with or without any modifications, the following resolution:

3. That authority be and is hereby given to the H-REIT Manager and the HBT Trustee-Manager, to **(Ordinary Resolution 3)**

   (a) (i) issue new units in H-REIT ("**H-REIT Units**") and new units in HBT ("**HBT Units**", together with H-REIT Units, the "**Stapled Securities**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Stapled Securities to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Stapled Securities, at any time and upon such terms and conditions and for such purposes and to such persons as the H-REIT Manager and the HBT Trustee-Manager may in their absolute discretion deem fit; and

   (b) issue Stapled Securities in pursuance of any Instruments made or granted by the H-REIT Manager and the HBT Trustee-Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force),

NOTICE OF ANNUAL GENERAL MEETINGS

provided that:

(1) the aggregate number of Stapled Securities to be issued pursuant to this Resolution (including Stapled Securities to be issued in pursuance of Instruments made or granted pursuant to this Resolution), shall not exceed fifty per cent (50%) of the total number of issued Stapled Securities (excluding treasury H-REIT Units and treasury HBT Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Stapled Securities to be issued other than on a *pro rata* basis to Stapled Security Holders shall not exceed twenty per cent (20%) of the total number of issued Stapled Securities (excluding treasury H-REIT Units and treasury HBT Units, if any) (as calculated in accordance with sub-paragraph (2) below);

(2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the purpose of determining the aggregate number of Stapled Securities that may be issued under sub-paragraph (1) above, the total number of issued Stapled Securities (excluding treasury H-REIT Units and treasury HBT Units, if any) shall be based on the number of issued Stapled Securities (excluding treasury H-REIT Units and treasury HBT Units, if any) at the time this Resolution is passed, after adjusting for:

  (a) any new Stapled Security arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and

  (b) any subsequent bonus issue, consolidation or subdivision of Stapled Securities;

(3) in exercising the authority conferred by this Resolution, the H-REIT Manager and the HBT Trustee-Manager shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by SGX-ST), the Business Trusts Act 2004 of Singapore for the time being in force, the trust deed constituting H-REIT (as amended) (the "**H-REIT Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore) and the trust deed constituting HBT (as amended) (the "**HBT Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

(4) (unless revoked or varied by the Stapled Security Holders in a general meeting) the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next Annual General Meetings of H-REIT and HBT or (ii) the date by which the next Annual General Meetings of H-REIT and HBT are required by law to be held, whichever is earlier;

(5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Stapled Securities into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the H-REIT Manager and the HBT Trustee-Manager are authorised to issue additional Instruments or Stapled Securities pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments are issued; and

(6) the H-REIT Manager, the H-REIT Trustee and the HBT Trustee-Manager be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the H-REIT Manager, the H-REIT Trustee or, as the case may be, the HBT Trustee-Manager may consider expedient or necessary or in the interest of H-REIT and HBT to give effect to the authority conferred by this Resolution.

(Please see Explanatory Note below)

NOTICE OF ANNUAL GENERAL MEETINGS

AS OTHER BUSINESS

To transact such other business as may be transacted at the Meetings.

BY ORDER OF THE BOARD
M&C REIT Management Limited
(as manager of CDL Hospitality
Real Estate Investment Trust)

Enid Ling Peek Fong
Soo Lai Sun
Company Secretaries

Singapore
23 March 2023

BY ORDER OF THE BOARD
M&C Business Trust Management Limited
(as trustee-manager of CDL Hospitality
Business Trust)

Enid Ling Peek Fong
Soo Lai Sun
Company Secretaries

Singapore
23 March 2023

Important Notice:

1. The Meetings are being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice will not be sent to the Stapled Security Holders, instead, this Notice will be made available to the Stapled Security Holders by electronic means via publication on CDLHT's website at https://investor.cdlht.com/agm-egm.html. This Notice will also be made available on the SGX website at https://www.sgx.com/securities/company-announcements.

2. Alternative arrangements relating to:

   (a) the attendance at the Meetings via electronic means (including arrangements by which the Meetings can be electronically accessed via "live" audio-visual webcast or "live" audio-only streaming);

   (b) the submission of questions to the Chairman of the Meetings in advance of, or "live" at, the Meetings, and addressing of substantial and relevant questions prior to, or "live" at, the Meetings; and

   (c) the voting at the Meetings (i) "live" by the Stapled Security Holder or his/her/its duly appointed proxy/proxies (other than the Chairman of the Meetings) via electronic means; or (ii) by appointing the Chairman of the Meetings as proxy to vote on the Stapled Security Holder's behalf at the Meetings,

   are set out in the accompanying CDLHT's announcement dated 23 March 2023. The announcement may be accessed at CDLHT's website at https://investor.cdlht.com/agm-egm.html and will also be made available on the SGX website at https://www.sgx.com/securities/company-announcements.

3. A Stapled Security Holder who wishes to exercise his/her/its voting rights at the Meetings may:

   (a) (where the Stapled Security Holder is an individual) vote "live" via electronic means at the Meetings or (whether the Stapled Security Holder is an individual or a corporate) appoint a proxy/proxies (other than the Chairman of the Meetings) to vote "live" via electronic means at the Meetings on his/her/its behalf; or

   (b) (whether the Stapled Security Holder is an individual or a corporate) appoint the Chairman of the Meetings as his/her/its proxy to vote on his/her/its behalf at the Meetings.

   The Proxy Form for the Meetings may be accessed at CDLHT's website at https://investor.cdlht.com/agm-egm.html, and will also be made available at the SGX website at https://www.sgx.com/securities/company-announcements.

   Where a Stapled Security Holder (whether individual or corporate) appoints a proxy/proxies, he/she/it should give specific instructions as to the voting, or abstentions from voting, in respect of that resolution. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

NOTICE OF ANNUAL GENERAL MEETINGS

4. (a) A Stapled Security Holder who is not a relevant intermediary (as defined below) is entitled to appoint not more than two proxies. Where such Stapled Security Holder's proxy form appoints more than one proxy, the proportion of the stapled security holding concerned to be represented by each proxy shall be specified in the proxy form.

   (b) A Stapled Security Holder who is a relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different stapled security or stapled securities held by such Stapled Security Holder. Where such Stapled Security Holder's proxy form appoints more than two proxies, the number and class of stapled securities in relation to which each proxy has been appointed shall be specified in the proxy form.

   "**relevant intermediary**" means:

   (i) a banking corporation licensed under the Banking Act 1970 of Singapore, or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Stapled Securities in that capacity;
   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore, and who holds Stapled Securities in that capacity; or
   (iii) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953 of Singapore, in respect of Stapled Securities purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Stapled Securities in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. A proxy need not be a Stapled Security Holder.

6. The proxy form must be submitted to the H-REIT Manager and HBT Trustee-Manager in the following manner:

   (a) if submitted by post, be deposited at the office of the Stapled Security Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

   (b) if submitted electronically, via email to the Stapled Security Registrar at CDLHT@boardroomlimited.com or via the pre-registration website at https://conveneagm.sg/cdlhtagm2023,

   in either case, by 9.30 a.m. on 19 April 2023, being not less than 48 hours before the time for holding the Meetings. A Stapled Security Holder who wishes to submit a form of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above or via the pre-registration website provided above.

7. **CPFIS members and SRS investors:**

   (a) may vote "live" via electronic means at the Meetings if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

   (b) may appoint the Chairman of the Meetings as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 11 April 2023.

8. The Annual Report for the financial year ended 31 December 2022 and the Audited Financial Statements of the HBT Trustee-Manager may be accessed at CDLHT's website at https://investor.cdlht.com/ar.html and will also be made available on the SGX website at https://www.sgx.com/securities/company-announcements. Stapled Security Holders may request for printed copies of these documents by completing and submitting their request(s) through the online Request Form at https://investor.cdlht.com/ar2022-request-form **by 5 April 2023**.

NOTICE OF ANNUAL GENERAL MEETINGS

Explanatory Note on Ordinary Resolution 3:

The Ordinary Resolution 3 above, if passed, will empower the H-REIT Manager and the HBT Trustee-Manager from the date of the Meetings until the date of the next Annual General Meetings of H-REIT and HBT, to issue Stapled Securities and to make or grant Instruments (such as securities, warrants or debentures) convertible into Stapled Securities and issue Stapled Securities pursuant to such Instruments, up to a number not exceeding 50% of the total number of issued Stapled Securities (excluding treasury H-REIT Units and treasury HBT Units, if any) of which up to 20% of the total number of issued Stapled Securities (excluding treasury H-REIT Units and treasury HBT Units, if any) may be issued other than on a *pro rata* basis to Stapled Security Holders.

The Ordinary Resolution 3 above, if passed, will also empower the H-REIT Manager and the HBT Trustee-Manager from the date of the Meetings until the date of the next Annual General Meetings of H-REIT and HBT, to issue Stapled Securities as either full or partial payment of fees which the H-REIT Manager and the HBT Trustee-Manager are entitled to receive for their own accounts pursuant to the H-REIT Trust Deed and the HBT Trust Deed respectively.

For determining the aggregate number of Stapled Securities that may be issued, the percentage of issued Stapled Securities will be calculated based on the issued Stapled Securities at the time the Ordinary Resolution 3 above is passed, after adjusting for new Stapled Securities arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Stapled Securities.

Fund raising by issuance of new Stapled Securities may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Stapled Security Holders is required under the Listing Manual of SGX-ST and the H-REIT Trust Deed and the HBT Trust Deed or any applicable laws and regulations in such instances, the H-REIT Manager and the HBT Trustee-Manager will then obtain the approval of Stapled Security Holders accordingly.

PERSONAL DATA PRIVACY:

By (i) submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meetings and/or any adjournment thereof, or (ii) submitting details for the registration to observe the proceedings of the Meetings via a 'live' audio-visual webcast or a 'live' audio-only streaming or (iii) submitting any questions prior to the Meetings in accordance with this Notice, a Stapled Security Holder consents to the collection, use and disclosure of the Stapled Security Holder's personal data by the H-REIT Manager and the HBT Trustee-Manager (or their agents or service providers) for the following purposes:

(a) processing and administration by the H-REIT Manager and the HBT Trustee-Manager (or their agents or service providers) of proxies and representatives appointed for the Meetings (including any adjournment thereof);

(b) processing of the registration for purpose of granting access to Stapled Security Holders (or their corporate representatives in the case of Stapled Security Holders which are legal entities) to observe the proceedings of the Meetings and providing them with any technical assistance where necessary;

(c) addressing relevant and substantial questions from Stapled Security Holders received before the Meetings and if necessary, following up with the relevant Stapled Security Holders in relation to such questions; and

(d) enabling the H-REIT Manager and the HBT Trustee-Manager (or their agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

CDL HOSPITALITY TRUSTS
A stapled group comprising:

CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST
(a real estate investment trust constituted on 8 June 2006
under the laws of the Republic of Singapore)

CDL HOSPITALITY BUSINESS TRUST
(a business trust constituted on 12 June 2006
under the laws of the Republic of Singapore)

PROXY FORM
ANNUAL GENERAL MEETINGS

IMPORTANT
1. The Annual General Meetings (the "**Meetings**") are being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of Meetings will not be sent to Stapled Security Holders, instead, the Notice of Meetings will be made available to Stapled Security Holders by electronic means via publication on CDL Hospitality Trusts' ("**CDLHT**") website at https://investor.cdlht.com/agm-egm.html as well as on the SGX website at https://www.sgx.com/securities/company-announcements.
2. A Stapled Security Holder who wishes to exercise his/her/its voting rights at the Meetings may:
   (a) (where the Stapled Security Holder is an individual) vote "live" via electronic means at the Meetings, or (whether the Stapled Security Holder is an individual or a corporate) appoint a proxy/proxies (other than the Chairman of the Meetings) to vote "live" via electronic means at the Meetings on his/her/its behalf; or
   (b) (whether such Stapled Security Holder is an individual or a corporate) appoint the Chairman of the Meetings as his/her/its proxy to vote on his/her/its behalf at the Meetings.
3. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment proxy/proxies.
4. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPFIS members and SRS investors. CPFIS members and SRS investors (a) may vote "live" via electronic means at the Meetings if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or (b) may appoint the Chairman of the Meetings as proxy to vote on their behalf at the Meetings, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 11 April 2023.
5. By submitting a form appointing a proxy/proxies, the Stapled Security Holder accepts and agrees to the personal data privacy terms set out in the Notice of Meetings dated 23 March 2023.

I/We ______________________________

with NRIC/Passport/Company Registration No. ______________________________

of ______________________________ (Address)
being a holder/s of units in CDL Hospitality Real Estate Investment Trust ("**H-REIT**") and CDL Hospitality Business Trust ("**HBT**") (collectively, "**Stapled Securities**"), hereby appoint:

Name	Email Address [1]	NRIC / Passport Number	Proportion of Stapled Security Holdings	
			Number	%

and/or (delete as appropriate)

Name	Email Address [1]	NRIC / Passport Number	Proportion of Stapled Security Holdings	
			Number	%

or, failing him/them, the Chairman of the Meetings as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the Annual General Meetings of H-REIT and HBT to be convened and held by way of electronic means on Friday, 21 April 2023 at 9.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against or abstain from voting on the resolutions to be proposed at the Meetings as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

No.	Resolution	No. of votes For [2]	No. of votes Against [2]	No. of votes Abstain [3]
ORDINARY BUSINESS				
1.	Adoption of the HBT Trustee-Manager's Report, the Statement by the Chief Executive Officer of the HBT Trustee-Manager, the H-REIT Trustee's Report, the H-REIT Manager's Report and the Audited Financial Statements of HBT, H-REIT and CDL Hospitality Trusts for the year ended 31 December 2022 and the Auditors' Report thereon.			
2.	Re-appointment of KPMG LLP as the Independent Auditors and authorisation of the H-REIT Manager and the HBT Trustee-Manager to fix their remuneration.			
SPECIAL BUSINESS				
3.	Authority to issue Stapled Securities and to make or grant convertible instruments.			

Dated this ______ day of ________________ 2023

Total number of Stapled Securities held

____
Signature(s) of Stapled Security Holder(s) or
Common Seal of Corporate Stapled Security Holder(s)

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM OVERLEAF

[1] Compulsory for registration purposes. Only email address provided in the submitted proxy form will receive an email to pre-register for the Meetings.
[2] Voting on all resolutions will be conducted by poll. If you wish your proxy/proxies to cast all your votes "For" or "Against", please indicate with an 'X' within the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution.
[3] If you wish your proxy/proxies to abstain from voting on a resolution, please indicate with an 'X' within the "Abstain" box provided in respect of that resolution.

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Notes:

1. Please insert the total number of Stapled Securities held by you. If you have Stapled Securities entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of Stapled Securities. If you have Stapled Securities registered in your name in the Register of Stapled Security Holders of CDLHT, you should insert that number of Stapled Securities. If you have Stapled Securities entered against your name in the said Depository Register and registered in your name in the Register of Stapled Security Holders of CDLHT, you should insert the aggregate number of Stapled Securities. If no number is inserted, this form of proxy will be deemed to relate to all the Stapled Securities held by you.
2. A Stapled Security Holder who wishes to exercise his/her/its voting rights at the Meetings may (a) (where the Stapled Security Holder is an individual) vote "live" via electronic means at the Meetings, or (whether the Stapled Security Holder is an individual or a corporate) appoint a proxy/proxies (other than the Chairman of the Meetings) to vote "live" via electronic means at the Meetings on his/her/its behalf; or (b) (whether the Stapled Security Holder is an individual or a corporate) appoint the Chairman of the Meetings as his/her/its proxy to vote on his/her/its behalf at the Meetings. Where a Stapled Security Holder (whether individual or corporate) appoints a proxy/proxies, he/she/it should give specific instructions as to the voting, or abstentions from voting, in respect of each resolution. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion.
3. (a) A Stapled Security Holder who is not a relevant intermediary is entitled to appoint not more than two proxies. Where such Stapled Security Holder's proxy form appoints more than one proxy, the proportion of the stapled security holding concerned to be represented by each proxy shall be specified in the proxy form.

   (b) A Stapled Security Holder who is a relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different stapled security or stapled securities held by such Stapled Security Holder. Where such Stapled Security Holder's proxy form appoints more than two proxies, the number and class of stapled securities in relation to which each proxy has been appointed shall be specified in the proxy form.

   "**relevant intermediary**" means:

   (i) a banking corporation licensed under the Banking Act 1970 of Singapore, or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Stapled Securities in that capacity;
   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore, and who holds Stapled Securities in that capacity; or
   (iii) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953 of Singapore, in respect of Stapled Securities purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Stapled Securities in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

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4. A proxy need not be a Stapled Security Holder.
5. The proxy form must be submitted to the H-REIT Manager and HBT Trustee-Manager in the following manner:

   (i) if submitted by post, be deposited at the office of the Stapled Security Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

   (ii) if submitted electronically, via email to the Stapled Security Registrar at CDLHT@boardroomlimited.com or via the pre-registration website at https://conveneagm.sg/cdlhtagm2023,

   in either case, by 9.30 a.m. on 19 April 2023, being not less than 48 hours before the time for holding the Meetings. A Stapled Security Holder who wishes to submit a form of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above or via the pre-registration website provided above.
6. Completion and return of this proxy form shall not preclude a stapled security holder from attending and voting at the Meetings. A Stapled Security Holder who accesses the "live" webcast of the Meetings proceedings may revoke the appointment of a proxy/proxies at any time before voting commences and in such an event, the Company reserves the right to terminate the proxy's/proxies' access to the Meetings.
7. The form of proxy appointing the Chairman of the Meetings as proxy must be signed by the appointor or his/her attorney duly authorized in writing. Where the proxy form is executed by a corporation, it must be executed either under its seal or signed by a director or an officer or an attorney duly authorised.
8. The H-REIT Manager and the HBT Trustee-Manager shall be entitled to reject a proxy form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the form of proxy (including any related attachment). In addition, in the case of a Stapled Security Holder whose stapled securities entered into the Depository Register, the H-REIT Manager and the HBT Trustee-Manager may reject any form of proxy lodged if the Stapled Security Holder, being the appointor, is not shown to have Stapled Securities entered against his/her name in the Depository Register as at 48 hours before the time appointed for holding the Meetings, as certified by The Central Depository (Pte) Limited to the H-REIT Manager and the HBT Trustee-Manager.

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CDL Hospitality Trusts
(a Stapled Group comprising CDL Hospitality Real Estate Investment Trust
and CDL Hospitality Business Trust)

C/O The Stapled Security Registrar
Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

CORPORATE DIRECTORY

CDL HOSPITALITY TRUSTS
A Stapled Group comprising H-REIT, a real estate investment trust, and HBT, a business trust

MANAGER OF H-REIT

M&C REIT Management Limited
(Co. Reg. No. 200607091Z)

Registered Address:
9 Raffles Place
#12-01 Republic Plaza
Singapore 048619
Telephone: (65) 6877 8228
Facsimile: (65) 6225 4959

Office Address:
390 Havelock Road
#02-06 King's Centre
Singapore 169662
Telephone: (65) 6664 8888
Facsimile: (65) 6732 2868
Email: enquiries@cdlht.com
Website: www.cdlht.com

TRUSTEE-MANAGER OF HBT

M&C Business Trust Management Limited
(Co. Reg. No. 200607118H)

Registered Address:
9 Raffles Place
#12-01 Republic Plaza
Singapore 048619
Telephone: (65) 6877 8228
Facsimile: (65) 6225 4959

Office Address:
390 Havelock Road
#02-06 King's Centre
Singapore 169662
Telephone: (65) 6664 8888
Facsimile: (65) 6732 2868
Email: enquiries@cdlht.com
Website: www.cdlht.com

DIRECTORS OF THE MANAGER OF H-REIT AND THE TRUSTEE-MANAGER OF HBT

Chan Soon Hee, Eric
Chairman and Independent Non-Executive Director

Vincent Yeo Wee Eng
Chief Executive Officer and Executive Director

Foo Say Mui (Bill)
Lead Independent Director

Kenny Kim
Independent Non-Executive Director

Cheah Sui Ling
Independent Non-Executive Director

Kwek Eik Sheng
Non-Independent Non-Executive Director

AUDIT AND RISK COMMITTEE OF THE MANAGER OF H-REIT AND THE TRUSTEE-MANAGER OF HBT

Foo Say Mui (Bill) (Chairman)
Kenny Kim
Cheah Sui Ling

NOMINATING AND REMUNERATION COMMITTEE OF THE MANAGER OF H-REIT AND THE TRUSTEE-MANAGER OF HBT

Chan Soon Hee, Eric (Chairman)
Foo Say Mui (Bill)
Cheah Sui Ling

TRUSTEE OF H-REIT

DBS Trustee Limited
12 Marina Boulevard
Level 44 DBS Asia Central
Marina Bay Financial Centre Tower 3
Singapore 018982
Telephone: (65) 6878 8888
Facsimile: (65) 6878 3977

AUDITORS

KPMG LLP
Public Accountants and Chartered Accountants
12 Marina View
#15-01 Asia Square Tower 2
Singapore 018961

(Partner-in-charge: Karen Lee Shu Pei, appointment commenced from the audit of the financial statements for the year ended 31 December 2021)

STAPLED SECURITY REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
1 Harbourfront Avenue
Keppel Bay Tower #14-07
Singapore 098632
Telephone: (65) 6536 5355
Facsimile: (65) 6536 1360

LEGAL ADVISER

Allen & Gledhill LLP
One Marina Boulevard #28-00
Singapore 018989
Telephone: (65) 6890 7188
Facsimile: (65) 6327 3800

COMPANY SECRETARIES OF THE MANAGER OF H-REIT AND THE TRUSTEE-MANAGER OF HBT

Enid Ling Peek Fong
Soo Lai Sun

CDL HOSPITALITY TRUSTS

M&C REIT Management Limited
(As Manager of CDL Hospitality Real Estate Investment Trust)
and
M&C Business Trust Management Limited
(As Trustee-Manager of CDL Hospitality Business Trust)

390 Havelock Road
#02-06 King's Centre
Singapore 169662

Tel (65) 6664 8888
Fax (65) 6732 2868

LETTER TO UNITHOLDERS

M&C Business Trust Management Limited

Company registration number: 200607118H
(Incorporated in the Republic of Singapore)

21 March 2023

To: Holders of Stapled Securities in CDL Hospitality Trusts

Dear Sir / Madam

AUDITED FINANCIAL STATEMENTS OF M&C BUSINESS TRUST MANAGEMENT LIMITED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

We are pleased to enclose for your information a copy of the audited financial statements of M&C Business Trust Management Limited for the financial year ended 31 December 2022, pursuant to Section 78(1)(b) of the Business Trusts Act 2004 of Singapore.

Please note that the enclosed audited financial statements are not in respect of CDL Hospitality Business Trust, but in respect of M&C Business Trust Management Limited, which is the trustee-manager of CDL Hospitality Business Trust. The enclosed set of audited financial statements is independent of the financial statements of CDL Hospitality Trusts and does not have any impact on the distributable income of the holders of stapled securities in CDL Hospitality Trusts.

Please refer to the Annual Report 2022 for the audited financial statements of CDL Hospitality Business Trust for the financial year ended 31 December 2022.

For and on behalf of the Board of Directors
M&C Business Trust Management Limited

Vincent Yeo Wee Eng
Director

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M&C BUSINESS TRUST MANAGEMENT LIMITED

Company registration number: 200607118H

Annual Report
Year ended 31 December 2022

DIRECTORS' STATEMENT

The Directors are pleased to present their statement to the member of the Company together with the audited financial statements for the financial year ended 31 December 2022.

In our opinion:

(a) the financial statements set out on pages 9 to 24 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Companies Act 1967 (the "**Act**"), Singapore Financial Reporting Standards (International) and International Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

The directors in office at the date of this statement are as follows:

Chan Soon Hee, Eric
Vincent Yeo Wee Eng
Foo Say Mui (Bill)
Kenny Kim
Cheah Sui Ling
Kwek Eik Sheng (Appointed on 20 October 2022)

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Act, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children below 18 years of age) in shares, debentures, warrants or share options in the Company or its related corporations are as follows:

	Holdings in which the director, his spouse and children below 18 years of age have a direct interest	
	At beginning of the year/ Date of appointment	At end of the year
Penultimate Holding Company		
City Developments Limited Ordinary Shares		
Kwek Eik Sheng	35,461	35,461
Preference Shares		
Kwek Eik Sheng	50,000	50,000
Ultimate Holding Company		
Hong Leong Investment Holdings Pte. Ltd. Ordinary Shares		
Kwek Eik Sheng	1,016	1,016
Related Corporations		
Hong Leong Finance Limited Ordinary Shares		
Vincent Yeo Wee Eng	100,000	100,000
Kwek Eik Sheng	529,518	529,518
Hong Leong Holdings Limited Ordinary Shares		
Kwek Eik Sheng	175,500	175,500
Euroform (S) Pte. Limited Ordinary Shares		
Kwek Eik Sheng	25,000	25,000
Hong Realty (Private) Limited Ordinary Shares		
Kwek Eik Sheng	130	130

DIRECTORS' STATEMENT

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTIONS

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares of the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

AUDITORS

The auditors, KPMG LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Chan Soon Hee, Eric
Director

Vincent Yeo Wee Eng
Director

21 March 2023

INDEPENDENT AUDITORS' REPORT

MEMBER OF THE COMPANY
M&C BUSINESS TRUST MANAGEMENT LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of M&C Business Trust Management Limited (the "**Company**"), which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, the statement of changes in equity and the 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 9 to 24.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (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 Company as at 31 December 2022 and of 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.

Other information

Management is responsible for the other information. The 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, 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 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.

INDEPENDENT AUDITORS' REPORT

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.

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.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
21 March 2023

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 $	2021 $
Non-current assets			
Deferred tax assets		–	23,379
Current assets			
Trade and other receivables	4	788,022	639,513
Other investment	5	2,729,204	1,855,406
Cash at bank		1,382,448	1,139,767
		4,899,674	3,634,686
Total assets		4,899,674	3,658,065
Equity			
Share capital	6	2	2
Fair value reserve		18,225	(109,260)
Accumulated profits		4,564,783	3,486,788
Total equity		4,583,010	3,377,530
Non-current liabilities			
Deferred tax liabilities		8,581	–
Current liabilities			
Other payables	7	113,394	117,714
Current tax payable		194,689	162,821
		308,083	280,535
Total liabilities		316,664	280,535
Total equity and liabilities		4,899,674	3,658,065

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

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	Note	2022 $	2021 $
Revenue	8	1,287,255	1,096,873
Professional fees		(52,759)	(29,762)
Other expenses		(8,137)	(8,010)
Finance income		71,414	37,900
Finance costs		(15,872)	–
Net finance income	9	55,542	37,900
Profit before tax		1,281,901	1,097,001
Tax expense	10	(203,906)	(167,404)
Profit for the year		1,077,995	929,597
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net change in fair value of equity instruments at FVOCI		159,445	(95,306)
Tax on other comprehensive income		(31,960)	16,099
		127,485	(79,207)
Other comprehensive income for the year, net of tax		127,485	(79,207)
Total comprehensive income for the year		1,205,480	850,390

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

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2022

	Share capital $	Fair value reserve $	Accumulated profits $	Total $
At 1 January 2021	2	(30,053)	2,557,191	2,527,140
Total comprehensive income for the year:				
Profit for the year	–	–	929,597	929,597
Other comprehensive income:				
Net change in fair value of equity instruments at FVOCI	–	(95,306)	–	(95,306)
Tax on other comprehensive income	–	16,099	–	16,099
Total other comprehensive income	–	(79,207)	–	(79,207)
Total comprehensive income for the year	–	(79,207)	929,597	850,390
At 31 December 2021	2	(109,260)	3,486,788	3,377,530
At 1 January 2022	2	(109,260)	3,486,788	3,377,530
Total comprehensive income for the year:				
Profit for the year	–	–	1,077,995	1,077,995
Other comprehensive income:				
Net change in fair value of equity instruments at FVOCI	–	159,445	–	159,445
Tax on other comprehensive income	–	(31,960)	–	(31,960)
Total other comprehensive income	–	127,485	–	127,485
Total comprehensive income for the year	–	127,485	1,077,995	1,205,480
At 31 December 2022	2	18,225	4,564,783	4,583,010

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

STATEMENT OF CASH FLOWS

Year ended 31 December 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Profit before tax		1,281,901	1,097,001
Adjustment for:			
Distribution income	9	(71,414)	(36,381)
Management fee received/receivable in stapled securities		(812,168)	(682,872)
		398,319	377,748
Changes in:			
- Trade and other receivables		(74,106)	83,127
- Other payables		(4,320)	(62,202)
Cash generated from operations		319,893	398,673
Tax paid		(172,038)	(137,573)
Net cash from operating activities		147,855	261,100
Cash flows from investing activities			
Capital distribution received		23,412	25,910
Distribution income received		71,414	36,381
Net cash from investing activities		94,826	62,291
Net increase in cash at bank		242,681	323,391
Cash at bank at beginning of the year		1,139,767	816,376
Cash at bank at end of the year		1,382,448	1,139,767

Significant non-cash transaction

During the year, the Company received stapled securities in CDL Hospitality Trusts amounting to $737,765 (2021: $445,261) as settlement for the management fee earned.

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 21 March 2023.

1 DOMICILE AND ACTIVITIES

M&C Business Trust Management Limited (the "**Company**") is incorporated in the Republic of Singapore and has its registered office at 9 Raffles Place, #12-01 Republic Plaza, Singapore 048619.

The principal activities of the Company are those relating to the provision of property fund management services. The Company is the trustee-manager for CDL Hospitality Business Trust ("**HBT**"), a business trust which is part of CDL Hospitality Trusts ("**CDLHT**"), a stapled group comprising CDL Hospitality Real Estate Investment Trust, a real estate investment trust, and HBT. CDLHT is listed on Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The immediate holding company is M&C REIT Management Limited. The directors consider the ultimate holding company to be Hong Leong Investment Holdings Pte. Ltd. Both 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 Singapore Financial Reporting Standards (International) ("**SFRS(I)**") and International Financial Reporting Standards ("**IFRS**"). All references to SFRS(I) and IFRS are subsequently referred to as SFRS(I) in these financial statements.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise disclosed in the notes below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of 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.

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

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.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in the valuations should be classified.

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

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

If the inputs used to measure the fair value of an asset or a liability might be categorised in 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.

2.5 Changes in accounting policies

New standards and amendments

The Company has applied the following amendments to SFRS(I) for the first time for the annual period beginning on 1 January 2022:

- *Amendment to SFRS(I) 16: COVID-19-Related Rent Concessions beyond 30 June 2021*
- *Amendments to SFRS(I) 3: Reference to the Conceptual Framework*
- *Amendments to SFRS(I) 1-16: Property, Plant and Equipment – Proceeds before Intended Use*
- *Amendments to SFRS(I) 1-37: Onerous Contracts – Cost of Fulfilling a Contract*
- *Annual Improvements to SFRS(I)s 2018-2020*

The application of these amendments to standards did not have a material effect on the financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied by the Company consistently to all periods presented in these financial statements.

3.1 Foreign currencies

Transactions in foreign currencies are translated into Singapore dollars at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Singapore dollars at exchange rate ruling at that date. Foreign exchange differences arising from translation are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Financial instruments

Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("**FVTPL**"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Non-derivative financial assets

Non-derivative financial assets are classified as measured at: amortised cost; fair value through other comprehensive income ("**FVOCI**") – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Financial instruments (cont'd)

Classification and subsequent measurement (cont'd)

Non-derivative financial assets (cont'd)

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("**OCI**"). This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Non-derivative financial liabilities

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

Derecognition

Financial assets

The Company derecognises a financial asset when:

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

Transferred assets are not derecognised when the Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

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

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

Offsetting

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

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Impairment

Non-derivative financial assets

The Company recognises loss allowances for expected credit loss ("**ECL**") on financial assets measured at amortised cost.

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECL: these are ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Company applies the simplified approach to provide for ECL for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECL.

General approach

The Company applies the general approach to provide for ECL on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECL.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Impairment (cont'd)

Non-derivative financial assets (cont'd)

Credit-impaired 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.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3.4 Revenue recognition

Management fee

Management fee is derived from the management of a business trust and is determined based on total gross assets under management and net property income of the business trust being managed. The fee is recognised when the service is rendered.

Trustee fee

Trustee fee is determined based on total deposited property of the business trust and is recognised when the service is rendered.

3.5 Finance income and finance costs

Finance income comprises distribution income and net foreign currency gains that are recognised in profit or loss. Distribution income is recognised in profit or loss when the Company's right to receive payment is established.

Finance costs comprise net foreign exchange losses.

Foreign currency gains and losses are reported on a net basis.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

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

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, 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 tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to 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.

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

3.7 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Company's financial statements.

- *SFRS(I) 17 Insurance Contracts and Amendments to SFRS(I) 17 Insurance Contracts*
- *Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies*
- *Amendments to SFRS(I) 1-8: Definition of Accounting Estimate*
- *Amendments to SFRS(I) 1-12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*
- *Amendments to SFRS(I) 17: Initial Application of SFRS(I) 17 and SFRS(I) 9 – Comparative Information*
- *Amendments to SFRS(I) 1-1: Classification of liabilities as current or non-current*
- *Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback*
- *Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants*
- *Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investors and its Associate or Joint Venture*

NOTES TO THE FINANCIAL STATEMENTS

4 TRADE AND OTHER RECEIVABLES

	2022 $	2021 $
Amounts due from related entities (trade)	784,680	634,777
Prepayment	3,342	4,736
	788,022	639,513

There is no allowance for doubtful debts on the amounts due from related entities as the ECL is negligible.

5 OTHER INVESTMENT

	2022 $	2021 $
Equity securities at FVOCI	2,729,204	1,855,406

The equity securities at FVOCI relate to stapled securities held in CDLHT which are received as settlement for management fee earned.

As at 31 December 2022, the Company has 2,200,971 (2021: 1,585,817) stapled securities with a fair value of $1.24 (2021: $1.17) per stapled security, which is determined by reference to quoted bid price at the reporting date.

6 SHARE CAPITAL

	2022 Number of shares	2021 Number of shares
Fully paid ordinary shares, with no par value:		
At 1 January and 31 December	2	2

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management policy

The Company's primary objective when managing capital is to safeguard the Company's ability to continue as a going concern. As the Company is a wholly-owned subsidiary of M&C REIT Management Limited, the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the capital management objectives of M&C REIT Management Limited.

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.

NOTES TO THE FINANCIAL STATEMENTS

7 OTHER PAYABLES

	2022 $	2021 $
Amount owing to immediate holding company (non-trade)	54,274	54,274
Accrued operating expenses	59,120	63,440
	113,394	117,714

The amount owing to immediate holding company is unsecured, interest-free and repayable on demand.

8 REVENUE

	2022 $	2021 $
Management fee	1,015,210	853,590
Trustee fee	272,045	243,283
	1,287,255	1,096,873

Revenue is derived from a related entity.

The Company generates fee income from providing property fund management services and it is recognised when services are provided. Payment is due on delivery of the services.

9 FINANCE INCOME AND FINANCE COSTS

	2022 $	2021 $
Finance income		
Distribution income from equity investments at FVOCI	71,414	36,381
Net foreign exchange gain	–	1,519
	71,414	37,900
Finance costs		
Net foreign exchange loss	(15,872)	–
Net finance income	55,542	37,900

10 TAX EXPENSE

	2022 $	2021 $
Current tax expense		
Current year	203,906	167,404
Reconciliation of effective tax rate		
Profit before tax	1,281,901	1,097,001
Tax calculated using Singapore tax rate of 17% (2021: 17%)	217,923	186,490
Tax exempt income	(17,425)	(17,425)
Income not subject to tax	(6,528)	(4,896)
Non-deductible expenses	9,936	3,235
	203,906	167,404

11 FINANCIAL RISK MANAGEMENT

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Exposure to credit and liquidity risks arises in the normal course of the Company's business. These risks are limited by the Company's financial management policies and practices described below.

Credit risk

At the reporting date, the amounts due from related entities and equity securities at FVOCI represent a significant portion of the Company's financial assets. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Liquidity risk

The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer terms.

The total contractual undiscounted cash flows of the Company's non-derivative financial liabilities are the same as their carrying amounts and are due within one year.

NOTES TO THE FINANCIAL STATEMENTS

11 FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk

Market risk is the risk that changes in market prices, such as equity prices, will affect the Company's comprehensive 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.

Equity price risk

The Company is exposed to equity price changes arising from its investment in quoted equity securities. These securities are quoted on the SGX-ST and are classified as equity instruments at FVOCI. The Company does not hedge against this risk exposure.

Sensitivity analysis

Changes in the underlying equity prices of the equity securities at the reporting date would increase/(decrease) equity (before any tax effects) by the amounts shown below. This analysis assumes that all other variables remain constant.

	Equity	
	2022	**2021**
	$	**$**
10% increase	272,920	185,541
10% decrease	(272,920)	(185,541)

Accounting classifications and fair values

The carrying values and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are set out below. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair value			
	Note	**Amortised cost**	**FVOCI – equity instruments**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
		$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
31 December 2022									
Financial assets measured at fair value									
Other investment	5	–	2,729,204	–	2,729,204	2,729,204	–	–	2,729,204
Financial assets not measured at fair value									
Trade and other receivables^	4	784,680	–	–	784,680				
Cash at bank		1,382,448	–	–	1,382,448				
		2,167,128	–	–	2,167,128				
Financial liabilities not measured at fair value									
Other payables	7	–	–	(113,394)	(113,394)				

^ excluding prepayment

11 FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classifications and fair values (cont'd)

		Carrying amount				Fair value			
	Note	Amortised cost $	FVOCI - equity instruments $	Other financial liabilities $	Total $	Level 1 $	Level 2 $	Level 3 $	Total $
31 December 2021									
Financial assets measured at fair value									
Other investment	5	–	1,855,406	–	1,855,406	1,855,406	–	–	1,855,406
Financial assets not measured at fair value									
Trade and other receivables^	4	634,777	–	–	634,777				
Cash at bank		1,139,767	–	–	1,139,767				
		1,774,544	–	–	1,774,544				
Financial liabilities not measured at fair value									
Other payables	7	–	–	(117,714)	(117,714)				

^ excluding prepayment

12 RELATED PARTIES

In addition to the transactions disclosed elsewhere in the financial statements, there were the following significant related party transactions during the financial year:

Transactions with key management personnel

The Company's directors are employees of either the immediate holding company or a related corporation and no consideration is paid to these companies for the services rendered by the directors.

Other related party transactions

	2022 $	2021 $
Secretarial fee paid/payable to a related corporation	40,610	32,923