

KEPPEL LAND LIMITED
Co. Reg. No. 189000001G
(Incorporated in the Republic of Singapore)

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

The Directors present their statement to the member together with the audited consolidated financial statements of Keppel Land Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2022.

1. OPINION OF THE DIRECTORS

In the opinion of the Directors,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and
- (ii) 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.

2. DIRECTORS

The Directors of the Company in office at the date of this statement are:

Loh Chin Hua, Chairman
 Louis Lim Lu-yi, Chief Executive Officer
 Penny Goh
 Chan Hon Chew
 Christina Tan
 Tan Swee Yiow
 Francois Van Raemdonck

According to the Register of Directors' shareholdings kept by the Company for the purpose of Section 164 of the Companies Act 1967, none of the Directors holding office at the end of the financial year had any interest in the shares and debentures of the Company and related corporations, except as follows:

	Holdings at	
	01.01.2022	31.12.2022
Keppel Corporation Limited		
Ordinary shares		
Loh Chin Hua	2,135,826	2,949,667
Loh Chin Hua (Deemed interest)	38,500	38,500
Louis Lim Lu-yi	178,136	364,134
Louis Lim Lu-yi (Deemed interest)	83,000	75,000
Penny Goh	37,000	44,000
Chan Hon Chew	732,250	1,156,815
Chan Hon Chew (Deemed interest)	7,770	7,770
Christina Tan	473,160	814,530
Tan Swee Yiow	247,229	386,205
Francois Van Raemdonck	5,335	30,329
Unvested restricted shares to be delivered after 2019		
Loh Chin Hua	100,629	-
Louis Lim Lu-yi	19,070	-
Chan Hon Chew	50,420	-
Christina Tan	37,639	-
Tan Swee Yiow	24,576	-

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

2. DIRECTORS (continued)

	Holdings At	
	01.01.2022	31.12.2022
Keppel Corporation Limited (continued)		
<i>Unvested restricted shares to be delivered after 2020</i>		
Loh Chin Hua	173,914	86,958
Louis Lim Lu-yi	35,862	17,931
Chan Hon Chew	95,963	47,982
Christina Tan	74,276	37,139
Tan Swee Yiow	48,008	24,005
Francois Van Raemdonck	10,671	5,336
<i>Unvested restricted shares to be delivered after 2021</i>		
Loh Chin Hua	-	264,650
Louis Lim Lu-yi	-	74,040
Chan Hon Chew	-	151,229
Christina Tan	-	120,794
Tan Swee Yiow	-	36,295
Francois Van Raemdonck	-	39,320
<i>Contingent award of performance shares issued in 2018 to be delivered after 2021 ^{(1),(2)}</i>		
Loh Chin Hua	320,000	-
Louis Lim Lu-yi	80,000	-
Chan Hon Chew	140,000	-
Christina Tan	120,000	-
<i>Contingent award of performance shares issued in 2019 to be delivered after 2022 ^{(1),(3)}</i>		
Loh Chin Hua	365,000	365,000
Louis Lim Lu-yi	80,000	80,000
Chan Hon Chew	150,000	150,000
Christina Tan	130,000	130,000
Tan Swee Yiow	80,000	80,000
<i>Contingent award of performance shares issued in 2020 to be delivered after 2023 ^{(1),(4)}</i>		
Loh Chin Hua	365,000	365,000
Louis Lim Lu-yi	70,000	70,000
Chan Hon Chew	140,000	140,000
Christina Tan	120,000	120,000
Tan Swee Yiow	80,000	80,000
<i>Contingent award of performance shares issued in 2021 to be delivered after 2023 ⁽¹⁾</i>		
Loh Chin Hua	365,000	365,000
Louis Lim Lu-yi	80,000	80,000
Chan Hon Chew	140,000	140,000
Christina Tan	120,000	120,000
Tan Swee Yiow	50,000	50,000
Francois Van Raemdonck	45,000	45,000
<i>Contingent award of performance shares issued in 2022 to be delivered after 2024 ⁽¹⁾</i>		
Loh Chin Hua	-	400,000
Louis Lim Lu-yi	-	100,000
Chan Hon Chew	-	170,000
Christina Tan	-	150,000
Francois Van Raemdonck	-	45,000

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

2. DIRECTORS (continued)

	Holdings At	
	01.01.2022	31.12.2022
Keppel Corporation Limited (continued)		
<i>Contingent award of performance shares – Transformation</i>		
<i>Incentive Plan issued in 2016 to be delivered after 2021⁽¹⁾</i>		
Loh Chin Hua	750,000	-
Chan Hon Chew	350,000	-
Christina Tan	225,000	-
Tan Swee Yiow	100,000	-
<i>Contingent award of performance shares – Transformation</i>		
<i>Incentive Plan issued in 2017 to be delivered after 2021⁽¹⁾</i>		
Louis Lim Lu-yi	150,000	-
Christina Tan	50,000	-
Tan Swee Yiow	100,000	-
<i>Contingent award of performance shares – Transformation</i>		
<i>Incentive Plan issued in 2020 to be delivered after 2021⁽¹⁾</i>		
Louis Lim Lu-yi	25,000	-
Chan Hon Chew	50,000	-
Christina Tan	50,000	-
Tan Swee Yiow	50,000	-
<i>Contingent award of performance shares – Transformation</i>		
<i>Incentive Plan issued in 2021 to be delivered after 2025⁽¹⁾</i>		
Loh Chin Hua	970,000	970,000
Louis Lim Lu-yi	225,000	225,000
Chan Hon Chew	455,000	455,000
Christina Tan	365,000	365,000
Tan Swee Yiow	190,000	190,000
Francois Van Raemdonck	145,000	145,000

Notes:

- Depending on the achievement of pre-determined performance targets, the actual number of performance shares to be released can range from zero to 150% of the numbers stated.
- The performance period of the KCL PSP award issued in 2018 was extended for 1 more year as the targets of the award were set before the onset of the COVID-19 pandemic. The achievements in Year 2018, 2019 and 2021 will be used to determine the vesting level of the award at the end of the extended performance period.
- The performance period of the KCL PSP award issued in 2019 was extended for 1 more year as the targets of the award were set before the onset of the COVID-19 pandemic. The achievements in Year 2019, 2021 and 2022 will be used to determine the vesting level of the award at the end of the extended performance period.
- The performance period of the KCL PSP award issued in 2020 was extended for 1 more year as the targets of the award were set before the onset of the COVID-19 pandemic. The achievements in Year 2021, 2022 and 2023 will be used to determine the vesting level of the award at the end of the extended performance period.

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement, to which the Company or any of its subsidiaries is a party, whereby the Directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

4. AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board



Loh Chin Hua
Chairman



Louis Lim Lu-yi
Chief Executive Officer

Singapore, 22 February 2023

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

INDEPENDENT AUDITOR'S REPORT

To the Member of Keppel Land Limited

For the financial year ended 31 December 2022

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of Keppel Land Limited ("the Company") and its subsidiaries ("the Group") and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 ("the Act"), Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated profit or loss account of the Group for the financial year ended 31 December 2022;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the balance sheets of the Group and Company as at 31 December 2022;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the statement of changes in equity of the Company for the financial year then ended;
- the consolidated cash flow statement of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

INDEPENDENT AUDITOR'S REPORT For the financial year ended 31 December 2022

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 for the financial year ended 31 December 2022. 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.

Key Audit Matters	How our audit addressed the Key Audit Matters
Valuation of properties held for sale (Refer to Note 23 to the financial statements) The Group has residential properties held for sale mainly in China, Singapore, Indonesia and Vietnam. Properties held for sale are stated at the lower of cost and net realisable values which amounted to \$2,309 million as at 31 December 2022. The determination of the carrying value and whether to recognise any foreseeable losses for properties held for sale is highly dependent on the estimated costs to complete each development and the estimated selling price. For certain development projects, fair values based on independent valuation reports are used to determine the net realisable values of these properties. We focused on this area as significant judgement is required in making estimates of future selling prices and the estimated costs to complete the development project. In instances where independent valuation reports are used, the valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving the discount rate and price of comparable plots and properties. Continued unfavourable market conditions in certain markets in which the Group operates might exert downward pressure on transaction volumes and residential property prices. This could lead to future trends in these markets departing from known trends based on past experience. There is therefore a risk that the estimates of carrying values at the date of these financial statements exceed future selling prices, resulting in losses when the properties are sold. Furthermore, the Coronavirus Disease 2019 ("COVID-19") pandemic has resulted in significant economic uncertainty in the current and future economic environment and there is heightened uncertainty inherent in estimating the impact of the pandemic on future selling prices and estimated costs to complete of the development properties.	We found that, in making its estimates of future selling prices and estimated costs to complete, the Group took into account macroeconomic and real estate price trend information, and the consideration of the potential financial impact of the COVID-19 pandemic in the basis of the estimates. Senior management applied their knowledge of the business in their regular review of these estimates. We corroborated the Group's forecast selling prices by comparing to, where available, recently transacted prices and prices of comparable properties located in the same vicinity as the properties held for sale. We compared management's budgeted total development costs against underlying contracts with vendors and supporting documents. We discussed with the project managers to assess the reasonableness of estimated costs to complete and corroborated the underlying assumptions made with our understanding of past completed projects. For projects where management has used independent valuation reports as a basis to determine the net realisable value, we evaluated the qualifications and competence of the external valuers and considered the valuation methodologies used against those applied by other valuers for similar property type. We tested the reliability of inputs used in the valuation and corroborated key inputs such as the discount rate and price of comparable plots and properties used in the valuation by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the inputs were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the valuers. We focused our work on development projects with slower-than-expected sales or with low or negative margins. For projects which are expected to sell below cost, we checked the computations of the foreseeable losses.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES**INDEPENDENT AUDITOR'S REPORT****For the financial year ended 31 December 2022****Key Audit Matters** (continued)

Key Audit Matters	How our audit addressed the Key Audit Matters
Valuation of properties held for sale (continued) (Refer to Note 23 to the financial statements)	We also considered the adequacy of the disclosures in the financial statements, in describing the allowance for foreseeable losses made for properties held for sale. Based on our procedures, we were satisfied that management's estimates and assumptions were reasonable. We also found the related disclosures in the financial statements to be adequate.
Valuation of investment properties (Refer to Note 16 to the financial statements) The Group owns a portfolio of investment properties comprising office buildings, hotel, retail malls and mixed-use development projects, located primarily in China, Singapore, Indonesia and Vietnam. As at 31 December 2022, investment properties stated at their fair values amounting to \$4,211 million were determined based on independent external valuations. We focused on this area as the valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving the capitalisation rate, discount rate, estimated construction cost to complete and price of comparable plots and properties. Furthermore, the valuation reports obtained from independent property valuers for certain investment properties have highlighted the uncertainty of the COVID-19 outbreak and material valuation uncertainty where a higher degree of caution should be attached to the valuation than would normally be the case. Accordingly, the valuation of these investment properties may be subjected to more fluctuation than during normal market conditions.	We evaluated the qualifications and competence of the external valuers. We considered the valuation methodologies used against those applied by other valuers for similar property types, and how the impact of the COVID-19 pandemic and market uncertainty has been considered by the independent property valuers in determining the valuation of investment properties. We also considered other alternative valuation methods. We tested the reliability of inputs of the projected cash flows used in the valuation to supporting leases, construction contracts and other documents. We corroborated the other inputs such as the capitalisation rate, discount rate and price of comparable plots and properties used in the valuation by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the inputs were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the valuers. We also considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions used in the estimates and the impact of COVID-19 on the valuation of investment properties as at 31 December 2022, as we consider them as likely to be significant to users of the financial statements given the estimation uncertainty and sensitivity of the valuations. The valuers are members of recognised professional bodies for external valuers. We found that the valuation methodologies used were in line with generally accepted market practices and the key assumptions used were within the range of market data. We also found the disclosures in the financial statements to be adequate.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES**INDEPENDENT AUDITOR'S REPORT****For the financial year ended 31 December 2022****Key Audit Matters** (continued)

Key Audit Matters	How our audit addressed the Key Audit Matters
Revenue recognition for trading properties (Refer to Note 4 to the financial statements) During the year, the Group recognised \$810 million of revenue from its trading properties. Revenue is recognised when control over the properties have been transferred to the purchasers. For Singapore trading properties sold under a deferred payment scheme which allows the purchasers to take possession of the completed units after making the down payment, the Group recognised \$40 million of revenue. We focused on this area as significant judgement was made in assessing the point when control over the properties has been transferred to the purchasers. The determination of the timing of revenue recognition is highly dependent on the point at which the contract is enforceable, has a low risk of return and when collection of consideration is probable. Accordingly, the Group recognises revenue based on receipt of down payment and option to purchase exercised.	We evaluated if the contract is enforceable by considering the terms in the sales contracts that the Group and the purchasers have entered into, the local laws and regulations that the projects are operating in and assessing the legal opinions that management has obtained, where applicable. We assessed the point of control transferred to the purchaser by considering purchaser's acceptance of the property, the purchaser's ability to direct the use of the property and if there are any indicator that the purchaser will rescind the contract. We evaluated management's collectability assessment by considering the credit reviews performed on individual purchasers, subsequent receipts and any indicator of higher credit risk, where applicable. Based on our procedures, we were satisfied that the assumptions made in determining the timing of revenue recognition were reasonable. We also found the related disclosures in the financial statements to be adequate.

Other information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

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.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2022

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)s and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2022

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Magdelene Chua.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 22 February 2023

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES**CONSOLIDATED PROFIT OR LOSS ACCOUNT**
For the financial year ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
Revenue	4	898,272	1,624,812
Cost of sales		(640,371)	(1,126,565)
Gross profit		257,901	498,247
Distribution costs		(12,372)	(12,942)
Administrative and other expenses		(177,324)	(146,435)
Other income	6	90,652	477,128
Other loss	7	(9,453)	(107,243)
Investment income	5	6,151	5,207
Interest income	8	36,096	36,569
Interest expense	9	(84,346)	(68,649)
Share of results of associated companies and joint ventures	21	289,273	164,995
Pre-tax profit before fair value gain on investment properties		396,578	846,877
Fair value gain on investment properties	10	131,187	238,875
Pre-tax profit after fair value gain on investment properties		527,765	1,085,752
Taxation	11	(156,866)	(335,387)
Profit for the year	5	370,899	750,365
Profit attributable to:			
Shareholder of the Company	3	378,337	771,165
Non-controlling interests	3	(7,438)	(20,800)
		370,899	750,365

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
For the financial year ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
Profit for the year		370,899	750,365
Items that may be reclassified subsequently to profit or loss account:			
Cash flow hedges			
Net fair value change		42,265	20,761
Foreign exchange translation account			
Exchange differences on consolidation		(384,986)	202,617
Exchange differences transferred to profit or loss account		(24,784)	(211)
Share of other comprehensive income of associated companies and joint ventures			
Cash flow hedges			
Net fair value change		30,191	17,416
Fair value change transferred to profit or loss account		(180)	1,556
Foreign exchange translation account			
Exchange differences on consolidation		(175,921)	70,035
Exchange differences transferred to profit or loss account		365	(6,024)
Item that will not be reclassified subsequently to profit or loss account:			
Foreign exchange translation account			
Exchange differences on consolidation		(7,762)	2,494
Financial assets at fair value through other comprehensive income ("FVOCI")			
Net fair value change		(10,928)	(15,668)
Share of other comprehensive income of associated companies and joint ventures			
Financial assets at FVOCI		143	123
Other comprehensive (loss)/income for the year, net of tax	14	(531,597)	293,099
Total comprehensive (loss)/income for the year		(160,698)	1,043,464
Total comprehensive (loss)/income attributable to:			
Shareholder of the Company		(145,498)	1,061,770
Non-controlling interests		(15,200)	(18,306)
		(160,698)	1,043,464

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

As at 31 December 2022

	Note	GROUP		COMPANY	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Share capital	13	2,427,916	2,427,916	2,427,916	2,427,916
Reserves	14	3,463,682	4,809,646	355,601	1,171,633
Share capital and reserves		5,891,598	7,237,562	2,783,517	3,599,549
Non-controlling interests		(46,514)	(20,599)	-	-
Total equity		5,845,084	7,216,963	2,783,517	3,599,549
Represented by:					
Non-current assets					
Fixed assets	15	173,901	192,928	-	-
Investment properties	16	4,211,432	4,139,267	-	-
Right-of-use assets	17	79,280	87,701	-	-
Amounts owing by related parties	18	263,158	165,161	-	-
Deferred tax assets	11	58,534	67,166	-	-
Other non-current assets	19	357,764	258,378	35,232	2,506
Investments					
Subsidiaries	20	-	-	1,530,947	1,483,441
Associated companies and joint ventures	21	3,445,601	3,562,945	57,341	57,341
Long-term investments	22	241,185	263,406	20,372	25,025
		3,686,786	3,826,351	1,608,660	1,565,807
		8,830,855	8,736,952	1,643,892	1,568,313
Current assets					
Properties held for sale	23	2,309,191	3,091,339	-	-
Stocks	24	1,113	1,235	-	-
Debtors	25	266,306	250,636	6,248	1,932
Amounts owing by holding company and related parties	26	292,539	386,907	3,808,881	5,202,323
Cash and cash equivalents	27	562,795	1,677,977	6,753	1,589
		3,431,944	5,408,094	3,821,882	5,205,844
Less:					
Current liabilities					
Creditors	28	1,036,813	1,576,679	21,799	22,072
Tax provision		113,032	321,828	1,453	213
Short-term borrowings and lease liabilities	29	1,551,309	1,321,986	499,920	549,978
Amounts owing to holding company and related parties	26	150,325	265,232	457,213	942,919
		2,851,479	3,485,725	980,385	1,515,182
Net current assets		580,465	1,922,369	2,841,497	3,690,662
Less:					
Non-current liabilities					
Long-term borrowings and lease liabilities	29	3,173,773	3,019,106	1,687,854	1,638,223
Deferred tax liabilities	11	221,895	249,048	-	-
Other non-current liabilities	30	170,568	174,204	14,018	21,203
		3,566,236	3,442,358	1,701,872	1,659,426
Net assets		5,845,084	7,216,963	2,783,517	3,599,549

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

	Share Capital \$'000	Capital Reserves \$'000	Foreign Currency Translation Account \$'000	Revenue Reserves \$'000	Total \$'000	Non- controlling Interests \$'000	Total Equity \$'000
GROUP							
Balance at 1 January 2022	2,427,916	(59,174)	34,009	4,834,811	7,237,562	(20,599)	7,216,963
Total comprehensive income for the year							
Profit for the year	-	-	-	378,337	378,337	(7,438)	370,899
Other comprehensive income/(loss) (see Note 14)	-	61,491	(585,326)	-	(523,835)	(7,762)	(531,597)
Total comprehensive income/(loss) for the year	-	61,491	(585,326)	378,337	(145,498)	(15,200)	(160,698)
Transactions with owners, recognised directly in equity							
<u>Contributions by and distributions to owners</u>							
Capital contribution	-	-	-	-	-	2,685	2,685
Dividends paid (see Note 12)	-	-	-	(1,189,000)	(1,189,000)	(245)	(1,189,245)
Total contributions by and distributions to owners	-	-	-	(1,189,000)	(1,189,000)	2,440	(1,186,560)
<u>Changes in ownership interest in subsidiaries</u>							
Acquisition of non-controlling interest	-	(11,466)	-	-	(11,466)	(13,138)	(24,604)
Disposal of a subsidiary	-	-	-	-	-	(17)	(17)
Total changes in ownership interest in subsidiaries	-	(11,466)	-	-	(11,466)	(13,155)	(24,621)
<u>Others</u>							
Transfer from revenue reserve to capital reserve due to statutory reserve requirements	-	19,606	-	(19,606)	-	-	-
Transfer from translation reserve to revenue reserve	-	-	(1,376)	1,376	-	-	-
Total others	-	19,606	(1,376)	(18,230)	-	-	-
Total transactions with owners	-	8,140	(1,376)	(1,207,230)	(1,200,466)	(10,715)	(1,211,181)
Balance at 31 December 2022	2,427,916	10,457	(552,693)	4,005,918	5,891,598	(46,514)	5,845,084

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

	Share Capital \$'000	Capital Reserves \$'000	Foreign Currency Translation Account \$'000	Revenue Reserves \$'000	Total \$'000	Non- controlling Interests \$'000	Total Equity \$'000
GROUP							
Balance at 1 January 2021	2,427,916	(81,699)	(232,408)	4,773,898	6,887,707	15,816	6,903,523
Total comprehensive income for the year							
Profit for the year	-	-	-	771,165	771,165	(20,800)	750,365
Other comprehensive income (see Note 14)	-	24,188	266,417	-	290,605	2,494	293,099
Total comprehensive income for the year	-	24,188	266,417	771,165	1,061,770	(18,306)	1,043,464
Transactions with owners, recognised directly in equity							
<u>Contributions by and distributions to owners</u>							
Capital contribution	-	-	-	-	-	1,295	1,295
Dividends paid (see Note 12)	-	-	-	(700,000)	(700,000)	(121)	(700,121)
Total contributions by and distributions to owners	-	-	-	(700,000)	(700,000)	1,174	(698,826)
<u>Changes in ownership interest in subsidiaries</u>							
Acquisition of non-controlling interest	-	(11,922)	-	-	(11,922)	(18,680)	(30,602)
Disposal of a subsidiary	-	(27)	-	27	-	-	-
Liquidation of subsidiary	-	-	-	-	-	(603)	(603)
Total changes in ownership interest in subsidiaries	-	(11,949)	-	27	(11,922)	(19,283)	(31,205)
<u>Others</u>							
Transfer from revenue reserve to capital reserve due to statutory reserve requirements	-	10,279	-	(10,279)	-	-	-
Contribution of statutory reserves	-	7	-	-	7	-	7
Total others	-	10,286	-	(10,279)	7	-	7
Total transactions with owners	-	(1,663)	-	(710,252)	(711,915)	(18,109)	(730,024)
Balance at 31 December 2021	2,427,916	(59,174)	34,009	4,834,811	7,237,562	(20,599)	7,216,963

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Total Equity \$'000
COMPANY				
Balance at 1 January 2022	2,427,916	33,773	1,137,860	3,599,549
Total comprehensive income for the year				
Profit for the year	-	-	335,491	335,491
Other comprehensive income	-	37,477	-	37,477
Total comprehensive income for the year	-	37,477	335,491	372,968
Transactions with owners, recognised directly in equity				
<u>Distributions to owners</u>				
Dividends paid (see Note 12)	-	-	(1,189,000)	(1,189,000)
Total transactions with owners	-	-	(1,189,000)	(1,189,000)
Balance at 31 December 2022	2,427,916	71,250	284,351	2,783,517
Balance at 1 January 2021	2,427,916	11,624	1,495,155	3,934,695
Total comprehensive income for the year				
Profit for the year	-	-	342,705	342,705
Other comprehensive income	-	22,149	-	22,149
Total comprehensive income for the year	-	22,149	342,705	364,854
Transactions with owners, recognised directly in equity				
<u>Distributions to owners</u>				
Dividend paid (see Note 12)	-	-	(700,000)	(700,000)
Total transactions with owners	-	-	(700,000)	(700,000)
Balance at 31 December 2021	2,427,916	33,773	1,137,860	3,599,549

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES**CONSOLIDATED CASH FLOW STATEMENT****For the financial year ended 31 December 2022**

	Note	2022 \$'000	2021 \$'000
Operating Activities:			
Pre-tax profit		527,765	1,085,752
Adjustments for:			
Depreciation charge		31,558	41,580
Loss/(gain) on sale of fixed assets		593	(866)
Fixed assets written off		-	16,486
Right-of-use assets written off		-	203
Lease liabilities written off		-	(225)
Fair value gain on foreign currency forward contracts		-	(220)
Interest and investment income		(42,247)	(41,776)
Interest expense		84,346	68,649
Share of results of associated companies and joint ventures		(289,273)	(164,995)
(Gain)/loss on change in interest in associated companies		(5,770)	20,546
Net gain from disposal of subsidiaries		(21,588)	(219,207)
Write-back of impairment on loan to a joint venture		-	(1,716)
Gain from disposal of associated companies and joint ventures		(2,817)	(163,291)
Impairment of fixed assets		-	35,969
Gain on remeasurement of retained interest in a joint venture		-	(69,469)
Fair value gain on call option		(21,002)	(14,877)
Fair value gain on investment properties		(131,187)	(238,875)
Amortisation of prepaid upfront fee		750	608
Unrealised exchange loss		62	404
Operating cash flows before changes in working capital		131,190	354,680
Working capital changes:			
Debtors		83,068	51,150
Creditors		(424,827)	(396,331)
Stocks		53	62
Properties held for sale		355,771	438,287
Amount owing by/to holding company and related parties		10,450	(9,660)
Cash flows from operations		155,705	438,188
Interest received		35,309	37,863
Interest paid		(131,541)	(111,052)
Income taxes paid		(285,782)	(208,138)
Net cash flows (used in)/from operating activities		(226,309)	156,861

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES**CONSOLIDATED CASH FLOW STATEMENT****For the financial year ended 31 December 2022**

	Note	2022 \$'000	2021 \$'000
Investing Activities:			
Net inflow from disposal of subsidiaries ⁽¹⁾	20	196,079	1,238,719
Net inflow from disposal of associated companies and joint ventures		56,800	576,565
Net investment in associated companies and joint ventures		(29,805)	(34,751)
Advanced payments for acquisition of subsidiaries		(43,900)	-
Investment in investments at FVOCI		(19,471)	(16,498)
Investment in investments at FVPL		(1,887)	(1,205)
Loan extended in relation to a potential acquisition		(67,625)	-
Withdrawal of structured deposits		-	21,450
Purchase of fixed assets		(8,845)	(10,081)
Expenditure on investment properties		(174,793)	(187,042)
Proceeds from sale of fixed assets		210	1,092
Loans to holding company and related parties		(18,086)	(25,769)
Advances/repayment from associated companies and joint ventures		241,223	447,381
Advances/repayment to associated companies and joint ventures		(205,630)	(419,420)
Redemption of investments at FVOCI		5,483	14,287
Dividends received from associated companies and joint ventures ⁽²⁾		116,848	132,210
Dividends received from investee companies		6,151	5,207
Net cash flows from investing activities		52,752	1,742,145
Financing Activities:			
Drawdown of borrowings		1,323,778	1,408,220
Repayment of borrowings and prepayment of upfront fees		(2,060,835)	(2,625,611)
Principal payment of lease liabilities		(16,557)	(13,293)
Dividends paid to shareholder ⁽³⁾		-	(845)
Acquisition of non-controlling interests		(27,761)	(27,457)
Contributions by non-controlling shareholders		2,685	1,295
Advances from non-controlling shareholders		-	329
Advances/repayment to non-controlling shareholders		(6,982)	(8,834)
Dividends paid to non-controlling shareholders		(245)	(121)
Net cash flows used in financing activities		(785,917)	(1,266,317)
Net (decrease)/increase in cash and cash equivalents		(959,474)	632,689
Cash and cash equivalents at beginning of year		1,677,977	998,810
Exchange adjustments		(155,708)	46,478
Cash and cash equivalents at end of year	27	562,795	1,677,977

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT
For the financial year ended 31 December 2022

Reconciliation of liabilities arising from financing activities:

	1 January \$'000	Net proceeds/ (payment) of principal \$'000	Non-cash changes					31 December \$'000
			Addition during the year \$'000	Foreign exchange movement \$'000	Dividends payments ⁽³⁾ \$'000	Remeasurement of lease liabilities \$'000	Others \$'000	
GROUP								
<u>2022</u>								
External borrowings, including under MTN Programme	3,036,715	118,319	-	(57,565)	-	-	750	3,098,219
Loans from related companies	1,257,119	(855,376)	-	1	1,189,000	-	-	1,590,744
Loans from non-controlling shareholders of certain subsidiaries	144,806	(3,982)	-	(68)	-	-	842	141,598
Lease liabilities	47,258	(16,557)	9,778	(1,773)	-	-	(2,587)	36,119
	<u>4,485,898</u>	<u>(757,596)</u>	<u>9,778</u>	<u>(59,405)</u>	<u>1,189,000</u>	<u>-</u>	<u>(995)</u>	<u>4,866,680</u>
<u>2021</u>								
External borrowings, including under MTN Programme	2,618,264	395,288	-	22,555	-	-	608	3,036,715
Loans from related companies	2,167,719	(1,612,679)	-	2,924	699,155	-	-	1,257,119
Loans from non-controlling shareholders of certain subsidiaries	149,345	(6,345)	-	958	-	-	848	144,806
Lease liabilities	27,410	(13,293)	28,328	1,243	-	3,795	(225)	47,258
	<u>4,962,738</u>	<u>(1,237,029)</u>	<u>28,328</u>	<u>27,680</u>	<u>699,155</u>	<u>3,795</u>	<u>1,231</u>	<u>4,485,898</u>

Notes:

1. Inflow from disposal of subsidiaries during the year of \$196,079,000 included an offset against advances from a joint venture of \$127,822,000.
2. Dividends received from associated companies and joint ventures during the year of \$116,848,000 (2021: \$132,210,000) was after netting off amount owing to an associated company of \$24,027,000 (2021: \$Nil).
3. Dividends of \$1,189,000,000 declared in 2022 were settled via loans with a related company (2021: Of the \$700,000,000 dividends declared in 2021, \$699,155,000 were settled via loans with a related company and the remaining \$845,000 were paid in cash).

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

Keppel Land Limited (the “Company”) is a limited liability company incorporated in Singapore.

The registered office of the Company is located at 1 Harbourfront Avenue, #18-01 Keppel Bay Tower, Singapore 098632. The principal place of business of the Company is located at 1 Harbourfront Avenue, Level 2 Keppel Bay Tower, Singapore 098632.

The financial statements of Keppel Land Limited for the financial year ended 31 December 2022 were authorised for issue on 22 February 2023 in accordance with a resolution of the Board of Directors.

The principal activity of the Company is that of a holding, management and investment company.

The immediate and ultimate holding company is Keppel Corporation Limited, incorporated in Singapore, and is listed on the Singapore Exchange Securities Trading Limited.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Singapore Financial Reporting Standards (International) (“SFRS(I)s”) and International Financial Reporting Standards (“IFRSs”). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are expressed in Singapore dollars (“SGD” or “\$”), which is the functional currency of the Company, and all values are rounded to the nearest thousand (“\$’000”), except where otherwise indicated.

Interest Rate Benchmark Reform – Phase 2

In the prior year, the Group has adopted the amendments to SFRS(I) 9, SFRS(I) 7 and SFRS(I) 16 *Interest Rate Benchmark Reform – Phase 2* effective 1 January 2021. In accordance with the transition provisions, the amendments were applied retrospectively to hedging relationships and financial instruments. Comparative amounts have not been restated, and there was no impact on the prior period opening reserves balances on adoption.

Hedge relationships

The Phase 2 amendments address issues arising during interest rate benchmark reform (“IBOR reform”), including specifying when hedge designations and documentation should be updated, and when amounts accumulated in cash flow hedge reserve should be recognised in profit or loss account.

Note 35(a) provides further information about the reliefs applied by the Group and the hedging relationships for which the Group has applied the reliefs. No changes were required to any of the amounts recognised in the current or prior period as a result of these amendments. In the current year, the Group has continued to apply the following hedge accounting reliefs provided by the ‘Phase 2’ amendments to existing cash flow hedges that have transitioned to alternative benchmark rates required by IBOR reform:

- Hedge designation: When the ‘Phase 1’ amendments cease to apply, the Group will amend its hedge designation to reflect changes which are required by IBOR reform. These amendments to the hedge documentation do not require the Group to discontinue its hedge relationships.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of Preparation (continued)

Interest Rate Benchmark Reform – Phase 2 (continued)

Hedge relationships (continued)

- Amounts accumulated in the cash flow hedge reserve: When the interest rate benchmark on which the hedged future cash flows were based is changed as required by IBOR reform, the accumulated amount outstanding in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate.

Financial instruments measured at amortised cost and lease liabilities

Phase 2 of the amendments requires that, for financial instruments measured using amortised cost measurement, changes to the basis for determining the contractual cash flows required by IBOR reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised. A similar practical expedient exists for lease liabilities.

These expedients are only applicable to changes that are required by IBOR reform, which is the case if, and only if, the change is necessary as a direct consequence of IBOR reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change.

For lease liabilities where there is a change to the basis for determining the contractual cash flows, as a practical expedient the lease liability is remeasured by discounting the revised lease payments using a discount rate that reflects the change in the interest rate where the change is required by IBOR reform. If lease modifications are made in addition to those required by IBOR reform, the Group applies the relevant SFRS(I) 16 requirements to account for the entire lease modification, including those changes required by IBOR reform.

For the year ended 31 December 2022, the Group has applied the practical expedients provided under Phase 2 amendments to \$150 million of its long-term borrowings, as disclosed in Note 35(a).

Effect of IBOR Reform

The Group's risk exposure that is directly affected by the IBOR reform predominantly comprises its variable rate borrowings that are linked to the Singapore Swap Offer Rate ("SOR") or the United States Dollar London Interbank Offered Rate ("USD LIBOR"). A significant portion of these floating rate borrowings are hedged using interest rate swaps, which have been designated as cash flow hedges.

SOR will cease publication after 30 June 2023, and it is expected to be replaced by the Singapore Overnight Rate Average ("SORA"). The Group has \$199.8 million of remaining variable-rate SGD borrowings which references to SOR, with interest rate fixing date falling after 30 June 2023. The Group's communication with its counterparty is still ongoing, as specific changes required by IBOR reform for one of its borrowings have not yet been finalised.

USD LIBOR will cease publication after 30 June 2023, and it is expected to be replaced by the Secured Overnight Financing Rate ("SOFR"). The Group has USD1.3 million (or \$1.8 million equivalent) of variable-rate USD payable which references to USD LIBOR, with interest rate fixing dates falling after 30 June 2023. The Group's communication with its counterparty is still ongoing, as specific changes required by IBOR reform for this payable have not yet been finalised.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS****For the financial year ended 31 December 2022****2. SIGNIFICANT ACCOUNTING POLICIES (continued)****(a) Basis of Preparation (continued)**Effect of IBOR Reform (continued)

Affected financial instruments are SOR or USD LIBOR-linked instruments, with interest rate fixing dates falling after 30 June 2023. The following table contains details of all the affected financial instruments that the Group and the Company hold as at 31 December 2022 which are referenced to SOR or USD LIBOR and have not started transitioning to new benchmark rates:

	Carrying Amount \$'000	Of which: Not started transitioning to an alternative benchmark rate \$'000
GROUP		
<u>2022</u>		
<u>Financial Liabilities</u>		
- Borrowings	199,825	199,825
- Creditors*	1,775	1,775
COMPANY		
<u>2022</u>		
<u>Financial Liabilities</u>		
- Borrowings	199,825	199,825

* Creditors represent the variable-rate USD payable which references to USD LIBOR.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Adoption of New and Revised Standards

The Group adopted the amendments to SFRS(I)s that are effective for annual periods beginning on or after 1 January 2022. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective amendments to SFRS(I)s.

The following are the amendments to SFRS(I)s, that are relevant to the Group:

- 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 *Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract*

The adoption of the above amendments to SFRS(I)s did not have any significant impact on the financial statements of the Group in the current or future periods.

(c) Basis of Consolidation and Business Combinations

(i) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in the profit or loss account;
- re-classifies the Group's share of components previously recognised in other comprehensive income to the profit or loss account or revenue reserves, as appropriate.

(ii) Business Combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in the profit or loss account.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of Consolidation and Business Combinations (continued)

(ii) Business Combinations (continued)

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another SFRS(I).

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the acquiree's identifiable net assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in the profit or loss account on the acquisition date.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Where a business combination involves entities under common control, it is outside the scope of SFRS(I) 3 and accounted for using the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in their respective financial statements.
- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination.
- Any differences between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.
- The statement of comprehensive income reflects the results of the combining entities from the date of acquisition.

The Group has adopted the no restatement approach for which comparatives will not be re-presented. Any pre-acquisition reserves transferred over will not be recorded as revenue reserves as the intention was not to restate comparative information. SFRS(I) 1-27 requires the Group to only include the profit or loss from acquisition date.

(d) Fixed Assets

Fixed assets are initially recorded at cost and subsequently measured at cost less accumulated depreciation and any impairment in value. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. Gains or losses on disposal of fixed assets are included in the profit or loss account.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Fixed Assets (continued)

All fixed assets, except for freehold land and assets under construction, are depreciated on a straight-line basis over their estimated useful lives and residual values have also been taken into account where appropriate. No depreciation is provided on freehold land and assets under construction.

The estimated useful lives of the Group's fixed assets are as follows:

Freehold building	30 years
Leasehold land and buildings	Over period of lease (range from 20 to 50 years)
Machinery and equipment	3 to 10 years
Motor vehicles	4 to 8 years

The estimated useful lives, residual values and depreciation method are reviewed at each balance sheet date, with the effect of changes in estimates accounted for on a prospective basis.

(e) Investment Properties

Investment properties comprise completed properties and properties under construction or redevelopment held to earn rental and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value, determined annually by independent professional valuers on the highest and best use basis except for significant investment properties which are revalued on a half-yearly basis. Changes in fair value are recognised in the profit or loss account in the year in which they arise.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal.

Any gain or loss on the disposal of investment properties is recognised in the profit or loss account in the year of disposal.

(f) Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of a subsidiary, the difference between the net disposal proceeds and the carrying amount of the investment is taken to the profit or loss account.

(g) Joint Arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement. To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Joint Arrangements (continued)

The Group reassesses whether the type of joint arrangement in which it is involved has changed when facts and circumstances change.

Joint Operations

The Group recognises in relation to its interest in a joint operation,

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The accounting policies of the assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

When the Group enters into transaction involving a sale or contribution of assets with a joint operation in which it is a joint operator, the Group recognises gains and losses resulting from such a transaction only to the extent of the interests held by the other parties to the joint operation.

When the Group enters into a transaction involving purchase of assets with a joint operation in which it is a joint operator, the Group does not recognise its share of the gains and losses until it resells those assets to a third party. When such transactions provide evidence of a reduction in the net realisable value of the assets to be purchased or of an impairment loss of those assets, the Group recognises its share of those losses.

Joint Ventures

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2(h).

(h) Associated Companies and Joint Ventures

An associated company is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Associated companies and joint ventures (collectively the "equity-accounted investees") are accounted for using the equity method of accounting less impairment losses, if any. In applying the equity method of accounting, the Group's share of profits or losses and other comprehensive income of the equity-accounted investees are included in the Group's profit or loss account and other comprehensive income respectively, and the Group's share of net assets of the equity-accounted investees is included in the balance sheet from the date that the significant influence or joint control commences until the date that significant influence or joint control ceases. Distributions received from equity-accounted investees reduce the carrying amount of the investment. Unrealised gains and losses resulting from transactions between the Group and the equity-accounted investees are eliminated to the extent of the interest in the equity-accounted investees.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Associated Companies and Joint Ventures (continued)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the equity-accounted investee recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the profit or loss account as part of the Group's share of results of the equity-accounted investee in the year in which the investment is acquired.

When the Group's share of losses in an equity-accounted investee equals or exceeds its interest in the equity-accounted investee, the Group does not recognise further losses, unless it has legal or constructive obligations or made payments on behalf of the equity-accounted investee.

The most recently available audited financial statements of the equity-accounted investees are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting year. Where necessary, adjustments are made to align the accounting policies with those of the Group.

Upon loss of significant influence or joint control over the equity-accounted investee, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the equity-accounted investee upon loss of significant influence or joint control and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in the profit or loss account.

When an investment in an associated company becomes an investment in a joint venture or an investment in joint venture becomes an investment in an associated company, the Group continues to apply the equity method and does not remeasure the retained interest.

If the Group's ownership interest in an associated company or a joint venture is reduced, but the Group continues to apply the equity method, the Group reclassifies to the profit or loss account the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to the profit or loss account on the disposal of the related assets or liabilities.

In the Company's separate financial statements, investments in equity-accounted investees are accounted for at cost less impairment losses. On disposal of an equity-accounted investee, the difference between the net disposal proceeds and the carrying amount of the investment is taken to the profit or loss account.

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Goodwill is reviewed for impairment, at least annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are initially recognised at fair value on the dates the derivative contracts are entered into and are subsequently remeasured at fair value. Derivative financial instruments are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

Gains or losses arising from changes in fair value of derivative financial instruments that do not qualify for hedge accounting are taken to the profit or loss account for the year.

Hedge Accounting

The Group applies hedge accounting for certain qualifying hedging transactions.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

The fair value of various derivative financial instruments used for hedging purposes are disclosed in Notes 36(a) and (b). The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

For cash flow hedges, the effective portion of the gains or losses on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised in the profit or loss account. Amounts taken to other comprehensive income are reclassified to the profit or loss account when the hedged transaction affects profit or loss.

For fair value hedges, changes in the fair value of the designated hedging instrument are recognised in the profit or loss account within the same line item as the fair value changes from the hedged item. The fair value changes on the ineffective portion of the hedging instrument are recognised separately in profit or loss account.

Hedges of net investments in foreign operations, including hedges of monetary items that are accounted for as part of the net investments, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the profit or loss account. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the profit or loss account.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Properties Held for Sale

Properties under development where revenue is recognised using the percentage of completion method are stated at the lower of cost plus attributable profit/loss and net realisable value, net of progress billings. Properties under development where revenue is recognised using the completion of construction method, are stated at the lower of cost and net realisable value. Progress billings received prior to completion are presented as progress billings within creditors. Cost includes cost of land and construction, related overhead expenditure, and financing charges incurred during the period of development. Net realisable value represents the estimated selling price less costs to be incurred in selling the property. Upon completion of construction, they are transferred to completed properties held for sale.

Each property under development is accounted for as a separate project. Where a project comprises more than one component or phase with a separate temporary occupation permit, each component or phase is treated as a separate project, and interest and other net costs are apportioned accordingly.

When losses are expected, full allowance is made in the financial statements after adequate allowance has been made for estimated costs to completion. Any expenditure incurred on abortive projects is written off in the profit or loss account.

For properties which are sold and revenue is recognised based on percentage of work completed, contract assets recognised include the cumulative revenue recognised, net of progress billings as disclosed in Note 23. For properties where revenue is recognised based on completion of construction method, contract liabilities pertaining to payments received prior to completion are included in Note 28 as progress billings.

(l) Stocks

Stocks are valued at the lower of cost and net realisable value. Allowance is made for damaged, obsolete or slow-moving stocks on an item by item basis.

(m) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, fixed deposits with banks, deposits with related companies and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

(n) Financial Assets

Classification and Measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss account ("FVPL").

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Financial Assets (continued)

At Initial Recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss account, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss account are expensed in profit or loss account.

At Subsequent Measurement

Debt Instruments

Debt instruments mainly comprise cash and cash equivalents, investments, trade and other receivables, amounts owing by holding company and related parties and other non-current assets.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss account when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other income, other loss and interest income".

Equity Investments

Equity investments comprise certain long-term investments. The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss account in the period in which the changes arise and presented in "other gains and losses", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of certain equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "net fair value change" in other comprehensive income. Dividends from equity investments are recognised in profit or loss account as "investment income".

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group determines whether there has been a significant increase in credit risk as disclosed under Note 35(c).

Recognition and Derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Financial Assets (continued)

Recognition and Derecognition (continued)

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss account. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss account.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss account if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to revenue reserves along with the amount previously recognised in other comprehensive income relating to that asset.

(o) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(p) Impairment of Non-Financial Assets

At each balance sheet date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that the assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of an asset or a CGU exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value less cost of disposal and value-in-use.

Impairment losses are recognised in the profit or loss account. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of goodwill allocated to the CGU and then, to reduce the carrying amount of the other assets of the CGU on a pro-rata basis.

An impairment loss recognised for goodwill is not reversed in a subsequent period. In respect of other non-financial assets, a previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of the asset since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. A reversal of impairment loss is recognised in the profit or loss account.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Financial Liabilities

Financial liabilities within the scope of SFRS(I) 9 are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities include trade and other creditors, amounts owing to holding company and related parties, borrowings, lease liabilities and other non-current liabilities. All financial liabilities, other than financial liabilities at fair value through the profit or loss account, are recognised initially at fair value, plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss is recognised in the profit or loss account when the liability is derecognised, and through the amortisation process.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised at their fair values plus transaction costs in the balance sheet. Financial guarantees are subsequently amortised to the profit or loss account over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the profit or loss account.

(r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of economic resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(s) Revenue Recognition

The Group develops and sells trading properties to purchasers through fixed-price contracts. Revenue is recognised when the control over the asset has been transferred to the purchaser. At contract inception, the Group assesses whether the Group transfers control of the asset over time or at a point in time by determining if:

- (i) its performance does not create an asset with an alternative use to the Group; and
- (ii) the Group has an enforceable right to payment for performance completed to date.

The trading properties have no alternative use for the Group due to contractual restriction. Where the Group has enforceable rights to payment for performance completed to date arising from the contractual terms, revenue is recognised over time by reference to the Group's progress towards completing the construction of the trading property. The stage of completion is measured by reference to the proportion of the total construction cost incurred to date, as per certification by quantity surveyors, to the total estimated construction costs. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Revenue Recognition (continued)

Where the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised at a point in time when the purchaser obtains control over the asset and the Group's right to payment becomes enforceable.

Rental and related income from leases on investment properties are recognised on a straight-line basis over the lease term. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

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

Interest income is recognised on a time proportion basis (using the effective interest method).

Service charges, management fees and car park fees are recognised in the year in which the performance obligation is satisfied.

(t) Borrowing Costs

Borrowing costs incurred to finance the development of properties are capitalised during the period of time that is required to complete and prepare the assets for their intended use. Other borrowing costs are taken to the profit or loss account over the period of borrowing using the effective interest method.

For Singapore trading properties under progressive payment scheme, borrowing costs on portion of property not ready for transfer of control to the purchasers are capitalised until the time when control is capable of being transferred to the purchasers.

(u) Employee Benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined Contribution Plan

The Group makes contributions to pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies make contributions to the Central Provident Fund in Singapore, a defined contribution pension scheme. Contributions to pension schemes are recognised as an expense in the year in which the related service is performed.

Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

Share Plans

The Company's immediate and ultimate holding company, Keppel Corporation Limited ("KCL"), operates share-based compensation plans and eligible employees in the Group are granted shares in KCL under the KCL Restricted Share Plan and KCL Performance Share Plan for services rendered.

The fair value of the employee services received in exchange for the grant of restricted shares and performance shares is recognised as an expense in profit or loss account, with a corresponding increase in payables to KCL, over the vesting period of the share plans. The total amount to be recognised over the vesting period is determined by reference to the fair values of the restricted shares and performance shares granted on the respective dates of grant.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Employee Benefits (continued)

Share Plans (continued)

At each balance sheet date, profit or loss account is adjusted for the impact of the revision in the estimates of the share plan awards that are expected to vest on the vesting dates. No expense is recognised for share plan awards that do not ultimately vest, except for share plan awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

(v) Taxation

Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amounts expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current tax is recognised in the profit or loss account except to the extent that the tax relates to items recognised outside the profit or loss account, either in other comprehensive income or directly in equity.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the balance sheet date. The principal temporary differences arise from fair value gain on investment properties, fair value adjustments on acquisition of subsidiaries, depreciation of fixed assets, unremitted offshore income and certain provisions or charges in the financial statements for which the tax relief is not immediately available.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investment in subsidiaries, associated companies and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. 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 they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised as an expense or income in the profit or loss account, except where it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Taxation (continued)

Land Appreciation Tax

Land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including cost of land use rights, borrowing costs, business taxes and all property development expenditures. The tax is incurred upon transfer of property ownership.

Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- (i) Where the sales tax incurred in a purchase of an asset or service is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- (ii) Debtors and creditors are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of debtors and creditors in the balance sheet.

(w) Foreign Currencies

Foreign Currency Transactions

Transactions in foreign currencies are translated at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at exchange rates approximating those ruling at that date. Exchange differences arising from settlement or translation of monetary items are taken to the profit or loss account, except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation account.

Exchange differences arising on translation of the financial liabilities designated as hedges of net investments in foreign operations are recognised in other comprehensive income to the extent that the hedge is effective, and are accumulated under foreign currency translation account. The exchange differences relating to the ineffective portion of the hedge are recognised in the profit or loss account. On disposal of the hedged net investment, the relevant amount of the exchange differences shall be reclassified from equity to the profit or loss account as part of the gain or loss on disposal.

Foreign Currency Translation

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Foreign Currencies (continued)

Foreign Currency Translation (continued)

For inclusion in the Group's financial statements, all assets and liabilities of foreign subsidiaries, associated companies and joint ventures that are in functional currencies other than Singapore dollars are translated into Singapore dollars at the exchange rates ruling at the balance sheet date. The trading results of foreign subsidiaries, associated companies and joint ventures are translated into Singapore dollars using the average exchange rates for the financial year. Exchange differences due to such currency translation are recognised in other comprehensive income and accumulated in the foreign currency translation account. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation shall be reclassified from equity to the profit or loss account as part of the gain or loss on disposal.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in the profit or loss account. For partial disposal of associated companies and joint ventures that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to the profit or loss account.

Goodwill and fair value adjustments arising on acquisition of a foreign entity on or after 1 January 2005 are treated as foreign currency assets and liabilities of the acquiree and recorded at the closing exchange rate.

(x) Segment Reporting

For management purposes, the Group is organised into strategic business units based on their products, services and geography. Management monitors the results of each of the operating segments for the purpose of making decisions on resource allocation and performance assessment.

(y) Leases

As Lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract 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. Reassessment is only required when the terms and conditions of the contract are changed.

Right-of-use Assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use asset which meets the definition of an investment property is presented within "investment properties" (Note 16) and accounted for in accordance with Note 2(e).

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Leases (continued)

As Lessee (continued)

Lease Liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss account if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term and Low Value Leases

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss account on a straight-line basis over the lease term.

Variable Lease Payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Leases (continued)

As Lessor

Finance Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the lessee. Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Operating Leases

Assets leased out under operating leases are included in investment properties and are stated at fair values. Rental income (net of any incentive given to lessee) is recognised on a straight-line basis over the lease term.

(z) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair values can be reliably determined.

(aa) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

(ab) Government Grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

(ac) Assets Classified as Held for Sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(ad) Critical Accounting Estimates and Judgement

(i) Critical Judgement Made in Applying the Group's Accounting Policies

Interest Rate Benchmark Reform Phase 1

In calculating the change in fair value attributable to the hedged SGD and USD borrowings, the Group assumes that:

- The existing SGD and USD borrowings will move to SORA and SOFR respectively at the same time as the interest rate swap (hedging instrument) with a similar adjustment spread;
- No other changes to the terms of the borrowings and interest rate swaps are anticipated; and
- The interest rate swap will not be derecognised.

Given that the critical terms are assumed to continue to match, the change in fair value of the hedged risk is the same as the change in fair value of the hedging instrument. Therefore, no hedge ineffectiveness is recognised as a result of the expected transition of the cash flow hedges from SOR to SORA or from USD LIBOR to SOFR.

(ii) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

COVID-19

The evolving COVID-19 situation could impact the assessment of the carrying amounts of the Group's assets and liabilities. As these events and conditions have significant financial reporting implications, ACRA had published a financial reporting practice guidance in May 2020 highlighting key focus areas when preparing and reviewing the financial statements, especially in areas where estimates, assumptions and judgment are required. In the assessment for the current year, management has reviewed the assumptions used in the assessment of the carrying values of certain assets of the Group. Management has exercised judgment in determining the significant assumptions used and has relied on information currently available, including the COVID-19 official updates from the authorities and the work performed by independent advisers on certain assets, in the assessment of the appropriateness of the carrying values of the Group's assets, including but not limited to the following assets as at 31 December 2022:

- Allowance for Foreseeable Losses on Properties Held for Sale
- Revaluation of Investment Properties
- Impairment of Non-Financial Assets

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(ad) Critical Accounting Estimates and Judgement (continued)

(ii) Key Sources of Estimation Uncertainty (continued)

COVID-19 (continued)

As the COVID-19 situation continues to evolve, the Group will proactively implement measures in mitigating the potential impact on the Group. Should the COVID-19 situation take a longer than expected period to recover, the carrying amounts of the assets of the Group could be impacted, and material provisions may be made and additional liabilities may arise in the subsequent financial periods.

Allowance for Foreseeable Losses on Properties Held for Sale

For properties held for sale, allowance for foreseeable losses is made when the net realisable value has fallen below cost. The carrying amount of properties held for sale and the key assumptions used in estimating net realisable value and total construction costs are disclosed in Note 23.

Revaluation of Investment Properties

The Group carries its investment properties at fair value with changes in fair value being recognised in profit or loss account. In determining fair values, the valuers have used valuation techniques which involve certain estimates. The key assumptions to determine the fair value of investment properties include market-corroborated capitalisation rate, discount rate and price of comparable plots and properties and estimated construction costs to complete. The valuation reports obtained from independent valuers for certain properties have highlighted the uncertainty of the COVID-19 outbreak and material valuation uncertainty where a higher degree of caution should be attached to the valuation than would normally be the case. Accordingly, the valuation of these investment properties may be subjected to more fluctuation than during normal market conditions.

In relying on the valuation reports, management has exercised its judgement to ensure that the valuation methods and estimates are reflective of current market conditions.

The carrying amount of investment properties and the key assumptions used to determine the fair value of the investment properties are disclosed in Notes 16 and 36.

Revenue Recognition

For Singapore property trading projects under progressive payment scheme, the Group recognises revenue from partly completed projects based on the percentage of completion method. The stage of completion is measured in accordance with the accounting policy stated in Note 2(s). Significant assumptions are required in determining the stage of completion and the total estimated development costs. In making the assumptions, the Group evaluates them by relying on past experience and the work of specialists. Revenue from partly completed projects is disclosed in Note 4.

For Singapore trading properties sold under a deferred payment scheme which allows the purchasers to take possession of the completed units after making down payment, the Group recognises revenue based on receipt of down payment and option to purchase exercised. Significant judgement is needed in assessing the point of revenue recognition. In making the judgement, the Group evaluates based on the point at which the contract is enforceable and if collection of consideration is probable.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(ad) Critical Accounting Estimates and Judgement (continued)

(ii) Key Sources of Estimation Uncertainty (continued)

Revenue Recognition (continued)

For overseas trading properties where the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the purchaser obtains control of the asset and the Group's right to payment becomes enforceable. Significant judgement is needed in assessing the point when the purchaser obtains control of the asset such as when the property is accepted by the purchaser, or deemed as accepted according to past experience with risk of return assessed to be low, or when title has passed to the purchaser.

Impairment of Non-Financial Assets

The Group assesses at each balance sheet date whether there are any indicators of impairment for all non-financial assets.

Determining whether the carrying values of fixed assets, right-of-use assets, investments in subsidiaries and investments in associated companies and joint ventures are impaired requires an estimation of the recoverable amount. This requires the Group to assess the fair value of these assets to determine the recoverable amounts. The carrying amounts of fixed assets, right-of-use assets, investments in subsidiaries and investments in associated companies and joint ventures at the balance sheet date are disclosed in Notes 15, 17, 20 and 21 respectively.

Valuation of Investments

The Group carries its investments at fair value through profit or loss account and fair value through other comprehensive income at fair value with changes in fair value being recognised in profit or loss account and other comprehensive income respectively.

The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Methods such as estimating with reference to recent arm's length transactions, discounted cash flow projections and the underlying net asset value of the investee companies are also used to determine the fair values of the investments. The fair value of these investments is disclosed in Note 22.

Land Appreciation Tax

The Group is subject to land appreciation tax in the People's Republic of China ("PRC"). However, the implementation and settlement of the tax varies among various tax jurisdictions in cities of the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation tax. The Group recognised the land appreciation tax of its property projects based on management's best estimates according to its understanding of the tax rules and latest practice of local tax jurisdictions in the cities where the Group's projects are located. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact income tax and deferred tax provisions in the periods in which such taxes are finalised with local tax authorities.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3. PROFIT FROM OPERATIONS AND FAIR VALUE GAIN ON INVESTMENT PROPERTIES

	2022			2021		
	Operations	Fair Value Gain	Total	Operations	Fair Value Gain	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Pre-tax profit	278,565	249,200	527,765	813,997	271,755	1,085,752
Taxation	(125,023)	(31,843)	(156,866)	(287,751)	(47,636)	(335,387)
	153,542	217,357	370,899	526,246	224,119	750,365
Non-controlling interests	10,089	(2,651)	7,438	25,867	(5,067)	20,800
Profit attributable to shareholder	163,631	214,706	378,337	552,113	219,052	771,165

Included in pre-tax fair value gain is share of associated companies' and joint ventures' fair value gain on investment properties (net of tax) of \$118,013,000 (2021: \$32,880,000) (See Note 10).

4. REVENUE

	GROUP	
	2022 \$'000	2021 \$'000
Trading of properties:		
Recognised on completion of construction method	680,261	1,376,396
Recognised on percentage of completion method	129,483	162,081
	809,744	1,538,477
Rental, hospitality and related income	64,308	67,358
Property services and others	24,220	18,977
	898,272	1,624,812

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

5. PROFIT FOR THE YEAR

	GROUP	
	2022	2021
	\$'000	\$'000
The following amounts have been charged/(credited) in arriving at the profit for the year:		
(a) Gross dividends from unquoted investments	(6,151)	(5,207)
(b) Staff costs:		
Key managers' emoluments:		
Short-term benefits (including annual base salaries and annual performance incentives)	5,222	5,482
Employer's contribution to defined contribution plans, including the Central Provident Fund	115	108
Cost of share-based payments	2,218	2,741
	7,555	8,331
Other staff costs:		
Short-term benefits (including annual base salaries and annual performance incentives)	120,544	137,885
Employer's contribution to defined contribution plans, including the Central Provident Fund	14,636	13,202
Cost of share-based payments	5,095	2,214
	140,275	153,301
Total staff costs	147,830	161,632
(c) Others:		
Depreciation of fixed assets (see Note 15)	17,097	29,748
Depreciation of right-of-use assets (see Note 17)	14,461	11,832
Loss/(gain) on sale of fixed assets	593	(866)
Fixed assets written off	-	16,486
Fees and other remuneration to Directors of the Company	336	494
Cost of properties held for sale recognised in cost of sales	525,005	974,187
Fair value gain on foreign currency forward contracts	-	(220)
Foreign exchange loss/(gain) - Unhedged	4,664	(7,644)
(Write-back of allowance)/allowance for doubtful debts	(809)	1,151
Bad debts written off	7	77
Net allowance for foreseeable losses on properties held for sale	76	583
Direct expenses of investment properties that generate rental income	32,000	29,099
Lease expense of low value assets	200	492
Right-of-use assets written off	-	203
Lease liabilities written off	-	(225)

Staff costs capitalised during the year under properties held for sale and investment properties amounted to \$17,509,000 (2021: \$26,146,000).

Total share-based payments of \$7,313,000 in 2022 were settled by cash (2021: \$4,955,000) to holding company.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

5. PROFIT FOR THE YEAR (continued)

Keppel Corporation Limited ("KCL") Share Plan

The KCL Restricted Share Plan ("KCL RSP") and KCL Performance Share Plan ("KCL PSP") are share plans approved by KCL's shareholders on 23 April 2010 and administered by the KCL Remuneration Committee ("KCL RC"), and extended to eligible employees of KCL's subsidiaries at the discretion of the KCL RC. The KCL Performance Share Plan 2020 ("KCL PSP 2020") and KCL Restricted Share Plan 2020 ("KCL RSP 2020") were approved by the KCL's shareholders on 2 June 2020, replacing the KCL PSP and KCL RSP respectively. The KCL PSP and KCL RSP were terminated on the same day. The termination of the KCL PSP and KCL RSP will not, however, affect awards granted prior to such termination, whether such awards have been released (whether fully or partially) or not, which awards will continue to be valid and be subject to the terms and conditions of the KCL PSP and KCL RSP.

Information on KCL RSP – Deferred Shares, KCL RSP 2020 – Deferred Shares, KCL PSP, KCL PSP 2020, KCL PSP–Transformation Incentive Plan ("KCL PSP-TIP") and KCL PSP 2020 Transformation Incentive Plan ("KCL PSP 2020 TIP") are as follows:

(i) KCL RSP – Deferred Shares and KCL RSP 2020 – Deferred Shares

Award of fully-paid ordinary shares of KCL which will vest equally over three years subject to fulfilment of service requirements.

(ii) KCL PSP and KCL PSP 2020

Award of fully-paid ordinary shares of KCL, conditional on KCL Group achieving the pre-determined targets over a three-year performance period. The pre-determined targets for awards granted from Year 2019 to Year 2021 are absolute total shareholder's return, return on capital employed and net profit. The predetermined targets for awards granted from Year 2022 onwards are absolute total shareholder's return, return on equity, net profit and reduction in carbon emission. If the pre-determined targets are achieved, awards will vest at the end of the three-year performance period subject to fulfilment of service requirements.

(iii) KCL PSP-TIP

Award of fully-paid ordinary shares of KCL, conditional on the employee achieving the pre-determined individual performance target and KCL Group achieving the pre-determined targets of absolute total shareholder's return and certain financial and non-financial measures over a six-year performance period. If pre-determined targets are achieved, awards will vest at the end of the six-year performance period subject to fulfilment of service requirements. Performance conditions may be subject to re-testing at the end of the six-year performance period.

(iv) KCL PSP 2020 TIP

Award of fully-paid ordinary shares of KCL, conditional on the employee achieving the pre-determined individual performance target and KCL Group achieving the pre-determined targets of absolute total shareholder's return, asset monetisation and cross-business unit revenue targets and certain financial and non-financial measures over a five-year performance period. If pre-determined targets are achieved, awards will vest at the end of the five-year performance period subject to fulfilment of service requirements. Performance conditions may be subject to re-testing at the end of the five-year performance period.

The fair values of the contingent award of shares for the above plans are determined at the grant date using Monte Carlo simulation method which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility.

On 15 February 2022, eligible employees were granted awards of 1,248,345 shares under the KCL RSP 2020-Deferred Shares and the estimated fair value of the shares granted were \$5.84. On 15 February 2021, eligible employees were granted awards of 1,082,773 shares under the KCL RSP 2020-Deferred Shares and the estimated fair value of the shares granted were \$4.98.

On 29 April 2022, eligible employees were granted contingent awards of 270,000 shares under the KCL PSP 2020 and the estimated fair value of the Shares granted was \$6.07. On 30 April 2021, eligible employees were granted contingent awards of 175,000 shares under the KCL PSP 2020 and the estimated fair value of the shares granted was \$4.18.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

5. PROFIT FOR THE YEAR (continued)

Keppel Corporation Limited ("KCL") Share Plan (continued)

On 29 April 2022, eligible employees were granted contingent awards of 170,000 shares under the KCL PSP 2020 TIP and the estimated fair value of the shares granted was \$3.53. On 30 July 2021, eligible employees were granted contingent awards of 1,400,000 shares under the KCL PSP 2020 TIP and the estimated fair value of the shares granted was \$1.95.

The significant inputs into the model are as follows:

	2022		
	<u>KCL RSP 2020 – Deferred Shares</u>	<u>KCL PSP 2020</u>	<u>KCL PSP 2020 TIP</u>
Date of grant	15.02.2022	29.04.2022	29.04.2022
Prevailing share price at date of grant	\$6.05	\$6.87	\$6.87
Expected volatility of KCL	26.92%	26.05%	26.05%
Expected term	0.00 - 2.00 years	2.83 years	3.83 years
Risk free rate	0.90% - 1.26 %	2.17%	2.27%
Expected dividend yield	*	*	*

	2021		
	<u>KCL RSP 2020 – Deferred Shares</u>	<u>KCL PSP 2020</u>	<u>KCL PSP 2020 TIP</u>
Date of grant	15.02.2021	30.04.2021	30.07.2021
Prevailing share price at date of grant	\$5.15	\$5.42	\$5.49
Expected volatility of KCL	27.39%	27.18%	26.77%
Expected term	0.00 - 2.00 years	2.83 years	4.58 years
Risk free rate	0.30% - 0.34%	0.56%	0.77%
Expected dividend yield	*	*	*

* Expected dividend yield is based on management's forecast for KCL group.

The expected volatilities are based on the historical volatilities of KCL's share price over the previous 36 months immediately preceding the grant date. The expected term used in the model is based on the grant date and the end of the performance period.

6. OTHER INCOME

	GROUP	
	2022 \$'000	2021 \$'000
Gain from disposal of subsidiaries	31,041	226,975
Gain from disposal of associated companies and joint ventures	2,817	163,291
Gain on remeasurement of retained interests in a joint venture	-	69,469
Gain on change in interest in associated companies	5,770	-
Fair value gain on call option (see Note 19)	21,002	14,877
Write-back of provision for litigation claim	26,958	-
Write-back of impairment on loan to a joint venture	-	1,716
Write-back of accrued transaction costs	3,064	-
Government grant income	-	800
	<u>90,652</u>	<u>477,128</u>

Government grant income of \$800,000 was recognised in 2021 under the Job Support Scheme ("JSS"). The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS****For the financial year ended 31 December 2022****7. OTHER LOSS**

	GROUP	
	2022	2021
	\$'000	\$'000
Loss from disposal of subsidiaries	(9,453)	(7,768)
Loss on change in interest in an associated company	-	(20,546)
Impairment on fixed assets (see Note 15)	-	(35,969)
Provision for litigation claim	-	(26,474)
Fixed assets written off	-	(16,486)
	<u>(9,453)</u>	<u>(107,243)</u>

8. INTEREST INCOME

	GROUP	
	2022	2021
	\$'000	\$'000
Interest from deposits and loans with:		
Banks	15,382	15,885
Associated companies and joint ventures	10,008	7,329
Related companies	4,886	7,941
Interest from investments at FVPL	5,150	5,226
Others	670	188
	<u>36,096</u>	<u>36,569</u>

Related companies are subsidiaries of Keppel Corporation Limited in which the Company has no shareholding interest.

9. INTEREST EXPENSE

	GROUP	
	2022	2021
	\$'000	\$'000
Interest expense on:		
Term loans and overdrafts from:		
A related company	13,020	10,623
Banks	67,274	54,032
Lease liabilities	2,592	2,544
Loans from non-controlling shareholders of certain subsidiaries and others	1,460	1,450
	<u>84,346</u>	<u>68,649</u>

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

10. FAIR VALUE GAIN ON INVESTMENT PROPERTIES

Analysis of the Group's net fair value gain on investment properties is as follows:

	2022				2021			
	Gross	Taxation	Non-controlling Interests	Net	Gross	Taxation	Non-controlling Interests	Net
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Subsidiaries	131,187	(31,843)	813	100,157	238,875	(47,636)	(456)	190,783
Associated companies and joint ventures (see Note 21)	123,750	(5,737)	(3,464)	114,549	43,593	(10,713)	(4,611)	28,269
	254,937	(37,580)	(2,651)	214,706	282,468	(58,349)	(5,067)	219,052

The fair value gain/(loss) for associated companies and joint ventures was included in share of results of associated companies and joint ventures.

The non-controlling interests of \$3,464,000 (2021: \$4,611,000) represent the non-controlling shareholders' share of the fair value gain of an underlying associated company of a non-wholly owned subsidiary.

11. TAXATION

	GROUP	
	2022	2021
	\$'000	\$'000
Current tax:		
Current income tax	55,027	146,422
Withholding tax	14,290	33,014
Over provision in respect of previous years	(5,123)	(6,212)
	64,194	173,224
Deferred tax:		
Origination of temporary differences	31,828	55,709
	96,022	228,933
Land appreciation tax	60,844	106,454
	156,866	335,387

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS****For the financial year ended 31 December 2022****11. TAXATION (continued)**

The reconciliation between the tax expense reported and the product of accounting profit multiplied by the applicable tax rate is as follows:

	GROUP	
	2022	2021
	\$'000	\$'000
Pre-tax profit	527,765	1,085,752
Less: Share of results of associated companies and joint ventures	(289,273)	(164,995)
Pre-tax profit before share of results of associated companies and joint ventures	238,492	920,757
Tax calculated at tax rate of 17% (2021: 17%)	40,544	156,529
Adjustments:		
Non-deductible expenses	44,331	59,113
Income not subject to tax	(26,829)	(76,114)
Over provision in respect of previous years	(5,123)	(6,212)
Different tax rates in other jurisdictions	17,776	65,131
Utilisation of previously unrecognised tax benefits	(8,316)	(5,822)
Tax benefits not recognised	34,560	29,908
Withholding taxes	14,290	33,014
Land appreciation tax	60,844	106,454
Effect of tax deduction on land appreciation tax	(15,211)	(26,614)
	156,866	335,387

Under the group tax relief system introduced by the Inland Revenue Authority of Singapore ("IRAS"), a Singapore incorporated company may, upon satisfaction of the criteria set out by the IRAS, transfer its current year's unabsorbed capital allowances, trade losses and donations to another company belonging to the same group, to be deducted against the assessable income of the latter company.

The Group has certain unutilised tax losses and capital allowances of \$301,488,000 (2021: \$240,363,000) as at 31 December 2022 for which related tax benefits totaling \$73,898,000 (2021: \$58,880,000) have not been included in the financial statements. The tax losses are available for offset against future taxable profits of the companies in which the losses arose but for which no deferred tax asset has been recognised due to uncertainty of their recoverability. The use of tax losses is subject to the agreement by the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the Group operates. Tax losses amounting to \$296,350,000 (2021: \$232,317,000) can be carried forward for a period of 3 to 8 years subsequent to the year of the loss, while the remaining tax losses have no expiry dates.

Deferred Taxation

	GROUP	
	2022	2021
	\$'000	\$'000
Deferred tax liabilities	221,895	249,048
Deferred tax assets	(58,534)	(67,166)
Net deferred tax liabilities	163,361	181,882

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS For the financial year ended 31 December 2022

11. TAXATION (continued)

Deferred Taxation (continued)

	At 1 January \$'000	Charged/ (credited) to profit or loss account \$'000	Company disposed \$'000	Exchange differences \$'000	At 31 December \$'000
GROUP					
2022					
Deferred tax liabilities					
Fair value on investment properties	167,283	29,670	-	(18,001)	178,952
Differences in depreciation	12,009	(858)	-	(977)	10,174
Fair value adjustments on acquisition of subsidiaries	51,676	(1,514)	(32,544)	(1,882)	15,736
Fair value adjustments on remeasurement of retained interest in a joint venture	17,927	-	-	(1,797)	16,130
Accrual and others	1,541	632	97	(430)	1,840
	<u>250,436</u>	<u>27,930</u>	<u>(32,447)</u>	<u>(23,087)</u>	<u>222,832</u>
Deferred tax assets					
Fair value on an investment property	(2,261)	2,173	-	88	-
Accruals and others	(65,716)	1,369	-	5,064	(59,283)
Lease liabilities	(577)	356	-	33	(188)
	<u>(68,554)</u>	<u>3,898</u>	<u>-</u>	<u>5,185</u>	<u>(59,471)</u>
	<u>181,882</u>	<u>31,828</u>	<u>(32,447)</u>	<u>(17,902)</u>	<u>163,361</u>
2021					
Deferred tax liabilities					
Fair value on investment properties	112,376	47,564	-	7,343	167,283
Differences in depreciation	10,387	1,274	-	348	12,009
Fair value adjustments on acquisition of subsidiaries	64,478	(9,696)	(4,091)	985	51,676
Fair value adjustments on remeasurement of retained interest in a joint venture	-	17,367	-	560	17,927
Accrual and others	4,325	(2,971)	-	187	1,541
	<u>191,566</u>	<u>53,538</u>	<u>(4,091)</u>	<u>9,423</u>	<u>250,436</u>
Deferred tax assets					
Fair value on an investment property	-	(2,190)	-	(71)	(2,261)
Accruals and others	(66,278)	3,178	-	(2,616)	(65,716)
Lease liabilities	(1,706)	1,183	-	(54)	(577)
	<u>(67,984)</u>	<u>2,171</u>	<u>-</u>	<u>(2,741)</u>	<u>(68,554)</u>
	<u>123,582</u>	<u>55,709</u>	<u>(4,091)</u>	<u>6,682</u>	<u>181,882</u>

As at 31 December 2022, deferred tax liabilities amounting to \$13,434,000 (2021: \$26,221,000) had not been recognised for taxes that would be payable on the undistributed earnings of certain subsidiaries as these earnings would not be distributed in the foreseeable future.

There was no tax recognised in the Group's other components of other comprehensive income in 2022 and 2021.

There was no deferred taxation charged or credited to profit or loss account during the year for the Company.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

12. DIVIDENDS

	GROUP AND COMPANY	
	2022	2021
	\$'000	\$'000
Dividends on ordinary shares:		
Final one-tier tax exempt ordinary dividend of 77 cents per share in respect of the previous financial year (2021: 45 cents per share)	<u>1,189,000</u>	<u>700,000</u>

13. SHARE CAPITAL

	GROUP AND COMPANY			
	2022	2021	2022	2021
	Number of shares '000	Number of shares '000	\$'000	\$'000
Issued and fully paid: 1,553,741,612 (2021: 1,553,741,612) ordinary shares	<u>1,553,741</u>	<u>1,553,741</u>	<u>2,427,916</u>	<u>2,427,916</u>

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

14. RESERVES

	GROUP		COMPANY	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Capital reserves:				
Fair value reserve	(52,879)	(42,094)	17,486	22,139
Hedging reserve	66,732	(5,544)	39,820	(2,310)
Revaluation reserve	15,475	15,475	-	-
Gain on disposal of interest in a subsidiary without loss of control	12,932	12,932	-	-
Net premium paid on acquisition of non-controlling interests	(84,894)	(73,428)	-	-
Merger reserve	(102,975)	(102,975)	-	-
Statutory reserve	135,525	115,919	-	-
Others	20,541	20,541	13,944	13,944
	10,457	(59,174)	71,250	33,773
Foreign currency translation account	(552,693)	34,009	-	-
Revenue reserves	4,005,918	4,834,811	284,351	1,137,860
	<u>3,463,682</u>	<u>4,809,646</u>	<u>355,601</u>	<u>1,171,633</u>

The fair value reserve represents the cumulative net change in fair value of financial assets at FVOCI until they are derecognised.

The hedging reserve represents the cumulative net change in fair value of the effective portion of the cash flow hedges.

The revaluation reserve represents the share of fair value change of fixed assets recognised by certain joint ventures up to the date of change in use from fixed assets to investment property. These amounts are presented net of deferred tax liabilities.

The gain on disposal of interest in a subsidiary without loss of control represents the difference between the consideration received and the book value of the interest disposed of which did not result in a loss of control.

The net premium paid on acquisition of non-controlling interests represents the difference between the consideration paid and the book value of the share of net assets acquired from the non-controlling interests.

Merger reserve represents the difference between consideration paid and equity acquired in a business combination involving entities under common control using pooling of interest method.

Statutory reserve represents mainly appropriation of profit in respect of the subsidiaries incorporated in China in accordance with local requirements.

Others comprise capital redemption reserve, treasury shares reserve and other movements.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

14. RESERVES (continued)

The foreign currency translation account represents the exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as the translation of monetary items that forms part of the Group's net investment in foreign operations.

Movements in the Group's and the Company's reserves are set out in the statements of changes in equity.

Other Comprehensive Income, Net of Tax

	Foreign Currency Translation Account	Capital Reserves		Total	Non- controlling Interests	Total Other Comprehensive Income
	\$'000	Fair Value Reserve \$'000	Hedging Reserve \$'000	\$'000	\$'000	\$'000
GROUP						
<u>2022</u>						
Financial assets at FVOCI:						
Net fair value change	-	(10,928)	-	(10,928)	-	(10,928)
Cash flow hedges:						
Net fair value change	-	-	42,265	42,265	-	42,265
Exchange differences on consolidation	(384,986)	-	-	(384,986)	(7,762)	(392,748)
Exchange differences transferred to profit or loss account	(24,784)	-	-	(24,784)	-	(24,784)
Share of other comprehensive (loss)/income of associated companies and joint ventures	(175,556)	143	30,011	(145,402)	-	(145,402)
Total other comprehensive income/(loss), net of tax	(585,326)	(10,785)	72,276	(523,835)	(7,762)	(531,597)
<u>2021</u>						
Financial assets at FVOCI:						
Net fair value change	-	(15,668)	-	(15,668)	-	(15,668)
Cash flow hedges:						
Net fair value change	-	-	20,761	20,761	-	20,761
Exchange differences on consolidation	202,617	-	-	202,617	2,494	205,111
Exchange differences transferred to profit or loss account	(211)	-	-	(211)	-	(211)
Share of other comprehensive income of associated companies and joint ventures	64,011	123	18,972	83,106	-	83,106
Total other comprehensive income/(loss), net of tax	266,417	(15,545)	39,733	290,605	2,494	293,099

The other comprehensive income of the Company relates to changes in fair value of its financial assets at FVOCI and cash flow hedge.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

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For the financial year ended 31 December 2022

15. FIXED ASSETS

	Freehold Land and Building \$'000	Leasehold Buildings \$'000	Machinery, Equipment and Vehicles \$'000	Assets under Construction \$'000	Total \$'000
GROUP					
Cost					
At 1 January 2022	156	338,762	192,086	15,033	546,037
Additions	-	45	7,190	1,610	8,845
Disposals	-	-	(8,285)	-	(8,285)
Companies disposed	-	-	(8)	-	(8)
Reclassification	-	8	11	(19)	-
Reclassified to right-of-use assets	-	(303)	-	-	(303)
Exchange differences on consolidation	-	(12,541)	(3,907)	(1,079)	(17,527)
At 31 December 2022	156	325,971	187,087	15,545	528,759
Accumulated Depreciation and Impairment					
At 1 January 2022	156	191,574	161,379	-	353,109
Depreciation charge	-	7,328	9,769	-	17,097
Disposals	-	-	(7,482)	-	(7,482)
Companies disposed	-	-	(7)	-	(7)
Reclassified to right-of-use assets	-	(155)	-	-	(155)
Exchange differences on consolidation	-	(5,460)	(2,244)	-	(7,704)
At 31 December 2022	156	193,287	161,415	-	354,858
Net Carrying Amount	-	132,684	25,672	15,545	173,901
Cost					
At 1 January 2021	156	303,920	183,496	64,825	552,397
Additions	-	458	7,750	1,873	10,081
Disposals	-	-	(4,830)	-	(4,830)
Companies disposed	-	-	(205)	-	(205)
Write-off	-	(11,775)	(986)	(9,973)	(22,734)
Reclassification	-	19,642	1,699	(21,341)	-
Reclassified from right-of-use assets	-	36,406	-	-	36,406
Transfer to properties held for sale	-	(19,642)	-	(19,999)	(39,641)
Exchange differences on consolidation	-	9,753	5,162	(352)	14,563
At 31 December 2021	156	338,762	192,086	15,033	546,037
Accumulated Depreciation and Impairment					
At 1 January 2021	156	133,141	150,088	-	283,385
Depreciation charge	-	18,661	11,087	-	29,748
Impairment	-	35,969	-	-	35,969
Disposals	-	-	(4,604)	-	(4,604)
Companies disposed	-	-	(183)	-	(183)
Write-off	-	(6,002)	(246)	-	(6,248)
Reclassified from right-of-use assets	-	16,596	-	-	16,596
Transfer to properties held for sale	-	(10,094)	-	-	(10,094)
Exchange differences on consolidation	-	3,303	5,237	-	8,540
At 31 December 2021	156	191,574	161,379	-	353,109
Net Carrying Amount	-	147,188	30,707	15,033	192,928

There was no interest capitalised in 2022 and 2021.

In 2021, the Group recognised an impairment loss of \$35,969,000 for a hotel, which was based on the difference between the recoverable amount and the net book value. The recoverable amount of the hotel of USD49.2 million was based on an independent external valuation, which was determined using value-in-use model and discount rate of 14.5% per annum.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS For the financial year ended 31 December 2022

16. INVESTMENT PROPERTIES

	Completed Properties \$'000	Properties under Construction \$'000	Total \$'000
GROUP			
Valuation			
At 1 January 2022	1,378,618	2,760,649	4,139,267
Additions	1,105	214,937	216,042
Fair value (loss)/gain	(13,209)	144,396	131,187
Amortisation of capitalised letting fees	(1,813)	-	(1,813)
Exchange differences on consolidation	(87,097)	(186,154)	(273,251)
At 31 December 2022	1,277,604	2,933,828	4,211,432
At 1 January 2021	1,048,577	2,507,438	3,556,015
Additions	46,939	182,130	229,069
Fair value (loss)/gain	(35,288)	274,163	238,875
Transfer from properties held for sale (see Note 23)	3,544	-	3,544
Transfer	290,554	(290,554)	-
Exchange differences on consolidation	24,292	87,472	111,764
At 31 December 2021	1,378,618	2,760,649	4,139,267

The Group's investment properties (including integral plant and machinery) are stated based on the following valuations by independent firms of professional valuers as at 31 December 2022:

- Cushman & Wakefield VHS Pte Ltd and Knight Frank Pte Ltd for properties in Singapore;
- Cushman & Wakefield Shenzhen Valuation Company Limited and Colliers Appraisal & Advisory Services Co., Ltd for properties in China;
- KJPP Willson dan Rekan (an affiliate of Knight Frank) for properties in Indonesia;
- D&P Real Estate Services Company Limited (an affiliate of Colliers) for properties in Vietnam;
- Cushman & Wakefield India Pvt Ltd for a property in India;

The details of the valuation techniques and inputs used are disclosed in Note 36.

As at 31 December 2022, properties amounting to \$1,913,364,000 (2021: \$1,875,368,000) in value and included in the above balances were mortgaged to the banks as securities for borrowings referred to in Note 29.

Interest capitalised during the year was \$41,249,000 (2021: \$42,027,000).

17. RIGHT-OF-USE ASSETS

Nature of the Group's leasing activities – Group as a lessee

Leasehold Land

The Group leases several lands for use in its operations. There are no externally imposed covenants on these lease arrangements.

Office Rent and Office Equipment

The Group has lease contracts for office space and office equipment used in its operations. The Group also has certain leases of office equipment with low value, for which the low value assets lease recognition exemptions have been applied for these leases. The lease arrangements prohibit the Group from subleasing the equipment to third parties.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

17. RIGHT-OF-USE ASSETS (continued)

	Leasehold Land \$'000	Office Rent \$'000	Office Equipment \$'000	Total \$'000
GROUP				
Net Carrying Amount				
At 1 January 2022	58,470	29,106	125	87,701
Additions	-	9,778	-	9,778
Depreciation charge	(2,023)	(12,377)	(61)	(14,461)
Reclassified from fixed assets	148	-	-	148
Exchange differences on consolidation	(3,531)	(355)	-	(3,886)
At 31 December 2022	53,064	26,152	64	79,280
Net Carrying Amount				
At 1 January 2021	79,752	5,265	183	85,200
Additions	-	28,274	5	28,279
Depreciation charge	(3,624)	(8,145)	(63)	(11,832)
Write-off	-	(203)	-	(203)
Reclassified to fixed assets	(19,810)	-	-	(19,810)
Remeasurement	-	3,795	-	3,795
Exchange differences on consolidation	2,152	120	-	2,272
At 31 December 2021	58,470	29,106	125	87,701

The right-of-use asset relating to the leasehold property presented under investment properties (see Note 16) is stated at fair value and has a carrying amount of \$58,000 at 31 December 2022 (2021: \$4,742,000).

Total cash outflow from all the leases in 2022 was \$19,715,000 (2021: \$16,104,000).

18. AMOUNTS OWING BY RELATED PARTIES

	GROUP	
	2022	2021
	\$'000	\$'000
Advances owing by associated companies and joint ventures	262,148	129,563
Non-current accounts owing by related companies	1,010	35,598
	263,158	165,161
Allowance for doubtful debts	-	-
	263,158	165,161
<u>Analysis of allowance for doubtful debts:</u>		
At 1 January	-	(14,326)
Reclassified to current (see Note 26)	-	14,326
At 31 December	-	-

The advances owing by associated companies and joint ventures are unsecured, have no fixed terms of repayment and are not expected to be repaid in the next 12 months. Interest-bearing advances of \$63,994,000 (2021: \$17,360,000) bear interest at rates ranging from 3.00% to 11.00% (2021: 3.00%) per annum.

Non-current accounts owing by related companies are unsecured, have no fixed terms of repayment and are not expected to be repaid in the next 12 months. The amounts of \$1,010,000 (2021: \$35,598,000) are to be settled in cash and bear interest at 5.12% (2021: 4.65% to 5.12%) per annum.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

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For the financial year ended 31 December 2022

19. OTHER NON-CURRENT ASSETS

	GROUP		COMPANY	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
(a) Long term trade receivables	60,056	64,436	-	-
(b) Other debtors:				
Advance to an investee	41,526	41,492	-	-
Call option	192,522	171,520	-	-
Derivative financial instruments	35,232	2,634	35,232	2,506
Deferred consideration in relation to divestment of subsidiaries	4,722	-	-	-
	274,002	215,646	35,232	2,506
Allowance for doubtful debt	(21,722)	(21,704)	-	-
	252,280	193,942	35,232	2,506
(c) Non-financial asset:				
Advanced payments for acquisition of subsidiaries	43,900	-	-	-
Others	1,528	-	-	-
	45,428	-	-	-
	357,764	258,378	35,232	2,506
<u>Analysis of allowance for doubtful debt</u>				
<u>- Non-trade:</u>				
At 1 January	(21,704)	(21,236)	-	-
Exchange differences on consolidation	(18)	(468)	-	-
At 31 December	(21,722)	(21,704)	-	-

Long term trade receivables pertain to receivables from completed Singapore trading properties under a deferred payment scheme which amounted to \$60,056,000 as at 31 December 2022 (31 December 2021: \$64,436,000; 1 January 2021: \$29,648,000).

Advance to an investee is unsecured, interest-free and matures on 31 December 2024.

The call option granted to the Group is in connection with the disposal of its 87.51% equity interest in Ocean Properties Pte. Limited to Keppel REIT in 2011. The Group has an option to acquire the same shares exercisable at the price of \$1 upon the expiry of 99 years from 14 December 2011 under the share purchase agreement. The call option may be exercised earlier upon the occurrence of certain specified events as stipulated in the call option deed. The fair value of the call option as at 31 December 2022 is determined by reference to the difference in valuations obtained from an independent professional valuer for the underlying investment property based on the remaining 839-year leasehold and 88-year leasehold (2021: based on the remaining 840-year leasehold and 89-year leasehold). Based on these valuations, the fair value gain of \$21,002,000 (2021: \$14,877,000) was taken to the profit or loss account (see Note 6). The details of the valuation techniques and inputs used for the call option are disclosed in Note 36.

The deferred consideration of \$4,722,000 is in relation to the tax refund from prepayment of land appreciation tax for the divested residential project held by Taicang Zhuchong Business Consulting Co Ltd (see Note 20). The Group expects to receive the amount upon clearance by the local tax authority.

The advance payments for acquisition of subsidiaries for 2022 relates to the Group's acquisition of 100% equity interests in a senior living facility in Qixia District, Nanjing, China and five Class A senior housing assets located in the United States. These transactions are expected to be completed in 2023.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS For the financial year ended 31 December 2022

20. SUBSIDIARIES

	COMPANY	
	2022	2021
	\$'000	\$'000
Quoted shares, at cost		
(Market value: \$14,313,000; 2021: \$12,263,000)	35,481	35,481
Unquoted shares, at cost	1,884,403	1,853,363
	1,919,884	1,888,844
Impairment	(388,937)	(405,403)
	1,530,947	1,483,441

During the year, an impairment loss amounting to \$22,240,000 (2021: \$35,117,000) and write-back of \$38,704,000 (2021: \$9,706,000) was made in respect of the Company's investment in certain subsidiaries to reduce the carrying value of the investments to the recoverable amounts, taking into account the financial conditions of the subsidiaries. There was also a reversal of impairment of \$2,000 (2021: \$522,000) following the transfer and liquidation of subsidiaries.

The details of the significant subsidiaries are disclosed in Note 40.

Significant Restrictions

Cash and cash equivalents of \$286,222,000 (2021: \$995,779,000) held in the People's Republic of China are subject to local exchange control regulations. These regulations place restriction on the amount of currency being exported other than through dividends and capital repatriation upon liquidations.

Interest in Subsidiaries with Material Non-Controlling Interest ("NCI")

As at 31 December 2022 and 31 December 2021, there was no subsidiary with material NCI.

Acquisition of Subsidiaries in 2022

On 8 December 2022, the Company acquired 100% interest in Primus I Investment Holdings Pte Ltd ("Primus I") and its wholly-owned subsidiary, Primus II investment Holdings Pte Ltd., from a related company for a consideration of \$29,995,000. Primus I was renamed to Keppel Sustainable Urban Renewal Pte Ltd on 14 December 2022.

The Group adopted the no restatement approach, applying the pooling of interest method from date of acquisition. No goodwill had resulted from the acquisition.

The above acquisition was accounted for as acquisition of assets and are out of scope of SFRS(I) 3 *Business Combinations*.

The net assets of the subsidiary acquired and the net cash outflow were as follows:

	2022 \$'000
Amounts owing by related parties	29,999
Creditors	(4)
Net assets acquired	29,995
Purchase consideration	29,995
Less: Deferred consideration payable to a related party	(29,995)
Net cash outflow on the acquisition	-

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NOTES TO THE FINANCIAL STATEMENTS

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20. SUBSIDIARIES (continued)

Acquisition from Non-Controlling Interests in 2022

- (a) On 28 June 2022, the Group acquired the remaining 49% interest in a high-rise Grade A commercial office project ("Metro Project") for a consideration of INR1,122.7 million (approximately \$20.0 million) through Bangalore Tower Private Limited. The excess of the consideration paid over the net book value of asset acquired amounted to \$5,485,000 was taken to equity. Following the acquisition, the Group owns 100% interest in the Metro Project.
- (b) On 23 December 2022, the Group acquired additional 4% interest in Kingsdale Development Pte Ltd ("KDPL") for a total consideration of USD6.0 million (approximately \$8.3 million). The excess of the consideration paid over the net book value of asset acquired amounted to \$5,981,000 was taken to equity. Following the acquisition, the Group's interest in KDPL increased from 86% to 90%.

Acquisition from Non-Controlling Interests in 2021

On 4 February 2021, the Group acquired the remaining 25% stake in Riviera Point Limited Liability Company ("RP") for a consideration of VND535.0 billion (approximately \$30.6 million). The excess of the consideration paid over the net book value of asset acquired amounted to \$11,922,000 was taken to equity. Following the acquisition, RP became an indirect wholly-owned subsidiary of the Group.

Disposal of Subsidiaries in 2022

- (a) On 16 December 2022, the Group through its wholly-owned subsidiary, Shanghai Maowei Investment Consulting Co Ltd, divested its 99.39% effective interest in Shanghai Jinju Real Estate Development Co Ltd for a total consideration of RMB967.5 million (approximately \$186.7 million). The Group recognised a net loss of \$9,050,000.
- (b) On 22 December 2022, the Group through its indirect wholly-owned subsidiary, Gladius Pte Ltd, divested its 100% effective interest in Shanghai Fengwo Apartment Management Co Ltd ("SFAM") for a consideration of RMB 783.2 million (approximately \$151.2 million). SFAM owns 100% of the equity interest in Taicang Xinwu Business Consulting Co Ltd, which in turn owns 15% equity interest in Taicang Zhuchong Business Consulting Co Ltd ("TZBC"). Prior to the divestment, TZBC was a joint venture to the Group. The Group recognised a total net gain of \$28,717,000.

Disposal of Subsidiaries in 2021

- (a) On 29 January 2021, the Group through its indirect wholly-owned subsidiary, West Gem Properties Ltd., divested its 100% effective interest in First King Properties Ltd. ("First King") for a total consideration of GBP73.6 million (approximately \$131.1 million). The assets and liabilities of First King have been presented separately as "assets classified as held for sale" and "liabilities directly associated with assets classified as held for sale" on the balance sheet as at 31 December 2020. The underlying investment property has been fair valued based on the agreed selling price as at 31 December 2020. The Group recognised a net loss of \$7,768,000 upon completion in 2021. The loss mainly arose from divestment fee paid to a related company.
- (b) On 18 May 2021, the Group through its wholly-owned subsidiary, Agathese Pte. Ltd., divested its 100% effective interest in Keppel Bay Tower Pte. Ltd. ("KBTP") for a total consideration of \$601.0 million. The assets and liabilities of KBTP have been presented separately as "assets classified as held for sale" and "liabilities directly associated with assets classified as held for sale" on the balance sheet as at 31 December 2020. The underlying investment property has been fair valued based on the agreed selling price as at 31 December 2020. The Group recognised a net gain of \$1,442,000 upon completion in 2021.
- (c) On 26 August 2021, the Group through its wholly-owned subsidiary, Hillwest Pte. Ltd., divested its 100% effective interest in Chengdu Shengshi Jingwei Real Estate Co., Ltd. for a total consideration of RMB1,560.9 million (approximately \$326.9 million). The Group recognised a net gain of \$139,474,000.

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20. SUBSIDIARIES (continued)

Disposal of Subsidiaries in 2021 (continued)

- (d) On 30 December 2021, the Group through its wholly-owned subsidiary, Changzhou Fushi Housing Development Pte. Ltd., divested its 51% effective interest in a wholly-owned subsidiary, Tianjin Fushi Property Development Co., Ltd. ("Tianjin Fushi"), for a total consideration of RMB457.7 million (approximately \$95.1 million). The Group recognised a net gain of \$58,318,000. The Group also recognised a net gain of \$52,102,000 from the remeasurement of the retained 49% interest in Tianjin Fushi. Subsequent to the divestment, Tianjin Fushi became a 49%-owned joint venture.

The net assets of the subsidiaries disposed of and the net cash inflow were as follows:

	2022 \$'000	2021 \$'000
Assets classified as held for sale*	-	886,922
Fixed assets	1	22
Properties held for sale	232,392	311,921
Investment in a joint venture	127,215	-
Debtors	3,129	7,680
Cash and cash equivalents	9,266	3,145
Amounts owing by an associated company	20,420	4,022
Creditors	(73,805)	(30,884)
Tax provision	(401)	(2,110)
Deferred tax liabilities	(32,447)	(4,091)
Amounts owing to related parties	(189,180)	(134,472)
Liabilities directly associated with assets classified as held for sale*	-	(212,352)
Net assets	96,590	829,803
Less: equity interest retained as a joint venture	-	(17,607)
Less: non-controlling interests deconsolidated	(17)	-
Net assets disposed	96,573	812,196
Sales consideration	337,889	1,245,411
Less:		
Deferred consideration (Note 19)	(4,722)	-
Cash and cash equivalents disposed	(9,266)	(6,692)
Offset of advances from a joint venture	(127,822)	-
	(141,810)	(6,692)
Net cash inflow on the disposals	196,079	1,238,719

* The breakdown of the assets and liabilities are disclosed in the table shown in next page.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

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20. SUBSIDIARIES (continued)

Breakdown of assets classified as held for sale and liabilities directly associated with assets classified as held for sale at the point of the completion of the disposals:

	2021 \$'000
Assets classified as held for sale	
Investment properties	875,661
Fixed assets	79
Debtors	7,623
Amounts owing by a holding company and related parties	12
Cash and cash equivalents	3,547
	<u>886,922</u>
Liabilities directly associated with assets classified as held for sale	
Creditors	(9,013)
Short-term borrowings	(125,309)
Tax provision	(4,675)
Deferred tax liabilities	(4,347)
Amount owing to related companies	(22,146)
Long-term borrowings	(44,700)
Other non-current liabilities	(2,162)
	<u>(212,352)</u>

21. ASSOCIATED COMPANIES AND JOINT VENTURES

	GROUP		COMPANY	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Associated Companies				
Investments, at cost	2,021,576	2,055,489	60,436	64,840
Share of post-acquisition reserves	656,459	592,008	-	-
	<u>2,678,035</u>	<u>2,647,497</u>	<u>60,436</u>	<u>64,840</u>
Impairment	-	-	(3,095)	(7,499)
Investments in associated companies	<u>2,678,035</u>	<u>2,647,497</u>	<u>57,341</u>	<u>57,341</u>
Joint Ventures				
Investments, at cost	658,537	735,134	-	-
Share of post-acquisition reserves	109,029	180,314	-	-
Investments in joint ventures	<u>767,566</u>	<u>915,448</u>	<u>-</u>	<u>-</u>
Total	<u>3,445,601</u>	<u>3,562,945</u>	<u>57,341</u>	<u>57,341</u>

During the year, the Company made a reversal of impairment of \$4,404,000 (2021: \$Nil) following the liquidation of an associated company.

The details of the significant associated companies and joint ventures are disclosed in Note 40.

The Group's share of the capital commitments of the associated companies and joint ventures are disclosed in Note 32.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

21. ASSOCIATED COMPANIES AND JOINT VENTURES (continued)

	GROUP		COMPANY	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Investments in associated companies and joint ventures is represented by:				
Quoted investments				
(Market value: \$1,397,917,000; 2021: \$1,782,194,000)	1,881,262	1,801,357	-	-
Unquoted investments	1,564,339	1,761,588	57,341	57,341
	<u>3,445,601</u>	<u>3,562,945</u>	<u>57,341</u>	<u>57,341</u>

Acquisitions and Disposals in 2022

- (a) On 15 November 2022, the Group through its wholly-owned subsidiary, Keppel Digihub Holdings Ltd, divested its entire 30% interest in Keppel Data Centre Holdings Pte Ltd to a related company for a consideration of \$56.8 million. The Group recorded a net gain of \$2,817,000.
- (b) On 28 December 2022, the Group through its wholly-owned subsidiary, Primus II Investment Holdings Pte. Ltd. entered into a shareholders' agreement with Keppel Asia Macro Trends Fund IV and Gaenari (IV) Pte. Ltd. ("Gaenari IV"), in connection with the acquisition of Samhwan Building ("the Property"), a 15-storey office tower located in Seoul CBD, South Korea together with KB Bank Discretionary Fund for a total consideration of KRW86.8 billion (approximately \$90.2 million). Upon completion of the subscription and purchase of the Property, the Group holds approximately 55.93% stake in Gaenari IV and indirectly holds 39.5% effective interest in the Property.

Acquisitions and disposal in 2021

- (a) On 4 February 2021, the Group through its wholly-owned subsidiary, Hillwest Pte Ltd, divested its remaining 50% interest in Chengdu Hilltop Development Co., Ltd. ("CHD") for a consideration of RMB630.0 million (approximately \$128.1 million). The carrying amount of the retained 50% interest in CHD has been presented separately as "assets classified as held for sale" on the balance sheet as at 31 December 2020. The Group realised a net gain of \$643,000 upon completion in 2021.
- (b) On 15 April 2021, the Group through its wholly-owned subsidiary, Portsville Pte. Ltd., divested its remaining 30% interest in Dong Nai Waterfront City LLC ("DNWC") for VND1,951.2 billion (approximately \$113.6 million). The carrying amount of the 30% interest in DNWC has been presented separately as "assets classified as held for sale" on the balance sheet as at 31 December 2020. The Group realised a net gain of \$53,063,000.
- (c) On 30 June 2021, the Group through its wholly-owned subsidiary, VN Prosperity Pte. Ltd., acquired 60% interest in Phuoc Kien Construction Investment Joint Stock Company which owns a plot of land located at Nha Be District, Ho Chi Minh City for the development of landed housing for VND367.5 billion (approximately \$21.2 million).
- (d) On 4 August 2021, the Group through its indirect wholly-owned subsidiary, Keppel Yong Da Property Management (Shanghai) Co Ltd, subscribed for 49% interest in Ji Hui Xin Chuang Property Management (Shanghai) Co Ltd which manages offices and business parks in Shanghai for RMB4.9 million (approximately \$1.0 million). 50% of the subscription price has been paid up as at 31 December 2021. The remaining balance will be paid subsequently.
- (e) On 27 December 2021, the Group through its wholly-owned subsidiary, Eternal Commercial Limited, divested its entire 40% interest in Nanjing Jinsheng Real Estate Development Co., Ltd. for RMB1,747.6 million (approximately \$374.9 million). The Group realised a net gain of \$86,116,000.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

21. ASSOCIATED COMPANIES AND JOINT VENTURES (continued)

The Group has equity accounted for all its associated companies and joint ventures. The Group's share of net results of associated companies and joint ventures is as follows:

	2022			2021		
	Associated Companies	Joint Ventures	Total	Associated Companies	Joint Ventures	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Share of pre-tax profit before fair value gain on investment properties	168,402	27,067	195,469	149,911	19,430	169,341
Share of fair value gain/(loss) on investment properties (see Note 10)	116,350	7,400	123,750	47,105	(3,512)	43,593
Share of pre-tax profit	284,752	34,467	319,219	197,016	15,918	212,934
Share of taxation	(31,535)	1,589	(29,946)	(32,672)	(15,267)	(47,939)
Share of net results	253,217	36,056	289,273	164,344	651	164,995

The material associated companies and joint ventures are as follows:

Name of Associated Companies and Joint Ventures	Principal Place of Business	Ownership Interest/ Voting Rights Held		Fair Value of Ownership Interest	
		2022	2021	2022 \$'000	2021 \$'000
Keppel REIT	Singapore	39%	40%	1,343,357	1,668,125
Empire City Limited Liability Company ("Empire City")	Vietnam	40%	40%	Not Applicable	Not Applicable
Nanjing Zhijun Property Development Co Ltd ("Nanjing Zhijun")	China	25%	25%	Not Applicable	Not Applicable
Keppel Land Watco II Company Limited ("KL Watco II")	Vietnam	61%	61%	Not Applicable	Not Applicable

The other associated companies and joint ventures are individually immaterial to the Group. Aggregate information about the Group's investments in associated companies and joint ventures that are individually immaterial are as follows:

	Associated Companies		Joint Ventures	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Profit/(loss) after tax	41,260	45,076	16,188	(17,635)
Other comprehensive (loss)/income	(36,282)	12,491	(76,477)	48,722
Total comprehensive income/(loss)	4,978	57,567	(60,289)	31,087
Carrying amount of the investments	513,869	572,234	581,994	723,054

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

21. ASSOCIATED COMPANIES AND JOINT VENTURES (continued)

Summarised financial information in respect of Keppel REIT, Empire City, Nanjing Zhijun and KL Watco II based on the SFRS(I) financial statements and a reconciliation with the carrying amount of the investments in the consolidated financial statements are as follows:

	Keppel REIT		Empire City		Nanjing Zhijun		KL Watco II	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Summarised Balance Sheet								
Non-current assets	8,085,514	8,261,750	367,287	395,487	458	1,120	516,488	554,707
Current assets	795,861	225,934	487,957	555,405	526,559	1,058,107	28,299	46,737
Total assets	8,881,375	8,487,684	855,244	950,892	527,017	1,059,227	544,787	601,444
Non-current liabilities	3,048,193	3,348,220	52,181	79,645	-	-	134,497	167,648
Current liabilities	714,266	273,276	127,637	226,417	395,153	969,503	91,710	104,210
Total liabilities	3,762,459	3,621,496	179,818	306,062	395,153	969,503	226,207	271,858
Net assets	5,118,916	4,866,188	675,426	644,830	131,864	89,724	318,580	329,586
Proportion of the Group's ownership	39%	40%	40%	40%	25%	25%	61%	61%
Group's share of net assets	2,019,290	1,943,906	270,170	257,932	32,966	22,431	195,251	201,997
Other adjustments	(180,210)	(184,680)	8,401	10,112	13,549	25,562	(9,679)	(9,603)
Carrying amount of the investments	1,839,080	1,759,226	278,571	268,044	46,515	47,993	185,572	192,394
Summarised Statement of Comprehensive Income								
Revenue	219,286	216,606	197,044	385,957	618,835	-	79,098	67,212
Profit after tax	405,386	231,738	85,137	84,157	119,351	146	32,417	29,836
Other comprehensive income/(loss)	12,878	21,358	(54,541)	23,670	(13,556)	4,648	(26,149)	12,523
Total comprehensive income	418,264	253,096	30,596	107,827	105,795	4,794	6,268	42,359
Dividends received	86,359	86,654	-	-	24,027	-	10,974	13,339

As at 31 December 2022 and 31 December 2021, the fair value of Keppel REIT was below the carrying amount of the Group's effective ownership interest. Management is of view that no impairment is required as it is held for long term and its recoverable amount approximates the carrying amount.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

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For the financial year ended 31 December 2022

22. INVESTMENTS

Long-term Investments

	GROUP		COMPANY	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
(a) Investments at FVPL:				
Compulsorily convertible debentures in corporations	46,821	74,034	-	-
Convertible preference shares and convertible promissory note	39,487	37,572	-	-
Convertible loan	5,000	5,000	-	-
	<u>91,308</u>	<u>116,606</u>	<u>-</u>	<u>-</u>
(b) Investments at FVOCI:				
Unquoted shares in corporations	59,131	46,771	20,372	25,025
Private property funds	90,746	100,029	-	-
	<u>149,877</u>	<u>146,800</u>	<u>20,372</u>	<u>25,025</u>
Total long-term investments	<u>241,185</u>	<u>263,406</u>	<u>20,372</u>	<u>25,025</u>

In 2021, the Group subscribed for additional compulsorily convertible debentures in Kapstone Constructions Private Limited for INR65 million (approximately \$1.2 million). During the year, the Group has converted 5,035,464 of the compulsorily convertible debentures held into equity shares at a conversion rate of 1:1 amounting to INR1,280 million (approximately \$22.7 million). The remaining compulsorily convertible debentures bear interest rate at 10.00% per annum and will expire on 19 October 2040.

The Group holds convertible preference shares in Smartworks Coworking Space Pvt Ltd for USD25,000,000 (approximately \$34,191,000). The Group is entitled to convert its convertible preference shares into ordinary shares at any time up to twenty years from the date of the Investment Agreement.

The Group has elected to measure some investments at FVOCI due to the Group's intention to hold these investments for long-term appreciation.

Included in the unquoted shares in corporations, the Group holds a 97.22% (2021: 96.90%) interest in an investment amounting to \$38,754,000 (2021: \$21,740,000). As the Group has no voting rights, there is no control over the investee.

The private property funds are managed by Alpha Investment Partners Limited, a related company of the Group.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS For the financial year ended 31 December 2022

23. PROPERTIES HELD FOR SALE

		GROUP	
		2022	2021
		\$'000	\$'000
(a)	Properties under development:		
	Land costs	1,035,952	1,688,380
	Development cost incurred to date	425,187	591,374
	Overhead expenditure	201,881	210,084
	Allowance for foreseeable losses	(4,825)	(5,225)
		<u>1,658,195</u>	<u>2,484,613</u>
	<u>Analysis of allowance for foreseeable losses:</u>		
	At 1 January	(5,225)	(5,025)
	Exchange differences on consolidation	400	(200)
	At 31 December	<u>(4,825)</u>	<u>(5,225)</u>
(b)	Completed properties held for sale:	660,120	617,987
	Allowance for foreseeable losses	(14,515)	(15,691)
		<u>645,605</u>	<u>602,296</u>
	<u>Analysis of allowance for foreseeable losses:</u>		
	At 1 January	(15,691)	(14,963)
	Write-off of allowance	128	106
	Utilisation	934	-
	Allowance	(76)	(583)
	Reclassification	(1,233)	-
	Exchange differences on consolidation	1,423	(251)
	At 31 December	<u>(14,515)</u>	<u>(15,691)</u>
(c)	Contract assets:		
	Properties under development:		
	Land costs	8,454	6,752
	Development cost incurred to date	2,058	689
	Overhead expenditure and recognised profit	694	642
	Progress billings	(5,815)	(3,653)
		<u>5,391</u>	<u>4,430</u>
		<u>2,309,191</u>	<u>3,091,339</u>

Properties held for sale have been classified under current in nature even though a proportion of the properties held for sale will not be realised within a year. It is not possible to determine with accuracy when specific properties held for sale will be realised as this will be subjected to a number of variables such as consumer demand and progress of the construction.

Revenues arising from contract assets were recognised based on percentage of completion basis.

Progress billings for properties where revenue is recognised using the completion of construction method amounted to \$153,487,000 (31 December 2021: \$535,334,000; 1 January 2021: \$971,638,000). These pertain to contract liabilities that arise due to consideration received from customers for the unsatisfied performance obligations on sale of properties under development are presented as progress billings within creditors (see Note 28).

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS****For the financial year ended 31 December 2022****23. PROPERTIES HELD FOR SALE (continued)**

Revenue recognised during the year in relation to contract liabilities at 1 January 2022 was \$444,379,000 (2021: \$873,270,000). The aggregate amount of the revenue allocated to the remaining performance obligations is approximately \$302,084,000 (2021: \$900,945,000) and the Group expects to recognise this revenue over the next 1 to 2 years.

Interest capitalised during the year was \$10,646,000 (2021: \$17,499,000) at rates ranging from 0.95% to 4.71% (2021: 0.79% to 0.95%) per annum for Singapore properties and 2.00% to 7.00% (2021: 1.50% to 7.00%) per annum for overseas properties.

The allowance for foreseeable losses is estimated taking into account the net realisable values and estimated total construction costs. The net realisable values are based on recent selling prices for the development project or comparable projects or independent valuation and the prevailing market conditions less costs to be incurred in selling the property. The estimates and assumptions used are subject to risk and uncertainty in view of the economic uncertainty brought by the COVID-19 pandemic. The estimated total construction costs include contracted amounts plus estimated costs to be incurred taking into consideration relevant data and trend. The allowance is progressively reversed for those residential units sold above their carrying amounts.

In 2021, the Group reclassified \$3,544,000 from properties held for sale to investment properties due to change of use of the assets from property trading to holding for capital gain and/or rental yield.

In 2021, the Group reclassified \$29,547,000 from fixed assets to properties held for sale due to change of use of the assets.

As at 31 December 2022, properties amounting to \$248,990,000 (2021: \$220,556,000) in value and included in the above balances were mortgaged to the banks as securities for borrowings as referred to in Note 29.

Included in the land costs and completed properties held for sale as at 31 December 2022 are payments of \$136,452,000 and \$837,000 (2021: \$147,618,000 and \$906,000) respectively for certain land parcels which have been awarded by the authorities but the issuance of title deeds are in progress.

24. STOCKS

	GROUP	
	2022	2021
	\$'000	\$'000
Spare parts and consumable stocks	1,113	1,235

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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25. DEBTORS

	GROUP		COMPANY	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
(a) Trade debtors	58,171	98,717	-	-
Accrued receivables	11,845	31,226	-	-
	70,016	129,943	-	-
Allowance for doubtful debts	(224)	(161)	-	-
	69,792	129,782	-	-
(b) Other debtors:				
Deposits paid	7,053	7,601	-	-
Interest receivable	1,537	750	-	-
Advances to non-controlling shareholders of certain subsidiaries	6,059	3,160	-	-
Derivative financial instruments	4,852	-	4,588	-
Loan extended in relation to a potential acquisition	67,625	-	-	-
Other debtors	17,418	20,128	-	888
Other recoverable amounts	15,297	14,166	-	-
	119,841	45,805	4,588	888
Allowance for doubtful debts	(1,616)	(2,925)	-	-
	118,225	42,880	4,588	888
(c) Non-financial assets:				
Prepaid project costs and prepayments	24,663	32,684	1,660	1,044
Other tax receivables	53,626	45,290	-	-
	78,289	77,974	1,660	1,044
	266,306	250,636	6,248	1,932
Trade debtors that are past due but not impaired:				
Past due < 3 months and not impaired	2,392	3,939	-	-
Past due 3 - 6 months and not impaired	268	610	-	-
Past due > 6 months and not impaired	393	2,227	-	-
	3,053	6,776	-	-

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For the financial year ended 31 December 2022

25. DEBTORS (continued)

	GROUP		COMPANY	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<u>Analysis of allowance for doubtful debts – Trade:</u>				
At 1 January	(161)	(251)	-	-
(Allowance)/Write-back of allowance	(302)	24	-	-
Write-off against allowance	219	71	-	-
Exchange differences on consolidation	20	(5)	-	-
At 31 December	(224)	(161)	-	-
<u>Analysis of allowance for doubtful debts – Non-trade:</u>				
At 1 January	(2,925)	(1,643)	-	-
Write-back of allowance/(allowance)	1,111	(1,175)	-	-
Exchange differences on consolidation	198	(107)	-	-
At 31 December	(1,616)	(2,925)	-	-

Trade debtors and accrued receivables pertain to receivables from contracts with customers. The trade debtors and accrued receivables as at 31 December 2022 were \$58,171,000 and \$11,845,000 (31 December 2021: \$98,717,000 and \$31,226,000; 1 January 2021: \$113,146,000 and \$77,727,000) respectively.

Advances to non-controlling shareholders of certain subsidiaries are interest-free, have no fixed terms of repayment and are unsecured.

The loan extended in relation to a potential acquisition is unsecured and bears interest rate at 8.00% per annum. The balance has been fully received in January 2023.

Trade and other debtors that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and/or have defaulted on payments.

26. AMOUNTS OWING BY/TO HOLDING COMPANY AND RELATED PARTIES

	GROUP		COMPANY	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Amounts owing by:				
Subsidiaries (advances)	-	-	4,266,481	5,619,631
Associated companies and joint ventures				
- Trade	8,442	8,234	-	-
- Advances	170,531	338,767	36	2,626
Related companies				
- Trade	526	4,399	-	-
- Advances	123,378	45,640	-	-
Holding company (trade)	2,237	2,477	-	-
	305,114	399,517	4,266,517	5,622,257
Allowance for doubtful debts	(12,575)	(12,610)	(457,636)	(419,934)
	292,539	386,907	3,808,881	5,202,323

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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26. AMOUNTS OWING BY/TO HOLDING COMPANY AND RELATED PARTIES (continued)

	GROUP		COMPANY	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Amounts owing to:				
Subsidiaries (advances)	-	-	385,059	900,760
Associated companies and joint ventures				
- Trade	47,488	42,872	-	-
- Advances	48,725	210,502	42,159	42,159
Related companies				
- Trade	17,084	5,917	-	-
- Advances	30,280	130	29,995	-
Holding company (trade)	6,748	5,811	-	-
	<u>150,325</u>	<u>265,232</u>	<u>457,213</u>	<u>942,919</u>
<u>Analysis of allowance for doubtful debts:</u>				
At 1 January	(12,610)	-	(419,934)	(329,604)
Reclassified from non-current (see Note 18)	-	(14,326)	-	-
Write-back of allowance	35	1,716	3,840	600
Allowance	<u>-</u>	<u>-</u>	<u>(41,542)</u>	<u>(90,930)</u>
At 31 December	<u>(12,575)</u>	<u>(12,610)</u>	<u>(457,636)</u>	<u>(419,934)</u>

Advances owing by/to subsidiaries are unsecured, have no fixed terms of repayment and are to be settled in cash. Interest-bearing advances of \$2,940,827,000 (2021: \$4,312,300,000) to a subsidiary bear interest at rates ranging from 0.13% to 5.05% (2021: 0.06% to 3.90%) per annum. During the year, a net allowance for doubtful debts of \$37,702,000 (2021: \$90,330,000) was made in respect of the advances owing by certain subsidiaries after taking into account the financial conditions of these subsidiaries.

Amounts owing by associated companies and joint ventures are unsecured, have no fixed terms of repayment and are to be settled in cash. Interest-bearing advances of \$102,587,000 (2021: \$200,043,000) bear interest at rates ranging from 3.00% to 8.00% (2021: 1.50% to 7.00%) per annum.

Amounts owing by related companies are unsecured, have no fixed terms of repayment and are to be settled in cash. Interest-bearing advances of \$93,059,000 (2021: \$45,605,000) bear interest at rates ranging from 4.02% to 6.88% (2021: 4.70% to 5.70%) per annum.

Amounts owing to related companies, associated companies and joint ventures are unsecured, interest-free, have no fixed terms of repayment and are to be settled in cash.

Amounts owing by/to holding company are unsecured, interest-free, have no fixed terms of repayment and are to be settled in cash.

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27. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Fixed deposits with banks	254,032	741,971	-	-
Bank balances and cash	254,063	852,377	-	-
Deposits with related companies	44,697	42,060	2,963	1,541
Cash sweep with a related company	10,003	41,569	3,790	48
	562,795	1,677,977	6,753	1,589

Fixed deposits with banks and deposits with related companies mature in varying periods, substantially between 1 day to 3 months (2021: substantially between 1 day to 3 months) from the financial year-end. The weighted average effective interest rates as at 31 December 2022 for the Group and the Company were 3.69% (2021: 2.08%) and 2.85% (2021: 0.05%) respectively.

The Group has a daily cash sweep arrangement with a related company for overnight deposits at interest rates of 0.50% and 0.55% (2021: 0.05% and 0.00%) per annum for Singapore dollar and United States dollar respectively, subject to an arrangement with a bank where bank balances are transferred from/to a bank account of the related company on a daily basis.

	GROUP	
	2022	2021
	\$'000	\$'000
(a) Amounts held under project accounts, withdrawals from which are restricted to payments for expenditures incurred on projects	104,421	218,261
(b) Project receipts held in escrow accounts in relation to certain financing facilities	6,290	871
(c) Amount pledged to banks in relation to performance security of certain construction contracts	19,031	-

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28. CREDITORS

	GROUP		COMPANY	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Trade creditors	30,934	47,557	-	-
Loans from non-controlling shareholders of certain subsidiaries	17,657	21,635	-	-
Accrual for staff costs and other overheads	119,557	150,469	4,935	5,853
Accrual for share plan expenses	4,363	3,020	265	267
Accrual for development costs	413,885	484,643	-	-
Retention monies	115,434	166,608	-	-
Deposits received	64,192	40,751	-	-
Deposit received for sale of land	9,650	-	-	-
Interest payable	14,483	9,423	11,392	7,901
Derivative financial instruments	-	3,252	-	3,252
Deferred payment in relation to acquisition of non-controlling interest	-	3,157	-	-
Other payables	64,475	45,033	5,207	4,799
	854,630	975,548	21,799	22,072
Non-financial liabilities:				
Progress billings (see Note 23)	153,487	535,334	-	-
Accrual for business and other taxes	11,196	19,469	-	-
Provision for onerous contract	17,500	19,000	-	-
Provision of litigation claim	-	27,328	-	-
	182,183	601,131	-	-
	1,036,813	1,576,679	21,799	22,072
<u>Movement in provision for onerous contract</u>				
At 1 January	19,000	22,056	-	-
Credited to profit and loss account	(1,500)	(3,056)	-	-
At 31 December	17,500	19,000	-	-

The loans from the non-controlling shareholders of certain subsidiaries are unsecured and have no fixed terms of repayment. Interest-bearing loans amounted to \$1,626,000 (2021: \$2,812,000) and interest is payable at 1.86% (2021: 0.50% to 3.20%) per annum.

The provision for onerous contract represents the present value of the management's best estimate of the future outflow of economic benefits that the Group is presently obliged to make under its obligations to continue to provide marina membership to the purchasers of units at its development properties. The estimate has been made on the basis of expected net loss to operate the marina. The estimate may vary as a result of changes in the utilisation in future and expected completion of its future development properties.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

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For the financial year ended 31 December 2022

28. CREDITORS (continued)

Pursuant to the Group's acquisition of China The9 Interactive (Shanghai) Limited ("China The9"), The9 Computer Technology Consulting (Shanghai) Co. ("The9 Computer"), Ltd. and Shanghai Kai E Information Technology Co., Ltd. from The9 Limited ("The9") in 2020, an arbitration was commenced by a Claimant against The9, 3 of its related companies, China The9 and The9 Computer. As the arbitration was ongoing and final award was not issued by end-2021, the Group had made a full provision of the USD20 million (approximately \$27.3 million) as at 31 December 2021. The Group had concurrently lodged a cross-claim against The9 in the arbitration to seek a full indemnity and, alternatively a contribution for any liability to the Claimant. As the arbitration was ongoing and the outcome cannot be absolutely certain as of end-2021, no contingent asset was recognised by the Group as at 31 December 2021.

On 20 June 2022, The9 and the Group signed a settlement agreement on the disputes in the arbitration that upon receipt of the settlement considerations agreed, all parties shall irrevocably and forever waive, release, acquit and discharge all the claims. Therefore, the Group reversed the provision of litigation claim accordingly. As at 31 December 2022, the Group has received all the cash payments/reimbursement as agreed.

29. BORROWINGS AND LEASE LIABILITIES

	GROUP		COMPANY	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<u>Short-term borrowings and lease liabilities</u>				
Borrowings under MTN Programme	299,979	199,978	299,978	199,978
Bank borrowings:				
Secured	111,345	644	-	-
Unsecured	199,942	507,291	199,942	350,000
	311,287	507,935	199,942	350,000
Unsecured loans from a related company	930,744	597,119	-	-
	1,542,010	1,305,032	499,920	549,978
Lease liabilities	9,299	16,954	-	-
	1,551,309	1,321,986	499,920	549,978
<u>Long-term borrowings and lease liabilities</u>				
Borrowings under MTN Programmes	409,619	709,403	409,619	709,403
Bank borrowings:				
Secured	553,649	589,561	-	-
Unsecured	1,523,685	1,029,838	1,278,235	928,820
	2,077,334	1,619,399	1,278,235	928,820
Unsecured loans from a related company	660,000	660,000	-	-
	3,146,953	2,988,802	1,687,854	1,638,223
Lease liabilities	26,820	30,304	-	-
	3,173,773	3,019,106	1,687,854	1,638,223
	4,725,082	4,341,092	2,187,774	2,188,201

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

29. BORROWINGS AND LEASE LIABILITIES (continued)

The Company has a USD800 million Multicurrency Medium Term Note ("USD800 million MTN") programme under which it can issue notes (the "Notes") in series or tranches and may be denominated in Singapore dollars, United States dollars or other currency deemed appropriate at the time. There was no issuance of notes under the USD800 million MTN Programme in 2022 and 2021. In 2022, the Company made a full redemption of the fixed rate notes of \$200,000,000 at an interest rate of 3.80% per annum. As at 31 December 2022, the Company has one outstanding tranches of unsecured fixed rate notes \$130,000,000 due in 2024 with an interest rate of 3.90% per annum.

The Company and its wholly-owned subsidiary, Keppel Land Financial Services Pte. Ltd. ("KLFS") (collectively, the "Issuers") have a USD3 billion Multicurrency Medium Term Note ("USD3 billion MTN") Programme pursuant to which the Issuers may, from time to time, issue notes or perpetual securities (the "Securities") in series or tranches and denominated in any currency agreed between the relevant issuer and the relevant dealers in relation to each issue of Securities and as specified in the applicable pricing supplement. In 2021, the Company issued \$280,000,000 notes due in 2026 at an interest rate of 2.00% per annum. There was no issuance of notes under the USD3 billion MTN Programme in 2022. As at 31 December 2022 and 31 December 2021, the Company has three outstanding tranches of unsecured fixed rate notes which includes the \$280,000,000 issued in the previous year and two tranches of \$150,000,000 that were previously issued and each due in 2023 at an interest rate of 2.84% and 2.68% per annum respectively.

The Group's secured bank borrowings are generally secured by:

- mortgages on the borrowing subsidiaries' investment properties (see Note 16) and properties held for sale (see Note 23); and
- assignment of all rights, titles and benefits with respect to some of the properties mortgaged.

The secured bank borrowings are repriced within 6 days (2021: 3 days to 5 months) while the unsecured bank borrowings are repriced within 4 days to 7 months (2021: 4 days to 3 months). The borrowings bear interest at rates ranging from 0.75% to 18.25% (2021: 0.73% to 13.25%) per annum.

Unsecured loans from a related company bear interest at rates ranging from 1.43% to 4.70% (2021: 1.13% to 3.30%) per annum and are repriced within 3 days to 2 months (2021: 4 days to 13 days).

30. OTHER NON-CURRENT LIABILITIES

	GROUP		COMPANY	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Staff costs payable after 1 year	15,832	19,639	14,018	19,639
Security deposits payable after 1 year	10,227	7,651	-	-
Derivative financial instruments	-	1,564	-	1,564
Loans from non-controlling shareholders of certain subsidiaries	123,941	123,171	-	-
Others	6,288	6,584	-	-
	156,288	158,609	14,018	21,203
Non-financial liabilities:				
Deferred consideration for purchase of an investment property	14,280	15,595	-	-
	14,280	15,595	-	-
	170,568	174,204	14,018	21,203

The loans from the non-controlling shareholders of certain subsidiaries are unsecured and are not expected to be repaid in the next 12 months. Interest-bearing loans amounted to \$123,941,000 (2021: \$123,171,000) and interest is payable at rates ranging from 1.65% to 5.24% (2021: 1.65% to 3.62%) per annum.

The deferred consideration of \$14,280,000 (2021: \$15,595,000) pertained to the Group's obligation to construct a retail-cum-office facility as part of the purchase consideration for a 3.09-ha commercial site in Bangalore, India.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

31. SEGMENT REPORTING

For management purposes, the Group is organised into strategic business units based on their products, services and geography. The Group has three reportable operating segments as follows:

- (a) Property trading
 - Develops residential properties and townships in Asia, primarily in Singapore, China, Vietnam and Indonesia.
- (b) Property investment
 - Owns/manages office and retail properties, hotels and serviced apartments, primarily in Singapore, China, Vietnam and Indonesia.
- (c) Others
 - Is the aggregate of corporate services, property services and others.

Management monitors the results of each of the above operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net profit or loss.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

31. SEGMENT REPORTING (continued)

Information regarding the Group's reportable segments is presented below.

2022	Property Trading \$'000	Property Investment \$'000	Others ⁽¹⁾ \$'000	Inter- segment Elimination \$'000	Total \$'000	
Sales						
External sales	809,408	64,175	24,689	-	898,272	
Inter-segment sales	336	133	107,690	(108,159)	-	
Total	809,744	64,308	132,379	(108,159)	898,272	
Results						
EBITDA ⁽²⁾	167,888	19,444	(57,547)	-	129,785	
Depreciation charge	(9,651)	(6,943)	(14,964)	-	(31,558)	
Investment income	-	4,615	1,536	-	6,151	
Net interest (expense)/income	(1,806)	(58,169)	11,725	-	(48,250)	
Share of results of associated companies and joint ventures	74,902	202,015	12,356	-	289,273	
Net gain from disposal of subsidiaries	21,588	-	-	-	21,588	
Gain from disposal of an associated company	-	2,817	-	-	2,817	
Fair value gain on call option	-	21,002	-	-	21,002	
Gain on change in interest in associated companies	4,150	1,620	-	-	5,770	
Pre-tax profit/(loss) before fair value gain on investment properties	257,071	186,401	(46,894)	-	396,578	
Fair value gain on investment properties	-	131,187	-	-	131,187	
Pre-tax profit/(loss) after fair value gain on investment properties	257,071	317,588	(46,894)	-	527,765	
Taxation	(108,443)	(43,402)	(5,021)	-	(156,866)	
Profit/(loss) for the year	148,628	274,186	(51,915)	-	370,899	
Non-controlling interests	13,784	(6,346)	-	-	7,438	
Net profit/(loss)	162,412	267,840	(51,915)	-	378,337	
Other information						
Segment assets	4,151,993	7,532,502	7,373,339	(6,795,035)	12,262,799	
Segment liabilities	(4,016,743)	(4,698,094)	(4,497,913)	6,795,035	(6,417,715)	
Net assets	135,250	2,834,408	2,875,426	-	5,845,084	
Investments in associated companies and joint ventures	1,070,375	2,325,337	49,889	-	3,445,601	
Additions to non-current assets ⁽³⁾	53,417	223,267	4,405	-	281,089	
Geographical information ⁽⁴⁾	Singapore \$'000	China \$'000	Indonesia \$'000	Vietnam \$'000	Other Countries \$'000	Total \$'000
External sales	162,813	675,665	34,603	23,187	2,004	898,272
Non-current assets ⁽⁵⁾	3,407,246	2,923,307	387,269	896,005	341,815	7,955,642

Notes:

- "Others" include corporate services, property services and others.
- EBITDA refers to profit before interest, taxation, depreciation charge, share of results of associated companies and joint ventures, divestment gains/(losses), fair value gains and other gains/(losses).
- Additions to non-current assets comprise investments in associated companies and joint ventures, purchase of fixed assets and additions to investment properties.
- The geographical information on external sales and non-current assets is determined based on the geographical location of the properties.
- Non-current assets comprise fixed assets, investment properties, right-of-use assets, investment in associated companies and joint ventures and non-financial non-current assets.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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31. SEGMENT REPORTING (continued)

2021	Property Trading \$'000	Property Investment \$'000	Others ⁽¹⁾ \$'000	Inter- segment Elimination \$'000	Total \$'000	
Sales						
External sales	1,538,477	67,358	18,977	-	1,624,812	
Inter-segment sales	-	1,052	89,311	(90,363)	-	
Total	1,538,477	68,410	108,288	(90,363)	1,624,812	
Results						
EBITDA ⁽²⁾	422,636	(32,163)	(50,467)	-	340,006	
Depreciation charge	(21,723)	(12,373)	(7,484)	-	(41,580)	
Investment income	-	3,894	1,313	-	5,207	
Net interest (expenses)/income	(15,582)	(51,667)	35,169	-	(32,080)	
Share of results of associated companies and joint ventures	46,436	108,799	9,760	-	164,995	
Gain/(loss) from disposal of subsidiaries	225,533	(6,326)	-	-	219,207	
Gain from disposal of an associated company and a joint venture	163,291	-	-	-	163,291	
Impairment on fixed assets	-	(35,969)	-	-	(35,969)	
Fair value gain on call option	-	14,877	-	-	14,877	
Gain on remeasurement of retained interest in a joint venture	69,469	-	-	-	69,469	
Loss on change in interest in an associated company	-	(20,546)	-	-	(20,546)	
Pre-tax profit/(loss) before fair value gain on investment properties	890,060	(31,474)	(11,709)	-	846,877	
Fair value gain on investment properties	-	238,875	-	-	238,875	
Pre-tax profit/(loss) after fair value gain on investment properties	890,060	207,401	(11,709)	-	1,085,752	
Taxation	(276,031)	(56,810)	(2,546)	-	(335,387)	
Profit/(loss) for the year	614,029	150,591	(14,255)	-	750,365	
Non-controlling interests	26,687	(7,231)	1,344	-	20,800	
Net profit/(loss)	640,716	143,360	(12,911)	-	771,165	
Other information						
Segment assets	6,110,300	7,419,400	6,953,546	(6,338,200)	14,145,046	
Segment liabilities	(3,153,300)	(4,311,200)	(5,801,783)	6,338,200	(6,928,083)	
Net assets	2,957,000	3,108,200	1,151,763	-	7,216,963	
Investments in associated companies and joint ventures	1,172,122	2,348,192	42,631	-	3,562,945	
Additions to non-current assets ⁽³⁾	113,938	246,655	2,624	-	363,217	
Geographical information ⁽⁴⁾						
	Singapore \$'000	China \$'000	Indonesia \$'000	Vietnam \$'000	Other Countries \$'000	Total \$'000
External sales	193,400	1,345,545	62,901	19,325	3,641	1,624,812
Non-current assets ⁽⁵⁾	3,252,311	3,117,268	420,084	870,009	323,169	7,982,841

Notes:

- "Others" include corporate services, property services and others.
- EBITDA refers to profit before interest, taxation, depreciation charge, share of results of associated companies and joint ventures, divestment gains, fair value gains/(losses) and other gains/(losses).
- Additions to non-current assets comprise investments in associated companies and joint ventures, purchase of fixed assets and additions to investment properties.
- The geographical information on external sales and non-current assets is determined based on the geographical location of the properties.
- Non-current assets comprise fixed assets, investment properties, right-of-use assets and investment in associated companies and joint ventures.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

32. CAPITAL AND LEASE COMMITMENTS

	GROUP	
	2022 \$'000	2021 \$'000
(a) Capital expenditure contracted on investment properties		
(i) Contracted for	381,972	484,840
(ii) Not contracted for	677,359	831,582
	<u>1,059,331</u>	<u>1,316,422</u>
Non-controlling interests	(5,923)	(114,717)
	<u>1,053,408</u>	<u>1,201,705</u>
(b) Estimated development costs for properties held for sale:		
(i) Contracted for	296,743	366,432
(ii) Not contracted for	151,705	834,406
	<u>448,448</u>	<u>1,200,838</u>
Non-controlling interests	(7,700)	(8,711)
	<u>440,748</u>	<u>1,192,127</u>
(c) Estimated funding for purchase of shares in companies	<u>4,696</u>	<u>21,108</u>
(d) Estimated funding in associated companies, joint ventures and joint operations for project developments	<u>279,011</u>	<u>199,334</u>
(e) Other capital expenditure and funding commitments	<u>8,287</u>	<u>10,664</u>
(f) Operating lease commitments - as lessor:		
The Group has entered into leases on its properties. The future minimum rental income receivables under non-cancellable leases are as follows:		
	2022 \$'000	2021 \$'000
Within 1 year	63,061	49,552
Between 1 to 2 years	55,076	47,827
Between 2 to 3 years	35,406	42,616
Between 3 to 4 years	16,528	21,786
Between 4 to 5 years	8,865	12,957
After 5 years	17,695	32,097
	<u>196,631</u>	<u>206,835</u>

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

33. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Unsecured guarantees given to financial institutions in connection with facilities given to:				
(a) Subsidiaries	-	-	215,935	148,830
(b) Associated companies and joint ventures	78,379	110,027	74,236	106,001
(c) Certain end-purchaser of overseas residential properties	127,193	246,328	-	-
(d) Financial assets at FVOCI	243,374	310,460	243,374	310,460
	448,946	666,815	533,545	565,291
Performance guarantee given to a third party in respect of performance on a contract by a related party	205,140	-	205,140	-
	654,086	666,815	738,685	565,291

The financial effects of SFRS(I) 9 relating to financial guarantee contracts issued by the Group and the Company are not material to the financial statements and are, therefore not recognised. No material losses under these guarantees are expected.

34. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed elsewhere in the financial statements, the Group has the following significant related party transactions with the holding company and related parties:

	GROUP	
	2022 \$'000	2021 \$'000
Transactions with holding company:		
Management fees paid	6,904	3,907
Foreign exchange transactions	2,325,000	1,621,822
Other service fees paid	1,727	620
Rental income and other fees received	-	1,809
Transactions with related companies:		
Interest expense:		
Capitalised under development cost	25,148	25,572
Management and support service fees paid	13,273	3,555
Rental income received	-	1,570
Other products and service fees paid	8,512	14,182
Other products and service fee received	1,299	719
Consideration for the sale of 30% interest in Keppel Data Centre Holdings Pte Ltd	56,800	-

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS****For the financial year ended 31 December 2022****34. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)**

	GROUP	
	2022	2021
	\$'000	\$'000
Transactions with the Group's associated companies and joint ventures:		
Rental expense	7,373	6,534
Property management fees received	4,330	4,468
Management and support service fees received	7,638	12,672
Other products and service fees paid	7	14
Other products and service fees received	962	-

The above related party transactions are entered into based on terms agreed between the parties.

35. FINANCIAL RISK MANAGEMENT

The Group operates primarily in Singapore, China, Vietnam and Indonesia, and is exposed to a variety of financial risks pertaining to changes in interest rates, fluctuations in currency exchange rates, credit and liquidity risks. The Group's overall risk management strategy seeks to minimise the adverse effects from the unpredictability of financial markets on the Group's profit. The Group uses financial instruments such as currency forwards, interest rate swaps, interest rate caps and foreign currency borrowings to hedge certain financial risk exposures whenever it is appropriate.

Assessment of financial risks is carried out regularly by management and reported to the Board, which will review and guide management on the Group's risk profile, risk identification, management of significant risks, risk mitigation strategies, and risk policies.

The risk management policies are summarised as follows:

(a) Interest Rate Risk

The Group's exposure to changes in interest rates is in respect of debt obligations and deposits with related companies and financial institutions.

The interest rate management policy is aimed at optimising net interest cost and reducing volatility. The Group borrows a mix of fixed and variable rate debts with varying tenors, and also uses interest rate swaps to hedge against changes in interest rates on the underlying debt obligations whenever it is appropriate.

The Group enters into interest rate swap agreements to hedge the interest rate risk exposure arising from its certain variable rate term loans denominated in Singapore dollar. The Group receives variable rates based on either SOR or SORA, and pays fixed rates ranging from 0.34% to 2.39% (2021: 0.34% to 2.09%) on the notional amounts. The cash flows occur on a monthly, quarterly or semi-annually basis until the maturities of the borrowings which are due within five years. The Group classifies these interest rate swaps as cash flow hedges.

The Group's contractual notional amount of interest rate swaps held for hedging which is based on either SOR or SORA is \$971,428,000 (2021: \$871,428,000), arising from variable rate borrowings with interest rates ranging from 1 month to 6 months (2021: 1 month to 6 months) SOR or SORA. This amounts to 21% (2021: 20%) of the Group's total amount of borrowings.

The Company's contractual notional amount of interest rate swaps held for hedging which is based on SORA is \$900,000,000 (2021: \$800,000,000), arising from variable rate borrowings with interest rates ranging from 1 month to 6 months (2021: 1 month to 6 months) SOR or SORA. This amounts to 41% (2021: 37%) of the Company's total amount of borrowings.

The details and fair values of interest rate swaps are disclosed in Notes 35(e) and 36 respectively.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

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For the financial year ended 31 December 2022

35. FINANCIAL RISK MANAGEMENT (continued)

(a) Interest Rate Risk (continued)

The Group is exposed mainly to the Singapore Swap Offer Rate ("SOR") and the United States Dollar London Inter-bank Offer Rate ("USD LIBOR"). The greatest change will be amendments to the contractual terms of the SOR-referenced floating-rate loans and the associated swaps, the contractual terms of the USD LIBOR-referenced floating-rate loans and the associated swaps and the corresponding update of the relevant hedge designations. There is currently uncertainty around the timing and precise nature of these changes.

Hedging relationships for which 'Phase 2' amendments apply

The Group has judged that IBOR uncertainty is no longer present with respect to its cash flow hedge of \$150 million borrowings referenced to SOR with interest rate fixing dates falling after 30 June 2023 (including borrowings that had transitioned to alternative benchmark rates during the year), as both the hedging instrument and the hedged item have been amended or are pending amendments to the alternative benchmark rate with agreed adjustment spreads.

In the current year, the Group has applied the following hedge accounting reliefs provided by the Phase 2 amendments for its hedging relationships that have already transitioned from SOR to SORA:

- **Hedge designation:** When the Phase 1 amendments cease to apply, the Group has amended its hedge designation to reflect the following changes which are required by IBOR reform:
 - designating SORA as a hedged risk;
 - the contractual benchmark rate of the hedged SGD borrowing has been amended from SOR to SORA plus an adjustment spread; and/or
 - the variable rate of the hedging interest rate swap has been amended from SOR to SORA, with an adjustment spread added to the fixed rate.

These amendments to the hedge documentation do not require the Group to discontinue its hedge relationships.

- **Amounts accumulated in the cash flow hedge reserve:** When the Group amended its hedge designation for changes to its SOR borrowing that is required by IBOR reform, the accumulated amount outstanding in the cash flow hedge reserve was deemed to be based on SORA. The amount is reclassified to profit or loss in the same periods during which the hedged SORA cash flows affect profit or loss.

Sensitivity analysis for interest rate risk:

The Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in Singapore dollar, United States dollar, Indonesian Rupiah, Indian Rupee, Vietnamese Dong and Renminbi. If interest rates increase/decrease by 0.5% (2021: 0.5%) with all other variables being held constant, the Group's profit before taxation will be lower/higher by \$11,745,000 (2021: \$8,839,000).

The Company's borrowings at variable rates on which effective hedges have not been entered into, are denominated in Singapore dollar. If interest rates increase/decrease by 0.5% (2021: 0.5%) with all other variables being held constant, the Company's profit before taxation will be lower/higher by \$2,896,000 (2021: \$2,398,000).

(b) Foreign Currency Risk

Foreign currency risk arises when transactions are denominated in currencies other than the respective functional currencies of the various entities in the Group, and such changes will impact the Group's profit.

In addition, the Group is exposed to foreign currency movements on its net investment in foreign subsidiaries, associated companies and joint ventures, which generate revenue and incur costs denominated in foreign currencies; and such changes impact the results and reserves of the Group. This currency exposure is, as practicable as possible, managed through borrowings in the same currencies in which the assets are denominated.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS For the financial year ended 31 December 2022

35. FINANCIAL RISK MANAGEMENT (continued)

(b) Foreign Currency Risk (continued)

Sensitivity analysis for currency risk:

If the relevant foreign currencies change against the respective functional currencies of the Group entities by 5% (2021: 5%) with all other variables being held constant, the effect arising from the net financial assets/liabilities position will be as follows:

	Profit before Taxation Increase/(Decrease)		Equity Increase/(Decrease)	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
GROUP				
USD against SGD				
- strengthened	7,979	6,434	5,556	6,253
- weakened	(7,979)	(6,434)	(5,556)	(6,253)
RMB against SGD				
- strengthened	15	20,397	-	-
- weakened	(15)	(20,397)	-	-
IDR against SGD				
- strengthened	180	99	-	-
- weakened	(180)	(99)	-	-
INR against SGD				
- strengthened	2,341	3,702	-	-
- weakened	(2,341)	(3,702)	-	-
VND against SGD				
- strengthened	-	(83)	-	-
- weakened	-	83	-	-
HKD against SGD				
- strengthened	1,617	1,553	-	-
- weakened	(1,617)	(1,553)	-	-
COMPANY				
USD against SGD				
- strengthened	187	-	1,019	1,251
- weakened	(187)	-	(1,019)	(1,251)

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

35. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

Trade debtors comprise mainly the Group's customers who bought residential units and tenants of commercial properties.

Contract assets are mainly unbilled work in progress.

Bank deposits are mainly deposits with banks that meet appropriate credit criteria.

Financial assets at FVPL comprise compulsorily convertible debentures in a corporation, convertible preference shares, convertible promissory notes and convertible loan.

The following situations may give rise to credit risk:

- (i) That the tenants of investment properties and purchasers of trading properties may default on their obligations to pay the amounts owing to the Group.
 - (a) For investment properties, the Group manages credit risks arising from tenants defaulting on their rental by requiring the tenants to furnish cash deposits, and/or banker's guarantees. The Group also has a policy of regular review of debt collection and rental contracts are entered into with customers with an appropriate credit history.
 - (b) For trading properties, the Group generally has the following recourse:
 - Forfeiture of instalments paid; and
 - Re-sale of the re-possessed properties and claim against the purchasers for any shortfall from the re-sale.
- (ii) That a counterparty will default on its contractual obligations under financial instrument contracts resulting in financial loss to the Group. It is generally limited to the amounts, if any, by which the counterparty's obligations exceed the obligations of the Group. It is also the Group's policy to enter into financial instrument contracts with a diversity of prime financial institutions and creditworthy parties. Credit risks are monitored on an ongoing basis.

In measuring the expected credit losses, trade debtors and contract assets are grouped based on shared credit risk characteristics and days past due. The Group has therefore concluded that the expected loss rates for trade debtors are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade debtors and contract assets are written off when there is no reasonable expectation of recovery.

Financial assets at FVPL have low risk of default as the investees have strong capacities to meet the contractual cash flow obligations in the near term.

Debtors and amounts due by related parties that are neither past due nor impaired are substantially companies with good collection track record with the Group or have strong financial capacity. As of 31 December 2022, \$34,297,000 (2021: \$34,314,000) of the loans to a joint venture and an investee were impaired as disclosed in Notes 19 and 26 while \$457,636,000 (2021: \$419,934,000) of the advances to subsidiaries were impaired as disclosed in Note 26.

As at 31 December 2022 and 31 December 2021, there was no significant concentration of credit risks.

The maximum exposure to credit risk for the Group is the carrying amount of financial assets which are mainly trade and other debtors, amounts owing by holding company and related parties, cash and cash equivalents, amounts owing by associated companies and joint ventures, other non-current assets and financial guarantees. The maximum exposure for the Company is the carrying amount of financial assets which are mainly amounts owing by related parties and cash and cash equivalents.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

35. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group manages the liquidity risk by maintaining sufficient cash, internally generated cash flows, and the availability of funding resources through adequate committed credit facilities. The Group also maintains a mix of short-term money market borrowings as well as the ability to tap the capital market through the MTN Programmes to fund working capital requirements and capital expenditure/investments.

The following table summarises the maturity profile of the Group's and the Company's financial liabilities and derivative financial instruments at the balance sheet date based on contractual undiscounted cash flows obligations, including interest payables and excluding the impact of netting agreements.

	Within 1 Year \$'000	Between 1 to 5 Years \$'000	After 5 Years \$'000	Total \$'000
GROUP				
<u>2022</u>				
<u>Non Derivative Financial Liabilities</u>				
Creditors (excluding non-financial liabilities)	854,630	-	-	854,630
Amounts owing to holding company and related parties	150,325	-	-	150,325
Other non-current liabilities	-	156,288	-	156,288
Borrowings	1,670,074	2,981,023	507,519	5,158,616
Lease liabilities	11,175	19,676	25,875	56,726
Financial guarantees	448,946	-	-	448,946
	3,135,150	3,156,987	533,394	6,825,531
<u>Derivative Financial Assets/(Liabilities)</u>				
Net-settled interest rate swaps				
- Net cash inflow	19,923	24,653	-	44,576
<u>2021</u>				
<u>Non Derivative Financial Liabilities</u>				
Creditors (excluding non-financial liabilities)	972,296	-	-	972,296
Amounts owing to holding company and related parties	265,232	-	-	265,232
Other non-current liabilities	-	157,045	-	157,045
Borrowings	1,401,344	2,753,044	496,068	4,650,456
Lease liabilities	17,141	31,271	27,029	75,441
Financial guarantees	666,815	-	-	666,815
	3,322,828	2,941,360	523,097	6,787,285
<u>Derivative Financial Assets/(Liabilities)</u>				
Net-settled interest rate swaps				
- Net cash (outflows)/inflow	(5,476)	3,534	-	(1,942)

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS For the financial year ended 31 December 2022

35. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity Risk (continued)

	Within 1 Year \$'000	Between 1 to 5 Years \$'000	After 5 Years \$'000	Total \$'000
COMPANY				
<u>2022</u>				
<u>Non Derivative Financial Liabilities</u>				
Creditors	21,799	-	-	21,799
Amounts owing to holding company and related parties	457,213	-	-	457,213
Other non-current liabilities	-	14,018	-	14,018
Borrowings	560,660	1,804,270	-	2,364,930
Financial guarantees	533,545	-	-	533,545
	<u>1,573,217</u>	<u>1,818,288</u>	<u>-</u>	<u>3,391,505</u>
<u>Derivative Financial Assets/(Liabilities)</u>				
Net-settled interest rate swaps				
- Net cash inflow	<u>19,667</u>	<u>24,653</u>	<u>-</u>	<u>44,320</u>
<u>2021</u>				
<u>Non Derivative Financial Liabilities</u>				
Creditors	18,820	-	-	18,820
Amounts owing to holding company and related parties	942,919	-	-	942,919
Other non-current liabilities	-	19,639	-	19,639
Borrowings	590,403	1,701,771	-	2,292,174
Financial guarantees	565,291	-	-	565,291
	<u>2,117,433</u>	<u>1,721,410</u>	<u>-</u>	<u>3,838,843</u>
<u>Derivative Financial Assets/(Liabilities)</u>				
Net-settled interest rate swaps				
- Net cash (outflows)/inflow	<u>(5,562)</u>	<u>3,478</u>	<u>-</u>	<u>(2,084)</u>

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS For the financial year ended 31 December 2022

35. FINANCIAL RISK MANAGEMENT (continued)

(e) Derivative Financial Instruments

		Fair Value			
	Contractual Notional Amount \$'000	Liabilities \$'000	Assets \$'000	Weighted Average Hedged Rate	Maturity Date
GROUP					
<u>2022</u>					
<u>Cash Flow Hedge</u>					
Interest rate risk					
- Interest rate swap to hedge floating rate borrowings	971,428	-	40,084	1.31%	January 2023 – January 2027
<u>2021</u>					
<u>Cash Flow Hedge</u>					
Interest rate risk					
- Interest rate swap to hedge floating rate borrowings	871,428	(4,816)	2,634	1.13%	August 2022 – June 2026
COMPANY					
<u>2022</u>					
<u>Cash Flow Hedge</u>					
Interest rate risk					
- Interest rate swap to hedge floating rate borrowings	900,000	-	39,820	1.37%	July 2023 – January 2027
<u>2021</u>					
<u>Cash Flow Hedge</u>					
Interest rate risk					
- Interest rate swap to hedge floating rate borrowings	800,000	(4,816)	2,506	1.20%	August 2022 – June 2026

Hedge Effectiveness

Hedge effectiveness is determined at the inception of the hedging relationship, and through periodic prospective effective assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS For the financial year ended 31 December 2022

35. FINANCIAL RISK MANAGEMENT (continued)

(f) Categories of Financial Assets and Financial Liabilities

The following table sets out the financial instruments as at the balance sheet date:

	GROUP		COMPANY	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<u>Financial Assets</u>				
Financial assets at FVOCI	149,877	146,800	20,372	25,025
Financial assets at FVPL	91,308	116,606	-	-
Derivative financial instruments	232,606	174,154	39,820	2,506
Financial assets at amortised costs (including cash and cash equivalents)	1,386,239	2,486,931	3,815,634	5,204,800
<u>Financial Liabilities</u>				
Derivative financial instruments	-	4,816	-	4,816
Liabilities at amortised cost	5,886,325	5,735,665	2,680,804	3,169,579

(g) Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholder, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on the net debt-equity ratio, which is calculated as net debt divided by total capital. Net debt is calculated as borrowings (including lease liabilities) less cash and cash equivalents, and total capital is calculated as equity including non-controlling interests in subsidiaries.

	GROUP		COMPANY	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Net debt	4,162,287	2,663,115	2,181,021	2,186,612
Total capital	5,845,084	7,216,963	2,783,517	3,599,549
Net debt-equity ratio (times)	0.71	0.37	0.78	0.61

There were no changes in the Group's approach to capital management during the year.

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2022 and 2021.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

36. FAIR VALUE OF FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES

(a) Fair Value Hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. There are three fair value hierarchy levels, 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 or indirectly; and

Level 3 – Unobservable inputs for the asset or liability.

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

(b) Assets and Liabilities Measured at Fair Value

The following table shows an analysis of assets and liabilities carried at fair value by fair value hierarchy level:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
GROUP				
<u>2022</u>				
<u>Financial Assets</u>				
Investments at FVOCI	-	-	149,877	149,877
Investments at FVPL	-	-	91,308	91,308
Derivative financial instruments				
- Call option	-	-	192,522	192,522
- Interest rate swaps	-	40,084	-	40,084
	-	40,084	433,707	473,791
<u>Non-financial Assets</u>				
Investment properties				
- Commercial and hospitality, completed	-	-	1,277,604	1,277,604
- Commercial, under construction	-	-	2,933,828	2,933,828
	-	-	4,211,432	4,211,432

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

36. FAIR VALUE OF FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES (continued)

(b) Assets and Liabilities Measured at Fair Value (continued)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
GROUP				
<u>2021</u>				
<u>Financial Assets</u>				
Investments at FVOCI	-	-	146,800	146,800
Investments at FVPL	-	-	116,606	116,606
Derivative financial instruments				
- Call option	-	-	171,520	171,520
- Interest rate swaps	-	2,634	-	2,634
	-	2,634	434,926	437,560
<u>Financial Liabilities</u>				
Derivative financial instruments				
- Interest rate swaps	-	4,816	-	4,816
	-	4,816	-	4,816
<u>Non-financial Assets</u>				
Investment properties				
- Commercial and hospitality, completed	-	-	1,378,618	1,378,618
- Commercial, under construction	-	-	2,760,649	2,760,649
	-	-	4,139,267	4,139,267

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

36. FAIR VALUE OF FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES (continued)

(b) Assets and Liabilities Measured at Fair Value (continued)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
COMPANY				
<u>2022</u>				
<u>Financial Assets</u>				
Investments at FVOCI	-	-	20,372	20,372
Derivative financial instruments				
- Interest rate swaps	-	39,820	-	39,820
	-	39,820	20,372	60,192
<u>2021</u>				
<u>Financial Assets</u>				
Investments at FVOCI	-	-	25,025	25,025
Derivative financial instruments				
- Interest rate swaps	-	2,506	-	2,506
	-	2,506	25,025	27,531
<u>Financial Liabilities</u>				
Derivative financial instruments				
- Interest rate swaps	-	4,816	-	4,816

There have been no transfers between Level 1 and Level 2 during 2022 and 2021.

(c) Level 1 Fair Value Measurement

The fair value of investments are determined directly by reference to their published market bid price at the balance sheet date.

(d) Level 2 Fair Value Measurement

Foreign exchange forward contracts and interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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36. FAIR VALUE OF FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES (continued)

(e) Level 3 Fair Value Measurement

(i) Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The following table presents the information about fair value measurements using significant unobservable inputs:

Description	Fair Value \$'000	Valuation Techniques	Unobservable Inputs	Range
2022				
Investments at FVOCI	149,877	Net asset value ⁽¹⁾	Not applicable	Not applicable
Investments at FVPL	91,308	Discounted cash flow method and binomial option pricing method	Discount rate Growth rate Discount for lack of control	15.71% to 20.00% 1.10% to 4.32% 15.00% to 23.30%
Derivative financial instruments - Call option	192,522	Discounted cash flow method and investment method	Transacted price of comparable properties (psf) Capitalisation rate	\$1,586 to \$3,617 3.40%
Investment properties - Commercial completed	1,277,604	Investment method, discounted cash flow method and/or direct comparison method	Discount rate Capitalisation rate Transacted price of comparable land plots (psm) Transacted price of comparable properties (psf)	7.25% to 13.00% 4.25% to 10.00% \$3,974 to \$5,610 \$239 to \$1,304
- Commercial, under construction	2,933,828	Direct comparison method, discounted cash flow method, and/or residual value method	Discount rate Capitalisation rate Transacted price of comparable land plot (psm) Transacted price of comparable properties (psf) Gross development value (\$'million)	7.00% to 17.00% 4.00% to 10.00% \$6,569 to \$9,163 \$2,376 to \$3,617 \$216 to \$1,949

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

36. FAIR VALUE OF FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES (continued)

(e) Level 3 Fair Value Measurement (continued)

(i) Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements (continued)

The following table presents the information about fair value measurements using significant unobservable inputs:

Description	Fair Value \$'000	Valuation Techniques	Unobservable Inputs	Range
2021				
Investments at FVOCI	146,800	Net asset value ⁽¹⁾	Not applicable	Not applicable
Investments at FVPL	116,606	Discounted cash flow method and binomial option pricing method	Discount rate Growth rate Discount for lack of control	14.40% to 20.00% 4.26% 15.00% to 23.30%
Derivative financial instruments - Call option	171,520	Discounted cash flow and investment method	Transacted price of comparable properties (psf) Capitalisation rate	\$1,586 to \$3,520 3.50%
Investment properties - Commercial and residential, completed	1,378,618	Investment method, discounted cash flow method and/or direct comparison method	Discount rate Capitalisation rate Transacted price of comparable land plots (psm)	7.25% to 12.50% 4.25% to 9.50% \$4,690 to \$7,504
			Transacted price of comparable properties (psf)	\$266 to \$3,004
- Commercial, under construction	2,760,649	Direct comparison method, discounted cash flow method, and/or residual value method	Discount rate Capitalisation rate Transacted price of comparable land plots (psm) Transacted price of comparable properties (psf) Gross development value (\$'million)	7.00% to 17.00% 4.00% to 10.00% \$7,129 to \$9,192 \$2,468 to \$3,171 \$239 to \$2,099

Note:

- The fair value of investments at FVOCI is determined by reference to the underlying assets value of the investee companies, which comprise mainly investment properties stated at fair value. When the net asset value of these investments increase/decrease by 5% (2021: 5%), it would lead to a \$7,494,000 (2021: \$7,340,000) increase/decrease in fair valuation.

The financial instruments and investment properties categorised under Level 3 of the fair value hierarchy are generally sensitive to the various unobservable inputs tabled. A significant movement of each input would result in significant change to the fair value of the respective asset.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

36. FAIR VALUE OF FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES (continued)

(e) Level 3 Fair Value Measurement (continued)

(ii) Movements in Level 3 Assets Measured at Fair Value

The following table presents the reconciliation for financial assets and instruments measured at fair value based on significant unobservable inputs:

The detailed movement for investment properties are disclosed in Note 16.

	Investments at FVOCI	Investments at FVPL	Derivative Financial Instruments Call Option	Total
	\$'000	\$'000	\$'000	\$'000
GROUP				
At 1 January 2022	146,800	116,606	171,520	434,926
Net fair value loss recognised in other comprehensive income	(10,928)	-	-	(10,928)
Fair value gain recognised in profit or loss account	-	-	21,002	21,002
Additions	19,471	1,887	-	21,358
Redemption/conversion of shares	(5,483)	(22,671)	-	(28,154)
Exchange differences on consolidation	17	(4,514)	-	(4,497)
At 31 December 2022	149,877	91,308	192,522	433,707
At 1 January 2021	159,567	33,425	156,643	349,635
Net fair value loss recognised in other comprehensive income	(15,668)	-	-	(15,668)
Fair value gain recognised in profit or loss account	-	-	14,877	14,877
Additions	16,498	-	-	16,498
Redemption of shares	(14,287)	-	-	(14,287)
Reclassification ⁽¹⁾	-	82,443	-	82,443
Exchange differences on consolidation	690	738	-	1,428
At 31 December 2021	146,800	116,606	171,520	434,926

During the year, the movement for investments at FVOCI for the Company arose from net fair value loss of \$4,653,000 (2021: net fair value gain of \$1,714,000) recognised in other comprehensive income.

Note:

1. In 2021, the fair value measurement of certain investments amounting to \$82,443,000 were transferred from Level 2 to Level 3 due to use of inputs not based on market observable data in the valuation techniques. Prior to reclassification, the fair values of these investments were categorised under Level 2 as they were based on actual transacted prices.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

36. FAIR VALUE OF FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES (continued)

(e) Level 3 Fair Value Measurement (continued)

(iii) Valuation Policies and Procedures

The assessment of the fair value of investments at FVOCI is performed by the Group's finance department on a quarterly basis. The assessment of the fair value of the investments at FVPL, call option and investment properties is performed by the Group's operation teams on an annual basis.

The Group revalue its investment property portfolio on an annual basis except for significant investment properties which are revalued on a half-yearly basis. The fair value of investment properties is determined by external, independent professional valuers which have appropriate recognised professional qualifications and experience in the location and category of property being valued. Management reviews the appropriateness of the valuation methodologies and assumptions adopted, and the reliability of the inputs used in the valuations.

(f) Assets and Liabilities not Carried at Fair Value but for Which Fair Value is Disclosed

The carrying amounts of the following financial assets and liabilities of the Group and Company approximate their fair values due to their short-term nature: Cash and cash equivalents, trade and other debtors, trade and other creditors, amounts owing by/to holding company and related parties and short-term borrowings.

The fair values of long-term borrowings, other non-current liabilities and investments in listed associated companies are as stated below. The long-term borrowings and other non-current liabilities are estimated using discounted cash flow analysis based on current rates for similar types of borrowing arrangements. The fair values of the investments in listed associated companies are determined by reference to the published market bid prices at the balance sheet date.

	2022			2021		
	Carrying Amount \$'000	Fair Value Level 1 \$'000	Level 3 \$'000	Carrying Amount \$'000	Fair Value Level 1 \$'000	Level 3 \$'000
GROUP						
Investment in listed associated companies	1,881,262	1,397,917	-	1,801,357	1,782,194	-
Long-term borrowings	3,146,953	-	3,090,050	2,988,802	-	2,998,447
Other non-current liabilities	156,288	-	156,288	157,045	-	157,045
COMPANY						
Investment in a listed subsidiary	35,481	14,313	-	35,481	12,263	-
Long-term borrowings	1,687,854	-	1,653,827	1,638,223	-	1,638,223
Other non-current liabilities	14,018	-	14,018	19,639	-	19,639

Amounts owing by associated companies and joint ventures are charged at floating interest rates and their carrying amounts approximate their fair values.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

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37. COMPARATIVES

The following comparative figures have been reclassified to conform with current year's presentation:

	As previously reported \$'000	Impact \$'000	As adjusted \$'000
GROUP			
Consolidated Balance Sheet			
<u>31 December 2021</u>			
Creditors	1,699,850	(123,171)	1,576,679
Other non-current liabilities	51,033	123,171	174,204
<u>1 January 2021</u>			
Creditors	2,136,102	(122,415)	2,013,687
Other non-current liabilities	56,097	122,415	178,512

The above arose from reclassification of certain loans from non-controlling shareholders previously presented within "loans from non-controlling shareholders of certain subsidiaries" under creditors to other non-current liabilities.

38. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 17 February 2023, the Company provided several guarantees and undertaking, in replacement of Keppel Offshore & Marine Ltd ("KOM"), in relation to the investment in The Gimi by Keppel Asia Infrastructure Fund ("KAIF"), which is managed by Keppel Capital. KAIF and its co-investors, through First FLNG Holdings Pte. Ltd. ("FFH"), own 30% equity interest ("FFH's Guaranteed Proportion") in Gimi MS Corporation ("Gimi MS"), which holds The Gimi.

The guarantees and undertaking provided by the Company are for FFH's Guaranteed Proportion and in relation to a project finance facility and a main building contract taken up by Gimi MS.

The estimated exposure to the Group for providing the above guarantees as of 17 February 2023 amounted to approximately USD199.6 million (approximately \$263.1 million). FFH has unconditionally and irrevocably agreed and undertaken to indemnify the Company against all claims and losses suffered and incurred under or in respect of the guarantees and pay a fee to the Company based on the guaranteed amount.

39. FUTURE CHANGES IN ACCOUNTING POLICIES

At the date of authorisation of these financial statements, the following new SFRS(I) and amendments to SFRS(I)s that are relevant to the Group and the Company were issued but not effective:

- **Amendments to SFRS(I) 1-1 *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current* (effective for annual periods beginning on or after 1 January 2024)**

The narrow-scope amendments to SFRS(I) 1-1 *Presentation of Financial Statements* clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

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For the financial year ended 31 December 2022

39. FUTURE CHANGES IN ACCOUNTING POLICIES (continued)

- **Amendments to SFRS(I) 1-12 *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (effective for annual periods beginning on or after 1 January 2023)**

The amendments to SFRS(I) 1-12 *Income Taxes* require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in revenue reserves, or another component of equity, as appropriate.

SFRS(I) 1-12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

- **SFRS(I) 17 *Insurance Contracts* (effective for annual periods beginning on or after 1 January 2023)**

SFRS(I) 17, covering recognition and measurement, presentation and disclosure, will replace SFRS(I) 4 *Insurance Contracts* and apply to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SFRS(I) 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SFRS(I) 4, which are largely based on grandfathering previous local accounting policies. The core of SFRS(I) 17 is the general model, supplemented by a specific adaptation for contracts with direct participation features (the variable fee approach) and a simplified approach (the premium allocation approach) mainly for short-duration contracts.

The management anticipates that the adoption of the above standards and interpretations in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for SFRS(I) 17 which the Group is still assessing the impact.

40. SIGNIFICANT GROUP COMPANIES

Information relating to the significant subsidiaries consolidated in these financial statements and the significant associated companies and joint ventures whose results are included in the financial statements is given on pages 97 to 100.

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

SIGNIFICANT SUBSIDIARIES, ASSOCIATED COMPANIES, AND JOINT VENTURES For the financial year ended 31 December 2022

	Effective Equity Interest		Country of Incorporation/ Place of Business	Principal Activities
	2022	2021		
	%	%		
Subsidiaries				
Corredance Pte Ltd	100	100	Singapore	Investment holding
Crystal Rise Investment Pte Ltd*	100	100	Singapore	Investment holding
Da Di Investment Pte Ltd*	100	100	Singapore	Investment holding
DC REIT Holdings Pte Ltd*	100	100	Singapore	Investment holding
Domenico Pte Ltd*	100	100	Singapore	Investment holding
Flemmington Investments Pte Ltd*	100	100	Singapore	Investment holding
Gadius Pte Ltd*	100	100	Singapore	Investment holding
Harvestland Development Pte Ltd*	100	100	Singapore	Property development
Ibeworthy Pte Ltd*	100	100	Singapore	Investment holding
Joysville Investment Pte Ltd*	100	100	Singapore	Investment holding
K-Commercial Pte. Ltd.*	100	100	Singapore	Property development/ investment
Katong Retail Trust*	100	100	Singapore	Investment trust
Keppel Bay Pte Ltd	100	100	Singapore	Property development
Keppel REIT Investment Pte Ltd*	100	100	Singapore	Investment holding
Keppel Land China Limited	100	100	Singapore	Investment holding
Keppel Land Estate Pte Ltd	100	100	Singapore	Investment holding
Keppel Land Financial Services Pte Ltd	100	100	Singapore	Financial services
Lipalton Pte. Ltd.*	100	100	Singapore	Investment holding
Mansfield Developments Pte Ltd	100	100	Singapore	Investment holding
Merryfield Investment Pte Ltd*	100	100	Singapore	Investment holding
Monestine Pte. Ltd.*	100	100	Singapore	Investment holding
Parksville Development Pte Ltd*	100	100	Singapore	Property development
Pasir Panjang Realty Pte Ltd*	100	100	Singapore	Investment holding
Peplamo Pte. Ltd.*	100	100	Singapore	Investment holding
Pisamir Pte Ltd*	100	100	Singapore	Investment holding
Primus II Investment Holdings Pte Ltd*	100	-	Singapore	Investment holding
Straits Property Investments Pte Ltd	100	100	Singapore	Investment holding
Aintree Assets Limited (C)	100	100	British Virgin Islands	Investment holding
Jencity Limited* (C)	100	100	British Virgin Islands	Investment holding
Saigon Centre Investment Limited* (C)	100	100	British Virgin Islands	Investment holding
Beijing Changsheng Consultant Co Ltd* (A)	100	100	China	Property investment
Beijing Changsheng Property Management Co Ltd* (A)	100	100	China	Property investment
Changzhou Fushi Housing Development Pte Ltd* (A)	100	100	China	Property development
China The9 Interactive (Shanghai) Ltd* (A)	100	100	China	Property investment
Keppel Heights (Wuxi) Property Development Co Ltd* (A)	100	100	China	Property development
Keppel Hong Da (Tianjin Eco-City) Property Development Co Ltd* (A)	100	100	China	Property development
Keppel Hongxiang Management (Shanghai) Co Ltd* (A)	100	100	China	Property service
Keppel Hong Yuan (Tianjin Eco-City) Property Development Co Ltd* (A)	100	100	China	Property development

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

SIGNIFICANT SUBSIDIARIES, ASSOCIATED COMPANIES, AND JOINT VENTURES For the financial year ended 31 December 2022

	Effective Equity Interest		Country of Incorporation/ Place of Business	Principal Activities
	2022	2021		
	%	%		
Subsidiaries (continued)				
Keppel Lakefront (Wuxi) Property Development Co Ltd* (A)	100	100	China	Property development
Keppel Seasons Residences Property Development (Wuxi) Co Ltd* (A)	100	100	China	Property development
Shanghai Fengwo Apartment Management Co Ltd* (A)	-	100	China	Co-living operations
Shanghai Floraville Land Co Ltd* (A)	99	99	China	Property investment
Shanghai Ji Lu Land Co Ltd* (A)	99	99	China	Property investment
Shanghai Jinju Real Estate Development Co Ltd* (A)	-	99	China	Property development
Shanghai Merryfield Land Co Ltd* (A)	99	99	China	Property development
Shanghai Mingbu Industrial Co Ltd* (A)	100	100	China	Investment holding
Spring City Golf & Lake Resort Co Ltd* (A)	72	69	China	Golf club operations and development and property development
The9 Computer Technology Consulting (Shanghai) Ltd.*(A)	100	100	China	Property investment
Tianjin Fulong Property Development Co Ltd* (A)	100	100	China	Property development
Taichang Xinwu Business Consulting Co Ltd* (B)	-	100	China	Investment holding
Broad Elite Investments Limited* (A)	100	100	Hong Kong	Investment holding
Eternal Commercial Limited* (A)	100	100	Hong Kong	Investment holding
Keppel Land (Saigon Centre) Ltd* (A)			Hong Kong	Investment holding
Ordinary Shares	100	100		
Preference shares (Class A and Class B)	67	67		
Main Full Limited* (A)	100	100	Hong Kong	Investment holding
PT Harapan Global Niaga* (A)	100	100	Indonesia	Property development
PT Kepland Investama* (A)	100	100	Indonesia	Property investment
PT Ria Bintan* (A)	46	46	Indonesia	Golf course ownership and operations
PT Straits-CM Village* (A)	39	39	Indonesia	Hotel ownership and operations
PT Sukses Manis Tangguh* (A)	100	100	Indonesia	Property development
PT Sukses Manis Indonesia* (A)	100	100	Indonesia	Property development
Straits Greenfield Limited* (B)	100	100	Myanmar	Hotel ownership and operations
Keppel Philippines Properties, Inc.* (A)	57	57	Philippines	Property development
Estella Joint Venture Company Limited* (A)	98	98	Vietnam	Property development/ investment
Keppel Land Watco IV Company Limited* (A)	84	84	Vietnam	Property development
Keppel Land Watco V Company Limited* (A)	84	84	Vietnam	Property development
Riviera Point Limited Liability Company* (A)	100	100	Vietnam	Property development
Saigon Sports City Limited* (A)	100	100	Vietnam	Property development
Bangalore Tower Pvt Ltd* (B)	100	51	India	Property investment
Keppel Puravankara Development Pvt Ltd* (B)	51	51	India	Property development

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

SIGNIFICANT SUBSIDIARIES, ASSOCIATED COMPANIES, AND JOINT VENTURES For the financial year ended 31 December 2022

	Effective Equity Interest		Country of Incorporation/ Place of Business	Principal Activities
	2022	2021		
	%	%		
Associates and Joint Ventures				
EM Services Pte Ltd	25	25	Singapore	Property management
Gaenari (IV) Pte Ltd* (B)	59	-	Singapore	Property management
Keppel REIT*	39	40	Singapore	Real estate investment trust
Keppel Data Centre Holdings Pte Ltd*	-	30	Singapore	Owner and operator of data centres and disaster recovery centres
Keppel Group Eco-City Investments Pte Ltd*	35	35	Singapore	Investment holding
Keppel Point Pte Ltd	30	30	Singapore	Investment holding
Raffles Quay Asset Management Pte Ltd* (B)	33	33	Singapore	Property management
North Bund Pte Ltd* (B)	30	30	Singapore	Investment holding
Suzhou Property Development Pte Ltd* (B)	25	25	Singapore	Investment holding
Vision (III) Pte Ltd* (B)	30	30	Singapore	Investment holding
Chengdu Taixin Real Estate Development Co Ltd* (B)	35	35	China	Property development
Chengdu Wanji Real Estate Development Co Ltd* (B)	30	30	China	Property development
Nanjing Zhijun Property Development Co Ltd* (B)	25	25	China	Property development
Taicang Zhuchong Business Consulting Co Ltd* (B)	-	15	China	Investment holding
Tianjin Fushi Property Development Co Ltd* (A)	49	49	China	Property development
Win Up Investment Limited* (B)	30	30	China	Investment holding
Renown Property Holdings (M) Sdn Bhd (A)	40	40	Malaysia	Investment holding
City Square Office Co Ltd* (B)	40	40	Myanmar	Property investment
Buena Homes (Sandoval) Inc.* (A)	35	35	Philippines	Property development
Opon-KE Properties, Inc.* (A)	45	45	Philippines	Investment holding
Opon Realty and Development Corporation* (A)	23	23	Philippines	Investment holding
Opon Venture, Inc* (A)	37	37	Philippines	Property development
SM-Keppel Land, Inc.* (A)	27	27	Philippines	Property investment
Empire City Limited Liability Company* (A)	40	40	Vietnam	Property development
Keppel Land Watco I Company Limited* (A)	61	61	Vietnam	Property investment/ development
Keppel Land Watco II Company Limited* (A)	61	61	Vietnam	Property investment/ development
Keppel Land Watco III Company Limited* (A)	61	61	Vietnam	Property investment/ development
Nam Long Investment Corporation* (B)	8	8	Vietnam	Trading of development properties
South Rach Chiec LLC* (A)	42	42	Vietnam	Property development
Phu Loc Real Estate Investment Joint Stock Company* (A)	60	60	Vietnam	Property development
Kapstone Construction Private Limited* (A)	49	49	India	Real estate construction and development

KEPPEL LAND LIMITED AND ITS SUBSIDIARIES

SIGNIFICANT SUBSIDIARIES, ASSOCIATED COMPANIES, AND JOINT VENTURES For the financial year ended 31 December 2022

Notes:

1. The holding in the equity shown for each subsidiary, associated companies and joint venture is the proportion attributable to Keppel Land Limited.
2. Associated companies are those in which the Group has significant influence, but not control, in the operating and financial policy decisions.
3. Joint ventures are those in which the Group has joint control in the strategic financial and operating decisions.
4. Companies indicated with an asterisk (*) are indirectly held by Keppel Land Limited.
5. All the active companies operate in their respective countries of incorporation, unless otherwise specified.
6. All the companies are audited by PricewaterhouseCoopers LLP, Singapore except for the following:
 - (A) Audited by member firms of PricewaterhouseCoopers International Limited in the respective countries
 - (B) Audited by other firms of auditors
 - (C) Not required to be audited by law in the country of incorporation
7. Certain companies such as Keppel Land Watco I Company Limited, Keppel Land Watco II Company Limited and Keppel Land Watco III Company Limited have been accounted for as joint ventures notwithstanding that the Group holds more than 50% equity interest in these companies on the ground that the strategic financial and operating decisions of these companies require unanimous consent by the shareholders.