CAPITALAND
ASCOTT
TRUST

# 2022 ANNUAL REPORT

Our cover page features the letters "**C**" and "**O**" intersecting to form an interlocked design, where "**C**" stands for **CapitaLand** and the "**O**" stands for **ONE**. Together, they represent the **ONE CapitaLand** ecosystem, and symbolise how the respective REITs, business trusts and businesses that are part of the CapitaLand Investment Group benefit from cross-platform synergies and complementary strengths; and are united and committed to the same shared purpose of ***Making a Positive Impact. Think Big. Do Right. Make it Last.*** by adhering to the principles of diversity and inclusion, doing right by our stakeholders and contributing to the long-term interests of the communities that we operate in.

# Contents

"As the largest lodging trust in Asia Pacific, CapitaLand Ascott Trust is a proxy to the recovery of the hospitality sector."

S$8.0B
**Total Assets**

105
**Properties**

>18,000
**Units**

15
**Countries**

47
**Cities**

## ABOUT CAPITALAND ASCOTT TRUST

CapitaLand Ascott Trust (CLAS), formerly known as Ascott Residence Trust, is the largest lodging trust in Asia Pacific with an asset value of S$8.0 billion as at 31 December 2022. Having listed on the Singapore Exchange Securities Trading Limited (SGX-ST) since March 2006, CLAS' objective is to invest primarily in income-producing real estate and real estate-related assets which are used or predominantly used as serviced residences, rental housing properties, student accommodation and other hospitality assets in any country in the world. CLAS is a constituent of the FTSE EPRA Nareit Global Real Estate Index Series (Global Developed Index).

CLAS' international portfolio comprises 105 properties with over 18,000 units in 47 cities across 15 countries in Asia Pacific, Europe and the United States of America as at 31 December 2022.

CLAS' properties are mostly operated under the Ascott, Somerset, Quest and Citadines brands. They are mainly located in key cities such as Barcelona, Berlin, Brussels, Hanoi, Ho Chi Minh City, Jakarta, Kuala Lumpur, London, Manila, Melbourne, Munich, New York, Paris, Perth, Seoul, Singapore, Sydney, Tianjin and Tokyo.

CLAS received recognition in 2022 for its commitment towards upholding high standards of corporate governance, investor engagement and sustainability. CLAS retained its top spot in the REITs and Business Trusts category of the Singapore Governance and Transparency Index 2022 for the second year. CLAS was also awarded "Best Annual Report (Mid-cap)" and "Best ESG Materiality Reporting (Mid-cap)" at the IR Magazine Forum & Awards – South East Asia 2022. In particular, CLAS was named "Global Sector Leader – Hotel" and ranked first in the Asia Pacific Hotel – Listed category in the 2022 GRESB for the second consecutive year, in recognition of its outstanding leadership in sustainability.

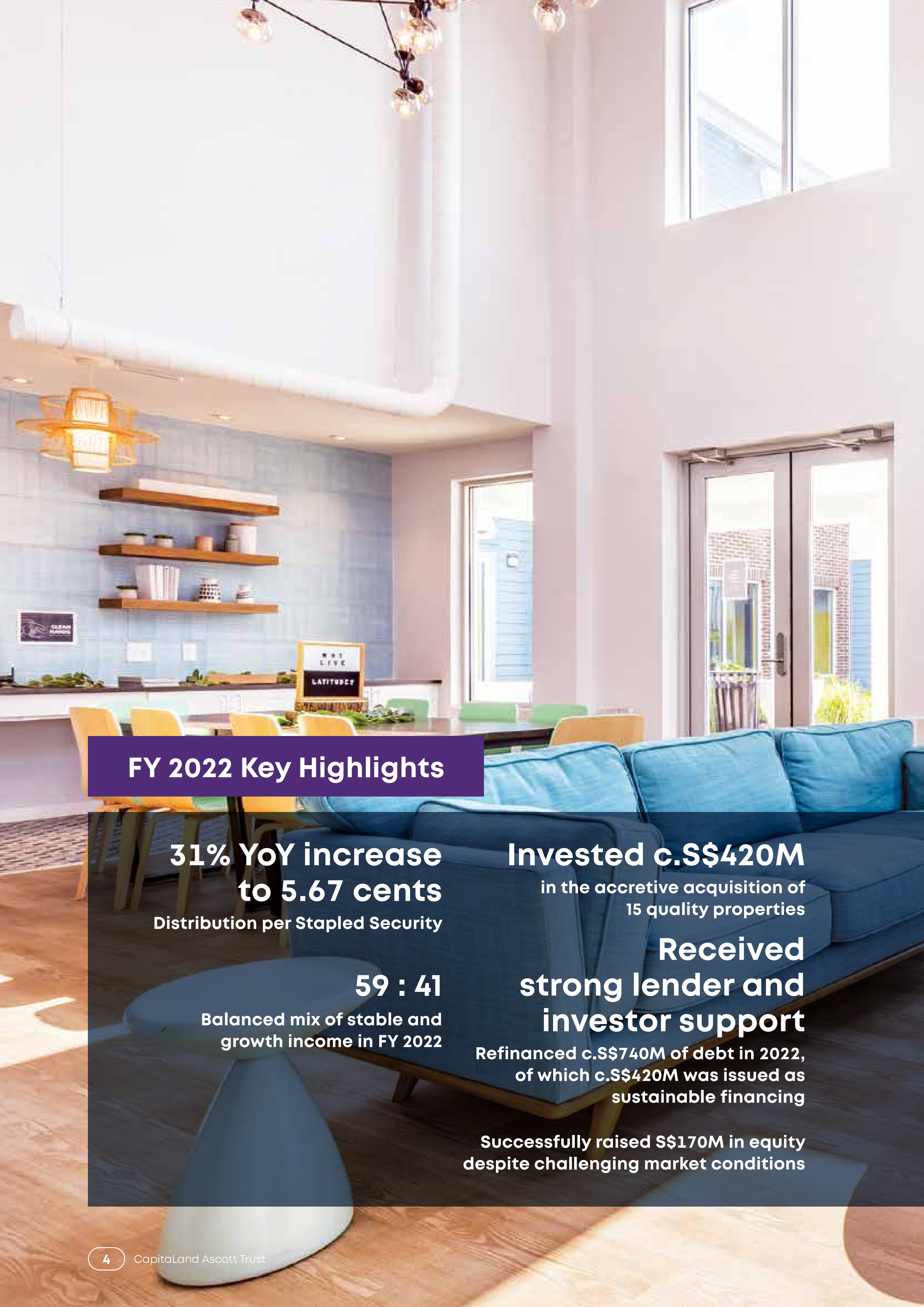
CLAS is a stapled group comprising CapitaLand Ascott Real Estate Investment Trust (CapitaLand Ascott REIT) and CapitaLand Ascott Business Trust (CapitaLand Ascott BT). CLAS is managed by CapitaLand Ascott Trust Management Limited (as manager of CapitaLand Ascott REIT) and CapitaLand Ascott Business Trust Management Pte. Ltd. (as trustee-manager of CapitaLand Ascott BT). The manager and trustee-manager are wholly-owned subsidiaries of Singapore-listed CapitaLand Investment Limited, a leading global real estate investment manager with a strong Asia foothold.

### VISION

To be the premier hospitality trust with quality assets in key global cities

### MISSION

To deliver stable and sustainable returns to Stapled Securityholders



## FY 2022 Key Highlights

**31% YoY increase to 5.67 cents**

Distribution per Stapled Security

**59 : 41**

Balanced mix of stable and growth income in FY 2022

**Invested c.S$420M**

in the accretive acquisition of 15 quality properties

**Received strong lender and investor support**

Refinanced c.S$740M of debt in 2022, of which c.S$420M was issued as sustainable financing

Successfully raised S$170M in equity despite challenging market conditions

**"In 2022, we continued to build on our portfolio reconstitution, asset and capital management efforts, strengthening the Trust's resilience and financial position.**

**As we look to 2023, we are confident of managing the macro challenges and delivering sustainable returns to our Stapled Securityholders."**

**BBB-**
(stable outlook) investment grade credit rating

**38.0%**
Low gearing

**1.8%**
Low average cost of debt

**4.4X**
Healthy interest cover

**c.78%**
Debt effectively on fixed rates

**Global Sector Leader, 5 Star rating**
2022 GRESB (Listed Hotel)

**Ranked 1st**
2022 Singapore Governance and Transparency Index (REITs and Business Trusts)

# Value Creation

The value creation model illustrates how CLAS leverages the six key capitals under The Guiding Principles of the International Integrated Reporting Council (IIRC) Framework to drive sustainable returns, while taking into consideration the interests of our key stakeholders.

## KEY CAPITALS

### FINANCIAL

Available pool of funds from proactive portfolio and capital management and investments to fuel growth sustainably

### ORGANISATIONAL

Commitment to high standards of corporate governance and transparency, prudent risk management and ethical culture

### SOCIAL AND RELATIONSHIP

Active stakeholder engagement to foster strong relationships and create long-term shared value

### MANUFACTURED

Capability to acquire and develop high-quality properties which are value-adding, environmentally sustainable and safe

### ENVIRONMENTAL

Monitoring and reducing environmental footprint for the betterment of our future generations, while balancing commercial viability

### HUMAN

Commitment and drive from employees and property operators towards business growth

## VALUE CREATION STRATEGY

### 1 GROWTH

Actively but selectively looking out for acquisition opportunities globally, while exercising prudent judgment with stringent investment criteria. Potential acquisition sources include pipeline properties from the Sponsor and third-party assets.

### 2 ASSET MANAGEMENT

Optimising the operating yields of our properties by leveraging the extensive network and capabilities of our property operators. Asset enhancement initiatives are regularly carried out to improve the performance and value of our properties.

# Value Creation

## 3 UNLOCKING VALUE

Constantly monitoring and evaluating the growth potential of our properties and seeking divestment opportunities for those which have reached the optimal stage of their life cycle. Sale proceeds could be deployed towards higher-yielding investments, repayment of borrowings and/or capital distributions.

## 4 CAPITAL AND RISK MANAGEMENT

Achieving an optimal capital structure that balances cost of capital and gearing with returns, while managing risks associated with liquidity, interest rates and foreign exchange movements through the use of hedging instruments, where appropriate.

## 5 LEVERAGING SPONSOR

Leveraging the scale and strong operational track record of our Sponsor, Ascott, one of the leading international lodging owner-operators. CLAS has a right of first refusal to more than 10 properties in the Sponsor's pipeline, and can also tap on Ascott's network of third-party owners and industry partners for investment leads.

## VALUE CREATED

### FINANCIAL CAPITAL


- 5-Year Financial Summary: Page 9
- Financial Review: Pages 63 to 69
- Financial Statements: Pages 139 to 342


### ORGANISATIONAL CAPITAL


- Corporate Governance: Pages 94 to 138
- Risk Management: Pages 88 to 93
- Sustainability Management: Pages 80 to 87


### SOCIAL AND RELATIONSHIP CAPITAL


- Investor Relations: Pages 77 to 79
- Sustainability Management: Pages 80 to 87


### MANUFACTURED CAPITAL


- Sustainability Management: Pages 80 to 87


### ENVIRONMENTAL CAPITAL


- Sustainability Management: Pages 80 to 87


### HUMAN CAPITAL


- Sustainability Management: Pages 80 to 87


## STAKEHOLDERS

**Customers – guests and residents**

**Supply chain – main contractors, vendors, suppliers, creditors**

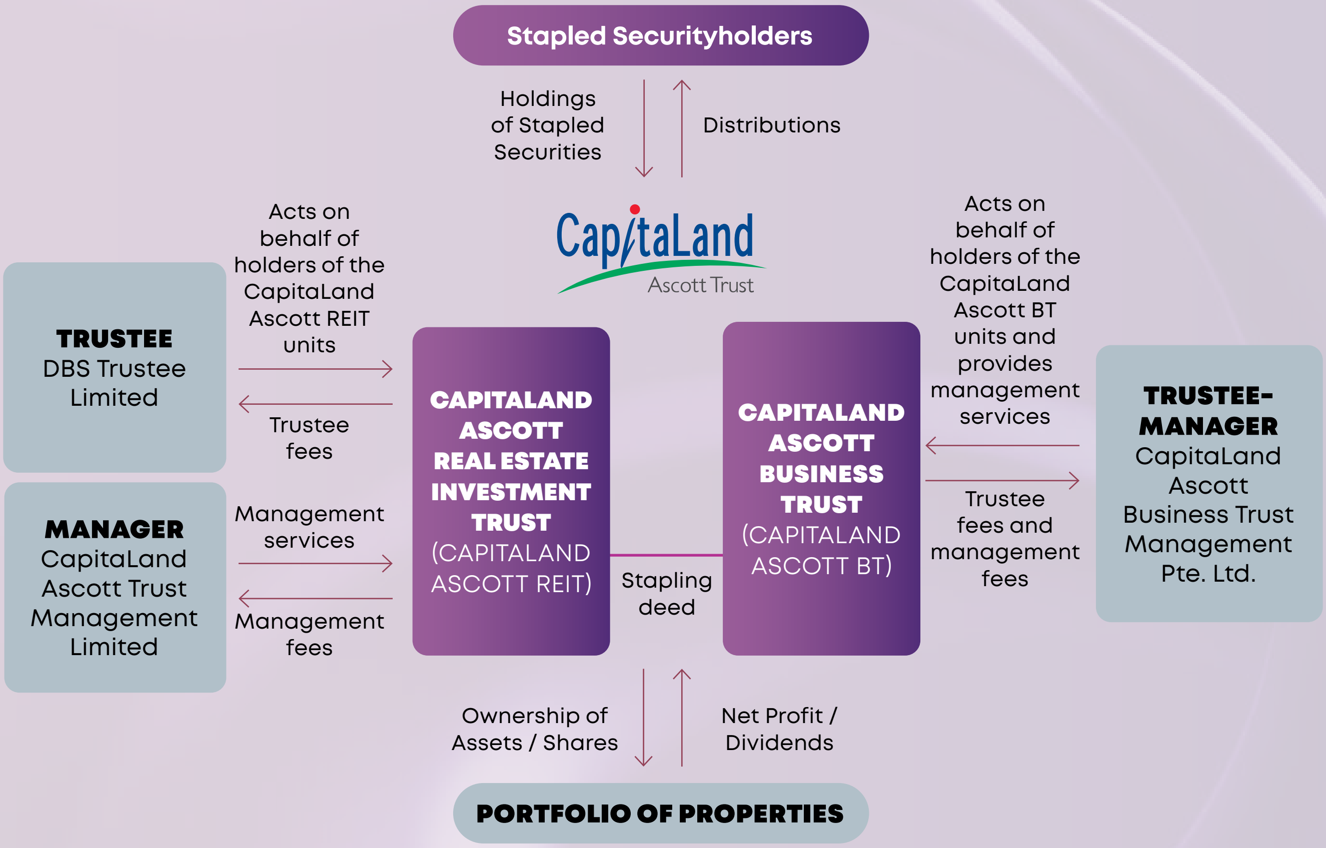
**Employees**

**Investors, analysts and media**

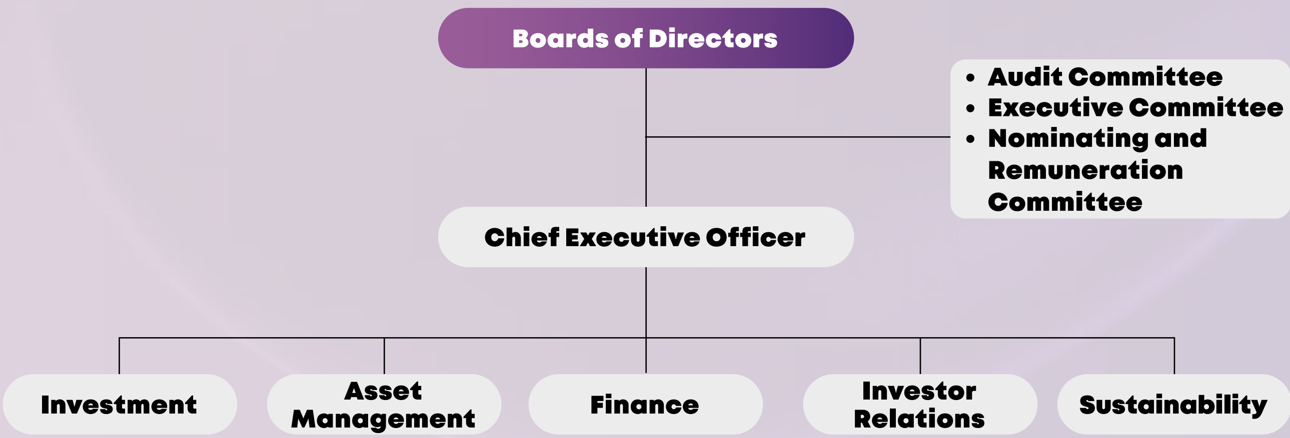
**Government/ national agencies/ community and non-governmental organisations (NGOs)**

# Trust Structure

CapitaLand Ascott Trust (CLAS) is a stapled group comprising CapitaLand Ascott Real Estate Investment Trust (CapitaLand Ascott REIT), a real estate investment trust, and CapitaLand Ascott Business Trust (CapitaLand Ascott BT), a business trust, with the following structure:




# Organisation Structure



# 5-Year Financial Summary

| For the Financial Year | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Gross Revenue (S$ million) | 621.2 | 394.4 | 369.9 | 514.9 | 514.3 |
| Gross Profit (S$ million) | 282.8 | 173.3 | 149.6 | 252.6 | 239.4 |
| Total Distribution (S$ million) | 189.8 | 137.3 | 94.2 | 165.6 | 154.8 |
| Distribution per Stapled Security (DPS) (cents) | 5.67 | 4.32 | 3.03 | 7.61 | 7.16 |
| Distribution Yield[1] (%) | 5.40 | 4.19 | 2.81 | 5.72 | 6.63 |

| Balance Sheet as at 31 December | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Total Assets (S$ million) | 8,023.7 | 7,733.2 | 7,163.8 | 7,422.8 | 5,309.1 |
| Stapled Securityholders' Funds (S$ million) | 3,965.4 | 3,890.9 | 3,567.3 | 3,860.6 | 2,644.1 |
| Total Borrowings (S$ million) | 2,874.6 | 2,728.9 | 2,462.5 | 2,349.0 | 1,905.5 |

| Financial Ratios as at 31 December | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Net Asset Value (NAV) per Stapled Security (S$) | 1.15 | 1.19 | 1.15 | 1.25 | 1.22 |
| Aggregate Leverage (%) | 38.0 | 37.1 | 36.3 | 33.6 | 36.7 |
| Interest Cover Ratio[2] (times) | 4.4 | 3.7 | 2.7[3] | 5.8[3] | 4.7 |
| Adjusted Interest Cover Ratio[4] (times) | 3.6 | 2.8 | 2.0 | 3.9 | 3.3 |
| Management Expense Ratio[5] (%) | 1.1 | 1.0 | 1.0 | 0.8 | 1.2 |
| Financial Derivatives as a Percentage of NAV[6] (%) | 2.2 | 0.7 | 0.7 | 0.3 | 0.04 |

| Other information as at 31 December | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Market Capitalisation[1] (S$ million) | 3,617.9 | 3,374.8 | 3,356.7 | 4,100.5 | 2,337.8 |
| Number of Stapled Securities in Issue (million) | 3,445.6 | 3,276.5 | 3,108.0 | 3,083.1 | 2,164.6 |

1 Based on the closing price on the last trading day of each respective year. 2022: S$1.05, 2021: S$1.03, 2020: S$1.08, 2019: S$1.33 and 2018: S$1.08.
2 Refers to EBITDA (earnings before interest expense, income tax expense, depreciation and amortisation) before change in fair value of financial derivatives, change in fair value of investment properties, investment properties under development and assets held for sale, revaluation surplus/(deficit) on land and buildings, and foreign exchange differences over interest expense.
3 Restated to exclude the interest expense on lease liabilities following the release of the circular dated 28 December 2021 from Monetary Authority of Singapore to exclude the interest expense on lease liabilities in the computation.
4 Refers to EBITDA before change in fair value of financial derivatives, change in fair value of investment properties, investment properties under development and assets held for sale, revaluation surplus/(deficit) on land and buildings, and foreign exchange differences over interest expense and distributions on hybrid securities as defined in the Code on Collective Investment Schemes. Perpetual securities are the only hybrid securities that CLAS holds.
5 Refers to expenses (excluding direct expenses, foreign exchange differences, net interest expense, change in fair value of financial derivatives, change in fair value of investment properties, investment properties under development and assets held for sale, revaluation surplus/(deficit) on land and buildings, assets written off and income tax expense) over net asset value.
6 Financial derivatives refer to the cross currency interest rate swaps, currency forwards and interest rate swaps which CLAS has entered into.

# Q&A In Conversation with Chairman & CEO

> As we grow to strengthen CLAS' position as Asia Pacific's largest lodging trust, we will continue to do so in a responsible manner, delivering long-term economic value and contributing to the environmental and social well-being of our communities.

**Mr Tan Beng Hai, Bob**
Chairman

**Ms Teo Joo Ling, Serena**
Chief Executive Officer

# Q&A In Conversation with Chairman & CEO

**Q. The reopening of international borders led to a rebound in travel demand. How did CapitaLand Ascott Trust (CLAS) perform in FY 2022?**

**Chairman:** CLAS achieved strong operating performance with the rebound in travel demand due to our diversified and well-balanced portfolio.

Travel volumes were low at the beginning of 2022 when several countries tightened border controls amidst a rise in Omicron cases. Our increased emphasis on longer-stay lodging in 2021 cushioned the impact of the softer travel demand, while the long stays at our properties and presence in large domestic markets provided income stability.

The pace of recovery picked up thereafter as more destinations fully reopened their borders. Our properties in gateway cities were first to recover, fuelled by a pent-up demand for travel and the resumption of business activities and events. Europe enjoyed a strong summer holiday season, and the reopening of Japan boosted sentiment during the year-end.

By the fourth quarter of 2022, CLAS' portfolio Revenue per Available Unit (RevPAU) had reached pre-pandemic levels, primarily driven by the strong performance of our properties in Australia, Europe, Singapore and the United States of America (USA).

For FY 2022, we achieved a 31% Year-on-Year (YoY) increase in our Distribution per Stapled Security (DPS) to 5.67 Singapore cents, due to the stronger portfolio performance and contributions from new properties. Excluding one-off items[1], our DPS was 106% higher YoY.

The improvement in our operating performance and outlook resulted in an increase in CLAS' portfolio valuation of over 2%, notwithstanding higher capitalisation and discount rates across most markets.

**Q. Apart from riding the travel recovery, CLAS also continued to grow its portfolio, investing S$420 million in 15 properties in 2022. What was the strategic rationale behind the acquisitions and how do they dovetail with the Managers' desired asset allocation for CLAS?**

**Chairman:** Our medium-term asset allocation target is to have 25-30% of our total portfolio value in longer-stay assets such as rental housing and student accommodation properties, and the remaining 70-75% in hospitality assets.

In 2022, we continued to reconstitute the portfolio and strengthened our stable income streams, acquiring properties which were predominantly counter-cyclical longer-stay lodging types or properties under master leases.

With the new acquisitions, longer-stay properties comprised 19% of our portfolio value as at 31 December 2022, up from about 16% at the start of 2022.

The higher proportion of longer-stay properties, coupled with our properties under master leases and management contracts with a minimum guaranteed income, offer stable income streams against an uncertain macroeconomic backdrop, while our serviced residences and hotels under management contracts allow us to capture the upside from the global travel recovery. In FY 2022, our stable and growth income sources contributed 59% and 41% of CLAS' gross profit respectively.

We will continue to build a portfolio which marries growth with stability, one that is underpinned by a strong financial position and solid fundamentals, enabling us to deliver sustainable returns to our Stapled Securityholders.

We are pleased to share that over the years, we have enhanced the quality and returns of our portfolio by divesting properties that have reached the optimal stage of their life cycles and investing in higher-yielding assets. The distribution income from the investments made in the past three years has more than replaced the distribution income lost from the divested properties.

**CEO:** In March 2022, we announced the acquisition of four rental housing properties and our first student accommodation property in Japan on a turnkey basis.

The rental housing properties are strategically located within the prime commercial districts of Osaka and Fukuoka. Both cities experience a net positive migration and demand for long-term accommodation in the city outstrips supply. The rental housing properties were largely unaffected by the pandemic, with high, stable occupancies averaging above 95%. Their leases, which are typically two years in length, provide greater visibility and stability in future cashflows for CLAS.

The student accommodation property is within walking distance to Kindai University, one of Japan's largest universities with a growing student population. The property is under a 15-year master lease and provides a fixed rent to CLAS.

1 Excluding one-off items comprising (1) divestment gain of S$45.0 million distributed in FY 2021, (2) realised exchange gain in FY 2022 and FY 2021, and (3) termination fee income received upon termination of the sale of two China properties in FY 2021.

# Q&A In Conversation with Chairman & CEO

As the five properties are acquired on a turnkey basis, there is no development risk to CLAS, and minimal payment is required until completion. The low debt funding cost of approximately 1% per annum enhances our cash yield, giving rise to an average net operating income yield of about 4.0% and DPS accretion of about 1.7%. As of 1 March 2023, three of these acquisitions have been completed and the remaining transactions are expected to complete in the second quarter of 2023.

In August 2022, we announced the acquisition of another nine properties to strengthen CLAS' presence in its key markets of Australia, France, Japan, Vietnam and USA. The properties were acquired from our Sponsor, The Ascott Limited, and comprised three serviced residences, five rental housing properties and an additional 45% stake in Standard at Columbia, the student accommodation property in South Carolina, USA.

The acquisition boosted CLAS' assets under management and increased its income resilience. Most of the properties contribute stable income – Quest Cannon Hill in Brisbane, Australia and La Clef Tour Eiffel Paris in France are on master leases, and Somerset Central TD Hai Phong City in Hai Phong, Vietnam, which caters mainly to corporate guests, has an average length of stay of about 11 months. The five rental housing properties in Japan have lease tenures of about two years and Standard at Columbia is expected to have a typical length of stay of one year when the development is completed in the second quarter of 2023.

The serviced residences are in key gateway cities and growth markets, well-poised to benefit from the recovery in travel demand. In December 2022, La Clef Tour Eiffel Paris had an average daily rate that was more than 30% higher compared to pre-COVID-19 levels, while Quest Cannon Hill's occupancy rate had exceeded its pre-COVID-19 performance. Somerset Central TD Hai Phong City is primed for further growth as Hai Phong, Vietnam's third largest city, continues its trajectory of economic growth as an industrial hub. The serviced residence's historical EBITDA yield pre-COVID-19 is about 9.7%.

The acquisition was funded by debt and proceeds from a private placement. The private placement was 2.7 times oversubscribed and upsized to S$170 million. The funds were raised at a discount of 3.7% to CLAS' adjusted volume weighted average price (VWAP), enabling us to deliver a creditable DPS accretion of about 3.0% while maintaining an optimum gearing level. The transaction received the resounding approval of 99.6% of the votes cast by our Stapled Securityholders at our extraordinary general meeting in September 2022.

In October 2022, we entered into another turnkey acquisition of a rental housing property in Fukuoka, Japan. The transaction will be funded by Japanese-Yen denominated debt to enhance the cash yield and existing onshore deposits to generate returns for CLAS. Expected to complete in 2024, the property has a DPS accretion of approximately 1.1% on a stabilised basis in 2025.

**Q. What is the Managers' view on the outlook for 2023, given macroeconomic headwinds such as rising interest rates and recessionary concerns, vis-à-vis the ongoing travel recovery?**

**Chairman:** The global economy is forecast to grow 2.9% in 2023, a softer pace compared to 2022 as rising interest rates and the Russia-Ukraine war continue to weigh on economic activities[2]. While macroeconomic uncertainties could affect travel demand in some segments and result in inflationary pressures, the overall outlook for the travel industry remains positive.

In 2022, international visitor arrivals recovered to 63% of pre-pandemic levels, and the World Tourism Organization (UNWTO) expects another strong year in 2023. It expects international visitor arrivals to reach 80% to 95% of pre-pandemic levels, supported by pent-up demand and China's reopening. Europe, which recovered to nearly 80% of pre-pandemic levels in 2022, is expected to reach or exceed pre-pandemic levels in 2023[3].

CLAS is cautiously optimistic of the continued recovery in the hospitality industry and is well-positioned to capture the recovery with its geographically diversified portfolio, range of lodging asset classes and balanced mix of stable and growth income streams.

Over the past two years, CLAS has built a strong stable income base and invested in counter-cyclical lodging asset types which have proven their resilience through COVID-19. Marrying this stability is the growth from our hospitality assets, as the strong demand for travel continues to drive the business.

In our investment and portfolio reconstitution plans, we will continue to exercise financial discipline. We see opportunities to uplift the value and profitability of our existing properties. Four properties are earmarked for refurbishment – Riverside Hotel Robertson Quay in Singapore, Citadines Les Halles Paris in France, Citadines Holborn-Covent Garden London in the United Kingdom and Citadines Kurfürstendamm Berlin in Germany. The properties will remain operational and are expected to command higher room rates post-refurbishment.

2 Source: International Monetary Fund (2023)
3 Source: World Tourism Organization (2023)

# Q&A In Conversation with Chairman & CEO

**CEO:** The nature of our lodging properties helps to mitigate the impact of higher operational costs, for example from utility costs and labour shortages. Our predominantly long-stay properties have leaner cost structures and lower manning requirements compared to the typical full-service hospitality property.

Some properties have fixed rate utility contracts, while properties under master leases receive stable rent and are not directly impacted. Some long-stay contracts come with utility caps, and utility expenses for rental housing and student accommodation are passed to our tenants. We also adopt sustainability initiatives and technology to reduce the reliance on labour and consumption of energy and water.

On the capital management front, CLAS has wthe strong support of our Sponsor, lenders and investors. Our financial position remains robust, and we will continue to be prudent, particularly in managing rising interest rates and foreign exchange volatility.

As at 31 December 2022, about 78% of CLAS' debt was effectively on fixed rates, and our average cost of debt remained low at 1.8% per annum. Our gearing and interest cover were healthy at 38.0% and 4.4 times respectively.

CLAS has a geographically diversified portfolio with exposure to 12 foreign currencies, and the strengthening of some currencies balances out the weakening of others. In mitigating the impact of foreign exchange, we adopt a natural hedge wherever possible by borrowing in the same currency as the underlying assets, and we take hedging positions to reduce the impact on CLAS' gross profit.

### Q. What are CLAS' key sustainability goals and priorities, and are we on track to meet them?

**CEO:** Sustainability remains a core focus in everything we do. The CapitaLand 2030 Sustainability Master Plan steers our efforts on a common course and we are aligned with the group's environmental, social and governance (ESG) targets.

In 2022, CapitaLand elevated its commitment to sustainability by aiming to achieve Net Zero emissions by 2050. The updated Scope 1 and 2 carbon emissions targets were validated by the Science Based Targets Initiative (SBTi) to limit global warming to 1.5˚C, in accordance with the goals of the Paris Agreement.

To strengthen CLAS' stewardship in sustainability, we formalised a Sustainability Committee in 2022, which comprises members from CLAS' senior management team as well as our Sponsor's operations and technical department heads. The committee drives our strategies and sustainability efforts across our global portfolio.

We are committed to obtaining green certification for 100% of our properties by 2030. In 2022, six more properties were green-certified and we further greened our portfolio (by gross floor area) from 33% at the start of the year to 37% as at 31 December 2022. We also completed a market study to identify green certification typologies for the rental housing and student accommodation asset classes, for which green certifications are relatively uncommon in the market.

We continue to align our environmental goals with our financing needs, collaborating with like-minded stakeholders in the financing and investment community.

In 2022, we published CLAS' Sustainability-Linked Finance Framework and obtained a Second-Party Opinion from Moody's ESG Solutions. Under the framework, we issued a sustainability-linked bond in April 2022. CLAS was the first hospitality trust globally and the first Singapore-listed real estate trust to launch a sustainability-linked bond, and we achieved a 'greenium' through the issuance. The bond was well-received by institutional investors at about 2.2 times oversubscribed, and was upsized to S$200 million.

In October 2022, we partnered the International Finance Corporation (IFC) to launch IFC's first sustainability-linked bond in the hospitality sector globally. Proceeds of approximately S$168.6 million from the bond will be used to refinance CLAS' existing borrowings and to further decarbonise three of our serviced residences in Indonesia and the Philippines. The properties must also obtain IFC's Excellence in Design for Greater Efficiencies (EDGE) certification.

To date, we have raised about S$460 million through sustainable financing.

We are pleased to share that CLAS has achieved several accolades for our ESG efforts. In 2022, CLAS was named "Global Sector Leader - Hotel" and ranked first in the Asia Pacific Hotel – Listed category in the 2022 GRESB for the second consecutive year. CLAS was the only hospitality trust from the Asia Pacific Hotel – Listed category to receive the highest rating of 5 stars.

CLAS was also recognised for our excellence in corporate governance and investor engagement. CLAS was ranked first amongst REITs and Business Trusts on the Singapore Governance and Transparency Index (SGTI) 2022 for the second consecutive year and also won the gold award for "Best Investor Relations" amongst REITs and Business Trusts at the Singapore Corporate Awards 2022.

# Our Boards of Directors

**TAN BENG HAI, BOB**
Chairman
Non-Executive Independent Director

**TEO JOO LING, SERENA**
Chief Executive Officer
Executive Non-Independent Director

**DEBORAH LEE SIEW YIN**
Non-Executive Independent Director

**LG ONG SU KIAT MELVYN**
Non-Executive Independent Director

# Our Boards of Directors

**SIM JUAT QUEE MICHAEL GABRIEL**
Non-Executive Independent Director

**CHIA KIM HUAT**
Non-Executive Independent Director

**GOH SOON KEAT KEVIN**
Non-Executive Non-Independent Director

**BEH SIEW KIM**
Non-Executive Non-Independent Director

# Our Boards of Directors

## ▶ TAN BENG HAI, BOB, 71
Chairman
Non-Executive Independent Director

- Fellow, Institute of Chartered Accountants in England and Wales, UK

**Date of first appointment as a Director**
24 April 2015
**Date of appointment as Chairman**
1 September 2016
**Length of service as a Director (as at 31 December 2022)**
7 years 8 months

**Board committee served on**
- Nominating and Remuneration Committee (Chairman)

**Present directorships in other listed companies**
- Singapore Post Limited
- SBS Transit Ltd

**Present principal commitments**
- Jurong Engineering Limited (Chairman)
- NTUC Club Management Council (Member)
- Sentosa Development Corporation (Chairman)

**Past directorships in other listed companies held over the preceding three years**
- Sembcorp Marine Ltd
- SMRT Corporation Ltd

**Background and working experience**
- Managing Director of Novar International Pte Ltd (From 2000 to 2005)
- Managing Director of Caradon Asia-Pacific Pte Ltd (From 1990 to 2000)
- General Manager of MK Electric (Singapore) Pte Limited (From 1980 to 1990)
- Overseas Operations Accountant of MK Electric Ltd (England) (From 1977 to 1980)
- Articled Clerk of Bowker Orford & Co (England) (From 1972 to 1977)

**Awards**
- NTUC May Day Award – Distinguished Service Star Award 2022 (highest award)
- NTUC May Day Distinguished Service Award in 2018
- The Meritorious Service Medal (Pingat Jasa Gemilang) – National Day Award in 2017
- NTUC May Day Meritorious Service Award in 2013
- Public Service Star Award (Bintang Bakti Masyarakat- BBM) – National Day Award in 2010
- NTUC May Day Friend of Labour Award in 2000

## ▶ TEO JOO LING, SERENA, 49
Chief Executive Officer
Executive Non-Independent Director

- Master in Business Administration, INSEAD
- Bachelor of Electrical and Electronic Engineering (Honours), National University of Singapore

**Date of first appointment as a Director**
1 July 2022
**Length of service as a Director (as at 31 December 2022)**
6 months

**Board committee served on**
- Executive Committee (Member)

**Background and working experience**
- Chief Executive Officer, CapitaLand Ascott Trust Management Limited and CapitaLand Ascott Business Trust Management Pte. Ltd. (From July 2022 to present)
- Deputy Chief Executive Officer, Ascott Residence Trust Management Limited (currently known as CapitaLand Ascott Trust Management Limited) and Ascott Business Trust Management Pte. Ltd. (currently known as CapitaLand Ascott Business Trust Management Pte. Ltd.) (From November 2021 to June 2022)
- Head, Portfolio Management, Ascendas Funds Management (S) Limited (From July 2019 to November 2021)
- Head, Singapore Portfolio & Asset Management, Ascendas Funds Management (S) Limited (From September 2018 to June 2019)
- Head, Operations and Services, Ascendas Services Pte Ltd (From November 2015 to August 2018)
- Head, Group Strategy Management, Ascendas Land (S) Pte Ltd (From November 2013 to November 2015)
- Vice President, Fund Management, Ascendas India Development Fund Management Pte Ltd (From May 2011 to October 2013)
- Vice President, Group Strategy Management, Ascendas Land (S) Pte Ltd (From December 2008 to April 2011)
- Senior Investment Manager, EDB Investments Pte Ltd (From January 2008 to November 2008)
- Programme Director, EDB (From August 2007 to December 2007)
- Head, Semiconductors, EDB (From January 1998 to August 2006)
- Reliability Engineer, Chartered Semiconductors Manufacturing (From January 1996 to December 1997)

# Our Boards of Directors

### ▶ SIM JUAT QUEE MICHAEL GABRIEL, 67
Non-Executive Independent Director

- Fellow, Association of Chartered Certified Accountants, UK
- Fellow, Institute of Singapore Chartered Accountants
- Fellow, Certified Public Accountant, Australia
- Master of Business Administration, University of South Australia, Australia
- Certified Fraud Examiner, Association of Certified Fraud Examiners

**Date of first appointment as a Director**
1 September 2016
**Length of service as a Director (as at 31 December 2022)**
6 years 4 months

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**Board committee served on**
- Audit Committee (Chairman)

**Present principal commitments**
- Catholic Welfare Services (Member, Board of Governors)
- Jurong Town Corporation (Board Member)
- Platanetree Capital Pte. Ltd. (Executive Director)
- Roman Catholic Archdiocese of Singapore (Chairman, Archdiocesan Audit Committee)

**Background and working experience**
- Advisory and Assurance Partner, Ernst & Young (From June 1995 to June 2015)

### ▶ CHIA KIM HUAT, 56
Non-Executive Independent Director

- Bachelor of Law (Honours), National University of Singapore
- Advocate & Solicitor, Supreme Court of Singapore

**Date of first appointment as a Director**
15 April 2020
**Length of service as a Director (as at 31 December 2022)**
2 years 8 months

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**Board committee served on**
- Audit Committee (Member)

**Present directorship in other listed company**
- SATS Ltd

**Present principal commitment**
- Partner, Rajah & Tann Singapore LLP

**Past directorships in other listed companies held over the preceding three years**
- Ascendas Hospitality Fund Management Pte. Ltd.
- Ascendas Hospitality Trust Management Pte. Ltd.
- PEC Limited

**Background and working experience**
- Partner, Rajah & Tann Singapore LLP, (Regional Head, Corporate & Transactional Practice)

**Awards**
- Eminent Practitioner in Capital Markets by Chambers Global
- Foreign Expert in China in Capital Markets by Chambers Asia Pacific
- Elite Practitioner in Capital Markets, Corporate and M&A – Asialaw
- Leading Individual in Capital Markets: Equity and Debt – The Legal 500
- Highly Regarded in Capital Markets – IFLR1000
- Ranked in Best Lawyers for Capital Markets, Corporate and Mergers & Acquisitions
- Global Leader in M&A, Capital Markets - Debt & Equity, Corporate Governance, Hospitality – Who's Who Legal
- National Leader in Southeast Asia – M&A, Capital Markets, Corporate Governance – Who's Who Legal

# Our Boards of Directors

**▶ DEBORAH LEE SIEW YIN, 65**
Non-Executive Independent Director

- Bachelor of Accountancy (Honours), National University of Singapore
- Degree of Master of Science (Applied Finance), National University of Singapore
- Chartered Financial Analyst® and Member, CFA Institute

**Date of first appointment as a Director**
17 June 2020
**Length of service as a Director (as at 31 December 2022)**
2 years 6 months

**Board committee served on**
- Audit Committee (Member)

**Present directorship in other listed company**
- Metro Holdings Limited

**Present principal commitment**
- Assurity Trusted Solutions Pte Ltd (Director, AC Chair)

**Past directorships in other listed companies held over the preceding three years**
- Ascendas Hospitality Fund Management Pte. Ltd.
- Ascendas Hospitality Trust Management Pte. Ltd.

**Background and working experience**
- Director of WTL Capital Pte Ltd (From 1994 to present)
- Executive Vice-President, Corporate Development of Singapore Press Holdings Ltd (From 2007 to 2015)
- Consultant, specialising in corporate development work and mergers and acquisitions (From 2002 to 2006)
- Senior Vice-President, Business Development, Wuthelam Group (From 1991 to 2001)
- Business Development Manager, Hewlett-Packard Singapore (Pte) Ltd (From 1979 to 1991)
- Auditor, Price Waterhouse (1979)

**▶ LIEUTENANT-GENERAL ONG SU KIAT MELVYN, 47**
Non-Executive Independent Director

- Bachelor of Science (Economics) (Honours) from the London School of Economics and Political Science
- Master of Science (Development Studies) from the London School of Economics and Political Science

**Date of first appointment as a Director**
1 May 2021
**Length of service as a Director (as at 31 December 2022)**
1 year 8 months

**Board committees served on**
- Audit Committee (Member)
- Nominating and Remuneration Committee (Member)

**Present directorship in other listed company**
- Singapore Technologies Engineering Ltd

**Present principal commitments**
- Defence Science & Technology Agency
- Jurong Town Corporation (Board Member)

**Background and working experience**
- SAF Officer (From 1994 to present)

# Our Boards of Directors

### ▶ GOH SOON KEAT KEVIN, 47
Non-Executive Non-Independent Director

- Bachelor of Mechanical Engineering (Honours), National University of Singapore
- Chartered Financial Analyst® and Member, CFA Institute

**Date of first appointment as a Director**
15 April 2020
**Length of service as a Director (as at 31 December 2022)**
2 years 8 months

**Board committees served on**
- Executive Committee (Member)
- Nominating and Remuneration Committee (Member)

**Present directorship in other listed company**
- Jollibee Foods Corporation

**Present principal commitments**
- CEO, Lodging, CapitaLand Investment Limited
- CEO, The Ascott Limited

**Background and working experience**
- Chief Operating Officer, The Ascott Limited (From December 2016 to December 2017)
- Managing Director, North Asia & Ascott China Fund, Ascott Property Management (Shanghai) Co., Ltd (From October 2015 to November 2016)
- Managing Director, North Asia, Ascott Property Management (Shanghai) Co., Ltd (From June 2013 to September 2015)
- Regional General Manager, East & South China, Ascott Property Management (Shanghai) Co., Ltd (From February 2012 to May 2013)
- Head, Corporate Services, Ascott International Management (2001) Pte Ltd (From August 2009 to January 2012)
- Assistant Vice President, Business Analysis (China), Ascott International Management (2001) Pte Ltd (From May 2007 to July 2009)
- Manager, Accenture Pte Ltd (From May 2006 to May 2007)
- Consultant, Accenture Pte Ltd (From May 2003 to April 2006)
- Analyst, Accenture Pte Ltd (From July 2001 to April 2003)

### ▶ BEH SIEW KIM, 52
Non-Executive Non-Independent Director

- Bachelor of Business (Accounting), University of Tasmania, Australia
- Member, Institute of Singapore Chartered Accountants

**Date of first appointment as a Director**
1 May 2017
**Length of service as a Director (as at 31 December 2022)**
5 years 8 months

**Board committee served on**
- Executive Committee (Member)

**Present principal commitments**
- Lodging, CapitaLand Investment Limited (Chief Financial and Sustainability Officer and Managing Director, Vietnam, Cambodia, Myanmar, Japan and Korea)
- Focus On the Family Singapore Limited (Director, Audit & Risk Committee and HR & Remuneration Committee)

**Background and working experience**
- Chief Executive Officer and Executive Non-Independent Director, Ascott Residence Trust Management Limited (From May 2017 to June 2022) and Ascott Business Trust Management Pte. Ltd. (From December 2019 to June 2022)
- Deputy Chief Executive Officer, Ascott Residence Trust Management Limited (From March 2017 to April 2017)
- Head, Corporate Planning & Compliance / Financial Controller, CapitaLand China (From August 2008 to February 2017)
- Vice President, Finance, CapitaLand Residential Limited (From February 2007 to July 2008)
- Vice President, Group Finance, SembCorp Industries Limited (From August 2003 to January 2007)
- Assurance Manager, Ernst & Young (From July 2002 to July 2003)
- Assurance Manager, Arthur Andersen (From August 1999 to July 2002)

# The Managers

## ▶ TEO JOO LING SERENA
Chief Executive Officer
Executive Non-Independent Director

Ms Teo was appointed as an Executive Director on the Boards of the Managers on 1 July 2022 and serves as a member of the Executive Committee. As Chief Executive Officer, she is responsible for leading the overall strategic planning and implementation of the business, investment and operational strategies for CLAS. Ms Teo works with the Boards of Directors and the management team to establish CLAS' business strategies and plans, and to ensure the execution of such strategies. She has oversight of the investment, asset management, finance, investor relations and sustainability functions, and ensures that they are managed effectively.

Ms Teo has over 25 years of work experience spanning both private and public sectors. Prior to joining the Managers, she was with the Ascendas Group for over 12 years. Ms Teo was the Head, Portfolio Management for the manager of CapitaLand Ascendas Real Estate Investment Trust (formerly known as Ascendas Real Estate Investment Trust) and was responsible for formulating and executing business strategies to maximise the income and asset value of the REIT's properties. Her role also involved overseeing the property managers in the delivery of marketing and leasing, property management, lease management, customer care services and asset enhancement initiatives. Previously, Ms Teo also held various positions including Head of Operations & Services, Head of Group Strategy Management, and Vice President of Fund Management within the Ascendas Group.

Prior to the Ascendas Group, Ms Teo was in the Singapore Economic Development Board and EDB Investments where she spent more than 10 years in the development of the semiconductors and other electronics industries in Singapore, as well as direct equity investments in communications, software and logistics companies. She started her career as an engineer in Chartered Semiconductors.

Ms Teo holds a Master in Business Administration from INSEAD and a Bachelor in Electrical and Electronic Engineering (Honours) from National University of Singapore.

## ▶ KANG SIEW FONG
Chief Financial Officer

Ms Kang heads the finance team of the Managers and oversees all matters relating to financial management and reporting, accounting, risk management, treasury and capital management. The finance team works with the investment and asset management team to review, evaluate and execute acquisitions, divestments and annual business plans, with the focus on optimising portfolio value and ensuring implementation in accordance with CLAS' investment strategies.

Ms Kang has over 25 years of experience in the finance profession. Prior to joining the Managers, Ms Kang had been with The Ascott Limited (Ascott) for over 13 years and held various leadership positions including Vice President, Finance and Vice President, Business Development and Planning. While at Ascott, she was responsible for all aspects of Ascott's financial management and accounting, including preparation of the group consolidated accounts and quarterly reporting of financial results to the SGX-ST, coordinating with external auditors, and ensuring compliance with statutory reporting requirements and financial reporting standards. Ms Kang was also involved in merger and acquisition activities at Ascott, as well as the formulation and implementation of its financial policies and practices, budgeting and internal controls. She was also a key pioneer member of the team responsible for the listing of CLAS in 2006.

Ms Kang holds a Bachelor of Accountancy degree from the National University of Singapore. She is also a Chartered Accountant of the Institute of Singapore Chartered Accountants.

# The Managers

**▶ CHAN KIN LEONG GERRY**
Managing Director, REIT Investments

Mr Chan heads the investment and asset management functions of the Managers, and oversees CLAS' investments, divestments, portfolio management and asset enhancements. He has over two decades of relevant experience, and has assumed various leadership positions in investment, asset management and capital markets.

Mr Chan has been instrumental in CLAS' expansion into longer-stay accommodation. In January 2021, he led the expansion of CLAS' investment mandate to include student accommodation and subsequently completed a string of acquisitions, building a diversified and quality portfolio of longer-stay properties.

Prior to joining the Managers, Mr Chan held various leadership positions within the CapitaLand Group. He was Vice President, Business Development for CapitaLand Retail and was with CapitaLand's Retail Division for eight years. During this period, he headed the investment functions of both CapitaLand Mall Trust and CapitaLand Malaysia Mall Trust. He was also the investment and asset manager responsible for various large-scale asset enhancement initiatives including the redeveloped Funan mixed-use project.

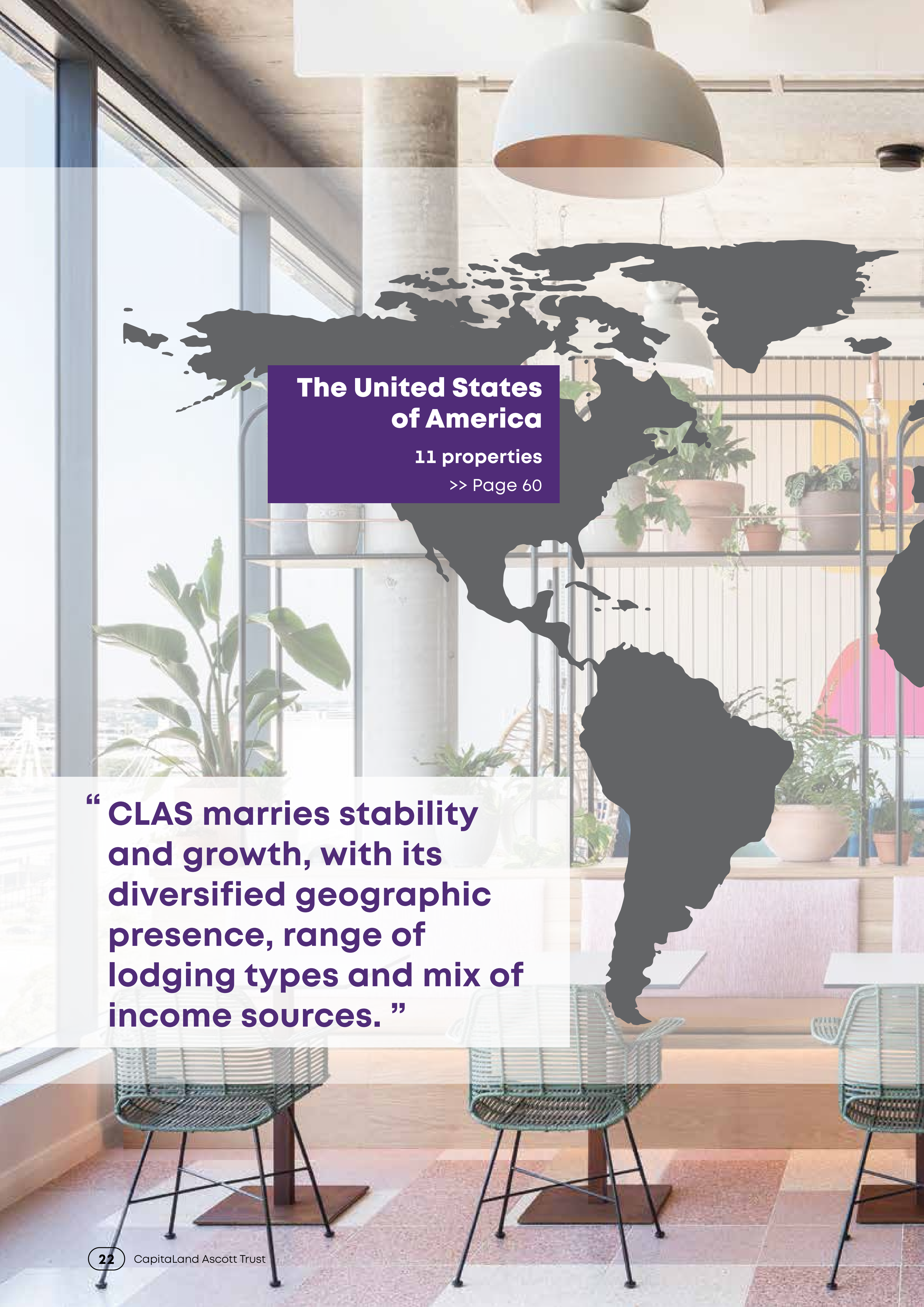
Mr Chan holds a Master of Business and a Bachelor of Accountancy from the Nanyang Technological University, Singapore. He is also a Chartered Financial Analyst® and Member of the CFA Institute.

**▶ WONG XIAO FEN DENISE**
Head, Investor Relations and Sustainability

Ms Wong heads the investor relations and sustainability functions of the Managers. She is responsible for providing strategic counsel to senior management and facilitating timely and effective communication with the investment community. In addition, she drives the sustainability efforts for CLAS, and is instrumental in elevating CLAS' commitment towards ESG and achieving its sustainability ambitions.

Ms Wong brings with her over 10 years of relevant experience. Prior to joining the Managers, Ms Wong assumed positions in the manager of Far East Hospitality Trust, where she was instrumental in the investor relations, asset management and compliance of the trust, and Financial PR Pte. Ltd., where she provided investor relations counsel to Singapore-listed companies in the real estate, construction and technology sectors. Ms Wong also held positions in wealth management and financial advisory.

Ms Wong obtained her Bachelor of Business Management from the Singapore Management University, with majors in Finance (Wealth Management) and Marketing. Ms Wong also obtained the International Certificate in Investor Relations from the Investor Relations Society of UK and Advanced Certificate in Sustainability & Sustainable Businesses from the Singapore Management University.



## The United States of America

**11 properties**

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**“ CLAS marries stability and growth, with its diversified geographic presence, range of lodging types and mix of income sources. ”**

# Reconstituting Our Portfolio

In line with our portfolio reconstitution strategy, we proactively pursue investment and divestment opportunities to enhance the quality and returns of CLAS' portfolio.

Over the past three years, notwithstanding the pandemic, we have improved the resilience of our income streams and built a well-balanced portfolio that marries growth with stability.

We have divested properties that have reached the optimal stage of their life cycle and reinvested the proceeds in higher-yielding assets. The distribution income from the investments made in the past three years has more than replaced the distribution income lost from the divested properties.

**2020 and 2021:**

In 2020 and 2021, CLAS divested six properties that had reached the optimal stage of their life cycles, unlocking about S$225 million in net gains for Stapled Securityholders. The proceeds of about S$580 million enhanced CLAS' liquidity and gave us greater financial flexibility to pare down debt, rejuvenate the portfolio and invest in higher-yielding assets.

In 2021, CLAS expanded its investment mandate to include student accommodation, and invested about S$780 million into 11 student accommodation and rental housing properties, successfully recycling the capital at higher yields.

**2022:**

In 2022, we continued to reconstitute CLAS' portfolio and strengthen its stable income streams, acquiring properties which are predominantly counter-cyclical longer-stay (rental housing and student accommodation) lodging types or properties under master leases.

CLAS invested about S$420 million in 15 accretive acquisitions, anchoring its presence in key markets such as Australia, France, Japan, Vietnam and USA. 12 of the properties are longer-stay properties and three are serviced residences.

## CAPITALAND ASCOTT TRUST'S POSITIONING

### Geographical Allocation

**Global Presence, Anchored in Asia Pacific**

**Predominantly in Asia Pacific** | **Remainder in Europe/USA**

Largest lodging trust in Asia Pacific

Diversified across 15 countries, Asia Pacific remains core

Presence in large domestic markets and key gateway cities

### Target Asset Allocation

**Stable Income Base from Longer-stay Lodging**

25-30%

**in longer-stay accommodation**

Resilient and counter-cyclical assets

**Capturing Growth as Travel Restarts**

70-75%

**in serviced residences and hotels**

Beneficiaries of travel recovery

Backed by strong sponsor, The Ascott Limited, one of the leading international lodging owner-operators

In the medium term, CLAS has a target asset allocation of 25-30% in longer-stay accommodation and 70-75% in serviced residences and hotels. As at 31 December 2022, including the acquisitions entered into in 2022, longer-stay properties comprised c.19% of CLAS' portfolio value, an increase from c.5% two years ago.

CLAS' longer-stay properties, properties under master leases and management contracts with a minimum guaranteed income offer stable income streams against an uncertain macroeconomic backdrop, while the serviced residences and hotels under management contracts allow CLAS to capture the upside from the global travel recovery. In FY 2022, stable and growth income sources contributed 59% and 41% of CLAS' gross profit respectively.

As at 31 December 2022, about 60% of CLAS' assets are in Asia Pacific, and the remainder in Europe and USA. Asia Pacific remains core for CLAS, and we seek to maintain a portfolio that is predominantly Asia Pacific-centric.

# Reconstituting Our Portfolio

## Investments Entered into in FY 2022

| No. | Property | Lodging type | Location | No. of units | Purchase price | EBITDA/ NOI yield | Acquisition date / target completion date |
|---|---|---|---|---|---|---|---|
| 1 | Eslead College Gate Kindaimae | Student Accommodation | Osaka, Japan | 112 | JPY10.4B (S$125.0M) | c.4.0%[1] | Mar 2022 |
| 2 | Eslead Residence Bentencho Grande | Rental Housing | Osaka, Japan | 120 | | | Dec 2022 |
| 3 | Eslead Residence Umeda Grande | Rental Housing | Osaka, Japan | 70 | | | Dec 2022 |
| 4 | Rental Housing Property | Rental Housing | Osaka, Japan | 108 | | | 2Q 2023 |
| 5 | Rental Housing Property | Rental Housing | Fukuoka, Japan | 247 | | | 2Q 2023 |
| 6 | La Clef Tour Eiffel Paris | Serviced Residence | Paris, France | 112 | S$215.2M | 3.7% | Nov 2022 |
| 7 | Quest Cannon Hill | Serviced Residence | Brisbane, Australia | 100 | | 6.5% | |
| 8 | Somerset Central TD Hai Phong City | Serviced Residence | Hai Phong City, Vietnam | 132 | | 3.2% / 9.7%[2] | |
| 9 | House Saison Shijo-dori | Rental Housing | Kyoto, Japan | 190 | | 4.1% - 5.0% | |
| 10 | Marunouchi Central Heights | Rental Housing | Nagoya, Japan | 30 | | | |
| 11 | S-Residence Gakuenzaka | Rental Housing | Osaka, Japan | 58 | | | |
| 12 | S-Residence Namba Viale | Rental Housing | Osaka, Japan | 116 | | | |
| 13 | S-Residence Shukugawa | Rental Housing | Hyogo, Japan | 33 | | | |
| 14 | Standard at Columbia (additional 45% stake) | Student Accommodation | Columbia, USA | 247 | | 5.0%[3] | |
| 15 | Rental Housing Property | Rental Housing | Fukuoka, Japan | - | JPY8.0B (S$82.6M) | c.4.0%[1] | 2024 |

1 Expected stabilised Net Operating Income (NOI) yield.
2 Based on the historical pre-COVID-19 EBITDA levels in 2019.
3 Refers to the stabilised EBITDA yield on cost, based on JLL's valuation report; the cost of development is based on the agreed property value of the property plus outstanding construction cost and capitalised interest expense for the development.

# Portfolio Overview

CLAS' scale, diversified portfolio and balanced mix of stable and growth income sources enable us to deliver resilient performance to our Stapled Securityholders.

## SCALE AND PRESENCE

CLAS' portfolio comprises 105 properties[1] with more than 18,000 units in 47 cities across 15 countries. They include serviced residences, hotels/business hotels, rental housing and student accommodation properties, serving a wide spectrum of guests with varying accommodation needs. Our properties are located in key cities across Australia, Belgium, China, France, Germany, Indonesia, Japan, Malaysia, the Philippines, South Korea, Singapore, Spain, the United Kingdom, the USA and Vietnam. Many of these countries also have large domestic markets, which had served as a key source of demand for CLAS during the pandemic and in the earlier phase of travel recovery, before international borders fully reopened and flights fully resumed. The properties are strategically located near central business districts and are well-served by public transportation and within walking distance to amenities such as restaurants and supermarkets.

As at 31 December 2022, approximately 60% of CLAS' total assets are in Asia Pacific, 19% are in Europe and 21% in the Americas. CLAS' geographical diversification enables it to remain resilient, and mitigates the impact from country-specific restrictions and border closures. At the same time, it also provides CLAS the opportunity to capture the upside of the recovery in several markets which eased COVID-19 controls earlier, even as the pace of recovery varied across different countries. Notwithstanding, CLAS' portfolio will remain anchored in our core region, Asia Pacific, where we have built up our capabilities and track record, and where there remain significant opportunities for growth.

CLAS' Sponsor, The Ascott Limited (Ascott), one of the leading international lodging owner-operators with over 30 years of industry track record and award-winning brands that are recognised worldwide, manages most of the serviced residences within the CLAS portfolio. Ascott's serviced residence, coliving and hotel brands include Ascott, Citadines, lyf, Quest, Somerset and The Crest Collection, among others.

Other third-party operators we engage include Accor, IHG, Marriott and Sotetsu, with properties operating under their established brands such as Pullman, Novotel, Courtyard, Sheraton, voco and The Splaisir.

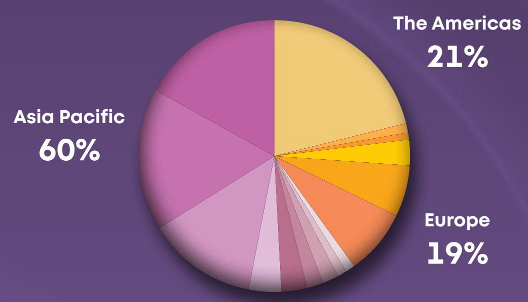
## AWARDS

Several of CLAS' properties received industry recognition for their operational excellence in 2022. At the World Travel Awards 2022, Ascott Makati, Citadines Arnulfpark Munich, Citadines Ramblas Barcelona and Somerset Grand Hanoi were awarded the title of "Leading Serviced Apartments 2022" in their respective countries.

lyf one-north Singapore was also recognised for its environmentally sustainable design in 2022. Some of the accolades received include the winning title in the Sustainable Design category at the Hotel Investment Conference Asia Pacific (HICAP) Sustainable Hotel Awards 2022, and the "Pacific Asia Travel Association (PATA) Gold Award (Climate Change) 2022".

### TOTAL ASSETS BY GEOGRAPHY

Total Assets **S$8.0** billion




| Asia Pacific | 60% |
|---|---|
| Japan | 17% |
| Singapore | 17% |
| Australia | 13% |
| China | 4% |
| Vietnam | 3% |
| South Korea | 2% |
| The Philippines | 2% |
| Indonesia | 1% |
| Malaysia | 1% |

| Europe | 19% |
|---|---|
| France | 8% |
| United Kingdom | 6% |
| Germany | 3% |
| Spain | 1% |
| Belgium | 1% |

| The Americas | 21% |
|---|---|
| USA | 21% |

1 As at 31 December 2022, including Somerset Liang Court Property Singapore and Standard at Columbia which are under development, and excluding three turnkey rental housing acquisitions which are expected to be completed between 2Q 2023 and 2024.

# Portfolio Overview

## OUR BUSINESS MODEL

CLAS' range of lodging properties offers the portfolio the flexibility to cater to both leisure and corporate markets with short and long stay needs. During the pandemic when international borders remained closed to transient travel, CLAS' serviced residences continued to serve long-stay corporate guests, and some of its properties were block booked for self-isolation or alternative sources of business. The rental housing and student accommodation properties, due to their long leases of one to two years, were largely unaffected and continued to register high occupancies of over 90%.

Towards the end of 1Q 2022, more of CLAS' markets had substantially eased border controls and reopened to vaccinated travellers without quarantine or testing requirements. Initially, the demand for accommodation had remained largely driven by the domestic and leisure segments in most markets. International travel picked up more as the year progressed and corporate travel saw a rebound, driven by increased business and industrial activities along with the return of meetings, incentives, conventions and exhibitions (MICE). With the increase in transient travel post-reopening, the average length of stay for CLAS' properties on management contracts decreased YoY to approximately three months in FY 2022.

For FY 2022, approximately 59% of CLAS' gross profit was from stable income sources (master leases, management contracts with minimum guaranteed income (MCMGI), rental housing and student accommodation) and 41% was from growth income sources (management contracts of serviced residences and hotels).

### FY 2022 GROSS PROFIT BY CONTRACT TYPE

Gross Profit **S$282.8** million


**Contract types with a fixed / minimum rent component**

| | |
|---|---|
| **Master Leases** | |
| France | 9% |
| Japan[1] | 7% |
| Singapore | 5% |
| Germany | 4% |
| Australia | 4% |
| South Korea | 2% |
| **MCMGI** | |
| United Kingdom | 8% |
| Belgium | 1% |
| Singapore | 1% |
| Spain | 1% |
| **Management contracts of longer-stay assets** | |
| **Student Accommodation** | |
| USA | 11% |
| **Rental Housing** | |
| Japan | 6% |

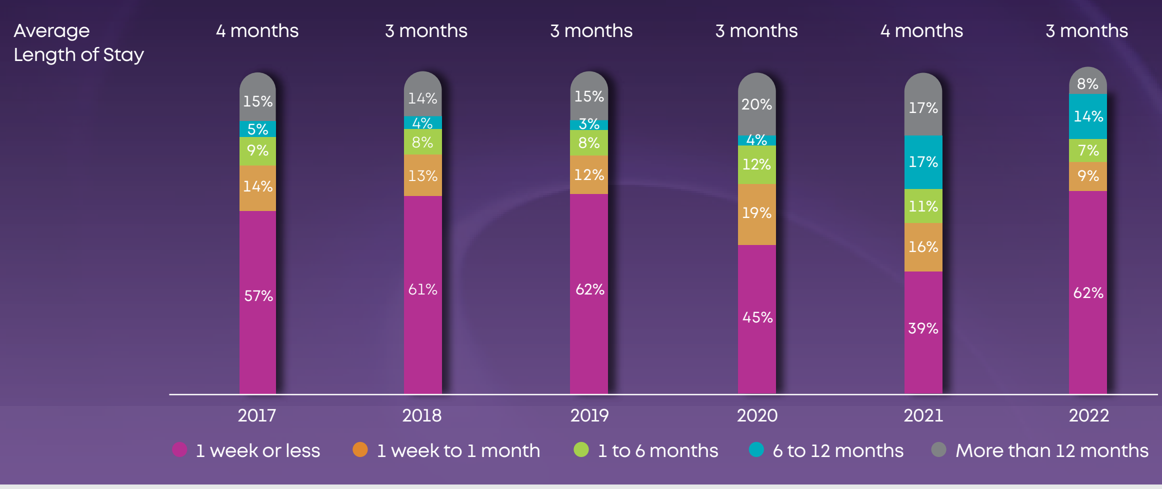
**Management contracts of serviced residences and hotels**

| | |
|---|---|
| Australia | 13% |
| USA | 13% |
| Vietnam | 5% |
| Singapore | 4% |
| China | 2% |
| Indonesia | 2% |
| The Philippines | 2% |
| Japan | <1% |
| Malaysia | <1% |

1 Includes Eslead College Gate Kindaimae, a student accommodation in Japan under master lease.

### PORTFOLIO INFORMATION BY LENGTH OF STAY[2]

(Portfolio Apartment Rental Income)




2 Historical information is prepared for illustrative purposes only and are not guarantees of future performance. Portfolio information excludes properties on master leases and properties under development.

# Portfolio Overview

## MASTER LEASES

32 of our operating properties – 16 in France, five in Germany, four in Japan, five in Australia, and two in South Korea are on master leases. CLAS' master leases in Germany are subject to annual rental revisions pegged to indices representing construction cost, inflation or commercial rental prices, and in Australia, they are subject to annual indexation until the next market review. Most of the master leases in Asia and France have fixed and variable rent components.

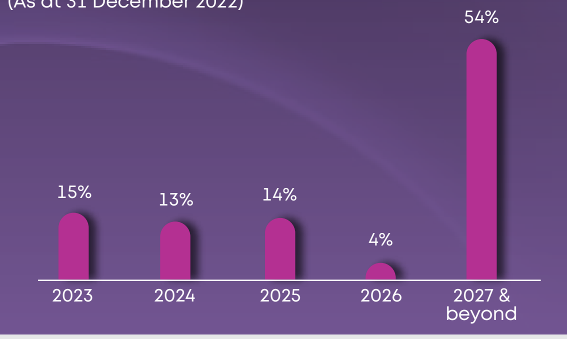
In 2022, there were two expiring master leases. The lease for Citadines Kurfürstendamm Berlin was renewed on fixed rent terms based on an independent market review. The lessee will bear the majority of the capex for the property's refurbishment, which is expected to commence in 2Q 2023 and complete in 4Q 2023.

The other lease, which was for Ascott Orchard Singapore, was converted to a MCMGI, offering CLAS greater upside potential in a recovery and downside protection as well, through the minimum income guarantee. The operator will bear key money for the future renovation of the property.

The weighted average remaining tenure of CLAS' master leases is about nine years. For the master lease which was renewed in FY 2022[2], the weighted average lease expiry based on the date of commencement of the lease is approximately nine years. The renewed master lease accounted for about 0.2% of CLAS' FY 2022 gross revenue. There were no income support payments for CLAS in FY 2022.

There are 10 master leases expiring in 2023, nine of which are for properties in France and one of which is for a property in Australia.

### LEASE EXPIRY FOR MASTER LEASES[3]
(As at 31 December 2022)




3 Percentage of gross rental income for master leases expiring at respective years over the total gross rental income for all master leases.

## MANAGEMENT CONTRACTS

The remaining 71 of our operating properties are on management contracts, comprising eight properties on MCMGI and 63 properties on management contracts without minimum guaranteed income. Management contracts are entered into between CLAS and the operators which provide property management services to CLAS. Unlike the properties under master lease arrangements, guests will lease the units directly from CLAS, including our subsidiaries (for properties outside of Japan) or other entities acting on behalf of CLAS (for properties within Japan[3]). Therefore, a waiver from the Monetary Authority of Singapore was obtained in relation to paragraphs 11.1(c) (iv) and (v) of the Property Funds Appendix regarding the disclosures of lease maturity profile and weighted average lease expiry for properties under management contracts, subject to the following disclosures:

(1) the average length of stay of guests of properties under the management contracts (combined for both management contracts with and without minimum guaranteed income) for current year and past five years; and

(2) the weighted average remaining term of the MCMGI.

## MANAGEMENT CONTRACTS WITH MINIMUM GUARANTEED INCOME

Eight of our properties across Belgium, Singapore, Spain and the United Kingdom are on MCMGI. Under the MCMGI arrangement, the property operators provide a minimum income guarantee to CLAS over the term of such management contracts which helps to ensure a stable income stream for CLAS if the properties do not generate the minimum income. The weighted average remaining term of these management contracts is around 13 years.

## MANAGEMENT CONTRACTS WITHOUT MINIMUM GUARANTEED INCOME

Our operating properties on management contracts without minimum guaranteed income comprise 35 serviced residences and hotels, 21 rental housing properties and 7 student accommodation properties, across Australia, China, Indonesia, Japan, Malaysia, the Philippines, Singapore, USA and Vietnam. Under these management contracts, the income stream is dependent on the underlying performance or RevPAU of the properties.

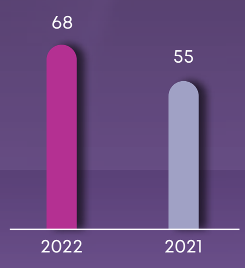
2 Refers to Citadines Kurfürstendamm Berlin only, as Ascott Orchard Singapore's lease was converted to a MCMGI upon expiry in November 2022.

3 In Japan, CLAS' interests in properties are indirectly held as trust beneficial interests through the godo kaisha and tokutei mokuteki kaisha structures and Singapore special purpose vehicles.

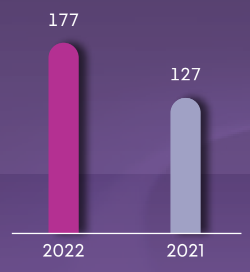
# Portfolio Overview

## KEY STATISTICS OF CLAS' PORTFOLIO[4]

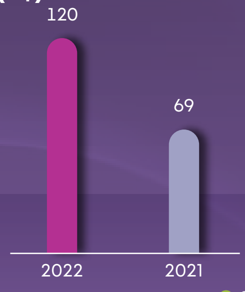
### PORTFOLIO OCCUPANCY (%)



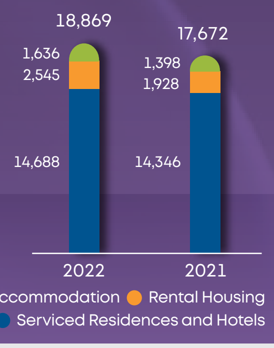

### PORTFOLIO AVERAGE DAILY RATE (S$)




### PORTFOLIO REVENUE PER AVAILABLE UNIT (S$)

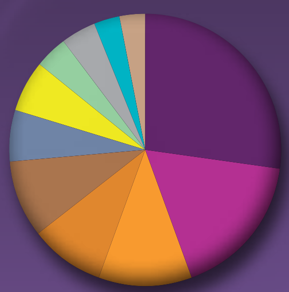



### NUMBER OF UNITS[5]




4 Key statistics, other than the number of units, pertain to operational properties only and exclude rental housing, student accommodation and properties on master leases.
5 Includes properties under development.

## FY 2022 PORTFOLIO INFORMATION BY INDUSTRY[6]



| INDUSTRY | |
|---|---|
| Industrial | 27% |
| Government & Non-governmental Organisations (NGOs) | 18% |
| Consumers | 11% |
| Manufacturing | 9% |
| Financial Institutions | 9% |
| Media & Telecommunications | 6% |
| Information Technology | 6% |
| Energy & Utilities | 4% |
| Real Estate / Lodging | 4% |
| Others | 3% |
| Healthcare | 3% |

6 Based on rental income from corporate accounts of properties under Ascott management contracts only.

## FY 2022 TOP 10 CORPORATE CLIENTS[6]

| Corporate Client | Industry[7] | % of Total Apartment Rental Income |
|---|---|---|
| Government entities and embassies of various countries | Government & NGOs | 1.3% |
| Toyota | Manufacturing | 0.4% |
| Mitsubishi | Industrial | 0.3% |
| INSEAD | Government & NGOs | 0.3% |
| CapitaLand | Real Estate | 0.2% |
| Bank of America | Financial Institutions | 0.2% |
| Airbus | Industrial | 0.1% |
| Qantas | Consumers | 0.1% |
| Honda | Manufacturing | 0.1% |
| Amazon.com | Information Technology | 0.1% |
| Amdocs | Information Technology | 0.1% |
| **Total** | | **3.2%** |

7 Refers to the largest contributing industry for corporate clients with multiple business operations.

# Operations Review

## ASIA PACIFIC OVERVIEW

### VARIED PACE OF REOPENING IN 2022

In 2022, countries in Asia Pacific progressively reopened their borders and removed mandatory quarantine periods for vaccinated travellers. The pace of reopening was varied, with countries such as Australia, Vietnam and Singapore easing restrictions in the first half of 2022, and others, such as Japan, reopening their borders later in the year. China remained largely closed to international travellers as the government continued to pursue a 'dynamic Zero-COVID' approach until late-2022.

As a result of the staggered reopening, travel within the region was largely driven by the domestic segment[1]. International visitor arrivals in Asia Pacific recovered to approximately 23% of pre-pandemic levels in 2022[2].

### A STRONGER SECOND HALF

Overall travel confidence began improving from the second quarter of 2022 as more restrictions were lifted post-Omicron, and business activities and events ramped up. Properties which previously served as self-isolation facilities transited back to welcoming public guests. The group travel segment in Asia Pacific recovered significantly in 2022, and business travel also steadily resumed during the year[3].

Within the Asia Pacific region, the Australia and Oceania sub-region registered a stronger recovery compared to other parts of Asia. Market Revenue Per Available Room (RevPAR) in 2022 surpassed pre-pandemic levels by about 4%, mainly driven by average daily rates (ADR) which surpassed 2019 levels by about 21%. The average occupancy was about 64%, or 14 percentage points below pre-pandemic levels[2].

Southeast Asia's recovery was limited by its reliance on international travel, which was impeded by the slower resumption of international flights and lengthy COVID-19 restrictions. Market occupancy for the sub-region was about 54% in 2022, 15 percentage points behind pre-pandemic comparables. The softer occupancy performance was mitigated by stronger ADR, which recovered to 6% below pre-pandemic levels. Within Southeast Asia, Singapore and Indonesia led the recovery[2].

Amongst CLAS' key markets in Asia Pacific, Singapore and Australia had reached or surpassed pre-COVID-19 RevPAU levels. In Japan, the RevPAU of our serviced residences almost doubled QoQ in 4Q 2022, following the reopening of the country's borders in October 2022. In China and Vietnam, the performance of our properties was resilient through the pandemic, as the serviced residences primarily serve long-stay corporate guests.

### FURTHER UPSIDE IN 2023

The reopening of China, the world's largest outbound market in 2019, is expected to fuel further recovery in the travel industry. Chinese travellers comprised about a quarter of international arrivals in top Asia Pacific tourist destinations in 2019, and Chinese outbound travel to Asia Pacific countries is expected to reach close to 2019 levels in 2023 before surpassing pre-pandemic levels from 2024 onwards[3]. The pace of recovery will depend on the availability and cost of air travel, visa regulations and COVID-19 related restrictions[2].

Further supporting the sector's recovery is a limited supply pipeline, as the supply growth rate for major Asia Pacific markets is expected to slow from 2022 to 2025 compared to their historical averages[4].

With about 60% of its assets in Asia Pacific and most of the properties under management contracts, CLAS is well-positioned to ride the recovery of the region.

1 Source: Jones Lang LaSalle (2022)
2 Source: UNWTO (2023)
3 Source: TTG (2022 and 2023)
4 Source: CBRE (2022)

# Operations Review

## AUSTRALIA


Novotel Sydney Central

| 14 PROPERTIES | 2,840 UNITS | S$155.8 million TOTAL REVENUE (FY 2022) | S$47.3 million TOTAL GROSS PROFIT (FY 2022) | S$949.0 million VALUATION (as at 31 December 2022) |
|---|---|---|---|---|

Australia is one of CLAS' key markets, contributing 17% of the total gross profit for FY 2022.

CLAS' Australia portfolio comprises one leasehold and 13 freehold properties situated across Brisbane, Sydney, Melbourne and Perth. Of the 14 properties in Australia, there are five serviced residences under master leases, two serviced residences and seven hotels under management contracts.

### MASTER LEASES

CLAS has five serviced residences under master leases. The 140-unit *Quest Sydney Olympic Park* is a 99-year leasehold property located within Sydney Olympic Park, near ANZ Stadium and Qudos Bank Arena, a large entertainment and sporting complex. The 81-unit *Quest Campbelltown* is well-located in south-west Sydney's urban hub, an established residential, commercial and industrial area, while the 91-unit *Quest Mascot* is a five-minute drive away from Sydney Airport. Strategically located in Sydney's second largest business district of Macquarie Park is the 111-unit *Quest Macquarie Park Sydney*, which is a five-minute drive to Macquarie University, Macquarie University Hospital and Macquarie Centre. Acquired in November 2022, the 100-unit *Quest Cannon Hill* is located in the emerging suburb of Cannon Hill in Brisbane, within a 5-minute walk to the train station and with direct access to the CBD. One of the master leases in Australia is due for renewal in 2023, and the lessee has the option to extend the lease for a further 30 years. Including the extension period at the lessees' option, each of the master leases in Australia has a remaining lease term of at least 17 years.

### MANAGEMENT CONTRACTS

CLAS has two serviced residences under management contracts. The 85-unit *Citadines St Georges Terrace Perth* is conveniently located in Perth's CBD, along St Georges Terrace while the 380-unit *Citadines on Bourke Melbourne* is situated in the heart of Melbourne's CBD, close to the Parliament House and 101 Collins Street.

CLAS also has seven hotels under management contracts. The 150-unit *Citadines Connect Sydney Airport* is a limited-service business hotel situated adjacent to the Quest Mascot serviced residence and within proximity to the Sydney Airport. The 241-unit *Pullman Sydney Hyde Park* and the 255-unit *Novotel Sydney Central* are business hotels located in the Sydney CBD, situated near well-known attractions such as the Sydney Darling Harbour and Paddy's Market. *Courtyard by Marriott Sydney-North Ryde* is a 196-unit business hotel centrally located in Macquarie Business Park and close to several commercial buildings popular with multinational corporations. *Novotel Sydney Parramatta* is situated in the Parramatta CBD, Sydney's fast-growing second CBD. The 194-unit business hotel is located close to visitor attractions and the main restaurant and entertainment precinct along Church Street.

The 378-unit *Pullman and Mercure Melbourne Albert Park* is a unique dual-branded business hotel comprising 169 Pullman and 209 Mercure units. Overlooking the scenic Albert Park where the annual Formula 1 Australian Grand Prix is held, the property is also located close to the Melbourne CBD, the popular St Kilda Road precinct and the Royal Botanic Gardens. The 438-unit *Pullman and Mercure Brisbane King George Square* comprises a 16-storey Pullman Tower with 210 units and a 16-storey Mercure Tower with 228 units. Prominently situated in the Brisbane CBD and facing the Brisbane City Hall Museum, the business hotel is within walking distance to the city's key attractions and landmarks.

The properties under management contracts have an average length of stay of less than one month.

## 2022 REVIEW

Australia's economy grew strongly by 3.6%[1] in 2022, recovering faster than most other advanced economies, as it reopened and inbound travel resumed. Growth in the first half of 2022 was 3.4% YoY despite headwinds from the Omicron variant and other factors such as global growth uncertainty resulting from the Russia-Ukraine conflict. Australia's labour market also reflected the strength of the recovery with employment near record highs in 2022[1].

On the travel front, Australia saw good recovery with more international visitors coming back to its cities in 2022, albeit still slower than some other major cities around the world, partly due to its key source markets, such as China, extending their own border closures. Whilst international visitor spend for the country was on average 46% lower in 2022 compared to 2019, the key cities – Melbourne, Sydney and Perth – all reflected strong YoY increases[2].

As 2022 began, some movement restrictions remained, having been re-introduced earlier to curb the spread of the Omicron variant. This impacted demand for accommodation, partially mitigated by sporting events such as the Australian Open in January 2022. From February onwards, nearly all curbs were eased as caseloads fell, and fully vaccinated citizens, permanent residents and eligible visa holders were once again permitted to travel to and from Australia with minimal self-isolation requirements.

In 1Q 2022, three of CLAS' hotels – Novotel Sydney Central, Pullman Sydney Hyde Park and Pullman and Mercure Melbourne Albert Park, which were previously supported by block bookings transited to welcoming public guests, in line with the government's reopening plan. Pent-up demand led to a surge in bookings particularly from the domestic leisure segment with large-scale events such as the F1 2022 Australian Grand Prix providing an uplift. Demand from the domestic corporate segment also started to ramp up as companies restarted travel. With the strong domestic demand, the operational profitability of CLAS' hotels surpassed pre-pandemic levels from 2Q 2022.

In July 2022, international travellers were allowed to enter Australia without any testing requirements, and CLAS' properties reflected an even stronger pick-up in performance. By 4Q 2022, the overall RevPAU of CLAS' properties under management contracts had surpassed pre-COVID-19 levels. For FY 2022, RevPAU of the properties under management contracts increased 78% YoY in AUD terms.

The master leases, which have fixed rent terms with annual indexation, continued to provide a source of stable income to the portfolio. Revenue and gross profit of the master leases rose 76% and 78% YoY respectively in AUD terms in FY 2022, as there were no further rent waivers granted to the lessees from March 2022 onwards.

1 Source: International Monetary Fund (2022, 2023)
2 Source: World Travel & Tourism Council (2023)

Pullman Sydney Hyde Park

## 2023 OUTLOOK

In 2023, growth for Australia's economy is expected to slow to 1.6% after a strong consumption-led recovery in 2022, as higher interest rates and weaker global growth are expected to impact domestic demand and net exports[1]. Analysts also expect a deceleration in business investment[3].

Despite the presence of economic uncertainties, industry experts remain optimistic about the accommodation sector's recovery due to the consistency of performance through the last three quarters of 2022, demand coming in from various segments (groups, meetings and corporate), and strong forward bookings as of late January 2023[4].

The city of Sydney, a proxy for the wider Australian market and where most of CLAS' properties are located, has reflected a strong start to the corporate travel season with occupancy on the books for the first three weeks of February 2023 doubling that of 2022. Market room rates are expected to remain above pre-pandemic levels in 2023, but the pace of growth is expected to be slower compared to 2022[4].

Australia's recovery in 2022 had been largely driven by the domestic segment, with more international travellers gradually returning as the year progressed. In 2023, the domestic segment is expected to remain the key contributor to travel demand[5], while international travel volumes increase further as flight capacity recovers fully.

In line with the rest of the industry, the performance of CLAS' properties is expected to be propelled by strong domestic demand while being boosted by more large-scale sporting and entertainment events such as concerts, which will also draw in international demand. As confidence in travel has returned and the sector continues to stabilise, corporate demand is also expected to improve further with more conferences and business meetings taking place.

3 Source: KPMG Australia Economics and Tax Centre (2022)
4 Source: STR (2023)
5 Source: Tourism Research Australia (2022)

# Operations Review

### Gross Rental Income (AUD'000)

| | FY 2022 | FY 2021 |
|---|---|---|
| Citadines on Bourke Melbourne | **14,242** | 5,313 |
| Citadines Connect Sydney Airport | **6,883** | 2,027 |
| Citadines St Georges Terrace Perth | **3,735** | 1,997 |
| Quest Campbelltown | **1,620** | 1,473 |
| Quest Cannon Hill[1] | **168** | - |
| Quest Macquarie Park Sydney | **2,974** | 1,379 |
| Quest Mascot | **2,577** | 1,500 |
| Quest Sydney Olympic Park | **3,752** | 1,898 |

1 The acquisition of the property was completed on 30 November 2022; hence gross rental income stated for FY 2022 is for December 2022.

### Hotel Revenue (AUD'000)

| | FY 2022 | FY 2021 |
|---|---|---|
| Courtyard by Marriott Sydney-North Ryde | **9,387** | 2,630 |
| Novotel Sydney Central | **19,101** | 17,261 |
| Novotel Sydney Parramatta | **12,551** | 4,882 |
| Pullman and Mercure Brisbane King George Square | **32,109** | 16,955 |
| Pullman and Mercure Melbourne Albert Park | **27,252** | 17,167 |
| Pullman Sydney Hyde Park | **23,186** | 16,619 |

### Revenue Per Available Unit (AUD)

| | FY 2022 | FY 2021 |
|---|---|---|
| Citadines on Bourke Melbourne | **100** | 38 |
| Citadines Connect Sydney Airport | **125** | 37 |
| Citadines St Georges Terrace Perth | **120** | 61 |
| Courtyard by Marriott Sydney-North Ryde | **104** | 25 |
| Novotel Sydney Central | **130** | 121 |
| Novotel Sydney Parramatta | **123** | 41 |
| Pullman and Mercure Brisbane King George Square | **133** | 58 |
| Pullman and Mercure Melbourne Albert Park | **108** | 96 |
| Pullman Sydney Hyde Park | **175** | 120 |

# CHINA


Somerset Heping Shenyang

| 5 PROPERTIES | 1,066 UNITS | S$23.0 million TOTAL REVENUE (FY 2022) | S$4.9 million TOTAL GROSS PROFIT (FY 2022) | S$264.9 million VALUATION (as at 31 December 2022) |
|---|---|---|---|---|

Somerset Grand Central Dalian

China contributed 2% of the total gross profit for FY 2022. The five China serviced residences are under management contracts. As long stays are the primary source of business, CLAS' China properties have an average length of stay of over seven months.

*Somerset Grand Central Dalian* is a 195-unit property situated in the central business district of the Dalian Development Area; *Somerset Heping Shenyang* is a 270-unit property that lies in the heart of Shenyang's main commercial and shopping district; *Somerset Olympic Tower Property Tianjin* is a 185-unit property situated in the Heping district, the city's prime commercial, entertainment and residential area; *Citadines Xinghai Suzhou* is a 167-unit property in the heart of the Suzhou Industrial Park; and *Citadines Zhuankou Wuhan* is a 249-unit property situated in the Wuhan Economic and Technological Development Zone.

# Operations Review

## 2022 REVIEW

China's economy grew by 3.0% in 2022, down from 8.4% in 2021, due to the strict COVID-19 curbs and a property market downturn in the fourth quarter[1].

While most major countries had reopened their economies and international borders by the first half of 2022, China adhered to its 'dynamic Zero-COVID' approach, with isolation for patients and their close contacts, and quarantine for those arriving from abroad[2]. Citywide lockdowns were also imposed when outbreaks were detected, with some lasting for more than a month[3]. This resulted in the curtailment of transient travel demand in provinces with lockdowns as well as those without, as the movement curbs restricted travel through the affected major cities. China's protracted 'dynamic Zero-COVID' approach also led to social unrest in several cities.

Over the course of the second half of 2022, the government shortened the quarantine duration for international inbound travellers from 21 days to 7+3 days[4] in end-June, and to 5+3 days[5] in mid-November. Nonetheless, the need for quarantine continued to be prohibitive for most international travellers, and flights into and out of China were limited.

In December 2022, the Chinese government announced that it would drop nearly all of its domestic COVID-19 curbs. The significant easing of restrictions prompted a surge in local infections, while pent-up demand drove a jump in domestic travel bookings. According to ForwardKeys, domestic flight bookings rose by more than 50% in the two weeks after China stopped requiring negative COVID-19 tests for domestic travel[6].

Despite the strict COVID-19 regulations during the year, the overall occupancy for CLAS' China properties in FY 2022 was resilient at above 60%, as corporate long stays and project groups provided a strong base. The properties also received some domestic leisure bookings during the summer holidays in the third quarter.

In FY 2022, the RevPAU of the China properties declined by c.10% YoY in RMB terms due to the divestment of Somerset Xu Hui Shanghai in May 2021 and the impact from the COVID-19 restrictions. Excluding Somerset Xu Hui Shanghai, FY 2022 RevPAU was 3% lower YoY. As of 4Q 2022, RevPAU of the China properties was 80% of 4Q 2019 same-store[7] RevPAU.

## 2023 OUTLOOK

China has set a growth target of around 5% for 2023[8]. While industry experts are expecting the economy to face a bumpy start in 2023, they are projecting a stronger recovery in the second half[3].

On 8 January 2023, the Chinese government downgraded its management system for COVID-19 from a Class A disease to a Class B disease, removing the quarantine requirement for all inbound arrivals. Travellers now only need to present negative results for COVID-19 tests taken within 48 hours of departure to be granted entry into China.

This is expected to facilitate travel to China for business, education and leisure. In bigger cities, residents are increasingly on the move, pointing to a gradual recovery in consumption and economic activity in 2023[9]. China's culture and tourism ministry estimated that a total of 308 million domestic trips were made in the first six days of the Lunar New Year holiday, which is approximately 88.6% of 2019 levels[1].

However, a full recovery to pre-pandemic levels may take time as COVID-19 infections remain elevated in the near term[9]. The resurgence has dampened consumer spending and resulted in some countries requiring travellers from China to provide negative COVID-19 tests. In retaliation, the Chinese government has stopped issuing new visas for travellers from these countries. The recovery of travel is also dependent on the resumption of flight frequencies – as of January 2023, global airlines are running only 11% of 2019 capacity levels to and from China, and the figure is expected to increase to 25% by April 2023[1].

With long-stay guests as the primary source of business, CLAS' China properties are expected to remain resilient against temporary spikes in COVID-19 cases. As China approaches herd immunity, CLAS' properties are poised to benefit from the continued recovery in travel demand, from both domestic and international segments.

1 Source: Reuters (2023)
2 Source: Bloomberg (2022)
3 Source: CNN Business (2023)
4 Refers to 7 days of centralised quarantine, followed by 3 days of home monitoring.
5 Refers to 5 days of centralised quarantine, followed by 3 days of home monitoring.
6 Source: ForwardKeys (2023)
7 Excluding Somerset Xu Hui Shanghai which was divested in May 2021 and Ascott Guangzhou which was divested in December 2020.
8 Source: Government Work Report, delivered by Premier Li Keqiang at the 14th National People's Congress (2023)
9 Source: The Business Times (2023)

# Operations Review

**Gross Rental Income (RMB'000)**

| | FY 2022 | FY 2021 |
|---|---|---|
| Citadines Xinghai Suzhou | **7,968** | 10,626 |
| Citadines Zhuankou Wuhan | **14,365** | 15,579 |
| Somerset Grand Central Dalian | **28,684** | 28,128 |
| Somerset Heping Shenyang | **19,056** | 18,729 |
| Somerset Olympic Tower Property Tianjin | **37,858** | 37,953 |

**Revenue Per Available Unit (RMB)**

| | FY 2022 | FY 2021 |
|---|---|---|
| Citadines Xinghai Suzhou | **128** | 170 |
| Citadines Zhuankou Wuhan | **145** | 159 |
| Somerset Grand Central Dalian | **389** | 369 |
| Somerset Heping Shenyang | **193** | 190 |
| Somerset Olympic Tower Property Tianjin | **445** | 457 |

Somerset Olympic Tower Property Tianjin

# Operations Review

## JAPAN

Sotetsu Grand Fresa Tokyo-Bay Ariake

| 30 PROPERTIES | 5,275 UNITS | S$57.6 million TOTAL REVENUE (FY 2022) | S$37.2 million TOTAL GROSS PROFIT (FY 2022) | S$1,305.4 million VALUATION (as at 31 December 2022) |
|---|---|---|---|---|

Japan is one of CLAS' key markets, contributing 13% of the total gross profit for FY 2022. In line with its strategy to increase its asset allocation in longer-stay accommodation, CLAS entered into 11 acquisitions in FY 2022 comprising 10 rental housing properties and a student accommodation property. Eight of the 11 acquisitions have completed and the remaining three turnkey acquisitions are expected to be completed between 2Q 2023 and 2024.

As at 31 December 2022, CLAS owns 30 freehold properties in Japan. The student accommodation property and three of the hotels are under master leases. Three serviced residences, two hotels and 21 rental housing properties are under management contracts.

### MASTER LEASES

*Sotetsu Grand Fresa Tokyo-Bay Ariake* is a 912-unit hotel located within the Tokyo Secondary City Centre in close proximity to Big Sight, a major international convention centre, Ariake Colosseum and retail options. *Sotetsu Grand Fresa Osaka-Namba* is a 698-unit hotel centrally located in Namba, Osaka.

The 182-unit *Hotel WBF Honmachi* is located in the Honmachi district of Osaka, in close proximity to the CBD, leisure destinations and the entertainment precinct, Dotonbori.

Acquired in March 2022, *Eslead College Gate Kindaimae* is CLAS' first student accommodation property in Japan. It is a seven-storey building comprising 112 studio apartment units, located in close walking proximity to the main campus of Kindai University in Osaka.

The master leases have remaining lease terms varying between two to 14 years.

### MANAGEMENT CONTRACTS

There are three serviced residences, two hotels and 21 rental housing properties under management contracts.

*Citadines Central Shinjuku Tokyo*, a 206-unit serviced residence, and *Citadines Shinjuku Tokyo*, a 160-unit serviced residence, are both located in the bustling entertainment area of Shinjuku.

*Citadines Karasuma-Gojo Kyoto* is a 124-unit serviced residence located close to Gojo subway station, the business district and entertainment areas of Kyoto. The three serviced residences have an average length of stay of about one month.

The 168-unit *Hotel WBF Kitasemba East* and 168-unit *Hotel WBF Kitasemba West* are situated in the Honmachi district of Osaka, in close proximity to Hotel WBF Honmachi.

CLAS' 21 rental housing properties are strategically located across eight cities – Fukuoka, Hiroshima, Hyogo, Kyoto, Nagoya, Osaka, Tokyo and Sapporo. All the properties are conveniently located close to public transportation and other lifestyle amenities. The rental housing properties have an average length of stay of over 12 months.

## 2022 REVIEW

Japan's GDP grew 1.1% in 2022, marking the second year of growth since COVID-19[1], as the country gradually reopened and the economy set on its recovery path.

Japan started off the year with several prefectures including Tokyo and Osaka being placed under quasi-emergency curbs, in response to the spread of the Omicron variant. Borders remained closed to foreign arrivals during this period, before they were reopened to business travellers and foreign students in March 2022, when the quasi-emergency was lifted. Thereafter, there was an uptick in leisure demand, particularly during the Spring holiday season. In June 2022, the government announced that foreign leisure visitors were allowed entry into Japan via guided package tours. Gradually, non-guided package tours were allowed from September 2022 onwards.

A month later, in October 2022, Japan reopened its borders completely, reintroducing visa-free entry to independent fully-vaccinated travellers and removing its daily cap on arrivals. Coupled with the weaker Japanese Yen, the strong rebound in demand from international visitors and airlines increasing their flight frequencies drove a robust recovery in room rates. In November 2022, the estimated number of international travellers to Japan for the month alone exceeded 900,000 for the first time since February 2020[2], boosting the total number for 2022 to about 3.8 million[3].

In the absence of a full return in transient international arrivals, corporate long stays and domestic tourists were key mitigating sources of demand at CLAS' serviced residences, providing a healthy occupancy base for the properties during the phased reopening of Japan. In FY 2022, the RevPAU of the serviced residences[4] under management contracts increased 64% YoY in JPY terms. In 4Q 2022, RevPAU of the serviced residences was 73% of 4Q 2019 same-store[5] levels.

The properties under master leases provided resilience to CLAS. In FY 2022, Hotel WBF Honmachi received variable rent which was above fixed rent levels, while the other two hotels and the student accommodation property received fixed rent.

CLAS' rental housing properties were largely unaffected by the border restrictions due to their long average length of stay. The properties registered high, stable occupancies of over 95%.

## 2023 OUTLOOK

Following Japan's reopening, economic growth is projected at 1.8% in 2023, supported by pent-up demand, supply chain improvements and policy support[6]. While core inflation has accelerated in late 2022 and early 2023, the Japan central bank is expected to maintain a loose monetary policy until wages rise more[7].

21.1 million inbound travellers are forecasted to travel to Japan in 2023, which is approximately 66% of 2019 levels and more than five times that of 2022[3]. Strong demand is expected from Southeast Asian markets, while prospects for the China market are less certain, and the recovery of long-haul markets is also expected to take longer.

Domestic travel is expected to increase 8.6% YoY to 266 million, recovering to over 90% of 2019 levels[3]. The government has re-introduced its nationwide travel support programme, offering subsidies to encourage domestic travel.

Room rates in Japan have risen faster than occupancies since the resumption of inbound travel, and are expected to remain elevated due to limited new supply over the next few years[8].

CLAS' serviced residences and hotels under management contracts are expected to show greater recovery in 2023 on the back of Japan's reopening and pent-up travel demand. Peak holiday periods, such as the cherry blossom season from late-March to April 2023, are expected to provide additional uplift.

The performance of CLAS' rental housing properties, which mainly cater to domestic corporate long stays, and properties under master leases are expected to remain stable, given their long leases and fixed rent components respectively. In 2Q 2023, two turnkey rental housing acquisitions, one in Osaka and another in Fukuoka, are expected to complete and further contribute stable streams of income to CLAS.

1 Source: Nikkei Asia (2023)
2 Source: JTB Tourism Research & Consulting Co. (2023)
3 Source: SCMP (2023)
4 RevPAU excludes rental housing properties and Hotel WBF Kitasemba East and Hotel WBF Kitasemba West which were temporarily closed.
5 Excluding Somerset Azabu East Tokyo which was divested in December 2020.
6 Source: International Monetary Fund (2023)
7 Source: Reuters (2023)
8 Source: Savills (2023)

### Gross Rental Income (JPY'000)

| | **FY 2022** | FY 2021 |
|---|---|---|
| Citadines Central Shinjuku Tokyo | **476,177** | 276,497 |
| Citadines Karasuma-Gojo Kyoto | **151,740** | 90,059 |
| Citadines Shinjuku Tokyo | **381,111** | 277,152 |
| Hotel WBF Kitasemba East[1] | **-** | - |
| Hotel WBF Kitasemba West[1] | **-** | - |
| Hotel WBF Honmachi | **71,151** | 115,584 |
| Sotetsu Grand Fresa Osaka-Namba | **740,000** | 740,000 |
| Sotetsu Grand Fresa Tokyo-Bay Ariake | **1,170,000** | 1,170,000 |
| Actus Hakata V-Tower | **250,395** | 249,555 |
| Alpha Square Kita 15 jo[2] | **107,162** | 51,638 |
| Big Palace Kita 14 jo | **107,803** | 106,633 |
| Big Palace Minami 5 jo[3] | **141,575** | 75,789 |
| City Court Kita 1 jo[4] | **124,883** | 63,300 |
| Eslead College Gate Kindaimae[5] | **67,749** | - |
| Eslead Residence Bentencho Grande[6] | **3,889** | - |
| Eslead Residence Umeda Grande[6] | **2,320** | - |
| Gravis Court Kakomachi | **45,855** | 46,918 |
| Gravis Court Kokutaiji | **35,445** | 35,968 |
| Gravis Court Nishiharaekimae | **28,021** | 27,861 |
| House Saison Shijo-dori[7] | **13,394** | - |
| Infini Garden | **543,396** | 532,356 |
| Marunouchi Central Heights[7] | **4,174** | - |
| Roppongi Residences Tokyo | **176,287** | 180,842 |
| S-Residence Fukushima Luxe | **168,378** | 168,936 |
| S-Residence Gakuenzaka[7] | **5,929** | - |
| S-Residence Hommachi Marks | **88,803** | 86,667 |
| S-Residence Midoribashi Serio | **81,287** | 81,032 |
| S-Residence Namba Viale[7] | **8,061** | - |
| S-Residence Shukugawa[7] | **4,135** | - |
| S-Residence Tanimachi 9 chome | **100,064** | 103,369 |

1 There was no gross rental income in FY 2021 and FY 2022 as the property was temporarily closed due to poor market demand.
2 The acquisition of the property was completed on 25 June 2021; hence the gross rental income stated for FY 2021 is for 26 June 2021 to 31 December 2021.
3 The acquisition of the property was completed on 17 June 2021; hence the gross rental income stated for FY 2021 is for 18 June 2021 to 31 December 2021.
4 The acquisition of the property was completed on 30 June 2021; hence the gross rental income stated for FY 2021 is for 1 July 2021 to 31 December 2021.
5 The acquisition of the property was completed on 18 March 2022; hence the gross rental income stated for FY 2022 is for 19 March 2022 to 31 December 2022.
6 The acquisition of the property was completed on 16 December 2022; hence the gross rental income stated for FY 2022 is for 17 December 2022 to 31 December 2022.
7 The acquisition of the property was completed on 30 November 2022; hence the gross rental income stated for FY 2022 is for December 2022.

### Revenue Per Available Unit (JPY)

| | **FY 2022** | FY 2021 |
|---|---|---|
| Citadines Central Shinjuku Tokyo | **5,340** | 2,727 |
| Citadines Karasuma-Gojo Kyoto | **3,353** | 1,990 |
| Citadines Shinjuku Tokyo | **6,526** | 4,746 |

# Operations Review

**Rental Housing Rental Per Square Metre (JPY)**

| | FY 2022 | FY 2021 |
|---|---|---|
| Actus Hakata V-Tower | **2,474** | 2,434 |
| Alpha Square Kita 15 jo[2] | **2,176** | 2,211 |
| Big Palace Kita 14 jo | **2,109** | 2,074 |
| Big Palace Minami 5 jo[3] | **1,635** | 1,644 |
| City Court Kita 1 jo[4] | **2,052** | 2,048 |
| Eslead Residence Bentencho Grande[6] | **2,722** | - |
| Eslead Residence Umeda Grande[6] | **3,161** | - |
| Gravis Court Kakomachi | **2,032** | 2,040 |
| Gravis Court Kokutaiji | **2,189** | 2,175 |
| Gravis Court Nishiharaekimae | **2,257** | 2,211 |
| House Saison Shijo-dori[7] | **2,746** | - |
| Infini Garden | **1,381** | 1,391 |
| Marunouchi Central Heights[7] | **2,537** | - |
| Roppongi Residences Tokyo | **4,290** | 4,197 |
| S-Residence Fukushima Luxe | **3,119** | 3,091 |
| S-Residence Gakuenzaka[7] | **2,449** | - |
| S-Residence Hommachi Marks | **2,798** | 2,570 |
| S-Residence Midoribashi Serio | **2,434** | 2,622 |
| S-Residence Namba Viale[7] | **2,661** | - |
| S-Residence Shukugawa[7] | **1,680** | - |
| S-Residence Tanimachi 9 chome | **2,794** | 2,942 |


Eslead College Gate Kindaimae

# Operations Review

## SINGAPORE


lyf one-north Singapore

| | | | | |
|---|---|---|---|---|
| 5[1] | 1,226[2] | S$51.4 million | S$29.2 million | S$1,252.8[1] million |
| PROPERTIES | UNITS | TOTAL REVENUE (FY 2022) | TOTAL GROSS PROFIT (FY 2022) | VALUATION (as at 31 December 2022) |

Ascott Orchard Singapore

Singapore is one of CLAS' key markets, contributing 10% of the total gross profit for FY 2022. Of the five properties in Singapore, there are two serviced residences and a hotel under management contracts, as well as a serviced residence under MCMGI. The remaining serviced residence, Somerset Liang Court Property Singapore, is currently under development and expected to be completed in 2H 2025.

### MANAGEMENT CONTRACTS

There are two serviced residences and a hotel under management contracts. *Citadines Mount Sophia Property Singapore* comprises 154 units. The leasehold serviced residence is strategically located in Singapore's arts and culture hub with easy access to Orchard Road and the CBD. *lyf one-north Singapore* is located in the prominent research and innovation business hub of one-north. The 324-unit leasehold coliving property

1 Includes Somerset Liang Court Property Singapore, which is currently under development.
2 Includes the 192-unit Somerset Liang Court Property Singapore, which is under development. Number of units may be subject to change.

soft-opened in November 2021 and obtained its final Temporary Occupation Permit in January 2022. *Riverside Hotel Robertson Quay* is a 336-unit leasehold hotel located in the Clarke Quay entertainment precinct situated along the Singapore River, within proximity to the CBD and with excellent transport connectivity.

The properties under management contracts have an average length of stay of about two months.

## MANAGEMENT CONTRACT WITH MINIMUM GUARANTEED INCOME

*Ascott Orchard Singapore* is a 220-unit leasehold serviced residence located in the prime Orchard entertainment and commercial district, with easy access to the CBD via the Orchard and Somerset MRT stations. The property was formerly under a master lease before the master lease expired in November 2022 and was converted to a MCMGI.

## DEVELOPMENT PROPERTY

*Somerset Liang Court Property Singapore* was formerly a 197-unit leasehold serviced residence in Clarke Quay under a management contract before part of its gross floor area (GFA) was divested in July 2020. The retained GFA of about 13,000 square metres will be redeveloped into a new 192-unit serviced residence with hotel licence and refreshed lease of 99 years. CLAS owns a 100% interest in the property. Site works commenced in mid-July 2021 and foundation piling works were completed in 2022. Substructure works are ongoing. The new property, which will be part of an iconic waterfront integrated development, is expected to be completed in 2H 2025.

## 2022 REVIEW

In 2022, the Singapore economy grew by 3.6%, moderating from the 8.9% growth in 2021, due to slower growth in the manufacturing, construction and services-producing industries[3]. During the year, the Singapore government embraced an endemic approach towards COVID-19, progressively easing pandemic restrictions and reopening its borders to international travel. From April 2022, Singapore's borders were reopened to all fully vaccinated travellers with no pre-departure or on-arrival tests, or stay-home noticed required.

The reopening of borders drove encouraging demand from international visitors. Despite the absence of travellers from China, which was Singapore's top source market in 2019, Singapore received a total of 6.3 million visitors in 2022, which was about 33% of 2019 levels. Tourism receipts were estimated at between S$13.8 billion to S$14.3 billion, about 50-52% of 2019 levels[4].

Prior to Singapore's reopening, two of CLAS' properties in Singapore – Riverside Hotel Robertson Quay (RHRQ) and Citadines Mount Sophia Singapore (CMSS) were contracted by the government for self-isolation. The properties transited out of their block bookings to receive public guests in January 2022 and April 2022 respectively, when demand from the international segment returned. RHRQ saw healthy demand mainly from tourists while CMSS almost reached pre-COVID-19 performance levels shortly after in 2Q 2022, due to strong international corporate demand.

lyf one-north Singapore (LONS) registered high occupancies since its opening, supported primarily by long-stay bookings from companies and educational institutions in the vicinity, with some international leisure demand.

For Ascott Orchard Singapore (AOS), demand for corporate long stays and relocation bookings picked up substantially from February 2022 onwards. The stronger performance resulted in the recognition of variable rent in addition to fixed rent from 2Q 2022 onwards, and the property's ADR exceeded pre-COVID-19 levels.

The return of citywide conferences and large-scale events provided a further boost to Singapore's recovery. For instance, the Formula 1 Singapore Airlines Singapore Grand Prix 2022, held over a three-day period in September to October 2022, drew a record attendance of 302,000, boosting market occupancies and room rates above pre-pandemic levels.

In FY 2022, the RevPAU of CLAS' Singapore properties under management contracts[5] increased 56% YoY to S$100. On a same-store basis[6], CMSS' RevPAU increased by 125% YoY. As of 4Q 2022, RevPAU of CMSS exceeded 4Q 2019 same-store[7] RevPAU by 13%.

Master lease revenue fell c.12% YoY from S$20.2 million to S$17.7 million in FY 2022 as the master lease for Park Hotel Clarke Quay was terminated in August 2021 and the master lease for AOS was converted to a MCMGI from December 2022 onwards. The revenue from MCMGI, which relates to the one-month contribution from AOS in 2022, was S$3.6 million, which surpassed the master lease rent received in December 2019.

3 Source: Ministry of Trade and Industry (2023)
4 Source: Singapore Tourism Board (2023)
5 Excluding AOS as it was under a master lease until November 2022.
6 Excluding RHRQ as the property was reclassified from master lease to management contract in 2H 2021, and LONS which soft-opened in November 2021.
7 Excluding Somerset Liang Court Property Singapore which was divested in July 2020.

# Operations Review

## 2023 OUTLOOK

Singapore's Ministry of Trade and Industry forecasts GDP growth in 2023 to be in the range of 0.5% to 2.5%, amid tighter financial conditions such as slowing global growth and elevated inflation, and further escalations in the war in Ukraine and geopolitical tensions[3].

China's earlier-than-expected reopening, as well as demand from other key source markets, may help cushion the impact and boost travel into Singapore. The Singapore Tourism Board (STB) is expecting international visitor arrival numbers to double to 12 to 14 million in 2023, and tourism receipts to increase to up to S$21 billion, barring any further COVID-19 waves[4].

Since China reopened its borders on 8 January 2023, Singapore hotel players have seen enquiries coming in at a faster pace compared to pre-pandemic[8]. However, this has yet to translate to bookings due to passport and visa-related administrative challenges, and a lack of airline capacity. As of January 2023, there were 38 flights from Singapore to China weekly, which is about 10% of the pre-pandemic capacity[8]. The recovery in arrivals from China is expected to be more apparent only from the second quarter or second half of 2023 onwards[9], as these logistical issues are addressed.

Further, on 13 February 2023, Singapore lowered its Disease Outbreak System Condition level from yellow to green, removing all remaining border restrictions. Travellers who are not fully vaccinated no longer need to show proof of a negative pre-departure before entering Singapore and mask-wearing is no longer legally mandated.

MICE and leisure events will also continue to be a driver of growth. Singapore is expecting a healthy pipeline of events in 2023, such as the 25th World Congress of Dermatology 2023 and Formula 1 Singapore Airlines Singapore Grand Prix 2023. Additionally, STB has committed S$110 million to ramp up business and leisure events over the next two years[4].

The travel recovery and calendar of events bode well for CLAS' Singapore properties. The serviced residences will also continue to serve their mainstay business segment of corporate long stays.

In 2023, RHRQ will be refurbished and rebranded to The Ascott Limited's The Robertson House by The Crest Collection, uplifting the value and profitability of the property. Renovations will commence in 1H 2023 and are expected to complete by end-2023. The hotel will remain operational during the renovation.

### Gross Rental Income (S$'000)

| | FY 2022 | FY 2021 |
|---|---|---|
| Ascott Orchard Singapore | **21,103** | 13,163 |
| Citadines Mount Sophia Property Singapore | **8,095** | 3,594 |
| lyf one-north Singapore[1] | **9,055** | 350 |
| Park Hotel Clarke Quay[2] | - | 7,075 |
| Riverside Hotel Robertson Quay | **12,531** | 2,745 |

1 LONS soft-opened in November 2021, with about 40% of inventory available for sale during the first phase of opening.
2 Currently known as Riverside Hotel Robertson Quay. The master lease for Park Hotel Clarke Quay was terminated and CLAS took possession of the property in August 2021.

### Revenue Per Available Unit (S$)

| | FY 2022 | FY 2021 |
|---|---|---|
| Ascott Orchard Singapore[3] | **437** | - |
| Citadines Mount Sophia Property Singapore | **144** | 64 |
| lyf one-north Singapore | **77** | 23 |
| Riverside Hotel Robertson Quay | **102** | 83 |

3 The master lease for AOS was converted to MCMGI from December 2022; hence the RevPAU stated for FY 2022 is for December 2022.

8 Source: CNA (2023)
9 Source: The Business Times (2023)

# Operations Review

## VIETNAM


Somerset Central TD Hai Phong City

| 5 PROPERTIES | 893 UNITS | S$27.6 million TOTAL REVENUE (FY 2022) | S$14.0 million TOTAL GROSS PROFIT (FY 2022) | S$221.9 million VALUATION (as at 31 December 2022) |
|---|---|---|---|---|

CLAS owns five leasehold serviced residences in Vietnam, which contributed about 5% of the total gross profit for FY 2022. Operating under management contracts, the five properties have an average length of stay of six months.

*Somerset Grand Hanoi* comprises 185 units and is located within Hanoi's largest CBD, close to restaurants, entertainment stretches and local attractions. *Somerset Hoa Binh Hanoi* comprises 206 units and is well located next to the business and financial districts as well as the flourishing Hoa Lac high technology development zone.

*Somerset Chancellor Court Ho Chi Minh City* is a 172-unit serviced residence with a prime location in the CBD, which attracts expatriates working for large multinational companies within the vicinity. The 198-unit *Somerset Ho Chi Minh City* is strategically located in District 1, the city's acclaimed commercial, diplomatic and shopping district.

Acquired in November 2022, *Somerset Central TD Hai Phong City* is a 132-unit serviced residence that is part of an integrated development and close to a multitude of international schools, shopping malls and hospital facilities. The property is located in the growth city of Hai Phong, the third largest city and one of the largest industrial hubs and ports of Vietnam. A 15-minute drive from three industrial parks, the property is well-positioned to capture the demand arising from foreign direct investment and business activities in the city.

### 2022 REVIEW

The Vietnam economy expanded 8.0% in 2022, the fastest annual pace in 25 years. Vietnam's robust performance was backed by strong domestic retail sales and exports despite a slowing global economy. Foreign direct investment (FDI) into Vietnam rose 13.5% YoY[1].

Vietnam was one of the first Southeast Asian countries to reopen its borders to international travellers in March 2022. However, strict visa policies continued to be in place and flights into Vietnam had not been fully reinstated.

1 Source: Reuters (2022)

# Operations Review

Demand for travel was therefore largely driven by the domestic segment, with over 100 million domestic travellers recorded in 2022. Inbound travel remained muted, with 3.6 million international arrivals during the year, equivalent to about 20% of pre-pandemic levels[2].

CLAS' Vietnam properties primarily serve the corporate long-stay segment. Before international borders were reopened, long stays and project groups provided resilience to the properties' performance in early 2022, when Omicron cases were rising and during the seasonally-quieter Tet holidays.

Following the reopening, CLAS' Ho Chi Minh City properties saw an uptick in demand from domestic business travellers and corporate groups, with occupancies rising above 80% from 2Q 2022. Enquiries for relocation bookings increased, and the return of MICE events and tradeshows in the city led to a rise in corporate short stays.

During the year-end holiday season, the pace of recovery at CLAS' Hanoi properties started to pick up. Whilst the corporate segment remained the key income contributor for the properties, there was a steady increase in international leisure bookings.

For FY 2022, the RevPAU of CLAS' Vietnam properties rose 52% YoY in VND terms, on a same-store basis[3]. As of 4Q 2022, RevPAU had recovered to about 78% of pre-pandemic levels.

## 2023 OUTLOOK

The Vietnam economy is expected to grow at a slower pace in 2023, at a projected rate of 6.5%. This is due to headwinds including the weakening global demand for exports, and inflationary pressures which may result in higher costs for Vietnam. FDI into Vietnam could also decline YoY, as FDI pledges, which are indicative of future inflows, decreased 11% in 2022[1].

On the travel sector, the Vietnam National Administration of Tourism targets 8 million international visitor arrivals in 2023. China was Vietnam's biggest source market in 2019, with nearly 5.8 million visitors, and the reopening of China is expected to drive travel into Vietnam[2].

Vietnam's expansion into new markets is also expected to further aid its recovery. Vietnam launched new flight routes with India's major cities in 2022, increasing the proportion of travellers from India from 1% in 2019 to 4%[4].

At the broader level, Vietnam's ability to meet its international visitor arrival target hinges largely on whether the country's strict visa policies are eased. Compared to other neighbouring Southeast Asian destinations, Vietnam offers visa exemptions to fewer territories, and its visa-free stay periods are shorter[2].

CLAS' Vietnam properties are well-positioned to ride the recovery in inbound travel, and their long stay base offers resilience while awaiting the return of Chinese travellers. In addition, the properties will also continue to serve the domestic market, the outlook of which remains bright in 2023 – Vietnam has a target of 102 million domestic travellers in 2023.

The retail and commercial spaces at CLAS' Vietnam properties are expected to remain well-leased, offering diversification and a resilient income stream.

### Gross Rental Income (VND'million)

| | FY 2022 | FY 2021 |
|---|---|---|
| Somerset Central TD Hai Phong City[1] | **4,626** | - |
| Somerset Chancellor Court Ho Chi Minh City | **114,995** | 93,741 |
| Somerset Grand Hanoi | **177,696** | 144,184 |
| Somerset Ho Chi Minh City | **108,524** | 62,297 |
| Somerset Hoa Binh Hanoi | **41,328** | 43,259 |

1 The acquisition of the property was completed on 30 November 2022; hence the gross rental income stated for FY 2022 is for December 2022.

### Revenue Per Available Unit (VND'000)

| | FY 2022 | FY 2021 |
|---|---|---|
| Somerset Central TD Hai Phong City[1] | **1,072** | - |
| Somerset Chancellor Court Ho Chi Minh City | **1,239** | 921 |
| Somerset Grand Hanoi | **1,179** | 620 |
| Somerset Ho Chi Minh City | **1,421** | 819 |
| Somerset Hoa Binh Hanoi | **436** | 444 |

2 Source: VN Express (2022)
3 Excluding Somerset Central TD Hai Phong City which was acquired in November 2022.
4 Source: The Star (2023)

# INDONESIA

Ascott Jakarta

| 2 PROPERTIES | 404 UNITS | S$13.7 million TOTAL REVENUE (FY 2022) | S$5.2 million TOTAL GROSS PROFIT (FY 2022) | S$90.1 million VALUATION (as at 31 December 2022) |
|---|---|---|---|---|

CLAS owns two leasehold serviced residences in Indonesia which are under management contracts and have an average length of stay of more than three months.

*Ascott Jakarta* is a 204-unit serviced residence situated in the Golden Triangle of Jakarta, the city's main business, shopping and entertainment district.

*Somerset Grand Citra Jakarta* is a 200-unit serviced residence located close to the Golden Triangle of Jakarta, and surrounded by offices, embassies, convention centres and shopping centres.

In FY 2022, RevPAU of the Indonesia properties increased 31% YoY in IDR terms, mainly due to higher ADR. By 4Q 2022, RevPAU was close to pre-pandemic levels.

### Gross Rental Income (IDR'million)

| | FY 2022 | FY 2021 |
|---|---|---|
| Ascott Jakarta | **87,210** | 65,750 |
| Somerset Grand Citra Jakarta | **57,487** | 44,641 |

### Revenue Per Available Unit (IDR'000)

| | FY 2022 | FY 2021 |
|---|---|---|
| Ascott Jakarta | **1,153,492** | 870,794 |
| Somerset Grand Citra Jakarta | **789,443** | 615,559 |

# MALAYSIA

Somerset Kuala Lumpur

| 1 PROPERTY | 205 UNITS | S$3.7 million TOTAL REVENUE (FY 2022) | S$1.0 million TOTAL GROSS PROFIT (FY 2022) | S$40.4 million VALUATION (as at 31 December 2022) |
|---|---|---|---|---|

CLAS owns a freehold serviced residence in Kuala Lumpur, Malaysia. Operating under a management contract, the serviced residence has an average length of stay of over two months.

The 205-unit *Somerset Kuala Lumpur* is located along Jalan Ampang, close to several embassies, offices and shopping malls. Its prime location provides easy access to Kuala Lumpur's Golden Triangle, the city's renowned commercial, shopping and entertainment district.

In FY 2022, RevPAU of the property rose 74% YoY in MYR terms, mainly due to higher occupancy. In 4Q 2022, RevPAU was in line with pre-pandemic levels.

### Gross Rental Income (MYR'000)

| | FY 2022 | FY 2021 |
|---|---|---|
| Somerset Kuala Lumpur | **11,437** | 6,615 |

### Revenue Per Available Unit (MYR)

| | FY 2022 | FY 2021 |
|---|---|---|
| Somerset Kuala Lumpur | **153** | 88 |

# THE PHILIPPINES

Ascott Makati

| 2 PROPERTIES | 480 UNITS | S$19.6 million TOTAL REVENUE (FY 2022) | S$5.5 million TOTAL GROSS PROFIT (FY 2022) | S$113.0 million VALUATION (as at 31 December 2022) |
|---|---|---|---|---|

CLAS owns two serviced residences in Makati City, in the Philippines. Both properties are under management contracts, with an average length of stay of over one month.

*Ascott Makati* is a 362-unit leasehold property located within Glorietta Mall, a convergence point of the Makati Central Business District near prestigious office addresses, first-class restaurants and bars, and main transport terminals. *Somerset Millennium Makati* is a 118-unit freehold property located in the business district of Makati City, and is within walking distance to Greenbelt, a 12-hectare space comprising a sprawling garden amidst world-class shopping, dining and entertainment options.

In FY 2022, RevPAU of the properties increased 47% YoY in PHP terms, mainly driven by higher ADR. In 4Q 2022, RevPAU was approximately 90% of pre-pandemic levels.

**Gross Rental Income (PHP'000)**

| | FY 2022 | FY 2021 |
|---|---|---|
| Ascott Makati | **601,780** | 407,479 |
| Somerset Millennium Makati | **123,516** | 101,499 |

**Revenue Per Available Unit (PHP'000)**

| | FY 2022 | FY 2021 |
|---|---|---|
| Ascott Makati | **4,300** | 2,807 |
| Somerset Millennium Makati | **2,726** | 2,225 |

# SOUTH KOREA

ibis Ambassador Seoul Insadong

| 2 PROPERTIES | 578 UNITS | S$5.5 million TOTAL REVENUE (FY 2022) | S$5.0 million TOTAL GROSS PROFIT (FY 2022) | S$159.1 million VALUATION (as at 31 December 2022) |
|---|---|---|---|---|

CLAS owns two freehold hotels in Seoul, South Korea, under master leases with fixed and variable rent components.

*ibis Ambassador Seoul Insadong* is a 363-unit hotel and is strategically located near Jung-gu, one of the major business districts in Seoul, where many large Korean corporates and financial institutions are based. It is also located near prominent tourist destinations such as the Insadong retail precinct, the Changdeokgung Palace and the Jongmyo Shrine. A short walking distance away is the Jongno 3-ga Station, which runs three lines of the Seoul metropolitan subway, offering convenient and excellent connectivity to other parts of the city. The property has a remaining lease term of approximately 11 years.

*Sotetsu Hotels The Splaisir Seoul Dongdaemun* is a 215-unit four-star hotel located in the wholesale and retail precinct of Dongdaemun, one of the most popular destinations in Seoul. Landmarks within its vicinity include the Changdeokgung Palace, Dongdaemun Design Plaza and the Doota Mall. The hotel enjoys easy access to other parts of Seoul via the Dongdaemun History & Culture Park Station, which is a short walk away. The property has a remaining lease term of approximately seven years.

Revenue for the South Korea portfolio increased by 34% YoY in FY 2022, as higher variable rent was received for ibis Ambassador Seoul Insadong.

**Gross Rental Income (KRW'000)**

| | **FY 2022** | FY 2021 |
|---|---|---|
| ibis Ambassador Seoul Insadong | **1,925,438** | 641,655 |
| Sotetsu Hotels The Splaisir Seoul Dongdaemun | **3,150,000** | 3,150,000 |

# Operations Review

## EUROPE OVERVIEW

### LEADING THE TRAVEL REBOUND IN 2022

Europe was one of the regions that led the rebound in international travel, accounting for 64% of global arrivals in 2022. The world's largest destination region welcomed 585 million arrivals in 2022, reaching nearly 80% of pre-pandemic levels. Western Europe had a stronger recovery, reaching 87% of pre-pandemic levels[1].

In the beginning of 2022, COVID-19 restrictions were tightened in several countries following the spread of the Omicron variant. By March 2022, most of the restrictions and testing requirements were lifted and European destinations enjoyed a strong summer season, with over half of them recovering to at least 77% of 2019 levels of foreign arrivals[2].

The pent-up demand for travel during the summer drove occupancy levels of the overall Europe market to 77% in September 2022, following occupancies of 74% in July and August[1]. For the full year of 2022, market RevPAR surpassed pre-pandemic levels by about 6%, driven by an increase in ADR of approximately 19% over 2019 levels. Average occupancy was about 65%, 10 percentage points below pre-pandemic comparables[3].

### MITIGATING HEADWINDS WITH STABLE INCOME SOURCES

While the demand for travel and accommodation outweighed macroeconomic concerns in 2022, challenges such as a slowing economy, high inflation, labour shortages and a prolonged war in Ukraine could weigh on both business and leisure demand over the coming quarters.

An inflationary environment led to the rapid growth of room rates in 2022 and rates are expected to sustain at above 2019 levels in 2023. European cities are projected to have some of the steepest increases in 2023 – rates in London are forecast to rise by up to 6% as hotels face inflationary cost increases for labour and energy; in Paris, room rates may rise up to 10%, as the French capital is set to host events such as the Rugby World Cup, and will be in preparations for the 2024 Summer Olympics[4].

For CLAS, our properties in France are mostly under master leases with fixed and variable rent components. The fixed rent provides for a stable income stream in the event of a downturn, and the variable rent allows us to capture the upside from higher room rates. The master leases in Germany are predominantly indexed to the German CPI index, which provides for inflation adjustments YoY. Our properties in United Kingdom, Belgium and Spain are under management contracts with minimum guaranteed income. The minimum guaranteed income provides downside protection for CLAS.

### CAUTIOUS OPTIMISM

UNWTO expects international visitor arrivals in Europe to reach or exceed pre-pandemic levels in 2023[1]. Intra-regional and short-haul outbound travel are expected to remain healthy, as tourists become more value-focused on the back of softer economic conditions[2].

For CLAS, our key markets in Europe, France and United Kingdom, have exceeded pre-COVID-19 performance levels in 4Q 2022, and forward bookings at the properties remain healthy, supported by corporate and long stay demand, as well as events and conferences.

1 Source: World Tourism Organization (2022 and 2023)
2 Source: European Travel Commission (2022)
3 Source: STR (2023)
4 Source: American Express Global Business Travel (2022)

# Operations Review

## FRANCE

La Clef Tour Eiffel Paris

| | | | | |
|---|---|---|---|---|
| 16 **PROPERTIES** | 1,598 **UNITS** | S$27.2 **million TOTAL REVENUE** (FY 2022) | S$25.0 **million TOTAL GROSS PROFIT** (FY 2022) | S$582.5 **million VALUATION** (as at 31 December 2022) |

France is one of CLAS' key markets, contributing 9% to total gross profit for FY 2022. Following the acquisition of *La Clef Tour Eiffel Paris* in November 2022, CLAS now owns 16 freehold serviced residences in France, which are all under master leases, with remaining lease terms ranging between less than a year to 10 years. Nine of the master leases are due for renewal in 2023.

10 of the serviced residences are in the French capital of Paris, and the remaining six are in the regional cities of Cannes, Lille, Lyon, Marseille and Montpellier. The properties in Paris are located near iconic landmarks such as the Eiffel Tower, The Louvre, Notre Dame, Arc de Triomphe and the shopping street of Champs-Élysées, and the regional properties are conveniently located in the central districts of their respective cities.

# Operations Review

### 2022 REVIEW

The French economy continued to recover in 2022 and grew by 2.6%[1], on the back of a substantial carry-over effect from 2021 when the recovery from COVID-19 first took hold, following the lifting of restrictions for vaccinated individuals. The economy slowed down in the second half of 2022 due to significant supply chain bottlenecks, and increasing energy and commodity prices[1].

France was one of the earlier countries to lift restrictions and reopen its borders to international travellers in 2021. In 2022, France attracted a total of 66.6 million international visitors, around 76% of pre-pandemic 2019 levels[2]. Paris itself welcomed 34.5 million tourists[3], with its travel and tourism GDP contribution almost recovering to pre-pandemic levels and showing the strongest recovery amongst other European capitals[4].

As 2022 began, demand for accommodation in France was temporarily impacted due to Omicron-induced curbs, but returned promptly in March 2022 after restrictions were lifted. International leisure demand, primarily from within Europe, drove the recovery in room rates at CLAS' properties, whilst long stays, corporate and cultural group bookings formed a good occupancy base. Individual business travel also started to come back during this period, and this was reflected particularly in Paris.

In 2Q 2022, the recovery was still mainly led by the Paris properties as international visitors continued to return, with leisure demand further boosted by major sporting events such as the Champions League. At the same time, the regional properties continued to be well-supported by domestic demand. During the peak summer holiday season in 3Q 2022, CLAS' properties benefitted from robust leisure demand resulting in ADR surpassing pre-COVID-19 levels in the quarter. Demand continued to be strong in 4Q 2022, with healthy volume of bookings from both leisure and corporate segments.

Total revenue from France increased 11% YoY in FY 2022, in EUR terms. The higher revenue was mainly due to higher variable rent received by the properties, and the acquisition of La Clef Tour Eiffel Paris in November 2022.

### 2023 OUTLOOK

In 2023, France's GDP is forecasted to expand moderately by 0.6% YoY[1]. Investment in the first half of 2023 is set to fall on the back of higher production costs, tighter financial conditions and heightened uncertainty. However, the projected deceleration of inflation is expected to pave the way for a gradual recovery in the second half of 2023, with private consumption and investment growth gaining momentum as domestic demand and international trade recover[1].

On the travel and tourism front, analysts expect the number of international arrivals to France to grow at a compound annual growth rate of around 12% between 2022 and 2025. France remains popular not only with travellers from Europe itself – especially the UK, Germany, and Belgium – but also with visitors from further afield, including China and the United States[2].

As the France travel sector continues its trajectory of recovery, the variable rent components of CLAS' master leases enable CLAS to benefit from the rebound in travel and capture the upside, while the fixed rent components offer downside protection against macroeconomic headwinds. CLAS' Paris properties are expected to continue to lead the recovery and reflect stronger performance on leisure demand, coupled with bookings from cultural groups and corporate long stays.

In 2021, the master lease for Citadines Les Halles Paris was renewed ahead of its expiry in 2024, on fixed rent terms at pre-COVID-19 levels. In 2023, the property's apartment units and common areas will be refurbished, and the lessee will bear the bulk of the capex investment amount. The refurbishment is expected to commence in 2Q 2023 and complete in 1Q 2024, and CLAS will continue to receive rent during the refurbishment.

Negotiations for the renewal of the nine master leases expiring in 2023 are underway, and more details will be furnished when ready.

1 Source: European Commission, Economy and Finance (2023)
2 Source: GlobalData (2023)
3 Source: The Connexion (2023)
4 Source: World Travel & Tourism Council (2023)

# Operations Review

### Gross Rental Income (EUR'000)

| | FY 2022 | FY 2021 |
|---|---|---|
| Citadines Antigone Montpellier | **591** | 560 |
| Citadines Austerlitz Paris | **359** | 274 |
| Citadines Castellane Marseille | **406** | 344 |
| Citadines City Centre Lille | **660** | 737 |
| Citadines Croisette Cannes | **331** | 273 |
| Citadines Les Halles Paris | **3,067** | 2,424 |
| Citadines Maine Montparnasse Paris | **778** | 457 |
| Citadines Montmartre Paris | **1,238** | 1,396 |
| Citadines Place d'Italie Paris | **1,842** | 1,512 |
| Citadines Prado Chanot Marseille | **435** | 469 |
| Citadines Presqu'île Lyon | **894** | 803 |
| Citadines République Paris | **907** | 526 |
| Citadines Tour Eiffel Paris | **2,372** | 2,532 |
| Citadines Trocadéro Paris | **1,479** | 1,606 |
| La Clef Louvre Paris | **1,532** | 1,179 |
| La Clef Tour Eiffel Paris[1] | **367** | - |

1 The acquisition of the property was completed on 30 November 2022; hence the gross rental income stated for FY 2022 is for December 2022.

Citadines Place d'Italie Paris

# Operations Review

## THE UNITED KINGDOM


Citadines Trafalgar Square London

| 4 PROPERTIES | 600 UNITS | S$52.4 million TOTAL REVENUE (FY 2022) | S$22.8 million TOTAL GROSS PROFIT (FY 2022) | S$462.4 million VALUATION (as at 31 December 2022) |
|---|---|---|---|---|

The United Kingdom (UK) is one of CLAS' key markets, contributing 8% of the total gross profit for FY 2022. Currently, all four serviced residences in the UK are under MCMGI. In May 2020, the MCMGI for three of the properties – Citadines Barbican London, Citadines Holborn-Covent Garden London and Citadines Trafalgar Square London, were converted to management contracts upon their expiry on a short-term basis. The management contracts were reverted back to MCMGIs from May 2022 as the COVID-19 situation improved.

The four properties are freehold, located in London and have an average length of stay of about one month.

*Citadines South Kensington London* is a 92-unit property situated close to embassies and the renowned shopping and dining districts of Chelsea and Knightsbridge. *Citadines Barbican London* is a 129-unit property situated close to the Barbican Arts Centre and Museum of London; *Citadines Holborn-Covent Garden London* comprises 192 units and is centrally located, close to the financial district of London and *Citadines Trafalgar Square London* is a 187-unit serviced residence located near key tourist attractions including Trafalgar Square, the National Gallery and River Thames.

### 2022 REVIEW

UK's economy grew 4.0% in 2022 as it saw further recovery from the COVID-19 pandemic, extending the 7.4% growth in 2021[1].

The 'Plan B' restrictions that were introduced in December 2021 following the spread of the Omicron variant were lifted shortly after in January 2022 as the number of cases fell. By February 2022, the government removed all domestic COVID-19 restrictions, including the requirement for COVID-19 positive patients to self-isolate. Following that, all travel restrictions were removed in March 2022, including testing for inbound travellers who did not qualify as vaccinated.

1 Source: Office for National Statistics (2023)

# Operations Review

Notwithstanding the Omicron wave, the recovery momentum remained strong in the UK. Demand for accommodation returned swiftly and continued its uptrend in February 2022. Long stays provided a strong occupancy base for CLAS' UK properties in 2022, while an uptick in demand from business travellers and corporate groups enabled the properties to command higher rates.

Pent-up leisure demand from both domestic and international travellers, especially during the summer and year-end holiday seasons, drove room rates above pre-COVID-19 levels. Despite the air travel disruptions during the summer, caused by staff shortages, industrial action and higher-than-expected passenger traffic[2], CLAS' UK properties did not experience any negative impact. Furthermore, events such as the Queen's Platinum Jubilee Central Weekend in June and 2022 Wimbledon Championships in July provided additional uplift to the recovery.

CLAS' UK properties registered four consecutive quarters of RevPAU growth in FY 2022. In 4Q 2022, RevPAU had exceeded pre-COVID-19 levels by 22%. For the full year, RevPAU surged 144% YoY in GBP terms.

### 2023 OUTLOOK

On the back of the strong growth in 2022, the UK economy is expected to contract 0.6% in 2023 due to high natural gas and energy prices, which translates to higher cost of living, employment remaining below pre-pandemic levels, and sharp monetary tightening[3]. The Bank of England hiked interest rates by 50 basis points in early February 2023 to 4% but indicated that smaller hikes and an eventual end to the hiking cycle could be on the horizon, as it sees a forthcoming easing in the inflation index[4].

In 2023, it is forecasted that there will be 35.1 million inbound visits to the UK, which is 86% of 2019 levels and an 18% increase from 2022. Tourist spending is projected to hit GBP 29.5 billion, which is 104% of 2019 levels and 14% higher than in 2022[5]. Although inbound visits in 2023 are expected to be below 2019 levels on a full-year aggregated basis, some months are expected to outperform. Post-China's reopening in January 2023, market experts expect the number of Chinese leisure travellers to the UK to rebound from May-June 2023 onwards[6].

London's hospitality sector RevPAR is forecasted to reach between 101% and 105% of pre-pandemic levels by the end of 2023, driven by the continued upward trajectory of international inbound travellers and a shift away from lower priced group and discounted corporate rates[7]. RevPAR growth is expected to be driven by higher ADR, as hoteliers pass on higher operating costs to maintain profit margins.

The outlook for CLAS' UK portfolio in 2023 is positive. As of February 2023, CLAS' UK properties have not seen the booking momentum slowing down. Corporate and long-stay segments will continue to provide a steady contribution, while events are expected to provide a boost to performance. As all of CLAS' UK properties are under MCMGI, the variable income will allow CLAS to enjoy the upside of the strong recovery, while the guaranteed income continues to offer downside protection.

Citadines Holborn-Covent Garden London will undergo refurbishment from 2Q 2023 to 1Q 2024, and the property will remain operational during this period. The asset enhancement is expected to uplift the value and profitability of the property.

#### Gross Rental Income (GBP'000)

| | **FY 2022** | FY 2021 |
|---|---|---|
| Citadines Barbican London | **5,652** | 2,371 |
| Citadines Holborn-Covent Garden London | **8,569** | 3,542 |
| Citadines South Kensington London | **4,697** | 2,922 |
| Citadines Trafalgar Square London | **11,186** | 4,531 |

#### Revenue Per Available Unit (GBP)

| | **FY 2022** | FY 2021 |
|---|---|---|
| Citadines Barbican London | **117** | 48 |
| Citadines Holborn-Covent Garden London | **118** | 48 |
| Citadines South Kensington London | **133** | 63 |
| Citadines Trafalgar Square London | **157** | 60 |

2 Source: Reuters (2022)
3 Source: International Monetary Fund (2023)
4 Source: CNBC (2023)
5 Source: Visit Britain (2022)
6 Source: Guanxi (2023)
7 Source: PwC (2022)

# BELGIUM


Citadines Toison d'Or Brussels

| | | | | |
|---|---|---|---|---|
| 2<br>PROPERTIES | 324<br>UNITS | S$12.0<br>million<br>TOTAL REVENUE<br>(FY 2022) | S$3.4<br>million<br>TOTAL GROSS PROFIT<br>(FY 2022) | S$54.0<br>million<br>VALUATION<br>(as at 31 December 2022) |

CLAS owns two freehold serviced residences in Brussels, Belgium. Both properties are under MCMGI and have an average length of stay of over one month.

*Citadines Sainte-Catherine Brussels* is a 169-unit serviced residence which sits within a neighbourhood of cafes, restaurants and shops, on the edge of Brussels' historic centre. It is also near the main business area and Grand Place, the city's central square and a UNESCO World Heritage Site.

*Citadines Toison d'Or Brussels* is a 155-unit serviced residence situated in the shopping district of Avenue Louise, close to the Royal Palace and major embassies.

In FY 2022, the properties' performance surpassed the minimum guarantee levels. RevPAU of the Belgium portfolio rose 142% YoY in EUR terms, on the back of continued recovery from COVID-19. By 4Q 2022, RevPAU had reached pre-pandemic levels.

### Gross Rental Income (EUR'000)

| | **FY 2022** | FY 2021 |
|---|---|---|
| Citadines Sainte-Catherine Brussels | **4,914** | 1,223 |
| Citadines Toison d'Or Brussels | **2,806** | 1,910 |

### Revenue Per Available Unit (EUR)

| | **FY 2022** | FY 2021 |
|---|---|---|
| Citadines Sainte-Catherine Brussels | **78** | 21 |
| Citadines Toison d'Or Brussels | **48** | 31 |

## GERMANY


Citadines Michel Hamburg

| 5 PROPERTIES | 721 UNITS | S$13.4 million TOTAL REVENUE (FY 2022) | S$12.2 million TOTAL GROSS PROFIT (FY 2022) | S$224.4 million VALUATION (as at 31 December 2022) |
|---|---|---|---|---|

CLAS owns five serviced residences in Germany under master lease arrangements, with remaining lease terms varying between one year and 17 years[1]. Most of the master leases come with fixed rent terms, with annual indexation to the German CPI index. This allows CLAS to receive higher rents in an inflationary environment.

*Citadines Arnulfpark Munich* is a 146-unit freehold property located close to Olympia Shopping Centre, Munich's main shopping mall. *Citadines City Centre Frankfurt* is a 165-unit freehold property that is located in the city centre, surrounded by numerous retail and commercial developments. *Citadines Kurfürstendamm Berlin* is a 117-unit freehold property located near Kurfürstendamm, an upscale retail neighborhood. *Citadines Michel Hamburg*, a 127-unit leasehold property and *The Madison Hamburg*, a 166-unit freehold property, are both strategically located near Hamburg city centre.

Revenue for the Germany portfolio was slightly lower by 3% YoY in FY 2022, mainly due to lower variable rent arising from an adjustment of over-provision of prior years' rent. This was partially mitigated by higher rent received by Citadines Arnulfpark Munich, Citadines City Centre Frankfurt and Citadines Michel Hamburg, due to higher indexation. Excluding the one-off adjustment, revenue would have improved YoY from FY 2021.

### Gross Rental Income (EUR'000)

| | **FY 2022** | FY 2021 |
|---|---|---|
| Citadines Arnulfpark Munich | **1,537** | 1,425 |
| Citadines City Centre Frankfurt | **2,249** | 2,121 |
| Citadines Kurfürstendamm Berlin | **935** | 1,107 |
| Citadines Michel Hamburg | **1,877** | 1,772 |
| The Madison Hamburg | **2,168** | 2,677 |

1 Including extension at lessees' option.

# SPAIN

Citadines Ramblas Barcelona

| 1 PROPERTY | 131 UNITS | S$7.4 million TOTAL REVENUE (FY 2022) | S$3.5 million TOTAL GROSS PROFIT (FY 2022) | S$53.4 million VALUATION (as at 31 December 2022) |
|---|---|---|---|---|

CLAS owns a freehold serviced residence in Barcelona, Spain. The 131-unit property operates under a MCMGI and has an average length of stay of less than a month.

*Citadines Ramblas Barcelona* is located on the Las Ramblas boulevard, an iconic entertainment district, and is a few metres away from Plaza Catalunya, one of the most visited places in Barcelona. Las Ramblas enjoys good connectivity, with access to three Metro stations, and is close to the main business areas of the city, making it a prime location for both business and leisure travellers.

In FY 2022, Citadines Ramblas Barcelona's performance surpassed the minimum guarantee level. RevPAU of the property jumped 156% YoY in EUR terms, on higher occupancy and ADR. By 4Q 2022, RevPAU had reached pre-pandemic levels.

### Gross Rental Income (EUR'000)

| | **FY 2022** | FY 2021 |
|---|---|---|
| Citadines Ramblas Barcelona | **4,850** | 2,293 |

### Revenue Per Available Unit (EUR)

| | **FY 2022** | FY 2021 |
|---|---|---|
| Citadines Ramblas Barcelona | **92** | 36 |

# Operations Review

## THE UNITED STATES OF AMERICA


Seven07

| 11[1] PROPERTIES | 2,528[2] UNITS | S$150.9 million TOTAL REVENUE (FY 2022) | S$66.6 million TOTAL GROSS PROFIT (FY 2022) | S$1,394.8[1] million VALUATION (as at 31 December 2022) |
|---|---|---|---|---|

The United States of America (USA) is one of CLAS' key markets. In FY 2022, the USA contributed 24% of CLAS' gross profit. Of the 11 USA properties, there are three operating hotels and seven student accommodation properties under management contracts, and a student accommodation under development.

### MANAGEMENT CONTRACTS

All three hotels in the USA portfolio are located in New York. *Element New York Times Square West*, a 411-unit leasehold extended-stay hotel and *voco Times Square South*, a 224-unit freehold select-service hotel that was refurbished and rebranded in 2021, are strategically located in Midtown Manhattan. They are within walking distance from the Jacob K. Javits Convention Center (Javits Center) and the Hudson Yards live-work-play community, as well as the Times Square commercial and entertainment neighbourhood. Both properties enjoy connectivity to numerous subway lines and transportation nodes.

The 369-unit leasehold *Sheraton Tribeca New York Hotel* is located in the heart of Tribeca, close to the financial district and adjacent to SoHo, a premier retail district. The hotels have an average length of stay of less than one month.

To enhance the portfolio's income stability, CLAS expanded its investment mandate in January 2021 to include student accommodation and subsequently acquired eight such properties. The properties are well-located and serve reputable universities with strong athletics programmes, large student populations and steady enrolment growth. They have an average length of stay of about 12 months.

The acquisition of *Paloma Kent*, formerly known as Latitude at Kent, was completed in February 2022. The leasehold property is located in Kent, Ohio and has 384 beds across 126 units. It is the newest private student accommodation asset located closest to the Kent State University, across the street from the university's major faculties and facilities.

1 Includes Standard at Columbia, which is currently under development.
2 Includes the 247-unit Standard at Columbia, which is under development. Number of units may be subject to change.

# Operations Review

*Paloma Raleigh,* formerly known as Latitude on Hillsborough, and *Uncommon Wilmington* are both located in North Carolina. *Paloma Raleigh* is a freehold student accommodation with 523 beds across 180 units. It is situated in the city of Raleigh, one of the fastest-growing cities in the USA, and serves the students of North Carolina State University, which is about 2 kilometres away. *Uncommon Wilmington* is a freehold property with 493 beds across 150 units located in the city of Wilmington. It is located about 1.5 kilometres from the University of North Carolina Wilmington, a short three-minute drive to campus.

*Paloma University City*, formerly known as The Link University City, is a freehold property comprising 251 beds across 126 units situated in Philadelphia, Pennsylvania. Located in the heart of Philadelphia's University City, it is a short walk from both the University of Pennsylvania and Drexel University as well as uCity Square, a life science and technology hub with retail, residential, clinical, office and laboratory space.

*Paloma West Midtown* is a freehold property with 525 beds across 183 units located in the heart of Atlanta, Georgia. It is in close walking proximity to the Georgia Institute of Technology.

*Seven07* is a freehold property with 548 beds across 218 units located in the city of Champaign, Illinois, less than 200 metres away from the University of Illinois.

*Wildwood Lubbock* is a freehold property with 1,005 beds across 294 units located in the city of Lubbock, Texas. It is situated 2.7 kilometres from the campus boundary of Texas Tech University.

### DEVELOPMENT PROPERTY

*Standard at Columbia* is a 247-unit freehold student accommodation development in downtown Columbia, South Carolina with a GFA of about 42,000 square metres. In 2021, CLAS and its Sponsor, Ascott, jointly invested in the development to own 45% stake each, with a third-party partner owning the remaining 10% stake. In November 2022, CLAS acquired its Sponsor's 45% stake, and currently holds a 90% stake in the development. Construction of the 678-bed property commenced in 3Q 2021 and is on track to complete in 2Q 2023.

### 2022 REVIEW

In 2022, the USA economy grew 2.1%[3], supported by consumer spending and rising wages in the second half of the year.

New York City was amongst the top US destinations in terms of travel and tourism GDP contributions[4]. New York City received 56.4 million travellers in 2022, an increase of about 71% over 2021 and 85% of the city's 2019 record number of visitors. Domestic visitors comprised about 85% of the travellers into New York City, while international visitors made up the remaining 15%[5].

CLAS' hotels were beneficiaries of the rebound in travel into the city. While the spread of the Omicron variant in early 2022 resulted in the postponement and cancellation of some citywide events, demand for travel was only briefly impacted. As COVID-19 caseloads subsided, CLAS' properties saw a pick-up in domestic leisure bookings and an increase in demand from corporate travellers and groups as mid-week business travel resumed.

By 4Q 2022, the ADR and RevPAU of CLAS' properties had surpassed pre-COVID-19 levels. The recovery was observed across all market segments, and events provided an additional uplift in demand – meetings and conventions activity at the Javits Center saw a 15% increase from August to December 2022 as compared to the same period in 2021[5]. For FY 2022, the RevPAU of CLAS' USA hotels rose 113% YoY in USD terms.

In 2022, the USA student accommodation market also performed well. Growing enrolment, the return of in-person classes and extracurricular activities drove market occupancies and rent growth to a record high, particularly benefitting properties that serve Power 5 or Tier 1 universities[6].

In FY 2022, CLAS received its first full-year contribution from six of the operating student accommodation properties, and a 10-month contribution from Paloma Kent which was acquired in February 2022. For the academic year (AY) 2022-2023, CLAS' properties, which predominantly cater to Ivy League and Power 5 markets, were 99% leased, compared to 95% for the previous AY. Rent growth was 6% YoY.

### 2023 OUTLOOK

The USA economy is projected to grow 1.4% in 2023. The slower pace of growth compared to 2022 is mainly due to the Federal Reserve's rate hikes and the Russia-Ukraine war[3]. However, there is a possibility for a soft landing and the USA economy avoiding falling into a recession.

3 Source: International Monetary Fund (2023)
4 Source: World Travel & Tourism Council (2023)
5 Source: NYC & Company (2022)
6 Source: Realpage (2023)

# Operations Review

Despite the softer outlook of the overall USA economy, New York City's economy is expected to be bolstered by a strong travel sector. As the largest point of entry to the USA and a top destination for international travellers, New York City is expected to attract 61.7 million visitors in 2023, an approximate increase of 9% YoY. Ongoing projects supporting this growth include multibillion-dollar improvements to the airports and the expansion of the Javits Center to host more business meetings and conventions. New attractions and major events are also expected to further boost visitation[5].

CLAS' hotels are well-located in Times Square and within walking distance from the Javits Center. The ongoing redevelopment of Hudson Square is also expected to benefit Sheraton Tribeca New York Hotel.

With no direct supply of new hotels in New York City in 2023, CLAS' hotels are well-positioned to ride the continued recovery.

The outlook for the USA student accommodation market is also positive. Pre-lease rates for AY 2023-2024 are trending positively – as of December 2022, over 40% of student accommodation beds at core universities have been pre-leased, marking the highest reading on record. Pre-lease rates in December are typically around 30%. National rent growth for AY 2023-2024 is also at a historical high[6].

In line with the market, pre-leasing of CLAS' student accommodation properties is favourable and pacing ahead of the last AY.

### Gross Rental Income (USD'000)

| | FY 2022 | FY 2021 |
|---|---|---|
| Element New York Times Square West | **25,733** | 13,066 |
| Paloma Kent[1] | **3,060** | - |
| Paloma Raleigh[2] | **4,988** | 38 |
| Paloma University City[2] | **4,111** | 30 |
| Paloma West Midtown[3] | **7,138** | 5,830 |
| Seven07[4] | **6,518** | 800 |
| Sheraton Tribeca New York Hotel | **30,980** | 16,772 |
| Uncommon Wilmington[2] | **4,406** | 34 |
| voco Times Square South | **12,247** | 3,061 |
| Wildwood Lubbock[5] | **6,880** | 1,880 |

### Revenue Per Available Unit (USD)

| | FY 2022 | FY 2021 |
|---|---|---|
| Element New York Times Square West | **172** | 87 |
| Sheraton Tribeca New York Hotel | **226** | 120 |
| voco Times Square South | **150** | 37 |

### Rent Per Bed (USD)

| | FY 2022 | FY 2021 |
|---|---|---|
| Paloma Kent[1] | **724** | - |
| Paloma Raleigh[2] | **794** | 779 |
| Paloma University City[2] | **1,330** | 1,277 |
| Paloma West Midtown[3] | **1,133** | 1,110 |
| Seven07[4] | **991** | 952 |
| Uncommon Wilmington[2] | **745** | 730 |
| Wildwood Lubbock[5] | **570** | 563 |

1 The acquisition of the property was completed on 9 February 2022; hence the gross rental income stated for FY 2022 is for 10 February 2022 to 31 December 2022.
2 The acquisition of the property was completed on 29 December 2021; hence the gross rental income stated for FY 2021 is for 30 December 2021 to 31 December 2021.
3 The acquisition of the property was completed on 27 February 2021; hence the gross rental income stated for FY 2021 is for 28 February 2021 to 31 December 2021.
4 The acquisition of the property was completed on 16 November 2021; hence the gross rental income stated for FY 2021 is for 17 November 2021 to 31 December 2021.
5 The acquisition of the property was completed on 21 September 2021; hence the gross rental income stated for FY 2021 is for 22 September 2021 to 31 December 2021.

# Financial Review

## REVENUE AND GROSS PROFIT

CLAS' revenue of S$621.2 million for the financial year ended 31 December 2022 (FY 2022) comprised S$96.4 million (16% of total revenue) from properties under master leases, S$75.4 million (12%) from properties under management contracts with minimum guaranteed income (MCMGI) and S$449.4 million (72%) from properties under management contracts. The revenue from management contracts comprised S$78.0 million from rental housing and student accommodation properties and S$371.4 million from serviced residences and hotels.

Revenue for FY 2022 increased by S$226.8 million as compared to the previous financial year ended 31 December 2021 (FY 2021).

The increase in revenue was mainly due to higher revenue of S$176.2 million from the existing properties and contribution of S$54.7 million from the properties acquired in FY 2022 and full year contribution from the properties acquired in FY 2021. The contribution from the acquisitions had more than offset the decrease in revenue of S$4.1 million from the divestments in FY 2021 (namely, Citadines City Centre Grenoble in March 2021, Citadines Didot Montparnasse Paris in May 2021 and Somerset Xu Hui Shanghai in May 2021).

CLAS' portfolio occupancy was 68% in FY 2022. Revenue Per Available Unit (RevPAU) increased by 74%, from S$69 in FY 2021 to S$120 in FY 2022.

CLAS' gross profit of S$282.8 million for FY 2022 comprised S$86.9 million (31% of total gross profit) from properties under master leases, S$31.8 million (11%) from properties under MCMGI and S$164.1 million (58%) from properties under management contracts.

For the management contracts, the gross profit from rental housing and student accommodation properties amounted to S$47.2 million and the gross profit from serviced residences and hotels was S$116.9 million.

CLAS' stable income sources (which comprise master leases, MCMGI, rental housing and student accommodation properties) contributed about 59% of CLAS' gross profit for FY 2022.

For the properties under master leases, revenue and gross profit were lower due to the reclassification of Park Hotel Clarke Quay (currently known as Riverside Hotel Robertson Quay) from 'master lease' to 'management contract', depreciation of JPY against SGD (revenue and gross profit, in JPY terms, increased by 1% and 3% respectively) and change in rent structure for Hotel WBF Honmachi from fixed to fixed and variable rent structure. These decreases were partially offset by the acquisition of three properties in FY 2022.

The master lease for Park Hotel Clarke Quay was terminated and CLAS took possession of the property in August 2021 as the tenant failed to make payment on the sum demanded for in the notice of intended forfeiture. Actual contribution from the property for 2H 2021 was included in the management contracts category.

For the properties under MCMGI, both the revenue and gross profit were higher as compared to last year due to the recovery from COVID-19.

Revenue and gross profit from management contracts were higher due to stronger performance from most countries due to recovery from COVID-19 and the new acquisitions, partially offset by the decrease in revenue arising from the divestment of Somerset Xu Hui Shanghai in FY 2021.

CLAS' inclusion into the FTSE EPRA Nareit Developed Index, a leading benchmark for listed real estate investment companies and REITs, has broadened CLAS' reach to institutional investors globally and enhanced the trading liquidity of our stapled securities. CLAS' EBITDA[1] breakdown according to the FTSE classification of markets was 88.3% (2021: 80.5%) for developed markets and 11.7% (2021: 19.5%) for the rest of the markets in the portfolio.

1 Refers to earnings before net interest expense, tax, depreciation and amortisation (excluding corporate expenses).

# Financial Review

| | Local Currency | FY 2022 Revenue (million) | FY 2022 Gross Profit (million) | FY 2021 Revenue (million) | FY 2021 Gross Profit (million) |
|---|---|---|---|---|---|
| **Master Leases** | | | | | |
| Australia | AUD | 11.1 | 10.3 | 6.3 | 5.8 |
| France | EUR | 18.7 | 17.1 | 16.9 | 15.5 |
| Germany | EUR | 9.2 | 8.4 | 9.5 | 8.8 |
| Japan | JPY | 2,052.2 | 1,822.9 | 2,038.0 | 1,775.7 |
| Singapore | S$ | 17.7 | 15.3 | 20.2 | 17.6 |
| South Korea | KRW | 5,075.4 | 4,602.6 | 3,791.7 | 3,375.6 |
| **Management Contracts with Minimum Guaranteed Income** | | | | | |
| Belgium | EUR | 8.2 | 2.3 | 3.5 | 0.3 |
| Singapore[1] | S$ | 3.6 | 2.1 | – | – |
| Spain | EUR | 5.1 | 2.4 | 2.5 | 0.9 |
| The United Kingdom[2] | GBP | 30.5 | 13.3 | 13.5 | 6.8 |
| **Management Contracts** | | | | | |
| Australia | AUD | 151.4 | 38.9 | 87.4 | 15.7 |
| China | RMB | 111.2 | 23.7 | 129.0 | 33.1 |
| Indonesia[3] | IDR | 146.3 | 55.5 | 111.7 | 27.2 |
| Japan | JPY | 3,323.0 | 1,647.5 | 2,692.7 | 1,394.0 |
| Malaysia | MYR | 11.8 | 3.1 | 6.8 | (0.1) |
| The Philippines | PHP | 765.7 | 214.9 | 529.7 | 120.7 |
| Singapore | S$ | 30.1 | 11.8 | 7.7 | 1.6 |
| The United States of America | USD | 109.4 | 48.3 | 42.4 | 9.2 |
| Vietnam[3] | VND | 467.8 | 237.7 | 358.6 | 184.9 |

1 The master lease for Ascott Orchard Singapore was converted to 'Management Contracts with Minimum Guaranteed Income' from December 2022.
2 The management contracts for three of the properties in United Kingdom were converted to management contracts with minimum guaranteed income in May 2022. For comparison purposes, the revenue and gross profit amounts for FY 2021 have been reclassified from the 'Management Contracts' category to 'Management Contracts with Minimum Guaranteed Income' category.
3 Revenue and gross profit figures for Indonesia and Vietnam are stated in billions.

# Financial Review

| | FY 2022 | | FY 2021 | |
|---|---|---|---|---|
| | Revenue (S$'million) | Gross Profit (S$'million) | Revenue (S$'million) | Gross Profit (S$'million) |
| **Master Leases** | | | | |
| Australia | 10.6 | 9.9 | 6.4 | 5.9 |
| France | 27.2 | 25.0 | 27.0 | 24.8 |
| Germany | 13.4 | 12.2 | 15.2 | 14.2 |
| Japan | 22.0 | 19.5 | 25.1 | 21.8 |
| Singapore | 17.7 | 15.3 | 20.2 | 17.6 |
| South Korea | 5.5 | 5.0 | 4.5 | 4.0 |
| **Subtotal** | **96.4** | **86.9** | **98.4** | **88.3** |
| **Management Contracts with Minimum Guaranteed Income** | | | | |
| Belgium | 12.0 | 3.4 | 5.6 | 0.5 |
| Singapore | 3.6 | 2.1 | – | – |
| Spain | 7.4 | 3.5 | 3.9 | 1.5 |
| The United Kingdom | 52.4 | 22.8 | 25.0 | 12.5 |
| **Subtotal** | **75.4** | **31.8** | **34.5** | **14.5** |
| **Management Contracts** | | | | |
| Australia | 145.2 | 37.4 | 89.3 | 16.0 |
| China | 23.0 | 4.9 | 26.7 | 6.9 |
| Indonesia | 13.7 | 5.2 | 10.5 | 2.6 |
| Japan | 35.6 | 17.7 | 33.1 | 17.1 |
| Malaysia | 3.7 | 1.0 | 2.2 | – |
| The Philippines | 19.6 | 5.5 | 14.6 | 3.3 |
| Singapore | 30.1 | 11.8 | 7.7 | 1.6 |
| The United States of America | 150.9 | 66.6 | 56.6 | 12.3 |
| Vietnam | 27.6 | 14.0 | 20.8 | 10.7 |
| **Subtotal** | **449.4** | **164.1** | **261.5** | **70.5** |
| **Total** | **621.2** | **282.8** | **394.4** | **173.3** |

## PORTFOLIO RECONSTITUTION

In 2022, CLAS continued to reconstitute the portfolio and build on our stable income streams, acquiring properties which were predominantly counter-cyclical longer-stay lodging types or properties under master leases.

During FY 2022, CLAS entered into 15 acquisitions, of which 12 were rental housing and student accommodation properties, two were serviced residences on master leases and one was a serviced residence on management contract. As at 31 December 2022, including the acquisitions entered into in 2022, rental housing and student accommodation properties made up about 19% of CLAS' total portfolio value.

CLAS announced the acquisition of four rental housing properties and our first student accommodation property in Japan on a turnkey basis in March 2022. In October 2022, CLAS entered into another turnkey acquisition of a rental housing property in Japan, which is expected to complete in 2024.

As the six properties are acquired on a turnkey basis, there is no development risk to CLAS, and minimal payment is required until completion. Three of these acquisitions have been completed as at 31 December 2022 and the remaining acquisitions are expected to complete by 2Q 2023 (two properties) and 2024 (one property).

In November 2022, CLAS completed the acquisition of nine properties from its Sponsor. The portfolio of properties included three serviced residences, five rental housing properties and an additional 45% stake in Standard at Columbia, our student accommodation property in South Carolina, USA.

The redevelopment of Somerset Liang Court Property Singapore, which started in 2021, is underway and expected to complete in 2H 2025. The development of Standard at Columbia is on track to complete in 2Q 2023 and ready to receive students for AY 2023 – 2024, which begins in August 2023.

As at 31 December 2022, CLAS' development activities comprise less than 10% of its deposited property, within the Monetary Authority of Singapore's development limit.

As part of CLAS' portfolio and asset management strategy, asset enhancement initiatives will be carried out for four properties in FY 2023 – Riverside Hotel Robertson Quay, Citadines Les Halles Paris, Citadines Holborn-Covent Garden London and Citadines Kurfürstendamm Berlin.

## PRIVATE PLACEMENT

On 24 August 2022, CLAS raised S$170.0 million through a private placement of 151,786,000 new Stapled Securities to institutional and other investors. As set out in the announcements dated 16 August 2022 and 30 November 2022 (Use of Proceeds Announcements) in relation to the use of proceeds from the private placement, the proceeds from the private placement have been partially utilised as follows:

(a) S$109.4 million was used to partially fund the acquisition of three serviced residences, five rental housing properties and an additional 45% stake in Standard at Columbia, a student accommodation property in South Carolina, USA (the Acquisition); and

(b) S$2.3 million was used to pay the professional and other fees and expenses in connection with the private placement.

This is in accordance with the stated use of the proceeds[2] and the Managers will make further announcement on the utilisation of the remaining proceeds from the private placement as and when such funds are materially utilised.

## DISTRIBUTIONS

Distribution income to Stapled Securityholders for FY 2022 was S$189.8 million, 38% higher as compared to FY 2021. The distribution per Stapled Security (DPS) for FY 2022 was 5.67 cents.

Excluding one-off items and the divestment gains of S$45.0 million distributed in FY 2021, the DPS rose 106% YoY due to our stronger operating performance in FY 2022 and active portfolio management.

In FY 2022, 100% of distribution income (other than gains from the sale of real estate properties) was paid out, demonstrating a firm commitment to deliver stable distributions.

In order to ensure fairness to holders of the existing Stapled Securities prior to the issuance of the new Stapled Securities under the private placement, CLAS paid, in lieu of the scheduled semi-distribution, an advanced distribution of 1.078 cents per Stapled Security for the period from 1 July 2022 to 23 August 2022 (prior to the date on which the new Stapled Securities were issued pursuant to the private placement). The advanced distribution was paid on 18 October 2022.

Breakdown of distribution income to Stapled Securityholders for FY 2022 is as follows:

| Distribution | For 1 January 2022 to 30 June 2022 | For 1 July 2022 to 23 August 2022 | For 24 August 2022 to 31 December 2022 | Total for 1 July 2022 to 31 December 2022 | Total for FY 2022 |
|---|---|---|---|---|---|
| Distribution rate per Stapled Security | **2.332 cents** | 1.078 cents | 2.255 cents | **3.333 cents** | **5.665 cents** |
| Payment Date | 29 August 2022 | 18 October 2022 | 1 March 2023 | | |

2 The proceeds from the private placement that have been allocated towards funding the purchase consideration of the Acquisition (Purchase Consideration) have not been fully utilised as the Purchase Consideration, which is subject to post-completion adjustments, has not been fully paid. The Managers will make an announcement on the difference, if any, from the stated use and percentage allocated in the Use of Proceeds Announcements, upon settlement of the post-completion adjustments. The proceeds from the private placement that have been allocated towards partially funding future acquisitions, of S$45.1 million, have yet to be utilised.

## ASSETS

CLAS' total asset value stood at S$8.0 billion as at 31 December 2022, 4% higher as compared to S$7.7 billion as at 31 December 2021. The increase in total assets was mainly due to higher portfolio valuation resulting from stronger operating performance and improving outlook, notwithstanding higher capitalisation and discount rates across most markets.

## CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES, LAND AND BUILDINGS, INVESTMENT PROPERTIES UNDER DEVELOPMENT AND ASSETS HELD FOR SALE

The net change in fair value of investment properties, land and buildings, investment properties under development and assets held for sale has no impact on Stapled Securityholders' distribution.

In accordance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore, valuation of CLAS' properties is to be conducted once every year. Any increase or decrease in fair value is credited or charged to the Statement of Total Return as net appreciation or depreciation on revaluation of investment properties, land and buildings, investment properties under development and assets held for sale.

As at 31 December 2022, independent full valuations were carried out by Colliers (except for the three hotel properties in USA, the two hotel properties in South Korea, the nine properties acquired on 30 November 2022 and the two Japan rental housing properties acquired in December 2022).

For the three hotel properties in USA and the two hotel properties in South Korea, the valuations were carried out by CBRE. For eight of the properties acquired on 30 November 2022, namely La Clef Tour Eiffel Paris, five rental housing properties in Japan, Quest Cannon Hill and Somerset Central TD Hai Phong City, the valuations were carried out by HVS. For Standard at Columbia, which was acquired on 30 November 2022, the valuation was carried out by JLL Valuation & Advisory Services, LLC. For Eslead Residence Bentencho Grande and Eslead Residence Umeda Grande, which were acquired in December 2022, the valuations were carried out by Asset Valuation Partners.

In determining the fair value of the Group's portfolio, the discounted cash flow method, direct capitalisation method and residual land method were used. The valuation methods used are consistent with that used for the 31 December 2021 valuation and prior years.

The Group's portfolio was revalued at S$7.2 billion, resulting in a surplus of S$200.0 million of which S$127.8 million was recognised in the Consolidated Statement of Total Return and S$72.2 million was recognised in the Asset Revaluation Reserve on the balance sheet in FY 2022. The surplus for FY 2022 resulted mainly from higher valuation of the Group's properties in Australia, Singapore, United Kingdom and USA, partially offset by lower valuation from the properties in China and Vietnam. The net impact on the Consolidated Statement of Total Return was S$98.9 million (net of tax and non-controlling interests).

## FUNDING AND BORROWINGS

CLAS adopts a prudent and disciplined approach towards capital management to ensure financial flexibility in its funding structure and to mitigate concentration risk. As at 31 December 2022, 68% of CLAS' total debt was funded by bank borrowings and the balance 32% was tapped from the debt capital market.

As at 31 December 2022, CLAS' outstanding borrowings was S$2,874.6 million (2021: S$2,728.9 million) with an effective interest rate at 1.8% per annum (2021: 1.6% per annum). To hedge against rising interest rates, approximately 78% of the total borrowings were effectively on fixed interest rates.

In FY2022, CLAS demonstrated its commitment towards sustainability with:

(a) the issuance of its inaugural S$200.0 million sustainability-linked bond under its newly established Sustainability-Linked Finance Framework. CLAS was the first hospitality trust globally and the first Singapore-listed real estate trust to launch a sustainability-linked bond, and a 'greenium' was achieved through the issuance; and

(b) the partnership with International Finance Incorporation to launch its first sustainability-linked bond of JPY16.5 billion in the hospitality sector globally.

CLAS is a stapled group comprising CapitaLand Ascott REIT and CapitaLand Ascott BT. The gearing of CLAS as at 31 December 2022 was 38.0% (2021: 37.1%) with a debt headroom of S$1.8 billion[3] providing it with greater access to growth opportunities and increased capacity for more development and conversion projects.

3 Before reaching aggregate leverage of 50%; based on an aggregate leverage limit of 45%, the debt headroom is S$1.0 billion.

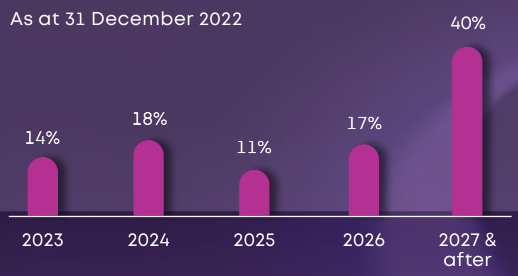
The gearing of CapitaLand Ascott REIT as at 31 December 2022 was 39.7% (2021: 37.3%), below the 45.0% gearing limit allowed by the Monetary Authority of Singapore. After 1 January 2022, the aggregate leverage of a property fund may exceed 45.0% (up to a maximum of 50.0%) only if the property fund has a minimum adjusted interest coverage ratio of 2.5 times after taking into account the interest payment obligations arising from the new borrowings.

The Managers are of the view that the higher aggregate leverage will not have a material impact on the risk profile of CLAS as the aggregate leverage of 38.0% is still within a manageable range in the short term and the Managers will remain disciplined in managing the leverage profile of CLAS.

CLAS holds derivative financial instruments to hedge its currency and interest rate risk exposures. The fair value of derivatives for FY 2022 comprised of financial derivative assets and financial derivative liabilities of S$94.4 million and S$7.8 million respectively. The net assets amount of S$86.6 million represented 2.2% of the net assets of CLAS as at 31 December 2022.

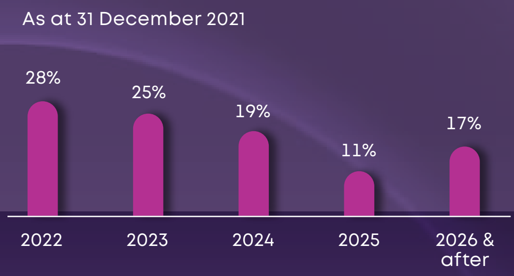
## DEBT MATURITY PROFILE

As at 31 December 2022




| | 2022 |
|---|---|
| **Maturity** | **S$'million** |
| 2023 | 401.7 |
| 2024 | 529.2 |
| 2025 | 320.0 |
| 2026 | 486.4 |
| 2027 & after | 1,137.3 |
| **TOTAL** | **2,874.6**[1] |

As at 31 December 2021




| | 2021 |
|---|---|
| **Maturity** | **S$'million** |
| 2022 | 764.2 |
| 2023 | 696.9 |
| 2024 | 513.1 |
| 2025 | 292.0 |
| 2026 & after | 462.7 |
| **TOTAL** | **2,728.9**[1] |

1 Net of unamortised transaction costs.

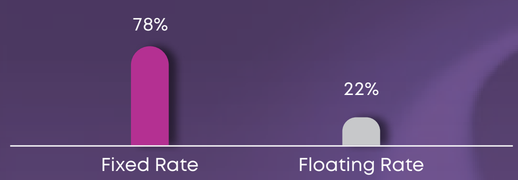
Out of CLAS' total borrowings, 14% falls due in 2023, 18% falls due in 2024, 11% falls due in 2025, 17% falls due in 2026 and the balance falls due in 2027 and after.

CLAS maintains a well spread debt maturity profile to minimise refinancing risks. Weighted average debt to maturity has improved from 2.7 years at 31 December 2021 to 4.0 years at 31 December 2022.

The Managers have commenced discussions to refinance the loan facilities due in 2023, ahead of their maturity dates.

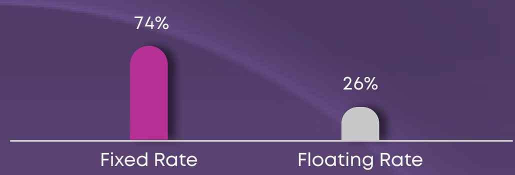
## FIXED VERSUS FLOATING RATE PROFILE

As at 31 December 2022




| | 2022 | |
|---|---|---|
| | **S$'million** | **%** |
| Fixed Rate | 2,234.6 | 78 |
| Floating Rate | 640.0 | 22 |
| **TOTAL** | 2,874.6[1] | **100** |

As at 31 December 2021



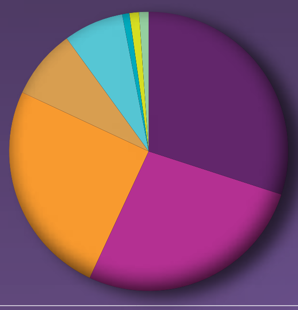

| | 2021 | |
|---|---|---|
| | **S$'million** | **%** |
| Fixed Rate | 2,011.9 | 74 |
| Floating Rate | 717.0 | 26 |
| **TOTAL** | 2,728.9[1] | **100** |

1 Net of unamortised transaction costs.

The fixed rate loans take into account the interest rate swaps and cross currency interest rate swaps which were entered into to convert floating rate loans to fixed rate loans. As at 31 December 2022, S$2,234.6 million[4] or 78% of CLAS' borrowings were on fixed interest rates, including S$397.7 million[4] due for refinancing in 2023, in line with the maturity dates of the underlying loans.

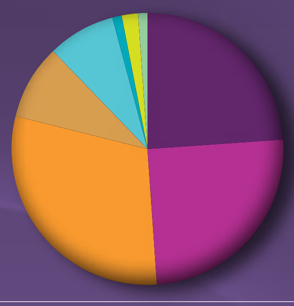
**DEBT BY CURRENCY PROFILE**

As at 31 December 2022



| | 2022 | |
|---|---|---|
| Currency | S$'million | % |
| USD | 862.0 | 30 |
| JPY | 778.1 | 27 |
| SGD | 720.3 | 25 |
| AUD | 221.7 | 8 |
| EUR | 206.1 | 7 |
| GBP | 35.1 | 1 |
| KRW | 33.2 | 1 |
| RMB | 17.5 | 1 |
| VND | 0.6 | - |
| **TOTAL** | **2,874.6[1]** | **100** |

As at 31 December 2021



| | 2021 | |
|---|---|---|
| Currency | S$'million | % |
| USD | 642.2 | 24 |
| JPY | 693.3 | 25 |
| SGD | 818.5 | 30 |
| AUD | 244.0 | 9 |
| EUR | 226.2 | 8 |
| GBP | 39.2 | 2 |
| KRW | 36.6 | 1 |
| RMB | 26.4 | 1 |
| VND | 2.5 | - |
| **TOTAL** | **2,728.9[1]** | **100** |

1 Net of unamortised transaction costs and before taking into account the cross currency interest rate swaps to manage the exposure to foreign currency risk.

On a portfolio basis, approximately 52% of CLAS' assets denominated in foreign currency were hedged.

## CASH FLOW

As at 31 December 2022, CLAS' cash and cash equivalents was S$363.6 million, an increase of S$17.3 million over last year. The major cash flow movements were as follows:

| | S$'million |
|---|---|
| Cash generated from operations | 313.9 |
| Net drawdown of borrowings | 165.9 |
| Proceeds from issue of new Stapled Securities, net of issue expenses | 167.7 |
| Settlement of hedging instruments | 16.4 |
| Acquisition of investment properties | (261.5) |
| Distributions to Stapled Securityholders and perpetual securities holders | (182.2) |
| Payment of interest and income tax | (94.1) |
| Effect of exchange rate changes on balances held in foreign currency | (27.2) |
| Capital expenditure on investment properties under development | (25.2) |
| Acquisition of property, plant and equipment | (12.5) |
| Capital expenditure on investment properties | (10.9) |
| Deposit paid for acquisition of investment properties | (10.1) |
| Payment of transaction costs on borrowings and notes | (8.1) |
| Payment of lease liabilities | (7.9) |
| Loan to joint venture | (6.9) |

4 Net of unamortised transaction costs.

# Portfolio Listing

CLAS' portfolio comprises 105 properties which are predominantly held under CapitaLand Ascott REIT, with the exception of the properties denoted by asterisks (*) which are held under CapitaLand Ascott BT.

| Property Name | Address | Number of Units | Tenure (Years) | Tenure Expiry Date (Year) | Agreed Property Value at Acquisition (S$'million) |
|---|---|---|---|---|---|
| **Australia** | | | | | |
| Citadines on Bourke Melbourne | 131-135 Bourke Street, Melbourne, Victoria 3000, Australia | 380 | Freehold | - | 167.6 |
| Citadines Connect Sydney Airport | 113-121 Baxter Road, Mascot, New South Wales, NSW 2020, Australia | 150 | Freehold | - | 58.8 |
| Citadines St Georges Terrace Perth | 185 St Georges Terrace, Perth, WA 6000, Australia | 85 | Freehold | - | 36.1 |
| Courtyard by Marriott Sydney-North Ryde* | 7-11 Talavera Road, North Ryde, NSW 2113, Australia | 196 | Freehold | - | 52.3 |
| Novotel Sydney Central* | 169-179 Thomas Street, Sydney, NSW 2000, Australia | 255 | Freehold | - | 161.2 |
| Novotel Sydney Parramatta* | 350 Church Street, Parramatta, NSW 2150, Australia | 194 | Freehold | - | 43.7 |
| Pullman and Mercure Brisbane King George Square* | Corner Ann and Roma Street, Brisbane, QLD 4000, Australia | 438 | Freehold | - | 89.2 |
| Pullman and Mercure Melbourne Albert Park* | 65 Queens Road, Melbourne, VIC 3004, Australia | 378 | Freehold | - | 109.4 |
| Pullman Sydney Hyde Park* | 36 College Street, Sydney, NSW 2000, Australia | 241 | Freehold | - | 156.4 |
| Quest Campbelltown | 1 Rennie Road, Woodbine, NSW 2560, Australia | 81 | Freehold | - | 21.3 |
| Quest Cannon Hill | 930 Wynnum Road, Cannon Hill, Brisbane, QLD 4170, Australia | 100 | Freehold | - | 27.5 |
| Quest Macquarie Park Sydney | 71 Epping Rd, Macquarie Park, NSW 2113, Australia | 111 | Freehold | - | 42.8 |
| Quest Mascot | 108-114 Robey Road, Mascot, NSW 2020, Australia | 91 | Freehold | - | 26.9 |
| Quest Sydney Olympic Park | 6 Edwin Flack Avenue, Sydney Olympic Park, NSW 2127, Australia | 140 | 99 | 2111 | 44.8 |
| **Belgium** | | | | | |
| Citadines Sainte-Catherine Brussels | 51, quai au Bois à Brûler, 1000 Brussels, Belgium | 169 | Freehold | - | 26.7 |
| Citadines Toison d'Or Brussels | 61-63, Avenue de la Toison d'Or, 1060 Brussels, Belgium | 155 | Freehold | - | 23.5 |

# Portfolio Listing

| Property Name | Address | Number of Units | Tenure (Years) | Tenure Expiry Date (Year) | Agreed Property Value at Acquisition (S$'million) |
|---|---|---|---|---|---|
| **China** | | | | | |
| Citadines Xinghai Suzhou | Block 27, Jiacheng Gardens, 58 Xinghai Street, Suzhou Industrial Park, Suzhou 215021, China | 167 | 70 | 2066 | 23.2 |
| Citadines Zhuankou Wuhan | 159 Dongfeng Avenue (Xianglong Business Centre Zone C), Wuhan Economic and Technological Development Zone, Wuhan 430056, China | 249 | 40 | 2043 | 51.4 |
| Somerset Grand Central Dalian | No. 128-2 Jinma Road, Dalian Development Area, Dalian 116600, China | 195 | 50 | 2056 | 118.6 |
| Somerset Heping Shenyang | 80 Taiyuan North Street, Heping District, Shenyang 110000, China | 270 | 40 | 2046 | 86.2 |
| Somerset Olympic Tower Property Tianjin | 126 Chengdu Road, Heping District, Tianjin 300051, China | 185 | 70 | 2062 | 76.8 |
| **France** | | | | | |
| Citadines Antigone Montpellier | 588, boulevard d'Antigone, 34000 Montpellier, France | 122 | Freehold | - | 13.8 |
| Citadines Austerlitz Paris | 27, rue Esquirol, 75013 Paris, France | 50 | Freehold | - | 9.6 |
| Citadines Castellane Marseille | 60, rue du Rouet, 13006 Marseille, France | 98 | Freehold | - | 10.7 |
| Citadines City Centre Lille | avenue Willy Brandt-Euralille, 59777 Lille, France | 101 | Freehold | - | 16.2 |
| Citadines Croisette Cannes | 1, rue le Poussin, 06400 Cannes, France | 58 | Freehold | - | 8.4 |
| Citadines Les Halles Paris | 4, rue des Innocents, 75001 Paris, France | 189 | Freehold | - | 88.2 |
| Citadines Maine Montparnasse Paris | 67, avenue du Maine, 75014 Paris, France | 67 | Freehold | - | 20.6 |
| Citadines Montmartre Paris | 16, avenue Rachel, 75018 Paris, France | 111 | Freehold | - | 40.4 |
| Citadines Place d'Italie Paris | 18, place d'Italie, 75013 Paris, France | 169 | Freehold | - | 56.3 |
| Citadines Prado Chanot Marseille | 9-11, boulevard de Louvain, 13008 Marseille, France | 77 | Freehold | - | 9.4 |
| Citadines Presqu'île Lyon | 2 rue Thomassin, 69002 Lyon, France | 116 | Freehold | - | 21.4 |
| Citadines République Paris | 75 bis, avenue Parmentier, 75011 Paris, France | 76 | Freehold | - | 21.2 |

# Portfolio Listing

| Property Name | Address | Number of Units | Tenure (Years) | Tenure Expiry Date (Year) | Agreed Property Value at Acquisition (S$'million) |
|---|---|---|---|---|---|
| **France** | | | | | |
| Citadines Tour Eiffel Paris | 132, boulevard de Grenelle, 75015 Paris, France | 104 | Freehold | - | 59.2 |
| Citadines Trocadéro Paris | 29 bis, rue Saint-Didier, 75116 Paris, France | 97 | Freehold | - | 51.3 |
| La Clef Louvre Paris | 8, rue de Richelieu, 75001 Paris, France | 51 | Freehold | - | 40.3 |
| La Clef Tour Eiffel Paris | 83 avenue Kléber, 75016 Paris, France | 112 | Freehold | - | 145.4 |
| **Germany** | | | | | |
| Citadines Arnulfpark Munich | Arnulfstrasse 51, 80636 München, Germany | 146 | Freehold | - | 34.0 |
| Citadines City Centre Frankfurt | Europa-Allee 23, 60327 Frankfurt am Main, Germany | 165 | Freehold | - | 55.6 |
| Citadines Kurfürstendamm Berlin | Olivaer Platz 1, 10707 Berlin-Wilmersdorf, Germany | 117 | Freehold | - | 21.1 |
| Citadines Michel Hamburg | Ludwig-Erhard-Straße 7, 20459 Hamburg, Germany | 127 | 99 | 2111 | 46.4 |
| The Madison Hamburg | Schaarsteinweg 4, 20459 Hamburg, Germany | 166 | Freehold | - | 59.4 |
| **Indonesia** | | | | | |
| Ascott Jakarta | Jalan Kebon Kacang Raya No. 2, Jakarta 10230, Indonesia | 204 | 26 | 2024 | 43.0 |
| Somerset Grand Citra Jakarta | Jalan Prof Dr Satrio Kav 1, Jakarta 12940, Indonesia | 200 | 30 | 2024 | 54.6 |
| **Japan** | | | | | |
| Citadines Central Shinjuku Tokyo | 1-2-9, Kabuki-cho, Shinjuku-ku, Tokyo 1600021, Japan | 206 | Freehold | - | 95.2 |
| Citadines Karasuma-Gojo Kyoto | 432 Matsuya-cho, Gojo-dori Karasuma-Higashiiru, Shimogyo-ku, Kyoto 600-8105, Japan | 124 | Freehold | - | 39.9 |
| Citadines Shinjuku Tokyo | 1-28-13 Shinjuku, Shinjuku-ku, Tokyo 1600022, Japan | 160 | Freehold | - | 84.3 |
| Hotel WBF Honmachi | 4-4-10, Kitakyuhojimachi, Chuo-ku, Osaka 541-0057, Japan | 182 | Freehold | - | 43.3 |
| Hotel WBF Kitasemba East | 2-6-8 Awajicho, Chuo-ku, Osaka 541-0047, Japan | 168 | Freehold | - | 43.1 |
| Hotel WBF Kitasemba West | 3-2-7, Awajicho, Chuo-ku, Osaka 541-0047, Japan | 168 | Freehold | - | 43.2 |
| Sotetsu Grand Fresa Osaka-Namba* | 1-1-13, Nipponbashi, Chuo-ku, Osaka 542-0073, Japan | 698 | Freehold | - | 239.8 |
| Sotetsu Grand Fresa Tokyo-Bay Ariake | 3-6-6 Ariake Koto-ku, Tokyo 135-0063, Japan | 912 | Freehold | - | 325.0 |

# Portfolio Listing

| Property Name | Address | Number of Units | Tenure (Years) | Tenure Expiry Date (Year) | Agreed Property Value at Acquisition (S$'million) |
|---|---|---|---|---|---|
| **Japan Rental Housing** | | | | | |
| Actus Hakata V-Tower | 3-15-10, Hakata Ekimae Hakata-ku, Fukuoka, Japan | 296 | Freehold | - | 39.5 |
| Alpha Square Kita 15 jo | 2-5, Kita 15 jo Higashi 1-chome, Higashi-ku, Sapporo-shi, Hokkaido, Japan | 127 | Freehold | - | 25.5 |
| Big Palace Kita 14 jo | 4-1-6, Kita 14 jo Nishi, Kita-ku, Sapporo-shi, Hokkaido, Japan | 140 | Freehold | - | 17.3 |
| Big Palace Minami 5 jo | 3-1, Minami 5 jo Nishi 8-chome, Chuo-ku, Sapporo-shi, Hokkaido, Japan | 158 | Freehold | - | 28.3 |
| City Court Kita 1 jo | 6-3, Kita 1 jo Higashi 1-chome, Chuo-ku, Sapporo-shi, Hokkaido, Japan | 126 | Freehold | - | 31.4 |
| Eslead Residence Bentencho Grande | 15-44, Benten 5-chome, Minato-ku, Osaka-shi, Osaka, Japan | 120 | Freehold | - | 21.4 |
| Eslead Residence Umeda Grande | 9-3, Nakatsu 4-chome, Kita-ku, Osaka-shi, Osaka, Japan | 70 | Freehold | - | 14.1 |
| Gravis Court Kakomachi | 13-10, Kakomachi, Naka-ku, Hiroshima, Japan | 63 | Freehold | - | 6.7 |
| Gravis Court Kokutaiji | 2-1-9, Kokutaijimachi, Naka-ku, Hiroshima, Japan | 48 | Freehold | - | 5.0 |
| Gravis Court Nishiharaekimae | 8-38-10, Nishihara, Asaminami-ku, Hiroshima, Japan | 29 | Freehold | - | 4.2 |
| House Saison Shijo-Dori | 47-2, Kasaboko-cho, Shimogyo-ku, Kyoto, Japan | 190 | Freehold | - | 29.6 |
| Infini Garden | 3-2-2, 3, 4, 5 KashiiTeriha, Higashi-ku, Fukuoka, Japan | 389 | Freehold | - | 95.2 |
| Marunouchi Central Heights | 3-23-6 Marunouchi, Naka-ku, Nagoya city, Aichi, Japan | 30 | Freehold | - | 7.3 |
| Roppongi Residences Tokyo | 3-4-31 Roppongi, Minato-ku, Tokyo 106-0032, Japan | 64 | Freehold | - | 57.1 |
| S-Residence Fukushima Luxe | 7-22-9, Fukushima, Fukushima-ku, Osaka, Japan | 178 | Freehold | - | 31.1 |
| S-Residence Gakuenzaka | 2-1-1 Shimodera, Naniwa-ku, Osaka shi, Osaka, Japan | 58 | Freehold | - | 13.0 |
| S-Residence Hommachi Marks | 2-3-6, Tokuicho, Chuo-ku, Osaka, Japan | 110 | Freehold | - | 17.3 |
| S-Residence Midoribashi Serio | 3-17-6, Nakamoto, Higashinari-ku, Osaka, Japan | 98 | Freehold | - | 14.5 |
| S-Residence Namba Viale | 3-9-1 Motomachi, Naniwa-ku, Osaka shi, Osaka, Japan | 116 | Freehold | - | 18.3 |
| S-Residence Shukugawa | 2-88 Kamizono-cho, Nishinomiya city, Hyogo, Japan | 33 | Freehold | - | 7.6 |
| S-Residence Tanimachi 9 chome | 4-29, Ikutamamaemachi, Tennoji-ku, Osaka, Japan | 102 | Freehold | - | 18.1 |

# Portfolio Listing

| Property Name | Address | Number of Units | Tenure (Years) | Tenure Expiry Date (Year) | Agreed Property Value at Acquisition (S$'million) |
|---|---|---|---|---|---|
| **Japan Student Accommodation** | | | | | |
| Eslead College Gate Kindaimae | 19-28, 3-chome Kowakae, Higashiosaka-shi, Osaka 577-0818, Japan | 112 | Freehold | - | 19.5 |
| **Malaysia** | | | | | |
| Somerset Kuala Lumpur | 187, Jalan Ampang 50450, Kuala Lumpur, Malaysia | 205 | Freehold | - | 67.4 |
| **The Philippines** | | | | | |
| Ascott Makati | Glorietta 4, Ayala Center, Makati City 1224, The Philippines | 362 | 48 | 2044 | 87.5 |
| Somerset Millennium Makati | 104 Aguirre Street, Legaspi Village, Makati City 1229, The Philippines | 118 | Freehold | - | 12.7 |
| **Singapore** | | | | | |
| Ascott Orchard Singapore | 11 Cairnhill Road, Singapore 229724, Singapore | 220 | 99 | 2113 | 405.0 |
| Citadines Mount Sophia Property Singapore | 8 Wilkie Road #01-26 Wilkie Edge, Singapore 228095, Singapore | 154 | 96 | 2105 | 107.0 |
| lyf one-north Singapore[1] | 80 Nepal Park, Singapore 139409, Singapore | 324 | 60 | 2078 | 62.4 |
| Riverside Hotel Robertson Quay | 1 Unity Street, Singapore 237983, Singapore | 336 | 99 | 2105 | 325.0 |
| Somerset Liang Court Property Singapore[2] | 177B, River Valley Road, Singapore 179032, Singapore | 192 | 99 | 2120 | 140.3 |
| **South Korea** | | | | | |
| ibis Ambassador Seoul Insadong* | 31 Samil-daero 30-gil, Ikseon-dong, Jongno-gu, Seoul, South Korea | 363 | Freehold | - | 98.1 |
| Sotetsu Hotels The Splaisir Seoul Dongdaemun* | 226 Jangchoongdan-ro, Gwanghui-dong, Jung-gu, Seoul, South Korea | 215 | Freehold | - | 95.1 |
| **Spain** | | | | | |
| Citadines Ramblas Barcelona | Ramblas 122, 08002 Barcelona, Spain | 131 | Freehold | - | 56.7 |

1 The Agreed Property Value at Acquisition of S$62.4 million refers to the price of the site acquired through a tender bid.
2 (a) As disclosed in the announcement dated 21 November 2019, partial interest in the land was divested and the retained interest in the land is currently being redeveloped into a new serviced residence property with 192 units (number of units may be subject to change).
(b) The Agreed Property Value at Acquisition of S$140.3 million refers to the value of CLAS' remaining interest in the land derived from the sale price per square foot as disclosed in the announcement.

# Portfolio Listing

| Property Name | Address | Number of Units | Tenure (Years) | Tenure Expiry Date (Year) | Agreed Property Value at Acquisition (S$'million) |
|---|---|---|---|---|---|
| **The United Kingdom** | | | | | |
| Citadines Barbican London | 7-21 Goswell Road, London EC1M 7AH, United Kingdom | 129 | Freehold | - | 75.0 |
| Citadines Holborn-Covent Garden London | 94-99 High Holborn, London WC1V 6LF, United Kingdom | 192 | Freehold | - | 127.5 |
| Citadines South Kensington London | 35A Gloucester Road, London SW7 4PL, United Kingdom | 92 | Freehold | - | 71.1 |
| Citadines Trafalgar Square London | 18/21 Northumberland Avenue, London WC2N 5EA, United Kingdom | 187 | Freehold | - | 130.9 |
| **The United States of America (USA)** | | | | | |
| Element New York Times Square West | 311 West 39th Street, New York, New York 10018, The United States of America | 411 | 99 | 2112 | 220.7 |
| Sheraton Tribeca New York Hotel | 370 Canal Street, New York, New York 10013, The United States of America | 369 | 99 | 2112 | 218.0 |
| voco Times Square South | 343 West 36th Street, New York, New York 10018, The United States of America | 224 | Freehold | - | 148.4 |
| **USA Student Accommodation** | | | | | |
| Paloma Kent | 1450 E Summit Street, Kent, Ohio 44240, The United States of America | 126 | 99 | 2117 | 40.3 |
| Paloma Raleigh | 5701 Hillsborough Street, Raleigh, North Carolina 27606, The United States of America | 180 | Freehold | - | 87.5 |
| Paloma University City | 3600 Lancaster Avenue, Philadelphia, Pennsylvania 19104, The United States of America | 126 | Freehold | - | 89.5 |
| Paloma West Midtown | 800 Marietta Street NW, Atlanta, Georgia 30318, The United States of America | 183 | Freehold | - | 126.3 |
| Seven07 | 707 South Fourth Street, Champaign, Illinois 61820, The United States of America | 218 | Freehold | - | 112.4 |
| Standard at Columbia[3] | 1401 Assembly Street, Columbia, South Carolina 29201, The United States of America | 247 | Freehold | - | 75.8 |
| Uncommon Wilmington | 2421 Playa Way, Wilmington, North Carolina 28403, The United States of America | 150 | Freehold | - | 73.8 |
| Wildwood Lubbock | 1701 N Quaker Avenue, Lubbock, Texas 79416, The United States of America | 294 | Freehold | - | 93.8 |

3 Currently under development and the number of units may be subject to change. As disclosed in the Circular dated 15 August 2022, the Agreed Property Value of approximately S$75.8 million is on a 100.0% basis.

# Portfolio Listing

| Property Name | Address | Number of Units | Tenure (Years) | Tenure Expiry Date (Year) | Agreed Property Value at Acquisition (S$'million) |
|---|---|---|---|---|---|
| **Vietnam** | | | | | |
| Somerset Central TD Hai Phong City | Tower A, TD Plaza, Lot 20A, New Urban Zone at 5 Corner – Cat Bi Airport, Dong Khe Ward, Ngo Quyen District, Hai Phong City, Vietnam | 132 | 64 | 2075 | 22.8 |
| Somerset Chancellor Court Ho Chi Minh City | 21-23, Nguyen Thi Minh Khai Street, District 1, Ho Chi Minh City, Vietnam | 172 | 48 | 2041 | 69.3 |
| Somerset Grand Hanoi | 49, Hai Ba Trung Street, Hanoi, Vietnam | 185 | 45 | 2038 | 105.7 |
| Somerset Ho Chi Minh City | 8A Nguyen Binh Khiem Street, District 1, Ho Chi Minh City, Vietnam | 198 | 45 | 2039 | 66.8 |
| Somerset Hoa Binh Hanoi | 106 Hoang Quoc Viet Street, Cau Giay, Hanoi, Vietnam | 206 | 36 | 2042 | 54.9 |

# Investor Relations

## INVESTOR RELATIONS

CLAS is committed to proactive, timely and transparent communication with our stakeholders, including potential and existing retail and institutional investors, sell-side analysts and the media. Our commitment is underpinned by our Investor Relations Policy, which states the guiding principles of our approach and can be accessed on CLAS' corporate website (https://investor.capitalandascotttrust.com/investor_relations_policy.html).

CLAS makes disclosures on an immediate basis as required under the Listing Manual, or as soon as possible where immediate disclosure is not practicable. This is to ensure that all stakeholders have the essential knowledge to make informed investment decisions. All announcements, press releases and presentation slides relating to CLAS' latest corporate developments are promptly disclosed via SGXNet and made available on CLAS' corporate website (https://www.capitalandascotttrust.com). Information such as CLAS' stock data, factsheet, publications, tax refund procedures and a list of frequently asked questions, can be found in the Investor Relations section of the website.

CLAS makes it a practice to release its financial results and business updates within 30 days from the end of each quarter. To provide more comprehensive updates on CLAS' financial and operational performance, post-results briefings are held for the media, analysts and investors.

In the first few months of 2022, in view of COVID-19 related measures that remained in place, we hosted and participated in more virtual engagements, which ensured that meaningful interaction could be carried out in a safe and comfortable manner. As the COVID-19 situation stabilised and restrictions were eased, we participated in more face-to-face engagements, both group and one-on-one meetings, which included a non-deal roadshow held overseas. In total, we reached out to about 1,800 analysts and investors, across about 80 engagements in 2022. These meetings provided a good platform for us to initiate transparent and timely communication on matters such as the recovery from COVID-19 seen in the various markets, as well as CLAS' investment activities and perspectives on outlook amid the macroeconomic and geopolitical challenges present in 2022. At the same time, our interactions enabled us to gain a better understanding of the views and concerns of our stakeholders, which in turn allowed CLAS to continuously improve our disclosures to investors.

A list of CLAS' primary investor relations activities is tabled on the next page.

## ACCOLADES

In 2022, CLAS continued to receive industry recognition for its efforts in investor engagement and corporate governance. On the investor engagement front, CLAS clinched the title of "Best Investor Relations (Gold)" in the REITs and Business Trusts category of the Singapore Corporate Awards, and was also conferred the titles of "Best Annual Report (Mid-cap)" and "Best ESG Materiality Reporting (Mid-cap)" at the IR Magazine Forum & Awards South East Asia.

Testament to our commitment in upholding high standards of corporate governance, CLAS was ranked first in the REITs and Business Trusts category of the Singapore Governance and Transparency Index 2022 for the second year running.

CapitaLand Ascott Trust at the Singapore Corporate Awards


Receiving the "Best Investor Relations (Gold)" Award

# Investor Relations


Conducting a tour of lyf one-north Singapore for investors

## 2022 INVESTOR RELATIONS CALENDAR

| Key Events | | 2022 |
|---|---|---|
| 1st Quarter | FY 2021 post-results briefing to media and analysts | 28 January |
| | FY 2021 post-results investor meeting hosted by DBS | 28 January |
| 2nd Quarter | Investor roadshows for issuance of sustainability-linked bond | 11 April |
| | Pre-Annual General Meeting with retail investors | 14 April |
| | Pre-Annual General Meeting with SIAS members | 19 April |
| | Annual General Meeting | 22 April |
| | 1Q 2022 post-business updates briefing to analysts | 29 April |
| | 1Q 2022 post-business updates investor meeting hosted by JP Morgan | 29 April |
| | Maybank IBG-REITAS Conference | 11 May |
| | REITs Symposium 2022 | 21 May |
| | DBS Property Conference: "Enroute back to pre-COVID world" | 24 May |
| | DBS-REITAS Private Banking webinar: "Striving against all odds, a reopening story" | 1 June |
| | Tour of lyf one-north Singapore and presentation to retail investors | 3 June |
| | Citi Asia Pacific Property Conference | 22 June |
| | Non-deal roadshow with Korean institutional investors | 28 June |
| | Tour of lyf one-north Singapore with Credit Suisse investors | 29 June |
| 3rd Quarter | 1H 2022 post-results briefing to media and analysts | 29 July |
| | 1H 2022 post-results group investor meetings hosted by Credit Suisse | 29 July-1 August |
| | Investor and analyst meetings on the proposed acquisition of 9 properties from CLAS' Sponsor and private placement, hosted by UOB and JP Morgan | 15-22 August |
| | Citi-SGX-REITAS REITs / Sponsors Forum 2022 | 24-25 August |
| | SIAS Virtual Information Session on the proposed acquisition of 9 properties from CLAS' Sponsor | 29 August |
| | Extraordinary General Meeting on the proposed acquisition of 9 properties from CLAS' Sponsor | 9 September |
| 4th Quarter | CLI Investor Day and tour of lyf one-north Singapore | 13-14 October |
| | 3Q 2022 post-business updates briefing to analysts | 28 October |
| | 3Q 2022 post-business updates investor meeting hosted by Daiwa Capital | 28 October |
| | CapitaLand Investment and CLI REITs Corporate Day 2022 in Bangkok | 11 November |
| | Tour of lyf one-north Singapore with Morgan Stanley investors | 14 November |
| | IREUS REIT Roundtable Seminar | 24 November |

# Investor Relations

## FINANCIAL CALENDAR

| Financial Year Ended 31 December 2022 | |
|---|---|
| First Quarter Business Updates | 29 April 2022 |
| First Half Results Announcement | 29 July 2022 |
| Payment of Distribution to Stapled Securityholders (six months ended 30 June 2022) | 29 August 2022 |
| Payment of Advanced Distribution to Stapled Securityholders (period from 1 July 2022 to 23 August 2022) | 18 October 2022 |
| Third Quarter Business Updates | 28 October 2022 |
| Full Year Results Announcement | 30 January 2023 |
| Payment of Distribution to Stapled Securityholders (period from 24 August 2022 to 31 December 2022) | 1 March 2023 |
| Annual General Meeting | 18 April 2023 |

## TRADING PRICE PERFORMANCE

| Events | 2022 | 2021 |
|---|---|---|
| Opening price on the first trading day of the year (S$) | 1.030 | 1.070 |
| Closing price on the last trading day of the year (S$) | 1.050 | 1.030 |
| Highest closing price (S$) | 1.180 | 1.130 |
| Lowest closing price (S$) | 0.875 | 0.920 |
| Average closing price (S$) | 1.065 | 1.026 |
| Average daily trading volume (stapled securities) | 6,762,695 | 5,436,267 |
| Total trading volume (stapled securities) | 1,683,911,162 | 1,364,502,910 |

Source: Bloomberg

### COMPARATIVE TRADING PERFORMANCE FOR FY 2022


Source: Bloomberg


For enquiries or more information about CapitaLand Ascott Trust, please contact:

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Investor Relations

**Ms Joan Tan**
Group Communications

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Fax: +65 6713 2121
Email: ask-us@capitalandascotttrust.com
Corporate Website: www.capitalandascotttrust.com

# Sustainability Management

"CLAS is aligned with and actively contributes to the targets set out under CapitaLand's 2030 Sustainability Master Plan.

We ensure that sustainability remains a core focus in everything we do, by integrating sustainability throughout the real estate life cycle – from investment, design, procurement, asset enhancement to operations. To strengthen our sustainability stewardship, we formalised a Sustainability Committee which provides management oversight of CLAS' ESG implementation.

In 2022, we were recognised for our outstanding leadership in sustainability in the 2022 GRESB. CLAS was named "Global Sector Leader - Hotel" for the second consecutive year and was the only hospitality trust from the Asia Pacific Hotel – Listed category to receive the highest rating of 5 stars during the year.

For the second year in a row, CLAS was also ranked first in the Singapore Governance and Transparency Index under the REITs and Business Trusts category.

As at 31 December 2022, about 37% of CLAS' portfolio is green-certified, and we continue to decarbonise our properties through conservation measures to ensure efficient operations and minimise resource wastage.

In 2022, we published a Sustainability-Linked Finance Framework which aligns our ESG goals with CLAS' financing needs. To date, CLAS has raised about S$460 million in sustainable financing, including the hospitality sector's first sustainability-linked bond.

As we grow as a lodging trust, we will continue to do so in a responsible manner, delivering long-term economic value and contributing to the environmental and social well-being of our communities."

**Ms Teo Joo Ling, Serena**
Chief Executive Officer

GRESB REAL ESTATE sector leader 2022

**Global Sector Leader – Hotel**
GRESB 2022

**Ranked 1st in REITs and Business Trusts category**
Singapore Governance and Transparency Index 2022

## OUR COMMITMENTS

**ENVIRONMENTAL** | **SOCIAL** | **GOVERNANCE** | **ECONOMIC**

**Anchored by sustainable financial performance**

### GENERATING VALUE IN SIX CAPITALS

- Manufactured Capital; Environmental Capital
- Social and Relationship Capital; Human Capital
- Organisational Capital
- Financial Capital

**Measured by Return on Sustainability & global benchmarks**

**ENVIRONMENTAL**

37%
of CLAS global portfolio[1] achieved green building certification

30%
carbon emissions intensity reduction[3] since 2008

**SOCIAL**

About
49:51
males : females[2]

100%
of Ascott's suppliers across 12 countries acknowledged to abide by the CapitaLand Supply Chain Code of Conduct[4]

**GOVERNANCE**

Retained ISO 14001 and ISO 45001 certification in
13 countries
for more than a decade

**ECONOMIC**

c.S$460M
in sustainable financing raised to date

1 Refers to the gross floor area of CLAS' properties by m².
2 Computation of workforce statistics are based on employees of CLAS' Ascott-managed properties (including our subsidiaries) and the Managers.
3 Computation of intensity data is for the first nine months of 2022 and excludes new properties which are in operation for less than 12 months, properties undergoing asset enhancement programmes and third-party operated properties.
4 As part of their new and renewed contracts.

# Sustainability Management

## BOARD STATEMENT

At CLAS, sustainability is at the core of everything we do. We are committed to growing in a responsible manner, delivering long term economic value, and contributing to the environmental and social well-being of our communities. CLAS' material environmental, social and governance (ESG) factors are aligned with CapitaLand's 2030 Sustainability Master Plan, and reviewed by the CLAS' Boards together with management every two years.

The CapitaLand 2030 Sustainability Master Plan steers our efforts on a common course to maximise impact through building a resilient and resource efficient real estate portfolio, enabling thriving and future-adaptive communities, and accelerating sustainability innovation and collaboration. Ambitious ESG targets have been set which include carbon emissions reduction targets validated by the Science Based Targets initiative (SBTi).

CLAS' Boards are responsible for overseeing CLAS' sustainability efforts, and take ESG factors into consideration in determining their strategic direction and priorities. The Boards also approve the executive compensation framework based on the principle of linking pay to performance. CLAS' business plans are translated to both quantitative and qualitative performance targets, and executed through sustainable corporate practices.

## BOARD, TOP MANAGEMENT AND STAFF COMMITMENT AND INVOLVEMENT

CLAS' Boards recognise the importance of sustainability as a business imperative, and ensure that sustainability considerations are factored into CLAS' strategy development.

On a regular basis, the Boards are updated on the sustainability management performance of CLAS, key material issues identified by stakeholders, and the planned follow-up measures. Additionally, the Boards are updated quarterly and at ad hoc Board meetings on matters related to sustainability risks, and relevant performance metrics, including carbon emissions performance, progress on achieving the reduction targets, green certification, human capital development, as well as stakeholders' expectations on climate change and/or other social matters. They are also informed of any work-related safety incidents, business malpractice incidents and environmental incidents, which may include climate-related damages or disruptions.

In 2022, to strengthen its sustainability stewardship, CLAS formalised a Sustainability Committee which comprises the CEO and Heads of Department of CLAS' Managers, and the Heads of Department of the operations and technical teams of its Sponsor. A Sustainability Working Committee was also formed to provide support to the Sustainability Committee.

At CapitaLand Investment Limited (CLI), the Strategy and Sustainability Committee (SSC), a Board Committee chaired by CLI's Lead Independent Director, is responsible for overseeing CLI's sustainability strategies and goals, including providing guidance to Management and monitoring progress against achieving the goals of sustainability initiatives. The SSC typically meets twice a year, with additional meetings convened as necessary.

CLI's sustainability work teams comprise representatives from CLI business units and corporate functions. Each business unit also has its own Environmental, Health and Safety (EHS) Committee to drive initiatives in countries where it operates with support from various departments.

### Maintaining Diversity on the Board

CLAS' Boards embrace diversity and have a Board Diversity Policy which provides for the Boards to comprise talented and dedicated Directors with a diverse mix of expertise, experience, perspectives, skills and backgrounds, with due consideration given to diversity factors, including but not limited to diversity in age and gender.

With respect to female representation on CLAS' Boards, 3 out of 8 (37.5%) of the directors are female. Our Board Diversity Policy and performance are detailed under Corporate Governance Board Matters Principle 2 in page 104 of this report.

## SUSTAINABILITY COMMITMENT

The Managers are part of CLI and our sustainability strategy is aligned to that of CLI.

CLAS is aligned with CapitaLand's 2030 Sustainability Master Plan (SMP) unveiled in 2020 to elevate the Group's commitment to global sustainability in the built environment. The SMP drives CapitaLand's sustainability efforts in the ESG pillars, enabling the Group to create a larger positive impact for the environment and society.

CapitaLand's 2030 SMP is regularly reviewed where necessary to complement the Group's business strategy and align with climate science. The first scheduled review in 2022 is in progress and the outcome will be published before end May 2023.

Details will be shared in the CLAS Sustainability Report 2022 and CLI Global Sustainability Report 2022.

## COMMITTING TO NET ZERO BY 2050 AND ELEVATING CAPITALAND'S CARBON EMISSIONS REDUCTION TARGET TO 1.5°C SCENARIO

In 2022, CapitaLand Group elevated its scope 1 and 2 carbon emissions reduction targets which were validated by SBTi to be in line with a 1.5°C trajectory[1], currently the most ambitious designation available through the SBTi process. This will translate to Net Zero in 2050.

Aligned with the Group's elevated science-based target, CLI commits to reducing its absolute scope 1 and 2 emissions by 46% by 2030 from a 2019 base year and aims to achieve Net Zero by 2050, consistent with the effort required to limit global temperature increase to below 1.5°C.

To operationalise its SBTi approved carbon emissions reduction target for scope 1 and 2 emissions, CLI is reviewing its carbon intensity reduction targets and other environment targets, including changing the baseline reference year to 2019 instead of 2008[2]. CLI also aims to conduct a comprehensive review of its scope 3 emissions to better track and disclose its material scope 3 emissions, and is committed to developing scope 3 emission goals aligned to science-based targets.

Over the next decade, as part of CLI's roadmap to Net Zero, CLI and CLAS will prioritise the decarbonisation levers set out on the next page, and in particular, continue to source globally for new ideas and technologies to achieve higher energy efficiency and intensify our renewable energy integration efforts.

## RECOGNITION BY GLOBAL BENCHMARKS

CapitaLand was one of the first companies in Singapore to voluntarily publish an annual Global Sustainability Report since FY 2009 and has had the entire report externally assured since FY 2010. Benchmarking against an international standard and framework that is externally validated helps to overcome the challenges in sustainability reporting that may arise from its portfolio of diverse asset types and geographical presence globally.

CapitaLand has been a signatory to the United Nations (UN) Global Compact since 2015 and its Communication on Progress for FY 2022 will be made available at www.unglobalcompact.org when published. In February 2023, CLI also became a signatory of the UN-supported Principles for Responsible Investment (UN PRI), as part of its commitment to investing responsibly.

For its efforts, CLI is listed on the Global 100 Most Sustainable Corporations Index, Dow Jones Sustainability World Index and Asia-Pacific Index, GRESB, FTSE4Good Index Series, MSCI Global Sustainability Indexes and The Sustainability Yearbook. The CLI Global Sustainability Report 2022 will be published by 31 May 2023.

CLI's sustainability reporting has evolved into a uniquely hybrid model using the Global Reporting Initiative (GRI) Standards and GHG Protocol (operational control method) since 2009, CDP since 2010, GRESB since 2013, Value Reporting Foundation's Integrated Reporting Framework since 2015, UN SDG Reporting since 2016, Taskforce for Climate-related Financial Disclosure (TCFD) framework since 2017, and Sustainability Accounting Standards Board (SASB) Standards since 2020.

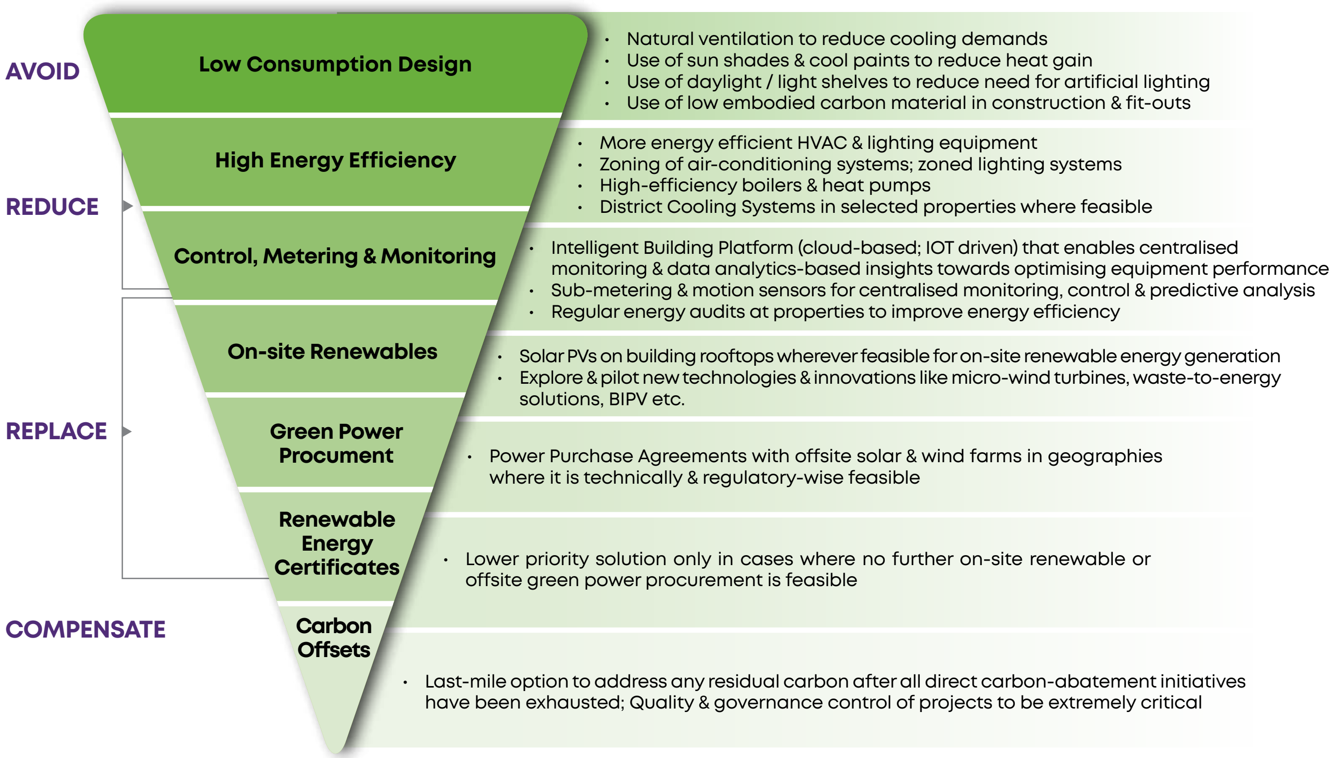
CLI will continue to enhance its disclosures in accordance with these standards, and will be reporting in accordance with the updated GRI Universal Standards 2021 which came into effect for reports published on or after 1 January 2023. The report will continue to be externally assured to AA1000 Assurance Standard, and will cover the Group's global portfolio and employees, including CLAS and CLI's other listed real estate investment trusts and business trusts.

This sustainability chapter references selected GRI standards to report specific information and covers CLAS' properties from 1 January to 31 December 2022 unless otherwise indicated. The CLI team behind CLAS' Managers and the property managers responsible for property and portfolio operations are identified as employees of CLAS. More information on CLAS' sustainability management practices will be published in its Sustainability Report 2022 by 31 May 2023.

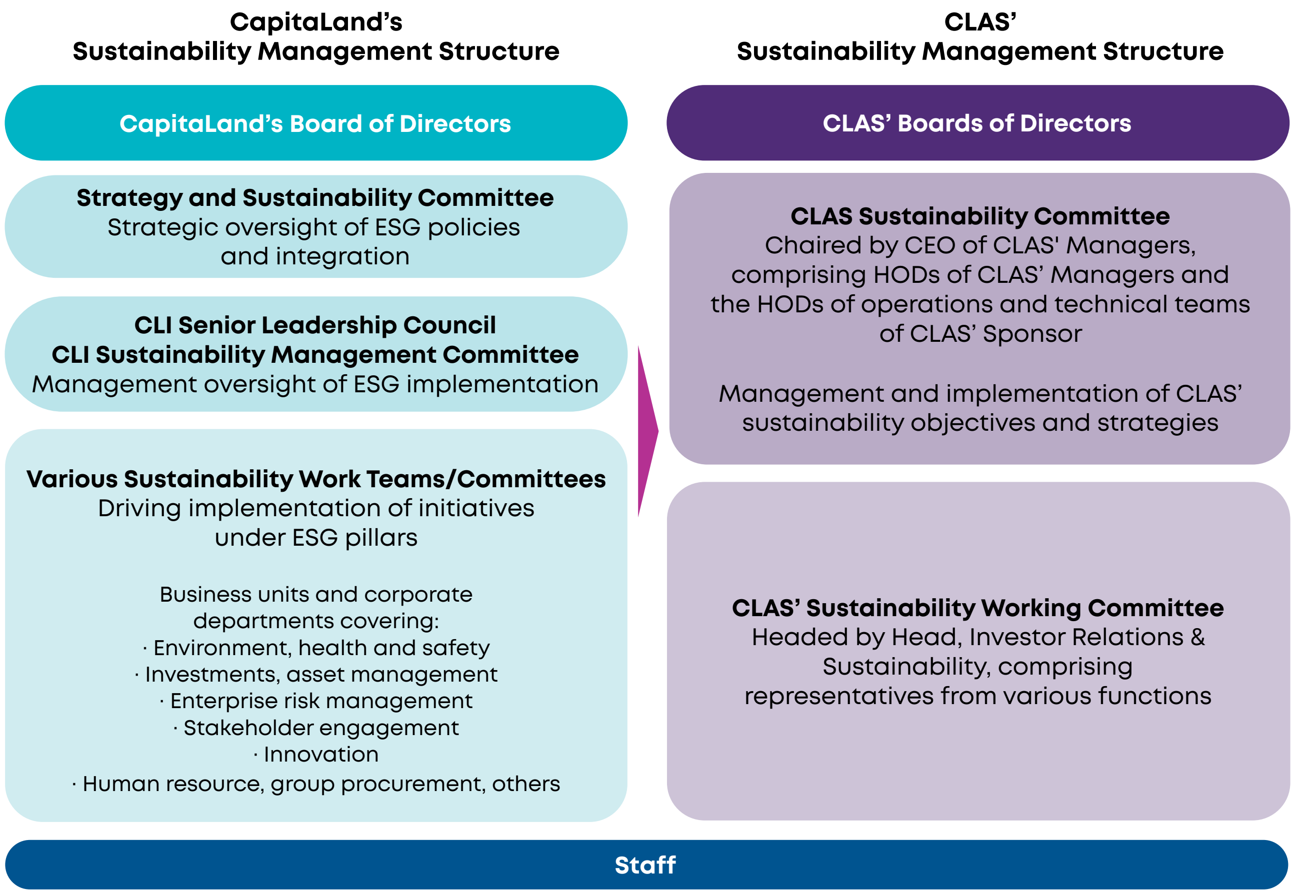
1 The carbon emissions reduction target in line with a 1.5°C trajectory was elevated from its target of a "well-below 2°C" trajectory set in 2020.
2 It is reviewed as part of the scheduled review of CapitaLand's 2030 SMP in 2022 and will be published before end May 2023.

# Sustainability Management

## CLI'S CARBON MITIGATION HIERARCHY




## STRATEGIC SUSTAINABILITY MANAGEMENT STRUCTURE



# Sustainability Management

## MATERIALITY

CLAS has a regular review, assessment and feedback process in relation to ESG topics. Key to this is an annual Group-wide Risk and Control Self-Assessment exercise which entails the identification, assessment and documentation of material risks and corresponding internal controls. These material risks include fraud and corruption, environmental risks including climate change, health and safety risks, and human capital risks which are ESG-relevant.

Guided by CapitaLand's 2030 SMP, CLAS, as part of the Group, elevated its commitment to global sustainability in the built environment, identifying and reviewing material issues that are most relevant and significant to us and our stakeholders. These ESG material issues are assessed and prioritised based on the likelihood and potential impact of issues affecting business continuity of CLI, which CLAS is part of. For external stakeholders, priority is given to issues important to the society and applicable to CLI and CLAS.

For more information on stakeholder engagement, please refer to the CLAS Sustainability Report 2022 and CLI Global Sustainability Report 2022, which will be published by 31 May 2023.

### PRIORITISATION OF ESG MATERIAL ISSUES

**Environmental**

**CRITICAL**
- Climate change and carbon reduction
- Energy efficiency
- Water management

**MODERATE AND EMERGING**
- Waste management
- Biodiversity

**Social / Labour Practices**

**CRITICAL**
- Occupational health & safety
- Human capital
- Stakeholder engagement
- Products and services
- Supply chain management
- Diversity (Boards and staff)

**MODERATE AND EMERGING**
- Human rights

**Governance**

**CRITICAL**
- Risk management
- Business ethics

### CORE VALUES

**Winning Mindset | Enterprising | Respect | Integrity**

### COMMITMENT TO OUR STAKEHOLDERS

| FOR OUR CUSTOMERS | FOR OUR INVESTORS | FOR OUR PEOPLE | FOR OUR COMMUNITIES |
|---|---|---|---|
| We create great customer value and experiences through high-quality products and services | We deliver sustainable shareholder returns and build a strong global network of capital partners | We develop high-performing people and teams through rewarding opportunities | We care for and contribute to the economic, environmental and social development of communities |
| Residents and tenants | including business partners | Staff | Government agencies/ NGOs, general public, the environment, suppliers/ contractors |

# Sustainability Management

## CREATING VALUE AND ALIGNMENT TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGS)

The material ESG issues and the value created, aligned to CapitaLand's 2030 SMP focus areas and commitments[3], are mapped to six integrated reporting Capitals – Environmental, Manufactured, Human, Social and Relationship, Organisational, and Financial. This is further mapped against eight UN SDGs that are most aligned with CapitaLand's 2030 SMP focus areas, and where CLAS can achieve the greatest positive impact.

The UN SDGs call on companies everywhere to advance sustainable development through the investments they make, the solutions they develop, and the business practices they adopt. In doing so, the goals encourage companies to reduce their negative impacts while enhancing their positive contributions to the sustainable development agenda.

For more information, please refer to the CLAS Sustainability Report 2022 and CLI Global Sustainability Report 2022 which will be published by 31 May 2023.

| Our Commitments | 2022 Value Created | |
|---|---|---|
| **Environmental**<br>• Transit to low-carbon business and reduce energy consumption through improved energy efficiency and increased use of renewable energy.<br>• Reduce water consumption, reuse water and prevent water pollution, especially in countries where the availability of clean water and sanitation are of concern.<br>• Green our global operational portfolio by 2030.<br>• Strengthen climate resilience of our portfolio by addressing climate related risks and opportunities throughout the real estate lifecycle.<br>• Actively embrace innovation to ensure commercial viability without compromising the environment for future generations.<br>• CapitaLand's Supply Chain Code of Conduct influences its supply chain to operate responsibly in the area of environmental management. | • 30% reduction in carbon emissions intensity since 2008[4]<br>• 19% reduction in energy consumption intensity since 2008[4]<br>• 37% reduction in water consumption intensity since 2008[4]<br>• 37% of CLAS' global portfolio achieved green building certification[5]<br>• Continued to implement the recommendations of the TCFD and improve TCFD reporting6<br>• In the midst of conducting detailed climate risk assessment and scenario analysis for our portfolio[6]<br>• Retained ISO 14001 certification in 13 countries for more than a decade | Environmental Capital<br><br>Manufactured Capital |
| **Social**<br>• CLAS believes that regardless of ethnicity, age or gender, employees can make a significant contribution based on their talent, expertise and experience. We adopt consistent, equitable, and fair labour policies and practices in rewarding as well as developing our staff.<br>• CLAS aims to provide a work environment that is safe and contributes to the general well-being of our staff, tenants, contractors, suppliers and the communities that use our properties.<br>• CapitaLand's Supply Chain Code of Conduct influences its supply chain to operate responsibly in the areas of human rights, and health and safety. | • Global workforce (more than 1,600 employees)[7]<br>• About 64 nationalities<br>• Males and females at a ratio of about 49:51<br>• About 58% of employees are between 30 and 50 years old<br>• 75% of CLAS' key management personnel are women | Human Capital<br><br>Social and Relationship Capital<br><br>Manufactured Capital |

# Sustainability Management

| Our Commitments | 2022 Value Created | |
|---|---|---|
| • CLAS, as part of the CapitaLand Group, is committed to activities that are aligned with our focus on community investment. We engage our stakeholders to raise awareness in philanthropy, environmental, health and safety, as well as promote sustainability within our guest and tenant community. | • Zero employee work-related fatality and permanent disability<br>• No reported incidents relating to discrimination, child labour or forced labour<br>• Retained ISO 45001 certification in 13 countries for more than a decade | |
| **Governance**<br>• Adopted a Board Diversity Policy, with due consideration given to diversity factors, including but not limited to, diversity in age and gender.<br>• CLAS is committed to meeting high standards of risk management in the way it conducts its business. All employees are required to understand and be responsible for ensuring that risks are managed effectively in their day-to-day work.<br>• CLAS requires third-party service providers and vendors to adhere to anti-bribery and anti-corruption provisions.<br>• CapitaLand's Supply Chain Code of Conduct influences its supply chain to operate responsibly in the area of anti-corruption. | • 3 out of 8 (37.5%) of CLAS' directors are women<br>• 100% of Ascott's suppliers across 12 countries acknowledged to abide by CapitaLand's Supply Chain Code of Conduct[8] | Human Capital<br><br>Social and Relationship Capital |
| **Economic**<br>• Integrate ESG performance with financial metrics. | • CLAS issued a Sustainability-Linked Finance Framework and obtained a Second-Party Opinion from Moody's ESG Solutions in 2022<br>• First hospitality trust globally and the first Singapore-listed real estate trust to issue a sustainability-linked bond<br>• Partnered International Finance Corporation to launch its first sustainability-linked bond in the hospitality sector<br>• Raised about S$420 million of sustainable financing in FY 2022 | Financial Capital |

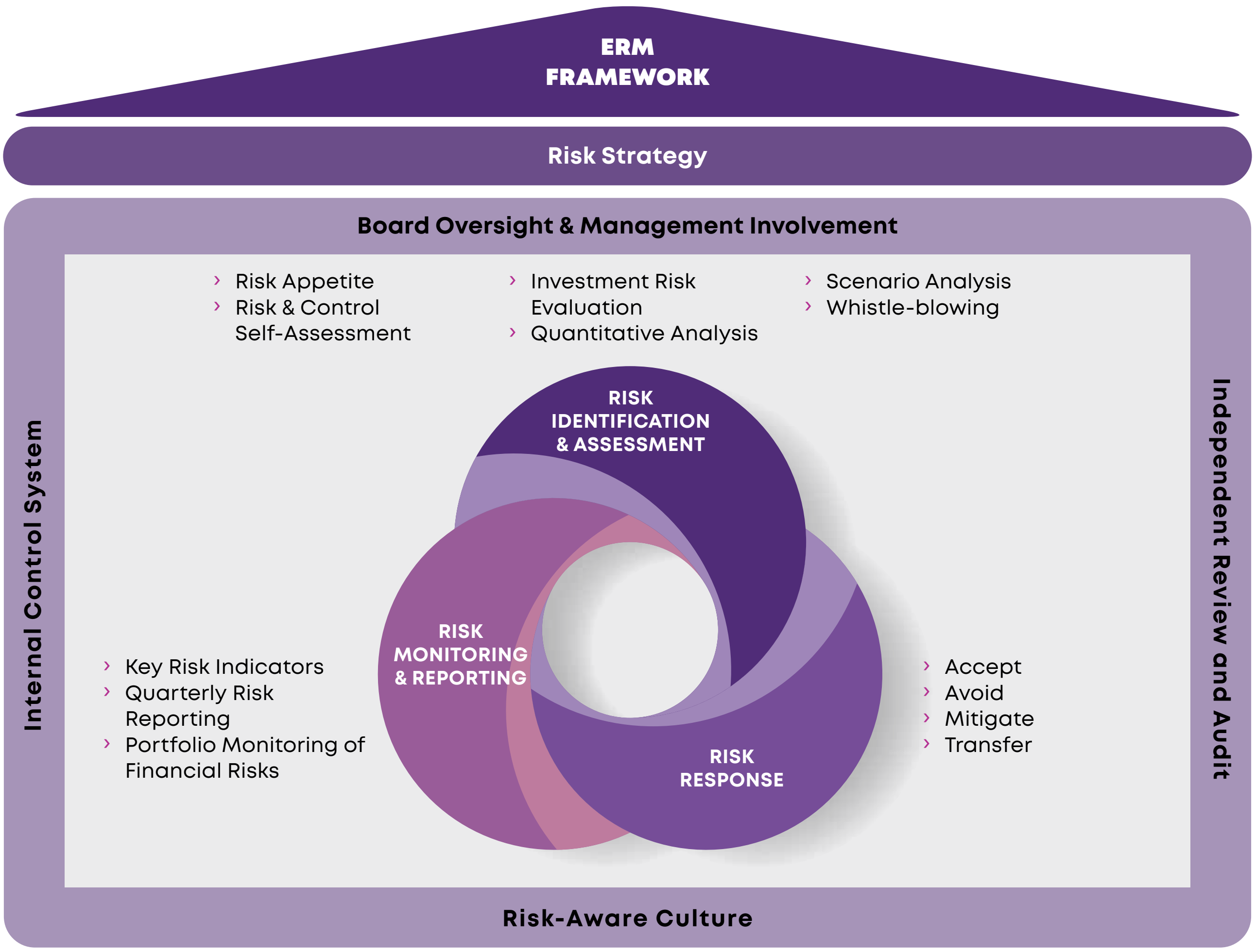
3 The CapitaLand 2030 SMP is regularly reviewed where necessary to complement the Group's business strategy and align with climate science. The first scheduled review in 2022 is in progress and will be published before end May 2023.
4 Computation of intensity data is for the first nine months of 2022 and excludes new properties which are in operation for less than 12 months, properties undergoing asset enhancement programmes and third-party operated properties.
5 Refers to the gross floor area of CLAS' properties by $m^2$.
6 For more information, please refer to the CLAS Sustainability Report 2022.
7 Computation of workforce statistics are based on employees of CLAS' Ascott-managed properties (including our subsidiaries) and the Managers.
8 As part of their new and renewed contracts.

# Risk Management

The Managers of CLAS believe in maintaining a robust risk management framework to proactively identify, assess and respond to material risks that can impact our objectives to deliver sustainable returns to Stapled Securityholders, and to create long-term value for our stakeholders. By pursuing a risk strategy of optimising opportunities within the approved risk appetite levels, we position CLAS for long-term sustainable results.

## ENSURING BEST-IN-CLASS RISK MANAGEMENT, CORPORATE GOVERNANCE AND COMPLIANCE TO BUILD A SUSTAINABLE BUSINESS

The Managers' Enterprise Risk Management (ERM) Framework is adapted from the International Organization for Standardization 31000 International Risk Management Standards. It is benchmarked against other relevant best practices and guidelines and reviewed annually to ensure its continued relevance and practicality. It sets out the required environmental and organisational components needed to identify, assess, respond to, monitor and report material risks in an integrated, systematic and consistent manner as depicted below.

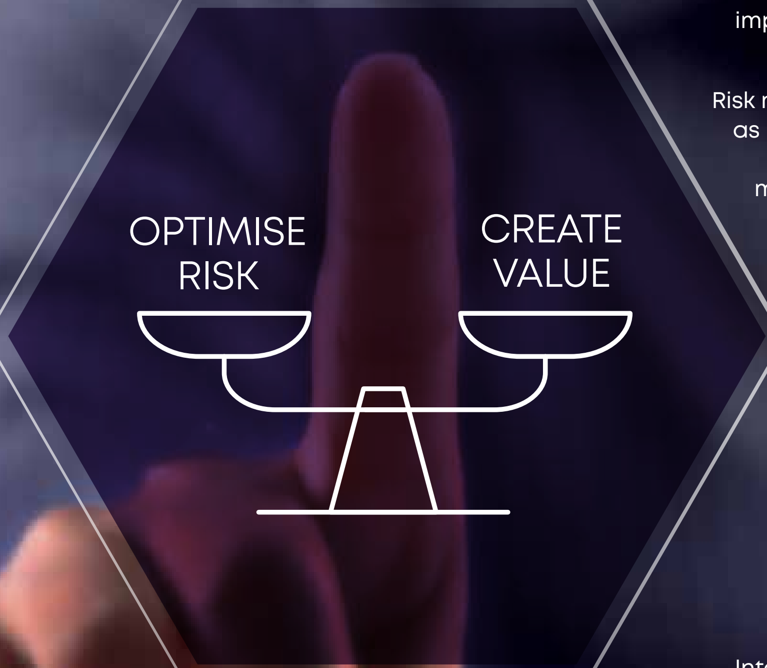


## BOARD OVERSIGHT AND MANAGEMENT INVOLVEMENT

The Board of Directors of the Managers (the Boards), assisted by the Audit Committee (AC), approve CLAS' risk appetite (risk tolerance) which determines the nature and extent of material risks CLAS is willing to take to achieve its strategic objectives.

The Boards also oversee the ERM Framework, regularly review CLAS' risk profile, material risks and mitigation strategies, and ensure the adequacy and effectiveness of the risk management framework and policies.

The Managers' management team directs and monitors the implementation and practice of risk management across CLAS, including monitoring the risk exposure through key risk indicators.




## ROBUST INTERNAL CONTROL SYSTEM

The ERM Framework operates within a risk governance structure based on three lines of defence. Employees have an important role as the first line of defence and are accountable for the effective management of risks that arise from their business activities. The first and second line of defence are responsible for the design and implementation of effective internal controls using a risk-based approach.

Risk management and compliance departments as part of the second line of defence provide oversight and governance over risk management and compliance practices, promote and embed a culture of risk ownership and accountability.

## REGULAR INDEPENDENT REVIEW AND AUDIT

Internal and External Audit as the third line of defence reviews the adequacy and effectiveness of risk management and internal control systems design and implementation so as to provide reasonable assurance to the AC.

## A STRONG CULTURE OF RISK AWARENESS

The Managers work closely with the risk management and compliance departments at CLI as well as various specialist support functions to ensure risk management practices are implemented effectively and consistently across CLAS.

Risk workshops are conducted regularly to ensure these practices are embedded in our decision-making and business processes.

The Managers' management team reinforces the culture by setting the right 'tone at the top', leading by example, and communicating our risk strategy.

## CLAS' MATERIAL RISKS AND OPPORTUNITIES

A Group-wide Risk and Control Self-Assessment (RCSA) is conducted annually to identify key material risks, including new and emerging risks, that CLAS faces in delivering our strategic objectives, its mitigating measures and the opportunities. Based on 2022 RCSA results, the measures taken to mitigate the material risks and opportunities to capitalise on are set out below:

| Material Risks | Key Mitigating Actions | Opportunities |
|---|---|---|
| **Business Interruption**<br>Exposure to sudden and major disaster events such as pandemics, terrorist attacks, fires, prolonged power outrages or other major infrastructure or equipment failures which can cause business interruption and significantly disrupt operations at the properties | › Put in place business continuity plans and standard operating procedures for crisis management at each property to respond to any disruption<br>› Ensure business interruption insurance coverage is adequately purchased | › Continuously improve product offerings to our customers<br>› Opportunities to reposition or repurpose our assets |
| **Climate Change**<br>Physical risks such as rising sea levels, violent storms, long intense heat waves, flash floods and fresh water depletion<br><br>Transitional risks including potentially more stringent regulations and increased expectations from stakeholders | › Assessment of the detailed physical risks in the evaluation of any new acquisitions<br>› Incorporate shadow internal carbon price in the evaluation of new investment/capital expenditure decisions. This helps to price in climate-related costs and opportunities, support low-carbon investments, prepare for stringent climate legislation, and avoid stranded assets<br>› Regularly review CLAS' mitigation and adaptation efforts, which include<br>• future proofing our portfolio against changing climatic conditions from the design stage and<br>• improving the operational efficiency of our properties, setting targets for carbon emissions, water, energy and waste efficiency<br>› CLI has a well-established Group environmental management system which is externally certified to ISO 14001<br>› For more information, please refer to CLAS' Sustainability Report, which will be published by 31 May 2023 | › Enhance our positive reputation and strong track record in sustainability as a competitive advantage for CLAS to build a resilient portfolio of assets, achieve resource efficiency<br>› Accelerate sustainability innovation and collaboration with tenants, supply chain contractors, vendors and suppliers |
| **Fraud, Bribery & Corruption**<br>Any forms of fraud, bribery and corruption that could be perpetuated by employees, third parties or collusion between employees and third parties | › Foster a culture of ethics and integrity in CLAS<br>› Adopt a zero-tolerance stance against fraud, bribery and corruption (FBC) across our businesses<br>› Communicate the commitment to integrity from the top through policies and practices, such as FBC Risk Management Policy, Whistle-blowing Policy, Ethics and Code of Business Conduct Policies and Anti-Money Laundering and Countering the Financing of Terrorism Policy and mandatory eLearning | |

# Risk Management

| Material Risks | Key Mitigating Actions | Opportunities |
|---|---|---|
| **Safety, Health & Well-being**<br>Increased expectations from stakeholders to provide a safe and healthy environment, including well-being, at our assets and operations | › Assess health and safety related risks in the evaluation of any new acquisitions<br>› Entrench a strong safety culture in CLAS and its supply chain through deep safety capabilities, disciplined safety practices and a progressive safety mindset<br>› CLI has a well-established Group occupational health and safety management system which is externally certified to ISO 45001<br>› For more information, please refer to CLAS' Sustainability Report, which will be published by 31 May 2023 | |
| **Competition**<br>Keen industry competition from established real estate investment managers who are able to attract and manage more capital by meeting investors' expectations or reacting aptly to market trends | › Constantly strive to differentiate ourselves from our peers by adapting CLAS' business and products to the evolving needs of our customers, delivering exceptional products and services, and engaging customer-centric initiatives and loyalty programmes<br>› Leverage on the extensive network and capabilities of CLAS' Sponsor and third-party operators such as Accor, IHG and Marriott for our serviced residences and hotels<br>› Leverage on strong network of investment and asset management professionals with deep knowledge in rental housing and student accommodation properties<br>› Incorporate ESG considerations and align CLAS' business with recognised industry standards, to reinforce our leading position as a sustainable trust<br>› Enhance our product offerings through asset enhancement initiatives and refresh of our brands<br>› Leverage in-house team of industry analysts to keep CLAS on top of latest market trends | › Rely on strong experience in the hospitality market<br>› Reposition our properties through asset enhancement initiatives<br>› Refresh our brands to introduce new signature brand experiences for our guests |
| **Cyber Security & Information Technology**<br>Ongoing business digitalisation exposes the business to IT-related threats, which may result in compromising the confidentiality, integrity and availability of CLAS' information assets and/or systems | › The outsourced information technology (IT) function from CLI executes its Cyber Security Strategy through ongoing review against existing/evolving threat landscapes, and institutes measures to minimise vulnerability exposure and manage threat vectors<br>› Ongoing mandatory staff IT Security Awareness Training to counter human intervention in the information security chain<br>› Periodic review and updating of Group-wide IT Security Policy and Data Protection Framework to ensure relevancy<br>› Maintain and test IT Security Incident Management Procedure to ensure prompt response and timely remediation to cyber security incidents<br>› Conduct annual Disaster Recovery Plan exercise to ensure timely recoverability of business-critical IT systems<br>› Put in place enhanced protection controls for systems that hold personal data | › Build a cyber resilient infrastructure and network to harness the full potential of innovation and digital transformation of our business processes |

# Risk Management

| Material Risks | Key Mitigating Actions | Opportunities |
|---|---|---|
| **Economic**<br>Economic instability or changes in macro-economic factors such as inflation or unemployment, which results in challenging business conditions | › Adopt a disciplined approach to financial management<br>› Diversify our portfolio across asset classes and geographies in accordance with Board-approved country limits<br>› Focus on markets where CLAS or its Sponsor, The Ascott Limited (Ascott), has operational scale and where the underlying economic fundamentals are more robust<br>› Actively monitor macroeconomic trends, policies and regulatory changes in key markets<br>› To mitigate inflationary pressures and rising operating costs, enter into fixed-rate utility contracts, employ energy-saving technology or go-green initiatives where possible<br>› CLAS' predominantly long-stay properties have lower manning requirements and leaner cost structures compared to the typical full-service hospitality property<br>› Properties under master leases receive stable rent and are not directly impacted by rising costs, while utility costs are passed through to rental housing and student accommodation tenants | › Leverage our strong experience and network to access investment opportunities globally and enhance portfolio diversification |
| **Financial**<br>Exposure to financial risks involving liquidity, foreign currency and interest rates given CLAS' diversified portfolio of businesses<br><br>Volatility of cash flow negatively impacting planned cash generation and cash usage profile<br><br>Volatility of foreign currencies and interest rates resulting in realised/ unrealised losses | › Actively monitor CLAS' debt maturity profile, operating cash flows and the availability of funding to ensure that there are sufficient liquid reserves, in the form of cash and banking facilities, to finance CLAS' operations<br>› Access to various sources of funds from both banks and capital markets to minimise over-reliance on a single source of funds for any funding or refinancing requirements<br>› Adopt natural hedging, where possible, by borrowing in the same currency as the revenue streams generated from CLAS' investments<br>› Actively review and maintain an optimal mix of fixed and floating interest rate borrowings, taking into consideration the investments' holding period and nature of the assets<br>› For more details, please refer to the Financial Risk Management section on page 264 of this Annual Report | › Manage our financial risks well to give confidence to our investors |

# Risk Management

| Material Risks | Key Mitigating Actions | Opportunities |
|---|---|---|
| **Investment & Divestment**<br>Deployment of capital into loss-making or below-target return investments due to wrong underwriting assumptions or poor execution<br><br>Inadequate planning to identify suitable divestment opportunities | › Evaluate all investment and divestment proposals against a rigorous set of criteria which includes potential for value creation and distribution per Stapled Security (DPS) accretion, review key financial assumptions and perform sensitivity analysis on key variables<br>› The Boards review and approve all major investment and divestment decisions<br>› Conduct rigorous due diligence reviews on all investment and divestment proposals and where necessary, enlist third-party consultants with the requisite expertise to assist in the due diligence review<br>› Identify potential risks associated with proposed projects and the issues that may prevent smooth implementation or attainment of projected outcomes at the evaluation stage and devise action plans to mitigate such risks as early as possible<br>› Integrate sustainability in the real estate life cycle, from the earliest stage of our investment, redevelopment and divestment processes | › Seek opportunities to reconstitute the portfolio by divesting properties which have reached the optimal stage of their life cycle and investing in quality, accretive hospitality, rental housing and student accommodation properties |
| **Project Management**<br>Inability to meet the project's key deliverables in relation to cost, quality and time to completion which may adversely impact profitability | › Conduct regular site visits to closely monitor progress of development projects<br>› Appoint vendors through a stringent prequalification procedure to assess key criteria such as vendors' track records and financial performance<br>› Leverage in-house teams of experienced technical staff to provide guidance and independent audit checks on safety, quality of architectural design, and mechanical and electrical engineering detailing | › A robust project management mechanism put in place to ensure timely delivery of projects that meet stipulated requirements and standards |
| **Regulatory & Compliance**<br>Non-compliance with applicable laws and regulations, including tax, data protection and privacy, in the markets where CLAS operates, which may lead to hefty penalties/ fines and negative publicity | › Maintain a framework that proactively identifies the applicable laws and regulations, including taxation, and embed compliance into day-to-day operations<br>› Leverage in-house specialised teams such as compliance and tax, and external consultants to provide advisory services and updates on changes to laws and regulations<br>› Establish Group-wide policies and procedures to address the requirements of the applicable laws and regulations such as, Personal Data Protection Policy and Anti-Money Laundering Policy | › Keep abreast of the changing regulatory landscape to identify opportunities for improvements in the various compliance areas |

# Corporate Governance

## OUR ROLE

CapitaLand Ascott Trust (formerly known as Ascott Residence Trust) (CLAS) is a stapled group comprising CapitaLand Ascott Real Estate Investment Trust (formerly known as Ascott Real Estate Investment Trust) (CapitaLand Ascott REIT) and CapitaLand Ascott Business Trust (formerly known as Ascott Business Trust) (CapitaLand Ascott BT) pursuant to a stapling deed dated 9 September 2019 (as amended) and each stapled security consists of one CapitaLand Ascott REIT Unit and one CapitaLand Ascott BT Unit and is treated as a single instrument (Stapled Security).

CapitaLand Ascott Trust Management Limited (formerly known as Ascott Residence Trust Management Limited) (Reit Manager) was appointed manager of CapitaLand Ascott REIT in accordance with the terms of the trust deed dated 19 January 2006 (as amended) between the Reit Manager and DBS Trustee Limited, as the trustee of CapitaLand Ascott REIT (Trustee). CapitaLand Ascott Business Trust Management Pte. Ltd. (formerly known as Ascott Business Trust Management Pte. Ltd.) (Trustee-Manager) (collectively with the Reit Manager, the Managers) was appointed the trustee-manager of CapitaLand Ascott BT in accordance with the terms of the trust deed constituting CapitaLand Ascott BT dated 9 September 2019 (as amended) (collectively, Trust Deeds)[1].

We, as the Managers, set the strategic direction of CLAS and its subsidiaries (the Stapled Group) on any investment or divestment opportunities and asset enhancements in accordance with the stated investment strategy of CLAS. The research, evaluation and analysis required for this purpose are coordinated and carried out by us as the Managers.

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

Our other functions and responsibilities as the Managers include:

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

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

(c) ensuring compliance with relevant laws and regulations, including the Listing Manual of Singapore Exchange Securities Trading Limited (SGX-ST) (Listing Manual), the Code on Collective Investment Schemes (CIS Code) issued by the Monetary Authority of Singapore (MAS) (including Appendix 6 of the CIS Code (Property Funds Appendix)), the Business Trusts Act 2004 (BTA), the Business Trusts Regulations 2005 (BTR), the Securities and Futures Act 2001 (SFA), written directions, notices, codes and other guidelines that the MAS may issue from time to time, the tax rulings issued by the Inland Revenue Authority of Singapore on the taxation of CLAS and Stapled Securityholders;

(d) attending to all regular communications with Stapled Securityholders; and

(e) supervising the relevant property manager which performs the day-to-day property management functions (including leasing, marketing, promotion, operations coordination and other property management activities) for CLAS' properties.

The Managers also consider sustainability issues (including environmental and social factors) as part of our responsibilities. CLAS' environmental sustainability and community outreach programmes can be found in CLAS' Sustainability Report 2022, which will be published in May 2023.

CLAS is externally managed by the Managers. The Managers appoint experienced and well qualified personnel to run their day-to-day operations.

1 Copies of the Trust Deeds for the time being in force shall be made available for inspection at the registered offices of the Reit Manager and the Trustee-Manager at all times during usual business hours. Prior appointment would be appreciated.

# Corporate Governance

The Managers were appointed in accordance with the terms of the Trust Deeds. The Trust Deeds outline certain circumstances under which the Managers can be removed. In the case of CapitaLand Ascott REIT, by resolution passed by a simple majority, and in the case of CapitaLand Ascott BT, by 75% of Stapled Securityholders present and voting at a meeting of Stapled Securityholders duly convened and held in accordance with the provisions of the Trust Deeds.

The Managers are wholly owned subsidiaries of CapitaLand Investment Limited (CLI) which holds a significant stapled securityholding interest in CLAS. CLI is a leading global real estate investment manager, with a vested interest in the long-term performance of CLAS. CLI's significant stapled securityholding interest in CLAS demonstrates its commitment to CLAS and as a result, CLI's interest is aligned with that of other Stapled Securityholders. The Managers' association with CLI provides the following benefits, among other things, to CLAS:

(a) strategic pipelines of property assets through CapitaLand Group;

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

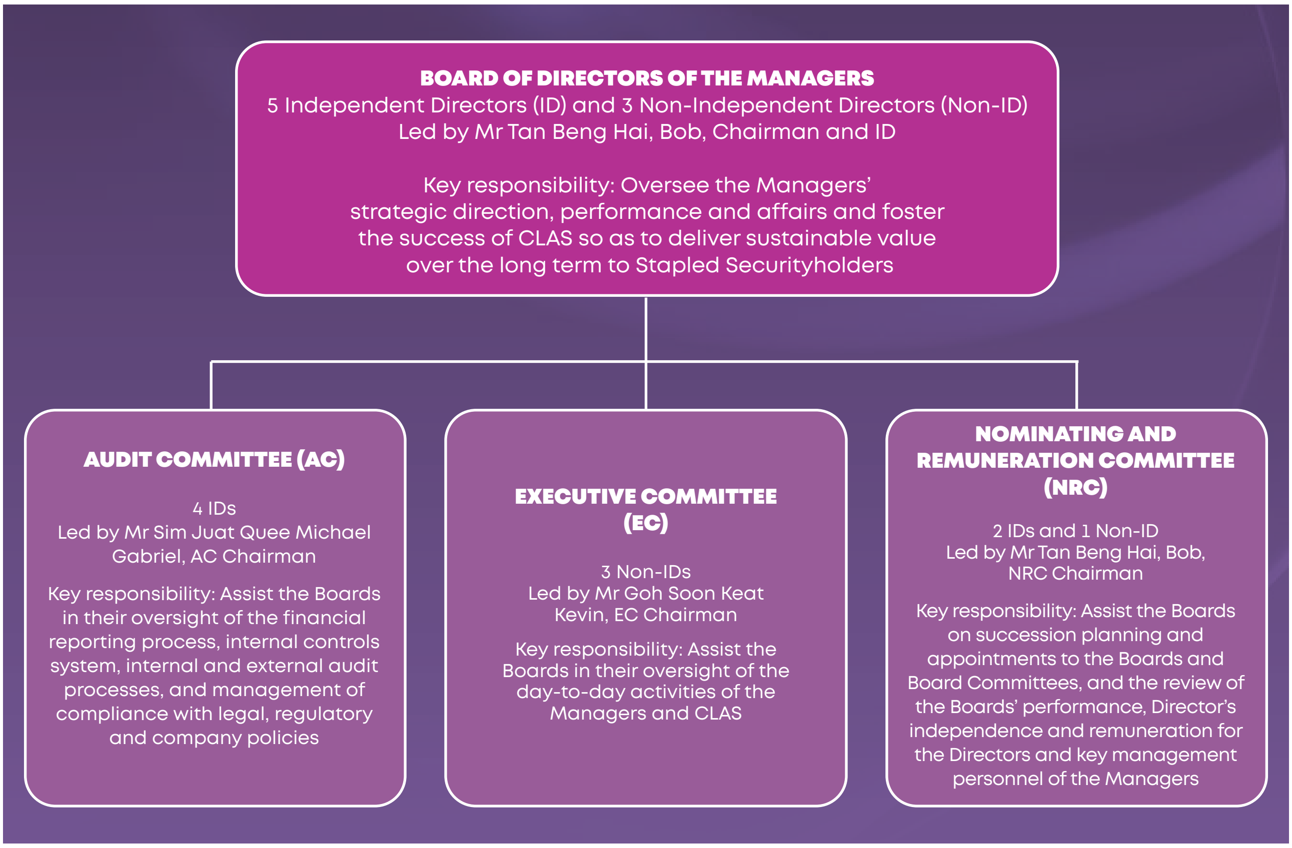
(c) fund raising and treasury support; and

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

## OUR CORPORATE GOVERNANCE FRAMEWORK AND CULTURE

The Managers embrace the tenets of good corporate governance, including accountability, transparency and sustainability. We are committed to enhancing long-term stapled securityholder value and have appropriate people, processes and structure to direct and manage the business and affairs of the Managers with a view to achieving operational excellence and delivering the Stapled Group's long-term strategic objectives. The policies and practices developed by the Managers to meet the specific business needs of the Stapled Group provide a firm foundation for a trusted and respected business enterprise.

Our corporate governance framework as at the date of this corporate governance report (Report) is set out below:



# Corporate Governance

The Boards of Directors of the Managers (Boards) set the tone from the top and are responsible for the Managers' corporate governance standards and policies, underscoring their importance to the Stapled Group.

This Report sets out the corporate governance practices for the financial year (FY) 2022 with reference to the Code of Corporate Governance 2018 (Code).

Throughout FY 2022, the Managers have complied with the principles of corporate governance laid down by the Code and also complied, substantially, with the provisions underlying the principles of the Code. Where there are deviations from the provisions of the Code, appropriate explanations are provided in this Report. This Report also sets out additional policies and practices adopted by the Managers which are not provided in the Code.

CLAS has received multiple accolades for its excellence in corporate governance and efforts to uphold high standards of transparency in its disclosures. In FY 2022, CLAS was conferred the top spot in the Singapore Governance and Transparency Index within the REITs and Business Trusts category for the second consecutive year, and was named "Best Investor Relations – Gold" in the Singapore Corporate Awards. CLAS has been included by the SGX-ST in the Fast Track Programme list. The scheme recognises listed companies with good governance standards and compliance practices, and accords prioritised clearance for selected corporate-action submissions.

## BOARD MATTERS

### Principle 1: The Boards' Conduct of Affairs

#### Boards' Duties and Responsibilities

The Boards oversee the strategic direction, performance and affairs of the Managers, in furtherance of the Managers' primary responsibility to foster the success of CLAS so as to deliver sustainable value over the long term to Stapled Securityholders. The Boards provide overall guidance to the management team (Management), led by the Chief Executive Officer (CEO). The Boards work with Management to achieve CLAS' objectives and long-term success and Management is accountable to the Boards for its performance. Management is responsible for the execution of the strategy for CLAS and the day-to-day operations of CLAS' business.

The Boards establish goals for Management and monitor the achievement of these goals. The Boards ensure that proper and effective controls are in place to assess and manage business risks and compliance with requirements under the Listing Manual, the Property Funds Appendix, as well as any other applicable guidelines prescribed by the SGX-ST, MAS or other relevant authorities, and applicable laws. The Boards also set the disclosure and transparency standards for CLAS and ensure that obligations to Stapled Securityholders and other stakeholders are understood and met.

The Boards have adopted a set of internal controls which establishes financial approval limits for capital expenditure, investments, divestments, bank borrowings and issuance of debt instruments and this is clearly communicated to Management in writing. The Boards have reserved authority to approve certain matters including:

(a) material acquisitions, investments and divestments;

(b) issue of new stapled securities in CLAS (Stapled Securities);

(c) income distributions and other returns to Stapled Securityholders; and

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

Apart from matters that specifically require the Boards' approval, the Boards delegate authority for transactions below the Boards' approval limits to Board committees (Board Committees) and Management to optimise operational efficiency.

The Directors are fiduciaries and are collectively and individually obliged at all times to act honestly and objectively in the best interests of CLAS. Consistent with this principle, the Boards are committed to ethics and integrity of action and have adopted a Board Code of Business Conduct and Ethics (Board Code) which provides that every Director is expected to, among other things, adhere to the highest standards of ethical conduct. All Directors are required to comply with the Board Code. This sets the appropriate tone from the top in respect of the desired organisational culture, and assists the Boards in ensuring proper accountability within the Managers. In line with this, the Boards have a standing policy that a Director must not allow himself or herself to get into a position where there is a conflict between his or her duty to CLAS and his or her own interests. Where a Director has a conflict of interest in a particular matter, he or she will be required to disclose his or her interest to the Boards, recuse himself or herself from deliberations on the matter and abstain from voting on the matter. Every Director has complied with this policy, and where relevant, such compliance has been duly recorded in the minutes of meeting or written resolutions.

Furthermore, the Directors have the responsibility to act with due diligence in the discharge of their duties and ensure that they have the relevant knowledge to carry out and discharge their duties as directors, including understanding their roles as executive, non-executive, and independent directors, the business of CLAS and the environment in which CLAS operates. The Directors are also required to dedicate the necessary effort, commitment and time to their work as directors, and are expected to attend all meetings of the Boards, except if unusual circumstances make attendance impractical.

### Sustainability

The Managers place sustainability at the core of everything we do. We are committed to growing our business in a responsible manner, delivering long-term economic value, and contributing to the environmental and social well-being of the communities in which we have a presence. In keeping with this commitment, sustainability-related considerations are key aspects of the Boards' strategic formulation.

At the board level, in recognition of the importance of sustainability as a business imperative and consistent with the principle that the Boards play an important role in considering and incorporating sustainability considerations as part of its strategy development, an important consideration is ensuring that Environmental, Social and Governance (ESG) risks and opportunities are holistically integrated into and form the Managers' long-term strategy. This also sets the tone at the top to ensure the alignment of the Managers' activities with its purpose and stakeholder interests.

The Boards and the Managers are committed to ensuring environmental and workplace health and safety for their stakeholders, including employees and customers. CapitaLand's Environmental, Health and Safety Management System is audited by a third-party accredited certification body to ISO 14001 and ISO 45001 standards, internationally recognised standards for the environmental management of businesses and occupational health and safety management of businesses respectively. CLAS' health and safety practices are also aligned with the Code of Practice on Chief Executives' and Board of Directors' Workplace Safety and Health Duties which was gazetted in October 2022. CapitaLand's Environmental, Health and Safety policy is readily available to employees on CLI Group's intranet and to all suppliers, service providers and partners.

For FY 2022, all the members of the Boards attended the sustainability training as prescribed by the SGX-ST. Going forward, new Directors who are appointed to the Boards from time to time will either have expertise in sustainability matters or will undergo further training required under Rule 720(7) of the Listing Manual.

More details of CLAS' sustainability approach, environmental policies, anti-corruption efforts, training and development can be found on pages 80 to 87 of this Annual Report and in CLAS' Sustainability Report 2022 which will be published in May 2023.

### Directors' Development

In view of the increasingly demanding, complex and multi-dimensional role of a director, the Boards recognise the importance of continual training and development for their Directors so as to equip them to discharge the duties and responsibilities of their office as Directors to the best of their abilities. This is even if the Directors are generally experienced professionals in their own right, and takes into account the specific role a Director plays and the specific skills a Director should possess in relation to that role he or she has to perform. The Boards ensure that the Managers have in place a training and professional development framework to guide and support the Managers towards meeting the objective of having Boards which comprise individuals who are competent and possess up-to-date knowledge and skills necessary to discharge their duties and responsibilities. The costs of training are borne by the Managers. The induction, training and development provided to new and existing Directors are set out below.

Each newly-appointed Director is provided with a formal letter of appointment setting out the key terms of appointment, the time commitment expected and other relevant matters pertaining to the appointment. He or she also has access to the Director's Manual which includes information on a broad range of matters relating to the role, duties and responsibilities of a Director and CLAS' policies relating to disclosure of interests in securities, conflicts of interests and securities trading restrictions. All Directors upon appointment also undergo an induction or orientation programme which focuses on orientating the Director to CLAS' business, operations, strategies, organisation structure, responsibilities of CEO and other persons having executive roles with authority and responsibility for planning, directing and controlling the activities of the Managers (key management personnel), and financial and governance practices. Conducted by the CEO and key management personnel, the induction programme may include visits to CLAS' properties. Through the induction programme, the new Directors also get acquainted with members of Management which facilitates their interaction at Board meetings. Where a newly appointed Director has no prior experience as a director of an issuer listed on SGX-ST, such Director will undergo training on the roles and responsibilities of a director of a listed issuer, as prescribed by SGX-ST. Ms Teo Joo Ling, Serena, being a first-time director, has undergone training in the roles and responsibilities of a director of a listed issuer, as prescribed by the SGX-ST.

Following appointment, the Directors are provided with opportunities for continuing education in areas such as director's duties and responsibilities, changes to regulations, risk management and accounting standards, and industry-related matters, so as to be updated on matters that affect or may enhance their performance as Directors or Board Committee members. Directors can also request for further information on any aspect of CLAS' business from Management. Directors may also contribute by recommending to the Boards specific training and development programmes which he or she believes would benefit Directors or the Boards as a whole. The Directors are regularly kept informed by the Company Secretary of the availability of appropriate courses, conferences and seminars including those conducted by the Singapore Institute of Directors (SID), and the Directors are encouraged to attend such training at the Managers' expense. Bespoke arrangements as required and catered to address the needs of particular members of the Boards may also be organised from time to time. These would also facilitate Board-Management interaction and feedback.

During the year, the training programmes attended by the Directors included the SID Directors Conference 2022, ACRA-SGX-SID Audit Committee Seminar 2022, the SID Environmental, Social and Governance Essentials (Core) programme, as well as various seminars organised by SID and business partners in relation to board matters, audit committee matters, ESG matters and cybersecurity matters.

## Board Committees

The Boards have established various Board Committees to assist them in the discharge of their functions. These Board Committees are the Audit Committee (AC), the Executive Committee (EC) and the Nominating and Remuneration Committee (NRC).

Each Board Committee is formed with clear written terms of reference (setting out their composition, authorities and duties, including reporting back to the Boards) and operates under delegated authority from the Boards with the Boards retaining overall oversight. The chairpersons of these Board Committees report on the decisions and significant matters discussed at the respective Board Committees meetings to the Boards on a quarterly basis. The minutes of the Board Committee meetings which record the deliberations and decisions taken during these meetings are also circulated to all members of the Boards for their information. The composition of the various Board Committees is set out on page 130 of this Annual Report and the inside back cover of this Annual Report. The duties and responsibilities of the Board Committees are set out in this Report.

The Boards may form other Board Committees from time to time. The composition of each Board Committee is also reviewed by the Boards, through the NRC, and as and when there are changes to membership of the Boards. Considerations include leveraging on the respective Directors' leadership and governance backgrounds and expertise to optimise the overall effectiveness of the Board Committees, ensuring continuity of experience in the respective Board Committees and an equitable and balanced distribution of duties among members of the Boards whilst providing members of the Boards the opportunity to focus on specific areas and develop expertise over time to benefit CLAS.

## Meetings of Board and Board Committees

Board and Board Committee meetings are scheduled prior to the start of each financial year in consultation with the Directors. The Constitutions of the Managers permit the Directors to participate in Board and Board Committee meetings via audio or video conference. If a Director is unable to attend a Board or Board Committee meeting, he or she may provide his or her comments to the Chairman or the relevant Board Committee Chairman ahead of the meeting and these comments are taken into consideration in the deliberations. The Boards and Board Committees may also make decisions by way of written resolutions.

The IDs, led by the independent Chairman or other IDs as appropriate, also meet regularly at least once a year without the presence of Management. The chairman of such meetings will provide feedback to all members of the Boards and/or Management as appropriate. In FY 2022, the IDs met once without the presence of Management.

At each scheduled Board meeting, the Boards are apprised of the following:

(a) significant matters discussed at the AC meeting which is typically scheduled before the Board meeting;

(b) AC's recommendation on CLAS' periodic and year-end financial results following AC's review of the same;

(c) decisions made by Board Committees in the period under review;

(d) updates on CLAS' business and operations in the period under review, including market developments and trends, as well as business initiatives and opportunities;

(e) financial performance, budgetary and capital management related matters in the period under review, including any material variance between any projections in budget or business plans and the actual results from business activities and operations;

(f) any risk management issues that materially impact CLAS' operations or financial performance;

(g) updates on key Stapled Securityholder engagements in the period under review, as well as analyst views and market feedback;

(h) prospective transactions which Management is exploring; and

(i) updates on CLAS' sustainability efforts and performance, including but not limited to environmental and climate change related initiatives, as well as workplace health and safety.

All of the above allow the Boards to develop a good understanding of the progress of the Stapled Group's business as well as the issues and challenges faced by CLAS, and also promote active engagement with Management.

The Managers adopt and practise the principle of collective decisions and therefore, no individual Director influences or dominates the decision-making process. There is mutual respect and trust among the Directors and therefore the Boards benefit from a culture of frank and rigorous discussions. Such discussions conducted on a professional basis contribute to the dynamism and effectiveness of the Boards. The Boards' composition is such that there is diversity in views and perspectives which enriches deliberations and contributes to better decision-making of the Boards in the best interests of CLAS. At Board and Board Committee meetings, all the Directors actively participate in discussions, in particular, they engage in open and constructive debate and challenge Management on its assumptions and recommendations.

Management provides the Directors with complete, adequate and timely information prior to Board and Board Committee meetings and on an ongoing basis. This enables the Directors to make informed decisions and discharge their duties and responsibilities.

As a general rule, meeting materials are provided to the Directors at least five working days prior to Board and Board Committee meetings, to allow them to prepare for the meetings and to enable discussions to focus on any questions or issues that they may have or identify. Agendas for Board and Board Committee meetings are prepared in consultation with the Chairman and the chairmen of the respective Board Committees. This provides assurance that there is time to cover all relevant matters during the meetings.

In line with the Managers' ongoing commitment to minimise paper wastage and reduce their carbon footprint, the Managers do not provide printed copies of Board and Board Committee meeting materials. Instead, the Directors are provided with tablet devices to enable them to access and review meeting materials prior to and during meetings. This initiative also enhances information security as the meeting materials are made available through a secure channel. The Directors are also able to review and approve written resolutions using the tablet devices.

A total of six Board meetings, five AC meetings and two NRC meetings were held in FY 2022. The key deliberations and decisions taken at Board and Board Committee meetings are minuted.

A record of the Directors' attendance at Board and Board Committee meetings for FY 2022 is set out on page 130 of this Annual Report. The CEO who is also a Director attends all Board meetings. She also attends all AC meetings on an ex officio basis. Other members of Management attend Board and Board Committee meetings as required to brief the Boards and Board Committees on specific business matters.

There is active interaction between the Directors and Management during and outside Board and Board Committee meetings. The Directors have separate, independent and unfettered access to Management for any information that they may require. The Boards and Management share a productive and harmonious relationship, which is critical for good governance and organisational effectiveness.

The Directors also have separate and independent access to the company secretary of the Managers (Company Secretary). The Company Secretary keeps herself abreast of relevant developments. She has oversight of corporate secretarial administration matters and advises the Boards and Management on corporate governance matters. The Company Secretary attends Board meetings and assists the Chairman in ensuring that Board procedures are followed. The Company Secretary also facilitates the induction programme for new Directors and undertakes the administration work relating to professional development for the Directors. The Company Secretary is legally trained and the appointment and removal of the Company Secretary is subject to the Boards' approval.

The Directors, whether individually or collectively as the Boards, are entitled to have access to independent external professional advice where necessary, at the Managers' expense.

## Principle 2: Board Composition and Guidance

### Board Independence

The Boards have a strong independent element as five out of eight directors, including the Chairman, are non-executive IDs. Other than the CEO who is the only executive Director on the Boards, non-executive Directors make up the rest of the Boards. None of the Directors have served on the Boards for nine years or longer. No lead ID is appointed as the Chairman is an ID. Profiles of the Directors, their respective Board Committee memberships and roles are set out on pages 14 to 19 of this Annual Report. Key information on the Directors is also available on CLAS' website at https://www.capitalandascotttrust.com (Website). The statement on the Composition of the Board of Directors of the Trustee-Manager pursuant to Regulation 12(8) of the BTR can be found on page 137 of this Annual Report.

The Boards, through the NRC, review from time to time the size and composition of the Boards and each Board Committee, with a view to ensuring that the size is appropriate in facilitating effective decision-making, and the composition reflects a strong independent element as well as balance and diversity of thought and background. The review takes into account the scope and nature of the Stapled Group's operations, the evolving external environment and the competition that the Stapled Group faces.

The Boards, with the recommendation of the NRC, assess and determine annually (and as and when circumstances require) the independence of each Director in accordance with the requirements of the Listing Manual and the guidance in the Code, the Securities and Futures (Licensing and Conduct of Business) Regulations (SFR), the BTR and where relevant, the recommendations set out in the Practice Guidance accompanying the Code (Practice Guidance). A Director is considered independent if he or she is independent in conduct, character and judgment and:

(a) has no relationship with the Managers, their related corporations, their substantial shareholders, CLAS' substantial Stapled Securityholders (being Stapled Securityholders who have interests in voting Stapled Securities with 5% or more of the total votes attached to all voting Stapled Securities) or the Managers' officers that could interfere, or be reasonably perceived to interfere with the exercise of his or her independent business judgment in the best interests of CLAS;

(b) is independent from the management of the Managers and CLAS, from any business relationship with the Managers and CLAS, and from every substantial shareholder of the Managers and every substantial Stapled Securityholder of CLAS;

(c) is not a substantial shareholder of the Managers or a substantial Stapled Securityholder of CLAS;

(d) is not employed and has not been employed by the Managers or CLAS or their related corporations in the current or any of the past three financial years;

(e) does not have an immediate family member who is employed or has been employed by the Managers or CLAS or their related corporations in the current or any of the past three financial years and whose remuneration is or was determined by the Boards; and

(f) has not served on the Boards for a continuous period of nine years or longer.

There is a rigorous process to evaluate the independence of each ID. As part of the process:

(a) each ID provides information of his or her business interests and confirms, annually, that there are no relationships which interfere with the exercise of his or her independent business judgment with a view to the best interests of the Stapled Securityholders as a whole, and such information is then reviewed by the Boards; and

(b) the Boards also reflect on the respective IDs' conduct and contributions at Board and Board Committee meetings, in particular, whether the relevant ID has exercised independent judgment in discharging his or her duties and responsibilities.

Each ID is required to recuse himself or herself from the Boards' deliberations on his or her independence. In appropriate cases, the NRC also reviews the independence of an ID as and when there is a change of circumstances involving the ID, and makes its recommendations to the Boards for its consideration and determination. In this regard, an ID is required to report to the Managers when there is any change of circumstances which may affect his or her independence. Thereafter, the NRC's recommendation is presented to the Boards for approval.

The Boards have carried out the assessment of the independence of the IDs for FY 2022 and the paragraphs below set out the outcome of the assessment. Each of the IDs had recused himself or herself from the deliberations of the Boards and NRC on his or her independence.

**Mr Tan Beng Hai, Bob**
Mr Tan is a non-executive director of Singapore Post Limited (SingPost) which provides postal services to CLI and its subsidiaries (CLI Group). In addition, SingPost engages CLI Group to manage SingPost Centre. The decision to procure or provide the services was made by the management of CLI in the ordinary course of business, on arm's length basis and based on normal commercial terms and market rates. Mr Tan's role in SingPost is non-executive in nature and he is not involved in the business operations of SingPost.

Mr Tan also served as a non-executive director of Sembcorp Marine Ltd (Sembcorp Marine), a subsidiary of Temasek Holdings (Private) Limited (Temasek) and stepped down from the board of Sembcorp Marine with effect from 28 February 2023. Temasek is deemed to be a substantial Stapled Securityholder through its direct and indirect interests in CLI, which is a substantial Stapled Securityholder of CLAS. Mr Tan's role in Sembcorp Marine is non-executive in nature and he is not involved in the day-to-day conduct of the business of Sembcorp Marine. This corporation is an independently managed company under Temasek and the role does not require him to nor result in him having to act in accordance with any instructions, directions or wishes of Temasek in relation to the corporate affairs of CLAS and the Managers.

Mr Tan is also a member of the Corporate Governance Advisory Committee and a member of the Securities Industry Council of MAS. In FY 2022, CLI Group had a business relationship with MAS for the sale of CapitaVouchers by CLI Group to MAS. This role generates no conflict of interest in respect of his role as a Director of the Managers. Mr Tan's role in MAS is non-executive in nature and he is not involved in the business operations of MAS.

The Boards also considered the conduct of Mr Tan in the discharge of his duties and responsibilities as a Director, and are of the view that the relationships set out above did not impair his ability to act with independent judgment in the discharge of his duties and responsibilities as a Director. Save for the relationships stated above, Mr Tan does not have any other relationships and is not faced with any of the circumstances identified in the Code, SFR, BTR and Listing Manual, or any other relationships which may affect his independent judgment. The Boards are therefore of the view that Mr Tan has exercised independent judgment in the discharge of his duties and responsibilities. Based on the above, the Boards arrived at the determination that Mr Tan is an ID.

Mr Tan had recused himself from the Boards' deliberations on his independence.

**Mr Sim Juat Quee Michael Gabriel**

Mr Sim serves as a board member of Jurong Town Corporation (JTC), a statutory board under the Ministry of Trade and Industry. In FY 2022, CLI Group made certain payments to JTC in respect of lease of space from JTC which was in the ordinary course of business, on arm's length basis and based on normal commercial terms and market rates. Mr Sim's role in JTC is non-executive in nature and he is not involved in the business operations of JTC.

The Boards also considered the conduct of Mr Sim in the discharge of his duties and responsibilities as a Director, and are of the view that the relationships set out above did not impair his ability to act with independent judgment in the discharge of his duties and responsibilities as a Director. Save for the relationships stated above, Mr Sim does not have any other relationships and is not faced with any of the circumstances identified in the Code, SFR, BTR and Listing Manual, or any other relationships which may affect his independent judgment. The Boards are therefore of the view that Mr Sim has exercised independent judgment in the discharge of his duties and responsibilities. Based on the above, the Boards arrived at the determination that Mr Sim is an ID.

Mr Sim had recused himself from the Boards' deliberations on his independence.

**Mr Chia Kim Huat**

Mr Chia is the Regional Head, Corporate and Transactional Group of Rajah & Tann Singapore LLP (Rajah & Tann), which provides legal services to some of the subsidiaries of CLI Group. Mr Chia is considered as having a business relationship with the related corporation of the Managers. The engagement of Rajah & Tann to provide legal services to CLI Group was made by the management teams within CLI Group and he is not involved in the process, negotiations or approval of such engagement. These services were carried out in the ordinary course of business, on arm's length basis and based on normal commercial terms and market rates.

Mr Chia also serves as a director of SATS, an organisation linked to Temasek. Mr Chia's role in SATS is non-executive in nature and he is not involved in the day-to-day conduct of the business of SATS. The Boards also considered the conduct of Mr Chia in the discharge of his duties and responsibilities as a Director, and are of the view that the relationship set out above did not impair his ability to act with independent judgment in the discharge of his duties and responsibilities as a Director. Save for the relationships stated above, Mr Chia does not have any other relationships and is not faced with any of the circumstances identified in the Code, SFR, BTR and Listing Manual, or any other relationships which may affect his independent judgment. The Boards are therefore of the view that Mr Chia has exercised independent judgment in the discharge of his duties and responsibilities. Based on the above, the Boards arrived at the determination that Mr Chia is an ID.

Mr Chia had recused himself from the Boards' deliberations on his independence.

**Ms Deborah Lee Siew Yin**
Ms Lee is not faced with any of the circumstances identified in the Code, SFR, BTR and Listing Manual and does not have any other relationships which may affect her independent judgment.

The Boards also considered the conduct of Ms Lee in the discharge of her duties and responsibilities as a Director. The Boards are of the view that Ms Lee has exercised independent judgment in the discharge of her duties and responsibilities. Based on the above, the Boards arrived at the determination that Ms Lee is an ID.

Ms Lee had recused herself from the Boards' deliberations on her independence.

**LG Ong Su Kiat Melvyn**
LG Ong is a non-executive director of Singapore Technologies Engineering Ltd, a subsidiary of Temasek. Temasek is deemed to be a substantial Stapled Securityholder through its direct and indirect interests in CLI, which is a substantial Stapled Securityholder of CLAS. This corporation is an independently managed company under Temasek and the role does not require him to nor result in him having to act in accordance with any instructions, directions or wishes of Temasek in relation to the corporate affairs of CLAS and the Managers.

LG Ong is also a board member of JTC. CLI Group made certain payments to JTC in respect of lease of space from JTC which was in the ordinary course of business, on arm's length basis and based on normal commercial terms and market rates. LG Ong's role in JTC is non-executive in nature and he is not involved in the business operations of JTC.

The Boards also considered the conduct of LG Ong in the discharge of his duties and responsibilities as a Director, and are of the view that the relationship set out above did not impair his ability to act with independent judgment in the discharge of his duties and responsibilities as a Director. Save for the relationships stated above, LG Ong does not have any other relationships and is not faced with any of the circumstances identified in the Code, SFR, BTR and Listing Manual, or any other relationships which may affect his independent judgment. The Boards are therefore of the view that LG Ong has exercised independent judgment in the discharge of his duties and responsibilities. Based on the above, the Boards arrived at the determination that LG Ong is an ID.

LG Ong had recused himself from the Boards' deliberations on his independence.

The Boards are of the view that as at the last day of FY 2022, each of Mr Tan, Mr Sim, Mr Chia, Ms Lee and LG Ong was able to act in the best interests of all Stapled Securityholders in respect of the period in which they served as Directors in FY 2022.

In addition, under Regulation 13H(1) of the SFR, where a substantial shareholder of a manager of a real estate investment trust (REIT) is a corporation, a person would be considered to be connected to that substantial shareholder if he is, inter alia, a director of the substantial shareholder or a director of a related corporation or an associated company of the substantial shareholder. Such person will prima facie not be deemed to be independent unless the directors nevertheless regard him to be independent.

The Trustee-Manager is a related corporation of the Reit Manager as both the Trustee-Manager and the Reit Manager are directly held by CLI Group and as CapitaLand Ascott BT and CapitaLand Ascott REIT are stapled, the directors of the Managers are identical to avoid any differences or deadlock in the operation of the Stapled Group. As a result, all five independent directors of the Reit Manager, namely Mr Tan Beng Hai, Bob, Mr Sim Juat Quee Michael Gabriel, Mr Chia Kim Huat, Ms Deborah Lee Siew Yin and LG Ong Su Kiat Melvyn will prima facie be deemed to be connected to a substantial shareholder of the Reit Manager and hence not independent pursuant to Regulation 13H of the SFR.

Against the foregoing, the board of directors of the Reit Manager (Reit Manager Board) has reviewed and assessed the independence of each of the five IDs of the Reit Manager in relation to Regulation 13H of the SFR and has pursuant to Regulation 13D(8) of the SFR, resolved that notwithstanding that each of the five IDs is a director of both the Reit Manager and the Trustee-Manager, on the basis that:

(a) for so long as CapitaLand Ascott BT is stapled to CapitaLand Ascott REIT, there will be no real prejudice to the interests of the holders of CapitaLand Ascott REIT Units for the Trustee-Manager and the Reit Manager to have the same board of directors as CapitaLand Ascott REIT Units and the CapitaLand Ascott BT Units will be stapled together and held by the same investors. The stapling together of CapitaLand Ascott REIT Units and CapitaLand Ascott BT Units means that the holders of CapitaLand Ascott REIT Units are at the same time the investors of the Stapled Securities, who stand to benefit as a whole; and

(b) since the CapitaLand Ascott BT Units and CapitaLand Ascott REIT Units are held by the same pool of investors in the same proportion, concerns and potential abuses applicable to interested party transactions will be absent in transactions between CapitaLand Ascott REIT and CapitaLand Ascott BT.

The Reit Manager Board is satisfied that the five IDs' independent judgment and ability to act with regard to the interests of all the Stapled Securityholders of CLAS as a whole will not be impaired.

The remaining non-executive Directors, namely, Mr Goh Soon Keat Kevin and Ms Beh Siew Kim are employees of CLI Group and are not considered to be independent.

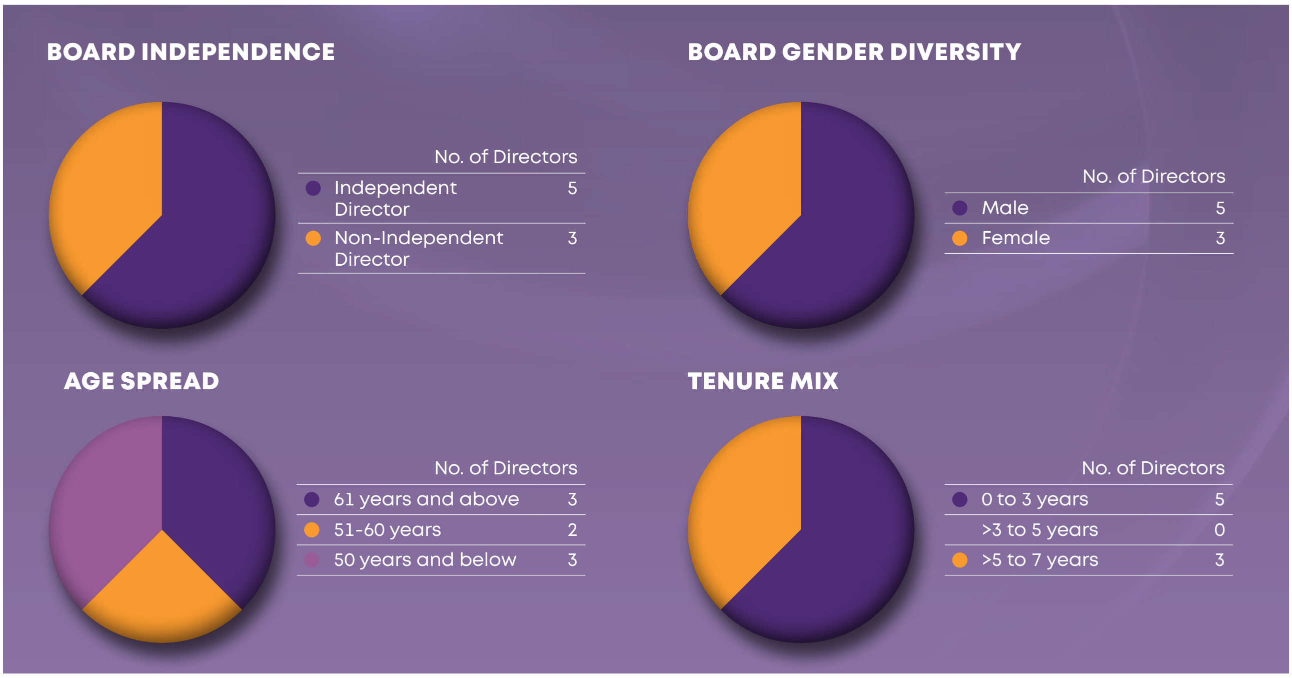
## Board Diversity

The Boards embrace diversity and have formally adopted a Board Diversity Policy. The Board Diversity Policy provides for the Boards to comprise talented and dedicated Directors with a diverse mix of expertise, experience, perspectives, skills and backgrounds, with due consideration to diversity factors, including but not limited to, diversity in age and gender.

The Boards believe in diversity and value the benefits that diversity can bring to the Boards in their deliberations by avoiding groupthink and fostering constructive debate. Diversity enhances the Boards' decision-making capability and ensures that the Managers have the opportunity to benefit from all available talent and perspectives.

The NRC, in carrying out its duties of determining the optimal composition of the Boards in their board renewal process and addressing board vacancies, identifies possible candidates that bring a diversity of background and opinion from amongst candidates with the appropriate background and industry or related expertise and experience. In identifying possible candidates and making recommendations of board appointments to the Boards, the NRC considers, among others, achieving an appropriate level of diversity in the Boards' composition having regard to diversity factors such as age, educational, business and professional backgrounds of their members.

Gender diversity is also considered an important aspect of diversity. There has been an increase in female representation on the Boards in FY 2022. The current Boards have three female members, one of whom is also the CEO, and the current female representation on the Boards is 37.5%. It is noted that the Council for Board Diversity has a target of women making up 25% of the boards of SGX-ST listed companies by 2025.



The NRC has reviewed the size and composition of the Boards and is of the opinion that the Boards' current size is appropriate with an appropriate balance and diversity of skills, talents, experience and backgrounds, taking into account the objectives of the Board Diversity Policy and CLAS' business needs and plans, for effective decision-making and constructive debate. In line with the Board Diversity Policy, the current Boards comprise members who are corporate and business leaders, and are professionals with varied backgrounds, expertise and experience including in accounting and finance, banking and capital markets, investment, real estate and industry expertise in retail and office sectors, legal and compliance, technology and leadership and governance. The Boards also have a few members with prior working experience in the industry in which CLAS operates. The members of the Boards bring with them the combination of skills, talents, experience and diversity required to serve the needs of CLAS.

For further information on the Boards' work in this regard, please refer to "Board Membership" under Principle 4 in this Report.

### Principle 3: Chairman and Chief Executive Officer

The roles and responsibilities of the Chairman and the CEO are held by separate individuals, in keeping with the principles that there be a clear division of responsibilities between the leadership of the Boards and Management and that no one individual has unfettered powers of decision-making. The non-executive independent Chairman is Mr Tan Beng Hai, Bob, whereas the CEO is Ms Teo Joo Ling, Serena. They do not share any family ties. The Chairman and the CEO enjoy a positive and constructive working relationship between them, and support each other in their respective leadership roles.

The Chairman provides leadership to the Boards and facilitates the conditions for the overall effectiveness of the Boards, Board Committees and individual Directors. This includes setting the agenda of Board meetings, ensuring that there is sufficient information and time at meetings to address all agenda items, and promoting open and constructive engagement among the Directors as well as between the Boards and the CEO on strategic issues.

The Chairman devotes considerable time to understanding the business of CLAS, as well as the issues and the competition that CLAS faces. He plays a significant leadership role by providing clear oversight, direction, advice and guidance to the CEO. He also maintains open lines of communication and engages with other members of Management regularly, and acts as a sounding board for the CEO on strategic and significant operational matters.

The Chairman also presides over the Annual General Meeting (AGM) each year and other general meetings where he plays a crucial role in fostering constructive dialogue between the Stapled Securityholders, the Boards and Management.

The CEO has full executive responsibilities to manage the Stapled Group's business and to develop and implement policies approved by the Boards.

The separation of the roles and responsibilities of the Chairman and the CEO, and the resulting clarity of roles provide a healthy professional relationship between the Boards and Management, facilitate robust deliberations on the Stapled Group's business activities and the exchange of ideas and views to help shape the strategic process, and ensure an appropriate balance of power, increased accountability and greater capacity of the Boards for independent decision-making.

As the roles of the Chairman and the CEO are held by separate individuals who are not related to each other, and the Chairman is an ID, no lead ID has been appointed. Moreover, the Boards have a strong independent element as five out of eight directors (including the Chairman) are non-executive IDs. There are also sufficient measures in place to address situations where the Chairman is conflicted as the Directors are required to recuse themselves from deliberations and abstain from voting on any matters that could potentially give rise to conflict. Accordingly, the foregoing is consistent with the intent of Principle 3 of the Code.

# Corporate Governance

## Principle 4: Board Membership

The Boards have a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Boards. The Boards have established the NRC, which makes recommendations to the Boards on all appointments to the Boards and Board Committees. All Board appointments are made based on merit and approved by the Boards.

The NRC comprises three non-executive directors, two of whom (including the chairman of the NRC) are IDs. The three members on the NRC are Mr Tan Beng Hai, Bob (NRC Chairman), LG Ong Su Kiat Melvyn and Mr Goh Soon Keat Kevin.

The NRC has also reviewed and approved various matters within its remit via circulating papers.

Under its terms of reference, the NRC's scope of duties and responsibilities in relation to nomination and appointment of directors includes:

(a) reviewing and making recommendations to the Boards on the structure, size and composition of the Boards and the Board Committees, formulating, reviewing and making recommendations to the Boards on succession plans for Directors, in particular, the appointment and/or replacement of the Chairman and the CEO;

(b) reviewing and making recommendations to the Boards on the process and criteria for the evaluation of the performance of the Boards, Board Committees and individual Directors and the results of such evaluation annually;

(c) considering annually and, as and when circumstances require, if a Director is independent; and

(d) considering and making recommendations to the Boards on the appointment and re-appointment of Directors (including alternate directors, if any)[1].

Guided by its terms of reference, the NRC oversees the development and succession planning for the CEO. This includes overseeing the process for selection of the CEO and conducting an annual review of career development and succession matters for the CEO.

In addition to the above, the NRC and/or the Boards as a whole are kept abreast of relevant matters relating to the review of succession plans relating to the key management personnel, in particular the appointment and/or replacement of the key management personnel. While this is a deviation from Provision 4.1(a) of the Code which requires the NRC to make recommendations to the Boards on relevant matters relating to the review of succession plans, in particular the appointment and/or replacement of the key management personnel, the Boards are of the view that such matters could be considered either by the NRC or by the Boards as a whole. This is accordingly consistent with the intent of Principle 4 of the Code.

In respect of the review of training and professional development programmes for the Boards and the Directors, the Boards are of the view that this should be a matter involving the views and feedback of all members of the Boards. Hence, any Director may contribute by recommending to the Boards specific training and development programmes which he or she believes would benefit Directors or the Boards as a whole. The review of training and professional development programmes for the Boards and their Directors is done by the Boards as a whole, and this function was not delegated to the NRC. This is consistent with the intent of Principle 4 of the Code, notwithstanding that the NRC was not specifically assigned to review and make recommendations to the Boards on such matters. For further information on the training and professional development programmes for the Boards and their Directors, please refer to "Directors' Development" under Principle 1 in this Report.

The NRC's duties and responsibilities in relation to remuneration matters are set out on page 110 of this Annual Report.

1 For the avoidance of doubt, there are no alternate directors appointed for FY 2022.

## Board Composition and Renewal

The Boards, through the NRC, strive to ensure that there is an optimal blend in the Boards of backgrounds, experience and knowledge in business and general management, expertise relevant to the Stapled Group's business and track record, and that each Director can bring to the Boards an independent and objective perspective to enable balanced and well-considered decisions to be made in the interests of the Stapled Group. The Boards comprise members who have experience in the sector that CLAS operates in. The channels used in the search and nomination process for identifying appropriate candidates, and the channels via which the eventual appointee(s) were found, and the criteria used to identify and evaluate potential new directors, are set out below.

There is a structured process for determining Board composition and for selecting candidates for appointment as Directors. In undertaking its duty of reviewing and making Boards appointment recommendations to the Boards, the NRC considers different time horizons for purposes of succession planning. The NRC evaluates the Boards' competencies on a long-term basis and identify competencies which may be further strengthened in the long term to achieve CLAS' strategy and objectives. As part of medium-term planning, the NRC seeks to refresh the membership of the Boards progressively and in an orderly manner, whilst ensuring continuity and sustainability of corporate performance. The NRC also considers contingency planning to prepare for sudden and unforeseen changes. In reviewing succession plans, the NRC has in mind CLAS' strategic priorities and the factors affecting the long-term success of CLAS. Board succession planning takes into account the need to maintain flexibility to effectively address succession planning and to ensure that the Managers continue to attract and retain highly qualified individuals to serve on the Boards. The NRC aims to maintain the optimal composition of the Boards by considering the trends affecting CLAS, reviewing the skills needed and identifying gaps, including considering whether there is an appropriate level of diversity of thought. The process ensures that the Board composition is such that the Boards have capabilities and experience which are aligned with CLAS' strategy and environment, and includes the following considerations: (a) the current size of the Boards and Board Committees, composition mix and core competencies; (b) the candidate's/Director's independence, in the case of an independent director; (c) the composition requirements for the Boards and relevant Board Committees (if the candidate/Director is proposed to be appointed to any Board Committee); and (d) the candidate's/Director's age, gender, track record, experience and capabilities and such other relevant factors as may be determined by the Boards, which would provide an appropriate balance and contribute to the collective skill of the Boards.

The Boards support the principle that board renewal is a necessary and continual process, for good governance and ensuring that the Boards have the skills, expertise and experience which are relevant to the evolving needs of the Stapled Group's business.

Board succession planning is carried out through the annual review by the NRC of the Boards' composition as well as when a Director gives notice of his or her intention to retire or resign. The outcome of that review is reported to the Boards. The Boards seek to refresh their membership progressively and in an orderly manner, whilst ensuring continuity and sustainability of corporate performance. The Boards also have in place guidelines on the tenure of Directors. The guidelines provide that an ID should serve for no more than a maximum of two three-year terms and any extension of tenure beyond six years will be reviewed on a yearly basis up to a period of nine years (inclusive of the initial two three-year terms served) by the NRC in arriving at a recommendation to the Boards.

The NRC identifies suitable candidates for appointment to the Boards. Searches for possible candidates are conducted through contacts and recommendations. In this regard, the Managers may rely on external consultants from time to time to assist the NRC in identifying candidates. Candidates are identified based on the needs of CLAS and the relevant skills required, taking into account, among other things, the requirements in the Listing Manual and the Code, as well as the factors in the Board Diversity Policy. The candidates will be assessed against a range of criteria including their demonstrated business sense and judgment, skills and expertise, and market and industry knowledge (and may include elements such as financial, sustainability or other specific competency, geographical representation and business background). The NRC also considers the qualities of the candidates, in particular whether they are aligned to the strategic directions and values of CLAS. In addition, the NRC assesses the candidates' ability to commit time to the affairs of CLAS, taking into consideration their other current appointments. The NRC uses a skills matrix to determine the skills gaps of the Boards and if the expertise and experience of a candidate would complement those of the existing members of the Boards.

The NRC also determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1 of the Code. Directors disclose their relationships with the Managers, their related corporations, their substantial shareholders or their officers, if any, which may affect their independence, to the Boards. For further information on the Boards' determination in this regard, please refer to "Board Independence" under Principle 2 in this Report.

### Board Changes

As part of the Boards' renewal process, Mr Lim Cho Pin Andrew Geoffrey stepped down from the Boards with effect from 1 July 2022 and Ms Beh Siew Kim was re-designated as Non-Executive Non-Independent Director with effect from 1 July 2022 while Ms Teo Joo Ling, Serena joined the Boards as Chief Executive Officer and Executive Director and member of the EC with effect from 1 July 2022. Ms Teo first joined the Managers as Deputy CEO through an internal transfer in November 2021. Prior to joining the Managers, she was Head, Portfolio Management of CapitaLand Ascendas REIT Management Limited (formerly known as Ascendas Funds Management (S) Limited), the manager of CapitaLand Ascendas Real Estate Investment Trust, which is a listed trust under the CLI Group.

Directors who are appointed to the Boards from time to time either have prior experience as a director of an issuer listed on the SGX-ST or will undergo further training required under Rule 210(5)(a) of the Listing Manual. Ms Teo Joo Ling, Serena who has been appointed to the Boards with effect from 1 July 2022, being a first-time director, has undergone training in the roles and responsibilities of a director of a listed issuer, as prescribed by the SGX-ST. Ms Teo attended the following core modules of the Listed Entity Director (LED) Programme conducted by the SID in FY 2022:

(a) LED 1 – Listed Entity Directors Essentials, completed on 4 October 2022;
(b) LED 2 – Board Dynamics, completed on 6 October 2022;
(c) LED 3 – Board Performance, completed on 7 October 2022; and
(d) LED 4 – Stakeholder Engagement, completed on 11 October 2022.

### Review of Directors' Ability to Commit Time

In view of the responsibilities of a Director, Directors need to be able to devote sufficient time and attention to adequately perform their duties and responsibilities. The NRC conducts a review of the other appointments and commitments of each Director on an annual basis and as and when there is a change of circumstances involving a Director which may affect his or her ability to commit time to the Managers. In this regard, Directors are required to report to the Boards any changes in their other appointments.

In respect of the Directors' other appointments and commitments, no limit is set as to the number of listed company board appointments. The Boards take the view that the number of listed company directorships that an individual may hold should be considered on a case-by-case basis, as a person's available time and attention may be affected by many different factors, such as his or her individual capacity, whether he or she is in full-time employment, the nature of his or her other responsibilities and his or her near term plan regarding some of the other appointments. A Director with multiple directorships is expected to ensure that he or she can devote sufficient time and attention to the affairs of the Managers. IDs are also required to inform the Chairman before accepting any invitation for appointment as a director of another entity's board or governing body, or offer of a full-time executive appointment or other principal commitment, to enable any concerns relating to potential conflicts of interest or the ability to commit time, to be shared and addressed.

There is also no alternate director to any of the Directors. In keeping with the principle that a Director must be able to commit time to the affairs of the Managers, the NRC has adopted the principle that it will generally not approve the appointment of alternate directors to the Directors.

Each of the Directors is required to make his or her own self-assessment and confirm that he or she is able to devote sufficient time and attention to the affairs of the Managers. For FY 2022, all non-executive Directors had undergone the self-assessment and provided the confirmation.

On an annual basis and, where appropriate when there is a change of circumstances involving a Director, the NRC assesses each Director's ability to commit time to the affairs of the Managers. In conducting the assessment, the NRC takes into consideration each Director's confirmation, his or her commitments, attendance record at meetings of the Boards and Board Committees, as well as conduct and contributions (including preparedness and participation) at Board and Board Committee meetings.

The Directors' listed company directorships and principal commitments are disclosed on pages 14 to 19 of this Annual Report and their attendance record for FY 2022 is set out on page 130 of this Annual Report. In particular, the CEO does not serve on any listed company board outside of the Stapled Group. For FY 2022, the Directors achieved high meeting attendance rates and have contributed positively to discussions at Board and Board Committee meetings. Based on the above, the NRC has determined that each Director has been adequately carrying out his or her duties as a Director and noted that no Director has a significant number of listed directorships and principal commitments.

The Boards, taking into consideration the NRC's assessment, have noted that each Director has been adequately carrying out his or her duties and responsibilities as a Director.

## Principle 5: Board Performance

The Managers believe that oversight from strong and effective Boards goes a long way towards guiding a business enterprise to achieving success.

Whilst Board performance is ultimately reflected in the long-term performance of the Stapled Group, the Boards believe that engaging in a regular process of self-assessment and evaluation of Board performance provides an opportunity for the Boards to reflect on their effectiveness including the quality of their decisions, and for Directors to consider their performance and contributions. It also enables the Boards to identify key strengths and areas for improvement which are essential to effective stewardship and attaining success for CLAS.

The NRC recommends for the Boards' approval the objective performance criteria, and the Boards undertake, with the assistance of the Company Secretary, a process to evaluate the effectiveness of the Boards as a whole and that of each of its Board Committees and individual Directors for every financial year. As part of the process, a questionnaire is sent to the Directors by the Company Secretary, who aggregates and reports the evaluation results to the NRC, and thereafter the Boards. The findings are considered by the Boards and follow up action is taken where necessary with a view to enhancing the effectiveness of the Boards, Board Committees and individual Directors in the discharge of their duties and responsibilities. As and when required, external facilitators may be appointed to assist in the evaluation process of the Boards, Board committees and the individual Directors. For FY 2022, the evaluation process was conducted without involving any external facilitator.

### Board and Board Committees

The evaluation categories covered in the questionnaire include Board composition, Board processes, strategy, performance and governance, access to information and Board Committee effectiveness. As part of the questionnaire, the Boards also consider whether the creation of value for Stapled Securityholders has been taken into account in the decision-making process. For FY 2022, the outcome of the evaluation was satisfactory and the Boards as a whole, and each of the Board Committees, received affirmative ratings across all the evaluation categories.

### Individual Directors

The evaluation categories covered in the questionnaire include Director's duties, contributions, conduct and interpersonal skills, as well as strategic thinking and risk management. For FY 2022, the outcome of the evaluation was satisfactory and each of the Directors on the whole received affirmative ratings across all the evaluation categories.

The Boards also recognise that contributions by an individual Director can take different forms including providing objective perspectives on issues, facilitating business opportunities and strategic relationships, and accessibility to Management outside of the formal environment of Board and Board Committee meetings.

Each Director has objectively discharged his or her duties and responsibilities at all times as fiduciaries in the interests of the Managers and CLAS.

### Board Evaluation as an Ongoing Process

The Boards believe that performance evaluation should be an ongoing process and the Boards achieve this by seeking feedback on a regular basis. The regular interactions between the Directors, and between the Directors and Management, also contribute to this ongoing process. Through this process of engaging their members, the Boards also benefit from an understanding of shared norms between Directors which also contributes to a positive board culture. The collective Boards performance and the contributions of individual Directors are also reflected in, and evidenced by, the synergistic performance of the Boards in discharging their responsibilities as a whole by providing proper guidance, diligent oversight and able leadership, and lending support to Management in steering CLAS in the appropriate direction, as well as the long-term performance of CLAS whether under favourable or challenging market conditions.

## REMUNERATION MATTERS

### Principles 6, 7 and 8: Procedures for Developing Remuneration Policies, Level and Mix of Remuneration and Disclosure on Remuneration

All fees and remuneration payable to Directors, key management personnel (including the CEO) and staff of the Managers are paid by the Managers.

The Boards have a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel.

The scope of duties and responsibilities of the NRC in relation to remuneration matters under its terms of reference include:

(a) reviewing and determining the Boards' remuneration framework and the specific remuneration packages for the Directors; and

(b) reviewing and determining the compensation framework and the specific remuneration packages for the CEO and other key management personnel.

While Provision 6.1 of the Code provides for the NRC to make recommendations to the Boards on such matters, the Boards are of the view that such matters are best decided by the NRC as part of its focused scope, and have delegated the decision-making on such matters to the NRC. The NRC reports any decisions made on such matters to the Boards. This is accordingly consistent with the intent of Principle 6 of the Code.

For further information on the composition of the NRC, please refer to "Board Membership" under Principle 4 in this Report.

### Remuneration Policy for Key Management Personnel

The remuneration framework and policy are designed to support the implementation of the Stapled Group's business strategy and deliver sustainable returns to Stapled Securityholders. The principles governing the remuneration policies of the Managers' key management personnel are as follows:

#### Business Alignment

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

#### Motivate Right Behaviour

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

### Fair & Appropriate

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

### Effective Implementation

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

These remuneration policies are in line with the Stapled Group's business strategy and the executive compensation framework is based on the key principle of linking pay to performance, which is emphasised by linking total remuneration to the achievement of business and individual goals and objectives. The NRC considers all aspects of remuneration, including termination terms, to ensure they are fair, and has access to remuneration consultants for advice on remuneration matters as required.

In reviewing policies on remuneration and determining the remuneration packages for key management personnel, the NRC, through an independent remuneration consultant, takes into consideration appropriate compensation benchmarks within the industry, so as to ensure that the remuneration packages payable to key management personnel are competitive and in line with the objectives of the remuneration policies. It also considers the compensation framework of CLI as a point of reference. The Managers are subsidiaries of CLI which also holds a significant stake in CLAS. The association with the CLI Group puts the Managers in a better position to attract and retain better qualified management talent. Additionally, it provides an intangible benefit to the Managers such that it allows the employees to associate themselves with an established corporate group which can offer them the depth and breadth of experience and enhanced career development opportunities.

In FY 2022, Willis Towers Watson was appointed as independent remuneration consultant to provide professional advice on executive remuneration. Willis Towers Watson is a leading global advisory, broking and solutions company with over 45,000 employees serving more than 140 countries and markets. The consultant is not related to the Managers, their controlling shareholder, their related corporations or any of their Directors.

## Remuneration of Key Management Personnel

The remuneration of key management personnel comprises fixed components, a variable cash component, Stapled Security-based components and employee benefits. A significant proportion of key management personnel's remuneration is in the form of variable compensation, awarded in a combination of short-term and long-term incentives, in keeping with the principle that the interests of the key management personnel should be aligned with those of Stapled Securityholders and that the remuneration framework should link rewards to business and individual performance and promote the long-term success of CLAS.

### A Fixed Components:

The fixed components comprise the base salary, fixed allowances and compulsory employer contribution to an employee's Central Provident Fund.

### B Cash Component:

The variable cash component comprises the Balanced Scorecard Bonus Plan (BSBP) that is linked to the achievement of annual performance targets for each key management personnel.

Under the Balanced Scorecard framework, the Stapled Group's strategy and goals are translated to performance outcomes comprising both quantitative and qualitative targets in the dimensions of:

- **REIT Performance:** This includes targets relating to profitability and distributions, capital structure, financial and risk management, as well as investor engagement;

- **Preparing for the future:** This includes targets relating to asset enhancement initiatives and portfolio reconstitution, asset performance and renewal of master leases and management contracts;

- **Sustainability:** This includes targets relating to talent retention, succession planning and sustainable corporate practices (including workplace safety); and

- **Managers' Financial Health:** This includes targets relating to the Managers' financial viability and efficiency.

These Balanced Scorecard targets are approved by the Boards and cascaded down throughout the organisation, thereby creating alignment across the Stapled Group.

After the close of each financial year, the Boards review the Stapled Group's achievements against the targets set in the Balanced Scorecard and determine the overall performance taking into consideration qualitative factors such as the quality of earnings, operating environment, regulatory landscape and industry trends.

In determining the payout quantum for each key management personnel under the BSBP, the NRC considers the overall business and individual performance as well as the affordability of the payout to the Managers.

**C Stapled Security-based Components:**

Stapled Security awards were granted in FY 2022 pursuant to the Managers' Performance Stapled Security Plan (PSSP) and the Restricted Stapled Security Plan (RSSP) (together, the Stapled Security Plans), approved by the Boards. The Managers believe that the Stapled Security-based components of the remuneration for key management personnel serve to align the interests of such key management personnel with that of Stapled Securityholders and CLAS' long-term growth and value. The obligation to deliver the Stapled Securities is satisfied out of existing Stapled Securities held by the Managers.

To promote the alignment of Management's interests with that of Stapled Securityholders in the longer term, senior members of Management are subject to Stapled Security ownership guidelines to instill stronger identification with the longer-term performance and growth of the Stapled Group. Under these guidelines, senior members of Management are required to retain a prescribed proportion of Stapled Securities received under the Stapled Security Plans worth up to at least one year of basic salary.

Stapled Securities vested pursuant to the Stapled Security Plans may be clawed back in circumstances where the relevant participants are found to be involved in financial misstatement, misconduct, fraud or malfeasance to the detriment of the Stapled Group.

### Managers' Performance Stapled Security Plan (PSSP)

In FY 2022, the NRC granted awards which are conditional on targets set for a three-year performance period. A specified number of Stapled Securities will only be released to the recipients at the end of the qualifying performance period, provided that minimally the threshold target is achieved.

Under the PSSP, an initial number of Stapled Securities (PSSP baseline award) is allocated conditional on the achievement of a pre-determined target in respect of the Relative Total Stapled Securityholder Return (TSSR) of the Stapled Group measured by the percentile ranking of the TSSR of the Stapled Group relative to the constituent REITs in the FTSE ST REIT Index.

The above performance measure has been selected as a key measurement of wealth creation for Stapled Securityholders. The final number of Stapled Securities to be released will depend on the Stapled Group's performance against the pre-determined targets over the three-year qualifying performance period. This serves to align Management's interests with that of Stapled Securityholders in the longer term and to deter short-term risk taking. No Stapled Securities will be released if the threshold target is not met at the end of the qualifying performance period. On the other hand, if superior targets are met, more Stapled Securities than the PSSP baseline award can be delivered up to a maximum of 200% of the PSSP baseline award. The NRC has the discretion to adjust the number of Stapled Securities released taking into consideration other relevant quantitative and qualitative factors. Recipients will receive fully paid Stapled Securities, their equivalent cash value or combinations thereof, at no cost.

For FY 2022, the relevant award for assessment of the performance achieved by the Stapled Group is the award granted in FY 2020 where the qualifying performance period was FY 2020 to FY 2022. Based on the NRC's assessment that the performance achieved by the Stapled Group has exceeded the pre-determined performance targets for such performance period, the resulting number of Stapled Securities released has been adjusted accordingly to reflect the performance level.

In respect of the Stapled Security awards granted under the PSSP in FY 2021 and FY 2022, the respective qualifying performance periods have not ended as at the date of this Report.

**Managers' Restricted Stapled Security Plan (RSSP)**
In FY 2022, the NRC granted awards which are conditional on targets set for a one-year performance period. A specified number of Stapled Securities will only be released to recipients at the end of the qualifying performance period, provided that minimally the threshold targets are achieved.

Under the RSSP, an initial number of Stapled Securities (RSSP baseline award) is allocated conditional on the achievement of pre-determined targets in respect of the following performance conditions:

(a) Profit After Tax & Minority Interest of the Stapled Group; and

(b) Distribution per Stapled Security of the Stapled Group.

The above performance measures have been selected as they are the key drivers of business performance and are aligned to Stapled Securityholder value. The final number of Stapled Securities to be released will depend on the Stapled Group's performance against the pre-determined targets at the end of the one-year qualifying performance period. The Stapled Securities will be released in equal annual tranches over a vesting period of three years. No Stapled Securities will be released if the threshold targets are not met at the end of the qualifying performance period. On the other hand, if superior targets are met, more Stapled Securities than the RSSP baseline award can be delivered up to a maximum of 150% of the RSSP baseline award. The NRC has the discretion to adjust the number of Stapled Securities released taking into consideration other relevant quantitative and qualitative factors. Recipients will receive fully paid Stapled Securities, their equivalent cash value or combinations thereof, at no cost.

In respect of the Stapled Security awards granted under the RSSP in FY 2022, based on the NRC's assessment that the performance achieved by the Stapled Group has exceeded the pre-determined performance targets for FY 2022, the resulting number of Stapled Securities has been adjusted accordingly to reflect the performance level.

The Stapled Security Plans of the Managers are performance-based and vest over a period of three years. Coupled with interlocking annual grants, this ensures ongoing alignment between remuneration and sustainable business performance in the longer term.

**D Employee Benefits:**
The benefits provided are comparable with local market practices.

Each year, the NRC evaluates the extent to which each of the key management personnel has delivered on the business and individual goals and objectives, and based on the outcome of the evaluation, approves the compensation for the key management personnel. In such evaluation, the NRC considers whether the level of remuneration is appropriate to attract, retain and motivate key management personnel to successfully manage CLAS for the long term. The CEO does not attend discussions relating to her own performance and remuneration.

While the disclosure of, among others, the CEO's exact remuneration amount and the names, amounts and breakdown of remuneration of at least the top five key management personnel (who are not Directors or the CEO) in bands no wider than S$250,000 and the aggregate of the total remuneration paid to these key management personnel would be in full compliance with Provision 8.1 of the Code, the Boards have considered carefully and decided that such disclosure would not be in the interests of the Managers or Stapled Securityholders due to:

(1) the intense competition for talents in the REIT management industry, the Managers are of the view that it is in the interests of Stapled Securityholders to not make such disclosures so as to minimise potential staff movement and undue disruption to its key management team;

(2) the need to balance the confidential and commercial sensitivities associated with remuneration matters, the Managers are of the view that such disclosures could be prejudicial to the interests of Stapled Securityholders;

(3) the importance of retaining competent and experienced staff to ensure CLAS' stability and continuity of business operations, the Managers are of the view that such disclosures may subject the Managers to undue risks, including unnecessary key management turnover; and

(4) there being no misalignment between the remuneration of the CEO and key management personnel and the interest of Stapled Securityholders. Their remuneration is not borne by CLAS as they are paid out of the fees that the Managers receive (the quantum and basis of which have been disclosed on page 259 of this Annual Report).

The Boards, together with the NRC, seek to ensure that the remuneration of the CEO and other key management personnel is strongly linked to the achievement of business and individual performance targets. The performance targets are set at realistic yet stretched levels each year to motivate a high degree of business performance with emphasis on both shorter-term and longer-term quantifiable objectives. The aggregate remuneration of the senior management in FY 2022 was approximately S$2.95 million.

The Managers are of the view that despite the partial deviation from Provision 8.1 of the Code, the disclosures in this Annual Report are consistent with the intent of Principle 8 of the Code and would provide sufficient information and transparency to the Stapled Securityholders on the Managers' remuneration policies and the level and mix of remuneration accorded to the key management personnel, and enable the Stapled Securityholders to understand the relationship between CLAS' performance, value creation and the remuneration of key management personnel. For the above reasons, the Managers are of the view that the interests of Stapled Securityholders are not prejudiced by the partial deviation.

Apart from the key management personnel and other employees of the Managers, the Managers outsource various other services to a wholly owned subsidiary of CLI (CLI Subsidiary). The CLI Subsidiary provides these services through its employees and employees of CLI Group (together, the Outsourced Personnel). This arrangement is put in place so as to provide flexibility and maximise efficiency in resource management to match the needs of CLAS from time to time, as well as to leverage on economies of scale and tap on the management talent of an established corporate group which can offer enhanced depth and breadth of experience. Notwithstanding the outsourcing arrangement, the responsibility for due diligence, oversight and accountability continues to reside with the Boards and Management. In this regard, the remuneration of such Outsourced Personnel, being employees of the CLI Subsidiary and CLI Group, is not included as part of the disclosure of remuneration of key management personnel of the Managers in this Report.

In FY 2021, a one-time Special CLI Founders Performance Share Plan (Special PSP Award) was granted by the CLI Group to selected senior executives within the group (including the Managers) to commemorate its listing, foster a "founders' mindset" in driving transformation and retain talent. The grant has a five-year vesting period with defined performance parameters which are linked to CLI. Subject to the performance achieved, the award may vest at the end of the third year and/or fifth year. In addition, such compensation is in the long-term interests of CLAS as CLAS is a key part of CLI's business and ecosystem (and it is also the largest Stapled Securityholder of CLAS), and Management's actions to grow CLAS and drive CLAS' performance will also have a positive impact on CLI, thus reinforcing the complementary nature of the linked performance between CLAS and CLI. The cost of this one-time award will be borne by the Managers and it is not expected to form a significant part of the key management personnel's remuneration over a five-year period. In addition, a proportion of the Management's remuneration is paid in the form of Stapled Securities, which further incentivises the Management to take actions which are beneficial to the Stapled Securityholders. Accordingly, the Special PSP Award will not result in the Management prioritising the interest of CLI over that of CLAS given that the bulk of their remuneration is determined based on the evaluation of the performance of CLAS and a proportion of their remuneration comprises Stapled Securities. In addition, it should be further noted that under the SFA, the Reit Manager and the Directors of the Reit Manager are required to act in the best interest of CLAS and give priority to the interest of CLAS over the interests of the shareholders of the Reit Manager and under the BTA, the Trustee-Manager is required to also act in the best interest of CLAS and give priority to the interest of CLAS over its own interest, and this would further mitigate any potential conflicts of interests. Save for the Special PSP Award, the NRC will continue to assess and reward the key management personnel based on the performance of CLAS. Accordingly, the Managers are of the view that there would not be any conflicts of interest arising from the arrangement, nor would the arrangement result in any misalignment of interest with those of Stapled Securityholders. There was no new Special PSP Award in FY 2022. In respect of the Special PSP Award granted in FY 2021, the qualifying performance period has not ended as at the date of this Report.

In FY 2022, no termination, retirement or post-employment benefits were granted to Directors, the CEO and other key management personnel. There was also no special retirement plan, 'golden parachute' or special severance package for any of the key management personnel.

In FY 2022, there were no employees of the Managers who were substantial shareholders of the Managers, substantial Stapled Securityholders of CLAS or immediate family members of a Director, the CEO, any substantial shareholder of the Managers or any substantial Stapled Securityholder of CLAS. "Immediate family member" refers to the spouse, child, adopted child, step- child, sibling or parent of the individual.

### Remuneration for Non-Executive Directors

The non-executive Directors' fees are paid by the Managers and the FY 2022 fees, together with a breakdown of the components, are set out in the Non-Executive Directors' Remuneration Table on page 131 of this Annual Report.

The compensation policy for non-executive Directors is based on a scale of fees divided into basic retainer fees for serving as Director and additional fees for attendance and serving on Board Committees. The non-executive Directors' fee structure and Directors' fees are reviewed and benchmarked against the REIT industry, appropriate to the level of contribution and taking into account the effort, time spent and demanding responsibilities on the part of the non-executive Directors in light of the scale, complexity and geographic scope of the Stapled Group's business. The remuneration of non-executive Directors is reviewed from time to time to ensure that it is appropriate to attract, retain and motivate the non-executive Directors to provide good stewardship of the Managers and CLAS.

The CEO, who is an executive Director, is remunerated as part of the key management personnel of the Managers and does not receive any Director's fees for her role as an executive Director. The non-executive Directors who are employees of the CLI Group also do not receive any Directors' fees.

The non-executive Directors' fees are paid in cash (about 80%) and in the form of Stapled Securities (about 20%), save that (i) a non-executive Director (not being an employee of the CLI Group) who steps down from the Boards during a financial year will be paid fees fully in cash and; (ii) LG Ong's fees are paid fully in cash to a government agency, The Directorship & Consultancy Appointments Council. The Managers believe that the payment of a portion of the non-executive Directors' fees in Stapled Securities will serve to align the interests of non-executive Directors with the interests of Stapled Securityholders and CLAS' long-term growth and value. The payment of Non-Executive Directors' fees in Stapled Securities is satisfied out of the Stapled Securities held by the Managers. No individual Director is involved in any decision of the NRC relating to his or her own remuneration.

In order to encourage the alignment of the interests of the non-executive Directors with the interests of Stapled Securityholders, a non-executive Director is required to hold the number of Stapled Securities worth at least one year of the basic retainer fee or the total number of Stapled Securities awarded to him or her, whichever is lower, at all times during his or her Board tenure.

As with previous years, an independent remuneration consultant, Willis Towers Watson, was appointed in FY 2022 to provide professional advice on Board remuneration, with a view to ensuring the fee structure remains in line with market. The framework for the non-executive Directors' fees has remained unchanged from that of the previous financial year.

## ACCOUNTABILITY AND AUDIT

### Principle 9: Risk Management and Internal Controls

The Managers maintain adequate and effective systems of risk management and internal controls (including financial, operational, compliance, information technology (IT) and sanctions-related controls) to safeguard Stapled Securityholders' interests and the Stapled Group's assets.

The Boards have overall responsibility for the governance of risk and oversee the Managers in the design, implementation and monitoring of the risk management and internal controls systems. The AC assists the Boards in carrying out the Boards' responsibility of overseeing the risk management framework and policies for the Stapled Group and ensuring that Management maintains sound systems of risk management and internal controls.

Under its terms of reference, the scope of the AC's duties and responsibilities includes:

(a) making recommendations to the Boards on the Risk Appetite Statement (RAS) for the Stapled Group and CLAS' risk profile;

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

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

(d) making the necessary recommendations to the Boards such that an opinion regarding the adequacy and effectiveness of the risk management and internal controls systems can be made by the Boards in the Annual Report in accordance with the Listing Manual and the Code; and

(e) considering and advising on risk matters referred to it by the Boards or Management, including reviewing and reporting to the Boards on any material breaches of the Stapled Group's RAS, any material non-compliance with the approved framework and policies and the adequacy of any proposed action.

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

As part of the ERM Framework, the Managers undertake and perform a Risk and Control Self-Assessment (RCSA) annually to identify material risks along with their mitigating measures. The adequacy and effectiveness of the systems of risk management and internal controls are reviewed at least annually, by Management, the AC and the Boards, taking into account the best practices and guidance in the Risk Governance Guidance for Listed Boards issued by the Corporate Governance Council and the Listing Manual.

The Stapled Group's RAS, which incorporates the Stapled Group's limits, addresses the management of material risks faced by the Stapled Group. Alignment of the Stapled Group's risk profile to the Stapled Group's RAS is achieved through various communication and monitoring mechanisms (including key risk indicators set for Management) put in place across the various functions within the Managers.

More information on the Managers' ERM Framework including the material risks identified can be found in the Risk Management section on pages 88 to 93 of this Annual Report.

The internal and external auditors conduct reviews of the adequacy and effectiveness of the material internal controls (including financial, operational, compliance, IT and sanctions-related controls) and risk management systems. This includes testing, where practicable, material internal controls in areas managed by external service providers. Any material non-compliance or lapses in internal controls together with corrective measures recommended by the internal and external auditors are reported to and reviewed by the AC. In the course of their statutory audit, the external auditors had considered the risk assessment conducted by the internal auditors. Any material non-compliance and weakness in internal controls, together with the internal auditors' recommendations to address them, are reported to the AC. The AC also reviews the adequacy and effectiveness of the measures taken by the Managers on the recommendations made by the internal and external auditors in this respect.

The Boards have received assurance from the CEO and the Chief Financial Officer (CFO) of the Managers that the financial records of the Stapled Group have been properly maintained and the financial statements for FY 2022 give a true and fair view of the Stapled Group's operations and finances. They have also received assurance from the CEO, the CFO and the relevant key management personnel who have responsibility regarding various aspects of risk management and internal controls that the systems of risk management and internal controls within the Stapled Group are adequate and effective to address the risks (including financial, operational, compliance, IT and sanctions-related risks) that the Managers consider relevant and material to the current business environment.

The CEO, the CFO and the relevant key management personnel of the Managers have obtained similar assurances from the respective risk and control owners. In addition, for FY 2022, the Boards received half-yearly certification by Management on the integrity of financial reporting and the Boards provided a negative assurance confirmation to Stapled Securityholders as required by the Listing Manual.

Based on the ERM Framework established and the reviews conducted by Management and both the internal and external auditors, as well as the assurance from the CEO and the CFO, the Boards are of the opinion that the systems of risk management and internal controls (including financial, operational, compliance, IT and sanctions-related controls) are adequate and effective to address the risks (including financial, operational, compliance, IT and sanctions-related risks) which the Stapled Group considers relevant and material to its current business environment as at 31 December 2022. The AC concurs with the Boards in their opinion. No material weaknesses in the systems of risk management and internal controls were identified by the Boards or the AC in the review for FY 2022. The Boards note that the systems of risk management and internal controls established by the Managers provide reasonable assurance that the Stapled Group, as it strives to achieve its business objectives, will not be significantly affected by any event that can be reasonably foreseen or anticipated. However, the Boards also note that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgment in decision-making, human error, losses, fraud or other irregularities.

### Principle 10: Audit Committee

At present, the AC comprises four non-executive Directors, all of whom (including the chairman of the AC) are IDs. The four members on the AC are Mr Sim Juat Quee Michael Gabriel (AC Chairman), Mr Chia Kim Huat, Ms Deborah Lee Siew Yin and LG Ong Su Kiat Melvyn. The AC Chairman is a Director other than the Chairman of the Boards. The AC Chairman and members bring with them invaluable recent and relevant managerial and professional expertise in accounting, auditing and related financial management domains.

The AC does not comprise former partners of CLAS' incumbent external auditors, KPMG LLP (a) within a period of two years commencing from the date of their ceasing to be partners of KPMG LLP; or (b) who have any financial interest in KPMG LLP.

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

Under its terms of reference, the AC's scope of duties and responsibilities includes:

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

(b) reviewing and reporting to the Boards at least annually the adequacy and effectiveness of the Managers' internal controls (including financial, operational, compliance and IT controls) and risk management systems;

(c) reviewing the assurances from the Management (including the CEO and the CFO) on the financial records and financial statements;

(d) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the independence and objectivity of the external auditors;

(e) reviewing the adequacy, effectiveness, independence, scope and results of the internal audit and the adequacy and effectiveness of the Managers' internal audit and compliance functions;

(f) making recommendations to the Boards on the proposals to Stapled Securityholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

(g) reviewing and approving processes to regulate transactions between an interested person (as defined in Chapter 9 of the Listing Manual) and/or interested party (as defined in the Property Funds Appendix) (each, an Interested Person) and CLAS and/or its subsidiaries (Interested Person Transactions), to ensure compliance with the applicable regulations. The regulations include the requirements that Interested Person Transactions are on normal commercial terms and are not prejudicial to the interests of CLAS and its minority Stapled Securityholders. In respect of any property management agreement which is an Interested Person Transaction, the AC also carries out reviews at appropriate intervals to satisfy itself that the Managers have reviewed the property manager's compliance with the terms of the property management agreement and has taken remedial actions where necessary; and

(h) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, and independently investigated, for appropriate follow up action to be taken.

The AC undertook a review of the independence of the external auditors, taking into consideration, among other factors, the non-audit services provided, CLAS' relationships with the external auditors in FY 2022, as well as the processes and safeguards adopted by the Managers and the external auditors relating to audit independence. Based on the review, the AC is satisfied that the independence of the external auditors is not affected by the provision of the non-audit services. The external auditors have also provided confirmation of their independence to the AC. The amount of fees paid or payable to the external auditors for FY 2022 amounted to S$3,973,000, of which audit (and audit-related) fees amounted to S$3,910,000 and non-audit fees amounted to S$63,000.

The AC holds at least four scheduled meetings in a year and met five times in FY 2022. At all scheduled AC meetings in FY 2022, the CEO and the CFO were in attendance. CLAS announces its financial statements on a half-yearly basis and provides quarterly business updates in between such announcements or as and when necessary. Accordingly, during the AC meetings in January 2022 and July 2022, among other things, the AC reviewed the half-yearly financial statements, including the relevance and consistency of the accounting principles adopted and any significant financial reporting issues, and recommended the half-yearly financial statements and corresponding announcements to the Boards for approval. During the AC meetings in April 2022 and October 2022, the AC reviewed, among other things, the quarterly business and financial updates presented by Management. Such business updates contain, among other things, information on CLAS' key operating and financial metrics. In FY 2022, the AC also reviewed and assessed the adequacy and effectiveness of the internal controls and risk management systems established by the Managers to manage risks, taking into consideration the outcome of reviews conducted by Management and both the internal and external auditors, as well as the assurances from the CEO and the CFO.

The AC also meets with the external auditors and with the internal auditors, without the presence of Management, at least once a year. In FY 2022, the AC met with the external auditors and internal auditors once separately and without Management's presence, to discuss the reasonableness of the financial reporting process, the internal controls and risk management systems, and the significant comments and recommendations by the auditors.

Where relevant, the AC makes reference to the best practices and guidance for audit committees in Singapore including practice directions issued from time to time in relation to the Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority of Singapore.

### Key Audit Matters

In the review of the financial statements of the Stapled Group for FY 2022, the AC has discussed with Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements and also considered the clarity of key disclosures in the financial statements. The AC reviewed, amongst other matters, the following key audit matter as reported by the external auditors for FY 2022.

| Key audit matter | How this issue was addressed by the AC |
|---|---|
| Valuation of investment properties, land and buildings and investment properties under development | The AC considered the valuation methodologies and key assumptions applied by the valuers for investment properties, land and buildings and investment properties under development in arriving at the valuations and also evaluated the valuers' objectivity and competency. In order to provide fresh perspectives to the valuation process, the valuers do not value the same property for more than two consecutive years. This practice has been consistently adhered to over time.<br><br>The AC reviewed the outputs from the valuation process and held discussions with Management and the external auditors to review the valuation methodologies, focusing on significant changes in fair value measurement and key drivers of the changes including assessing the reasonableness of the discount rates, terminal capitalisation rates, capitalisation rate, revenue per available unit and gross development costs adopted by the valuers.<br><br>The valuation of investment properties, land and buildings and investment properties under development was also an area of focus for the external auditors.<br><br>The AC considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the key assumptions applied in the valuation.<br><br>The AC was satisfied with the valuation process, the methodologies used and the valuation of the investment properties, land and buildings and investment properties under development. |

The Managers confirm, on behalf of CLAS, that CLAS complies with Rules 712 and 715 of the Listing Manual in relation to the appointment of its external auditors as KPMG LLP is registered with the Accounting and Corporate Regulatory Authority.

### Internal Audit

The Managers have in place an internal audit function supported by CLI's Internal Audit Department (CLI IA). The head of the CLI IA is Ms Jenny Tan. CLI IA is independent of the activities it audits and has unfettered access to the Stapled Group's documents, records, properties and employees, including access to the AC, and has appropriate standing with respect to the Managers. The primary reporting line of CLI IA in respect of the Stapled Group is to the AC, however, the AC does not decide on the appointment, termination and remuneration of the head of CLI IA as it operates at the CLI Group level. While this is a deviation from Provision 10.4 of the Code which requires the AC to decide on the appointment, termination and remuneration of the head of the internal audit function, CLI IA is able to carry out its role effectively for the reasons below and is accordingly consistent with the intent of Principle 10 of the Code.

The AC monitors and assesses the role and effectiveness of the internal audit function through reviewing the internal audit process from time to time and may make recommendations to the Boards for any changes to the internal audit process. The AC also reviews to ensure that the internal audit function is adequately resourced and skilled in line with the nature, size and complexity of the Managers and CLAS' business, and that an adequate budget is allocated to the internal audit function to assure its proper functioning. In FY 2022, the AC carried out a review of the internal audit function and was satisfied that the internal audit function performed by CLI IA is adequately resourced, effective and independent.

CLI IA formulates its internal audit plan in consultation with, but independently of, Management and its plan is submitted to the AC for approval prior to the beginning of each year. CLI IA adopts a risk-based approach in formulating the audit plan that aligns its activities to the key strategies and risks across the CLI Group's and the Stapled Group's business. The reviews performed by CLI IA are focused on assisting the Boards in promoting sound risk management, robust internal controls and good corporate governance, through assessing the design and effectiveness of operating controls that govern key business processes and risks identified in the overall risk framework of the CLI Group and the Stapled Group. CLI IA also reviews compliance with the CLI Group's and the Stapled Group's policies, procedures and regulatory responsibilities, performed in the context of financial and operational, and information system reviews.

During FY 2022, the AC reviewed the results of audits performed by CLI IA based on the approved audit plan. All significant findings are reported to Management and the AC. CLI IA also reviews the status of implementation of the audit recommendations and whether there are any past due items, and reports the same to Management and the AC.

The AC also reviewed reports on whistle blower complaints reviewed by CLI IA to ensure independent and thorough investigation and adequate follow up. The AC also received reports on Interested Person Transactions reviewed by CLI IA that they were on normal commercial terms and are not prejudicial to the interests of CLAS and its minority Stapled Securityholders. This is pursuant to procedures established by the Managers to comply with the Listing Manual requirements relating to interested person transactions. All interested person transactions are reported to and monitored by the Finance department which also keeps tab on the aggregate value, prior to the review by CLI IA. Legal advice is sought, if required, in respect of any issues relating to any specific interested person transaction. In the year under review, save for the Acquisition, there were no significant interested person transactions involving controlling Stapled Securityholders, controlling shareholders of each of the Managers or Directors requiring approval of the Stapled Securityholders.

The AC notes that the CLI IA is independent, effective, adequately resourced and staffed with persons with the relevant qualifications and experience. CLI IA is a corporate member of the Institute of Internal Auditors Inc. (IIA), Singapore, which is an affiliate of the IIA with its headquarters in the United States of America (USA). CLI IA subscribes to, and is guided by, the International Standards for the Professional Practice of Internal Auditing (Standards) developed by IIA, and has incorporated these Standards into its audit practices.

To ensure that internal audits are performed effectively, CLI IA recruits and employs suitably qualified professional staff with the requisite skill sets and experience. For instance, CLI IA staff who are involved in IT audits have the relevant professional IT certifications and are also members of the ISACA Singapore Chapter, a professional body administering information systems audit and information security certifications that is headquartered in the USA. The ISACA Information Systems Auditing Standards provide guidance on the standards and procedures to be applied in IT audits. CLI IA identifies and provides training and development opportunities for its staff to ensure their technical knowledge and skill sets remain current and relevant.

## STAPLED SECURITYHOLDER RIGHTS AND ENGAGEMENT

### Principles 11, 12 and 13: Shareholder Rights and Conduct of General Meetings, Engagement with Shareholders, Managing Stakeholder Relationships

The Managers are committed to treating all Stapled Securityholders fairly and equitably. All Stapled Securityholders enjoy specific rights under the Trust Deeds and the relevant laws and regulations. These rights include, among other things, the right to participate in profit distributions.

### General Meetings

In FY 2022, CLAS' AGM was convened and held on 19 April 2022 (AGM 2022) by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (COVID-19 Temporary Measures Order) and in accordance with the checklist jointly issued by ACRA, MAS and Singapore Exchange Regulation, which gave guidance to listed and non-listed entities on the conduct of general meetings amid the evolving COVID-19 situation (Checklist).

The alternative arrangements put in place for the conduct of the AGM 2022 included attendance at the AGM 2022 via electronic means under which Stapled Securityholders could observe and/or listen to the AGM 2022 proceedings via live audio-visual webcast or live audio-only stream, submission of questions in advance of or live at the AGM 2022, addressing of substantial and relevant questions prior to or live at the AGM 2022 and voting at the AGM 2022 live by themselves or their duly appointed proxy(ies) (other than the chairman of the meeting) via electronic means or by appointing the chairman of the meeting as proxy to vote on their behalf at the AGM 2022.

In FY 2022, CLAS also convened and held a hybrid extraordinary general meeting on 9 September 2022 (EGM) in a physical format and by way of electronic means pursuant to the COVID-19 Temporary Measures Order and in accordance with the Checklist, which permitted Stapled Securityholders to attend the physical meeting or the electronic meeting. This provided Stapled Securityholders with the opportunity to participate effectively in and vote at the EGM and facilitated the interaction by the Directors and Management with the Stapled Securityholders at and after the EGM.

The alternative arrangements put in place for the conduct of the EGM included attendance at the EGM via electronic means under which Stapled Securityholders could observe and/or listen to the EGM proceedings via live audio-visual webcast or live audio-only stream, submission of questions in advance of or live at the EGM, addressing of substantial and relevant questions prior to or live at the EGM and voting at the EGM live by themselves or their duly appointed proxy(ies) (other than the chairman of the meeting) via electronic means or by appointing the chairman of the meeting as proxy to vote on their behalf at the EGM.

All Directors (including the CEO who is also a Director) attended both the AGM 2022 and the EGM either in person or via electronic means. A record of the Directors' attendance at the AGM 2022 and the EGM can be found in the record of their attendance at general meetings and Board and Board Committee meetings for FY 2022 set out on page 130 of this Annual Report.

The upcoming AGM to be held on 18 April 2023 (AGM 2023) will be held in a wholly physical format pursuant to the COVID-19 Temporary Measures Order and in accordance with the Checklist. A live webcast of the AGM 2023 will also be made available for Stapled Securityholders who may be unable to attend the AGM 2023 in person but wish to view the AGM 2023 proceedings. Stapled Securityholders are also allowed to (a) submit questions in advance of and/or live at the AGM 2023 itself and (b) vote at the AGM 2023 by themselves or appoint proxy(ies) (other than the chairman of the meeting) or the chairman of the meeting as proxy to attend and vote on their behalf at the AGM 2023. Substantial and relevant questions received from Stapled Securityholders prior to the AGM 2023 will be addressed before the AGM 2023 via publication on the Website and on the SGXNet. Further information on the arrangements relating to the conduct of the AGM 2023 is set out in the Managers' notice of AGM dated 27 March 2023.

Stapled Securityholders are entitled to attend general meetings and are accorded the opportunity to participate effectively in and vote at general meetings (including through the appointment of up to two proxies, if they are unable to attend in person or in the case of a corporate Stapled Securityholder, through its appointed representative). Stapled Securityholders such as nominee companies which provide custodial services for securities are not constrained by the two proxy limitation, and are able to appoint more than two proxies to attend, speak and vote at general meetings of CLAS.

CLAS supports the principle of encouraging Stapled Securityholder participation and voting at general meetings. CLAS' Annual Report is provided to Stapled Securityholders within 120 days from the end of CLAS' financial year. Stapled Securityholders may download the Annual Report (printed copies are available upon request) and the notices of general meeting from the Website. More than the legally required notice period for general meetings is generally provided. The notices of general meeting are also available on SGXNet. The rationale and explanation for each agenda item which requires Stapled Securityholders' approval at a general meeting are provided in the notice of general meeting or in the accompanying circular (if any) issued to Stapled Securityholders in respect of the matter(s) for approval at such general meeting. This enables Stapled Securityholders to exercise their votes on an informed basis. To safeguard the Stapled Securityholders' interests and rights, a separate resolution is proposed for each substantially separate matter to be approved at a general meeting, unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the reasons and material implications will be explained in the notice of general meeting.

At general meetings, Management makes a presentation to Stapled Securityholders to update them on CLAS' performance, position and prospects. The presentation materials are made available to Stapled Securityholders on the Website and also on SGXNet.

At general meetings, Stapled Securityholders are informed of the rules governing general meetings and given the opportunity to communicate their views, ask questions and discuss with the Boards and Management on matters affecting CLAS. Representatives of the Trustee, Directors (including the Chairman of the respective Board Committees), key management personnel and the external auditors of CLAS, are present for the entire duration of the general meetings to address any queries that the Stapled Securityholders may have, including queries about the conduct of CLAS' external audit and the preparation and contents of the external auditors' report.

To ensure transparency in the voting process and better reflect Stapled Securityholders' interests, CLAS conducts electronic poll voting for all the resolutions proposed at general meetings. One Stapled Security is entitled to one vote. Voting procedures and the rules governing general meetings are explained and vote tabulations are disclosed at the general meetings. An independent scrutineer is also appointed to validate the vote tabulation procedures. Votes cast, for or against and the respective percentages, on each resolution are tallied and displayed 'live' on-screen to Stapled Securityholders after each resolution is voted on at the general meetings. The total number of votes cast for or against each resolution and the respective percentages are also announced on SGXNet after the general meetings.

Provision 11.4 of the Code requires an issuer's Constitution to allow for absentia voting at general meetings of shareholders. CLAS' Trust Deeds currently do not permit Stapled Securityholders to vote at general meetings in absentia (such as via mail or email). The Managers will consider implementing the relevant amendments to CLAS' Trust Deeds to permit absentia voting after they have carried out careful study and are satisfied that the integrity of information and the authentication of the identity of Stapled Securityholders through the internet will not be compromised, and after the implementation of legislative changes to recognise remote voting. The Managers are of the view that despite the deviation from Provision 11.4 of the Code, Stapled Securityholders nevertheless have opportunities to communicate their views on matters affecting CLAS even when they are not in attendance at general meetings. For example, Stapled Securityholders may appoint proxies to attend, speak and vote, on their behalf, at general meetings.

Minutes of the general meetings recording the substantial and relevant comments made, questions raised and answers provided, are prepared and are available to Stapled Securityholders for their inspection upon request. Minutes of general meetings are also made available on the Website as soon as practicable. Accordingly, the rights provided to Stapled Securityholders are consistent with the intent of Principle 11 of the Code.

### Distribution Policy

CLAS' distribution policy is to distribute at least 90.0% of its taxable income (other than gains from the sale of real estate properties by CLAS which are determined to be trading gains), with the actual level of distribution to be determined at the Managers' discretion. Distributions are generally paid within 35 market days after the relevant record date.

### Timely Disclosure of Information

The Managers are committed to keeping all Stapled Securityholders, other stakeholders, analysts and the media informed of CLAS' performance and any changes in the Stapled Group or its business which are likely to materially affect the price or value of the Stapled Securities.

For FY 2022, the Managers provided Stapled Securityholders with full unaudited half year and full year financial statements within the relevant periods prescribed by the Listing Manual. These half year and full year financial statements were reviewed and approved by the Boards prior to release to Stapled Securityholders by announcement on SGXNet. The release of half year and full year financial statements were accompanied by news releases issued to the media and also made available on SGXNet. In presenting the half year and full year financial statements to Stapled Securityholders, the Boards sought to provide Stapled Securityholders with a balanced, clear and comprehensible assessment of CLAS and the Stapled Group's performance, position and prospects.

In addition to the announcement of half year and full year financial statements in FY 2022, in keeping with the Managers' commitment to provide its Stapled Securityholders with information promptly, the Managers also provided Stapled Securityholders, on a voluntary basis, with quarterly business updates in between the announcement of half-yearly financial statements. Such business updates contain, among other things, information on the Stapled Group's key operating and financial metrics. In addition to the release of financial statements and business updates, the Managers also keep CLAS' Stapled Securityholders, stakeholders and analysts informed of the performance and changes in the Stapled Group or its business which would likely materially affect the price or value of the Stapled Securities on a timely and consistent basis, so as to assist Stapled Securityholders and investors in their investment decisions. This is performed through the release on SGXNet of announcements in compliance with regulatory reporting requirements and news releases for the media, on a timely and consistent basis. These announcements and news releases are also posted on the Website. In addition, the Managers also conduct analyst, investor and media briefings, and the materials used for such briefings are uploaded on SGXNet.

The Managers have a formal policy on corporate disclosure controls and procedures to ensure that CLAS complies with its disclosure obligations under the Listing Manual. These controls and procedures incorporate the decision-making process and an obligation on internal reporting of the decisions made.

The Managers believe in conducting the business of CLAS in ways that seek to deliver sustainable value to Stapled Securityholders. Best practices are promoted as a means to build an excellent business for CLAS and the Managers' accountability to Stapled Securityholders for CLAS' performance. Prompt fulfilment of statutory reporting requirements is but one way to maintain Stapled Securityholders' confidence and trust in the capability and integrity of the Managers.

### Investor Relations

The Managers have in place an Investor Relations department which facilitates effective communication with Stapled Securityholders and analysts. The Managers also maintain the Website which contains information on CLAS including but not limited to its prospectus, circulars, current and past announcements and news releases, financial statements, investor presentations and Annual Reports.

The Managers actively engage with Stapled Securityholders with a view to solicit and understand their views, and have put in place an Investor Relations Policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communications with Stapled Securityholders. The Investor Relations Policy, which sets out the mechanism through which Stapled Securityholders may contact the Managers with questions and through which the Managers may respond to such questions, is available on the Website. Stapled Securityholders are welcome to engage with the Managers beyond general meetings and they may do so via phone calls or emails to the Investor Relations team, whose contact details may be found on the Website.

More information on the Managers' investor and media relations efforts can be found in the Investor Relations section on pages 77 to 79 of this Annual Report.

The Managers also have in place a corporate communications function supported by CLI's Group Communications department which works closely with the media and oversees CLAS' media communications efforts.

### Managing Stakeholder Relationships

The Boards' role includes considering sustainability as part of their strategic formulation. The Managers adopt an inclusive approach for CLAS by considering and balancing the needs and interests of material stakeholders, as part of the overall strategy to ensure that the best interests of CLAS are served. The Managers are committed to sustainability and incorporate the key principles of environmental and social responsibility, and corporate governance in CLAS' business strategies and operations. The Managers have arrangements in place to identify and engage with material stakeholder groups from time to time to gather feedback on the sustainability issues most important to them and to manage their relationships with such groups. Such arrangements include maintaining the Website, which is kept updated with current information, to facilitate communication and engagement with CLAS' stakeholders.

More details of CLAS' stakeholder engagements can be found on pages 77 to 79 of this Annual Report and in CLAS' Sustainability Report 2022 which will be published in May 2023.

## ADDITIONAL INFORMATION

### Executive Committee

In addition to the AC and the NRC, the Boards have also established an EC.

At present, the EC comprises three Directors. The three members on the EC are Mr Goh Soon Keat Kevin (EC Chairman), Ms Teo Joo Ling, Serena and Ms Beh Siew Kim.

The EC oversees the day-to-day activities of the Managers and that of CLAS, on behalf of the Boards. The EC is guided by its terms of reference, in particular, the EC:

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

(b) reviews management reports and operating budgets; and

(c) awards contracts for development projects.

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

### Dealings with Interested Persons

**Review Procedures for Interested Person Transactions**

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

In particular, the procedures in place include the following:

| Interested Person Transactions[1] | Approving Authority, Procedures and Disclosure |
|---|---|
| Below S$100,000 per transaction | › Management |
| S$100,000 and above per transaction which:<br>(a) (for the purpose of the Listing Manual) singly, or when aggregated with other transactions[2] entered into by CapitaLand Ascott REIT or CapitaLand Ascott BT with the same Interested Person in the same financial year is less than 3.0% of CLAS' net tangible assets; or<br>(b) (for the purpose of the Property Funds Appendix) singly, or when aggregated with other transactions entered into by CapitaLand Ascott REIT with the same Interested Person in the same financial year is less than 3.0% of CapitaLand Ascott REIT's net asset value | › Management<br>› Audit Committee |
| Transaction[2] which:<br>(a) (for the purpose of the Listing Manual) if entered into by CapitaLand Ascott REIT or CapitaLand Ascott BT, is equal to or exceeds 3.0% of CLAS' net tangible assets;<br>(b) (for the purpose of the Property Funds Appendix) if entered into by CapitaLand Ascott REIT, is equal to or exceeds 3.0% of CapitaLand Ascott REIT's net asset value;<br>(c) (for the purpose of the Listing Manual) if entered into by CapitaLand Ascott REIT or CapitaLand Ascott BT, when aggregated with other transactions[2] with the same Interested Person in the same financial year is equal to or exceeds 3.0% of CLAS' net tangible assets; or<br>(d) (for the purpose of the Property Funds Appendix) if entered into by CapitaLand Ascott REIT, when aggregated with other transactions with the same Interested Person in the same financial year is equal to or exceeds 3.0% of CapitaLand Ascott REIT's net asset value | › Management<br>› Audit Committee<br>› Immediate announcement |
| Transaction[2] which:<br>(a) (for the purpose of the Listing Manual) if entered into by CapitaLand Ascott REIT or CapitaLand Ascott BT, is equal to or exceeds 5.0% of CLAS' net tangible assets;<br>(b) (for the purpose of the Property Funds Appendix) if entered into by CapitaLand Ascott REIT, is equal to or exceeds 5.0% of CapitaLand Ascott REIT's net asset value;<br>(c) (for the purpose of the Listing Manual) if entered into by CapitaLand Ascott REIT or CapitaLand Ascott BT, when aggregated with other transactions[2,3] with the same Interested Person in the same financial year is equal to or exceeds 5.0% of CLAS' net tangible assets; or<br>(d) (for the purpose of the Property Funds Appendix) if entered into by CapitaLand Ascott REIT, when aggregated with other transactions[2,4] with the same Interested Person in the same financial year is equal to or exceeds 5.0% of CapitaLand Ascott REIT's net asset value | › Audit Committee<br>› Immediate announcement<br>› Stapled Securityholders[3] |

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

### Role of the Audit Committee for Interested Person Transactions

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

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

Details of all Interested Person Transactions (equal to or exceeding S$100,000 each in value) entered into by CLAS in FY 2022 are disclosed on page 341 of this Annual Report.

### Dealing with Conflicts of Interest

The following principles and procedures have been established to deal with potential conflicts of interest which the Managers (including their Directors, key management personnel and employees) may encounter in managing CLAS:

(a) the Managers are dedicated managers to CLAS and will not manage any other REIT or BT or be involved in any other real property business;

(b) all resolutions at meetings of the Boards in relation to matters concerning CLAS must be decided by a majority vote of the Directors, including at least one ID;

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

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

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

(f) at least one-third of the Boards shall comprise IDs.

Additionally, CLAS has been granted a right of first refusal by The Ascott Limited (Ascott) which is a wholly owned subsidiary of CLI over any proposed sale of (a) any properties that are used, or predominantly used, as serviced residences or rental housing properties in Europe and the Pan-Asia region and (b) any shares or equity interests in single-purpose corporations which hold such properties (each a Relevant Asset), by Ascott or any of its wholly owned subsidiaries (each an Ascott entity), for so long as the Managers remain the managers of CLAS and Ascott and/or any of its related corporations remain a shareholder of the Managers (TAL ROFR).

Following the completion of the combination of CapitaLand Ascott REIT and Ascendas Hospitality Trust, the agreement in relation to the right of first refusal granted by Ascendas Land International Pte. Ltd. (ALI), as sponsor of Ascendas Hospitality Trust (A-HTRUST), in favour of Perpetual (Asia) Limited, in its capacity as trustee of Ascendas Hospitality Real Estate Investment Trust and Ascendas Hospitality Trust Management Pte. Ltd., in its capacity as trustee-manager of Ascendas Hospitality Business Trust dated 9 July 2012 (as amended) (A-HTRUST ROFR, and together with TAL ROFR, the ROFRs) pursuant to which ALI had granted a right of first refusal to A-HTRUST in the event ALI wishes to dispose of certain assets which are subject to the A-HTRUST ROFR, had been novated by ALI to Ascott, such that Ascott becomes the obligor under the A-HTRUST ROFR. Consequently, Ascott is required to ensure that CLAS has the first right to acquire any asset falling within the scope of either of the above ROFRs.

In respect of voting rights where the Managers would face a conflict between their own interests and that of Stapled Securityholders, the Managers shall cause such voting rights to be exercised according to the discretion of the Trustee.

## Dealings in Securities

The Managers have adopted a securities dealing policy for the officers and employees which applies the best practice recommendations in the Listing Manual. Under this policy, Directors and employees of the Managers as well as certain relevant executives of the CLI Group (together, the Relevant Persons) are required to refrain from dealing in CLAS' securities (i) while in possession of material unpublished price-sensitive information, and (ii) during a one-month period immediately preceding, and up to the time of the announcement of CLAS' half year and full year financial statements. Prior to the commencement of each relevant black-out period, an email would be sent to all the Relevant Persons to inform them of the duration of the black-out period. The Managers also do not deal in CLAS' securities during the same black-out period. In addition, Directors and certain employees identified as "Key Insiders" are prohibited from dealing in the securities of CLAS, except during the open trading window (being one calendar month commencing from the relevant date of announcement of CLAS' results), provided that they are not in possession of undisclosed material or price-sensitive information. Employees and Capital Markets Services Licence Appointed Representatives (CMSL Representatives) of the Managers are also required to give a pre-trading notification to the CEO and the Compliance department before any dealing in CLAS' securities.

This policy also provides for the Managers to maintain a list of persons who are privy to price-sensitive information relating to the Stapled Group as and when circumstances require such a list to be maintained. Directors and employees of the Managers are also required to refrain from dealing in CLAS' securities if they are in possession of unpublished price-sensitive information of CLAS arising from their appointment as Directors and/or in the course of performing their duties. As and when appropriate, they would be issued an advisory to refrain from dealing in CLAS' securities.

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

A Director is required to notify the Managers of his or her interest in CLAS' securities within two business days after (a) the date on which he or she becomes a Director or (b) the date on which he or she acquires an interest in CLAS' securities. A Director is also required to notify the Managers of any change in his or her interests in CLAS' securities within two business days after he or she becomes aware of such change.

Dealings by the Directors are disclosed in accordance with the requirements in the SFA and the Listing Manual. In FY 2022, based on the information available to the Managers, save as disclosed in accordance with such requirements and other than the awards of Stapled Securities in part payment of Directors' fees, there were no dealings by the Directors in CLAS' securities.

## Code of Business Conduct

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

The policies and guidelines are published on CLI Group's intranet, which is accessible by all employees of the Managers. The scope of the code is also published on the Website and may be accessed at https://www.capitalandascotttrust.com/about-us/the-managers.

The policies that the Managers have implemented aim to help to detect and prevent occupational fraud in mainly three ways, as set out below.

First, the Managers offer fair compensation packages, based on practices of pay-for-performance and promotion based on merit to their employees. The Managers also provide various healthcare subsidies and financial assistance schemes to alleviate the common financial pressures their employees may face.

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

Finally, the Managers seek to build and maintain the right organisational culture through their core values, educating their employees on good business conduct and ethical values.

**Fraud, Bribery and Corruption Risk Management Policy**

In line with their core values, the Managers are committed to doing business with integrity. This is reflected in their longstanding zero tolerance stance against fraud, bribery and corruption. Consistent with this commitment, various policies and guidelines are in place to guide all employees of the Managers to maintain the highest standards of integrity in their work and business dealings. This includes clear guidelines and procedures for the giving and receipt of corporate gifts and concessionary offers, and an annual pledge by all employees of the Managers to uphold the Managers' core values and to not engage in any corrupt or unethical practices. The Managers' zero tolerance policy on bribery and corruption extends to their business dealings with third parties. Pursuant to this policy, the Managers require that certain agreements incorporate anti-bribery and anti-corruption provisions.

The Managers' employees undergo training and adhere to CLI's Fraud, Bribery and Corruption Risk Management Policy (FBC Risk Management Policy). The FBC Risk Management Policy reiterates the strong stance against fraud, bribery and corruption, and sets the overarching approach and standards in managing fraud, bribery and corruption risks in an integrated, systematic and consistent manner. The Managers' stance against bribery and corruption is also reiterated by Management during their regular staff communication sessions.

More details of CLAS' fraud, bribery and corruption risk management can be found on pages 88 to 93 of this Annual Report and in CLAS' Sustainability Report 2022 which will be published in May 2023.

**Grievance Handling and Whistle-Blowing Policy**

A whistle-blowing policy has been put in place by the Managers which sets out the procedures for the Managers' employees and parties who have dealings with the Managers, including vendors and customers, to make a report on misconduct or wrongdoings relating to the Managers and their officers. Reportable suspected wrongdoings include but are not limited to misconduct relating to financial matters, corruption, failure to comply with legal or regulatory obligations, significant breaches of policies or internal controls and endangerment of the health and safety of an individual.

Procedures are put in place to provide such employees and parties with independent, well defined, accessible and trusted channels to report suspected fraud, corruption, dishonest practices or other improprieties in the workplace, and for the independent investigation of any reported incidents and appropriate follow up action. The Managers ensure that the identity of the whistle-blower is kept confidential. Anonymous reporting is allowed. However, concerns expressed anonymously are difficult to act upon and whistle-blowers are encouraged to provide their contact information so that clarifications can be sought during investigations.

The objective of this policy is to encourage the reporting of such matters so that employees or external parties making any reports in good faith will be able to do so with the confidence that they will be treated fairly and, to the extent possible, be protected from reprisal. The Managers are committed to ensuring protection of the whistle-blower against detrimental or unfair treatment. The AC maintains oversight and monitoring of whistle-blowing reports made in good faith at its scheduled meetings. Independent, thorough investigation and appropriate follow up actions are taken. The outcome of each investigation is reported to the AC. All employees of the Managers are informed of this policy which is made available on CLI Group's intranet and at https://www.capitaland.com/en/more-from-capitaland/whisteblowing-policy.html.

## Business Continuity Management

The Managers have implemented a Business Continuity Management (BCM) programme that puts in place the prevention, detection, response and, business recovery and resumption measures to minimise the impact of adverse business interruptions or unforeseen events on the Stapled Group's operations and also has in place a Business Continuity Plan (BCP). Under the BCP, Management has identified the critical business functions, processes and resources, and is able to tap on a pool of CLI Group's employees who are trained under a Business Psychological Resilience Programme to provide peer support to colleagues following the occurrence of adverse events. As part of the BCP, periodic desktop exercises and drills, simulating different scenarios, are carried out to stress-test the effectiveness of processes, procedures and escalation protocols. This holistic approach under the BCP serves to ensure organisational and staff preparedness and readiness to deal with adverse business disruptions such as acts of terrorism, cyber attacks, data breaches and epidemics. This approach aims to minimise financial loss to CLAS, allows the Managers to continue to function as the managers of CLAS and mitigate any negative effects that the disruptions could have on the Managers' reputation, operations and ability to remain in compliance with relevant laws and regulations. The Managers have also acquired insurance policies for the Stapled Group on business interruption events.

## Anti-Money Laundering and Countering the Financing of Terrorism Measures

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

(a) evaluation of risk;
(b) customer due diligence;
(c) suspicious transaction reporting;
(d) record keeping;
(e) employee and CMSL Representative screening; and
(f) training.

The Managers have in place a policy on the prevention of money laundering and terrorism financing and remain alert at all times to suspicious transactions. Enhanced due diligence checks are performed on counterparties where there is a suspicion of money laundering or terrorism financing. Suspicious transactions will also be reported to the Suspicious Transaction Reporting Office of the Commercial Affairs Department.

Under this policy, all relevant records or documents relating to business relations with the Stapled Group's customers or transactions entered into must be retained for a period of at least five years following the termination of such business relations or the completion of such transactions.

All prospective employees, officers and CMSL Representatives of the Reit Manager are also screened against various money laundering and terrorism financing information sources and lists of designated entities and individuals provided by MAS. Periodic training is provided by the Reit Manager to its Directors, employees and CMSL Representatives to ensure that they are updated and aware of applicable anti-money laundering and countering of terrorism financing regulations, the prevailing techniques and trends in money laundering and terrorism financing and the measures adopted by the Reit Manager to combat money laundering and terrorism financing.

# Corporate Governance

## Composition of Board Committees in FY 2022

| Board Members | Audit Committee (AC) | Executive Committee (EC)# | Nominating and Remuneration Committee (NRC) |
|---|---|---|---|
| Tan Beng Hai, Bob, Chairman | - | - | C |
| Teo Joo Ling, Serena, CEO[1] | - | M | - |
| Sim Juat Quee Michael Gabriel | C | - | - |
| Chia Kim Huat | M | - | - |
| Deborah Lee Siew Yin | M | - | - |
| LG Ong Su Kiat Melvyn | M | - | M |
| Lim Cho Pin Andrew Geoffrey[2] | - | M | - |
| Goh Soon Keat Kevin | - | C | M |
| Beh Siew Kim[3] | - | M | - |

Denotes: C – Chairman M - Member CEO - Chief Executive Officer

\# Given the nature and scope of the work of the EC, their business was discussed/transacted primarily through conference call, correspondence and informal meetings.

1 Ms Teo Joo Ling, Serena was appointed as CEO and Executive Non-Independent Director and member of the EC with effect from 1 July 2022 (which was after the AGM 2022).

2 Mr Lim Cho Pin Andrew Geoffrey stepped down as Non-Executive Non-Independent Director with effect from 1 July 2022 and relinquished his role as member of the EC on the same day.

3 Ms Beh Siew Kim was re-designated as Non-Executive Non-Independent Director with effect from 1 July 2022.

## Attendance Record of Meetings of Stapled Securityholders, Boards and Board Committees in FY 2022[1]

| | Boards[5] | AC | NRC | AGM | EGM |
|---|---|---|---|---|---|
| **No. of Meetings Held** | **6** | **5** | **2** | **1** | **1** |
| **Board Members** | | | | | |
| Tan Beng Hai, Bob | 100% | - | 100% | 100% | 100% |
| Teo Joo Ling, Serena[2] | 100% | - | - | - | 100% |
| Sim Juat Quee Michael Gabriel | 100% | 100% | - | 100% | 100% |
| Chia Kim Huat | 83% | 100% | - | 100% | 100% |
| Deborah Lee Siew Yin | 100% | 100% | - | 100% | 100% |
| LG Ong Su Kiat Melvyn | 83% | 80% | 100% | 100% | 100% |
| Lim Cho Pin Andrew Geoffrey[3] | 100% | - | - | 100% | - |
| Goh Soon Keat Kevin | 100% | - | 100% | 100% | 100% |
| Beh Siew Kim[4] | 100% | - | - | 100% | 100% |

N.A.: Not Applicable.

1 All Directors are required to attend general meetings and Board and/or Board Committee meetings called, in person or via audio or video conference, unless required to recuse. Attendance is marked against the general meetings and Board and Board Committee meetings each Director is required to attend, and the percentage computed accordingly.

2 Ms Teo Joo Ling, Serena was appointed as CEO and Executive Non-Independent Director and a member of the EC with effect from 1 July 2022 (which was after the AGM 2022).

3 Mr Lim Cho Pin Andrew Geoffrey stepped down as Non-Executive Non-Independent Director with effect from 1 July 2022 and relinquished his role as member of the EC on the same day.

4 Ms Beh Siew Kim was re-designated as Non-Executive Non-Independent Director with effect from 1 July 2022.

5 Includes a Board Strategy meeting, a Business Plan & Budget meeting and an ad-hoc meeting.

## CEO'S REMUNERATION

### CEO's Remuneration Table for FY 2022

| Remuneration | Components of remuneration | | | |
|---|---|---|---|---|
| | Salary and employer's CPF | Bonus and other benefits inclusive of employer's CPF[1] | Award of Stapled Securities[2] | Total |
| **CEO** | | | | |
| Teo Joo Ling, Serena[3] | 38% | 28% | 34% | 100% |
| Remuneration band for CEO: **Above S$750,000 to S$1,000,000**[3] | | | | |

1 The amounts disclosed include bonuses earned which have been accrued for in FY 2022.
2 The proportion of value of the Stapled Security awards is based on the fair value of the Stapled Securities comprised in the contingent awards under the CapitaLand Ascott Trust Management Limited (CLASML) Restricted Stapled Security Plan (RSSP) and CLASML Performance Stapled Security Plan (PSSP) at the time of grant in FY 2022. The final number of Stapled Securities released under the contingent awards of Stapled Securities for the RSSP and PSSP will depend on the achievement of pre-determined targets and subject to the respective vesting period under the RSSP and PSSP.
3 Ms Teo Joo Ling, Serena was Deputy CEO from 1 January 2022 to 30 June 2022 and was appointed as CEO with effect from 1 July 2022. She succeeded Ms Beh Siew Kim who stepped down as CEO from 1 July 2022. For the period 1 January 2022 to 30 June 2022, Ms Beh Siew Kim's total remuneration is in the band of S$500,000 to S$750,000.

### Non-Executive Directors' Remuneration Table for FY 2022

| | Components of Directors' fees[1,2] (S$) | | |
|---|---|---|---|
| | Cash component | Stapled Securities component[2] | Total (S$)[4] |
| **Non-Executive Directors** | | | |
| Tan Beng Hai, Bob | 115,200.00 | 28,800.00 | 144,000.00 |
| Sim Juat Quee Michael Gabriel | 86,400.00 | 21,600.00 | 108,000.00 |
| Chia Kim Huat | 68,560.00 | 17,140.00 | 85,700.00 |
| Deborah Lee Siew Yin | 70,400.00 | 17,600.00 | 88,000.00 |
| LG Ong Su Kiat Melvyn[3] | 98,000.00 | - | 98,000.00 |
| Goh Soon Keat Kevin | N.A.[4] | N.A.[4] | N.A.[4] |
| Beh Siew Kim | N.A.[4] | N.A.[4] | N.A.[4] |
| **Aggregate of remuneration for Non-Executive Directors: S$523,700.00** | | | |

N.A.: Not applicable
1 Inclusive of attendance fees of (a) S$2,000 (local meeting) and S$5,000 (overseas meeting) per meeting attendance in person, (b) S$1,700 per meeting attendance via audio or video conference, (c) S$1,000 per meeting attendance at project and verification meetings, and (d) S$500 per meeting attendance via audio or video conference at project and verification meetings. Attendance fees at project and verification meetings are subject to a maximum of S$10,000 per Director per annum.
2 Each non-executive Director (save for non-executive Directors who are employees of CLI Group or public officers) shall receive up to 20% of his or her Director's fees in the form of Stapled Securities (subject to truncation adjustments). The remainder of the Director's fees shall be paid in cash. No new Stapled Securities will be issued for this purpose as these Stapled Securities will be paid by the Managers from the Stapled Securities they hold.
3 The director fees payable to LG Ong Su Kiat Melvyn, a public officer, will be paid fully in cash to a government agency.
4 Non-executive Directors who are employees of CLI Group do not receive Directors' fees.

## STATEMENT OF POLICIES AND PRACTICES OF CAPITALAND ASCOTT BT

Apart from the corporate governance practices disclosed above, the Trustee-Manager has prepared a statement of policies and practices in relation to the management and governance of CapitaLand Ascott BT (as described in section 87(1) of the Business Trusts Act 2004) in respect of the financial year ended 31 December 2022 (FY 2022), which is set out on pages 132 to 138 of this Annual Report.

## STATEMENT OF POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF CAPITALAND ASCOTT BUSINESS TRUST (CAPITALAND ASCOTT BT)

The Board of Directors of CapitaLand Ascott Business Trust Management Pte. Ltd. (Trustee-Manager Board), as trustee-manager of CapitaLand Ascott BT (Trustee-Manager), is responsible for safeguarding the interests of the unitholders of Ascott BT (Ascott BT Unitholders) as a whole and managing the business of CapitaLand Ascott BT. The Trustee-Manager has general power of management over the business and assets of CapitaLand Ascott BT and its main responsibility is to manage CapitaLand Ascott BT's assets and liabilities for the benefit of the CapitaLand Ascott BT Unitholders as a whole. In the event of a conflict between the interests of the CapitaLand Ascott BT Unitholders as a whole and its own interests, the Trustee-Manager will give priority to the interests of the CapitaLand Ascott BT Unitholders as a whole over its own interests.

The Trustee-Manager Board is also obliged to exercise due care to comply with the relevant provisions of all applicable legislations and regulations, the listing manual of Singapore Exchange Securities Trading Limited (the Listing Manual), the trust deed constituting CapitaLand Ascott BT dated 9 September 2019 (as amended) (CapitaLand Ascott BT Trust Deed), the stapling deed dated 9 September 2019 (as amended) (Stapling Deed) and all relevant contracts entered into by CapitaLand Ascott BT.

The Trustee-Manager, in exercising its powers and carrying out its duties as trustee-manager of the CapitaLand Ascott BT, is required to, and will:

› treat the CapitaLand Ascott BT Unitholders who hold units of CapitaLand Ascott BT (CapitaLand Ascott BT Units) in the same class fairly and equally and CapitaLand Ascott BT Unitholders who hold CapitaLand Ascott BT Units in different classes (if any) fairly;

› ensure that all payments out of the trust property of CapitaLand Ascott BT (CapitaLand Ascott BT Trust Property) are made in accordance with the Business Trusts Act 2004 (BTA), the CapitaLand Ascott BT Trust Deed and the Stapling Deed;

› report to Monetary Authority of Singapore (MAS) any contravention of the BTA or Business Trusts Regulations 2005 (BTR) by any other person that:
  · relates to CapitaLand Ascott BT; and
  · has had, has or is likely to have, a material adverse effect on the interests of all the CapitaLand Ascott BT Unitholders, or any class of CapitaLand Ascott BT Unitholders, as a whole

as soon as practicable after the Trustee-Manager becomes aware of the contravention;

› ensure that the CapitaLand Ascott BT Trust Property is properly accounted for; and

› ensure that the CapitaLand Ascott BT Trust Property is kept distinct from the property of the Trustee-Manager held in its own capacity.

In addition, the Trustee-Manager will:

› at all times act honestly and exercise reasonable diligence in the discharge of its duties as the trustee-manager of the CapitaLand Ascott BT in accordance with the BTA, the CapitaLand Ascott BT Trust Deed and the Stapling Deed;

› act in the best interests of all the CapitaLand Ascott BT Unitholders as a whole and give priority to the interests of all CapitaLand Ascott BT Unitholders as a whole over its own interests in the event of a conflict between the interests of all CapitaLand Ascott BT Unitholders as a whole and its own interests;

› not make improper use of any information acquired by virtue of its position as the Trustee-Manager to gain, directly or indirectly, an advantage for itself or for any other person to the detriment of the CapitaLand Ascott BT Unitholders;

› hold the CapitaLand Ascott BT Trust Property on trust for all CapitaLand Ascott BT Unitholders as a whole in accordance with the terms of the CapitaLand Ascott BT Trust Deed;

- adhere with the business scope of CapitaLand Ascott BT as set out in the CapitaLand Ascott BT Trust Deed;
- review interested person transactions in relation to CapitaLand Ascott BT;
- review expense and cost allocations payable to the Trustee-Manager in its capacity as trustee-manager of CapitaLand Ascott BT out of the CapitaLand Ascott BT Trust Property and ensure that fees and expenses charged to CapitaLand Ascott BT are appropriate and in accordance with the CapitaLand Ascott BT Trust Deed; and
- comply with the BTA and the Listing Manual.

The MAS has also granted the Trustee-Manager an exemption from compliance with Section 10(2)(a) of the BTA and the directors of the Trustee-Manager (the Trustee-Manager Directors) from compliance with Section 11(1)(a) of the BTA subject to the condition that for the duration of the time that the CapitaLand Ascott BT Units are stapled to the units of CapitaLand Ascott REIT, the Trustee-Manager and Trustee-Manager Directors shall act in the best interests of all the holders of the stapled securities of CapitaLand Ascott Trust (CLAS) (Stapled Securityholders).

The Trustee-Manager Board, in exercising its power and carrying out its duties as trustee-manager of CapitaLand Ascott BT, has put in place measures to ensure that:

- the CapitaLand Ascott BT Trust Property is properly accounted for and is kept distinct from the property held by the Trustee-Manager in its own capacity;
- the business scope of CapitaLand Ascott BT as set out in the CapitaLand Ascott BT Trust Deed has been adhered to;
- potential conflicts between the interests of the Trustee-Manager and the interests of the Ascott BT Unitholders as a whole are appropriately managed;
- interested person transactions are transparent, properly recorded and disclosed;
- expenses and cost allocations payable to the Trustee-Manager out of the CapitaLand Ascott BT Trust Property, and the fees and expenses charged to CapitaLand Ascott BT are appropriate and are made in accordance with the CapitaLand Ascott BT Trust Deed; and
- the BTA and the Listing Manual have been complied with.

The Trustee-Manager has also adopted a set of corporate governance practices as set out on pages 94 to 131 of this Annual Report.

## CAPITALAND ASCOTT BT TRUST PROPERTY PROPERLY ACCOUNTED FOR

To ensure that the CapitaLand Ascott BT Trust Property is properly accounted for and is kept distinct from the property held by the Trustee-Manager in its own capacity, the accounting records of CapitaLand Ascott BT are kept separate and distinct from the accounting records of the Trustee-Manager. Different bank accounts are maintained for the Trustee-Manager in its capacity as trustee-manager of CapitaLand Ascott BT and in its own capacity. Regular internal reviews are also carried out to ascertain that all CapitaLand Ascott BT Trust Property has been fully accounted for.

Each of the financial statements of CapitaLand Ascott BT and the Trustee-Manager are approved by the Trustee-Manager Board on a semi-annual basis and annual basis respectively. Each of the financial statements of CapitaLand Ascott BT and Trustee-Manager are also kept separate and distinct and are duly audited by external auditors on an annual basis to ensure that the CapitaLand Ascott BT Trust Property is properly accounted for and the CapitaLand Ascott BT Trust Property is kept distinct from the property of the Trustee-Manager held in its own capacity.

# Statement of Policies and Practices In Relation to The Management and Governance of CapitaLand Ascott Business Trust (CapitaLand Ascott BT)

## ADHERENCE TO BUSINESS SCOPE

The Trustee-Manager Board reviews and approves all authorised businesses undertaken by CapitaLand Ascott BT so as to ensure its adherence to the business scope under the CapitaLand Ascott BT Trust Deed. Such authorised businesses include:

(i) the management or operation of hospitality assets;

(ii) the acquisition, disposition and ownership of Authorised Investments (as defined in the CapitaLand Ascott BT Trust Deed) and all activities, concerns, functions and matters reasonably incidental thereto;

(iii) ownership of subsidiaries which are engaged in the acquisition, disposition and ownership of Authorised Investments and all activities, concerns, functions and matters reasonably incidental thereto; and

(iv) any business, undertaking or activity associated with, incidental and/or ancillary to the carrying on of the businesses referred to in paragraphs (ii) and (iii) of this definition, including (without limitation) the management, and/or leasing of the Authorised Investments.

Management provides regular updates to the Trustee-Manager Board and the Audit Committee about potential projects that it is looking into on behalf of CapitaLand Ascott BT and the Trustee-Manager Board, and the Audit Committee ensures that all such projects are within the permitted business scope under the CapitaLand Ascott BT Trust Deed. Prior to the carrying out of any significant business transactions, the Trustee-Manager Board, the Audit Committee and or management will have careful regard to the provisions of the CapitaLand Ascott BT Trust Deed and when in doubt, will seek advice from professional advisers.

## POTENTIAL CONFLICTS OF INTEREST

The Trustee-Manager is not involved in any other businesses other than managing CapitaLand Ascott BT. All potential conflicts of interest, as and when they arise, will be identified by the Trustee-Manager Board and management, and will be reviewed accordingly.

The Trustee-Manager is a wholly-owned subsidiary of CLI. CLI is the parent company of The Ascott Limited. The Ascott Limited, in turn, is the sponsor of CLAS (Sponsor). Therefore, there may be potential conflicts of interest between CapitaLand Ascott BT, the Trustee-Manager and CLAS.

The Trustee-Manager has instituted, among others, the following procedures to deal with issues of conflicts of interest:

› The Trustee-Manager Board comprises five independent directors who do not have management or business relationships with the Trustee-Manager and are independent from the substantial shareholders of the Trustee-Manager. The independent Trustee-Manager Directors form the majority of the Trustee-Manager Board. This allows the Trustee-Manager Board to examine independently and objectively, any potential issue of conflicts of interest arising between the Trustee-Manager in its own capacity and the CapitaLand Ascott BT Unitholders as a whole.

› In respect of matters in which the Sponsor and/or its subsidiaries has an interest, direct or indirect, any nominees appointed by the Sponsor and/or its subsidiaries to the Trustee-Manager Board to represent its/their interests will abstain from voting. In such matters, the quorum shall comprise a majority of the independent Trustee-Manager Directors and shall exclude nominee directors of the Sponsor and/ or its subsidiaries.

› In respect of matters in which a Trustee-Manager Director or his Associates (as defined in the Listing Manual) has an interest, direct or indirect, such interested Trustee-Manager Director shall abstain from voting. In such matters, the quorum must comprise a majority of the Trustee-Manager Directors and must exclude such interested Trustee-Manager Director.

- Where matters concerning CapitaLand Ascott BT relate to transactions to be entered into by the Trustee-Manager for and on behalf of CapitaLand Ascott BT with an interested person of the Trustee-Manager or CapitaLand Ascott BT (which would include relevant associates thereof), the Audit Committee is required to consider the terms of such transactions (except transactions under agreements which are deemed to have been specifically approved by CapitaLand Ascott BT Unitholders upon purchase of CapitaLand Ascott BT Units) to satisfy itself that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of CapitaLand Ascott BT and the Stapled Securityholders, and are in compliance with all applicable requirements of the Listing Manual and the BTA relating to the transactions in question. If the Trustee-Manager is to sign any contract with an interested person of the Trustee-Manager or CapitaLand Ascott BT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to interested person transactions (as may be amended from time to time) as well as any other guidelines as may from time to time be prescribed to apply to business trusts.

## PRESENT AND ONGOING INTERESTED PERSON TRANSACTIONS

**(i) Exempted Agreements**

The fees and charges payable by CapitaLand Ascott BT to the Trustee-Manager under the CapitaLand Ascott BT Trust Deed are considered interested person transactions which are deemed to have been specifically approved by the CapitaLand Ascott BT Unitholders upon their purchase of the CapitaLand Ascott BT Units, to the extent that there are no subsequent changes to the rates and/ or bases of the fees charged thereunder which will adversely affect CapitaLand Ascott BT.

**(ii) Future Interested Person Transactions**

Depending on the materiality of the transaction, CapitaLand Ascott BT may make a public announcement of or obtain prior approval of the CapitaLand Ascott BT Unitholders for such a transaction. If necessary, the Trustee-Manager Board may make a written statement in accordance with the resolution of the Trustee-Manager Board and signed by at least two Trustee-Manager Directors on behalf of the Trustee-Manager Board certifying that, inter alia, such interested person transaction is not detrimental to the interests of the CapitaLand Ascott BT Unitholders as a whole, based on the circumstances at the time of the transaction.

The Trustee-Manager may, in future, seek an annual general mandate from the CapitaLand Ascott BT Unitholders for recurrent transactions of revenue or trading nature or those necessary for the day-to-day operations with interested persons, and all transactions would then be conducted under such a general mandate for that relevant financial year. In seeking such an annual general mandate, the Trustee-Manager may appoint an independent financial adviser to render an opinion as to whether the methods or procedures for determining the transaction prices contemplated under the annual general mandate are sufficient, in an effort to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of CapitaLand Ascott BT and the CapitaLand Ascott BT Unitholders.

The Trustee-Manager has in place an internal control system as well as policies and procedures to ensure that all future interested person transactions will be undertaken on an arm's length basis, on normal commercial terms, will not be prejudicial to the interests of CapitaLand Ascott BT and the minority CapitaLand Ascott BT Unitholders, and will be in accordance with all applicable requirements of the BTA, the Listing Manual and all applicable guidelines as may from time to time be prescribed to apply to business trusts relating to the transaction in question.

Management identifies interested person transactions in relation to CapitaLand Ascott BT. The Trustee-Manager maintains a register to record all interested person transactions which are entered into by CapitaLand Ascott BT. The Trustee-Manager incorporates into its plan a review of all interested person transactions entered into by CapitaLand Ascott BT during the financial year. The Audit Committee reviews at least quarterly in each financial year the interested person transactions entered into during such quarterly period to ascertain that the guidelines and procedures established to monitor interested person transactions have been complied with. The review includes the examination of the nature of the transactions and their supporting documents or such other data that the Audit Committee deems necessary. If a member of the Audit Committee has an interest in a transaction, he or she will abstain from participating in the review and approval process in relation to that transaction.

In addition, all such interested person transactions conducted and any contracts entered into by the Trustee-Manager on behalf of CapitaLand Ascott BT with an interested person of the Trustee-Manager or CapitaLand Ascott BT, shall comply with and be in accordance with all applicable requirements of the Listing Manual and the BTA as well as such other guidelines as may from time to time be prescribed to apply to business trusts.

In particular, when CapitaLand Ascott BT acquires assets from the Sponsor or parties related to the Sponsor in future, the Trustee-Manager will obtain valuations from independent parties. In any event, interested person transactions entered into by CapitaLand Ascott BT, depending on the materiality of such transactions, may be publicly announced or, as the case may be, approved by CapitaLand Ascott BT Unitholders, and will, in addition, be:

› reviewed and recommended by the Audit Committee of the Trustee-Manager, which comprises only independent Trustee-Manager Directors; and

› decided by the Trustee-Manager Board, of which more than half of the Trustee-Manager Directors are independent directors.

## FEES AND EXPENSES CHARGED TO CAPITALAND ASCOTT BT ARE APPROPRIATE AND IN ACCORDANCE WITH THE CAPITALAND ASCOTT BT TRUST DEED

The Trustee-Manager is entitled under the CapitaLand Ascott BT Trust Deed to a management fee comprising a base fee of up to a maximum of 0.3% per annum of the property values (being the aggregate value of the real estate held by CapitaLand Ascott BT) and base performance fee of 4.0% per annum of CapitaLand Ascott BT and its subsidiaries (the CapitaLand Ascott BT Group)'s share of gross profit for each financial year. In the event that the CapitaLand Ascott BT Group's share of gross profit increases by more than 6.0% annually, the Trustee-Manager is entitled to an outperformance fee of 1.0% of the difference between the CapitaLand Ascott BT Group's share of that financial year's gross profit and 106.0% of the preceding year's gross profit.

The management fee is payable to the Trustee-Manager in the form of cash and/or stapled securities of CLAS (Stapled Securities) or (as the case may be) CapitaLand Ascott BT Units as the Trustee-Manager may elect, and in such proportion and for such period as may be determined by the Trustee-Manager.

Under the CapitaLand Ascott BT Trust Deed, the Trustee-Manager is entitled to a trustee fee not exceeding 0.015% per annum of the value of the assets for the time being held or deemed to be held upon trust, subject to a minimum of S$13,500 per month, excluding out-of-pocket expenses and goods and services tax which is borne by CapitaLand Ascott BT. The trustee fee is payable to the Trustee-Manager in arrears on a monthly basis.

The Trustee-Manager is also entitled to receive an acquisition fee at the rate of up to a maximum of 1.0% of the Enterprise Value (as defined in the CapitaLand Ascott BT Trust Deed) of any real estate-related asset acquired directly or indirectly by CapitaLand Ascott BT, prorated if applicable to the proportion of CapitaLand Ascott BT's interest.

The acquisition fee is payable to the Trustee-Manager in the form of cash but in the event that the Trustee-Manager receives any acquisition fee in connection with an acquisition from a related party, such acquisition fee shall be payable in the form of Stapled Securities or (as the case may be) CapitaLand Ascott BT Units.

The Trustee-Manager is also entitled to a divestment fee at the rate of 0.5% of the Enterprise Value of any real estate or real estate-related asset disposed directly or indirectly by CapitaLand Ascott BT, prorated if applicable to the proportion of CapitaLand Ascott BT's interest.

Any increase in the rate or any change in structure of the Trustee-Manager's management fee, trustee fee, the acquisition fee or the divestment fee, must be approved by an extraordinary resolution passed at a meeting of CapitaLand Ascott BT Unitholders duly convened and held in accordance with the provisions of the CapitaLand Ascott BT Trust Deed.

The table below sets out the fees earned by the Trustee-Manager for FY 2022.

| Fee | Amount (S$'000) | % in Cash | % in Units |
|---|---|---|---|
| Management Fee | 4,553 | 50 | 50 |
| Trustee Fee | 162 | 100 | - |

For FY 2022, the Trustee-Manager will receive 100% of trustee fee in cash while the management fee is in the form of 50% cash and 50% Stapled Securities. No expenses were paid to the Trustee-Manager during FY 2022 and any out-of-pocket expenses incurred were funded by CapitaLand Ascott BT's working capital.

The Trustee-Manager Board will meet to review, semi-annually, the material expenses, cost allocations and fees charged to CapitaLand Ascott BT and to ensure that the fees and expenses payable to the Trustee-Manager out of the CapitaLand Ascott BT Trust Property are appropriate and in accordance with the CapitaLand Ascott BT Trust Deed.

## COMPLIANCE WITH THE BUSINESS TRUSTS ACT AND LISTING MANUAL

The Company Secretary and Compliance Officer monitor CapitaLand Ascott BT's compliance with the BTA and the Listing Manual. The Trustee-Manager has an internal compliance manual which serves to summarise all the applicable rules and regulations as well as key internal policies and processes which CapitaLand Ascott BT needs to comply with. The manual will be consistently updated whenever there are changes to the rules and regulations and such policies and processes, and this will help management to ensure that applicable rules and regulations are being complied with.

The Trustee-Manager will also engage the services of and obtain advice from professional advisers and consultants from time to time to ensure compliance with the requirements of the BTA and the Listing Manual.

## COMPLIANCE OF THE TRUSTEE-MANAGER BOARD

Under regulation 12(1) of the BTR, the Trustee-Manager Board is required to comprise:

› at least a majority of Trustee-Manager Directors who are independent from management and business relationships with the Trustee-Manager;

› at least one-third of Trustee-Manager Directors who are independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and

› at least a majority of Trustee-Manager Directors who are independent from any single substantial shareholder of the Trustee-Manager.

The Trustee-Manager Board consists of eight directors, five of whom are independent directors for the purposes of the BTR. In accordance with Rule 12(8) of the BTR, the Trustee-Manager Board and the board of CapitaLand Ascott Trust Management Limited (Reit Manager) has determined that the following directors are independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager:

Tan Beng Hai, Bob;
Sim Juat Quee Michael Gabriel;
Chia Kim Huat;
Deborah Lee Siew Yin; and
LG Ong Su Kiat Melvyn.

Ms Teo Joo Ling, Serena, Mr Goh Soon Keat Kevin and Ms Beh Siew Kim are considered non-independent directors. Ms Teo Joo Ling, Serena is the CEO of the Reit Manager and the Trustee-Manager (Managers). Mr Goh Soon Keat Kevin and Ms Beh Siew Kim are employees of CLI Group.

None of the Trustee-Manager Directors would, by definition under the BTR, be independent from a substantial shareholder of the Trustee-Manager. The Trustee-Manager is a related corporation of the Reit Manager as both the Trustee-Manager and the Reit Manager are directly held by CLI Group and as CapitaLand Ascott BT and CapitaLand Ascott REIT are stapled, the directors of the Managers are identical to avoid any differences or deadlock in the operation of the Stapled Group. As a result, all five independent directors of the Trustee-Manager, namely Mr Tan Beng Hai, Bob, Mr Sim Juat Quee Michael Gabriel, Mr Chia Kim Huat, Ms Deborah Lee Siew Yin and LG Ong Su Kiat Melvyn, will prima facie be deemed to be connected to a substantial shareholder of the Trustee-Manager and hence not be independent pursuant to Regulations 12(1)(a) and 12(1)(b) of the BTR.

The MAS has granted an exemption to the Trustee-Manager from compliance with Regulations 12(1)(a) and 12(1)(b) of the BTR to the extent that non-compliance with these regulations is due to any Trustee-Manager Director being considered to be not independent from management and business relationships with the Trustee-Manager or from every substantial shareholder of the Trustee-Manager solely by virtue of such Trustee-Manager Director also being a director of the Reit Manager. For the avoidance of doubt, a Trustee-Manager Director shall not be considered independent from a substantial shareholder of the Trustee-Manager if he is also a director of a subsidiary or an associated company of the substantial shareholder of the Trustee-Manager (where the subsidiary or associated company is not the Trustee-Manager or the Reit Manager).

Contents

## Financial Statements

# Report of the Trustee of CapitaLand Ascott Real Estate Investment Trust

(formerly known as Ascott Real Estate Investment Trust)

DBS Trustee Limited (the "REIT Trustee") is under a duty to take into custody and hold the assets of CapitaLand Ascott Real Estate Investment Trust ("CapitaLand Ascott REIT") (formerly known as Ascott Real Estate Investment Trust) held by it or through its subsidiaries (collectively, the "CapitaLand Ascott REIT Group") in trust for the holders of units in CapitaLand Ascott REIT. In accordance with the Securities and Futures Act 2001, its subsidiary legislation and the Code on Collective Investment Schemes, the REIT Trustee shall monitor the activities of CapitaLand Ascott Trust Management Limited (the "REIT Manager") (formerly known as Ascott Residence Trust Management Limited) for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 19 January 2006 (as amended) (the "CapitaLand Ascott REIT Trust Deed") between the REIT Manager and the REIT Trustee in each annual accounting period and report thereon to Stapled Securityholders in an annual report.

To the best knowledge of the REIT Trustee, the REIT Manager has, in all material respects, managed the CapitaLand Ascott REIT Group during the year covered by these financial statements, set out on pages 152 to 316 in accordance with the limitations imposed on the investment and borrowing powers set out in the CapitaLand Ascott REIT Trust Deed.

For and on behalf of the REIT Trustee,
**DBS Trustee Limited**

**Jane Lim Puay Yuen**
Director

**Singapore**
9 March 2023

# Report of the Manager of CapitaLand Ascott Real Estate Investment Trust

(formerly known as Ascott Real Estate Investment Trust)

In the opinion of the directors of CapitaLand Ascott Trust Management Limited (formerly known as Ascott Residence Trust Management Limited) (the "REIT Manager"), the Manager of CapitaLand Ascott Real Estate Investment Trust ("CapitaLand Ascott REIT") (formerly known as Ascott Real Estate Investment Trust), the accompanying consolidated financial statements of CapitaLand Ascott REIT and its subsidiaries (the "CapitaLand Ascott REIT Group"), and CapitaLand Ascott Trust ("CLAS") (formerly known as Ascott Residence Trust) (the "Stapled Group", comprising the CapitaLand Ascott REIT Group and CapitaLand Ascott Business Trust (formerly known as Ascott Business Trust) and its subsidiaries) set out on pages 152 to 316, comprising the Statements of Financial Position, Statements of Total Return, Statements of Movements in Stapled Securityholders' Funds, Portfolio Statements and Statements of Cash Flows of the CapitaLand Ascott REIT Group and the Stapled Group, and the Distribution Statement of the Stapled Group, and notes to the financial statements, are drawn up so as to present fairly, in all material respects, the financial positions and portfolio holdings of the CapitaLand Ascott REIT Group and the Stapled Group as at 31 December 2022 and the financial performance, movements in stapled securityholders' funds and cash flows of the CapitaLand Ascott REIT Group and the Stapled Group, and the distributable income of the Stapled Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants and the provisions of CapitaLand Ascott REIT's trust deed between DBS Trustee Limited (the "REIT Trustee") and the REIT Manager dated 19 January 2006 (as amended) and the stapling deed of CapitaLand Ascott Trust (formerly known as Ascott Residence Trust) between the REIT Trustee, the REIT Manager and CapitaLand Ascott Business Trust Management Pte. Ltd. (formerly known as Ascott Business Trust Management Pte. Ltd.) (Trustee-Manager of CapitaLand Ascott Business Trust) dated 9 September 2019 (as amended). At the date of this statement, there are reasonable grounds to believe that the CapitaLand Ascott REIT Group and the Stapled Group will be able to meet their respective financial obligations as and when they materialise.

For and on behalf of the REIT Manager,
**CapitaLand Ascott Trust Management Limited**
**(formerly known as Ascott Residence Trust Management Limited)**

**Teo Joo Ling, Serena**
Director

**Singapore**
9 March 2023

# Report of the Trustee-Manager of CapitaLand Ascott Business Trust

(formerly known as Ascott Business Trust)

The directors of CapitaLand Ascott Business Trust Management Pte. Ltd. (formerly known as Ascott Business Trust Management Pte. Ltd.), the trustee-manager of CapitaLand Ascott Business Trust ("CapitaLand Ascott BT") (formerly known as Ascott Business Trust) (the "BT Trustee-Manager"), are pleased to present their report to the Stapled Securityholders of CapitaLand Ascott Trust ("CLAS") (formerly known as Ascott Residence Trust) for the financial year ended 31 December 2022, together with the audited financial statements of CapitaLand Ascott BT and its subsidiaries (the "CapitaLand Ascott BT Group") for the financial year ended 31 December 2022.

## DIRECTORS

The directors of the BT Trustee-Manager in office at the date of this report are:

Mr Tan Beng Hai, Bob (Chairman)
Ms Teo Joo Ling, Serena (Chief Executive Officer) (appointed on 1 July 2022)
Mr Sim Juat Quee Michael Gabriel
Mr Chia Kim Huat
Ms Deborah Lee Siew Yin
LG Ong Su Kiat Melvyn
Mr Goh Soon Keat Kevin
Ms Beh Siew Kim

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE STAPLED SECURITIES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the BT Trustee-Manager a party to any arrangement whose object was to enable any or all directors of the BT Trustee-Manager to acquire benefits by means of the acquisition of Stapled Securities, or debentures, of CapitaLand Ascott BT.

# Report of the Trustee-Manager of CapitaLand Ascott Business Trust

(formerly known as Ascott Business Trust)

**DIRECTORS' INTERESTS IN STAPLED SECURITIES OR DEBENTURES OF CAPITALAND ASCOTT BT**

According to the register kept by the BT Trustee-Manager for the purpose of Section 76 of the Business Trusts Act 2004 (the "BTA"), particulars of interests of Directors who held office at the end of the financial period (including those held by their spouses and infant children) in Stapled Securities of CLAS are as follows:

| | Direct and deemed holdings registered in the name of the director, spouse or infant children | | | |
|---|---|---|---|---|
| **Name of director in which interests are held** | **Direct At beginning of the year / date of appointment** | **Deemed At beginning of the year / date of appointment** | **Direct At end of the year** | **Deemed At end of the year** |
| Mr Tan Beng Hai, Bob | 115,381 | – | 136,042 | – |
| Mr Sim Juat Quee Michael Gabriel | 72,683 | – | 90,649 | – |
| Mr Chia Kim Huat | 100,845 | – | 115,322 | – |
| Ms Deborah Lee Siew Yin | 7,290 | – | 21,767 | – |
| Mr Goh Soon Keat Kevin | 171,276 | – | 171,276 | – |
| Ms Beh Siew Kim | 798,499 | – | 1,358,069 | – |
| ***Contingent award of Performance Stapled Security[1] to be delivered after 2021*** | | | | |
| Ms Beh Siew Kim (158,051 PSSP) | 0 to 316,102[2] | – | – | – |
| 316,102 Stapled Securities were released in 2022 | | | | |
| ***Contingent award of Performance Stapled Security[1] to be delivered after 2022*** | | | | |
| Ms Beh Siew Kim (134,448 PSSP) | 0 to 268,896[2] | – | 0 to 268,896[2] | – |
| ***Contingent award of Performance Stapled Security[1] to be delivered after 2023*** | | | | |
| Ms Beh Siew Kim (185,391 PSSP) | 0 to 370,782[2] | – | 0 to 370,782[2] | – |
| ***Contingent award of Performance Stapled Security[1] to be delivered after 2024*** | | | | |
| Ms Beh Siew Kim (221,827 PSSP) | – | – | 0 to 443,654[2] | – |
| Ms Teo Joo Ling, Serena (110,913 PSSP) | – | – | 0 to 221,826[2] | – |
| ***Unvested Restricted Stapled Security[1] to be delivered after 2020*** | | | | |
| Ms Beh Siew Kim | 71,078[4,5] | – | 35,539[3,5] | – |
| ***Unvested Restricted Stapled Security[1] to be delivered after 2021*** | | | | |
| Ms Beh Siew Kim | 0 to 278,086[2,5] | – | 185,391[4,5] | – |
| ***Contingent award of Restricted Stapled Security[1] to be delivered after 2022*** | | | | |
| Ms Beh Siew Kim | – | – | 0 to 332,740[2,5] | – |
| Ms Teo Joo Ling, Serena | – | – | 0 to 166,369[2,5] | – |

There were no changes in the abovementioned interests of CapitaLand Ascott BT between 31 December 2022 and 21 January 2023.

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in stapled securities, options, warrants or debentures of CLAS, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Notes:

1 This refers to the number of Stapled Securities which are the subject of contingent awards granted but not released under the Managers' Performance Stapled Security Plan ("PSSP") and the Restricted Stapled Security Plan ("RSSP"). The final number of Stapled Securities that will be released could range from 0% to a maximum of 200% of the baseline award under the PSSP and from 0% to a maximum of 150% of the baseline award under the RSSP.

2 The final number of Stapled Securities to be released will depend on the achievement of pre-determined targets at the end of the performance periods for the PSSP and RSSP.

3 Being the unvested remaining one-third of RSSP 2020 award.

4 Being the unvested two-thirds of RSSP 2021 award.

5 On the final vesting, an additional number of Stapled Securities of a total value equal to the value of the accumulated distributions which are declared during each of the vesting periods and deemed foregone due to the vesting mechanism of the RSSP, will also be released.

# Report of the Trustee-Manager of CapitaLand Ascott Business Trust

(formerly known as Ascott Business Trust)

## DIRECTORS' CONTRACTUAL BENEFITS

During the financial year, no director of the BT Trustee-Manager has received or became entitled to receive a benefit in CapitaLand Ascott BT by reason of a contract made by the BT Trustee-Manager, on behalf of CapitaLand Ascott BT or a related corporation with the director, or with a firm of which such director is a member or with a company in which such director has a substantial financial interest, except that the directors served as directors or employees of related corporations and received remuneration in that capacity from related corporations.

## STAPLED SECURITY OPTIONS

During the financial year, there were:

(i) no options granted by the BT Trustee-Manager to any person to take up unissued Stapled Securities in CLAS; and

(ii) no Stapled Securities issued by virtue of any exercise of option to take up unissued Stapled Securities of CLAS.

There were no unissued Stapled Securities in CLAS under option as at the end of the financial year.

## AUDIT COMMITTEE

The members of the audit committee of the BT Trustee-Manager (the "Audit Committee") during the year and at the date of this statement are:

- Mr Sim Juat Quee Michael Gabriel (Chairman), Independent, Non-Executive Director;
- Mr Chia Kim Huat, Independent, Non-Executive Director;
- Ms Deborah Lee Siew Yin, Independent, Non-Executive Director; and
- LG Ong Su Kiat Melvyn, Independent, Non-Executive Director.

The Audit Committee performs the functions specified in Section 201B of the Companies Act 1967, Regulation 13(6) of the Business Trusts Regulations 2005 ("BTR"), the Listing Manual by Singapore Exchange Securities Trading Limited (the "SGX Listing Manual") and the Code of Corporate Governance 2018.

The Audit Committee has held five meetings since the last report of the BT Trustee-Manager. In performing its functions, the Audit Committee met with CapitaLand Ascott BT's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of CapitaLand Ascott BT's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by CapitaLand Ascott BT's officers to the internal and external auditors;
- semi-annual financial information and annual financial statements of CapitaLand Ascott BT prior to their submission to the directors of the BT Trustee-Manager for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors of the BT Trustee-Manager that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of CapitaLand Ascott BT.

In appointing our auditors for the CapitaLand Ascott BT Group, we have complied with Rules 712 and 715 of the SGX Listing Manual.

## INDEPENDENT AUDITOR

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

# Statement by the BT Trustee-Manager

In the opinion of the Directors,

(a) the consolidated financial statements of the CapitaLand Ascott BT Group as set out on pages 152 to 316 are drawn up so as to give a true and fair view of the financial position of the CapitaLand Ascott BT Group as at 31 December 2022, and the financial performance, changes in stapled securityholders' funds and cash flows of the CapitaLand Ascott BT Group, for the year ended on that date in accordance with the provisions of the Business Trusts Act 2004 (the "BTA"), and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the BT Trustee-Manager will be able to fulfil, out of the trust property of CapitaLand Ascott BT, the liabilities of CapitaLand Ascott BT as and when they fall due.

In accordance with Section 86(2) of the BTA, the directors of the BT Trustee-Manager further certify that:

- the fees or charges paid or payable out of the property of the CapitaLand Ascott BT Group to the BT Trustee-Manager are in accordance with the CapitaLand Ascott BT trust deed dated 9 September 2019 (as amended);

- interested person transactions are not detrimental to the interests of all the Stapled Securityholders as a whole based on the circumstances at the time of the transactions; and

- the Board of Directors is not aware of any violation of duties of the BT Trustee-Manager which would have a materially adverse effect on the business of the CapitaLand Ascott BT Group or the interests of the Stapled Securityholders as a whole.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

For and on behalf of the Board of Directors of the BT Trustee-Manager,
**CapitaLand Ascott Business Trust Management Pte. Ltd.**
**(formerly known as Ascott Business Trust Management Pte. Ltd.)**

**Tan Beng Hai, Bob**
Director

**Teo Joo Ling, Serena**
Director

**Singapore**
9 March 2023

# Statement by the Chief Executive Officer of the BT Trustee-Manager

In accordance with Section 86 of the Business Trusts Act 2004, I certify that I am not aware of any violation of duties of the BT Trustee-Manager which would have a materially adverse effect on the business of the CapitaLand Ascott BT Group or on the interests of all the Stapled Securityholders of CapitaLand Ascott BT as a whole.

**Teo Joo Ling, Serena**
Chief Executive Officer

**Singapore**
9 March 2023

# Independent Auditors' Report

Stapled Securityholders of CapitaLand Ascott Trust
(formerly known as Ascott Residence Trust)
(Constituted under the Stapling Deed in the Republic of Singapore)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

*Opinion*

We have audited:

(i) the consolidated financial statements of CapitaLand Ascott Real Estate Investment Trust ("CapitaLand Ascott REIT") (formerly known as Ascott Real Estate Investment Trust) and its subsidiaries (the "CapitaLand Ascott REIT Group"), which comprise the Statement of Financial Position and Portfolio Statement as at 31 December 2022, the Statement of Total Return, Statement of Movements in Stapled Securityholders' Funds and Statement of Cash Flows of the CapitaLand Ascott REIT Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies;

(ii) the consolidated financial statements of CapitaLand Ascott Business Trust ("CapitaLand Ascott BT") (formerly known as Ascott Business Trust) and its subsidiaries (the "CapitaLand Ascott BT Group"), which comprise the Statement of Financial Position as at 31 December 2022, the Statement of Total Return and Statement of Comprehensive Income, Statement of Movements in Stapled Securityholders' Funds and Statement of Cash Flows of the CapitaLand Ascott BT Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies; and

(iii) the consolidated financial statements of CapitaLand Ascott Trust (formerly known as Ascott Residence Trust), which comprise the Statement of Financial Position and Portfolio Statement as at 31 December 2022, the Statement of Total Return, Distribution Statement, Statement of Movements in Stapled Securityholders' Funds and Statement of Cash Flows of CapitaLand Ascott Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies;

as set out on pages 152 to 316. CapitaLand Ascott Trust, which comprises the CapitaLand Ascott REIT Group and the CapitaLand Ascott BT Group, is hereinafter referred to as the "Stapled Group".

In our opinion:

(a) the accompanying consolidated financial statements of the CapitaLand Ascott REIT Group and the Stapled Group present fairly, in all material respects, the financial positions and portfolio holdings of the CapitaLand Ascott REIT Group and the Stapled Group as at 31 December 2022, the financial performance, movements in stapled securityholders' funds and cash flows of the CapitaLand Ascott REIT Group and the Stapled Group, and the distributable income of the Stapled Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants ("ISCA");

(b) the accompanying consolidated financial statements of the CapitaLand Ascott BT Group are properly drawn up in accordance with the provisions of the Business Trusts Act 2004 (the "BTA"), and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the state of affairs of the CapitaLand Ascott BT Group as at 31 December 2022 and the financial performance, movements in stapled securityholders' funds and cash flows of the CapitaLand Ascott BT Group for the year ended on that date.

*Basis for opinion*

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

*Key audit matters*

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

***Valuation of investment properties, land and buildings and investment properties under development***
***Note 4 – Investment properties***
***Note 5 – Property, plant and equipment***
***Note 6 – Investment properties under development***

***Risk:***

The Stapled Group has portfolios of investment properties, land and buildings, and investment properties under development which are stated at their fair values as at 31 December 2022 of $6,103.6 million, $875.6 million and $385.7 million (2021: $6,297.9 million, $542.0 million and $302.9 million) respectively.

The fair values of the investment properties, land and buildings and investment properties under development are appraised by external property valuers. 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, particularly those relating to discount rates, terminal capitalisation rates, capitalisation rate, revenue per available unit and gross development costs.

***Our response:***

We assessed the Stapled Group's process relating to the selection of the external property valuers, the determination of the scope of work of the external property valuers, and the review and acceptance of the valuation reports issued by the external property valuers.

We evaluated the qualification and competence of the external property valuers. We also read the terms of engagement of the external property valuers with the Stapled Group to ascertain whether there are matters that might have affected their objectivity or limited the scope of their work.

We considered the valuation methodologies adopted against those applied by other valuers for similar property types. We evaluated the key assumptions and inputs used in the valuations, which included discount rates, terminal capitalisation rates, capitalisation rate, revenue per available unit and gross development costs by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the external property valuers.

We considered the appropriateness of disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.

***Our findings:***

The Stapled Group has a structured process in appointing and instructing external property valuers, and in reviewing and accepting their valuations. The external property valuers are members of generally-recognised professional bodies for valuers and have considered their own independence in carrying out the work. The valuation methodologies used by the external property valuers were in line with generally accepted market practices. The key assumptions and inputs used in the valuations, including the projected cash flows, discount rates, terminal capitalisation rates, capitalisation rate, revenue per available unit and gross development costs were supported by the evidence available and are within the range of industry data. Where the assumptions were outside the expected range, the additional factors considered by the external property valuers were consistent with other corroborative evidence.

We also found the related disclosures in the financial statements to be appropriate.

*Other information*

CapitaLand Ascott Trust Management Limited (formerly known as Ascott Residence Trust Management Limited), the Manager of CapitaLand Ascott REIT (the "REIT Manager") and CapitaLand Ascott Business Trust Management Pte. Ltd. (formerly known as Ascott Business Trust Management Pte. Ltd.), the Trustee-Manager of CapitaLand Ascott BT (the "BT Trustee-Manager") (collectively, the "Managers"), are responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the REIT Manager for the financial statements*

The REIT Manager is responsible for the preparation and fair presentation of the financial statements of the CapitaLand Ascott REIT Group and the Stapled Group in accordance with the recommendations of RAP 7 issued by the ISCA, and for such internal controls as the REIT Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The REIT Manager's responsibilities include overseeing the financial reporting process of the CapitaLand Ascott REIT Group and the Stapled Group.

*Responsibilities of the BT Trustee-Manager for the financial statements*

The BT Trustee-Manager is responsible for the preparation of financial statements of the CapitaLand Ascott BT Group that gives a true and fair view in accordance with the provisions of the BTA and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets that are part of the trust property of the registered business trust are safeguarded against loss from unauthorised use or disposition; and transactions by the BT Trustee-Manager entered into on behalf of or purported to be entered into on behalf of the registered business trust are properly authorised and that they are recorded as necessary to permit the preparation of true and fair accounts and to maintain accountability of assets.

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

The BT Trustee-Manager's responsibilities include overseeing the CapitaLand Ascott BT Group's financial reporting process.

*Auditors' responsibilities for the audit of the financial statements*

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Managers.

- Conclude on the appropriateness of the use of the going concern basis of accounting by the Managers and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled 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 CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

# Independent Auditors' Report

Stapled Securityholders of CapitaLand Ascott Trust
(formerly known as Ascott Residence Trust)
(Constituted under the Stapling Deed in the Republic of Singapore)

**Report on other legal and regulatory requirement**

In our opinion, the accounting and other records required by the BTA to be kept by the BT Trustee-Manager on behalf of CapitaLand Ascott BT have been properly kept in accordance with the provisions of the BTA.

The engagement partner on the audit resulting in this independent auditors' report is Lim Pang Yew, Victor.

**KPMG LLP**
Public Accountants and
Chartered Accountants

**Singapore**
9 March 2023

# Statements of Financial Position

As at 31 December 2022

| | Note | CapitaLand Ascott REIT Group 2022 $'000 | CapitaLand Ascott REIT Group 2021 $'000 | CapitaLand Ascott BT Group 2022 $'000 | CapitaLand Ascott BT Group 2021 $'000 | Stapled Group 2022 $'000 | Stapled Group 2021 $'000 |
|---|---|---|---|---|---|---|---|
| **Non-current assets** | | | | | | | |
| Investment properties | 4 | **6,075,974** | 5,882,709 | **447,974** | 515,117 | **6,103,633** | 6,297,854 |
| Property, plant and equipment | 5 | **35,562** | 37,189 | **570,389** | 587,578 | **944,878** | 624,767 |
| Investment properties under development | 6 | **385,707** | 302,863 | **–** | – | **385,707** | 302,863 |
| Investment securities | 7 | **2,416** | 2,163 | **–** | – | **–** | – |
| Associate | 11 | **3,035** | 3,013 | **–** | – | **3,035** | 3,013 |
| Joint venture | 12 | **–** | 13,800 | **–** | – | **–** | 13,800 |
| Financial derivative assets | 13 | **69,942** | 18,814 | **–** | 1,097 | **69,942** | 19,911 |
| Deferred tax assets | 14 | **10,738** | 3,171 | **4,137** | 4,405 | **14,875** | 7,576 |
| | | **6,583,374** | 6,263,722 | **1,022,500** | 1,108,197 | **7,522,070** | 7,269,784 |
| **Current assets** | | | | | | | |
| Inventories | | **20** | 85 | **275** | 248 | **295** | 334 |
| Trade and other receivables | 15 | **257,341** | 183,038 | **15,804** | 10,520 | **112,187** | 104,429 |
| Assets held for sale | 16 | **1,020** | 1,519 | **–** | – | **1,020** | 1,519 |
| Financial derivative assets | 13 | **21,463** | 536 | **3,024** | 10,312 | **24,487** | 10,848 |
| Cash and cash equivalents | 17 | **299,251** | 301,163 | **64,383** | 45,169 | **363,634** | 346,332 |
| | | **579,095** | 486,341 | **83,486** | 66,249 | **501,623** | 463,462 |
| **Total assets** | | **7,162,469** | 6,750,063 | **1,105,986** | 1,174,446 | **8,023,693** | 7,733,246 |
| **Non-current liabilities** | | | | | | | |
| Financial liabilities | 18 | **2,389,473** | 1,733,950 | **83,407** | 230,789 | **2,472,880** | 1,964,739 |
| Financial derivative liabilities | 13 | **6,939** | 1,100 | **–** | – | **6,939** | 1,100 |
| Trade and other payables | 19 | **32** | – | **8,624** | 9,618 | **8,656** | 9,618 |
| Deferred income | 20 | **–** | – | **876** | 1,128 | **876** | 1,128 |
| Deferred tax liabilities | 14 | **121,425** | 111,455 | **39,458** | 38,330 | **160,883** | 149,785 |
| Lease liabilities | 21 | **257,368** | 267,238 | **76,203** | 94,448 | **257,368** | 267,238 |
| | | **2,775,237** | 2,113,743 | **208,568** | 374,313 | **2,907,602** | 2,393,608 |
| **Current liabilities** | | | | | | | |
| Financial liabilities | 18 | **226,244** | 645,764 | **175,462** | 118,421 | **401,706** | 764,185 |
| Financial derivative liabilities | 13 | **5** | 728 | **810** | – | **815** | 728 |
| Trade and other payables | 19 | **212,432** | 135,691 | **192,769** | 120,000 | **244,243** | 166,562 |
| Deferred income | 20 | **–** | – | **135** | 969 | **135** | 969 |
| Current tax liabilities | | **11,593** | 28,932 | **3,158** | 1,902 | **14,751** | 30,834 |
| Lease liabilities | 21 | **9,646** | 8,641 | **5,185** | 5,524 | **9,646** | 8,641 |
| | | **459,920** | 819,756 | **377,519** | 246,816 | **671,296** | 971,919 |
| **Total liabilities** | | **3,235,157** | 2,933,499 | **586,087** | 621,129 | **3,578,898** | 3,365,527 |
| **Net assets** | | **3,927,312** | 3,816,564 | **519,899** | 553,317 | **4,444,795** | 4,367,719 |
| Represented by: | | | | | | | |
| Stapled Securityholders' funds | 22 | **3,449,568** | 3,341,450 | **515,868** | 549,409 | **3,965,436** | 3,890,860 |
| Perpetual securities holders | 23 | **396,298** | 396,298 | **–** | – | **396,298** | 396,298 |
| Non-controlling interests | 10 | **81,446** | 78,816 | **4,031** | 3,908 | **83,061** | 80,561 |
| | | **3,927,312** | 3,816,564 | **519,899** | 553,317 | **4,444,795** | 4,367,719 |
| **Stapled Securities in issue ('000)** | 23 | **3,445,625** | 3,276,547 | **3,445,625** | 3,276,547 | **3,445,625** | 3,276,547 |
| **Net asset value per Stapled Security ($)** | | **1.00** | 1.02 | **0.15** | 0.17 | **1.15** | 1.19 |

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

# Statements of Total Return

Year ended 31 December 2022

| | Note | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Gross revenue | 24 | **486,003** | 301,973 | **149,793** | 106,818 | **621,242** | 394,412 |
| Direct expenses | 25 | **(245,557)** | (156,867) | **(94,891)** | (64,255) | **(338,424)** | (221,122) |
| **Gross profit** | | **240,446** | 145,106 | **54,902** | 42,563 | **282,818** | 173,290 |
| Depreciation of buildings, plant and machinery | | **–** | – | **(19,317)** | (19,015) | **(20,496)** | (19,015) |
| Finance income | 26 | **1,176** | 2,920 | **338** | 199 | **1,468** | 3,070 |
| Other income | | **1,111** | 14,276 | **217** | 2,434 | **1,308** | 16,676 |
| Finance costs | 26 | **(61,985)** | (49,168) | **(14,616)** | (15,981) | **(69,012)** | (55,977) |
| Managers' management fees | 27 | **(25,866)** | (20,534) | **(4,553)** | (4,186) | **(30,419)** | (24,720) |
| Trustee's fee | | **(705)** | (729) | **(162)** | (163) | **(867)** | (892) |
| Professional fees | 28 | **(4,418)** | (3,632) | **(707)** | (640) | **(5,125)** | (4,272) |
| Audit fees | | **(3,461)** | (2,331) | **(449)** | (470) | **(3,910)** | (2,801) |
| Foreign exchange loss | | **(12,985)** | (2,439) | **(11,409)** | (871) | **(24,394)** | (3,310) |
| Other operating expenses | | **(3,183)** | (6,797) | **(659)** | (561) | **(3,843)** | (7,359) |
| **Net income before share of results of associate and joint venture** | | **130,130** | 76,672 | **3,585** | 3,309 | **127,528** | 74,690 |
| Share of results (net of tax) of: | | | | | | | |
| – associate | 11 | **(27)** | (28) | **–** | – | **(27)** | (28) |
| – joint venture | | **3,918** | (211) | **–** | – | **3,918** | (211) |
| **Net income** | 29 | **134,021** | 76,433 | **3,585** | 3,309 | **131,419** | 74,451 |
| Net change in fair value of investment properties, investment properties under development and assets held for sale | | **138,850** | 115,809 | **(4,534)** | 4,993 | **122,353** | 126,058 |
| Net change in fair value of financial derivatives | | **597** | – | **–** | – | **597** | – |
| Revaluation surplus on land and buildings | | **–** | – | **5,393** | 21,201 | **5,393** | 21,201 |
| Net change in fair value of investment securities | | **253** | 91 | **–** | – | **–** | – |
| Profit from divestments | 30 | **99** | 153,226 | **–** | – | **99** | 153,226 |
| Assets written off | 4 | **(78)** | (4) | **–** | – | **(78)** | (4) |
| **Total return for the year before income tax** | | **273,742** | 345,555 | **4,444** | 29,503 | **259,783** | 374,932 |
| Income tax expense | 31 | **(29,168)** | (56,995) | **(4,395)** | (7,520) | **(33,563)** | (64,515) |
| **Total return for the year** | | **244,574** | 288,560 | **49** | 21,983 | **226,220** | 310,417 |
| **Total return attributable to:** | | | | | | | |
| Stapled Securityholders and perpetual securities holders | | **241,731** | 287,488 | **(3)** | 21,913 | **223,305** | 309,317 |
| Non-controlling interests | 10 | **2,843** | 1,072 | **52** | 70 | **2,915** | 1,100 |
| | | **244,574** | 288,560 | **49** | 21,983 | **226,220** | 310,417 |
| **Earnings per Stapled Security (cents)** | 32 | | | | | | |
| Basic | | | | | | **6.28** | 9.36 |
| Diluted | | | | | | **6.25** | 9.32 |

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

# Statement of Comprehensive Income of the CapitaLand Ascott BT Group

Year ended 31 December 2022

| | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|
| **Profit for the year** | **49** | 21,983 |
| **Items that will not be reclassified subsequently to profit or loss:** | | |
| Revaluation surplus on land and buildings | **49,727** | 3,716 |
| | **49,727** | 3,716 |
| **Items that may be reclassified subsequently to profit or loss:** | | |
| Effective portion of change in fair values of cash flow hedges | **3,272** | 1,495 |
| Net change in fair value of cash flow hedge reclassified to Statement of Total Return | **(1,292)** | 409 |
| Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations | **(58,674)** | (13,045) |
| | **(56,694)** | (11,141) |
| **Total comprehensive income for the year** | **(6,918)** | 14,558 |

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

# Distribution Statements

Year ended 31 December 2022

| | Note | Stapled Group 2022 $'000 | Stapled Group 2021 $'000 |
|---|---|---|---|
| **Amount to be distributed to Stapled Securityholders at beginning of the year** | | **56,515** | 61,670 |
| Total return attributable to Stapled Securityholders and perpetual securities holders | | **223,305** | 309,317 |
| Less: Total return attributable to perpetual securities holders | | **(13,495)** | (13,495) |
| Distribution adjustments | A | **(19,976)** | (203,499) |
| **Income available for distribution to Stapled Securityholders for the year** | | **189,834** | 92,323 |
| **Partial distribution of divestment gain** | | **–** | 45,000 |
| **Distribution to Stapled Securityholders** | | **246,349** | 198,993 |
| **Distributions to Stapled Securityholders during the year** | | | |
| – Distribution of 1.986 cents per Stapled Security for the period from 1 July 2020 to 31 December 2020 | | **–** | (61,726) |
| – Distribution of 2.045 cents per Stapled Security for the period from 1 January 2021 to 30 June 2021 | | **–** | (63,746) |
| – Distribution of 0.545 cents per Stapled Security for the period from 1 July 2021 to 19 September 2021 | | **–** | (17,006) |
| – Distribution of 1.726 cents per Stapled Security for the period from 20 September 2021 to 31 December 2021 | | **(56,554)** | – |
| – Distribution of 2.332 cents per Stapled Security for the period from 1 January 2022 to 30 June 2022 | | **(76,648)** | – |
| – Distribution of 1.078 cents per Stapled Security for the period from 1 July 2022 to 23 August 2022 | | **(35,468)** | – |
| | | **(168,670)** | (142,478) |
| **Amount to be distributed to Stapled Securityholders at end of the year** | | **77,679** | 56,515 |

***Note A – Distribution adjustments***

| | | |
|---|---|---|
| **Distribution adjustment items:** | | |
| – Net change in fair value of investment properties, investment properties under development and assets held for sale | **(122,353)** | (126,058) |
| – Revaluation surplus on land and buildings | **(5,393)** | (21,201) |
| – Net change in fair value of financial derivatives | **(597)** | – |
| – Profit from divestments | **(99)** | (153,226) |
| – Assets written off | **78** | 4 |
| – Depreciation expense | **35,773** | 32,644 |
| – Managers' management fees paid/payable in Stapled Securities | **21,757** | 17,030 |
| – REIT Trustee's fee | **175** | 157 |
| – Foreign exchange loss – unrealised | **53,821** | 14,609 |
| – Interest expense on lease liabilities | **10,379** | 10,519 |
| – Lease payments for right-of-use assets | **(18,276)** | (17,454) |
| – Deferred tax expense | **10,845** | 19,327 |
| – Tax expense relating to the divestment | **14** | 22,494 |
| – Non-controlling interests' share of adjustments | **(2,215)** | (2,646) |
| – Share of results (net of tax) of joint venture | **(3,918)** | 211 |
| – Other adjustments | **33** | 91 |
| **Net effect of distribution adjustments** | **(19,976)** | (203,499) |

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

# Statements of Movements in Stapled Securityholders' Funds

Year ended 31 December 2022

| | Attributable to Stapled Securityholders | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **CapitaLand Ascott REIT Group** | **Stapled Securities in issue $'000** | **Revenue reserve $'000** | **Foreign currency translation reserve $'000** | **Capital reserve $'000** | **Hedging reserve $'000** | **Total $'000** | **Perpetual securities $'000** | **Non-controlling interests $'000** | **Total equity $'000** |
| At 1 January 2021 | 2,156,084 | 1,046,186 | (183,094) | 3,348 | (9,356) | 3,013,168 | 396,298 | 76,661 | 3,486,127 |
| Total return for the year | – | 287,488 | – | – | – | 287,488 | – | 1,072 | 288,560 |
| Total return attributable to perpetual securities holders | – | (13,495) | – | – | – | (13,495) | 13,495 | – | – |
| **Other comprehensive income** | | | | | | | | | |
| Effective portion of change in fair values of cash flow hedges | – | – | – | – | 5,967 | 5,967 | – | – | 5,967 |
| Net change in fair value of cash flow hedge reclassified to Statement of Total Return | – | – | – | – | 3,347 | 3,347 | – | – | 3,347 |
| Realisation of reserves upon divestment | – | 1,389 | 2,046 | (1,389) | – | 2,046 | – | – | 2,046 |
| Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations | – | – | 6,856 | – | – | 6,856 | – | 1,630 | 8,486 |
| **Total other comprehensive income** | – | 1,389 | 8,902 | (1,389) | 9,314 | 18,216 | – | 1,630 | 19,846 |
| **Transactions with owners, recognised directly in equity** | | | | | | | | | |
| ***Contributions by and distributions to owners*** | | | | | | | | | |
| REIT Manager's management fee payable in Stapled Securities | 14,907 | – | – | – | – | 14,907 | – | – | 14,907 |
| Issue of Stapled Securities under private placement | 150,000 | – | – | – | – | 150,000 | – | – | 150,000 |
| Issue expenses relating to private placement | (1,950) | – | – | – | – | (1,950) | – | – | (1,950) |
| Distribution to Stapled Securityholders | (5,292) | (115,913) | – | – | – | (121,205) | – | – | (121,205) |
| Distribution to perpetual securities holders | – | – | – | – | – | – | (13,495) | – | (13,495) |
| Distribution to non-controlling interests | – | – | – | – | – | – | – | (868) | (868) |
| **Total contributions by and distributions to owners** | 157,665 | (115,913) | – | – | – | 41,752 | (13,495) | (868) | 27,389 |

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

# Statements of Movements in Stapled Securityholders' Funds

Year ended 31 December 2022

| | Attributable to Stapled Securityholders | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **CapitaLand Ascott REIT Group** | **Stapled Securities in issue $'000** | **Revenue reserve $'000** | **Foreign currency translation reserve $'000** | **Capital reserve $'000** | **Hedging reserve $'000** | **Total $'000** | **Perpetual securities $'000** | **Non-controlling interests $'000** | **Total equity $'000** |
| ***Changes in ownership interests in subsidiaries*** | | | | | | | | | |
| Change in ownership interests in subsidiaries with a change in control | – | – | (4,123) | (1,235) | – | (5,358) | – | – | (5,358) |
| Change in ownership interests in subsidiaries with no change in control | – | (321) | – | – | – | (321) | – | 321 | – |
| **Total changes in ownership interests in subsidiaries** | – | (321) | (4,123) | (1,235) | – | (5,679) | – | 321 | (5,358) |
| At 31 December 2021 | 2,313,749 | 1,205,334 | (178,315) | 724 | (42) | 3,341,450 | 396,298 | 78,816 | 3,816,564 |

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

# Statements of Movements in Stapled Securityholders' Funds

Year ended 31 December 2022

| | Attributable to Stapled Securityholders | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **CapitaLand Ascott REIT Group** | **Stapled Securities in issue $'000** | **Revenue reserve $'000** | **Foreign currency translation reserve $'000** | **Capital reserve $'000** | **Hedging reserve $'000** | **Total $'000** | **Perpetual securities $'000** | **Non-controlling interests $'000** | **Total equity $'000** |
| At 1 January 2022 | 2,313,749 | 1,205,334 | (178,315) | 724 | (42) | 3,341,450 | 396,298 | 78,816 | 3,816,564 |
| Total return for the year | – | 241,731 | – | – | – | 241,731 | – | 2,843 | 244,574 |
| Total return attributable to perpetual securities holders | – | (13,495) | – | – | – | (13,495) | 13,495 | – | – |
| **Other comprehensive income** | | | | | | | | | |
| Effective portion of change in fair values of cash flow hedges | – | – | – | – | 35,101 | 35,101 | – | – | 35,101 |
| Net change in fair value of cash flow hedge reclassified to Statement of Total Return | – | – | – | – | (1,095) | (1,095) | – | – | (1,095) |
| Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations | – | – | (202,347) | – | – | (202,347) | – | (4,387) | (206,734) |
| **Total other comprehensive income** | – | – | (202,347) | – | 34,006 | (168,341) | – | (4,387) | (172,728) |
| **Transactions with owners, recognised directly in equity** | | | | | | | | | |
| ***Contributions by and distributions to owners*** | | | | | | | | | |
| REIT Manager's management fee payable in Stapled Securities | 19,458 | – | – | – | – | 19,458 | – | – | 19,458 |
| Issue of Stapled Securities under private placement | 170,000 | – | – | – | – | 170,000 | – | – | 170,000 |
| Issue expenses relating to private placement | (2,269) | – | – | – | – | (2,269) | – | – | (2,269) |
| Distribution to Stapled Securityholders | (72,169) | (67,786) | – | – | – | (139,955) | – | – | (139,955) |
| Distribution to perpetual securities holders | – | – | – | – | – | – | (13,495) | – | (13,495) |
| Distribution to non-controlling interests | – | – | – | – | – | – | – | (1,888) | (1,888) |
| **Total contributions by and distributions to owners** | 115,020 | (67,786) | – | – | – | 47,234 | (13,495) | (1,888) | 31,851 |

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

# Statements of Movements in Stapled Securityholders' Funds

Year ended 31 December 2022

| | Attributable to Stapled Securityholders | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **CapitaLand Ascott REIT Group** | **Stapled Securities in issue $'000** | **Revenue reserve $'000** | **Foreign currency translation reserve $'000** | **Capital reserve $'000** | **Hedging reserve $'000** | **Total $'000** | **Perpetual securities $'000** | **Non-controlling interests $'000** | **Total equity $'000** |
| ***Changes in ownership interests in subsidiaries*** | | | | | | | | | |
| Acquisition of non-controlling interests | – | – | – | – | – | – | – | 5,752 | 5,752 |
| Change in ownership interests in subsidiaries with no change in control | – | (310) | – | – | – | (310) | – | 310 | – |
| Share of reserves of joint venture | – | – | 1,299 | – | – | 1,299 | – | – | 1,299 |
| **Total changes in ownership interests in subsidiaries** | – | (310) | 1,299 | – | – | 989 | – | 6,062 | 7,051 |
| At 31 December 2022 | 2,428,769 | 1,365,474 | (379,363) | 724 | 33,964 | 3,449,568 | 396,298 | 81,446 | 3,927,312 |

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

# Statements of Movements in Stapled Securityholders' Funds

Year ended 31 December 2022

| CapitaLand Ascott BT Group | Attributable to Stapled Securityholders: Stapled Securities in issue $'000 | Revenue reserve $'000 | Foreign currency translation reserve $'000 | Hedging reserve $'000 | Asset revaluation reserve $'000 | Total $'000 | Non-controlling interests $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|---|---|
| At 1 January 2021 | 667,802 | (132,164) | 18,860 | (415) | – | 554,083 | 3,932 | 558,015 |
| **Total comprehensive income for the year** | | | | | | | | |
| Profit for the year | – | 21,913 | – | – | – | 21,913 | 70 | 21,983 |
| Effective portion of change in fair values of cash flow hedges | – | – | – | 1,476 | – | 1,476 | 19 | 1,495 |
| Net change in fair value of cash flow hedge reclassified to Statement of Total Return | – | – | – | 409 | – | 409 | – | 409 |
| Revaluation surplus on land and buildings | – | – | – | – | 3,679 | 3,679 | 37 | 3,716 |
| Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations | – | – | (12,972) | – | – | (12,972) | (73) | (13,045) |
| **Total comprehensive income** | – | 21,913 | (12,972) | 1,885 | 3,679 | 14,505 | 53 | 14,558 |
| **Transactions with owners, recognised directly in equity** | | | | | | | | |
| ***Contributions by and distributions to owners*** | | | | | | | | |
| BT Trustee-Manager's management fee payable in Stapled Securities | 2,094 | – | – | – | – | 2,094 | – | 2,094 |
| Distribution to Stapled Securityholders | (21,571) | 298 | – | – | – | (21,273) | – | (21,273) |
| Distribution to non-controlling interests | – | – | – | – | – | – | (77) | (77) |
| **Total contributions by and distributions to owners** | (19,477) | 298 | – | – | – | (19,179) | (77) | (19,256) |
| At 31 December 2021 | 648,325 | (109,953) | 5,888 | 1,470 | 3,679 | 549,409 | 3,908 | 553,317 |

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

# Statements of Movements in Stapled Securityholders' Funds

Year ended 31 December 2022

| CapitaLand Ascott BT Group | Attributable to Stapled Securityholders | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Stapled Securities in issue $'000 | Revenue reserve $'000 | Foreign currency translation reserve $'000 | Hedging reserve $'000 | Asset revaluation reserve $'000 | Total $'000 | Non-controlling interests $'000 | Total equity $'000 |
| At 1 January 2022 | 648,325 | (109,953) | 5,888 | 1,470 | 3,679 | 549,409 | 3,908 | 553,317 |
| **Total comprehensive income for the year** | | | | | | | | |
| (Loss)/Profit for the year | – | (3) | – | – | – | (3) | 52 | 49 |
| Effective portion of change in fair values of cash flow hedges | – | – | – | 3,250 | – | 3,250 | 22 | 3,272 |
| Net change in fair value of cash flow hedge reclassified to Statement of Total Return | – | – | – | (1,292) | – | (1,292) | – | (1,292) |
| Revaluation surplus on land and buildings | – | – | – | – | 49,230 | 49,230 | 497 | 49,727 |
| Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations | – | – | (58,287) | – | – | (58,287) | (387) | (58,674) |
| **Total comprehensive income** | – | (3) | (58,287) | 1,958 | 49,230 | (7,102) | 184 | (6,918) |
| **Transactions with owners, recognised directly in equity** | | | | | | | | |
| ***Contributions by and distributions to owners*** | | | | | | | | |
| BT Trustee-Manager's management fee payable in Stapled Securities | 2,276 | – | – | – | – | 2,276 | – | 2,276 |
| Distribution to Stapled Securityholders | (4,309) | (24,406) | – | – | – | (28,715) | – | (28,715) |
| Distribution to non-controlling interests | – | – | – | – | – | – | (61) | (61) |
| **Total contributions by and distributions to owners** | (2,033) | (24,406) | – | – | – | (26,439) | (61) | (26,500) |
| At 31 December 2022 | 646,292 | (134,362) | (52,399) | 3,428 | 52,909 | 515,868 | 4,031 | 519,899 |

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

# Statements of Movements in Stapled Securityholders' Funds

Year ended 31 December 2022

| | Attributable to Stapled Securityholders | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Stapled Group | Stapled Securities in issue $'000 | Revenue reserve $'000 | Foreign currency translation reserve $'000 | Capital reserve $'000 | Hedging reserve $'000 | Asset revaluation reserve $'000 | Total $'000 | Perpetual securities $'000 | Non-controlling interests $'000 | Total equity $'000 |
| At 1 January 2021 | 2,823,886 | 913,877 | (164,086) | 3,348 | (9,774) | – | 3,567,251 | 396,298 | 78,521 | 4,042,070 |
| Total return for the year | – | 309,317 | – | – | – | – | 309,317 | – | 1,100 | 310,417 |
| Total return attributable to perpetual securities holders | – | (13,495) | – | – | – | – | (13,495) | 13,495 | – | – |
| **Other comprehensive income** | | | | | | | | | | |
| Effective portion of change in fair values of cash flow hedges | – | – | – | – | 7,462 | – | 7,462 | – | – | 7,462 |
| Net change in fair value of cash flow hedge reclassified to Statement of Total Return | – | – | – | – | 3,756 | – | 3,756 | – | – | 3,756 |
| Realisation of reserves upon divestment | – | 1,389 | 2,046 | (1,389) | – | – | 2,046 | – | – | 2,046 |
| Revaluation surplus on land and buildings | – | – | – | – | – | 3,716 | 3,716 | – | – | 3,716 |
| Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations | – | – | (6,087) | – | – | – | (6,087) | – | 1,530 | (4,557) |
| **Total other comprehensive income** | – | 1,389 | (4,041) | (1,389) | 11,218 | 3,716 | 10,893 | – | 1,530 | 12,423 |
| **Transactions with owners, recognised directly in equity** | | | | | | | | | | |
| ***Contributions by and distributions to owners*** | | | | | | | | | | |
| REIT Manager's management fee payable in Stapled Securities | 14,907 | – | – | – | – | – | 14,907 | – | – | 14,907 |
| BT Trustee-Manager's management fee payable in Stapled Securities | 2,094 | – | – | – | – | – | 2,094 | – | – | 2,094 |
| Issue of Stapled Securities under private placement | 150,000 | – | – | – | – | – | 150,000 | – | – | 150,000 |
| Issue expenses relating to private placement | (1,950) | – | – | – | – | – | (1,950) | – | – | (1,950) |
| Distribution to Stapled Securityholders | (26,863) | (115,615) | – | – | – | – | (142,478) | – | – | (142,478) |
| Distribution to perpetual securities holders | – | – | – | – | – | – | – | (13,495) | – | (13,495) |
| Distribution to non-controlling interests | – | – | – | – | – | – | – | – | (911) | (911) |
| **Total contributions by and distributions to owners** | 138,188 | (115,615) | – | – | – | – | 22,573 | (13,495) | (911) | 8,167 |

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

# Statements of Movements in Stapled Securityholders' Funds

Year ended 31 December 2022

| | Attributable to Stapled Securityholders | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Stapled Group** | **Stapled Securities in issue $'000** | **Revenue reserve $'000** | **Foreign currency translation reserve $'000** | **Capital reserve $'000** | **Hedging reserve $'000** | **Asset revaluation reserve $'000** | **Total $'000** | **Perpetual securities $'000** | **Non-controlling interests $'000** | **Total equity $'000** |
| ***Changes in ownership interests in subsidiaries*** | | | | | | | | | | |
| Change in ownership interests in subsidiaries with a change in control | – | – | (4,123) | (1,235) | – | – | (5,358) | – | – | (5,358) |
| Change in ownership interests in subsidiaries with no change in control | – | (321) | – | – | – | – | (321) | – | 321 | – |
| **Total changes in ownership interests in subsidiaries** | – | (321) | (4,123) | (1,235) | – | – | (5,679) | – | 321 | (5,358) |
| At 31 December 2021 | 2,962,074 | 1,095,152 | (172,250) | 724 | 1,444 | 3,716 | 3,890,860 | 396,298 | 80,561 | 4,367,719 |

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

# Statements of Movements in Stapled Securityholders' Funds

Year ended 31 December 2022

| Stapled Group | Stapled Securities in issue $'000 | Revenue reserve $'000 | Foreign currency translation reserve $'000 | Capital reserve $'000 | Hedging reserve $'000 | Asset revaluation reserve $'000 | Total $'000 | Perpetual securities $'000 | Non-controlling interests $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Attributable to Stapled Securityholders | | | | | | | | | |
| At 1 January 2022 | 2,962,074 | 1,095,152 | (172,250) | 724 | 1,444 | 3,716 | 3,890,860 | 396,298 | 80,561 | 4,367,719 |
| Total return for the year | – | 223,305 | – | – | – | – | 223,305 | – | 2,915 | 226,220 |
| Total return attributable to perpetual securities holders | – | (13,495) | – | – | – | – | (13,495) | 13,495 | – | – |
| **Other comprehensive income** | | | | | | | | | | |
| Effective portion of change in fair values of cash flow hedges | – | – | – | – | 38,373 | – | 38,373 | – | – | 38,373 |
| Net change in fair value of cash flow hedge reclassified to Statement of Total Return | – | – | – | – | (2,387) | – | (2,387) | – | – | (2,387) |
| Revaluation surplus on land and buildings | – | – | – | – | – | 67,858 | 67,858 | – | – | 67,858 |
| Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations | – | – | (260,862) | – | – | – | (260,862) | – | (4,548) | (265,410) |
| **Total other comprehensive income** | – | – | (260,862) | – | 35,986 | 67,858 | (157,018) | – | (4,548) | (161,566) |
| **Transactions with owners, recognised directly in equity** | | | | | | | | | | |
| ***Contributions by and distributions to owners*** | | | | | | | | | | |
| REIT Manager's management fee payable in Stapled Securities | 19,458 | – | – | – | – | – | 19,458 | – | – | 19,458 |
| BT Trustee-Manager's management fee payable in Stapled Securities | 2,276 | – | – | – | – | – | 2,276 | – | – | 2,276 |
| Issue of Stapled Securities under private placement | 170,000 | – | – | – | – | – | 170,000 | – | – | 170,000 |
| Issue expenses relating to private placement | (2,269) | – | – | – | – | – | (2,269) | – | – | (2,269) |
| Distribution to Stapled Securityholders | (76,478) | (92,192) | – | – | – | – | (168,670) | – | – | (168,670) |
| Distribution to perpetual securities holders | – | – | – | – | – | – | – | (13,495) | – | (13,495) |
| Distribution to non-controlling interests | – | – | – | – | – | – | – | – | (1,929) | (1,929) |
| **Total contributions by and distributions to owners** | 112,987 | (92,192) | – | – | – | – | 20,795 | (13,495) | (1,929) | 5,371 |

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

# Statements of Movements in Stapled Securityholders' Funds
Year ended 31 December 2022

| | Attributable to Stapled Securityholders | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Stapled Group** | **Stapled Securities in issue $'000** | **Revenue reserve $'000** | **Foreign currency translation reserve $'000** | **Capital reserve $'000** | **Hedging reserve $'000** | **Asset revaluation reserve $'000** | **Total $'000** | **Perpetual securities $'000** | **Non-controlling interests $'000** | **Total equity $'000** |
| ***Changes in ownership interests in subsidiaries*** | | | | | | | | | | |
| Acquisition of non-controlling interests | – | – | – | – | – | – | – | – | 5,752 | 5,752 |
| Change in ownership interests in subsidiaries with no change in control | – | (310) | – | – | – | – | (310) | – | 310 | – |
| Share of reserves of joint venture | – | – | 1,299 | – | – | – | 1,299 | – | – | 1,299 |
| **Total changes in ownership interests in subsidiaries** | – | (310) | 1,299 | – | – | – | 989 | – | 6,062 | 7,051 |
| At 31 December 2022 | 3,075,061 | 1,212,460 | (431,813) | 724 | 37,430 | 71,574 | 3,965,436 | 396,298 | 83,061 | 4,444,795 |

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

# Portfolio Statements

As at 31 December 2022

## By Geography

| Description of Property | Location | Tenure of Land | Term of Lease | Remaining Term of Lease | | At Valuation | | | | Percentage of Stapled Securityholders' funds | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Stapled Group | | CapitaLand Ascott REIT Group | | Stapled Group | | CapitaLand Ascott REIT Group | |
| | | | | 2022 | 2021 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 % | 2021 % | 2022 % | 2021 % |
| **Investment properties and investment properties under development** | | | | | | | | | | | | | |
| ***Australia*** | | | | | | | | | | | | | |
| Citadines Connect Sydney Airport | 113-121 Baxter Road, Mascot, New South Wales, NSW 2020 | Freehold | Not applicable | Not applicable | Not applicable | **54,476** | 61,958 | **54,476** | 61,958 | **1.4** | 1.6 | **1.6** | 1.9 |
| Citadines on Bourke Melbourne | 131-135 Bourke Street, Melbourne, Victoria 3000 | Freehold | Not applicable | Not applicable | Not applicable | **152,050** | 159,455 | **152,050** | 159,455 | **3.8** | 4.1 | **4.4** | 4.8 |
| Citadines St Georges Terrace Perth | 185 St Georges Terrace, Perth WA 6000 | Freehold | Not applicable | Not applicable | Not applicable | **16,350** | 18,005 | **16,350** | 18,005 | **0.4** | 0.5 | **0.5** | 0.5 |
| Quest Campbelltown | 1 Rennie Road, Woodbine, NSW 2560 | Freehold | Not applicable | Not applicable | Not applicable | **21,107** | 22,274 | **21,107** | 22,274 | **0.5** | 0.6 | **0.6** | 0.7 |
| Quest Cannon Hill[1] | 930 Wynnum Road, Cannon Hill, Brisbane, Queensland 4170 | Freehold | Not applicable | Not applicable | – | **28,348** | – | **28,348** | – | **0.7** | – | **0.8** | – |
| Quest Mascot | 108-114 Robey Road, Mascot, NSW 2020 | Freehold | Not applicable | Not applicable | Not applicable | **23,347** | 25,675 | **23,347** | 25,675 | **0.6** | 0.7 | **0.7** | 0.8 |
| Quest Macquarie Park | 71 Epping Road, Macquarie Park, NSW 2113 | Freehold | Not applicable | Not applicable | Not applicable | **40,541** | 43,453 | **40,541** | 43,453 | **1.0** | 1.1 | **1.2** | 1.3 |
| Quest Sydney Olympic Park | 6 Edwin Flack Avenue, Sydney Olympic Park, NSW 2127 | Leasehold | 99 years | 89 years | 90 years | **40,030** | 45,734 | **40,030** | 45,734 | **1.0** | 1.2 | **1.2** | 1.4 |
| Balance carried forward | | | | | | **376,249** | 376,554 | **376,249** | 376,554 | **9.4** | 9.8 | **11.0** | 11.4 |

(1) On 30 November 2022, the CapitaLand Ascott REIT Group acquired Quest Cannon Hill from Balsamine (Brisbane) Pty Ltd, a related corporation. The valuation was based on discounted cash flow method.

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

# Portfolio Statements

As at 31 December 2022

| Description of Property | Location | Tenure of Land | Term of Lease | Remaining Term of Lease | | At Valuation | | | | Percentage of Stapled Securityholders' funds | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Stapled Group | | CapitaLand Ascott REIT Group | | Stapled Group | | CapitaLand Ascott REIT Group | |
| | | | | 2022 | 2021 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 % | 2021 % | 2022 % | 2021 % |
| Balance brought forward | | | | | | **376,249** | 376,554 | **376,249** | 376,554 | **9.4** | 9.8 | **11.0** | 11.4 |
| ***Belgium*** | | | | | | | | | | | | | |
| Citadines Sainte-Catherine Brussels | 51 quai au Bois à Brûler, 1000 Brussels | Freehold | Not applicable | Not applicable | Not applicable | **28,356** | 32,561 | **28,356** | 32,561 | **0.7** | 0.8 | **0.8** | 1.0 |
| Citadines Toison d'Or Brussels | 61-63 avenue de la Toison d'Or, 1060 Brussels | Freehold | Not applicable | Not applicable | Not applicable | **24,904** | 28,253 | **24,904** | 28,253 | **0.6** | 0.7 | **0.7** | 0.8 |
| ***China*** | | | | | | | | | | | | | |
| Citadines Xinghai Suzhou | Block 27, Jiacheng Gardens, 58 Xinghai Street, Suzhou Industrial Park, Suzhou 215021 | Leasehold | 70 years | 44 years | 45 years | **25,499** | 28,998 | **25,499** | 28,998 | **0.6** | 0.7 | **0.7** | 0.9 |
| Citadines Zhuankou Wuhan | 159 Dongfeng Avenue (Xianglong Business Centre Zone C), Wuhan Economic and Technological Development Zone, Wuhan 430056 | Leasehold | 40 years | 21 years | 22 years | **35,494** | 40,776 | **35,494** | 40,776 | **1.0** | 1.0 | **1.0** | 1.2 |
| Balance carried forward | | | | | | **490,502** | 507,142 | **490,502** | 507,142 | **12.3** | 13.0 | **14.2** | 15.3 |

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

# Portfolio Statements

As at 31 December 2022

| Description of Property | Location | Tenure of Land | Term of Lease | Remaining Term of Lease | | At Valuation | | | | Percentage of Stapled Securityholders' funds | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Stapled Group | | CapitaLand Ascott REIT Group | | Stapled Group | | CapitaLand Ascott REIT Group | |
| | | | | 2022 | 2021 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 % | 2021 % | 2022 % | 2021 % |
| Balance brought forward | | | | | | **490,502** | 507,142 | **490,502** | 507,142 | **12.3** | 13.0 | **14.2** | 15.3 |
| ***China*** *(continued)* | | | | | | | | | | | | | |
| Somerset Grand Central Dalian | No. 128-2 Jinma Road, Dalian Development Area, Dalian 116600 | Leasehold | 50 years | 34 years | 35 years | **80,520** | 92,108 | **80,520** | 92,108 | **2.0** | 2.4 | **2.3** | 2.8 |
| Somerset Heping Shenyang | 80 Taiyuan North Street, Heping District, Shenyang 110000 | Leasehold | 40 years | 24 years | 25 years | **60,604** | 69,742 | **60,604** | 69,742 | **1.5** | 1.8 | **1.8** | 2.1 |
| Somerset Olympic Tower Property Tianjin | 126 Chengdu Road, Heping District, Tianjin 300051 | Leasehold | 70 years | 40 years | 41 years | **59,635** | 68,009 | **59,635** | 68,009 | **1.5** | 1.7 | **1.7** | 2.0 |
| Balance carried forward | | | | | | **691,261** | 737,001 | **691,261** | 737,001 | **17.3** | 18.9 | **20.0** | 22.2 |

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

# Portfolio Statements

As at 31 December 2022

| Description of Property | Location | Tenure of Land | Term of Lease | Remaining Term of Lease | | At Valuation | | | | Percentage of Stapled Securityholders' funds | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Stapled Group | | CapitaLand Ascott REIT Group | | Stapled Group | | CapitaLand Ascott REIT Group | |
| | | | | 2022 | 2021 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 % | 2021 % | 2022 % | 2021 % |
| Balance brought forward | | | | | | **691,261** | 737,001 | **691,261** | 737,001 | **17.3** | 18.9 | **20.0** | 22.2 |
| ***France*** | | | | | | | | | | | | | |
| Citadines Antigone Montpellier[2] | 588 boulevard d'Antigone, 34000 Montpellier | Freehold | Not applicable | Not applicable | Not applicable | **12,482** | 15,230 | **12,482** | 15,230 | **0.3** | 0.4 | **0.4** | 0.5 |
| Citadines Austerlitz Paris[2] | 27 rue Esquirol, 75013 Paris | Freehold | Not applicable | Not applicable | Not applicable | **10,496** | 11,846 | **10,496** | 11,846 | **0.3** | 0.3 | **0.3** | 0.4 |
| Citadines Castellane Marseille[2] | 60 rue du Rouet, 13006 Marseille | Freehold | Not applicable | Not applicable | Not applicable | **9,787** | 10,307 | **9,787** | 10,307 | **0.2** | 0.3 | **0.3** | 0.3 |
| Citadines City Centre Lille[2] | Avenue Willy Brandt – Euralille, 59777 Lille | Freehold | Not applicable | Not applicable | Not applicable | **12,624** | 13,384 | **12,624** | 13,384 | **0.3** | 0.3 | **0.4** | 0.4 |
| Citadines Croisette Cannes[2] | 1 rue le Poussin, 06400 Cannes | Freehold | Not applicable | Not applicable | Not applicable | **7,376** | 7,846 | **7,376** | 7,846 | **0.2** | 0.2 | **0.2** | 0.2 |
| Balance carried forward | | | | | | **744,026** | 795,614 | **744,026** | 795,614 | **18.6** | 20.4 | **21.6** | 24.0 |

(2) As at 31 December 2022, these 20 (31 December 2021: 20) investment properties are leased to related corporations under master lease arrangements.

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

# Portfolio Statements

As at 31 December 2022

| Description of Property | Location | Tenure of Land | Term of Lease | Remaining Term of Lease | | At Valuation | | | | Percentage of Stapled Securityholders' funds | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Stapled Group | | CapitaLand Ascott REIT Group | | Stapled Group | | CapitaLand Ascott REIT Group | |
| | | | | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | | | | | | $'000 | $'000 | $'000 | $'000 | % | % | % | % |
| Balance brought forward | | | | | | **744,026** | 795,614 | **744,026** | 795,614 | **18.6** | 20.4 | **21.6** | 24.0 |
| ***France*** *(continued)* | | | | | | | | | | | | | |
| Citadines Les Halles Paris[2] | 4 rue des Innocents, 75001 Paris | Freehold | Not applicable | Not applicable | Not applicable | **82,239** | 90,426 | **82,239** | 90,426 | **2.2** | 2.3 | **2.4** | 2.7 |
| Citadines Maine Montparnasse Paris[2] | 67 avenue du Maine, 75014 Paris | Freehold | Not applicable | Not applicable | Not applicable | **17,163** | 17,076 | **17,163** | 17,076 | **0.4** | 0.4 | **0.5** | 0.5 |
| Citadines Montmartre Paris[2] | 16 avenue Rachel, 75018 Paris | Freehold | Not applicable | Not applicable | Not applicable | **33,332** | 37,536 | **33,332** | 37,536 | **0.8** | 1.0 | **1.0** | 1.1 |
| Citadines Place d'Italie Paris[2] | 18 place d'Italie, 75013 Paris | Freehold | Not applicable | Not applicable | Not applicable | **49,360** | 53,382 | **49,360** | 53,382 | **1.2** | 1.4 | **1.4** | 1.6 |
| Citadines Prado Chanot Marseille[2] | 9-11 boulevard de Louvain, 13008 Marseille | Freehold | Not applicable | Not applicable | Not applicable | **8,964** | 8,646 | **8,964** | 8,646 | **0.2** | 0.2 | **0.3** | 0.3 |
| Balance carried forward | | | | | | **935,084** | 1,002,680 | **935,084** | 1,002,680 | **23.4** | 25.7 | **27.2** | 30.2 |

(2) As at 31 December 2022, these 20 (31 December 2021: 20) investment properties are leased to related corporations under master lease arrangements.

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

# Portfolio Statements

As at 31 December 2022

| Description of Property | Location | Tenure of Land | Term of Lease | Remaining Term of Lease | | At Valuation | | | | Percentage of Stapled Securityholders' funds | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Stapled Group | | CapitaLand Ascott REIT Group | | Stapled Group | | CapitaLand Ascott REIT Group | |
| | | | | 2022 | 2021 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 % | 2021 % | 2022 % | 2021 % |
| Balance brought forward | | | | | | **935,084** | 1,002,680 | **935,084** | 1,002,680 | **23.4** | 25.7 | **27.2** | 30.2 |
| ***France*** *(continued)* | | | | | | | | | | | | | |
| Citadines Presqu'île Lyon[2] | 2 rue Thomassin, 69002 Lyon | Freehold | Not applicable | Not applicable | Not applicable | **18,014** | 20,307 | **18,014** | 20,307 | **0.5** | 0.5 | **0.5** | 0.6 |
| Citadines République Paris[2] | 75 bis, avenue Parmentier, 75011 Paris | Freehold | Not applicable | Not applicable | Not applicable | **21,276** | 21,999 | **21,276** | 21,999 | **0.5** | 0.6 | **0.6** | 0.7 |
| Citadines Tour Eiffel Paris[2] | 132 boulevard de Grenelle, 75015 Paris | Freehold | Not applicable | Not applicable | Not applicable | **61,218** | 70,181 | **61,218** | 70,181 | **1.5** | 1.8 | **1.8** | 2.1 |
| Citadines Trocadéro Paris[2] | 29 bis, rue Saint-Didier, 75116 Paris | Freehold | Not applicable | Not applicable | Not applicable | **45,729** | 50,536 | **45,729** | 50,536 | **1.2** | 1.3 | **1.3** | 1.5 |
| La Clef Louvre Paris[2] | 8 rue de Richelieu, 75001 Paris | Freehold | Not applicable | Not applicable | Not applicable | **44,637** | 47,074 | **44,637** | 47,074 | **1.1** | 1.2 | **1.3** | 1.4 |
| La Clef Tour Eiffel Paris[2][3] | 83 avenue Kléber, 75016 Paris | Freehold | Not applicable | Not applicable | – | **147,797** | – | **147,797** | – | **3.7** | – | **4.3** | – |
| Balance carried forward | | | | | | **1,273,755** | 1,212,777 | **1,273,755** | 1,212,777 | **31.9** | 31.1 | **37.0** | 36.5 |

(2) As at 31 December 2022, these 20 (31 December 2021: 20) investment properties are leased to related corporations under master lease arrangements.
(3) On 30 November 2022, the CapitaLand Ascott REIT Group acquired La Clef Tour Eiffel Paris from Ascott Holdings (Europe) N.V., a related corporation. The valuation was based on discounted cash flow method.

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

# Portfolio Statements

As at 31 December 2022

| Description of Property | Location | Tenure of Land | Term of Lease | Remaining Term of Lease | | At Valuation | | | | Percentage of Stapled Securityholders' funds | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Stapled Group | | CapitaLand Ascott REIT Group | | Stapled Group | | CapitaLand Ascott REIT Group | |
| | | | | 2022 | 2021 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 % | 2021 % | 2022 % | 2021 % |
| Balance brought forward | | | | | | **1,273,755** | 1,212,777 | **1,273,755** | 1,212,777 | **31.9** | 31.1 | **37.0** | 36.5 |
| ***Germany*** | | | | | | | | | | | | | |
| Citadines Arnulfpark Munich(2) | Arnulfstrasse 51, 80636 München | Freehold | Not applicable | Not applicable | Not applicable | **35,205** | 36,890 | **35,205** | 36,890 | **0.9** | 0.9 | **1.0** | 1.1 |
| Citadines City Centre Frankfurt(2) | Europa-Allee 23, 60327 Frankfurt am Main | Freehold | Not applicable | Not applicable | Not applicable | **54,608** | 61,535 | **54,608** | 61,535 | **1.4** | 1.6 | **1.6** | 1.8 |
| Citadines Kurfürstendamm Berlin(2) | Olivaer Platz 1, 10707 Berlin-Wilmersdorf | Freehold | Not applicable | Not applicable | Not applicable | **20,170** | 22,676 | **20,170** | 22,676 | **0.5** | 0.6 | **0.6** | 0.7 |
| Citadines Michel Hamburg(2) | Ludwig-Erhard-Straβe 7, 20459 Hamburg | Leasehold | 99 years | 88 years | 89 years | **43,616** | 48,613 | **43,616** | 48,613 | **1.1** | 1.3 | **1.3** | 1.5 |
| The Madison Hamburg | Schaarsteinweg 4, 20459 Hamburg | Freehold | Not applicable | Not applicable | Not applicable | **70,778** | 75,688 | **70,778** | 75,688 | **1.8** | 2.0 | **2.1** | 2.3 |
| ***Indonesia*** | | | | | | | | | | | | | |
| Ascott Jakarta(4) | Jalan Kebon Kacang Raya No. 2, Jakarta 10230 | Leasehold | 26 years | 1 year | 2 years | **54,570** | 57,978 | **54,570** | 57,978 | **1.4** | 1.5 | **1.6** | 1.7 |
| Somerset Grand Citra Jakarta(4) | Jalan Prof Dr Satrio Kav. 1, Jakarta 12940 | Leasehold | 30 years | 2 years | 3 years | **33,497** | 35,299 | **33,497** | 35,299 | **0.8** | 0.9 | **1.0** | 1.1 |
| Balance carried forward | | | | | | **1,586,199** | 1,551,456 | **1,586,199** | 1,551,456 | **39.8** | 39.9 | **46.2** | 46.7 |

(2) As at 31 December 2022, these 20 (31 December 2021: 20) investment properties are leased to related corporations under master lease arrangements.
(4) The valuations of the Indonesia properties were based on the assumption that the lease will be renewed upon their expiry.

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

# Portfolio Statements

As at 31 December 2022

| Description of Property | Location | Tenure of Land | Term of Lease | Remaining Term of Lease | | At Valuation | | | | Percentage of Stapled Securityholders' funds | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Stapled Group | | CapitaLand Ascott REIT Group | | Stapled Group | | CapitaLand Ascott REIT Group | |
| | | | | 2022 | 2021 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 % | 2021 % | 2022 % | 2021 % |
| Balance brought forward | | | | | | **1,586,199** | 1,551,456 | **1,586,199** | 1,551,456 | **39.8** | 39.9 | **46.2** | 46.7 |
| ***Japan*** | | | | | | | | | | | | | |
| Citadines Central Shinjuku | 1-2-9, Kabuki-cho, Shinjuku-ku, Tokyo 1600021 | Freehold | Not applicable | Not applicable | Not applicable | **115,320** | 132,757 | **115,320** | 132,757 | **2.9** | 3.4 | **3.3** | 4.0 |
| Citadines Karasuma-Gojo Kyoto | 432 Matsuya-cho, Gojo-dori Karasuma-Higashiiru, Shimogyo-ku, Kyoto 600-8105 | Freehold | Not applicable | Not applicable | Not applicable | **45,029** | 51,074 | **45,029** | 51,074 | **1.1** | 1.3 | **1.3** | 1.5 |
| Citadines Shinjuku Tokyo | 1-28-13 Shinjuku, Shinjuku-ku, Tokyo 1600022 | Freehold | Not applicable | Not applicable | Not applicable | **86,649** | 100,287 | **86,649** | 100,287 | **2.2** | 2.6 | **2.5** | 3.0 |
| Hotel WBF Honmachi | 4-4-10, Kitakyuhojimachi, Chuo-ku, Osaka 541-0057 | Freehold | Not applicable | Not applicable | Not applicable | **31,069** | 34,394 | **31,069** | 34,394 | **0.8** | 0.9 | **0.9** | 1.0 |
| Hotel WBF Kitasemba East | 2-6-8, Awajicho, Chuo-ku, Osaka 541-0047 | Freehold | Not applicable | Not applicable | Not applicable | **31,886** | 36,529 | **31,886** | 36,529 | **0.8** | 0.9 | **0.9** | 1.1 |
| Hotel WBF Kitasemba West | 3-2-7, Awajicho, Chuo-ku, Osaka 541-0047 | Freehold | Not applicable | Not applicable | Not applicable | **32,162** | 36,840 | **32,162** | 36,840 | **0.8** | 0.9 | **0.9** | 1.1 |
| Sotetsu Grand Fresa Tokyo-Bay Ariake | 3-6-6 Ariake Koto-ku, Tokyo 135-0063 | Freehold | Not applicable | Not applicable | Not applicable | **273,896** | 320,220 | **273,896** | 320,220 | **6.9** | 8.2 | **7.9** | 9.6 |
| Balance carried forward | | | | | | **2,202,210** | 2,263,557 | **2,202,210** | 2,263,557 | **55.3** | 58.1 | **63.9** | 68.0 |

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

# Portfolio Statements

As at 31 December 2022

| Description of Property | Location | Tenure of Land | Term of Lease | Remaining Term of Lease | | At Valuation | | | | Percentage of Stapled Securityholders' funds | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Stapled Group | | CapitaLand Ascott REIT Group | | Stapled Group | | CapitaLand Ascott REIT Group | |
| | | | | 2022 | 2021 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 % | 2021 % | 2022 % | 2021 % |
| Balance brought forward | | | | | | **2,202,210** | 2,263,557 | **2,202,210** | 2,263,557 | **55.3** | 58.1 | **63.9** | 68.0 |
| ***Japan*** *(continued)* | | | | | | | | | | | | | |
| Actus Hakata V-Tower | 3-15-10 Hakata Ekimae, Hakata-ku, Fukuoka | Freehold | Not applicable | Not applicable | Not applicable | **41,347** | 47,999 | **41,347** | 47,999 | **1.0** | 1.2 | **1.2** | 1.4 |
| Alpha Square Kita 15 jo[(5)] | 2-5,Kita 15 jo Higashi 1-chome, Higashi-ku, Sapporo-shi, Hokkaido | Freehold | Not applicable | Not applicable | Not applicable | **24,324** | 28,464 | **24,324** | 28,464 | **0.6** | 0.6 | **0.7** | 0.9 |
| Big Palace Kita 14 jo | 4-1-6 Kita 14 jo Nishi, Kita-ku, Sapporo | Freehold | Not applicable | Not applicable | Not applicable | **18,703** | 21,111 | **18,703** | 21,111 | **0.5** | 0.5 | **0.5** | 0.6 |
| Big Palace Minami 5 jo[(6)] | 3-1, Minami 5-jo Nishi 8-chome, Chuo-ku, Sapporo-shi, Hokkaido | Freehold | Not applicable | Not applicable | Not applicable | **25,550** | 29,650 | **25,550** | 29,650 | **0.6** | 0.8 | **0.7** | 0.9 |
| City Court Kita 1 jo[(7)] | 6-3 Kita 1-jo Higashi 1-chome, Chuo-ku, Sapporo-shi, Hokkaido | Freehold | Not applicable | Not applicable | Not applicable | **26,572** | 33,327 | **26,572** | 33,327 | **0.7** | 0.9 | **0.8** | 1.0 |
| Eslead College Gate Kindaimae[(8)] | 19-28, 3-chome Kowakae, Higashiosake-shi, Osaka | Freehold | Not applicable | Not applicable | – | **18,007** | – | **18,007** | – | **0.5** | – | **0.5** | – |
| Eslead Residence Bentencho Grande[(9)] | 15-44, Benten 5-chome, Minato-ku, Osaka-shi, Osaka | Freehold | Not applicable | Not applicable | – | **20,185** | – | **20,185** | – | **0.5** | – | **0.6** | – |
| Balance carried forward | | | | | | **2,376,898** | 2,424,108 | **2,376,898** | 2,424,108 | **59.7** | 62.1 | **68.9** | 72.8 |

(5) On 25 June 2021, the CapitaLand Ascott REIT Group acquired Alpha Square Kita 15 jo from Alpha Court Co., Ltd., an unrelated third party. The valuation was based on discounted cash flow method.
(6) On 17 June 2021, the CapitaLand Ascott REIT Group acquired Big Palace Minami 5 jo from Big Co. Ltd, an unrelated third party. The valuation was based on discounted cash flow method.
(7) On 30 June 2021, the CapitaLand Ascott REIT Group acquired City Court Kita 1 jo from G Nine Japan Ten TMK, an unrelated third party. The valuation was based on discounted cash flow method.
(8) On 18 March 2022, the CapitaLand Ascott REIT Group acquired Eslead College Gate Kindaimae from Eslead Corporation, an unrelated third party. The valuation was based on discounted cash flow method.
(9) On 16 December 2022, the CapitaLand Ascott REIT Group acquired Eslead Residence Bentencho Grande from Eslead Corporation, an unrelated third party. The valuation was based on discounted cash flow method.

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

# Portfolio Statements

As at 31 December 2022

| Description of Property | Location | Tenure of Land | Term of Lease | Remaining Term of Lease | | At Valuation | | | | Percentage of Stapled Securityholders' funds | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Stapled Group | | CapitaLand Ascott REIT Group | | Stapled Group | | CapitaLand Ascott REIT Group | |
| | | | | 2022 | 2021 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 % | 2021 % | 2022 % | 2021 % |
| Balance brought forward | | | | | | **2,376,898** | 2,424,108 | **2,376,898** | 2,424,108 | **59.7** | 62.1 | **68.9** | 72.8 |
| ***Japan*** *(continued)* | | | | | | | | | | | | | |
| Eslead Residence Umeda Grande(10) | 9-3, Nakatsu 4-chome, Kita-ku, Osaka | Freehold | Not applicable | Not applicable | – | **13,296** | – | **13,296** | – | **0.4** | – | **0.4** | – |
| Gravis Court Kakomachi | 13-10, Kakomachi, Naka-ku, Hiroshima | Freehold | Not applicable | Not applicable | Not applicable | **6,449** | 7,424 | **6,449** | 7,424 | **0.2** | 0.2 | **0.2** | 0.2 |
| Gravis Court Kokutaiji | 2-1-9, Kokutaijimachi, Naka-ku, Hiroshima | Freehold | Not applicable | Not applicable | Not applicable | **4,926** | 5,669 | **4,926** | 5,669 | **0.1** | 0.1 | **0.1** | 0.2 |
| Gravis Court Nishiharaekimae | 8-38-10, Nishihara, Asaminami-ku, Hiroshima | Freehold | Not applicable | Not applicable | Not applicable | **4,098** | 4,708 | **4,098** | 4,708 | **0.1** | 0.1 | **0.1** | 0.1 |
| House Saison Shijo-Dori(11) | 47-2, Kasaboko-cho, Shimogyo-ku, Kyoto city, Kyoto | Freehold | Not applicable | Not applicable | – | **29,945** | – | **29,945** | – | **0.8** | – | **0.9** | – |
| Infini Garden | 3-2-2,3,4,5 KashiiTeriha, Higashi-ku, Fukuoka | Freehold | Not applicable | Not applicable | Not applicable | **78,638** | 87,498 | **78,638** | 87,498 | **2.0** | 2.2 | **2.3** | 2.6 |
| Marunouchi Central Heights(11) | 3-23-6 Marunouchi, Naka-ku, Nagoya city, Aichi | Freehold | Not applicable | Not applicable | – | **7,338** | – | **7,338** | – | **0.2** | – | **0.2** | – |
| Balance carried forward | | | | | | **2,521,588** | 2,529,407 | **2,521,588** | 2,529,407 | **63.5** | 64.7 | **73.1** | 75.9 |

(10) On 16 December 2022, the CapitaLand Ascott REIT Group acquired Eslead Residence Umeda Grande from Eslead Corporation, an unrelated third party. The valuation was based on discounted cash flow method.
(11) On 30 November 2022, the CapitaLand Ascott REIT Group acquired the properties from ARC-CapitaLand Two TMK, a related corporation. The valuation was based on discounted cash flow method.

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

# Portfolio Statements

As at 31 December 2022

| Description of Property | Location | Tenure of Land | Term of Lease | Remaining Term of Lease | | At Valuation | | | | Percentage of Stapled Securityholders' funds | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Stapled Group | | CapitaLand Ascott REIT Group | | Stapled Group | | CapitaLand Ascott REIT Group | |
| | | | | 2022 | 2021 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 % | 2021 % | 2022 % | 2021 % |
| Balance brought forward | | | | | | **2,521,588** | 2,529,407 | **2,521,588** | 2,529,407 | **63.5** | 64.7 | **73.1** | 75.9 |
| ***Japan** (continued)* | | | | | | | | | | | | | |
| Roppongi Residences Tokyo | 3-4-31 Roppongi, Minato-ku, Tokyo 106-0032 | Freehold | Not applicable | Not applicable | Not applicable | **36,919** | 42,140 | **36,919** | 42,140 | **0.9** | 1.1 | **1.1** | 1.3 |
| S-Residence Fukushima Luxe | 7-22-9, Fukushima, Fukushima-ku, Osaka | Freehold | Not applicable | Not applicable | Not applicable | **32,789** | 37,404 | **32,789** | 37,404 | **0.8** | 1.0 | **1.0** | 1.1 |
| S-Residence Gakuenzaka(12) | 2-1-1 Shimodera, Naniwa-ku, Osaka city, Osaka | Freehold | Not applicable | Not applicable | – | **13,184** | – | **13,184** | – | **0.3** | – | **0.4** | – |
| S-Residence Hommachi Marks | 2-3-6, Tokuicho, Chuo-ku, Osaka | Freehold | Not applicable | Not applicable | Not applicable | **17,681** | 20,043 | **17,681** | 20,043 | **0.4** | 0.5 | **0.5** | 0.6 |
| S-Residence Midoribashi Serio | 3-17-6, Nakamoto, Higashinari-ku, Osaka | Freehold | Not applicable | Not applicable | Not applicable | **15,637** | 17,909 | **15,637** | 17,909 | **0.4** | 0.5 | **0.5** | 0.5 |
| S-Residence Namba Viale(12) | 3-9-1 Motomachi, Naniwa-ku, Osaka city, Osaka | Freehold | Not applicable | Not applicable | – | **18,498** | – | **18,498** | – | **0.5** | – | **0.5** | – |
| S-Residence Shukugawa(12) | 2-88 Kamizono-cho, Nishinomiya city, Hyogo | Freehold | Not applicable | Not applicable | – | **8,074** | – | **8,074** | – | **0.2** | – | **0.2** | – |
| S-Residence Tanimachi 9 chome | 4-29, Ikutamamaemachi, Tennoji-ku, Osaka | Freehold | Not applicable | Not applicable | Not applicable | **18,907** | 21,467 | **18,907** | 21,467 | **0.5** | 0.6 | **0.5** | 0.6 |
| Balance carried forward | | | | | | **2,683,277** | 2,668,370 | **2,683,277** | 2,668,370 | **67.5** | 68.4 | **77.8** | 80.0 |

(12) On 30 November 2022, the CapitaLand Ascott REIT Group acquired the properties from ARC-CapitaLand Two TMK, a related corporation. The valuation was based on discounted cash flow method.

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

# Portfolio Statements

As at 31 December 2022

| Description of Property | Location | Tenure of Land | Term of Lease | Remaining Term of Lease 2022 | Remaining Term of Lease 2021 | At Valuation: Stapled Group 2022 $'000 | Stapled Group 2021 $'000 | CapitaLand Ascott REIT Group 2022 $'000 | CapitaLand Ascott REIT Group 2021 $'000 | Percentage of Stapled Securityholders' funds: Stapled Group 2022 % | Stapled Group 2021 % | CapitaLand Ascott REIT Group 2022 % | CapitaLand Ascott REIT Group 2021 % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Balance brought forward | | | | | | **2,683,277** | 2,668,370 | **2,683,277** | 2,668,370 | **67.5** | 68.4 | **77.8** | 80.0 |
| ***Malaysia*** | | | | | | | | | | | | | |
| Somerset Kuala Lumpur | 187, Jalan Ampang, 50450, Kuala Lumpur | Freehold | Not applicable | Not applicable | Not applicable | **40,340** | 43,444 | **40,340** | 43,444 | **1.0** | 1.1 | **1.2** | 1.3 |
| ***Philippines*** | | | | | | | | | | | | | |
| Ascott Makati | Glorietta 4, Ayala Center, Makati City 1224 | Leasehold | 48 years | 21 years | 22 years | **96,268** | 107,227 | **96,268** | 107,227 | **2.4** | 2.8 | **2.8** | 3.2 |
| Somerset Millennium Makati | 104 Aguirre Street, Legaspi Village, Makati City 1229 | Freehold | Not applicable | Not applicable | Not applicable | **13,604** | 15,167 | **13,604** | 15,167 | **0.4** | 0.4 | **0.4** | 0.5 |
| ***Singapore*** | | | | | | | | | | | | | |
| Ascott Orchard Singapore | 11 Cairnhill Road, Singapore 229724 | Leasehold | 99 years | 90 years | 91 years | **403,115** | 398,614 | **403,115** | 398,614 | **10.2** | 10.3 | **11.7** | 11.9 |
| Citadines Mount Sophia Property Singapore | 8 Wilkie Road, #01-26 Wilkie Edge, Singapore 228095 | Leasehold | 96 years | 82 years | 83 years | **123,693** | 122,557 | **123,693** | 122,557 | **3.1** | 3.1 | **3.6** | 3.7 |
| lyf one-north Singapore | 80 Nepal Park, Singapore 139409 | Leasehold | 60 years | 56 years | 57 years | **127,031** | 118,863 | **127,031** | 118,863 | **3.2** | 3.1 | **3.7** | 3.6 |
| Riverside Hotel Robertson Quay (formerly known as Park Hotel Clarke Quay) | 1 Unity Street, Singapore 237983 | Leasehold | 99 years | 83 years | 84 years | **–** | 321,975 | **338,927** | 321,975 | **–** | 8.3 | **9.8** | 9.6 |
| Balance carried forward | | | | | | **3,487,328** | 3,796,217 | **3,826,255** | 3,796,217 | **87.8** | 97.5 | **111.0** | 113.8 |

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

# Portfolio Statements

As at 31 December 2022

| Description of Property | Location | Tenure of Land | Term of Lease | Remaining Term of Lease | | At Valuation | | | | Percentage of Stapled Securityholders' funds | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Stapled Group | | CapitaLand Ascott REIT Group | | Stapled Group | | CapitaLand Ascott REIT Group | |
| | | | | 2022 | 2021 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 % | 2021 % | 2022 % | 2021 % |
| Balance brought forward | | | | | | **3,487,328** | 3,796,217 | **3,826,255** | 3,796,217 | **87.8** | 97.5 | **111.0** | 113.8 |
| ***Singapore*** *(continued)* | | | | | | | | | | | | | |
| Somerset Liang Court Property Singapore (under development) | 177B River Valley Road, Singapore 179032 | Leasehold | 99 years | 98 years | 99 years | **257,000** | 184,000 | **257,000** | 184,000 | **6.5** | 4.7 | **7.5** | 5.5 |
| ***Spain*** | | | | | | | | | | | | | |
| Citadines Ramblas Barcelona | Ramblas 122, 08002 Barcelona | Freehold | Not applicable | Not applicable | Not applicable | **53,200** | 61,394 | **53,200** | 61,394 | **1.3** | 1.6 | **1.5** | 1.8 |
| ***The United Kingdom*** | | | | | | | | | | | | | |
| Citadines Barbican London | 7-21 Goswell Road, London EC1M 7AH | Freehold | Not applicable | Not applicable | Not applicable | **69,655** | 77,875 | **69,655** | 77,875 | **1.8** | 2.0 | **2.0** | 2.3 |
| Citadines Holborn-Covent Garden London | 94-99 High Holborn, London WC1V 6LF | Freehold | Not applicable | Not applicable | Not applicable | **155,990** | 162,327 | **155,990** | 162,327 | **3.9** | 4.2 | **4.5** | 4.9 |
| Citadines South Kensington London | 35A Gloucester Road, London SW7 4PL | Freehold | Not applicable | Not applicable | Not applicable | **71,108** | 79,106 | **71,108** | 79,106 | **1.8** | 2.0 | **2.1** | 2.4 |
| Citadines Trafalgar Square London | 18/21 Northumberland Avenue, London WC2N 5EA | Freehold | Not applicable | Not applicable | Not applicable | **164,628** | 178,436 | **164,628** | 178,436 | **4.2** | 4.6 | **4.8** | 5.3 |
| ***The United States of America*** | | | | | | | | | | | | | |
| Element New York Times Square West | 311 West 39th Street, New York, New York, 10018 | Leasehold | 99 years | 90 years | 91 years | **204,884** | 193,693 | **204,884** | 193,693 | **5.2** | 5.0 | **5.9** | 5.8 |
| Sheraton Tribeca New York Hotel | 370 Canal Street, New York, New York, 10013 | Leasehold | 99 years | 90 years | 91 years | **202,358** | 195,063 | **202,358** | 195,063 | **5.1** | 5.0 | **5.9** | 5.8 |
| Balance carried forward | | | | | | **4,666,151** | 4,928,111 | **5,005,078** | 4,928,111 | **117.6** | 126.6 | **145.2** | 147.6 |

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

# Portfolio Statements
As at 31 December 2022

| Description of Property | Location | Tenure of Land | Term of Lease | Remaining Term of Lease | | At Valuation | | | | Percentage of Stapled Securityholders' funds | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Stapled Group | | CapitaLand Ascott REIT Group | | Stapled Group | | CapitaLand Ascott REIT Group | |
| | | | | 2022 | 2021 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 % | 2021 % | 2022 % | 2021 % |
| Balance brought forward | | | | | | **4,666,151** | 4,928,111 | **5,005,078** | 4,928,111 | **117.6** | 126.6 | **145.2** | 147.6 |
| ***The United States of America*** *(continued)* | | | | | | | | | | | | | |
| voco Times Square South (formerly known as Hotel Central Times Square) | 343 West 36th Street, New York, New York 10018 | Freehold | Not applicable | Not applicable | Not applicable | **175,514** | 153,168 | **175,514** | 153,168 | **4.4** | 3.9 | **5.1** | 4.6 |
| Paloma Kent (formerly known as Latitude at Kent)(13) | 1450 E Summit Street Kent, OH 44240 | Freehold | Not applicable | Not applicable | – | **43,687** | – | **43,687** | – | **1.1** | – | **1.3** | – |
| Paloma Raleigh (formerly known as Latitude on Hillsborough)(14) | 5701 Hillsborough Street, Raleigh, North Carolina 27606 | Freehold | Not applicable | Not applicable | Not applicable | **87,302** | 88,205 | **87,302** | 88,205 | **2.2** | 2.3 | **2.5** | 2.6 |
| Paloma University City (formerly known as The Link University City)(15) | 3600 Lancaster Avenue, Philadelphia, Pennsylvania 19104 | Freehold | Not applicable | Not applicable | Not applicable | **83,961** | 89,046 | **83,961** | 89,046 | **2.1** | 2.3 | **2.4** | 2.7 |
| Paloma West Midtown (formerly known as Signature West Midtown)(16) | 800 Marietta Street NW, Atlanta, Georgia, 30318 | Freehold | Not applicable | Not applicable | Not applicable | **149,098** | 144,083 | **149,098** | 144,083 | **3.8** | 3.7 | **4.3** | 4.3 |
| Balance carried forward | | | | | | **5,205,713** | 5,402,613 | **5,544,640** | 5,402,613 | **131.2** | 138.8 | **160.8** | 161.8 |

(13) On 9 February 2022, the CapitaLand Ascott REIT Group acquired Paloma Kent (formerly known as Latitude at Kent) from Residences at Kent State Property Owner, LLC, an unrelated third party. The valuation was based on direct capitalisation and discounted cash flow method.
(14) On 30 December 2021, the CapitaLand Ascott REIT Group acquired Paloma Raleigh (formerly known as Latitude on Hillsborough) from Raleigh NP Property Owner, LLC, an unrelated third party. The valuation was based on discounted cash flow method.
(15) On 30 December 2021, the CapitaLand Ascott REIT Group acquired Paloma University City (formerly known as The Link University City) from CA Residential Drexel, LLC, an unrelated third party. The valuation was based on direct capitalisation and discounted cash flow method.
(16) On 27 February 2021, the CapitaLand Ascott REIT Group acquired Paloma West Midtown (formerly known as Signature West Midtown) from Atlanta Student LL, LLC, an unrelated third party. The valuation was based on direct capitalisation method.

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

# Portfolio Statements

As at 31 December 2022

| Description of Property | Location | Tenure of Land | Term of Lease | Remaining Term of Lease | | At Valuation | | | | Percentage of Stapled Securityholders' funds | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Stapled Group | | CapitaLand Ascott REIT Group | | Stapled Group | | CapitaLand Ascott REIT Group | |
| | | | | 2022 | 2021 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 % | 2021 % | 2022 % | 2021 % |
| Balance brought forward | | | | | | **5,205,713** | 5,402,613 | **5,544,640** | 5,402,613 | **131.2** | 138.8 | **160.8** | 161.8 |
| ***The United States of America*** *(continued)* | | | | | | | | | | | | | |
| Seven07[17] | 707 South Fourth Street, Champaign, Illinois 61820 | Freehold | Not applicable | Not applicable | Not applicable | **117,946** | 115,164 | **117,946** | 115,164 | **3.0** | 3.0 | **3.4** | 3.4 |
| Standard at Columbia (under development)[18] | 1401 Assembly Street, Columbia, South Carolina 29201 | Freehold | Not applicable | Not applicable | – | **128,707** | – | **128,707** | – | **3.2** | – | **3.7** | – |
| Uncommon Wilmington[19] | 2421 Playa Way, Wilmington, North Carolina 28403 | Freehold | Not applicable | Not applicable | Not applicable | **77,516** | 74,315 | **77,516** | 74,315 | **2.0** | 1.9 | **2.2** | 2.2 |
| Wildwood Lubbock[20] | 1701 N. Quaker Avenue, Lubbock, Texas, 79416 | Freehold | Not applicable | Not applicable | Not applicable | **107,737** | 99,855 | **107,737** | 99,855 | **2.7** | 2.6 | **3.1** | 3.0 |
| Balance carried forward | | | | | | **5,637,619** | 5,691,947 | **5,976,546** | 5,691,947 | **142.1** | 146.3 | **173.2** | 170.4 |

(17) On 16 November 2021, the CapitaLand Ascott REIT Group acquired Seven07 from CRP/ODC Champaign Venture, L.L.C., an unrelated third party. The valuation was based on direct capitalisation method.
(18) On 30 November 2022, the CapitaLand Ascott REIT Group acquired Standard at Columbia from TAHL PBSA Venture Pte Ltd., a related corporation. The valuation was based on direct capitalisation method.
(19) On 30 December 2021, the CapitaLand Ascott REIT Group acquired Uncommon Wilmington from DRI/CA Wilmington, LLC, an unrelated third party. The valuation was based on direct capitalisation method.
(20) On 22 September 2021, the CapitaLand Ascott REIT Group acquired Wildwood Lubbock from CH Realty VIII/SH Lubbock Wildwood, L.P., an unrelated third party. The valuation was based on direct capitalisation method.

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

# Portfolio Statements

As at 31 December 2022

| Description of Property | Location | Tenure of Land | Term of Lease | Remaining Term of Lease | | At Valuation | | | | Percentage of Stapled Securityholders' funds | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Stapled Group | | CapitaLand Ascott REIT Group | | Stapled Group | | CapitaLand Ascott REIT Group | |
| | | | | 2022 | 2021 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 % | 2021 % | 2022 % | 2021 % |
| Balance brought forward | | | | | | **5,637,619** | 5,691,947 | **5,976,546** | 5,691,947 | **142.1** | 146.3 | **173.2** | 170.4 |
| ***Vietnam*** | | | | | | | | | | | | | |
| Somerset Central TD Hai Phong City(21) | Tower A, TD Plaza, Lot 20A, New Urban Zone at 5 Corner – Cat Bi Airport, Dong Khe Ward, Ngo Quyen District, Hai Phong City | Leasehold | 64 years | 53 years | – | **23,211** | – | **23,211** | – | **0.6** | – | **0.7** | – |
| Somerset Chancellor Court Ho Chi Minh City | 21-23 Nguyen Thi Minh Khai Street,District 1, Ho Chi Minh City | Leasehold | 48 years | 19 years | 20 years | **43,290** | 47,089 | **43,290** | 47,089 | **1.1** | 1.2 | **1.3** | 1.4 |
| Somerset Grand Hanoi | 49 Hai Ba Trung Street, Hanoi | Leasehold | 45 years | 15 years | 16 years | **84,293** | 95,601 | **84,293** | 95,601 | **2.1** | 2.5 | **2.5** | 2.9 |
| Somerset Ho Chi Minh City | 8A Nguyen Binh Khiem Street, District 1, Ho Chi Minh City | Leasehold | 45 years | 17 years | 18 years | **36,179** | 39,854 | **36,179** | 39,854 | **0.9** | 1.0 | **1.0** | 1.2 |
| Somerset Hoa Binh Hanoi | 106 Hoang Quoc Viet Street, Cau Giay, Hanoi | Leasehold | 36 years | 19 years | 20 years | **31,148** | 35,202 | **31,148** | 35,202 | **0.9** | 0.9 | **1.0** | 1.0 |
| Portfolio of investment properties and investment properties under development | | | | | | **5,855,740** | 5,909,693 | **6,194,667** | 5,909,693 | **147.7** | 151.9 | **179.7** | 176.9 |
| Right-of-use assets | | | | | | **267,014** | 275,879 | **267,014** | 275,879 | **6.7** | 7.1 | **7.7** | 8.3 |
| **Investment properties and investment properties under development on the Statement of Financial Position of the CapitaLand Ascott REIT Group** | | | | | | **6,122,754** | 6,185,572 | **6,461,681** | 6,185,572 | **154.4** | 159.0 | **187.4** | 185.2 |
| Balance carried forward | | | | | | **6,122,754** | 6,185,572 | **6,461,681** | 6,185,572 | **154.4** | 159.0 | **187.4** | 185.2 |

(21) On 30 November 2022, the CapitaLand Ascott REIT Group acquired Somerset Central TD Hai Phong City from Vibrant Coral Overseas Inc., a related corporation. The valuation was based on discounted cash flow method.

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

# Portfolio Statements
As at 31 December 2022

| Description of Property | Location | Tenure of Land | Term of Lease | Remaining Term of Lease | | At Valuation | | | | Percentage of Stapled Securityholders' funds | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Stapled Group | | CapitaLand Ascott REIT Group | | Stapled Group | | CapitaLand Ascott REIT Group | |
| | | | | 2022 | 2021 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 % | 2021 % | 2022 % | 2021 % |
| Balance brought forward | | | | | | **6,122,754** | 6,185,572 | **6,461,681** | 6,185,572 | **154.4** | 159.0 | **187.4** | 185.2 |
| **Investment properties of the CapitaLand Ascott BT Group** | | | | | | | | | | | | | |
| ***Japan*** | | | | | | | | | | | | | |
| Sotetsu Grand Fresa Osaka-Namba | 1-1-13, Nipponbashi, Chuo-ku, Osaka 542-0073 | Freehold | Not applicable | Not applicable | Not applicable | **207,466** | 243,131 | **–** | – | **5.2** | 6.2 | **–** | – |
| ***South Korea*** | | | | | | | | | | | | | |
| ibis Ambassador Seoul Insadong | 31 Samil-daero 30-gil, Ikseon-dong, Jongno-gu, Seoul | Freehold | Not applicable | Not applicable | Not applicable | **81,120** | 87,898 | **–** | – | **2.0** | 2.3 | **–** | – |
| Sotetsu Hotels The Splaisir Seoul Dongdaemun | 226 Jangchoongdan-ro, Gwanghui-dong, Jung-gu, Seoul | Freehold | Not applicable | Not applicable | Not applicable | **78,000** | 84,116 | **–** | – | **2.0** | 2.2 | **–** | – |
| **Investment properties and investment properties under development on the Statement of Financial Position of the Stapled Group** | | | | | | **6,489,340** | 6,600,717 | **6,461,681** | 6,185,572 | **163.6** | 169.7 | **187.4** | 185.2 |
| Balance carried forward | | | | | | **6,489,340** | 6,600,717 | **6,461,681** | 6,185,572 | **163.6** | 169.7 | **187.4** | 185.2 |

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

# Portfolio Statements

As at 31 December 2022

| Description of Property | Location | Tenure of Land | Term of Lease | Remaining Term of Lease 2022 | Remaining Term of Lease 2021 | At Valuation – Stapled Group 2022 $'000 | At Valuation – Stapled Group 2021 $'000 | At Valuation – CapitaLand Ascott REIT Group 2022 $'000 | At Valuation – CapitaLand Ascott REIT Group 2021 $'000 | Percentage of Stapled Securityholders' funds – Stapled Group 2022 % | Percentage of Stapled Securityholders' funds – Stapled Group 2021 % | Percentage of Stapled Securityholders' funds – CapitaLand Ascott REIT Group 2022 % | Percentage of Stapled Securityholders' funds – CapitaLand Ascott REIT Group 2021 % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Balance brought forward | | | | | | **6,489,340** | 6,600,717 | **6,461,681** | 6,185,572 | **163.6** | 169.7 | **187.4** | 185.2 |
| **Freehold land and buildings of the CapitaLand Ascott BT Group** | | | | | | | | | | | | | |
| ***Australia*** | | | | | | | | | | | | | |
| Courtyard by Marriott Sydney-North Ryde | 7-11 Talavera Road, North Ryde, NSW 2113 | Freehold | Not applicable | Not applicable | Not applicable | **48,946** | 48,324 | **–** | – | **1.2** | 1.2 | **–** | – |
| Novotel Sydney Central | 169-179 Thomas Street, Sydney, NSW 2000 | Freehold | Not applicable | Not applicable | Not applicable | **144,847** | 150,611 | **–** | – | **3.7** | 3.9 | **–** | – |
| Novotel Sydney Parramatta | 350 Church Street, Parramatta, NSW 2150 | Freehold | Not applicable | Not applicable | Not applicable | **38,954** | 37,520 | **–** | – | **1.0** | 1.0 | **–** | – |
| Pullman and Mercure Brisbane King George Square | Corner Ann and Roma Street, Brisbane, QLD 4000 | Freehold | Not applicable | Not applicable | Not applicable | **73,191** | 71,842 | **–** | – | **1.8** | 1.8 | **–** | – |
| Pullman and Mercure Melbourne Albert Park | 65 Queens Road, Melbourne, VIC 3004 | Freehold | Not applicable | Not applicable | Not applicable | **89,890** | 90,337 | **–** | – | **2.3** | 2.3 | **–** | – |
| Pullman Sydney Hyde Park | 36 College Street, Sydney, NSW 2000 | Freehold | Not applicable | Not applicable | Not applicable | **140,797** | 143,347 | **–** | – | **3.6** | 3.7 | **–** | – |
| Portfolio of freehold land and buildings of the CapitaLand Ascott BT Group | | | | | | **536,625** | 541,981 | **–** | – | **13.6** | 13.9 | **–** | – |
| **Total investment properties, investment properties under development and freehold land and buildings** | | | | | | **7,025,965** | 7,142,698 | **6,461,681** | 6,185,572 | **177.2** | 183.6 | **187.4** | 185.2 |
| **Leasehold land and buildings – Riverside Hotel Robertson Quay**[22] | | | | | | **338,927** | – | **–** | – | **8.5** | – | **–** | – |
| **Other assets and liabilities (net)** | | | | | | **(2,920,097)** | (2,774,979) | **(2,534,369)** | (2,369,008) | **(73.6)** | (71.3) | **(73.5)** | (70.9) |
| **Net assets** | | | | | | **4,444,795** | 4,367,719 | **3,927,312** | 3,816,564 | **112.1** | 112.3 | **113.9** | 114.3 |
| **Perpetual securities holders** | | | | | | **(396,298)** | (396,298) | **(396,298)** | (396,298) | **(10.0)** | (10.2) | **(11.5)** | (11.9) |
| **Non-controlling interests** | | | | | | **(83,061)** | (80,561) | **(81,446)** | (78,816) | **(2.1)** | (2.1) | **(2.4)** | (2.4) |
| **Stapled Securityholders' funds** | | | | | | **3,965,436** | 3,890,860 | **3,449,568** | 3,341,450 | **100.0** | 100.0 | **100.0** | 100.0 |

(22) Details on the classification of Riverside Hotel Robertson Quay are set out in Note 4.

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

# Portfolio Statements

As at 31 December 2022

On 31 December 2022, Citadines Zhuankou Wuhan, Somerset Grand Central Dalian, Somerset Heping Shenyang, Somerset Olympic Tower Property Tianjin, Citadines Central Shinjuku, Citadines Karasuma-Gojo Kyoto, Citadines Shinjuku Tokyo, Hotel WBF Honmachi, Hotel WBF Kitasemba East, Hotel WBF Kitasemba West, Sotetsu Grand Fresa Tokyo-Bay Ariake, Actus Hakata V-Tower, Alpha Square Kita 15 jo, Big Palace Kita 14 jo, Big Palace Minami 5 jo, City Court Kita 1 jo, Eslead College Gate Kindaimae, Eslead Residence Bentencho Grande, Eslead Residence Umbeda Grande, Gravis Court Kakomachi, Gravis Court Kokutaiji, Gravis Court Nishiharaekimae, House Saison Shijo-Dori, Infini Garden, Marunouchi Central Heights, Roppongi Residences Tokyo, S-Residence Fukushima Luxe, S-Residence Gakuenzaka, S-Residence Hommachi Marks, S-Residence Midoribashi Serio, S-Residence Namba Viale, S-Residence Shukugawa, S-Residence Tanimachi 9 chome, Citadines Mount Sophia Property Singapore, Element New York Times Square West, Sheraton Tribeca New York Hotel, voco Times Square South, Paloma West Midtown, Seven07, Standard at Columbia, Somerset Chancellor Court Ho Chi Minh City, Somerset Grand Hanoi, Somerset Ho Chi Minh City and Sotetsu Grand Fresa Osaka-Namba were pledged as securities to banks for banking facilities granted to certain subsidiaries (Note 18).

On 31 December 2021, Citadines Zhuankou Wuhan, Somerset Grand Central Dalian, Somerset Heping Shenyang, Somerset Olympic Tower Property Tianjin, Citadines Central Shinjuku, Citadines Karasuma-Gojo Kyoto, Citadines Shinjuku Tokyo, Actus Hakata V-Tower, Alpha Square Kita 15 jo, Big Palace Kita 14 jo, Big Palace Minami 5 jo, City Court Kita 1 jo, Gravis Court Kakomachi, Gravis Court Kokutaiji, Gravis Court Nishiharaekimae, Infini Garden, Roppongi Residences Tokyo, S-Residence Fukushima Luxe, S-Residence Hommachi Marks, S-Residence Midoribashi Serio, S-Residence Tanimachi 9 chome, Citadines Mount Sophia Property Singapore, Element New York Times Square West, Sheraton Tribeca New York Hotel, voco Times Square South (formerly known as Hotel Central Times Square), Paloma West Midtown (formerly known as Signature West Midtown), Seven07, Somerset Chancellor Court Ho Chi Minh City, Somerset Grand Hanoi and Somerset Ho Chi Minh City were pledged as securities to banks for banking facilities granted to certain subsidiaries (Note 18).

As at 31 December 2022, the carrying amounts for most of the investment properties and Somerset Liang Court, investment property under development, were based on independent valuations carried out by Colliers. The valuation for the remaining properties are conducted by the following valuers: Quest Cannon Hill, La Clef Tour Eiffel Paris, House Saison Shijo-Dori, Marunouchi Central Heights, S-Residence Gakuenzaka, S-Residence Namba Viale, S-Residence Shukugawa and Somerset Central TD Hai Phong City conducted by HVS; Eslead Residence Bentencho Grande and Eslead Residence Umbeda Grande conducted by Asset Valuation Partners; Standard at Columbia, property under development, conducted by JLL Valuation & Advisory Services, LLC; ibis Ambassador Seoul Insadong, Sotetus Hotels The Splaisir Seoul Dongdaemun, Element New York Times Square West, Sheraton Tribeca New York Hotel and voco Times Square South conducted by CBRE. The freehold land and buildings of the six Australia properties and leasehold land and buildings of Riverside Hotel Robertson Quay were stated at fair value based on valuations carried out by Colliers. The Managers believe that the external property valuers have appropriate professional qualifications and recent experience in the location and category of the properties being valued. The Stapled Group's valuations include plant and equipment located in the investment properties. The valuations adopted in the portfolio table above were adjusted for values ascribed to plant and equipment.

As at 31 December 2021, the carrying amounts for most of the investment properties and investment properties under development were based on independent valuations carried out by Colliers. The remaining properties valuations are conducted by the following valuers: Alpha Square Kita 15 jo conducted by Savills Japan Co.,Ltd, Big Palace Minami 5 jo conducted by Cushman & Wakefield K.K., City Court Kita 1 jo conducted by Asset Valuation Partners, Paloma University City (formerly known as The Link University City) conducted by Newmark Valuation & Advisory, LLC, and Uncommon Wilmington and Paloma Raleigh (formerly known as Latitude on Hillsborough) are conducted by Newmark Knight Frank Valuation & Advisory, LLC. The freehold land and buildings of the six Australia properties were stated at fair value based on valuations carried out by CBRE Valuations Pty Limited. The Managers believe that the external property valuers have appropriate professional qualifications and recent experience in the location and category of the properties being valued. The Stapled Group's valuations include plant and equipment located in the investment properties. The valuations adopted in the portfolio table above were adjusted for values ascribed to plant and equipment.

The fair values were derived based on the discounted cash flow, direct capitalisation and residual land value methods. The specific risks inherent in each of the properties are taken into consideration in arriving at the valuations. The valuation methods used in determining the fair value involve certain estimates and assumptions including those relating to discount rate, terminal capitalisation rate, capitalisation rate, revenue per available unit and gross development costs.

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

# Statements of Cash Flows

Year ended 31 December 2022

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Cash flows from operating activities** | | | | | | |
| Total return for the year before income tax | **273,742** | 345,555 | **4,444** | 29,503 | **259,783** | 374,932 |
| Adjustments for: | | | | | | |
| Depreciation of property, plant and equipment | **12,514** | 10,494 | **22,080** | 22,150 | **35,773** | 32,644 |
| Amortisation of deferred income | **–** | – | **(786)** | (1,694) | **(786)** | (1,694) |
| Finance costs | **61,985** | 49,168 | **14,616** | 15,981 | **69,012** | 55,977 |
| Finance income | **(1,176)** | (2,920) | **(338)** | (199) | **(1,468)** | (3,070) |
| Foreign exchange loss – unrealised | **34,448** | 13,436 | **19,373** | 1,173 | **53,821** | 14,609 |
| Loss on disposal of property, plant and equipment | **345** | 29 | **–** | – | **345** | 29 |
| Managers' management fees paid/payable in Stapled Securities | **19,481** | 14,936 | **2,276** | 2,094 | **21,757** | 17,030 |
| Revaluation surplus on land and buildings | **–** | – | **(5,393)** | (21,201) | **(5,393)** | (21,201) |
| Net change in fair value of investment properties, investment properties under development and assets held for sale | **(138,850)** | (115,809) | **4,534** | (4,993) | **(122,353)** | (126,058) |
| Net change in fair value of financial derivatives | **(597)** | – | **–** | – | **(597)** | – |
| Net change in fair value of investment securities | **(253)** | (91) | **–** | – | **–** | – |
| Profit from divestments | **(99)** | (153,226) | **–** | – | **(99)** | (153,226) |
| Assets written off | **78** | 4 | **–** | – | **78** | 4 |
| Impairment loss/(write back) of trade and other receivables | **665** | 5,571 | **27** | (87) | **692** | 5,484 |
| Share of results of associate (net of tax) | **27** | 28 | **–** | – | **27** | 28 |
| Share of results of joint venture (net of tax) | **(3,918)** | 211 | **–** | – | **(3,918)** | 211 |
| Operating income before working capital changes | **258,392** | 167,386 | **60,833** | 42,727 | **306,674** | 195,699 |
| Changes in working capital: | | | | | | |
| Inventories | **66** | 37 | **(27)** | (35) | **39** | 2 |
| Trade and other receivables | **(32,402)** | (44,370) | **(4,092)** | (2,827) | **(6,871)** | (31,957) |
| Trade and other payables | **14,848** | (18,744) | **28,800** | 20,295 | **14,025** | (13,688) |
| Cash generated from operations | **240,904** | 104,309 | **85,514** | 60,160 | **313,867** | 150,056 |
| Income tax paid | **(30,412)** | (2,923) | **(1,134)** | (1,507) | **(31,546)** | (4,430) |
| **Net cash generated from operating activities** | **210,492** | 101,386 | **84,380** | 58,653 | **282,321** | 145,626 |
| Balance carried forward | **210,492** | 101,386 | **84,380** | 58,653 | **282,321** | 145,626 |

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

# Statements of Cash Flows

Year ended 31 December 2022

| | Note | CapitaLand Ascott REIT Group 2022 $'000 | CapitaLand Ascott REIT Group 2021 $'000 | CapitaLand Ascott BT Group 2022 $'000 | CapitaLand Ascott BT Group 2021 $'000 | Stapled Group 2022 $'000 | Stapled Group 2021 $'000 |
|---|---|---|---|---|---|---|---|
| Balance brought forward | | **210,492** | 101,386 | **84,380** | 58,653 | **282,321** | 145,626 |
| **Cash flows from investing activities** | | | | | | | |
| Acquisition of investment properties | 40 | **(261,470)** | (663,973) | **–** | – | **(261,470)** | (663,973) |
| Advance (to)/from related corporations | | **(41,783)** | – | **41,783** | – | **–** | – |
| Capital expenditure on investment properties | | **(10,349)** | (31,274) | **(507)** | (784) | **(10,856)** | (32,058) |
| Capital expenditure on investment properties under development | | **(25,183)** | (69,149) | **–** | – | **(25,183)** | (69,149) |
| Deposit paid for acquisition of investment properties | | **(10,058)** | (798) | **–** | – | **(10,058)** | (798) |
| Loan to joint venture | | **(6,866)** | (14,011) | **–** | – | **(6,866)** | (14,011) |
| Disposal of subsidiaries, net of cash disposed of[1] | 34 | **–** | 203,995 | **–** | – | **–** | 203,995 |
| Proceeds from disposal of assets held for sale | | **–** | 49,444 | **–** | – | **–** | 49,444 |
| Refund of purchase consideration to buyer for disposal of subsidiary in prior year | 34 | **(128)** | – | **–** | – | **(128)** | – |
| Payment of transaction costs for disposal of investment properties | | **–** | (871) | **–** | – | **–** | (871) |
| Proceeds from disposal of strata units | | **530** | 647 | **–** | – | **530** | 647 |
| Interest received | | **1,130** | 2,510 | **198** | 41 | **1,328** | 2,551 |
| Refund of deposit received for divestment of subsidiaries | | **–** | (8,671) | **–** | – | **–** | (8,671) |
| Proceeds from sale of property, plant and equipment | | **11** | 7 | **–** | – | **11** | 7 |
| Purchase of property, plant and equipment | | **(10,847)** | (3,555) | **(1,640)** | (2,110) | **(12,487)** | (5,665) |
| Settlement of hedging instruments | | **–** | – | **16,355** | – | **16,355** | – |
| **Net cash (used in)/generated from investing activities** | | **(365,013)** | (535,699) | **56,189** | (2,853) | **(308,824)** | (538,552) |
| Balance carried forward | | **(154,521)** | (434,313) | **140,569** | 55,800 | **(26,503)** | (392,926) |

(1) Proceeds from disposal of subsidiaries for the year ended 31 December 2021 included the amount of $183,585,000 for Shanghai Xinwei Real Estate Development Co., Ltd and receipt of outstanding consideration of $20,410,000 for Guangzhou Hai Yi Real Estate Development Co, Ltd. (divested during the year ended 31 December 2020).

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

# Statements of Cash Flows

Year ended 31 December 2022

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Balance brought forward | **(154,521)** | (434,313) | **140,569** | 55,800 | **(26,503)** | (392,926) |
| **Cash flows from financing activities** | | | | | | |
| Distributions to Stapled Securityholders | **(139,955)** | (121,205) | **(28,715)** | (21,273) | **(168,670)** | (142,478) |
| Distributions to perpetual securities holders | **(13,495)** | (13,495) | **–** | – | **(13,495)** | (13,495) |
| Dividends paid to non-controlling interests | **(1,888)** | (868) | **(61)** | (77) | **(1,929)** | (911) |
| Proceeds from issue of Stapled Securities | **170,000** | 150,000 | **–** | – | **170,000** | 150,000 |
| Payment of issue expenses on issuance of Stapled Securities | **(2,293)** | (1,926) | **–** | – | **(2,293)** | (1,926) |
| Proceeds from borrowings and issuance of notes | **1,554,606** | 754,954 | **92,243** | – | **1,646,849** | 754,954 |
| Repayment of borrowings and medium term notes | **(1,319,220)** | (422,698) | **(161,770)** | – | **(1,480,990)** | (422,698) |
| Payment of transaction costs on borrowings and notes | **(7,842)** | (4,619) | **(231)** | – | **(8,073)** | (4,619) |
| Payment of lease liabilities | **(7,897)** | (8,384) | **(4,989)** | (5,256) | **(7,897)** | (8,384) |
| Interest paid | **(55,966)** | (45,572) | **(14,101)** | (15,480) | **(62,525)** | (51,929) |
| Change in restricted cash deposits | **(18)** | (14) | **212** | 132 | **194** | 118 |
| **Net cash generated from/(used in) financing activities** | **176,032** | 286,173 | **(117,412)** | (41,954) | **71,171** | 258,632 |
| **Net increase/(decrease) in cash and cash equivalents** | **21,511** | (148,140) | **23,157** | 13,846 | **44,668** | (134,294) |
| Cash and cash equivalents at 1 January | **300,792** | 453,726 | **42,877** | 30,196 | **343,669** | 483,922 |
| Effect of exchange rate changes on balances held in foreign currency | **(23,441)** | (4,794) | **(3,731)** | (1,165) | **(27,172)** | (5,959) |
| **Cash and cash equivalents at 31 December** | **298,862** | 300,792 | **62,303** | 42,877 | **361,165** | 343,669 |

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

***Significant non-cash transactions***

**CapitaLand Ascott REIT Group**

During the year, the CapitaLand Ascott REIT Group has the following significant non-cash transactions:

- A total of 18,634,723 (2021: 14,759,983) Stapled Securities were issued or will be issued as payment of the REIT Manager's management fees amounting to $19,481,000 (2021: $14,936,000) in respect of the year ended 31 December 2022.
- The CapitaLand Ascott REIT Group incurred capital expenditure on investment properties of $12,925,000 (2021: $31,079,000), of which $2,576,000 (2021: $Nil) was included in trade and other payables.
- The CapitaLand Ascott REIT Group incurred capital expenditure on investment properties under development of $25,217,000 (2021: $70,459,000), of which $6,221,000 (2021: $6,187,000) was unpaid and included in trade and other payables.

**CapitaLand Ascott BT Group**

A total of 2,169,590 (2021: 2,057,689) Stapled Securities were issued or will be issued as payment of the BT Trustee-Manager's management fees amounting to $2,276,000 (2021: $2,094,000) in respect of the year ended 31 December 2022.

**Stapled Group**

During the year, the Stapled Group has the following significant non-cash transactions:

- A total of 18,634,723 (2021: 14,759,983) Stapled Securities were issued or will be issued as payment of the REIT Manager's management fees amounting to $19,481,000 (2021: $14,936,000) in respect of the year ended 31 December 2022.
- A total of 2,169,590 (2021: 2,057,689) Stapled Securities were issued or will be issued as payment of the BT Trustee-Manager's management fees amounting to $2,276,000 (2021: $2,094,000) in respect of the year ended 31 December 2022.
- The Stapled Group incurred capital expenditure on investment properties of $13,432,000 (2021: $31,863,000), of which $2,576,000 (2021: $Nil) was unpaid and included in trade and other payables.
- The Stapled Group incurred capital expenditure on investment properties under development of $25,217,000 (2021: $70,459,000), of which $6,221,000 (2021: $6,187,000) was unpaid and included in trade and other payables.

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the REIT Manager, the BT Trustee-Manager and the REIT Trustee on 9 March 2023.

## 1 GENERAL

With effect from 27 September 2022, Ascott Residence Trust, Ascott Real Estate Investment Trust and Ascott Business Trust were renamed to CapitaLand Ascott Trust, CapitaLand Ascott Real Estate Investment Trust and CapitaLand Ascott Business Trust respectively.

CapitaLand Ascott Trust is a stapled group comprising CapitaLand Ascott Real Estate Investment Trust ("CapitaLand Ascott REIT") and its subsidiaries (the "CapitaLand Ascott REIT Group") and CapitaLand Ascott Business Trust ("CapitaLand Ascott BT") and its subsidiaries (the "CapitaLand Ascott BT Group") (collectively, the "Stapled Group").

CapitaLand Ascott REIT is a Singapore-domiciled unit trust constituted pursuant to the CapitaLand Ascott REIT trust deed dated 19 January 2006 (as amended) (the "CapitaLand Ascott REIT Trust Deed") between CapitaLand Ascott Trust Management Limited (formerly known as Ascott Residence Trust Management Limited) (the "REIT Manager") and DBS Trustee Limited (the "REIT Trustee"). The CapitaLand Ascott REIT Trust Deed is governed by the laws of the Republic of Singapore. The REIT Trustee is under a duty to take into custody and hold the assets of CapitaLand Ascott REIT held by it or through its subsidiaries in trust for the holders of units in CapitaLand Ascott REIT.

CapitaLand Ascott BT is a business trust constituted by a trust deed dated 9 September 2019 (as amended) (the "CapitaLand Ascott BT Trust Deed") and is managed by CapitaLand Ascott Business Trust Management Pte. Ltd. (formerly known as Ascott Business Trust Management Pte. Ltd.) (the "BT Trustee-Manager").

A stapling deed dated 9 September 2019 and First Supplemental Stapling Deed dated 27 September 2022 was entered into between the REIT Manager, the REIT Trustee and the BT Trustee-Manager (the "Stapling Deed").

On 31 December 2019, the units in each of CapitaLand Ascott REIT and CapitaLand Ascott BT are stapled together and cannot be traded separately. Each stapled security in CapitaLand Ascott Trust (the "Stapled Security") comprises a unit in CapitaLand Ascott REIT (the "CapitaLand Ascott REIT Unit") and a unit in CapitaLand Ascott BT (the "CapitaLand Ascott BT Unit").

The principal activities of the significant subsidiaries of the Stapled Group are those relating to investment in real estate and real estate related assets which are income-producing, and which are used or predominantly used, as serviced residences, hotels, rental housing properties, student accommodation properties and other hospitality assets in any country in the world.

For financial reporting purposes, the intermediate and ultimate holding companies of the Stapled Group are CapitaLand Investment Limited and Temasek Holdings (Private) Limited. The intermediate and ultimate holding companies are incorporated in the Republic of Singapore.

The consolidated financial statements of the CapitaLand Ascott REIT Group relate to CapitaLand Ascott REIT, its subsidiaries and its interests in its associate and joint venture. The consolidated financial statements of the CapitaLand Ascott BT Group relate to CapitaLand Ascott BT and its subsidiaries. The consolidated financial statements of the Stapled Group relate to the CapitaLand Ascott REIT Group and the CapitaLand Ascott BT Group.

**1 GENERAL** (continued)

**1.1 Service agreements**

Several service agreements are in place in relation to the management of CapitaLand Ascott REIT and CapitaLand Ascott BT and their property operations. The fee structures of these services are as follows:

**(i) REIT Trustee's fees**

Pursuant to Clause 16.2 of the CapitaLand Ascott REIT Trust Deed, the REIT Trustee's fee shall not exceed 0.1% per annum of the value of the assets of the CapitaLand Ascott REIT Group (the "CapitaLand Ascott REIT Deposited Property"), subject to a minimum of $10,000 per month, excluding out-of-pocket expenses and goods and services tax which is borne by CapitaLand Ascott REIT. The REIT Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the CapitaLand Ascott REIT Trust Deed. The REIT Trustee's fees are payable monthly in arrears.

**(ii) REIT Manager's fees**

*Management fees*

The REIT Manager is entitled under Clauses 15.1.1 and 15.1.2 of the CapitaLand Ascott REIT Trust Deed to the following management fees:

(a) a base fee of 0.3% per annum of the property values; and

(b) an annual performance fee of:

- base performance fee of 4.0% per annum of the CapitaLand Ascott REIT Group's share of gross profit for each financial year; and

- in the event that the CapitaLand Ascott REIT Group's share of gross profit increases by more than 6.0% annually, an additional outperformance fee of 1.0% of the difference between the CapitaLand Ascott REIT Group's share of that financial year's gross profit and 106% of the CapitaLand Ascott REIT Group's share of the preceding year's gross profit.

The base management fees payable in cash and in the form of Stapled Securities shall be payable quarterly in arrears. Performance fees shall be payable once a year, after the end of the financial year.

When management fees are payable in Stapled Securities, the REIT Manager shall be entitled to receive such number of Stapled Securities as may be purchased for the relevant amount of the management fees at the market price (as defined in the CapitaLand Ascott REIT Trust Deed).

*Acquisition fee*

Pursuant to Clause 15.2.1 of the CapitaLand Ascott REIT Trust Deed, the REIT Manager is entitled to receive the following acquisition fees:

(a) an acquisition fee of 1.0% of the enterprise value ("Enterprise Value") of any real estate or real estate related asset acquired directly or indirectly by CapitaLand Ascott REIT, prorated if applicable to the proportion of CapitaLand Ascott REIT's interest; and

(b) in the event that there is payment to third party agents or brokers in connection with the acquisition, such payment shall be paid out of the CapitaLand Ascott REIT Deposited Property, provided that the REIT Manager shall charge an acquisition fee of 0.5% instead of 1.0%.

**1 GENERAL** (continued)

**1.1 Service agreements** (continued)

**(ii) REIT Manager's fees** (continued)

Where assets acquired by CapitaLand Ascott REIT are shares in a company whose primary purpose is to hold/own real estate (directly or indirectly), Enterprise Value shall mean the sum of the equity value and the total debt attributable to the shares being acquired by CapitaLand Ascott REIT and where the asset acquired by the CapitaLand Ascott REIT is a property, Enterprise Value shall mean the value of the property.

The REIT Manager may opt to receive such acquisition fee in the form of cash or Stapled Securities or a combination of cash and Stapled Securities as it may determine.

In the event that the REIT Manager receives an acquisition fee in connection with a transaction with a related party, any such acquisition fee shall be paid in the form of Stapled Securities to be issued by CapitaLand Ascott REIT at the market price.

*Divestment fee*

The REIT Manager is entitled under Clause 15.2.1 of the CapitaLand Ascott REIT Trust Deed to receive a divestment fee of 0.5% of the Enterprise Value of any real estate or real estate related asset disposed directly or indirectly by CapitaLand Ascott REIT, prorated if applicable to the proportion of CapitaLand Ascott REIT's interest.

The divestment fee is payable to the REIT Manager in the form of cash. In the event that the REIT Manager receives a divestment fee in connection with a transaction with a related party, any such divestment fee shall be paid in the form of Stapled Securities to be issued by CapitaLand Ascott REIT at the market price.

**(iii) BT Trustee-Manager's fees**

*Trustee fee*

Pursuant to Clause 14.4.2 of the CapitaLand Ascott BT Trust Deed, the BT Trustee-Manager's fee shall not exceed 0.015% per annum of the value of the assets of the CapitaLand Ascott BT Group (the "CapitaLand Ascott BT Deposited Property"), subject to a minimum of $13,500 per month, excluding out-of-pocket expenses and goods and services tax which is borne by CapitaLand Ascott BT. The BT Trustee-Manager is also entitled to reimbursement of expenses incurred in the performance of its duties under the CapitaLand Ascott BT Trust Deed. The BT Trustee-Manager's fees are payable monthly in arrears.

*Management fees*

The BT Trustee-Manager is entitled under Clauses 14.1.1 and 14.1.2 of the CapitaLand Ascott BT Trust Deed to the following management fees:

(a) a base fee of 0.3% per annum of the property values; and

(b) an annual performance fee of:

- base performance fee of 4.0% per annum of the CapitaLand Ascott BT Group's share of gross profit for each financial year; and

- in the event that the CapitaLand Ascott BT Group's share of gross profit increases by more than 6.0% annually, an additional outperformance fee of 1.0% of the difference between the CapitaLand Ascott BT Group's share of that financial year's gross profit and 106% of the CapitaLand Ascott BT Group's share of the preceding year's gross profit.

**1 GENERAL** (continued)

**1.1 Service agreements** (continued)

**(iii) BT Trustee-Manager's fees** (continued)

The base management fees and performance fees payable in cash and in the form of Stapled Securities shall be payable quarterly in arrears.

When management fees are payable in Stapled Securities, the BT Trustee-Manager shall be entitled to receive such number of Stapled Securities as may be purchased for the relevant amount of the management fees at the market price (as defined in the CapitaLand Ascott BT Trust Deed).

*Acquisition fee*

Pursuant to Clause 14.2.1 of the CapitaLand Ascott BT Trust Deed, the BT Trustee-Manager is entitled to receive the following acquisition fees:

(a) an acquisition fee of 1.0% of the Enterprise Value of any real estate or real estate related asset acquired directly or indirectly by CapitaLand Ascott BT, prorated if applicable to the proportion of CapitaLand Ascott BT's interest; and

(b) in the event that there is payment to third party agents or brokers in connection with the acquisition, such payment shall be paid out of the CapitaLand Ascott BT Deposited Property, provided that the BT Trustee-Manager shall charge an acquisition fee of 0.5% instead of 1.0%.

Where assets acquired by CapitaLand Ascott BT are shares in a company whose primary purpose is to hold/own real estate (directly or indirectly), Enterprise Value shall mean the sum of the equity value and the total debt attributable to the shares being acquired by CapitaLand Ascott BT and where the asset acquired by CapitaLand Ascott BT is a property, Enterprise Value shall mean the value of the property.

The BT Trustee-Manager may opt to receive such acquisition fee in the form of cash or Stapled Securities or a combination of cash and Stapled Securities as it may determine.

In the event that the BT Trustee-Manager receives an acquisition fee in connection with a transaction with a related party, any such acquisition fee shall be paid in the form of Stapled Securities to be issued by CapitaLand Ascott BT at the market price.

*Divestment fee*

The BT Trustee-Manager is entitled under Clause 14.2.1 of the CapitaLand Ascott BT Trust Deed to receive a divestment fee of 0.5% of the Enterprise Value of any real estate or real estate related asset disposed directly or indirectly by CapitaLand Ascott BT, prorated if applicable to the proportion of the CapitaLand Ascott BT's interest.

The divestment fee is payable to the BT Trustee-Manager in the form of cash. In the event that the BT Trustee-Manager receives a divestment fee in connection with a transaction with a related party, any such divestment fee shall be paid in the form of Stapled Securities to be issued by CapitaLand Ascott BT at the market price.

**1 GENERAL** (continued)

**1.1 Service agreements** (continued)

**(iv) Fees under serviced residence management agreements**

The serviced residence management fee for each property is agreed between the Stapled Group and the relevant serviced residence management company as follows:

(a) for management contracts, each property is charged management fees of between 1.0% and 3.0% per annum of the total revenue of each property and up to 11.0% per annum of gross operating profit of each property; and

(b) for management contracts with minimum guaranteed income, each property is charged management fees of:

- 2.0% to 3.0% per annum of the total revenue of each property; and
- up to 9.0% per annum of gross operating profit of each property and up to 13.0% per annum of adjusted gross operating profit of each property.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

The financial statements of the CapitaLand Ascott BT Group have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s"), the applicable requirements of the Business Trusts Act 2004 and the provisions of the CapitaLand Ascott BT Trust Deed. The changes to significant accounting policies are described in Note 2.5.

**2.2 Basis of measurement**

The financial statements have been prepared on the historical cost basis, except as disclosed in the notes below.

**2.3 Functional and presentation currency**

These financial statements are presented in Singapore Dollars, which is the functional currency of CapitaLand Ascott REIT and CapitaLand Ascott BT. All financial information presented in Singapore Dollars have been rounded to the nearest thousand, unless otherwise stated.

**2 BASIS OF PREPARATION** (continued)

**2.4 Use of estimates and judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 3.3 and 4 – classification of investment properties

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

- Note 4, 5 and 6 – determination of fair value of investment properties, land and buildings, and investment properties under development

*Measurement of fair values*

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

The CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group have an established control framework with respect to the measurement of fair values. Significant fair value measurements, including Level 3 fair values, will be reported directly to the Chief Executive Officer ("CEO") of the Managers.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as valuation of investment property by external property valuers, is used to measure fair values, then management assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRSs/SFRS(I)s, including the level in the fair value hierarchy in which such valuations should be classified.

The valuation of significant assets and their financial impact are discussed by the Audit Committee and Board of Directors of the Managers.

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

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

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

**2 BASIS OF PREPARATION** (continued)

**2.4 Use of estimates and judgements** (continued)

The CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 35 – financial instruments.

**2.5 Changes in accounting policies**

The CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group have applied the following FRSs or SFRS(I)s, amendments to and interpretations of FRSs/SFRS(I)s for the first time for the annual period beginning on 1 January 2022:

**Applicable to 2022 financial statements**

- *Reference to the Conceptual Framework (Amendments to SFRS(I)3/FRS 103)*
- *Property, Plant and Equipment – Proceeds before Intended Use (Amendments to SFRS(I)1-16/FRS 116)*
- *Onerous Contracts – Cost of fulfilling a Contract (Amendments to SFRS(I)1-37/FRS 37)*
- *Annual Improvements to SFRS(I)s/FRSs 2018-2020*

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied by the CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group consistently to all periods presented in these financial statements, except as explained in Note 2.5 which addresses changes in accounting policies.

**3.1 Basis of consolidation**

**(i) Stapling**

Where entities enter into a stapling arrangement, the stapling arrangement is accounted for as a business combination under the acquisition method.

**(ii) Business combinations**

Business combinations are accounted for using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Stapled Group. In determining whether a particular set of activities and assets is a business, the Stapled Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Stapled Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

**3 SIGNIFICANT ACCOUNTING POLICIES** (continued)

**3.1 Basis of consolidation** (continued)

**(ii) Business combinations** (continued)

The Stapled Group measures goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in Statement of Total Return. NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by FRS/SFRS(I)s. If the business combination is achieved in stages, the Stapled Group's previously held equity interest in the acquiree is re-measured to fair value at each acquisition date and any changes are taken to the total return.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Stapled Group incurs in connection with a business combination are expensed as incurred.

**(iii) Property acquisition and business combination**

Where a property is acquired, via corporate acquisitions or otherwise, the Managers consider whether the acquisition represents an acquisition of a business or an acquisition of an asset. The Stapled Group accounts for an acquisition as business combination when an integrated set of activities is acquired, in addition to the property.

In determining whether an integrated set of activities is acquired, the Managers consider whether significant processes are acquired (e.g. strategic management and serviced residence operations, etc.). Where significant processes are acquired, the acquisition is considered an acquisition of business.

When acquisition of an asset or a group of assets does not constitute a business combination, it is treated as property acquisition. In such cases, the individual identifiable assets acquired and liabilities assumed are recognised. The acquisition cost shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition. Such a transaction does not give rise to goodwill.

**3 SIGNIFICANT ACCOUNTING POLICIES** (continued)

**3.1 Basis of consolidation** (continued)

**(iv) Subsidiaries**

Subsidiaries are entities controlled by the CapitaLand Ascott REIT Group or the CapitaLand Ascott BT Group. The CapitaLand Ascott REIT Group and the CapitaLand Ascott BT Group control an entity when they are exposed to, or have rights to, variable returns from their involvement with the entity and have the ability to affect these returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the interests of the CapitaLand Ascott REIT Group or the CapitaLand Ascott BT Group in subsidiaries that do not result in a loss of control are accounted for as transactions with owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in the Statement of Total Return. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Upon the loss of control of a subsidiary, the CapitaLand Ascott REIT Group and the CapitaLand Ascott BT Group derecognise the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognised in the Statement of Total Return. If the CapitaLand Ascott REIT Group and the CapitaLand Ascott BT Group retain any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

**(v) Associate and joint venture**

Associates are those entities in which the CapitaLand Ascott REIT Group has significant influence, but not control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the CapitaLand Ascott REIT Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the CapitaLand Ascott REIT Group has joint control, whereby the CapitaLand Ascott REIT Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Associate and joint venture are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the CapitaLand Ascott REIT Group' share of the income, expenses and equity movements of the associate and joint venture, after adjustments to align the accounting policies with those of the CapitaLand Ascott REIT Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the CapitaLand Ascott REIT Group's share of losses exceeds its interest in an associate and a joint venture, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the CapitaLand Ascott REIT Group has an obligation to fund the associate's and joint venture's operations or has made payments on behalf of the investee.

An impairment loss in respect of an associate and a joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 3.7. An impairment loss is recognised in the Statement of Total Return. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

**3 SIGNIFICANT ACCOUNTING POLICIES** (continued)

**3.1 Basis of consolidation** (continued)

**(vi) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements of the CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the CapitaLand Ascott REIT Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**3.2 Foreign currency**

**(i) Foreign currency transactions**

Items included in the financial statements of each entity in the CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group, and the Stapled Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency").

Transactions in foreign currencies are translated to the respective functional currencies of the Stapled Group's entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting date are translated to the functional currency at the exchange rate prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

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

Foreign currency differences arising from translation are recognised in the Statement of Total Return, except for differences arising from the translation of monetary items that in substance form part of the CapitaLand Ascott REIT Group's, the CapitaLand Ascott BT Group's and the Stapled Group's net investment in a foreign operation, financial liabilities designated as hedges of net investment in a foreign operation (see Note 3.6(vi)) or qualifying cash flow hedges, to the extent such hedges are effective, which are recognised in Stapled Securityholders' funds.

**(ii) Foreign operations**

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments, arising on acquisitions are translated to Singapore Dollars at exchange rates prevailing at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore Dollars at exchange rates at the dates of the transactions. Fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rates at the reporting date.

Foreign currency differences are recognised in other comprehensive income ("OCI") or Stapled Securityholders' funds, and presented in the foreign currency translation reserve. However, if the foreign operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is transferred to total return as part of the profit or loss on disposal. When the disposal is only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group dispose of only part of its investment in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is transferred to Statement of Total Return.

**3 SIGNIFICANT ACCOUNTING POLICIES** (continued)

**3.2 Foreign currency** (continued)

**(iii) Net investment in a foreign operation**

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in Stapled Securityholders' funds and are presented in the foreign currency translation reserve.

**3.3 Investment properties and investment properties under development**

Investment properties comprise serviced residences, hotels, rental housing properties, student accommodation properties and other hospitality assets which are held either to earn rental or for capital appreciation or both. Investment properties under development are properties being constructed or developed for future use as investment properties. Certain of the Stapled Group's investment properties acquired through interests in subsidiaries, are accounted for as acquisition of assets.

Investment properties and investment properties under development are initially recognised at cost, including transaction costs, and subsequently at fair value with any change therein recognised in the total return. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Fair value is determined in accordance with the CapitaLand Ascott REIT Trust Deed and the CapitaLand Ascott BT Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following events:

- at least once in each period of 12 months following the acquisition of each parcel of real estate property; and
- for acquisition and disposal of real estate property as required by the CIS Code issued by MAS.

Any increase or decrease on revaluation is credited or charged to the Statement of Total Return as a net change in fair value of the investment properties and investment properties under development.

When an investment property or investment property under development is disposed of, the resulting gain or loss recognised in the Statement of Total Return is the difference between the net disposal proceeds and the carrying amount of the property.

Properties are classified either as investment properties or property, plant and equipment in the Statement of Financial Position. In assessing whether a property is classified as an investment property or property, plant and equipment, the Stapled Group takes into consideration several factors including, but not limited to, the business model, the extent of ancillary services provided, the power that the Stapled Group has to make significant operating and financing decisions regarding the operations of the property and the significance of its exposure to variations in the net cash flows of the property. The factors above are considered collectively, together with the facts and circumstances of each lease, in determining the classification of a property.

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.4 Property, plant and equipment

#### (i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Certain of the Stapled Group's property, plant and equipment acquired through interests in subsidiaries, are accounted for as acquisition of assets.

Subsequent to recognition, land and buildings are measured at fair value less accumulated depreciation and accumulated impairment losses while other plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Any surplus arising on the revaluation is recognised in OCI or Stapled Securityholders' funds (as the case may be), except to the extent that the surplus reverses a previous revaluation deficit on the same asset recognised in the Statement of Total Return, in which case the credit to that extent is recognised in the Statement of Total Return. Any deficit on revaluation is recognised in the Statement of Total Return except to the extent that it reverses a previous revaluation surplus on the same asset, in which case the debit to that extent is recognised in OCI or Stapled Securityholders' funds (as the case may be).

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the Statement of Total Return.

#### (ii) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset if it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Stapled Group and its cost can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

#### (iii) Depreciation

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use. Depreciation on property, plant and equipment is recognised in the Statement of Total Return on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment as follows:

| | | |
|---|---|---|
| Land and buildings | – | 30 to 83 years |
| Plant and machinery | – | 2 to 15 years |
| Renovation | – | 8 to 12 years |
| Motor vehicles | – | 5 to 8 years |
| Office equipment, computers and furniture | – | 2 to 10 years |

Freehold land and assets under construction are stated at cost and are not depreciated. Expenditure relating to assets under construction (including borrowing costs) are capitalised when incurred. Depreciation will commence when the development is completed and ready to use.

The assets' residual values, useful lives and depreciation methods are reviewed at each reporting date, and adjusted if appropriate.

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.5 Intangible assets

***Goodwill***

For business combinations, the Stapled Group measures goodwill as at acquisition date based on the fair value of the consideration transferred (including the fair value of any pre-existing equity interest in the acquiree) and the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the amount is negative, a gain on bargain purchase is recognised in the total return. Goodwill is subsequently measured at cost less accumulated impairment losses.

Goodwill arising from the acquisition of subsidiaries is included in intangible assets.

Goodwill is tested annually for impairment as described in Note 3.7.

### 3.6 Financial instruments

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

***Classification and measurement***

The Stapled Group classifies their financial assets as financial assets at amortised cost and fair value through profit or loss ("FVTPL").

The classification depends on the Stapled Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Stapled Group reclassifies financial assets when and only when its business model for managing those assets changes.

***At initial recognition***

A financial asset is recognised if the Stapled Group becomes a party to the contractual provisions of the financial asset.

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

***At subsequent measurement***

*Financial assets at amortised cost*

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method.

*Financial assets at FVTPL*

Financial assets that are held for trading as well as those that do not meet the criteria for classification as amortised cost are classified as FVTPL. Movement in fair values and interest income is recognised in the Statement of Total Return in the period in which it arises and presented in "other income".

**3 SIGNIFICANT ACCOUNTING POLICIES** (continued)

**3.6 Financial instruments** (continued)

**(ii) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the Statement of Cash Flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and form an integral part of the Stapled Group's cash management are included as a component of cash and cash equivalents.

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

The Stapled Group initially recognises debt securities issued on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the acquisition date. All other financial liabilities (including liabilities designated at FVTPL) are recognised initially on the trade date, which is the date that the Stapled Group becomes a party to the contractual provisions of the instrument.

A financial liability is classified as FVTPL if it is classified as held for trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in total return as incurred. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in total return.

The Stapled Group classifies non-derivative financial liabilities under the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method. Other financial liabilities comprised loans and borrowings, and trade and other payables (excluding advance rental and liability for employee benefits).

**(iv) Derecognition**

Financial assets are derecognised if the Stapled Group's contractual rights to the cash flows from the financial assets expire or if the Stapled Group transfers the financial assets to another party without retaining control or transfers substantially all the risks and rewards of the assets. The Stapled Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

**Interest rate benchmark reform**

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Stapled Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. No immediate gain or loss is recognised. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Stapled Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Stapled Group applies the policies on accounting for modifications to the additional changes.

**3 SIGNIFICANT ACCOUNTING POLICIES** (continued)

**3.6 Financial instruments** (continued)

**(v) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Stapled Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**(vi) Derivative financial instruments and hedge accounting**

The Stapled Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through total return. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Stapled Group designates each hedge as either: (a) cash flow hedge; or (b) net investment hedge.

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

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

***Hedges directly affected by interest rate benchmark reform***

*Phase 1 amendments: Prior to interest rate benchmark reform – when there is uncertainty arising from Interest rate benchmark reform*

A hedging relationship is directly affected by the uncertainties arising from the IBOR reform with respect to the hedged risk and the timing and amount of the interest rate benchmark-based cash flows of the hedged item and hedge instruments. For the purpose of evaluating whether the hedging relationship is expected to be highly effective (i.e. prospective effectiveness assessment), the Stapled Group assumes that the benchmark interest rate on which the cash flows are based is not altered as a result of IBOR reform.

For a cash flow hedge of a forecast transaction, the Stapled Group assumes that the benchmark interest rate will not be altered as a result of interest rate benchmark reform for the purpose of assessing whether the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect total return. In determining whether a previously designated forecast transaction in a discontinued cash flow hedge is still expected to occur, the Stapled Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

The Stapled Group will cease to apply the amendments to its effectiveness assessment of the hedging relationship at the earlier of, when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the hedged risk and the timing and the amount of the contractual cash flows of the hedged item and hedging instrument; and when the hedging relationship is discontinued.

**3 SIGNIFICANT ACCOUNTING POLICIES** (continued)

**3.6 Financial instruments** (continued)

**(vi) Derivative financial instruments and hedge accounting** (continued)

*Phase 2 amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from interest rate benchmark reform*

When the basis for determining the contractual cash flows of the hedged item or the hedging instrument changes as a result of interest rate benchmark reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Stapled Group amends the hedge documentation of that hedging relationship to reflect the change(s) required by interest rate benchmark reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

– the change is necessary as a direct consequence of the reform; and
– the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

For this purpose, the hedge designation is amended only to make one or more of the following changes:

– designating an alternative benchmark rate as the hedged risk;
– updating the description of hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
– updating the description of the hedging instrument.

The Stapled Group amends the description of the hedging instrument only if the following conditions are met:

– it makes a change required by interest rate benchmark reform by using an approach other than changing the basis for determining the contractual cash flows of the hedging instrument;
– the chosen approach is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
– the original hedging instrument is not derecognised.

The Stapled Group also amends the formal hedge documentation by the end of the reporting period during which a change required by interest rate benchmark reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by interest rate benchmark reform described above, then the Stapled Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in discontinuation of the hedge accounting relationship, then the Stapled Group amends the formal hedge documentation for changes required by interest rate benchmark reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by interest rate benchmark reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Stapled Group deems that the hedging reserve recognised in OCI for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.6 Financial instruments (continued)

#### (vi) Derivative financial instruments and hedge accounting (continued)

***Cash flow hedges***

The Stapled Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in the hedging reserve in Stapled Securityholders' funds. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the Statement of Total Return.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, such as inventory, the amounts recognised in the hedging reserve is included in the initial cost of the non-financial item.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in Stapled Securityholders' funds until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to Statement of Total Return in the same period or periods as the hedged expected future cash flows affect total return.

***Fair value hedges***

The firm commitment of contracts entered into with various customers denominated in foreign currencies are designated as the hedged item. The Stapled Group uses foreign currency forwards to hedge its exposure to foreign currency risk arising from these contracts. Under the Stapled Group's policy, the critical terms of the forward exchange contracts must align with the hedged items. The Stapled Group designates the spot component of forward contracts as the hedging instrument. The fair value changes on the hedged item resulting from currency risk are recognised in total return. The fair value changes on the spot of the currency forwards designated as fair value hedges are recognised in total return within the same line item as the fair value changes from the hedged item. The fair value changes on the ineffective portion of currency forwards are recognised in total return and presented separately in "other operating income or expenses".

***Net investment hedge***

The Stapled Group designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in the foreign currency translation reserve in Stapled Securityholders' funds. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in the Statement of Total Return. The amount recognised in the foreign currency translation reserve is reclassified to the Statement of Total Return on disposal of the foreign operation.

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.6 Financial instruments (continued)

#### (vi) Derivative financial instruments and hedge accounting (continued)

***Other non-trading derivatives***

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in the Statement of Total Return.

***Sustainability-linked notes***

The Stapled Group issued notes with contractual cash flows based on the Stapled Group meeting several sustainability performance targets. The Stapled Group has determined that the variability in cash flows linked to the Stapled Group's sustainability performance target is a non-financial variable specific to the party to the contract and therefore in accordance to the accounting policy of the Stapled Group, the feature fails the definition of a derivative. Accordingly, the feature is not separated. Instead, it is included in the calculation of the effective interest rate of the notes.

#### (vii) Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Stapled Group that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount of loss allowance. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to the Statement of Total Return.

ECLs are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Stapled Group expects to recover.

#### (viii) Stapled Securityholders' funds

Stapled Securityholders' funds represent the Stapled Securityholders' residual interest in the net assets of the CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group upon termination and is classified as equity. Incremental costs directly attributable to the issue of Stapled Securities are recognised as a deduction from Stapled Securityholders' funds.

#### (ix) Perpetual securities

The perpetual securities do not have a maturity date and distribution payment is optional at the discretion of CapitaLand Ascott REIT. As CapitaLand Ascott REIT does not have a contractual obligation to repay the principal nor make any distributions, perpetual securities are classified as Stapled Securityholders' funds.

Any distributions made are directly debited from Stapled Securityholders' funds. Incremental costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

**3 SIGNIFICANT ACCOUNTING POLICIES** (continued)

### 3.7 Impairment

#### (i) Financial assets

The Stapled Group assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its financial assets carried at amortised cost and financial guarantee contracts. For trade receivables, the Stapled Group applies the simplified approach permitted by FRS 109/SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Stapled Group applies the general approach of 12-month ECL at initial recognition for all other financial assets and financial guarantee contracts.

At each reporting date, the Stapled Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Stapled Group on terms that the Stapled Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

***Presentation of allowance for ECLs in the statement of financial position***

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

***Write-off***

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Stapled Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Stapled Group's procedures for recovery of amounts due.

**3 SIGNIFICANT ACCOUNTING POLICIES** (continued)

**3.7 Impairment** (continued)

**(ii) Non-financial assets**

The carrying amounts of the Stapled Group's non-financial assets, other than investment properties, investment properties under development, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGU that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in the Statement of Total Return. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the CGU on a *pro-rata* basis.

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

**3.8 Inventories**

Inventories comprise principally food and beverage and other serviced residence, hotels and rental property related consumable stocks. Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out allocation method.

**3.9 Assets and liabilities held for sale**

Non-current assets and liabilities, that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with applicable FRSs/SFRS(I)s. Thereafter, the assets classified as held for sale are generally measured at the lower of their carrying amount and fair value less costs to sell except for investment properties and land and buildings which are remeasured with reference to fair value or agreed sale proceeds.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the Statement of Total Return. Gains are not recognised in excess of any cumulative impairment loss.

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.10 Employee benefits

#### (i) Defined contribution plans

Contributions to post-employment benefits under defined contribution plans are recognised as an expense in the Statement of Total Return in the period during which the related services are rendered by employees.

#### (ii) Short-term employee benefits

All short-term employee benefits, including accumulated compensated absences, are measured on an undiscounted basis and are recognised in the period in which the employees render their services.

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

### 3.11 Provisions

A provision is recognised if, as a result of a past event, the Stapled Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

### 3.12 Leases

#### (i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Stapled Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Stapled Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Stapled Group recognises a right-of-use assets and a lease liability at the lease commitment date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Stapled Group by the end of the lease term or the cost of the right-of-use assets reflects that the Stapled Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property are carried at fair value in accordance with Note 3.3.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

**3 SIGNIFICANT ACCOUNTING POLICIES** (continued)

**3.12 Leases** (continued)

**(i) As a lessee** (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Stapled Group's estimate of the amount expected to be payable under a residual value guarantee, if the Stapled Group changes its assessment of whether it will exercise a purchase, extenuation or termination option or if there is a revised in-substance fixed lease payment.

Where the basis for determining future lease payments changes as required by interest rate benchmark reform (see Note 3.6(iv)), the Stapled Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

***Short-term leases and leases of low-value assets***

The Stapled Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including office equipment. The Stapled Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

***COVID-19-related rent concessions***

The Stapled Group has applied *COVID-19-Related Rent Concessions – Amendments to FRS 116/ SFRS(I) 16*. The Stapled Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Stapled Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Stapled Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Stapled Group assesses whether there is a lease modification.

**(ii) As a lessor**

To classify each lease, the Stapled Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Stapled Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Stapled Group leases out its investment property, including own property and right-of-use assets. The Stapled Group has classified these leases as operating leases.

The Stapled Group recognises lease payments received from investment property under operating leases as rental income on a straight-line basis over the lease term as part of 'gross revenue'.

**3.13 Revenue**

**(i) Rental income from operating leases**

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

**(ii) Hotel revenue**

Revenue from hotel operations is recognised when the accommodation and related services are rendered.

**3 SIGNIFICANT ACCOUNTING POLICIES** (continued)

**3.13 Revenue** (continued)

**(iii) Hospitality income**

Hospitality income from operations is recognised on an accrual basis, upon rendering of the relevant services. Hospitality income includes fees from usage of the business centres and laundry facilities, recoveries from guests for utilities and telephone charges, income earned from the sales of food and beverages, service and maintenance fees, recoveries of property taxes and maintenance costs from tenants and fees for managing public areas as well as other miscellaneous income.

**(iv) Car park income**

For car parks which are leased to an external operator, car park income is recognised on a straight-line basis over the term of the lease. For other car parks, car park income is recognised on an accrual basis.

**3.14 Expenses**

**(i) Direct expenses**

Direct expenses consist of serviced residence management fees, property taxes, staff costs and other property outgoings where such expenses are the responsibility of the Stapled Group.

**(ii) Trustee's fees**

The REIT Trustee's fee and BT Trustee-Manager's trustee fee are recognised on an accrual basis using the applicable formula as stipulated in Note 1.1(i) and Note 1.1(iii) respectively.

**(iii) REIT Manager's management fees**

REIT Manager's management fees are recognised on an accrual basis using the applicable formula, stipulated in Note 1.1(ii).

**(iv) BT Trustee-Manager's management fees**

BT Trustee-Manager's management fees are recognised on an accrual basis using the applicable formula, stipulated in Note 1.1(iii).

**(v) Serviced residence management fees**

The serviced residence management fees are recognised on an accrual basis using the applicable formula, stipulated in Note 1.1(iv).

**3.15 Government grants**

Government grants related to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Stapled Group will comply with the conditions associated with the grant. Grants that compensate the Stapled Group for expenses incurred are recognised in the Statement of Total Return, net of its related expense, on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.16 Finance income and finance costs

Finance income comprises interest income and is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on loans and borrowings, and amortisation of loans and borrowings related costs. Finance costs are recognised in the Statement of Total Return using the effective interest method.

### 3.17 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Statement of Total Return except to the extent that it relates to a business combination, or items recognised directly in Stapled Securityholders' funds.

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

Current tax assets and liabilities are offset only if certain criteria are met.

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Stapled Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Stapled Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.17 Income tax (continued)

The Inland Revenue Authority of Singapore (the "IRAS") has issued a tax ruling on the income tax treatment of CapitaLand Ascott REIT. Subject to compliance with the terms and conditions of the tax ruling, CapitaLand Ascott REIT is not subject to tax on the taxable income of CapitaLand Ascott REIT. Instead, the distributions made by CapitaLand Ascott REIT out of such taxable income are distributed free of tax deducted at source to individual Stapled Securityholders and qualifying Stapled Securityholders. Qualifying Stapled Securityholders are companies incorporated and tax resident in Singapore, Singapore branches of foreign companies that have obtained waiver from the IRAS from tax deducted at source in respect of the distributions from CapitaLand Ascott REIT, and bodies of persons registered or constituted in Singapore. This treatment is known as the tax transparency treatment.

The REIT Trustee will deduct tax at the reduced rate of 10% from distributions made out of CapitaLand Ascott REIT's taxable income that is not taxed at CapitaLand Ascott REIT's level to beneficial Stapled Securityholders who are qualifying foreign non-individual investors. A qualifying foreign non-individual investor is one who is not a resident of Singapore for income tax purposes and does not have a permanent establishment in Singapore. Where the non-individual investor carries on any operation in Singapore through a permanent establishment in Singapore, the funds used by that person to acquire the Stapled Securities cannot be obtained from that operation to qualify for the reduced tax rate.

For other types of Stapled Securityholders, the REIT Trustee is required to withhold tax at the prevailing corporate tax rate on the distributions made by CapitaLand Ascott REIT. Such Stapled Securityholders are subject to tax on the regrossed amounts of the distributions received but may claim a credit for the tax deducted at source by the REIT Trustee.

CapitaLand Ascott REIT will distribute at least 90% of its taxable income, other than gains from the sale of real estate properties that are determined by the IRAS to be trading gains, and net overseas income.

Net overseas income refers to the net profits (excluding any gains from the sale of property or shares, as the case may be) after applicable taxes and adjustment for non-cash items such as depreciation, derived by CapitaLand Ascott REIT from its properties located outside Singapore.

Distributions for the Stapled Group are made on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. In accordance with the provisions of the CapitaLand Ascott REIT Trust Deed and the CapitaLand Ascott BT Trust Deed, the REIT Manager and the BT Trustee-Manager are required to pay distributions declared within 60 days of the end of each distribution period. Distributions, when paid, will be in Singapore Dollars.

### 3.18 Earnings per Stapled Security

The Stapled Group presents basic and diluted earnings per Stapled Security. Basic earnings per Stapled Security is calculated by dividing the total return attributable to Stapled Securityholders by the weighted average number of Stapled Securities outstanding during the year. Diluted earnings per Stapled Security is determined by adjusting the total return attributable to Stapled Securityholders and the weighted average number of Stapled Securities outstanding, adjusted for the effects of all dilutive potential Stapled Securities.

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.19 Segment reporting

An operating segment is a component of the Stapled Group that engages in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Stapled Group's other components. All operating segments' operating results are reviewed regularly by the REIT Manager's and the BT Trustee-Manager's CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise finance costs, trust expenses and income tax expense.

Segment capital expenditure is the total costs incurred on investment properties, property, plant and equipment and investment properties under development during the year.

### 3.20 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group have not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new FRSs/SFRS(I)s, interpretations and amendments to FRSs/SFRS(I)s are not expected to have a significant impact on the CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group's consolidated financial statements:

- *Insurance Contracts (FRS 104/SFRS(I) 17 and Amendments to FRS 104/SFRS(I) 17)*
- *Classification of Liabilities as Current or Non-current (Amendments to FRS 1/SFRS(I)* 1-1)
- *Disclosure of Accounting Policies (Amendments to FRS 1/SFRS(I) 1-1 and FRS Practice Statement 2/SFRS(I) Practice Statement 2)*
- *Definition of Accounting Estimates (Amendments to FRS 8/SFRS(I) 1-8 Accounting Estimates)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to FRS 12/SFRS(I) 1 -12)*

## 4 INVESTMENT PROPERTIES

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| At 1 January | **5,882,709** | 5,253,374 | **515,117** | 548,447 | **6,297,854** | 5,687,743 |
| Acquisition of investment properties (Note 40) | **344,623** | 655,023 | **–** | – | **344,623** | 655,023 |
| Capital expenditure | **12,925** | 31,079 | **507** | 784 | **13,432** | 31,863 |
| Disposal of subsidiaries (Note 34) | **–** | (79,647) | **–** | – | **–** | (79,647) |
| Net change in fair value of investment properties | **58,751** | 113,305 | **(4,534)** | 4,993 | **42,254** | 123,554 |
| Disposal of investment properties | **–** | (393) | **–** | – | **–** | (393) |
| Assets written off | **(78)** | (4) | **–** | – | **(78)** | (4) |
| Transfer to assets held for sale (Note 16) | **–** | (1,519) | **–** | – | **–** | (1,519) |
| Transfer from/(to) property, plant and equipment (Note 5) | **111** | 13 | **–** | – | **(321,864)** | 13 |
| Transfer from investment properties under development (Note 6) | **125,908** | – | **–** | – | **125,908** | – |
| Translation differences | **(348,975)** | (88,522) | **(63,116)** | (39,107) | **(398,496)** | (118,779) |
| At 31 December | **6,075,974** | 5,882,709 | **447,974** | 515,117 | **6,103,633** | 6,297,854 |

Certain investment properties of the Stapled Group with an aggregate carrying value of $2,678,052,000 (2021: $2,065,838,000) are pledged as securities to banks for banking facilities granted to certain subsidiaries (Note 18).

The master lease for Park Hotel Clarke Quay (currently known as Riverside Hotel Robertson Quay) was terminated and the Stapled Group took possession of the property in August 2021. It was operated by Ascott International Management Pte Ltd under a short-term management agreement.

From 1 October 2022, the property is leased by CapitaLand Ascott REIT's subsidiary to CapitaLand Ascott BT's subsidiary under a master lease arrangement. CapitaLand Ascott BT's subsidiary has separately entered into a hotel management agreement with Ascott International Management Pte Ltd for the management of the property as well as the rebranding and renovation of the property. The hotel management agreement is effective from 1 October 2022 and will continue for a period of 20 years from completion of rebranding and renovation.

Upon the signing of the hotel management agreement, the property is classified as property, plant and equipment instead of investment property in the Stapled Group's financial statements as it will be operated as a full facility hotel and the proportion of ancillary income is deemed significant.

The Stapled Group assessed the classification of its investment properties as investment properties or property, plant and equipment based on its business model, taking into consideration the quantum of other income derived from ancillary services rendered relative to total revenue and employment of external property managers to operate the investment properties, amongst other factors.

The investment properties of CapitaLand Ascott BT Group included a right-of-use asset relating to the operating lease for Sotetsu Grand Fresa Tokyo-Bay Ariake ("Ariake Hotel") on adoption of FRS 116/SFRS(I) 16. Ascendas Ariake Godo Kaisha ("AAGK"), a subsidiary of CapitaLand Ascott BT, leases Ariake Hotel from Ascendas Hospitality Tokutei Mokuteki Kaisha, a subsidiary of CapitaLand Ascott REIT. FRS 116/SFRS(I) 16 requires AAGK to recognise a right-of-use asset and lease liability relating to this operating lease. There is no impact for the Stapled Group as the intra-group transaction is eliminated upon consolidation.

## 4 INVESTMENT PROPERTIES (continued)

***Measurement of fair value***

***Fair value hierarchy***

The fair value of investment properties is determined by external property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

The fair value measurement for the investment properties have been categorised as level 3 fair values based on inputs to the valuation techniques used. The following table reconciles the net carrying value of the investment properties to the fair value.

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Carrying value of investment properties | **6,075,974** | 5,882,709 | **447,974** | 515,117 | **6,103,633** | 6,297,854 |
| Less: Carrying amount of lease liabilities | **(267,014)** | (275,879) | **(81,388)** | (99,972) | **(267,014)** | (275,879) |
| Fair value of investment properties | **5,808,960** | 5,606,830 | **366,586** | 415,145 | **5,836,619** | 6,021,975 |

***Level 3 fair values***

Reconciliations from the beginning balances to the ending balances for fair value measurements of level 3 are set out in the table above.

***Valuation technique***

The Stapled Group's investment property portfolio is valued by external property valuers annually. External valuations are also carried out on occurrence of acquisitions. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion.

The valuers have adopted the income capitalisation approach and considered valuation techniques including the discounted cash flow and direct capitalisation methods (2021: discounted cash flow and direct capitalisation methods) in arriving at the fair value as at the reporting date. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated discount rate, terminal capitalisation rate, capitalisation rate and revenue per available unit.

The valuation of the Stapled Group's investment property portfolio is discussed with the Audit Committee and Board of Directors in accordance with the Stapled Group's reporting policies.

***Significant unobservable inputs***

The following table shows the valuation techniques used in measuring Level 3 fair values of investment properties, as well as the significant unobservable inputs used.

**4 INVESTMENT PROPERTIES** (continued)

| Valuation technique | Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurement |
|---|---|---|
| *Discounted cash flow method*: The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate and occupancy rate. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location and lease terms. | **Stapled Group**<br>• Discount rate:<br>South East Asia and Australia: 5.00% – 10.64% (2021: 5.00% – 10.50%)<br>North Asia: 3.30% – 6.00% (2021: 3.30% – 5.80%)<br>Europe and United Kingdom: 5.90% – 8.50% (2021: 5.42% – 8.25%)<br>United States of America: 8.00% – 8.75% (2021: 5.00% – 7.34%)<br>• Terminal capitalisation rate:<br>South East Asia and Australia: 3.50% – 9.00% (2021: 3.50% – 7.25%)<br>North Asia: 3.60% – 5.25% (2021: 3.50% – 5.30%)<br>Europe and United Kingdom: 3.25% – 7.75% (2021: 4.90% – 8.00%)<br>United States of America: 6.00% – 6.25% (2021: 5.00% – 5.75%) | The estimated fair value would increase (decrease) if:<br>• the discount rate were lower (higher); or<br>• the terminal capitalisation rate were lower (higher). |
| *Direct capitalisation method*: The valuation method considers the net present value of the expected future operating income of the property and dividing them by the capitalisation rate. This method is applied to the student accommodation properties which have relatively stable operating histories and expectations. | **Stapled Group**<br>• Capitalisation rate:<br>United States of America: 4.50% – 5.50% (2021: 4.25% – 5.00%) | The estimated fair value would increase (decrease) if the capitalisation rate were lower (higher). |

**Sensitivity analysis for key unobservable inputs**

The significant unobservable inputs used in the fair value measurement of the Stapled Group's investment properties are discount rate, terminal capitalisation rate and capitalisation rate. Significant decreases in the discount rate, terminal capitalisation rate and capitalisation rate in isolation would result in a significantly higher fair value measurement. Conversely, a significant increase would result in a significantly lower fair value measurement.

## 5 PROPERTY, PLANT AND EQUIPMENT

| CapitaLand Ascott REIT Group | Renovation $'000 | Motor vehicles $'000 | Office equipment, computers and furniture $'000 | Assets under construction $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 January 2021 | 12,731 | 510 | 97,202 | 1,093 | 111,536 |
| Additions | 173 | – | 2,650 | 729 | 3,552 |
| Disposals/written off | – | – | (691) | (2) | (693) |
| Disposal of subsidiaries (Note 34) | (1,484) | – | – | – | (1,484) |
| Acquisition of investment properties | – | – | 8,950 | – | 8,950 |
| Transfer to investment properties (Note 4) | – | – | (13) | – | (13) |
| Reclassifications | – | – | 276 | (276) | – |
| Translation differences | (352) | 84 | 1,198 | 4 | 934 |
| At 31 December 2021 | 11,068 | 594 | 109,572 | 1,548 | 122,782 |
| | | | | | |
| At 1 January 2022 | 11,068 | 594 | 109,572 | 1,548 | 122,782 |
| Additions | 165 | – | 9,262 | 1,420 | 10,847 |
| Disposals/written off | – | – | (2,341) | – | (2,341) |
| Acquisition of investment properties (Note 40) | – | – | 1,617 | – | 1,617 |
| Transfer to investment properties (Note 4) | – | – | (111) | – | (111) |
| Reclassifications | (127) | – | 1,788 | (1,661) | – |
| Translation differences | (874) | (42) | (6,601) | (66) | (7,583) |
| At 31 December 2022 | 10,232 | 552 | 113,186 | 1,241 | 125,211 |
| | | | | | |
| **Accumulated depreciation** | | | | | |
| At 1 January 2021 | 8,226 | 416 | 67,423 | – | 76,065 |
| Charge for the year | 715 | 46 | 9,733 | – | 10,494 |
| Disposals/written off | – | – | (657) | – | (657) |
| Disposal of subsidiaries (Note 34) | (1,128) | – | – | – | (1,128) |
| Translation differences | (712) | 27 | 1,504 | – | 819 |
| At 31 December 2021 | 7,101 | 489 | 78,003 | – | 85,593 |
| | | | | | |
| At 1 January 2022 | 7,101 | 489 | 78,003 | – | 85,593 |
| Charge for the year | 726 | 42 | 11,746 | – | 12,514 |
| Disposals/written off | – | – | (1,985) | – | (1,985) |
| Reclassifications | (1) | – | 1 | – | – |
| Translation differences | (642) | (35) | (5,796) | – | (6,473) |
| At 31 December 2022 | 7,184 | 496 | 81,969 | – | 89,649 |
| | | | | | |
| **Carrying amounts** | | | | | |
| At 1 January 2021 | 4,505 | 94 | 29,779 | 1,093 | 35,471 |
| At 31 December 2021 | 3,967 | 105 | 31,569 | 1,548 | 37,189 |
| At 31 December 2022 | 3,048 | 56 | 31,217 | 1,241 | 35,562 |

**5 PROPERTY, PLANT AND EQUIPMENT** (continued)

| CapitaLand Ascott BT Group | At Valuation<br>Land and buildings<br>$'000 | At Cost<br>Plant and machinery<br>$'000 | Office equipment, computers and furniture<br>$'000 | Assets under construction<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|---|
| **At valuation/cost** | | | | | |
| At 1 January 2021 | 518,663 | 41,129 | 17,876 | 3,908 | 581,576 |
| Additions | 487 | 461 | 116 | 1,046 | 2,110 |
| Net change in revaluation recognised in Statement of Total Return | 21,201 | – | – | – | 21,201 |
| Net change in revaluation recognised in Stapled Securityholders' funds | 4,400 | – | – | – | 4,400 |
| Reclassifications | 3,677 | 1 | 109 | (3,787) | – |
| Translation differences | 7,020 | 595 | 258 | 57 | 7,930 |
| Elimination of accumulated depreciation on revaluation | (13,467) | – | – | – | (13,467) |
| At 31 December 2021 | 541,981 | 42,186 | 18,359 | 1,224 | 603,750 |
| At 1 January 2022 | 541,981 | 42,186 | 18,359 | 1,224 | 603,750 |
| Additions | 1,075 | 226 | 92 | 247 | 1,640 |
| Net change in revaluation recognised in Statement of Total Return | 5,393 | – | – | – | 5,393 |
| Net change in revaluation recognised in Stapled Securityholders' funds | 54,088 | – | – | – | 54,088 |
| Reclassifications | 1,318 | – | 33 | (1,351) | – |
| Translation differences | (55,914) | (3,877) | (1,690) | (113) | (61,594) |
| Elimination of accumulated depreciation on revaluation | (11,316) | – | – | – | (11,316) |
| At 31 December 2022 | 536,625 | 38,535 | 16,794 | 7 | 591,961 |
| **Accumulated depreciation** | | | | | |
| At 1 January 2021 | – | 5,079 | 2,689 | – | 7,768 |
| Charge for the year | 13,627 | 5,388 | 3,135 | – | 22,150 |
| Translation differences | (160) | (72) | (47) | – | (279) |
| Elimination of accumulated depreciation on revaluation | (13,467) | – | – | – | (13,467) |
| At 31 December 2021 | – | 10,395 | 5,777 | – | 16,172 |
| At 1 January 2022 | – | 10,395 | 5,777 | – | 16,172 |
| Charge for the year | 14,760 | 4,557 | 2,763 | – | 22,080 |
| Translation differences | (3,444) | (1,225) | (695) | – | (5,364) |
| Elimination of accumulated depreciation on revaluation | (11,316) | – | – | – | (11,316) |
| At 31 December 2022 | – | 13,727 | 7,845 | – | 21,572 |
| **Carrying amounts** | | | | | |
| At 1 January 2021 | 518,663 | 36,050 | 15,187 | 3,908 | 573,808 |
| At 31 December 2021 | 541,981 | 31,791 | 12,582 | 1,224 | 587,578 |
| At 31 December 2022 | 536,625 | 24,808 | 8,949 | 7 | 570,389 |

# Notes to the Financial Statements

Year ended 31 December 2022

## 5 PROPERTY, PLANT AND EQUIPMENT (continued)

| | At Valuation | At Cost | | | | | |
|---|---|---|---|---|---|---|---|
| Stapled Group | Land and buildings $'000 | Plant and machinery $'000 | Renovation $'000 | Motor vehicles $'000 | Office equipment, computers and furniture $'000 | Assets under construction $'000 | Total $'000 |
| **At valuation/cost** | | | | | | | |
| At 1 January 2021 | 518,663 | 41,129 | 12,731 | 510 | 115,078 | 5,001 | 693,112 |
| Additions | 487 | 461 | 173 | – | 2,766 | 1,775 | 5,662 |
| Disposals/written off | – | – | – | – | (691) | (2) | (693) |
| Net change in revaluation recognised in Statement of Total Return | 21,201 | – | – | – | – | – | 21,201 |
| Net change in revaluation recognised in Stapled Securityholders' funds | 4,400 | – | – | – | – | – | 4,400 |
| Reclassifications | 3,677 | 1 | – | – | 385 | (4,063) | – |
| Disposal of subsidiaries (Note 34) | – | – | (1,484) | – | – | – | (1,484) |
| Acquisition of investment properties | – | – | – | – | 8,950 | – | 8,950 |
| Transfer to investment properties (Note 4) | – | – | – | – | (13) | – | (13) |
| Translation differences | 7,020 | 595 | (352) | 84 | 1,456 | 61 | 8,864 |
| Elimination of accumulated depreciation on revaluation | (13,467) | – | – | – | – | – | (13,467) |
| At 31 December 2021 | 541,981 | 42,186 | 11,068 | 594 | 127,931 | 2,772 | 726,532 |
| | | | | | | | |
| At 1 January 2022 | 541,981 | 42,186 | 11,068 | 594 | 127,931 | 2,772 | 726,532 |
| Additions | 1,075 | 226 | 165 | | 9,354 | 1,667 | 12,487 |
| Disposals/written off | – | – | – | – | (2,341) | – | (2,341) |
| Net change in revaluation recognised in Statement of Total Return | 5,393 | – | – | – | – | – | 5,393 |
| Net change in revaluation recognised in Stapled Securityholders' funds | 72,219 | – | – | – | – | – | 72,219 |
| Reclassifications | 1,318 | – | (127) | – | 1,821 | (3,012) | – |
| Acquisition of investment properties (Note 40) | – | – | – | – | 1,617 | – | 1,617 |
| Transfer from/(to) investment properties (Note 4) | 321,975 | – | – | – | (111) | – | 321,864 |
| Translation differences | (55,914) | (3,877) | (874) | (42) | (8,291) | (179) | (69,177) |
| Elimination of accumulated depreciation on revaluation | (12,495) | – | – | – | – | – | (12,495) |
| At 31 December 2022 | 875,552 | 38,535 | 10,232 | 552 | 129,980 | 1,248 | 1,056,099 |

## 5 PROPERTY, PLANT AND EQUIPMENT (continued)

| | At Valuation | At Cost | | | | | |
|---|---|---|---|---|---|---|---|
| Stapled Group | Land and buildings $'000 | Plant and machinery $'000 | Renovation $'000 | Motor vehicles $'000 | Office equipment computers and furniture $'000 | Assets under construction $'000 | Total $'000 |
| **Accumulated depreciation** | | | | | | | |
| At 1 January 2021 | – | 5,079 | 8,226 | 416 | 70,112 | – | 83,833 |
| Charge for the year | 13,627 | 5,388 | 715 | 46 | 12,868 | – | 32,644 |
| Disposals/written off | – | – | – | – | (657) | – | (657) |
| Disposal of subsidiaries (Note 34) | – | – | (1,128) | – | – | – | (1,128) |
| Translation differences | (160) | (72) | (712) | 27 | 1,457 | – | 540 |
| Elimination of accumulated depreciation on revaluation | (13,467) | – | – | – | – | – | (13,467) |
| At 31 December 2021 | – | 10,395 | 7,101 | 489 | 83,780 | – | 101,765 |
| | | | | | | | |
| At 1 January 2022 | – | 10,395 | 7,101 | 489 | 83,780 | – | 101,765 |
| Charge for the year | 15,939 | 4,557 | 726 | 42 | 14,509 | – | 35,773 |
| Disposals/written off | – | – | – | – | (1,985) | – | (1,985) |
| Reclassifications | – | – | (1) | – | 1 | – | – |
| Translation differences | (3,444) | (1,225) | (642) | (35) | (6,491) | – | (11,837) |
| Elimination of accumulated depreciation on revaluation | (12,495) | – | – | – | – | – | (12,495) |
| At 31 December 2022 | – | 13,727 | 7,184 | 496 | 89,814 | – | 111,221 |
| **Carrying amounts** | | | | | | | |
| At 1 January 2021 | 518,663 | 36,050 | 4,505 | 94 | 44,966 | 5,001 | 609,279 |
| At 31 December 2021 | 541,981 | 31,791 | 3,967 | 105 | 44,151 | 2,772 | 624,767 |
| At 31 December 2022 | 875,552 | 24,808 | 3,048 | 56 | 40,166 | 1,248 | 944,878 |

## 5 PROPERTY, PLANT AND EQUIPMENT (continued)

For each revalued class of property, plant and equipment, the carrying amount that would have been recognised had the assets been carried under the cost model is as follows:

| | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| **Land and buildings** | | | | |
| Cost and carrying amount | **508,198** | 557,106 | **828,994** | 557,106 |

As at 31 December 2022, land and buildings are revalued to their fair values. The fair value of the land and buildings is determined by external property valuers having appropriate professional qualifications and recent experience in the location and category of the properties being valued.

***Fair value hierarchy***

The fair value measurement for the land and buildings have been categorised as level 3 fair values based on inputs to the valuation techniques used.

***Valuation technique and significant unobservable inputs***

Land and buildings are stated at fair value based on valuation performed by external property valuers. The fair values were derived based on the discounted cash flow method (2021: discounted cash flow method). In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of land and buildings include market-corroborated discount rate, terminal capitalisation rate and revenue per available unit.

The valuation of the Stapled Group's land and buildings is discussed with the Audit Committee and Board of Directors in accordance with the Stapled Group's reporting policies.

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

| Valuation technique | Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurement |
|---|---|---|
| *Discounted cash flow method* | **Stapled Group**<br>• Discount rate: Australia: 7.50% – 8.60% (2021: 6.00% – 7.50%)<br>• Terminal capitalisation rate: Australia: 5.25% – 6.25% (2021: 5.00% – 6.00%)<br>• Discount rate: Singapore: 5.00% (2021: Nil)<br>• Terminal capitalisation rate: Singapore: 3.50% (2021: Nil) | The estimated fair value would increase (decrease) if:<br>• the discount rate were lower (higher); or<br>• the terminal capitalisation rate were lower (higher). |

**Sensitivity analysis for key unobservable inputs**

The significant unobservable inputs used in the fair value measurement of the Stapled Group's land and buildings are discount rate and terminal capitalisation rate. Significant decreases in the discount rate and terminal capitalisation rate in isolation would result in a significantly higher fair value measurement. Conversely, a significant increase would result in a significantly lower fair value measurement.

## 6 INVESTMENT PROPERTIES UNDER DEVELOPMENT

| | CapitaLand Ascott REIT Group and Stapled Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| At 1 January | **302,863** | 229,900 |
| Acquisition of investment properties under development (Note 40) | **103,735** | – |
| Development costs and interest capitalised[1] | **25,217** | 70,459 |
| Transfer to investment properties (Note 4) | **(125,908)** | – |
| Net change in fair value of investment properties under development | **80,082** | 2,504 |
| Translation differences | **(282)** | – |
| At 31 December | **385,707** | 302,863 |

(1) Capitalised costs included $1,640,000 (31 December 2021: $190,000) paid/payable to related corporations and borrowing costs of $68,000 (31 December 2021: $499,000).

Standard at Columbia, with a carrying value of $128,707,000 (31 December 2021: Nil), is pledged as security to the bank (Note 18).

***Fair value hierarchy***

The fair value of investment properties under development is determined by external property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of properties being valued.

The fair value measurement for the investment properties under development have been categorised as level 3 fair values based on inputs to the valuation techniques used.

***Level 3 fair values***

Reconciliations from the beginning balances to the ending balances for fair value measurements of level 3 are set out in the table above.

***Valuation technique and significant unobservable inputs***

Investment properties under development is stated at fair value based on valuation performed by external property valuers. In determining the fair value, the valuers have adopted the residual land value method. The key assumptions used to determine the fair value of investment properties under development include market-corroborated discount rate, terminal capitalisation rate, capitalisation rate and gross development costs.

The valuation of the Stapled Group's investment property under development portfolio is discussed with the Audit Committee and Board of Directors in accordance with the Stapled Group's reporting policies.

**6 INVESTMENT PROPERTIES UNDER DEVELOPMENT** (continued)

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

| Valuation technique | Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurement |
|---|---|---|
| Under the residual land value method, the total gross development costs and developer's profit are deducted from the gross development value to arrive at the residual value of land. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of the valuation. | **Stapled Group**<br>• Discount rates:<br>Singapore<br>4.80%<br>(2021: 5.00% – 6.40%)<br><br>• Terminal capitalisation rates:<br>Singapore<br>3.25%<br>(2021: 3.50% – 4.88%)<br><br>• Gross development costs:<br>Singapore<br>$134,167,000<br>(2021: $51,170,000 – $134,373,000)<br><br>• Capitalisation rates:<br>United States of America<br>4.75%<br>(2021: Nil)<br><br>• Gross development costs:<br>United States of America<br>$131,281,000<br>(2021: Nil) | The estimated fair value would increase (decrease) if:<br>• the discount rates were lower (higher);<br>• the terminal capitalisation rates were lower (higher); or<br>• the gross development costs decrease (increase). |

**Sensitivity analysis for key unobservable inputs**

The significant unobservable inputs used in the fair value measurement of the Stapled Group's investment properties under development are discount rate, terminal capitalisation rate, capitalisation rate and gross development costs. Significant decreases in the discount rate, terminal capitalisation rate, capitalisation rate and gross development costs in isolation would result in a significantly higher fair value measurement. Conversely, a significant increase would result in a significantly lower fair value measurement.

## 7 INVESTMENT SECURITIES

CapitaLand Ascott REIT Group holds 1% interest in Ascendas Hospitality Australia Investment Fund No. 1 ("AHAIF1"). The CapitaLand Ascott REIT Group's ownership in AHAIF1 enables AHAIF1 to meet the Australian corporate law requirement for a Managed Investment Scheme and certain requirements to qualify as a Managed Investment Trust under the Australian tax law. AHAIF1 owns 100% equity interest in Ascendas Australia Hotel Trust, which owns the hotel properties in Australia. Investments in unquoted investment securities are measured at fair value with change in fair value recognised in the Statement of Total Return.

As at 31 December 2022, the fair value of the CapitaLand Ascott REIT Group's 1% interest in AHAIF1 is $2,416,000 (2021: $2,163,000). The effective interest held by the Stapled Group is 100%. Upon consolidation, the investment securities will be adjusted against the non-controlling interests of the CapitaLand Ascott BT Group.

## 8 GOODWILL

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Goodwill arising from business combination | **60,866** | 60,866 | **79,233** | 79,233 | **140,099** | 140,099 |
| Less: Impairment loss | **(60,866)** | (60,866) | **(79,233)** | (79,233) | **(140,099)** | (140,099) |
| | **–** | – | **–** | – | **–** | – |

For the purposes of impairment testing, goodwill has been allocated to the CGUs as follows:

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| A-HREIT Group | **60,866** | 60,866 | **–** | – | **60,866** | 60,866 |
| A-HBT Group | **–** | – | **79,233** | 79,233 | **79,233** | 79,233 |
| | **60,866** | 60,866 | **79,233** | 79,233 | **140,099** | 140,099 |

In 2019, the CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group assessed the carrying amount of the CGUs (inclusive of goodwill allocated) for indicators of impairment. The recoverable amount of each CGU is determined based on their respective fair value less costs to sell, which is estimated to approximate the fair value of net assets of Ascendas Hospitality Real Estate Investment Trust ("A-HREIT") and its subsidiaries (the "A-HREIT Group") and Ascendas Hospitality Business Trust ("A-HBT") and its subsidiaries (the "A-HBT Group") acquired on 31 December 2019. Based on the CapitaLand Ascott REIT Group's, the CapitaLand Ascott BT Group's and the Stapled Group's assessment, the carrying amounts of the CGUs (inclusive of goodwill allocated) were determined to be higher than its recoverable amount, and impairment loss of $60,866,000, $79,233,000 and $140,099,000 (2021: $60,866,000, $79,233,000 and $140,099,000) were recognised respectively.

## 9 SUBSIDIARIES

The CapitaLand Ascott REIT Group and the CapitaLand Ascott BT Group have equity investments in subsidiaries.

Details of the significant subsidiaries are as follows:

| Name of subsidiaries | Principal place of business/Country of incorporation | Effective equity interest held by the Stapled Group 2022 % | 2021 % |
|---|---|---|---|
| **Held by CapitaLand Ascott REIT** | | | |
| Ascott REIT MTN Pte. Ltd. | Singapore | **100** | 100 |
| Ascott REIT MTN (Euro) Pte. Ltd. | Singapore | **100** | 100 |
| Ascendas Hospitality Real Estate Investment Trust | Singapore | **100** | 100 |
| **Held through CapitaLand Ascott REIT subsidiaries** | | | |
| Ascendas Hospitality MTN Pte. Ltd. | Singapore | **100** | 100 |
| Ascott REIT Cannon Hill Trust[c] | Australia | **100** | – |
| Ascott REIT Seven Campbelltown Trust[a] | Australia | **100** | 100 |
| Ascott REIT Eight Mascot Trust[a] | Australia | **100** | 100 |
| Ascott REIT Nine SOP Trust[a] | Australia | **100** | 100 |
| Ascott REIT Fourteen MP Unit Trust[a] | Australia | **100** | 100 |
| Citadines Melbourne on Bourke Unit Trust[a] | Australia | **100** | 100 |
| Citadines St Georges Terrace (Perth) Unit Trust[a] | Australia | **100** | 100 |
| Citadines Connect Sydney Airport Unit Trust[a] | Australia | **100** | 100 |
| Somerset Heping (Shenyang) Property Co., Ltd.[a] | China | **100** | 100 |
| Suzhou Chong Rui Xin Shi Ji Real Estate Co., Ltd.[a] | China | **100** | 100 |
| Tianjin Consco Property Development Co., Ltd.[a] | China | **100** | 100 |
| Wangze (Dalian) Enterprise Co., Limited[a] | China | **100** | 100 |
| Wuhan Citadines Property Development Co., Ltd.[a] | China | **100** | 100 |
| Ascott Kleber SNC[c] | France | **100** | – |
| Oriville SAS[a] | France | **100** | 100 |
| Citadines Munich Arnulfpark GmbH & Co. KG[b] | Germany | **100** | 100 |
| Citadines Europaviertel (Frankfurt) GmbH & Co., KG[b] | Germany | **93** | 93 |
| Citadines Hamburg Michel GmbH & Co., KG[b] | Germany | **93** | 93 |
| PT Bumi Perkasa Andhika[a] | Indonesia | **100** | 100 |
| PT Ciputra Liang Court[a] | Indonesia | **57** | 57 |
| ARC-CapitaLand Three TMK[a] | Japan | **100** | 100 |
| ARC-CapitaLand Four TMK[a] | Japan | **100** | 100 |
| Ascendas Hospitality Honmachi Tokutei Mokuteki Kaisha[a] | Japan | **100** | 100 |
| Ascendas Hospitality Tokutei Mokuteki Kaisha[a] | Japan | **100** | 100 |
| Citadines Central Shinjuku TMK[a] | Japan | **100** | 100 |
| Citadines Kyoto Gojo TMK[a] | Japan | **100** | 100 |
| Citadines Shinjuku TMK[a] | Japan | **100** | 100 |
| Crystal Residence TMK[a] | Japan | **100** | 100 |
| Infini Garden TMK[a] | Japan | **100** | 100 |
| Sapphire Residence TMK[a] | Japan | **100** | 100 |
| Somerset Roppongi TMK[a] | Japan | **100** | 100 |
| Ascott REIT (Jersey) Limited[b] | United Kingdom/ Jersey | **100** | 100 |
| Somerset Ampang (Malaysia) Sdn. Bhd.[a] | Malaysia | **100** | 100 |

## 9 SUBSIDIARIES (continued)

| Name of subsidiaries | Principal place of business/Country of incorporation | Effective equity interest held by the Stapled Group 2022 % | 2021 % |
|---|---|---|---|
| **Held through CapitaLand Ascott REIT subsidiaries** (continued) | | | |
| Ascott Baumwall (Hamburg) BV[b] | Netherlands | **100** | 100 |
| Ascott Hospitality Holdings Philippines, Inc[a] | Philippines | **100** | 100 |
| Ascott Makati, Inc[a] | Philippines | **100** | 100 |
| SQ Resources, Inc[a] | Philippines | **63** | 63 |
| SN Resources, Inc[a] | Philippines | **97** | 97 |
| Barrydale SM LLC[b] | United States of America | **100** | 100 |
| SM Ascott LLC[b] | United States of America | **100** | 100 |
| Tribeca Ascott LLC[b] | United States of America | **100** | 100 |
| Columbia Student Property Owner, LLC[c] | United States of America | **90** | – |
| GT Student SM LLC[b] | United States of America | **100** | 100 |
| Kent ST SM LLC[b] | United States of America | **100** | 100 |
| NCST LP[b] | United States of America | **100** | 100 |
| PHL UC SM LLC[b] | United States of America | **100** | 100 |
| TTU Student SM LLC[b] | United States of America | **100** | 100 |
| UIUC 707 Student SM LLC[b] | United States of America | **100** | 100 |
| UNCW LP[b] | United States of America | **100** | 100 |
| Hanoi Tower Center Company Limited[a] | Vietnam | **76** | 76 |
| Mekong-Hacota Joint Venture Company Limited[a] | Vietnam | **59** | 60 |
| Saigon Office and Serviced Apartment Company Limited[a] | Vietnam | **67** | 67 |
| Somerset Hoa Binh Joint Venture Company Limited[a] | Vietnam | **90** | 90 |
| Somerset Central TD Company Limited[c] | Vietnam | **100** | – |
| **Held through CapitaLand Ascott BT** | | | |
| Ascendas Hospitality Business Trust | Singapore | **100** | 100 |
| **Held through CapitaLand Ascott BT subsidiaries** | | | |
| Ascendas Australia Hotel Trust[a] | Australia | **100** | 100 |
| Ascendas Hospitality Australia Investment Fund No.1[b] | Australia | **100** | 100 |
| Ascendas Hospitality Australia Investment Fund No.2[b] | Australia | **100** | 100 |
| Ascendas Hospitality Operations Pty Ltd[a] | Australia | **100** | 100 |
| Ascendas Hotel Investment Company Pty Limited[a] | Australia | **100** | 100 |
| Ascendas Japan Namba Tokutei Mokuteki Kaisha[a] | Japan | **100** | 100 |
| CapitaLand Korea Hospitality No.6 Qualified Private Real Estate Investment LLC[b] | South Korea | **99** | 99 |
| CapitaLand Korea Hospitality Qualified Private Real Estate Investment Trust No.7[b] | South Korea | **99** | 99 |

All significant subsidiaries are audited by KPMG LLP Singapore except for the following:
(a) Audited by other member firms of KPMG International.
(b) Not required to be audited by laws of country of incorporation.
(c) The subsidiaries were incorporated / acquired during the year.

## 10 NON-CONTROLLING INTERESTS

The following subsidiaries have material non-controlling interests ("NCI") and operate investment properties.

| Name | Principal place of business/Country of incorporation | Ownership interests held by NCI | |
|---|---|---|---|
| | | **2022** | **2021** |
| | | **%** | **%** |
| **Held by CapitaLand Ascott REIT** | | | |
| PT Ciputra Liang Court | Indonesia | **42.6** | 42.6 |
| Columbia Student Venture LLC Group | United States of America | **10.0** | – |
| Hanoi Tower Center Company Limited | Vietnam | **24.0** | 24.0 |
| Mekong-Hacota Joint Venture Company Limited | Vietnam | **40.5** | 39.6 |
| Saigon Office and Serviced Apartment Company Limited | Vietnam | **33.0** | 33.0 |
| Somerset Hoa Binh Joint Venture Company Limited | Vietnam | **10.0** | 10.0 |

The CapitaLand Ascott REIT Group's interests in its subsidiaries in Vietnam are held under the terms of joint venture arrangements with unrelated third parties. Under the terms of these joint venture arrangements, the net profits of each of the subsidiaries in Vietnam, upon fulfilment of certain statutory financial obligations and the payment of other amounts due, are to be distributed to the shareholders of these subsidiaries in certain proportions during different periods in accordance with the terms of the relevant joint venture arrangements and/or the applicable investment license under which these subsidiaries operate.

Under the investment license of Hanoi Tower Center Company Limited, Burton Engineering Pte Ltd is entitled to 76%, 70% and 50% of the distributed profits for each year during the first 25 years, the following ten years and the subsequent ten years, respectively, from the commencement of operations of Hanoi Tower Center Company Limited. From 9 February 2018, profits attributable to NCI of Hanoi Tower Center Company Limited increased from 24% to 30%.

Under the investment license of Saigon Office and Serviced Apartment Company Limited, East Australia Trading Company (S) Pte Ltd is entitled to 67%, 60% and 40% of the distributed profits for each year prior to the repayment of its capital bank loan, after the repayment of its capital bank loan and after 31 years from the commencement of operations of Saigon Office and Serviced Apartment Company Limited respectively. From 28 February 2022, profits attributable to NCI of Saigon Office and Serviced Apartment Company Limited increased from 33% to 40%.

## 10 NON-CONTROLLING INTERESTS (continued)

The following summarises the financial information of each of the CapitaLand Ascott REIT Group's subsidiaries with material NCI, based on their respective financial statements prepared in accordance with FRSs/SFRS(I)s, modified for fair value adjustments on acquisition and differences in the Stapled Group's accounting policies.

| CapitaLand Ascott REIT Group | PT Ciputra Liang Court $'000 | Columbia Student Venture LLC Group $'000 | Hanoi Tower Center Company Limited $'000 | Mekong-Hacota Joint Venture Company Limited $'000 | Saigon Office and Serviced Apartment Company Limited $'000 | Somerset Hoa Binh Joint Venture Company Limited $'000 | Other individually immaterial subsidiaries $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **2022** | | | | | | | | |
| **Revenue** | 5,490 | – | 11,108 | 6,509 | 7,123 | 2,584 | | |
| Profit/(Loss) | 1,963 | 13,226 | (747) | 883 | 1,465 | (2,889) | | |
| Attributable to NCI: | | | | | | | | |
| – Profit/(Loss) | 836 | 1,323 | (224) | 350 | 579 | (289) | 268 | 2,843 |
| Non-current assets | 39,065 | 128,167 | 85,721 | 36,423 | 46,456 | 30,856 | | |
| Current assets | 3,098 | 1,030 | 2,778 | 1,308 | 3,483 | 1,448 | | |
| Non-current liabilities | (882) | (45,089) | (3,503) | – | – | – | | |
| Current liabilities | (2,262) | (13,547) | (2,457) | (1,751) | (2,240) | (9,717) | | |
| **Net assets** | 39,019 | 70,561 | 82,539 | 35,980 | 47,699 | 22,587 | | |
| **Net assets attributable to NCI** | 16,611 | 7,056 | 19,809 | 14,558 | 15,741 | 2,259 | 5,412 | 81,446 |
| Cash flows from operating activities | 1,024 | 98 | 6,353 | 3,118 | 3,834 | 645 | | |
| Cash flows from/(used in) investing activities | 27 | (5,901) | (100) | (52) | 41 | (111) | | |
| Cash flows from/(used in) financing activities | – | 5,901 | (5,125) | (2,608) | (8,055) | (336) | | |
| **Net increase/(decrease) in cash and cash equivalents** | 1,051 | 98 | 1,128 | 458 | (4,180) | 198 | | |
| **Dividends paid to NCI** | – | – | (947) | (139) | (706) | – | | |

# Notes to the Financial Statements

Year ended 31 December 2022

## 10 NON-CONTROLLING INTERESTS (continued)

| CapitaLand Ascott REIT Group | PT Ciputra Liang Court $'000 | Hanoi Tower Center Company Limited $'000 | Mekong-Hacota Joint Venture Company Limited $'000 | Saigon Office and Serviced Apartment Company Limited $'000 | Somerset Hoa Binh Joint Venture Company Limited $'000 | Other individually immaterial subsidiaries $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **2021** | | | | | | | |
| **Revenue** | 4,293 | 8,782 | 3,703 | 5,693 | 2,620 | | |
| Profit/(Loss) | 1,484 | 626 | (583) | 564 | (782) | | |
| Attributable to NCI: | | | | | | | |
| – Profit/(Loss) | 632 | 188 | (226) | 186 | (78) | 370 | 1,072 |
| Non-current assets | 41,136 | 98,828 | 40,200 | 50,602 | 34,914 | | |
| Current assets | 2,891 | 1,897 | 681 | 8,143 | 1,305 | | |
| Non-current liabilities | (947) | (4,690) | – | – | – | | |
| Current liabilities | (3,322) | (4,149) | (3,547) | (8,279) | (9,478) | | |
| **Net assets** | 39,758 | 91,886 | 37,334 | 50,466 | 26,741 | | |
| **Net assets attributable to NCI** | 16,925 | 22,053 | 14,784 | 16,654 | 2,674 | 5,726 | 78,816 |
| Cash flows (used in)/from operating activities | (1,514) | 4,565 | 1,764 | 2,773 | 708 | | |
| Cash flows from/(used in) investing activities | 794 | (25) | (136) | 327 | (44) | | |
| Cash flows used in financing activities | – | (6,220) | (1,792) | (3,616) | (160) | | |
| **Net (decrease)/increase in cash and cash equivalents** | (720) | (1,680) | (164) | (516) | 504 | | |
| **Dividends paid to NCI** | – | – | – | (784) | – | | |

## 10 NON-CONTROLLING INTERESTS (continued)

The NCI of the CapitaLand Ascott BT Group is immaterial as at 31 December 2022 and 2021, and therefore, the financial information is not presented.

The following summarises the financial information of each of the Stapled Group's subsidiaries with material NCI, based on their respective financial statements prepared in accordance with FRSs/SFRS(I)s, modified for fair value adjustments on acquisition and differences in the Stapled Group's accounting policies.

| **Stapled Group** | **PT Ciputra Liang Court $'000** | **Columbia Student Venture LLC Group $'000** | **Hanoi Tower Center Company Limited $'000** | **Mekong-Hacota Joint Venture Company Limited $'000** | **Saigon Office and Serviced Apartment Company Limited $'000** | **Somerset Hoa Binh Joint Venture Company Limited $'000** | **Other individually immaterial subsidiaries $'000** | **Total $'000** |
|---|---|---|---|---|---|---|---|---|
| **2022** | | | | | | | | |
| **Revenue** | 5,490 | – | 11,108 | 6,509 | 7,123 | 2,584 | | |
| Profit/(Loss) | 1,963 | 13,226 | (747) | 883 | 1,465 | (2,889) | | |
| Attributable to NCI: | | | | | | | | |
| – Profit/(Loss) | 836 | 1,323 | (224) | 350 | 579 | (289) | 340 | 2,915 |
| Non-current assets | 39,065 | 128,167 | 85,721 | 36,423 | 46,456 | 30,856 | | |
| Current assets | 3,098 | 1,030 | 2,778 | 1,308 | 3,483 | 1,448 | | |
| Non-current liabilities | (882) | (45,089) | (3,503) | – | – | – | | |
| Current liabilities | (2,262) | (13,547) | (2,457) | (1,751) | (2,240) | (9,717) | | |
| **Net assets** | 39,019 | 70,561 | 82,539 | 35,980 | 47,699 | 22,587 | | |
| **Net assets attributable to NCI** | 16,611 | 7,056 | 19,809 | 14,558 | 15,741 | 2,259 | 7,027 | 83,061 |
| Cash flows from operating activities | 1,024 | 98 | 6,353 | 3,118 | 3,834 | 645 | | |
| Cash flows from/(used in) investing activities | 27 | (5,901) | (100) | (52) | 41 | (111) | | |
| Cash flows from/(used in) financing activities | – | 5,901 | (5,125) | (2,608) | (8,055) | (336) | | |
| **Net increase/(decrease) in cash and cash equivalents** | 1,051 | 98 | 1,128 | 458 | (4,180) | 198 | | |
| **Dividends paid to NCI** | – | – | (947) | (139) | (706) | – | | |

## 10 NON-CONTROLLING INTERESTS (continued)

| Stapled Group | PT Ciputra Liang Court $'000 | Hanoi Tower Center Company Limited $'000 | Mekong-Hacota Joint Venture Company Limited $'000 | Saigon Office and Serviced Apartment Company Limited $'000 | Somerset Hoa Binh Joint Venture Company Limited $'000 | Other individually immaterial subsidiaries $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **2021** | | | | | | | |
| **Revenue** | 4,293 | 8,782 | 3,703 | 5,693 | 2,620 | | |
| Profit/(Loss) | 1,484 | 626 | (583) | 564 | (782) | | |
| Attributable to NCI: | | | | | | | |
| – Profit/(Loss) | 632 | 188 | (226) | 186 | (78) | 398 | 1,100 |
| Non-current assets | 41,136 | 98,828 | 40,200 | 50,602 | 34,914 | | |
| Current assets | 2,891 | 1,897 | 681 | 8,143 | 1,305 | | |
| Non-current liabilities | (947) | (4,690) | – | – | – | | |
| Current liabilities | (3,322) | (4,149) | (3,547) | (8,279) | (9,478) | | |
| **Net assets** | 39,758 | 91,886 | 37,334 | 50,466 | 26,741 | | |
| **Net assets attributable to NCI** | 16,925 | 22,053 | 14,784 | 16,654 | 2,674 | 7,471 | 80,561 |
| Cash flows (used in)/from operating activities | (1,514) | 4,565 | 1,764 | 2,773 | 708 | | |
| Cash flows from/(used in) investing activities | 794 | (25) | (136) | 327 | (44) | | |
| Cash flows used in financing activities | – | (6,220) | (1,792) | (3,616) | (160) | | |
| **Net (decrease)/increase in cash and cash equivalents** | (720) | (1,680) | (164) | (516) | 504 | | |
| **Dividends paid to NCI** | – | – | – | (784) | – | | |

## 11 ASSOCIATE

| | CapitaLand Ascott REIT Group and Stapled Group | |
|---|---|---|
| | 2022 $'000 | 2021 $'000 |
| Unquoted equity shares, at cost | **–*** | –* |
| Less: Share of associate post acquisition revenue reserve | **(550)** | (523) |
| | **(550)** | (523) |
| Loan receivable | **3,838** | 3,789 |
| Less: Allowance for impairment loss | **(253)** | (253) |
| | **3,035** | 3,013 |

* Less than $1,000

The loan to associate is unsecured, interest-free and repayable on demand with a notice period of twelve months. The loan to associate is not expected to be recalled in the next twelve months.

Movement in allowance for impairment loss is as follows:

| | CapitaLand Ascott REIT Group and Stapled Group | |
|---|---|---|
| | 2022 $'000 | 2021 $'000 |
| At 1 January and 31 December | **253** | 253 |

During the year, there was no additional allowance for impairment loss arising from the loan receivable as the ECL is not material. The recoverable amount for the loan to associate was estimated based on the higher of the value in use calculation using cash flow projection and the fair value of the net assets of associate at the reporting date. The fair value measurement was estimated based on net assets of the associate with maturity of less than one year.

Details of the associate are as follows:

| | |
|---|---|
| Company name | East Australia Trading Company Limited |
| Nature of relationship with the CapitaLand Ascott REIT Group | Investment holding company held by the CapitaLand Ascott REIT Group |
| Country of incorporation | Hong Kong |
| Ownership interest/Voting rights held | 40% (2021: 40%) |

The associate is immaterial to the CapitaLand Ascott REIT Group and the Stapled Group. A member firm of KPMG International is the auditor of the associate. In 2022 and 2021, the CapitaLand Ascott REIT Group did not receive any dividends from the associate.

The following table summarises the financial information for the interest in the associate, based on the amounts reported in the CapitaLand Ascott REIT Group's and the Stapled Group's Statement of Total Return:

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Loss after taxation | **(27)** | (28) |

## 12 JOINT VENTURE

| | CapitaLand Ascott REIT Group and Stapled Group 2022 $'000 | CapitaLand Ascott REIT Group and Stapled Group 2021 $'000 |
|---|---|---|
| Investment in joint venture | – | –* |
| Less: Share of joint venture post acquisition revenue reserve | – | (211) |
| | – | (211) |
| Loan to joint venture | – | 14,011 |
| | – | 13,800 |

* Less than $1,000

Loan to joint venture is unsecured, interest-free and is not expected to be repaid in the next twelve months from the reporting date.

Details of the joint venture are as follows:

| Name of joint venture | Principal place of business/Country of incorporation | Effective interests held by the Stapled Group 2022 % | Effective interests held by the Stapled Group 2021 % |
|---|---|---|---|
| **Held through CapitaLand Ascott REIT subsidiaries** | | | |
| Columbia PBSA Venture Pte. Ltd. | Singapore | – | 50.0 |
| **Held by Columbia PBSA Venture Pte. Ltd.** | | | |
| Columbia Student Venture REIT LLC[(a)] | United States of America | – | 50.0 |
| Columbia Student Venture, LLC[(a)] | United States of America | – | 45.0 |
| Columbia Student Property Owner, LLC[(a)] | United States of America | – | 45.0 |

(a) Not required to be audited by laws of country of incorporation.

## 12 JOINT VENTURE (continued)

On 16 June 2021, CLAS announced a joint investment to develop a freehold 678-bed student accommodation property located in South Carolina, USA with The Ascott Limited ("TAL"). Construction of the student accommodation property has commenced in third quarter of 2021 and is scheduled to complete in second quarter of 2023. At the initial stage, CLAS and TAL will jointly invest in the asset to own 45% stake each. LMP Columbia Co-Dev, LLC, an unrelated third party, will hold the remaining 10% stake.

There is a put and call option for the remaining stake of 10% exercisable by either party after the property achieves certain performance conditions and 24 months after completion of the development. This commitment has not been recognised in the Stapled Group's consolidated financial statements until the development project is completed and stabilisation conditions are fulfilled.

On 30 November 2022, the CapitaLand Ascott REIT Group acquired an additional 45% effective interest in the property, Standard at Columbia, through the acquisition of 50% of the issued shares in Columbia PBSA Venture Pte. Ltd. from TAL.

Prior to November 2022, the CapitaLand Ascott REIT Group equity accounted for Columbia PBSA Venture Pte. Ltd. as a joint venture as TAL has joint control over the activities of the development of the student accommodation asset. With effect from November 2022, the CapitaLand Ascott REIT Group consolidated the Columbia PBSA Venture Pte. Ltd. and its subsidiaries as it has control through its 100% interest in Columbia PBSA Venture Pte. Ltd..

The change in control is accounted for using the acquisition method, and the CapitaLand Ascott REIT Group's previously held equity interest is re-measured to fair value. The fair value of the joint venture was based on external valuation of Standard at Columbia at date of acquisition.

Details on the acquisition of Columbia PBSA Venture Pte. Ltd. and its subsidiaries are set out in Note 40.

The following table summarises the financial information of the joint venture, based on its financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Stapled Group's accounting policies.

| | **2021 $'000** |
|---|---|
| Revenue | – |
| Loss after tax and total comprehensive income | (425) |
| | |
| Non-current assets | 36,078 |
| Current assets[1] | 313 |
| Non-current liabilities | (28,022) |
| Current liabilities | (5,351) |
| **Net assets** | 3,018 |
| | |
| Carrying amount of interest in joint venture at beginning of the year | – |
| Acquisition during the year | 14,011 |
| Share of loss after tax and total comprehensive income | (211) |
| Translation and other adjustments | – |
| Carrying amount of interest in joint venture at end of the year | 13,800 |

(1) Includes cash and cash equivalents of $313,000.

## 13 FINANCIAL DERIVATIVES

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Financial derivative assets** | | | | | | |
| **Non-current** | | | | | | |
| Interest rate swaps | **30,933** | 1,995 | **–** | 1,097 | **30,933** | 3,092 |
| Cross currency interest rate swaps | **39,009** | 16,819 | **–** | – | **39,009** | 16,819 |
| | **69,942** | 18,814 | **–** | 1,097 | **69,942** | 19,911 |
| **Current** | | | | | | |
| Interest rate swaps | **1,001** | – | **3,024** | – | **4,025** | – |
| Cross currency interest rate swaps | **20,462** | 536 | **–** | 10,312 | **20,462** | 10,848 |
| | **21,463** | 536 | **3,024** | 10,312 | **24,487** | 10,848 |
| **Financial derivative liabilities** | | | | | | |
| **Non-current** | | | | | | |
| Interest rate swaps | **–** | (1,100) | **–** | – | **–** | (1,100) |
| Cross currency interest rate swaps | **(6,939)** | – | **–** | – | **(6,939)** | – |
| | **(6,939)** | (1,100) | **–** | – | **(6,939)** | (1,100) |
| **Current** | | | | | | |
| Interest rate swaps | **(5)** | (728) | **–** | – | **(5)** | (728) |
| Cross currency interest rate swaps | **–** | – | **(810)** | – | **(810)** | – |
| | **(5)** | (728) | **(810)** | – | **(815)** | (728) |

At the reporting date, the notional principal amounts of the financial instruments were as follows:

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Interest rate swaps | **456,560** | 437,088 | **130,906** | 144,160 | **587,466** | 581,248 |
| Cross currency interest rate swaps | **745,039** | 579,155 | **34,817** | 117,719 | **779,856** | 696,874 |
| | **1,201,599** | 1,016,243 | **165,723** | 261,879 | **1,367,322** | 1,278,122 |

## 14 DEFERRED TAX

Movements in deferred tax assets and liabilities are as follows:

| CapitaLand Ascott REIT Group | At 1 January 2021 $'000 | Credited/ (Charged) to Statement of Total Return (Note 31) $'000 | Translation differences $'000 | At 31 December 2021 $'000 | Credited/ (Charged) to Statement of Total Return (Note 31) $'000 | Translation differences $'000 | At 31 December 2022 $'000 |
|---|---|---|---|---|---|---|---|
| **Deferred tax assets** | | | | | | | |
| Unutilised capital allowances | 16 | 22 | – | 38 | 379 | (23) | 394 |
| Unutilised tax losses | 2,690 | 340 | (94) | 2,936 | 3,668 | (366) | 6,238 |
| Provisions and accruals | 197 | (91) | (7) | 99 | 20 | (12) | 107 |
| Unrealised foreign exchange loss – trade | 124 | (22) | (4) | 98 | 4,173 | (272) | 3,999 |
| | 3,027 | 249 | (105) | 3,171 | 8,240 | (673) | 10,738 |
| **Deferred tax liabilities** | | | | | | | |
| Investment properties | (95,273) | (16,160) | 2,877 | (108,556) | (19,678) | 8,306 | (119,928) |
| Property, plant and equipment | (1,585) | 145 | (38) | (1,478) | 1,245 | 90 | (143) |
| Revaluation gain from business combinations | (1,288) | – | – | (1,288) | – | – | (1,288) |
| Accrued income and interest receivable | – | (129) | (4) | (133) | 71 | (4) | (66) |
| | (98,146) | (16,144) | 2,835 | (111,455) | (18,362) | 8,392 | (121,425) |
| **Net deferred tax (liabilities)/assets** | (95,119) | (15,895) | 2,730 | (108,284) | (10,122) | 7,719 | (110,687) |

## 14 DEFERRED TAX (continued)

| CapitaLand Ascott BT Group | At 1 January 2021 $'000 | Credited/ (Charged) to Statement of Total Return (Note 31) $'000 | Charged to Stapled Securityholders' funds $'000 | Translation differences $'000 | At 31 December 2021 $'000 | Credited/ (Charged) to Statement of Total Return (Note 31) $'000 | Charged to Stapled Securityholders' funds $'000 | Translation differences $'000 | At 31 December 2022 $'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Deferred tax assets** | | | | | | | | | |
| Deferred income | 728 | (601) | – | 27 | 154 | – | – | (14) | 140 |
| Unutilised capital allowances | 125 | 86 | – | (1) | 210 | – | – | (19) | 191 |
| Provisions and accruals | 2,582 | 1,461 | – | (2) | 4,041 | 145 | – | (380) | 3,806 |
| | 3,435 | 946 | – | 24 | 4,405 | 145 | – | (413) | 4,137 |
| **Deferred tax liabilities** | | | | | | | | | |
| Investment properties | (7,365) | (553) | – | 603 | (7,315) | (545) | – | 1,029 | (6,831) |
| Property, plant and equipment | (23,026) | (3,470) | (684) | (260) | (27,440) | (591) | (4,361) | 3,071 | (29,321) |
| Revaluation gain from business combinations | (2,780) | – | – | – | (2,780) | – | – | – | (2,780) |
| Unremitted earnings | (440) | (355) | – | – | (795) | 268 | – | 1 | (526) |
| | (33,611) | (4,378) | (684) | 343 | (38,330) | (868) | (4,361) | 4,101 | (39,458) |
| **Net deferred tax (liabilities)/assets** | (30,176) | (3,432) | (684) | 367 | (33,925) | (723) | (4,361) | 3,688 | (35,321) |

## 14 DEFERRED TAX (continued)

| Stapled Group | At 1 January 2021 $'000 | Credited/ (Charged) to Statement of Total Return (Note 31) $'000 | Charged to Stapled Securityholders' funds $'000 | Translation differences $'000 | At 31 December 2021 $'000 | Credited/ (Charged) to Statement of Total Return (Note 31) $'000 | Charged to Stapled Securityholders' funds $'000 | Translation differences $'000 | At 31 December 2022 $'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Deferred tax assets** | | | | | | | | | |
| Deferred income | 728 | (601) | – | 27 | 154 | – | – | (14) | 140 |
| Unutilised capital allowances | 141 | 108 | – | (1) | 248 | 379 | – | (42) | 585 |
| Unutilised tax losses | 2,690 | 340 | – | (94) | 2,936 | 3,668 | – | (366) | 6,238 |
| Provisions and accruals | 2,779 | 1,370 | – | (9) | 4,140 | 165 | – | (392) | 3,913 |
| Unrealised foreign exchange loss – trade | 124 | (22) | – | (4) | 98 | 4,173 | – | (272) | 3,999 |
| | 6,462 | 1,195 | – | (81) | 7,576 | 8,385 | – | (1,086) | 14,875 |
| **Deferred tax liabilities** | | | | | | | | | |
| Investment properties | (102,638) | (16,713) | – | 3,480 | (115,871) | (20,223) | – | 9,335 | (126,759) |
| Property, plant and equipment | (24,611) | (3,325) | (684) | (298) | (28,918) | 654 | (4,361) | 3,161 | (29,464) |
| Revaluation gain from business combinations | (4,068) | – | – | – | (4,068) | – | – | – | (4,068) |
| Unremitted earnings | (440) | (355) | – | – | (795) | 268 | – | 1 | (526) |
| Accrued income and interest receivable | – | (129) | – | (4) | (133) | 71 | – | (4) | (66) |
| | (131,757) | (20,522) | (684) | 3,178 | (149,785) | (19,230) | (4,361) | 12,493 | (160,883) |
| **Net deferred tax (liabilities)/assets** | (125,295) | (19,327) | (684) | 3,097 | (142,209) | (10,845) | (4,361) | 11,407 | (146,008) |

## 14 DEFERRED TAX (continued)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the Statements of Financial Position as follows:

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Deferred tax assets | **10,738** | 3,171 | **4,137** | 4,405 | **14,875** | 7,576 |
| Deferred tax liabilities | **(121,425)** | (111,455) | **(39,458)** | (38,330) | **(160,883)** | (149,785) |

As at 31 December 2022, deferred tax liabilities amounting to $7,981,000 (2021: $1,594,000) 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.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group can utilise the benefits therefrom:

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Tax losses | **195,511** | 183,717 | **36,246** | 44,725 | **231,757** | 228,442 |
| Deductible temporary differences | **5,974** | 2,980 | **–** | – | **5,974** | 2,980 |
| | **201,485** | 186,697 | **36,246** | 44,725 | **237,731** | 231,422 |

Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate. The deductible temporary differences do not expire under the current tax legislation.

Unrecognised tax losses brought forward of the Stapled Group amounting to $7,345,000 (2021: $8,337,000) expired during the year. In addition, $20,900,000 (2021: $838,000) of the losses brought forward were utilised to set off against current year's taxable profit. The remaining balance of $200,197,000 (2021: $116,295,000) and unrecognised tax losses arising during the year of $31,560,000 (2021: $112,147,000) have been carried forward. Tax losses that have been carried forward and are subject to expiration as follows:

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Expiry dates | | | | | | |
| – No expiry | **148,733** | 128,931 | **36,246** | 44,725 | **184,979** | 173,656 |
| – Within 1 to 5 years | **25,124** | 27,602 | **–** | – | **25,124** | 27,602 |
| – After 5 years | **21,654** | 27,184 | **–** | – | **21,654** | 27,184 |
| | **195,511** | 183,717 | **36,246** | 44,725 | **231,757** | 228,442 |

## 15 TRADE AND OTHER RECEIVABLES

| | Note | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|---|
| | | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| Trade receivables | | **36,168** | 40,231 | **7,416** | 6,402 | **43,584** | 46,633 |
| Impairment loss | 35 | **(7,297)** | (6,580) | **(118)** | (100) | **(7,415)** | (6,680) |
| | | **28,871** | 33,651 | **7,298** | 6,302 | **36,169** | 39,953 |
| Amounts due from related parties: | | | | | | | |
| – trade | | **29,971** | 32,136 | **2,231** | – | **26,193** | 32,136 |
| – non-trade | | **47,144** | 20,731 | **2,118** | 1,268 | **3,857** | 860 |
| – loan (interest-bearing) | | **2,257** | 2,486 | **–** | – | **–** | – |
| Amounts due from the BT Trustee-Manager | | **–** | – | **–** | 160 | **–** | 160 |
| Loans due from CapitaLand Ascott BT Group | | **107,287** | 65,504 | **–** | – | **–** | – |
| Deposits | | **1,395** | 1,098 | **–** | – | **1,395** | 1,098 |
| Deposit paid for acquisition of investment property | | **10,058** | 798 | **–** | – | **10,058** | 798 |
| Other receivables | | **16,291** | 14,266 | **2,444** | 2,168 | **18,735** | 16,434 |
| Impairment loss | 35 | **(4)** | (5) | **–** | – | **(4)** | (5) |
| | | **16,287** | 14,261 | **2,444** | 2,168 | **18,731** | 16,429 |
| | | **243,270** | 170,665 | **14,091** | 9,898 | **96,403** | 91,434 |
| Prepayments | | **14,071** | 12,373 | **1,713** | 622 | **15,784** | 12,995 |
| | | **257,341** | 183,038 | **15,804** | 10,520 | **112,187** | 104,429 |

The non-trade amounts due from related parties mainly pertain to payments made on behalf of these entities. The non-trade amounts and loans due from related parties are unsecured, interest-free and repayable on demand except for an interest-bearing loan due from a related party at 1.90% (2021: 1.90%) per annum.

## 16 ASSETS HELD FOR SALE

| | CapitaLand Ascott REIT Group and Stapled Group | |
|---|---|---|
| | 2022 $'000 | 2021 $'000 |
| Somerset Grand Citra | | |
| – Investment property | **1,020** | 1,519 |

In 2021, pursuant to the planned divestment of nine strata units in Somerset Grand Citra Jakarta, the investment property pertaining to these nine units have been reclassified to assets held for sale. During the year ended 31 December 2022, two strata units were divested.

***Fair value hierarchy***

On 31 December 2022, the Stapled Group's investment properties held for sale are valued based on independent valuation conducted by Colliers using the discounted cash flow method.

The fair value measurement for assets held for sale for the Stapled Group have been categorised as level 3 fair values.

## 16 ASSETS HELD FOR SALE (continued)

***Reconciliation of Level 3 fair value***

The following table presents the reconciliation of the assets held for sale from the beginning balances to the ending balances for Level 3 fair values.

| | Note | CapitaLand Ascott REIT Group and Stapled Group 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| Balance at 1 January | | **1,519** | 31,904 |
| Disposal of assets held for sale | | **(431)** | (31,986) |
| Transfer from investment properties | 4 | **–** | 1,519 |
| Net change in fair value recognised in Statement of Total Return | | **17** | – |
| Translation differences | | **(85)** | 82 |
| Balance at 31 December | | **1,020** | 1,519 |

## 17 CASH AND CASH EQUIVALENTS

| | Note | CapitaLand Ascott REIT Group 2022 $'000 | 2021 $'000 | CapitaLand Ascott BT Group 2022 $'000 | 2021 $'000 | Stapled Group 2022 $'000 | 2021 $'000 |
|---|---|---|---|---|---|---|---|
| Cash at bank and in hand | | **282,275** | 231,128 | **62,303** | 42,762 | **344,578** | 273,890 |
| Fixed deposits with financial institutions | | **16,976** | 70,035 | **2,080** | 2,407 | **19,056** | 72,442 |
| Cash and cash equivalents | | **299,251** | 301,163 | **64,383** | 45,169 | **363,634** | 346,332 |
| Restricted cash deposits | (a) | **(389)** | (371) | **(2,080)** | (2,292) | **(2,469)** | (2,663) |
| Cash and cash equivalents in the Statements of Cash Flows | | **298,862** | 300,792 | **62,303** | 42,877 | **361,165** | 343,669 |

As at 31 December 2022, the interest rates per annum for cash and cash equivalent of the CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group ranged from 0.00% to 8.20% (2021: 0.00% to 3.50%), 0.00% to 1.66% (2021: 0.00% to 1.00%) and 0.00% to 8.20% (2021: 0.00% to 3.50%) respectively.

(a) The restricted cash deposits comprise:

- bank balances of certain subsidiaries pledged as collateral for certain borrowings of $389,000 (2021: $371,000); and
- security deposit of $2,080,000 (2021: $2,292,000) from a tenant which can only be drawn down as rental payment upon tenant's default or refunded to tenant upon lease expiry.

## 18 FINANCIAL LIABILITIES

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| **Non-current liabilities** | | | | | | |
| Secured bank loans | **1,029,575** | 713,314 | **983** | – | **1,030,558** | 713,314 |
| Unsecured bank loans | **543,069** | 618,638 | **82,424** | 230,789 | **625,493** | 849,427 |
| Medium term notes | **448,930** | 401,998 | **–** | – | **448,930** | 401,998 |
| Sustainability-linked notes | **367,899** | – | **–** | – | **367,899** | – |
| | **2,389,473** | 1,733,950 | **83,407** | 230,789 | **2,472,880** | 1,964,739 |
| **Current liabilities** | | | | | | |
| Secured bank loans | **73,476** | 155,018 | **–** | – | **73,476** | 155,018 |
| Unsecured bank loans | **52,781** | 203,979 | **175,462** | 48,718 | **228,243** | 252,697 |
| Medium term notes | **99,987** | 286,767 | **–** | 69,703 | **99,987** | 356,470 |
| | **226,244** | 645,764 | **175,462** | 118,421 | **401,706** | 764,185 |
| | **2,615,717** | 2,379,714 | **258,869** | 349,210 | **2,874,586** | 2,728,924 |

The weighted average effective interest rates per annum relating to bank loans, medium term notes and sustainability-linked notes at the reporting date for the CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group are 3.33% (2021: 1.90%), 4.45% (2021: 2.15%) and 3.43% (2021: 1.93%) respectively.

Included in the CapitaLand Ascott REIT Group's, the CapitaLand Ascott BT Group's and the Stapled Group's bank loans, medium term notes and sustainability-linked notes is an amount of $12,332,000 (2021: $8,304,000), $372,000 (2021: $462,000) and $12,704,000 (2021: $8,766,000) respectively, relating to unamortised transaction costs.

***Secured bank loans***

The CapitaLand Ascott REIT Group's secured bank loans are secured on certain investment properties (Note 4) and an investment property under development (Note 6), pledge of shares of certain subsidiaries, pledge over certain bank deposits (Note 17), assignment of rental proceeds from the properties, assignment of insurance policies on the properties and corporate guarantee from CapitaLand Ascott REIT.

The CapitaLand Ascott BT Group's secured bank loan is secured on an investment property (Note 4).

***Medium term notes***

On 9 September 2009, a subsidiary of the CapitaLand Ascott REIT Group, Ascott REIT MTN Pte. Ltd., launched a $1.0 billion Multi-currency Medium Term Note Programme ("MTN Programme"). On 9 July 2020, the MTN Programme was amended to add the REIT Trustee and the BT Trustee-Manager as issuers and perpetual securities was added as a security which may be issued by the REIT Trustee and the BT Trustee-Manager ("Amended MTN Programme"). The Amended MTN Programme limit was increased to $2.0 billion. Under this Amended MTN Programme, the Ascott REIT MTN Pte. Ltd., the REIT Trustee and BT Trustee-Manager may, subject to compliance with all relevant laws, regulations and directives, from time to time issue fixed or floating interest rate notes and perpetual securities with aggregate principal amounts of $2.0 billion.

**18 FINANCIAL LIABILITIES** (continued)

***Medium term notes*** *(continued)*

On 30 November 2011, a subsidiary of the CapitaLand Ascott REIT Group, Ascott REIT MTN (Euro) Pte. Ltd., established a US$2.0 billion Euro-Medium Term Note Programme ("EMTN Programme"). Under this EMTN Programme, Ascott REIT MTN (Euro) Pte. Ltd. may, subject to any applicable legal or regulatory restrictions, from time to time issue fixed or floating interest rate notes in series or tranches in Euro, Sterling Pound, US Dollar, Singapore Dollar, Chinese Renminbi or any other currency agreed between Ascott REIT MTN (Euro) Pte. Ltd. and the relevant dealer of the programme.

On 15 October 2014, a subsidiary of the A-HREIT Group, Ascendas Hospitality MTN Pte. Ltd., and A-HBT (jointly known as "Issuers"), established a $1.0 billion Multi-currency Stapled Medium Term Note Programme ("Stapled MTN Programme"). Under this Stapled MTN Programme, the Issuers may, subject to any applicable legal or regulatory restrictions, from time to time issue fixed or floating interest rate notes in series or tranches in Euro, Sterling Pound, US Dollar, Singapore Dollar, Chinese Renminbi or any other currency agreed between the Issuers and the relevant dealer of the programme.

***Sustainability-linked notes***

On 20 April 2022, the CapitaLand Ascott REIT Group issued $200.0 million of sustainability-linked notes. Under the conditions of the notes, there is a sustainability performance target of having at least 50% of the total gross floor area of the Stapled Group's portfolio being awarded with regional, national or internally recognised green building standards or certifications by a recognised third party by 31 December 2025.

On 7 November 2022, the CapitaLand Ascott REIT Group issued JPY16.5 billion of sustainability-linked notes. Under the conditions of the notes, there are sustainability performance targets of (i) achieving a 40.5% reduction in electricity consumption as a proxy for Scope 1 and 2 Carbon Emissions Intensity from the base year of 2019 for the eligible projects by the sustainability performance target observation date, and (ii) achieving EDGE Greenbuilding Certifications for the eligible projects by 31 December 2028.

Subject to the conditions stipulated in the sustainability-linked notes, if the Stapled Group fails to satisfy any of the performance targets on the respective observation dates, the issuer shall pay in respect of each note an amount equal to the interest premium of 0.25% on the nominal value of the notes.

As at 31 December 2022, notes issued by the Stapled Group comprises:

- under the Amended MTN Programme:
  - (i) $385.0 million (2021: $420.0 million) of fixed rate notes maturing between 2023 and 2026;
  - (ii) $200.0 million (2021: $Nil) of fixed rate sustainability-linked notes maturing in 2027;
  - (iii) JPY5.0 billion (2021: JPY12.3 billion) of fixed rate notes maturing in 2025; and
  - (iv) JPY16.5 billion (2021: JPYNil) of fixed rate sustainability-linked notes maturing in 2029.
- under the EMTN Programme, EUR80.0 million (2021: EUR80.0 million) of fixed rate notes maturing in 2024.
- under the Stapled MTN Programme, $Nil (2021: $70.0 million ($0.3 million under the A-HREIT Group and $69.7 million under A-HBT) of fixed rate notes maturing in 2022).

**18 FINANCIAL LIABILITIES** (continued)

| | Currency | Nominal interest rate % | Year of maturity | Face value $'000 | Carrying amount $'000 |
|---|---|---|---|---|---|
| **CapitaLand Ascott REIT Group** | | | | | |
| **2022** | | | | | |
| Medium term notes | EUR | 2.75 | 2024 | 113,472 | 113,339 |
| Medium term notes | JPY | 0.97 | 2025 | 51,100 | 51,092 |
| Medium term notes | SGD | 3.52 – 5.00 | 2023 – 2026 | 385,000 | 384,486 |
| Secured fixed rate loans | JPY | 0.25 – 1.39 | 2024 – 2029 | 398,958 | 395,852 |
| Secured fixed rate loans | USD | 2.70 – 2.90 | 2028 | 110,066 | 109,333 |
| Secured floating rate loans | JPY | 0.16 – 1.01 | 2024 – 2029 | 100,718 | 98,480 |
| Secured floating rate loans | RMB | 4.70 – 4.80 | 2026 – 2032 | 17,487 | 17,487 |
| Secured floating rate loans | USD | 2.30 – 6.99 | 2023 – 2032 | 483,341 | 481,339 |
| Secured floating rate loans | VND | 4.00 – 4.50 | 2023 | 560 | 560 |
| Sustainability-linked notes | JPY | 1.05 | 2029 | 168,630 | 168,474 |
| Sustainability-linked notes | SGD | 3.63 | 2027 | 200,000 | 199,425 |
| Unsecured fixed rate loans | USD | 1.00 | 2025 | 160 | 160 |
| Unsecured floating rate loans | AUD | 3.92 – 4.35 | 2024 | 46,391 | 46,279 |
| Unsecured floating rate loans | EUR | 1.69 – 3.92 | 2024 | 92,905 | 92,771 |
| Unsecured floating rate loans | GBP | 2.28 – 3.49 | 2024 | 35,137 | 35,052 |
| Unsecured floating rate loans | JPY | 0.58 – 1.30 | 2023 – 2024 | 63,364 | 63,273 |
| Unsecured floating rate loans | SGD | 3.97 – 5.86 | 2025 – 2026 | 137,270 | 136,369 |
| Unsecured floating rate loans | USD | 3.54 – 6.91 | 2026 – 2029 | 223,490 | 221,946 |
| | | | | 2,628,049 | 2,615,717 |
| **2021** | | | | | |
| Medium term notes | EUR | 2.75 | 2024 | 123,071 | 122,870 |
| Medium term notes | JPY | 0.97 – 1.17 | 2022 – 2025 | 145,878 | 145,867 |
| Medium term notes | SGD | 3.33 – 4.21 | 2022 – 2024 | 420,280 | 420,028 |
| Secured fixed rate loans | JPY | 0.25 – 0.77 | 2024 – 2028 | 158,723 | 156,745 |
| Secured fixed rate loans | USD | 2.70 – 2.90 | 2028 | 108,670 | 107,860 |
| Secured floating rate loans | JPY | 0.18 – 0.82 | 2024 – 2028 | 129,463 | 128,720 |
| Secured floating rate loans | RMB | 4.85 – 4.90 | 2022 – 2026 | 26,462 | 26,462 |
| Secured floating rate loans | USD | 1.22 – 2.93 | 2022 – 2026 | 448,141 | 446,073 |
| Secured floating rate loans | VND | 4.00 | 2022 | 2,472 | 2,472 |
| Unsecured fixed rate loans | JPY | 0.63 – 0.75 | 2022 – 2023 | 166,040 | 165,786 |
| Unsecured fixed rate loans | USD | 1.00 | 2025 | 225 | 225 |
| Unsecured floating rate loans | AUD | 0.84 – 1.75 | 2022 | 51,088 | 50,971 |
| Unsecured floating rate loans | EUR | 0.74 – 0.90 | 2022 – 2024 | 103,743 | 103,391 |
| Unsecured floating rate loans | GBP | 1.01 – 1.02 | 2022 | 39,218 | 39,177 |
| Unsecured floating rate loans | JPY | 0.58 – 1.30 | 2023 – 2024 | 95,259 | 94,971 |
| Unsecured floating rate loans | SGD | 1.14 – 1.75 | 2023 – 2026 | 329,770 | 328,771 |
| Unsecured floating rate loans | USD | 1.03 – 1.73 | 2022 – 2026 | 39,515 | 39,325 |
| | | | | 2,388,018 | 2,379,714 |

## 18 FINANCIAL LIABILITIES (continued)

| | Currency | Nominal interest rate % | Year of maturity | Face value $'000 | Carrying amount $'000 |
|---|---|---|---|---|---|
| **CapitaLand Ascott BT Group** | | | | | |
| **2022** | | | | | |
| Secured fixed rate loans | JPY | 1.39 | 2027 | 1,022 | 983 |
| Unsecured fixed rate loans | KRW | 3.55 | 2024 | 33,280 | 33,236 |
| Unsecured floating rate loans | AUD | 4.56 | 2023 | 175,595 | 175,462 |
| Unsecured floating rate loans* | USD | 3.39 | 2025 | 49,344 | 49,188 |
| | | | | 259,241 | 258,869 |
| **2021** | | | | | |
| Medium term notes | SGD | 3.33 | 2022 | 69,720 | 69,703 |
| Unsecured fixed rate loans | KRW | 3.55 | 2024 | 36,672 | 36,585 |
| Unsecured floating rate loans | AUD | 1.68 | 2023 | 193,374 | 193,018 |
| Unsecured floating rate loans | JPY | 1.50 | 2023 | 1,186 | 1,186 |
| Unsecured floating rate loans | USD | 1.31 | 2022 | 48,720 | 48,718 |
| | | | | 349,672 | 349,210 |
| **Stapled Group** | | | | | |
| **2022** | | | | | |
| Medium term notes | EUR | 2.75 | 2024 | 113,472 | 113,339 |
| Medium term notes | JPY | 0.97 | 2025 | 51,100 | 51,092 |
| Medium term notes | SGD | 3.52 – 5.00 | 2023 – 2026 | 385,000 | 384,486 |
| Secured fixed rate loans | JPY | 0.25 – 1.39 | 2024 – 2029 | 399,980 | 396,835 |
| Secured fixed rate loans | USD | 2.70 – 2.90 | 2028 | 110,066 | 109,333 |
| Secured floating rate loans | JPY | 0.16 – 1.01 | 2024 – 2029 | 100,718 | 98,480 |
| Secured floating rate loans | RMB | 4.70 – 4.80 | 2026 – 2032 | 17,487 | 17,487 |
| Secured floating rate loans | USD | 2.30 – 6.99 | 2023 – 2032 | 483,341 | 481,339 |
| Secured floating rate loans | VND | 4.00 – 4.50 | 2023 | 560 | 560 |
| Sustainability-linked notes | JPY | 1.05 | 2029 | 168,630 | 168,474 |
| Sustainability-linked notes | SGD | 3.63 | 2027 | 200,000 | 199,425 |
| Unsecured fixed rate loans | KRW | 3.55 | 2024 | 33,280 | 33,236 |
| Unsecured fixed rate loans | USD | 1.00 | 2025 | 160 | 160 |
| Unsecured floating rate loans | AUD | 3.92 – 4.56 | 2023 – 2024 | 221,986 | 221,741 |
| Unsecured floating rate loans | EUR | 1.69 – 3.92 | 2024 | 92,905 | 92,771 |
| Unsecured floating rate loans | GBP | 2.28 – 3.49 | 2024 | 35,137 | 35,052 |
| Unsecured floating rate loans | JPY | 0.58 – 1.30 | 2023 – 2024 | 63,364 | 63,273 |
| Unsecured floating rate loans | SGD | 3.97 – 5.86 | 2025 – 2026 | 137,270 | 136,369 |
| Unsecured floating rate loans | USD | 3.39 – 6.91 | 2025 – 2029 | 272,834 | 271,134 |
| | | | | 2,887,290 | 2,874,586 |

* During the year, the CapitaLand Ascott BT Group has drawn down a USD36.0 million unsecured floating rate loan. The margin for the loan will be reduced after 12 months from the first utilistion date if no event of default has occurred and Global Real Estate Sustainability Benchmark rating achievement has been met.

## 18 FINANCIAL LIABILITIES (continued)

| | Currency | Nominal interest rate % | Year of maturity | Face value $'000 | Carrying amount $'000 |
|---|---|---|---|---|---|
| **Stapled Group** | | | | | |
| **2021** | | | | | |
| Medium term notes | EUR | 2.75 | 2024 | 123,071 | 122,870 |
| Medium term notes | JPY | 0.97 – 1.17 | 2022 – 2025 | 145,878 | 145,867 |
| Medium term notes | SGD | 3.33 – 4.21 | 2022 – 2024 | 490,000 | 489,731 |
| Secured fixed rate loans | JPY | 0.25 – 0.77 | 2024 – 2028 | 158,723 | 156,745 |
| Secured fixed rate loans | USD | 2.70 – 2.90 | 2028 | 108,670 | 107,860 |
| Secured floating rate loans | JPY | 0.18 – 0.82 | 2024 – 2028 | 129,463 | 128,720 |
| Secured floating rate loans | RMB | 4.85 – 4.90 | 2022 – 2026 | 26,462 | 26,462 |
| Secured floating rate loans | USD | 1.22 – 2.93 | 2022 – 2026 | 448,141 | 446,073 |
| Secured floating rate loans | VND | 4.00 | 2022 | 2,472 | 2,472 |
| Unsecured fixed rate loans | JPY | 0.63 – 0.75 | 2022 – 2023 | 166,040 | 165,786 |
| Unsecured fixed rate loans | KRW | 3.55 | 2024 | 36,672 | 36,585 |
| Unsecured fixed rate loans | USD | 1.00 | 2025 | 225 | 225 |
| Unsecured floating rate loans | AUD | 0.84 – 1.75 | 2022 – 2023 | 244,462 | 243,989 |
| Unsecured floating rate loans | EUR | 0.74 – 0.90 | 2022 – 2024 | 103,743 | 103,391 |
| Unsecured floating rate loans | GBP | 1.01 – 1.02 | 2022 | 39,218 | 39,177 |
| Unsecured floating rate loans | JPY | 0.58 – 1.50 | 2023 – 2024 | 96,445 | 96,157 |
| Unsecured floating rate loans | SGD | 1.14 – 1.75 | 2023 – 2026 | 329,770 | 328,771 |
| Unsecured floating rate loans | USD | 1.03 – 1.73 | 2022 – 2026 | 88,235 | 88,043 |
| | | | | 2,737,690 | 2,728,924 |

***Guarantees***

The CapitaLand Ascott REIT Group has provided corporate guarantees to banks amounting to $401,213,000 (2021: $422,045,000) for bank loans undertaken by its subsidiaries which expire in 2023, 2025, 2026, 2029 and 2032. The CapitaLand Ascott BT Group has provided corporate guarantees to banks amounting to $208,475,000 (2021: $229,606,000) for unsecured bank loans undertaken by its subsidiaries which expire in 2023 and 2024.

The earliest period that the guarantees could be called is within one year (2021: one year) from the reporting date.

At the reporting date, the CapitaLand Ascott REIT Group and the CapitaLand Ascott BT Group do not consider it probable that a claim will be made under these guarantees.

***Government Assisted Loans***

The CapitaLand Ascott REIT Group entered into bank loans amounting to $3,063,000 between April 2020 to May 2020, at an annual interest rate of 1.00%. The government of United States of America ("USA") introduced a general financial support scheme ("Financial Support Scheme") in response to the economic impacts of the COVID-19 pandemic, which provided a guarantee of the full amount of qualifying new corporate loans issued by banks in the USA. The bank loans qualified for this financial support scheme and are guaranteed by the government of USA.

As at 31 December 2022, the outstanding bank loan amounted to $160,000 (2021: $225,000) and will mature in 2025.

The CapitaLand Ascott REIT Group determined that the interest rate for an equivalent loan issued on an arm's length basis without the guarantee would have been 6.33% (2021: 2.37%) per annum. The CapitaLand Ascott REIT Group concluded that the difference between the interest rate of 1.00% and 6.33% (2021: 1.00% and 2.37%) per annum is government assistance that is intended to provide relief to the CapitaLand Ascott REIT Group for interest expense that would otherwise be incurred if the loans were not guaranteed under the financial support scheme.

## 18 FINANCIAL LIABILITIES (continued)

***Loan covenant***

As at 31 December 2022, the Stapled Group has complied with all debt covenants or obtained waivers to defer testing of debt covenant compliance to after the year end.

***Reconciliation of movements of liabilities to cash flows arising from financing activities***

| CapitaLand Ascott REIT Group | Bank loans and notes $'000 | Interest payable[1] (Note 19) $'000 | Lease liabilities (Note 21) $'000 | Total $'000 |
|---|---|---|---|---|
| Balance as at 1 January 2021 | 2,114,358 | 5,718 | 283,312 | 2,403,388 |
| **Changes from financing cash flows** | | | | |
| Proceeds from borrowings | 754,954 | – | – | 754,954 |
| Repayment of borrowings and medium term notes | (422,698) | – | – | (422,698) |
| Payment of transaction costs on bank borrowings | (4,619) | – | – | (4,619) |
| Payment of lease liabilities | – | – | (8,384) | (8,384) |
| Interest paid | – | (35,053) | (10,519) | (45,572) |
| **Total changes from financing cash flows** | 327,637 | (35,053) | (18,903) | 273,681 |
| | | | | |
| **Other changes** | | | | |
| Finance costs | 3,132 | 35,126 | 10,519 | 48,777[2] |
| Effect of changes in foreign exchange rates | (65,413) | (336) | 951 | (64,798) |
| Balance as at 31 December 2021 | 2,379,714 | 5,455 | 275,879 | 2,661,048 |
| | | | | |
| Balance as at 1 January 2022 | 2,379,714 | 5,455 | 275,879 | 2,661,048 |
| **Changes from financing cash flows** | | | | |
| Proceeds from borrowings and issuance of notes | 1,554,606 | – | – | 1,554,606 |
| Repayment of borrowings and medium term notes | (1,319,220) | – | – | (1,319,220) |
| Payment of transaction costs on borrowings and notes | (7,842) | – | – | (7,842) |
| Payment of lease liabilities | – | – | (7,897) | (7,897) |
| Interest paid | – | (45,587) | (10,379) | (55,966) |
| **Total changes from financing cash flows** | 227,544 | (45,587) | (18,276) | 163,681 |
| | | | | |
| **Other changes** | | | | |
| Finance costs | 3,498 | 48,108 | 10,379 | 61,985 |
| Effect of changes in foreign exchange rates | (108,393) | (12) | (968) | (109,373) |
| Acquisition of investment properties (Note 40) | 113,354 | – | – | 113,354 |
| Balance as at 31 December 2022 | 2,615,717 | 7,964 | 267,014 | 2,890,695 |

(1) Net of interest receivables of $6,212,000 (2021: $3,397,000) from cross currency interest rate swaps.
(2) Excludes financial expenses from remeasuring the security deposits of $Nil (2021: $391,000).

## 18 FINANCIAL LIABILITIES (continued)

***Reconciliation of movements of liabilities to cash flows arising from financing activities** (continued)*

| CapitaLand Ascott BT Group | Bank loans and medium term notes $'000 | Interest payable[1] (Note 19) $'000 | Lease liabilities (Note 21) $'000 | Total $'000 |
|---|---|---|---|---|
| Balance as at 1 January 2021 | 348,137 | 1,116 | 114,078 | 463,331 |
| **Changes from financing cash flows** | | | | |
| Payment of lease liabilities | – | – | (5,256) | (5,256) |
| Interest paid | – | (6,358) | (9,122) | (15,480) |
| **Total changes from financing cash flows** | – | (6,358) | (14,378) | (20,736) |
| **Other changes** | | | | |
| Finance costs | 340 | 6,360 | 9,123 | 15,823[2] |
| Effect of changes in foreign exchange rates | 733 | 34 | (8,851) | (8,084) |
| Balance as at 31 December 2021 | 349,210 | 1,152 | 99,972 | 450,334 |
| Balance as at 1 January 2022 | 349,210 | 1,152 | 99,972 | 450,334 |
| **Changes from financing cash flows** | | | | |
| Proceeds from borrowings | 92,243 | – | – | 92,243 |
| Repayment of borrowings and medium term notes | (161,770) | – | – | (161,770) |
| Payment of transaction costs on borrowings | (231) | – | – | (231) |
| Payment of lease liabilities | – | – | (4,989) | (4,989) |
| Interest paid | – | (6,559) | (7,542) | (14,101) |
| **Total changes from financing cash flows** | (69,758) | (6,559) | (12,531) | (88,848) |
| **Other changes** | | | | |
| Finance costs | 294 | 6,640 | 7,542 | 14,476[2] |
| Effect of changes in foreign exchange rates | (20,877) | (136) | (13,595) | (34,608) |
| Balance as at 31 December 2022 | 258,869 | 1,097 | 81,388 | 341,354 |

(1) Net of interest receivables of $789,000 (2021: $478,000) from cross currency interest rate swaps and including interest payable to CapitaLand Ascott REIT Group of $51,000 (2021: $65,000) from interest bearing loan due to related parties.
(2) Excludes financial expenses from remeasuring the security deposits of $140,000 (2021: $158,000).

## 18 FINANCIAL LIABILITIES (continued)

***Reconciliation of movements of liabilities to cash flows arising from financing activities** (continued)*

| Stapled Group | Bank loans and notes $'000 | Interest payable[(1)] (Note 19) $'000 | Lease liabilities (Note 21) $'000 | Total $'000 |
|---|---|---|---|---|
| Balance as at 1 January 2021 | 2,462,495 | 6,817 | 283,312 | 2,752,624 |
| **Changes from financing cash flows** | | | | |
| Proceeds from borrowings | 754,954 | – | – | 754,954 |
| Repayment of borrowings and medium term notes | (422,698) | – | – | (422,698) |
| Payment of transaction costs on bank borrowings | (4,619) | – | – | (4,619) |
| Payment of lease liabilities | – | – | (8,384) | (8,384) |
| Interest paid | – | (41,410) | (10,519) | (51,929) |
| **Total changes from financing cash flows** | 327,637 | (41,410) | (18,903) | 267,324 |
| | | | | |
| **Other changes** | | | | |
| Finance costs | 3,472 | 41,437 | 10,519 | 55,428[(2)] |
| Effect of changes in foreign exchange rates | (64,680) | (302) | 951 | (64,031) |
| Balance as at 31 December 2021 | 2,728,924 | 6,542 | 275,879 | 3,011,345 |
| | | | | |
| Balance as at 1 January 2022 | 2,728,924 | 6,542 | 275,879 | 3,011,345 |
| **Changes from financing cash flows** | | | | |
| Proceeds from borrowings and issuance of notes | 1,646,849 | – | – | 1,646,849 |
| Repayment of borrowings and medium term notes | (1,480,990) | – | – | (1,480,990) |
| Payment of transaction costs on borrowings and notes | (8,073) | – | – | (8,073) |
| Payment of lease liabilities | – | – | (7,897) | (7,897) |
| Interest paid | – | (52,146) | (10,379) | (62,525) |
| **Total changes from financing cash flows** | 157,786 | (52,146) | (18,276) | 87,364 |
| | | | | |
| **Other changes** | | | | |
| Finance costs | 3,792 | 54,701 | 10,379 | 68,872[(2)] |
| Effect of changes in foreign exchange rates | (129,270) | (87) | (968) | (130,325) |
| Acquisition of investment properties (Note 40) | 113,354 | – | – | 113,354 |
| Balance as at 31 December 2022 | 2,874,586 | 9,010 | 267,014 | 3,150,610 |

(1) Net of interest receivables of $7,001,000 (2021: $3,875,000) from cross currency interest rate swaps.
(2) Excludes financial expenses from remeasuring the security deposits of $140,000 (2021: $549,000).

## 19 TRADE AND OTHER PAYABLES

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| Trade payables and accrued operating expenses | **93,935** | 64,358 | **25,251** | 24,859 | **119,186** | 89,217 |
| Amounts due to associate (non-trade) | **1,884** | 1,914 | **–** | – | **1,884** | 1,914 |
| Amounts due to related parties: | | | | | | |
| – trade | **22,292** | 14,239 | **7,776** | 1,691 | **24,059** | 15,930 |
| – non-trade | **3,734** | 2,446 | **43,294** | 19,870 | **1,623** | 1,177 |
| – deferred payment for acquisition of investment property (Note 40) | **28,428** | – | **–** | – | **28,428** | – |
| – loan (interest-bearing) | **3,919** | 4,169 | **2,257** | 2,486 | **3,919** | 4,169 |
| Amounts due to the REIT Manager | **5,976** | 6,730 | **–** | – | **5,976** | 6,730 |
| Amounts due to the BT Trustee-Manager | **–** | – | **255** | 53 | **255** | 53 |
| Amounts due to the REIT Trustee | **235** | 228 | **–** | – | **235** | 228 |
| Amounts due to non-controlling interests (non-trade) | **686** | 653 | **–** | – | **686** | 653 |
| Loans due to CapitaLand Ascott REIT Group | **–** | – | **107,287** | 65,504 | **–** | – |
| Interest payable | **14,176** | 8,852 | **1,835** | 1,565 | **16,011** | 10,417 |
| Rental deposits and advance rental | **37,167** | 32,102 | **4,814** | 3,972 | **41,981** | 36,074 |
| **Trade and other payables (current)** | **212,432** | 135,691 | **192,769** | 120,000 | **244,243** | 166,562 |
| | | | | | | |
| Other payables | **–** | – | **409** | 376 | **409** | 376 |
| Rental deposits | **32** | – | **8,215** | 9,242 | **8,247** | 9,242 |
| **Trade and other payables (non-current)** | **32** | – | **8,624** | 9,618 | **8,656** | 9,618 |

The non-trade amounts due to associate and related parties mainly pertain to payments made on behalf by these entities. These amounts and loans due to the CapitaLand Ascott REIT Group are unsecured, interest-free and repayable on demand. The effective interest rate for the interest-bearing loan to related parties in the CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group are 2.27% (2021: 2.27%), 1.90% (2021: 1.90%) and 2.27% (2021: 2.27%) per annum respectively.

The non-trade amounts due to non-controlling interests mainly pertain to interest-bearing loans extended to the Stapled Group with an effective interest rate of 3.97% (2021: 1.94%) per annum.

Deferred payment for acquisition of investment property will be paid to the vendor when 70% of the renovation works have been completed by the master lessee of La Clef Tour Eiffel Paris.

The non-current rental deposits are refundable to tenant upon the lease expiry ranging from December 2025 to June 2038.

## 20 DEFERRED INCOME

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Current | **–** | – | **135** | 969 | **135** | 969 |
| Non-current | **–** | – | **876** | 1,128 | **876** | 1,128 |
| Total | **–** | – | **1,011** | 2,097 | **1,011** | 2,097 |
| At 1 January | **–** | 361 | **2,097** | 3,959 | **2,097** | 4,320 |
| Amount amortised during the year | | | | | | |
| – Gross revenue (Note 24) | **–** | – | **(786)** | (1,694) | **(786)** | (1,694) |
| – Finance income (Note 26) | **–** | (361) | **(140)** | (158) | **(140)** | (519) |
| Translation differences | **–** | – | **(160)** | (10) | **(160)** | (10) |
| | **–** | – | **1,011** | 2,097 | **1,011** | 2,097 |

Deferred income relates to the following:

(i) Cash reimbursement received from Accor for its 50% share of the $30.0 million capital expenditure incurred by the Accor Australia hotels for refurbishment works which was completed in 2013. The reimbursement by Accor is conditional upon the non-termination of the hotel management agreement signed between Ascendas Hotel Investment Company Pty Limited and Accor prior to 30 June 2017 and on a pro-rata basis if the termination occurs after 30 June 2017 but before 30 June 2022. Deferred income is credited to the Statement of Total Return as rental income on a straight-line basis.

(ii) Difference between the considerations received for rental deposits arising from the master leases and its fair value on initial recognition. Deferred income is credited to the Statement of Total Return as finance income.

## 21 LEASE LIABILITIES

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Current | **9,646** | 8,641 | **5,185** | 5,524 | **9,646** | 8,641 |
| Non-current | **257,368** | 267,238 | **76,203** | 94,448 | **257,368** | 267,238 |
| Total | **267,014** | 275,879 | **81,388** | 99,972 | **267,014** | 275,879 |

The investment properties of the CapitaLand Ascott BT Group included a right-of-use asset relating to the operating lease for Ariake Hotel on adoption of FRS 116/SFRS(I) 16. AAGK, a subsidiary of CapitaLand Ascott BT, leases Ariake Hotel from Ascendas Hospitality Tokutei Mokuteki Kaisha, a subsidiary of CapitaLand Ascott REIT. FRS 116/SFRS(I) 16 requires AAGK to recognise a right-of-use asset and lease liability relating to this operating lease. There is no impact for the Stapled Group as the intra-group transaction will be eliminated upon consolidation.

**21 LEASE LIABILITIES** (continued)

***Leases as lessee (FRS 116/SFRS(I) 16)***

The CapitaLand Ascott REIT Group leases the land on which three (2021: three) of the investment properties were constructed. The leases have initial tenures ranging from 25 to 48 years (2021: 25 to 48 years).

The CapitaLand Ascott REIT Group also leases the commercial podium under a 33-year master lease in Somerset Olympic Tower Property Tianjin. The operating lease payables are based on the fixed component of the rent payable under the lease agreement, adjusted for incremental rent which have been provided for in the agreement.

Information about leases for which the CapitaLand Ascott REIT Group is a lessee is presented below.

**Amounts recognised in the Statement of Total Return**

| | CapitaLand Ascott REIT Group and Stapled Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| **Lease under FRS 116/SFRS(I) 16** | | |
| Interest expense on lease liabilities | **10,379** | 10,519 |
| Change in fair value of right-of-use assets | **9,059** | 8,190 |
| *Variable lease payments not capitalised in lease liabilities* | | |
| Variable lease payments which do not depend on an index or rate(1) | **351** | 281 |

(1) The CapitaLand Ascott REIT Group manages certain units at one of the investment properties on behalf of third-party unit owners. The variable lease payments paid to these unit owners are based on a percentage of the net operational profit derived from the investment property. Such variable lease payments are recognised in the Statement of Total Return when incurred and amounted to $351,000 (2021: $281,000) for the year ended 31 December 2022.

**Amounts recognised in Statement of Cash Flows**

| | CapitaLand Ascott REIT Group and Stapled Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Payment of lease liabilities | **7,897** | 8,384 |
| Interest paid | **10,379** | 10,519 |
| **Total cash outflow for leases** | **18,276** | 18,903 |

## 22 STAPLED SECURITYHOLDERS' FUNDS

***Foreign currency translation reserve***

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign entities, effective portion of the hedging instrument which is used to hedge against the Stapled Group's net investment in foreign currencies as well as from the translation of foreign currency loans used to hedge or form part of the Stapled Group's net investments in foreign entities.

***Capital reserve***

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

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

***Hedging reserve***

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

***Asset revaluation reserve***

The revaluation reserve relates to the revaluation of land and buildings, net of deferred tax.

***Capital management***

The Managers review the Stapled Group's capital structure regularly, which the Stapled Group defines as total Stapled Securityholders' funds (excluding non-controlling interests) and the level of distribution to Stapled Securityholders. The Stapled Group uses a combination of debt and equity to fund acquisition and asset enhancement projects.

The objectives of the Managers are to:

(a) maintain a strong balance sheet by adopting and maintaining a target gearing range;

(b) secure diversified funding sources from financial institutions and/or capital markets;

(c) adopt a proactive interest rate management strategy to manage risks related to interest rate fluctuations; and

(d) manage the foreign currency exposure of income and capital values of overseas assets through hedging, where appropriate.

The Managers seek to maintain a combination of debt and equity in order to balance the cost of capital and the returns to Stapled Securityholders. The Managers also monitor the externally imposed capital requirements closely and ensures that the capital structure adopted complies with the requirements.

CapitaLand Ascott REIT is subject to the Aggregate Leverage limit as defined in the Property Funds Appendix of the CIS Code. The CIS Code stipulates that the total borrowings and deferred payments (the "Aggregate Leverage") of a property fund should not exceed 50.0% of the fund's Deposited Property before 1 January 2022. It was announced that after 1 January 2022, the Aggregate Leverage limit is revised to 45% with the exception that the Aggregate Leverage limit may exceed 45% of the fund's deposited property (up to a maximum of 50%) only if the property fund has a minimum adjusted interest coverage ratio of 2.5 times after taking into account the interest payment obligations arising from the new borrowings.

**22 STAPLED SECURITYHOLDERS' FUNDS** (continued)

***Capital management*** *(continued)*

As at the reporting date, CapitaLand Ascott REIT has a credit rating of BBB- from Fitch Ratings (2021: BBB- from Fitch Ratings). The Aggregate Leverage of the CapitaLand Ascott REIT Group as at 31 December 2022 was 39.7% (2021: 37.3%) of the CapitaLand Ascott REIT Group's Deposited Property. This complied with the Aggregate Leverage limit.

The aggregate leverage of the Stapled Group as at 31 December 2022 was 38.0% (2021: 37.1%).

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

**23 STAPLED SECURITIES IN ISSUE AND PERPETUAL SECURITIES**

**(a) Stapled Securities in issue**

| | CapitaLand Ascott REIT Units | | CapitaLand Ascott BT Units | | Stapled Securities | |
|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| | **'000** | **'000** | **'000** | **'000** | **'000** | **'000** |
| At 1 January | **3,276,547** | 3,108,048 | **3,276,547** | 3,108,048 | **3,276,547** | 3,108,048 |
| Issue of new Stapled Securities: | | | | | | |
| – Private placement | **151,786** | 152,594 | **151,786** | 152,594 | **151,786** | 152,594 |
| – Management fees paid in Stapled Securities | **17,292** | 15,905 | **17,292** | 15,905 | **17,292** | 15,905 |
| At 31 December | **3,445,625** | 3,276,547 | **3,445,625** | 3,276,547 | **3,445,625** | 3,276,547 |

During the financial year ended 31 December 2022, the REIT Manager and the BT Trustee-Manager issued Stapled Securities as follows:

(a) 151,786,000 Stapled Securities at an issue price of $1.120 per Stapled Security amounting to $170,000,320 by way of a private placement to institutional and other investors.

(b) 15,300,375 Stapled Securities at issue prices ranging from $1.0144 to $1.1354 per Stapled Security, amounting to $16,135,000, as payment of the REIT Manager's base management fees for the period from 1 October 2021 to 30 September 2022 and the REIT Manager's performance fees for the period from 1 January 2021 to 31 December 2021.

(c) 1,991,954 Stapled Securities at issue prices ranging from $1.0144 to $1.1354 per Stapled Security, amounting to $2,123,000 as payment of the BT Trustee-Manager's base management fees and performance fees for the period from 1 October 2021 to 30 September 2022.

During the financial year ended 31 December 2021, the REIT Manager and the BT Trustee-Manager issued Stapled Securities as follows:

(a) 152,594,100 Stapled Securities at an issue price of $0.9830 per Stapled Security amounting to $150,000,000 by way of a private placement to institutional and other investors.

(b) 13,859,286 Stapled Securities at issue prices ranging from $0.9494 to $1.0759 per Stapled Security, amounting to $14,342,000, as payment of the REIT Manager's base management fees for the period from 1 October 2020 to 30 September 2021 and the REIT Manager's performance fees for the period from 1 January 2020 to 31 December 2020.

(c) 2,045,550 Stapled Securities at issue prices ranging from $0.9494 to $1.0759 per Stapled Security, amounting to $2,098,000 as payment of the BT Trustee-Manager's base management fees and performance fees for the period from 1 October 2020 to 30 September 2021.

**23 STAPLED SECURITIES IN ISSUE AND PERPETUAL SECURITIES** (continued)

**(a) Stapled Securities in issue** (continued)

Each CapitaLand Ascott BT Unit was stapled to one CapitaLand Ascott REIT Unit to form one Stapled Security in accordance with the Stapling Deed entered into between the REIT Manager, the REIT Trustee and the BT Trustee-Manager and cannot be traded separately. Each Stapled Security represents an undivided interest in the Stapled Group.

A holder of the Stapled Security has no equitable or proprietary interest in the underlying assets of the Stapled Group and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate, any interest in any asset and real estate-related assets (or any part thereof) of the Stapled Group.

The holders of the Stapled Securities are entitled to receive distributions as and when declared by the Stapled Group.

A Stapled Securityholder's liability is limited to the amount paid or payable for any Stapled Securities in the Stapled Group.

Each CapitaLand Ascott REIT Unit and CapitaLand Ascott BT Unit carry the same voting rights.

**(b) Perpetual securities**

On 4 September 2019, CapitaLand Ascott REIT issued $150.0 million of fixed rate perpetual securities with an initial distribution rate of 3.88% per annum with the first distribution rate reset falling on 4 September 2024 and subsequent resets occurring every five years thereafter.

On 30 June 2015, CapitaLand Ascott REIT issued $250.0 million of fixed rate perpetual securities with an initial distribution rate of 4.68% per annum with the first distribution rate reset falling on 30 June 2020 and subsequent resets occurring every five years thereafter. As announced on 29 May 2020, the $250.0 million perpetual securities would not be redeemed. The distribution rate applicable to the perpetual securities was reset to 3.07% per annum on 30 June 2020.

The perpetual securities have no fixed redemption date and redemption is at the option of CapitaLand Ascott REIT in accordance with the terms of issue of the securities. The distribution will be payable semi-annually at the discretion of CapitaLand Ascott REIT and will be non-cumulative.

In terms of distribution payments or in the event of winding-up of CapitaLand Ascott REIT:

- These perpetual securities rank *pari passu* with the holders of preferred Units (if any) and rank ahead of the Stapled Securityholders of CLAS, but junior to the claims of all other present and future creditors of CapitaLand Ascott REIT.

- CapitaLand Ascott REIT shall not declare or pay any distributions to the Stapled Securityholders, or make redemptions, unless CapitaLand Ascott REIT declares or pays any distributions to the holders of the perpetual securities.

These perpetual securities are classified as equity instruments and recorded within the Statements of Movements in Stapled Securityholders' Funds. The $396,298,000 (2021: $396,298,000) presented on the Statements of Financial Position represents the $400,000,000 (2021: $400,000,000) perpetual securities net of issue costs and include total return attributable to perpetual securities holders from issue date.

## 24 GROSS REVENUE

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Gross rental income | **468,203** | 289,691 | **25,928** | 27,952 | **479,577** | 303,264 |
| Hospitality income | **14,931** | 10,290 | **–** | – | **14,931** | 10,290 |
| Hotel revenue | **–** | – | **123,079** | 77,172 | **123,079** | 77,172 |
| Amortisation of deferred income (Note 20) | **–** | – | **786** | 1,694 | **786** | 1,694 |
| Car park income | **2,869** | 1,992 | **–** | – | **2,869** | 1,992 |
| | **486,003** | 301,973 | **149,793** | 106,818 | **621,242** | 394,412 |

In prior year, the CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group granted rental abatement of $4.1 million, $Nil and $4.1 million respectively to the lessees. These rental abatements are presented net and deducted against gross revenue in the Statement of Total Return.

## 25 DIRECT EXPENSES

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Operations and maintenance expenses | **51,314** | 32,472 | **14,381** | 11,204 | **65,695** | 43,676 |
| Staff costs | **55,391** | 33,990 | **40,486** | 26,795 | **95,877** | 60,785 |
| Serviced residence management fees | **17,299** | 8,505 | **307** | 105 | **17,606** | 8,610 |
| Property tax | **31,471** | 24,045 | **6,005** | 5,522 | **37,476** | 29,567 |
| Depreciation of property, plant and equipment | **12,514** | 10,494 | **2,763** | 3,135 | **15,277** | 13,629 |
| Marketing and selling expenses | **28,301** | 11,697 | **10,598** | 3,418 | **38,899** | 15,115 |
| Administrative and general expenses | **32,958** | 26,380 | **10,727** | 8,419 | **43,685** | 34,799 |
| Other direct expenses | **16,309** | 9,284 | **9,624** | 5,657 | **23,909** | 14,941 |
| | **245,557** | 156,867 | **94,891** | 64,255 | **338,424** | 221,122 |
| Contributions to defined contribution plans included in staff costs | **3,959** | 3,124 | **3,098** | 2,208 | **7,057** | 5,332 |

In prior year, the following government grants were presented net and deducted against the staff costs in the Statement of Total Return:

(a) Wage subsidies of approximately $0.3 million, $2.6 million and $2.9 million received by the CapitaLand Ascott REIT Group, CapitaLand Ascott BT Group and Stapled Group respectively under the JobKeeper Payment Scheme announced by the Australian Government to support business that were significantly affected by COVID-19.

(b) Wage subsidies of $1.8 million from the Jobs Support Scheme granted by the Singapore government or equivalents in China, Europe and Malaysia.

## 26 FINANCE INCOME AND COSTS

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| **Finance income** | | | | | | |
| Interest income from a related party | **46** | 49 | **–** | – | **–** | – |
| Financial income arising from remeasuring the deferred income (Note 20) | **–** | 361 | **140** | 158 | **140** | 519 |
| Bank deposits | **1,130** | 2,510 | **198** | 41 | **1,328** | 2,551 |
| | **1,176** | 2,920 | **338** | 199 | **1,468** | 3,070 |
| **Finance costs** | | | | | | |
| Amortisation of transaction costs | **(3,498)** | (3,132) | **(294)** | (340) | **(3,792)** | (3,472) |
| Interest on bank loans | **(64,236)** | (40,426) | **(9,690)** | (7,708) | **(73,926)** | (48,134) |
| Cash flow hedges, reclassified from hedging reserve | **1,095** | (3,347) | **1,292** | (409) | **2,387** | (3,756) |
| Cross currency interest rate swaps(1) | **16,497** | 9,619 | **1,846** | 1,822 | **18,343** | 11,441 |
| Interest expense on lease liabilities | **(10,379)** | (10,519) | **–** | – | **(10,379)** | (10,519) |
| Interest expense on lease liabilities paid/payable to the CapitaLand Ascott REIT Group | **–** | – | **(7,542)** | (9,123) | **–** | – |
| Interest paid/payable to a related corporation | **(91)** | (98) | **(46)** | (49) | **(91)** | (98) |
| Financial expense from remeasuring the security deposits | **–** | (391) | **(140)** | (158) | **(140)** | (549) |
| Others | **(1,373)** | (874) | **(42)** | (16) | **(1,414)** | (890) |
| | **(61,985)** | (49,168) | **(14,616)** | (15,981) | **(69,012)** | (55,977) |

(1) Interest income arising from cross currency interest rate swaps are classified within finance costs as these financial derivatives were entered into by the Stapled Group as cash flow hedging instruments for certain bank loans.

## 27 MANAGERS' MANAGEMENT FEES

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| REIT Manager's fees(1) | | | | | | |
| – Base fee | **17,053** | 15,576 | **–** | – | **17,053** | 15,576 |
| – Performance fee | **8,534** | 4,638 | **–** | – | **8,534** | 4,638 |
| | **25,587** | 20,214 | **–** | – | **25,587** | 20,214 |
| BT Trustee-Manager's fees(1) | | | | | | |
| – Base fee | **–** | – | **956** | 1,046 | **956** | 1,046 |
| – Performance fee | **–** | – | **1,713** | 1,145 | **1,713** | 1,145 |
| | **–** | – | **2,669** | 2,191 | **2,669** | 2,191 |
| Onshore fees paid/payable to related entities of the Managers(2) | **279** | 320 | **1,884** | 1,995 | **2,163** | 2,315 |
| | **25,866** | 20,534 | **4,553** | 4,186 | **30,419** | 24,720 |

(1) A total of 18,634,723 (2021: 14,759,983) Stapled Securities and 2,169,590 (2021: 2,057,689) Stapled Securities were issued or will be issued as payment of the REIT Manager's management fees and the BT Trustee-Manager's management fees amounting to $19,481,000 (2021: $14,936,000) and $2,276,000 (2021: $2,094,000) respectively in respect of the year ended 31 December 2022. The cash portion is derived after deducting the onshore fees payable to the other appointed asset managers.

(2) This relates to management fees paid/payable to related entities for asset management services for some of the properties in Australia, Japan and South Korea.

Under the CapitaLand Ascott REIT Trust Deed and the CapitaLand Ascott BT Trust Deed, part of the fees payable to the Managers can be paid by certain subsidiaries of the CapitaLand Ascott REIT Group and the CapitaLand Ascott BT Group to certain nominated entities of the Managers in certain jurisdictions outside Singapore in which the Stapled Group has a presence (namely, Australia, Japan and South Korea).

The onshore fees form part of, are and not in addition to, the fees payable to the REIT Manager and the BT Trustee-Manager.

## 28 PROFESSIONAL FEES

Professional fees of the CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group include valuation fees of $720,000, $138,000 and $858,000 respectively (2021: $518,000, $73,000 and $591,000 respectively).

## 29 NET INCOME

The following items have been included in arriving at net income for the year:

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| | **2022 $'000** | **2021 $'000** | **2022 $'000** | **2021 $'000** | **2022 $'000** | **2021 $'000** |
| Non-audit fees paid to: | | | | | | |
| – auditors of the Stapled Group | **62** | 78 | **–** | – | **62** | 78 |
| Loss on disposal of property, plant and equipment | **345** | 29 | **–** | – | **345** | 29 |
| Impairment loss on trade and other receivables recognised/ (written back) | **389** | 5,179 | **27** | (112) | **416** | 5,067 |
| Write-off of trade and other receivables | **276** | 392 | **–** | 25 | **276** | 417 |

## 30 PROFIT FROM DIVESTMENTS

**Divestment of subsidiaries**

On 27 May 2021, the CapitaLand Ascott REIT Group completed the divestment of a wholly-owned subsidiary, Shanghai Xinwei Real Estate Development Co. Ltd., for total consideration of $217.1 million. The disposed subsidiary contributed profit after tax of $1.3 million from 1 January 2021 to the date of disposal.

**Divestment of assets held for sale**

On 1 April 2021, the CapitaLand Ascott REIT Group completed the divestment of a serviced residence property in France, Citadines City Centre Grenoble, for total consideration of $12.8 million. The disposed serviced residence property contributed profit after tax of $161,000 from 1 January 2021 to the date of disposal.

On 4 May 2021, the CapitaLand Ascott REIT Group completed the divestment of a serviced residence property in France, Citadines Didot Montparnasse Paris, for total consideration of $37.9 million. The disposed serviced residence property contributed profit after tax of $565,000 from 1 January 2021 to the date of disposal.

| | CapitaLand Ascott REIT Group and Stapled Group | |
|---|---|---|
| | **2022 $'000** | **2021 $'000** |
| Gain on divestment of subsidiaries[1] | **–** | 136,053 |
| Gain on disposal of investment properties[2] | **–** | 607 |
| Gain on divestment of assets held for sale | **99** | 16,566 |
| | **99** | 153,226 |

(1) In 2021, gain on divestment of subsidiaries included $1,259,000 relating to Guangzhou Hai Yi Real Estate Development Co, Ltd., which was divested on 9 December 2020 and $134,794,000 relating to Shanghai Xinwei Real Estate Development Co. Ltd..

(2) In 2021, gain on disposal of investment properties relates to the reversal of transaction costs no longer required for the serviced residence property in Japan which was divested on 23 December 2020.

## 31 INCOME TAX EXPENSE

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| **Current tax expense** | | | | | | |
| Current year | **15,507** | 25,914 | **2,673** | 2,109 | **18,180** | 28,023 |
| (Over)/Under provided in prior years | **(219)** | (8,507) | **(18)** | 335 | **(237)** | (8,172) |
| Withholding tax | **3,758** | 23,693 | **1,017** | 1,644 | **4,775** | 25,337 |
| | **19,046** | 41,100 | **3,672** | 4,088 | **22,718** | 45,188 |
| **Deferred tax expense** | | | | | | |
| Origination and reversal of temporary differences | **11,797** | 16,020 | **699** | 3,535 | **12,496** | 19,555 |
| (Over)/Under provided in prior years | **(1,675)** | (125) | **24** | (103) | **(1,651)** | (228) |
| | **10,122** | 15,895 | **723** | 3,432 | **10,845** | 19,327 |
| **Income tax expense** | **29,168** | 56,995 | **4,395** | 7,520 | **33,563** | 64,515 |

***Reconciliation of effective tax rate***

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| Total return before income tax | **273,742** | 345,555 | **4,444** | 29,503 | **259,783** | 374,932 |
| Income tax using the Singapore tax rate of 17% (2021: 17%) | **46,536** | 58,744 | **755** | 5,016 | **44,163** | 63,738 |
| Effect of different tax rates in foreign jurisdictions | **22,337** | 22,279 | **581** | (155) | **22,918** | 22,124 |
| Tax rebate/relief/exemption | **(58)** | (325) | **–** | – | **(58)** | (325) |
| Income not subject to tax | **(101,039)** | (111,137) | **(5,910)** | (10,844) | **(103,864)** | (121,975) |
| Tax benefits not recognised | **10,699** | 25,671 | **–** | 9,068 | **10,699** | 34,739 |
| Expenses not deductible for tax purposes | **56,473** | 48,244 | **9,338** | 2,559 | **65,854** | 50,819 |
| Utilisation of previously unrecognised tax losses | **(1,067)** | (183) | **(1,392)** | – | **(2,459)** | (183) |
| Tax transparency | **(6,577)** | (1,359) | **–** | – | **(6,577)** | (1,359) |
| (Over)/Under provision in prior years | **(1,894)** | (8,632) | **6** | 232 | **(1,888)** | (8,400) |
| Withholding tax | **3,758** | 23,693 | **1,017** | 1,644 | **4,775** | 25,337 |
| | **29,168** | 56,995 | **4,395** | 7,520 | **33,563** | 64,515 |

No income tax effects have been recognised for those items recognised directly in Stapled Securityholders' funds.

**Global minimum tax**

To address concerns about uneven profit distribution and tax contributions of large multinational corporations, various agreements have been reached at the global level, including an agreement by over 135 jurisdictions to introduce a global minimum tax rate of 15%. In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework, followed by detailed guidance released in March 2022, that is expected to be used by individual jurisdictions that signed the agreement to amend their local tax laws. Once changes to the tax laws in any jurisdiction in which the Stapled Group operates are enacted or substantively enacted, the Stapled Group may be liable to the top-up tax. As at 31 December 2022, the Stapled Group does not have subsidiaries which have significant operation in the country where the statutory tax rate is less than 15%.

At the date when the financial statements were authorised for issue, none of the jurisdictions in which the Stapled Group operates had enacted or substantively enacted the tax legislation related to the top-up tax. The Managers are closely monitoring the progress of the legislative process in each jurisdiction the Stapled Group operates in. As at 31 December 2022, the Stapled Group did not have sufficient information to determine the potential quantitative impact.

## 32 EARNINGS PER STAPLED SECURITY

### Basic earnings per Stapled Security

The calculation of basic earnings per Stapled Security for the Stapled Group was based on the total return for the year attributable to Stapled Securityholders and a weighted average number of Stapled Securities outstanding.

| | Stapled Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Total return attributable to Stapled Securityholders and perpetual securities holders | **223,305** | 309,317 |
| Less: Total return attributable to perpetual securities holders | **(13,495)** | (13,495) |
| Total return attributable to Stapled Securityholders | **209,810** | 295,822 |

| | Stapled Group | |
|---|---|---|
| | **2022** | **2021** |
| | **'000** | **'000** |
| Issued Stapled Securities at the beginning of the year | **3,276,547** | 3,108,048 |
| Effect of issue of new Stapled Securities: | | |
| – Private placement | **54,061** | 43,061 |
| – Management fees paid in Stapled Securities | **9,954** | 9,065 |
| Weighted average number of Stapled Securities outstanding during the year | **3,340,562** | 3,160,174 |

### Diluted earnings per Stapled Security

The calculation of diluted earnings per Stapled Security for the Stapled Group was based on the total return for the year attributable to Stapled Securityholders and a weighted average number of Stapled Securities outstanding after adjustment for the effects of all dilutive potential Stapled Securities.

| | Stapled Group | |
|---|---|---|
| | **2022** | **2021** |
| | **'000** | **'000** |
| Weighted average number of Stapled Securities used in calculation of basic earnings per Stapled Security | **3,340,562** | 3,160,174 |
| Weighted average number of unissued Stapled Securities for base and performance fees | **17,502** | 13,848 |
| Weighted average number of Stapled Securities outstanding (diluted) during the year | **3,358,064** | 3,174,022 |

## 33 ISSUE EXPENSES

| | CapitaLand Ascott REIT Group and Stapled Group 2022 $'000 | 2021 $'000 |
|---|---|---|
| Underwriting fees and selling commission | **1,870** | 1,500 |
| Professional fees | **179** | 158 |
| Other expenses | **244** | 292 |
| | **2,293** | 1,950 |
| These expenses were deducted/(credited) directly against Stapled Securityholders' funds: | | |
| – issue expenses relating to private placement | **2,293** | 1,950 |
| – reversal of over provision of issue expenses | **(24)** | – |
| | **2,269** | 1,950 |

## 34 DISPOSAL OF SUBSIDIARIES

In prior year, the list of subsidiaries disposed is as follows:

| Name of subsidiaries | Date of disposal | Equity interest disposed % |
|---|---|---|
| Shanghai Xinwei Real Estate Development Co. Ltd. | 27 May 2021 | 100.0 |

**Effect of disposal**

The cash flows relating to assets and liabilities of the subsidiaries disposed during the year ended 31 December 2021 are provided below:

| CapitaLand Ascott REIT Group and Stapled Group | Note | 2021 $'000 |
|---|---|---|
| Investment properties | 4 | 79,647 |
| Property, plant and equipment | 5 | 356 |
| Trade and other receivables | | 853 |
| Cash and cash equivalents | | 5,976 |
| Trade and other payables | | (2,861) |
| Current tax liabilities | | (9) |
| Net assets disposed | | 83,962 |
| Transfer from foreign currency translation reserve to Statement of Total Return | | (4,123) |
| Transfer from capital reserve to Statement of Total Return | | (1,235) |
| Gain on disposal (before tax) | | 134,794 |
| Tax expense relating to the divestment | | (18,860) |
| Accrual of transaction costs | | 1,086 |
| Cash flow on disposal of subsidiaries | | 195,624 |
| Less: Cash disposed | | (5,976) |
| Less: Deposit received | | (6,191) |
| Add: Consideration to be refunded to the purchaser | | 128 |
| Net cash flow on disposal of subsidiaries | | 183,585 |

## 35 FINANCIAL INSTRUMENTS

### Financial risk management

***Overview***

The Stapled Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Stapled Group's exposure to each of the above risks, the Stapled Group's objectives, policies and processes for measuring and managing risk, and the Stapled Group's management of capital. Further quantitative disclosures are included throughout these financial statements. There were no changes in the Stapled Group's approach to financial risk management during the year.

***Risk management framework***

Risk management is integral to the whole business of the Stapled Group. The Stapled Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Managers continually monitor the Stapled Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Stapled Group's activities.

The Audit Committee oversees how management monitors compliance with the Stapled Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Stapled Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

### Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Stapled Group as and when they fall due.

***Exposure to credit risk***

*Trade receivables*

The Managers have established credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed by the serviced residence management companies before lease agreements are entered into with customers. Cash and fixed deposits are placed with financial institutions which are regulated. Transactions involving derivative financial instruments are allowed only with counterparties that are of high quality.

## 35 FINANCIAL INSTRUMENTS (continued)

**Credit risk** (continued)

As at 31 December 2022 and 31 December 2021, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the Statements of Financial Position.

Concentration of credit risk relating to trade receivables is limited due to the CapitaLand Ascott REIT Group's, the CapitaLand Ascott BT Group's and the Stapled Group's varied tenants and a credit policy of collecting rental deposits on certain leases. These tenants are from a wide range of nationalities and are engaged in a wide spectrum of business activities.

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| Singapore | **3,515** | 6,508 | **614** | – | **4,129** | 6,508 |
| Australia | **4,149** | 3,737 | **5,301** | 5,365 | **9,450** | 9,102 |
| China | **1,740** | 1,306 | **–** | – | **1,740** | 1,306 |
| Europe (excluding United Kingdom) | **3,477** | 3,916 | **–** | – | **3,477** | 3,916 |
| Indonesia | **355** | 560 | **–** | – | **355** | 560 |
| Japan | **1,412** | 2,562 | **1** | 1 | **1,413** | 2,563 |
| Malaysia | **39** | 24 | **–** | – | **39** | 24 |
| Philippines | **2,617** | 6,423 | **–** | – | **2,617** | 6,423 |
| South Korea | **–** | – | **1,382** | 936 | **1,382** | 936 |
| United Kingdom | **3,189** | 3,115 | **–** | – | **3,189** | 3,115 |
| United States of America | **7,663** | 5,085 | **–** | – | **7,663** | 5,085 |
| Vietnam | **715** | 415 | **–** | – | **715** | 415 |
| | **28,871** | 33,651 | **7,298** | 6,302 | **36,169** | 39,953 |

## 35 FINANCIAL INSTRUMENTS (continued)

**Credit risk** (continued)

A summary of the Stapled Group's exposures to credit risk for trade receivables is as follows:

| | Not credit impaired 2022 $'000 | Credit impaired 2022 $'000 | Total 2022 $'000 | Not credit impaired 2021 $'000 | Credit impaired 2021 $'000 | Total 2021 $'000 |
|---|---|---|---|---|---|---|
| **CapitaLand Ascott REIT Group** | | | | | | |
| Current | **19,624** | **11** | **19,635** | 22,420 | 11 | 22,431 |
| Within 30 days | **3,601** | **–** | **3,601** | 3,133 | – | 3,133 |
| 30 to 60 days | **1,374** | **–** | **1,374** | 1,760 | – | 1,760 |
| More than 60 days | **4,844** | **6,714** | **11,558** | 6,775 | 6,132 | 12,907 |
| **Total gross carrying amount** | **29,443** | **6,725** | **36,168** | 34,088 | 6,143 | 40,231 |
| Loss allowance | **(572)** | **(6,725)** | **(7,297)** | (437) | (6,143) | (6,580) |
| | **28,871** | **–** | **28,871** | 33,651 | – | 33,651 |
| **CapitaLand Ascott BT Group** | | | | | | |
| Current | **5,143** | **–** | **5,143** | 3,562 | – | 3,562 |
| Within 30 days | **929** | **20** | **949** | 1,506 | – | 1,506 |
| 30 to 60 days | **272** | **–** | **272** | 155 | – | 155 |
| More than 60 days | **1,052** | **–** | **1,052** | 1,179 | – | 1,179 |
| **Total gross carrying amount** | **7,396** | **20** | **7,416** | 6,402 | – | 6,402 |
| Loss allowance | **(98)** | **(20)** | **(118)** | (100) | – | (100) |
| | **7,298** | **–** | **7,298** | 6,302 | – | 6,302 |
| **Stapled Group** | | | | | | |
| Current | **24,767** | **11** | **24,778** | 25,982 | 11 | 25,993 |
| Within 30 days | **4,530** | **20** | **4,550** | 4,639 | – | 4,639 |
| 30 to 60 days | **1,646** | **–** | **1,646** | 1,915 | – | 1,915 |
| More than 60 days | **5,896** | **6,714** | **12,610** | 7,954 | 6,132 | 14,086 |
| **Total gross carrying amount** | **36,839** | **6,745** | **43,584** | 40,490 | 6,143 | 46,633 |
| Loss allowance | **(670)** | **(6,745)** | **(7,415)** | (537) | (6,143) | (6,680) |
| | **36,169** | **–** | **36,169** | 39,953 | – | 39,953 |

There is an increase in credit-impaired balances for specific customers with liquidity constraints arising from the COVID-19 pandemic which contributed to the change in impairment allowances of $628,000 (2021: $5,069,000).

The movement in impairment losses in respect of trade and other receivables during the year is as follows:

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| At 1 January | **6,585** | 1,467 | **100** | 205 | **6,685** | 1,672 |
| Impairment losses recognised/(reversed) | **389** | 5,179 | **27** | (112) | **416** | 5,067 |
| Acquired from acquisition of investment properties | **808** | – | **–** | – | **808** | – |
| Utilised during the year | **(335)** | (67) | **–** | – | **(335)** | (67) |
| Translation differences | **(146)** | 6 | **(9)** | 7 | **(155)** | 13 |
| At 31 December | **7,301** | 6,585 | **118** | 100 | **7,419** | 6,685 |

Based on historical default rates, the Stapled Group believes that, except for those recognised, no additional impairment is necessary in respect of trade and other receivables not past due. These receivables relate to customers that have a good credit record with the Stapled Group and/or rental deposits held.

**35 FINANCIAL INSTRUMENTS** (continued)

**Credit risk** (continued)

***Impairment losses***

*Expected credit loss assessment for customers of the Stapled Group*

The credit quality of trade receivables of the CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group is assessed based on credit policies established by the CapitaLand Ascott REIT Group and the CapitaLand Ascott BT Group. Trade and other receivables with high credit risk will be identified and monitored by the respective property. The CapitaLand Ascott REIT Group's, the CapitaLand Ascott BT Group's and the Stapled Group's credit risk exposure in relation to trade receivables are set out in the provision matrix as follows:

| | | Past due | | | |
|---|---|---|---|---|---|
| | **Current $'000** | **Within 30 days $'000** | **30 to 60 days $'000** | **More than 60 days $'000** | **Total $'000** |
| **2022** | | | | | |
| **CapitaLand Ascott REIT Group** | | | | | |
| Expected loss rate | 0.88% | 1.69% | 1.24% | 60.97% | |
| Trade receivables | 19,635 | 3,601 | 1,374 | 11,558 | 36,168 |
| Loss allowance | 172 | 61 | 17 | 7,047 | 7,297 |
| **CapitaLand Ascott BT Group** | | | | | |
| Expected loss rate | 1.44% | 3.69% | 1.84% | 0.38% | |
| Trade receivables | 5,143 | 949 | 272 | 1,052 | 7,416 |
| Loss allowance | 74 | 35 | 5 | 4 | 118 |
| **Stapled Group** | | | | | |
| Expected loss rate | 0.99% | 2.11% | 1.34% | 55.92% | |
| Trade receivables | 24,778 | 4,550 | 1,646 | 12,610 | 43,584 |
| Loss allowance | 246 | 96 | 22 | 7,051 | 7,415 |
| **2021** | | | | | |
| **CapitaLand Ascott REIT Group** | | | | | |
| Expected loss rate | 1.18% | 0.64% | 1.25% | 48.60% | |
| Trade receivables | 22,431 | 3,133 | 1,760 | 12,907 | 40,231 |
| Loss allowance | 265 | 20 | 22 | 6,273 | 6,580 |
| **CapitaLand Ascott BT Group** | | | | | |
| Expected loss rate | 0.48% | 4.91% | 0.65% | 0.68% | |
| Trade receivables | 3,562 | 1,506 | 155 | 1,179 | 6,402 |
| Loss allowance | 17 | 74 | 1 | 8 | 100 |
| **Stapled Group** | | | | | |
| Expected loss rate | 1.08% | 2.03% | 1.20% | 44.59% | |
| Trade receivables | 25,993 | 4,639 | 1,915 | 14,086 | 46,633 |
| Loss allowance | 282 | 94 | 23 | 6,281 | 6,680 |

No ageing analysis of other receivables is presented as majority of the outstanding balances as at 31 December 2022 is current.

**35 FINANCIAL INSTRUMENTS** (continued)

**Credit risk** (continued)

*Non-trade amounts due from related parties*

Expected credit losses associated with the non-trade amounts due from related parties are assessed from estimated cash flows recoverable from the related parties based on the review of their financial strength (i.e. fair value of underlying net assets) and cash flow projections of their operations as at the reporting date.

The Stapled Group did not recognise any impairment arising from the amounts due from related parties as the ECL is not material.

*Financial derivatives*

The financial derivatives are entered into with banks and financial institution counterparties, which are regulated.

*Cash and cash equivalents*

The Stapled Group held cash and cash equivalents of $363,634,000 at 31 December 2022 (2021: $346,332,000). The cash and cash equivalents are held with banks and financial institution counterparties which are rated AA- to BBB-, based on Standard & Poor's ratings.

Impairment on cash and cash equivalents has been measured on the 1-day expected loss basis and reflects the short maturities of the exposures. The Stapled Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

**Liquidity risk**

Liquidity risk is the risk that the Stapled Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Typically, the Stapled Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Stapled Group's reputation. The Managers also monitor and observe the CIS Code issued by MAS concerning limits on total borrowings. As at year end, the Stapled Group maintained several lines of credit and has complied with all debt covenants or obtained waivers to defer testing of debt covenant compliance to after the year end.

The Managers monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Stapled Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Stapled Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

As at 31 December 2022, the Stapled Group is in a net current liabilities position of $169.7 million (2021: $508.5 million) and has current financial liabilities of $401.7 million (2021: $764.2 million) due in the next 12 months. The Managers are in discussions with various financial institutions to refinance these financial liabilities. The Managers do not expect any issue in refinancing these financial liabilities. In addition, the Stapled Group has unutilised credit facilities of approximately $1,065.0 million (2021: $690.2 million) expiring between February 2023 and July 2029, that can be drawn down to meet short-term financing needs. The Stapled Group also holds investment properties amounting to $3.4 billion (2021: $4.2 billion) which are not pledged as securities to banks for banking facilities as at year end.

## 35 FINANCIAL INSTRUMENTS (continued)

**Liquidity risk** (continued)

Notes issued by the Stapled Group as at 31 December 2022 are as follows: (a) $804.7 million (2021: $565.9 million) under the $2.0 billion (2021: $2.0 billion) Amended MTN Programme; (b) $113.5 million (2021: $123.1 million) under the US$2.0 billion (2021: US$2.0 billion) EMTN Programme; and (c) $Nil (2021: $70.0 million) under the $1.0 billion (2021: $1.0 billion) Stapled MTN Programme.

The following are the contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements:

| | | Cash flows | | | |
|---|---|---|---|---|---|
| **CapitaLand Ascott REIT Group** | **Carrying amount $'000** | **Contractual cash flows $'000** | **Within 1 year $'000** | **Within 2 to 5 years $'000** | **More than 5 years $'000** |
| **2022** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Floating rate loans | 1,193,556 | (1,377,767) | (177,613) | (960,401) | (239,753) |
| Fixed rate loans | 505,345 | (545,402) | (6,663) | (225,326) | (313,413) |
| Fixed rate notes | 916,816 | (1,005,888) | (128,718) | (705,256) | (171,914) |
| Lease liabilities | 267,014 | (364,230) | (19,522) | (81,919) | (262,789) |
| Trade and other payables[1] | 207,874 | (207,957) | (207,842) | (115) | – |
| | 3,090,605 | (3,501,244) | (540,358) | (1,973,017) | (987,869) |
| **Derivative financial instruments** | | | | | |
| Interest rate swaps | | | | | |
| – assets | (31,934) | 35,485 | 12,792 | 20,489 | 2,204 |
| – liabilities | 5 | (6) | (6) | – | – |
| Cross currency interest rate swaps | | | | | |
| – assets | (59,471) | 101,426 | 36,044 | 65,382 | – |
| – liabilities | 6,939 | 11,049 | 6,394 | 4,655 | – |
| | (84,461) | 147,954 | 55,224 | 90,526 | 2,204 |
| | 3,006,144 | (3,353,290) | (485,134) | (1,882,491) | (985,665) |
| **2021** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Floating rate loans | 1,260,333 | (1,313,206) | (281,552) | (1,027,494) | (4,160) |
| Fixed rate loans | 430,616 | (459,526) | (99,927) | (212,573) | (147,026) |
| Fixed rate notes | 688,765 | (726,780) | (307,267) | (419,513) | – |
| Lease liabilities | 275,879 | (384,775) | (19,230) | (80,566) | (284,979) |
| Trade and other payables[1] | 130,509 | (130,509) | (130,509) | – | – |
| | 2,786,102 | (3,014,796) | (838,485) | (1,740,146) | (436,165) |
| **Derivative financial instruments** | | | | | |
| Interest rate swaps | | | | | |
| – assets | (1,995) | 1,868 | (579) | 2,447 | – |
| – liabilities | 1,828 | (2,053) | (1,787) | (266) | – |
| Cross currency interest rate swaps | | | | | |
| – assets | (17,355) | 26,964 | 7,209 | 19,755 | – |
| | (17,522) | 26,779 | 4,843 | 21,936 | – |
| | 2,768,580 | (2,988,017) | (833,642) | (1,718,210) | (436,165) |

(1) Excluding advance rental, liability for employee benefits and effect of the offsetting of financial assets and financial liabilities under enforceable master netting arrangement.

## 35 **FINANCIAL INSTRUMENTS** (continued)

**Liquidity risk** (continued)

| CapitaLand Ascott BT Group | Carrying amount $'000 | Contractual cash flows $'000 | Cash flows Within 1 year $'000 | Within 2 to 5 years $'000 | More than 5 years $'000 |
|---|---|---|---|---|---|
| **2022** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Floating rate loans | 224,650 | (236,358) | (183,535) | (52,823) | – |
| Fixed rate loans | 34,219 | (35,816) | (1,195) | (34,621) | – |
| Lease liabilities | 81,388 | (122,563) | (11,957) | (47,830) | (62,776) |
| Trade and other payables[1] | 193,982 | (194,992) | (185,766) | (6,106) | (3,120) |
| | 534,239 | (589,729) | (382,453) | (141,380) | (65,896) |
| **Derivative financial instruments** | | | | | |
| Interest rate swaps | | | | | |
| – assets | (3,024) | 3,821 | 3,821 | – | – |
| Cross currency interest rate swaps | | | | | |
| – liabilities | 810 | 786 | 786 | – | – |
| | (2,214) | 4,607 | 4,607 | – | – |
| | 532,025 | (585,122) | (377,846) | (141,380) | (65,896) |
| **2021** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Floating rate loans | 242,922 | (248,820) | (51,993) | (196,827) | – |
| Fixed rate loans | 36,585 | (39,568) | (1,302) | (38,266) | – |
| Fixed rate notes | 69,703 | (71,409) | (71,409) | – | – |
| Lease liabilities | 99,972 | (156,108) | (13,876) | (55,506) | (86,726) |
| Trade and other payables[1] | 121,894 | (123,176) | (112,652) | (7,086) | (3,438) |
| | 571,076 | (639,081) | (251,232) | (297,685) | (90,164) |
| **Derivative financial instruments** | | | | | |
| Interest rate swaps | | | | | |
| – assets | (1,097) | 1,018 | (130) | 1,148 | – |
| Cross currency interest rate swaps | | | | | |
| – assets | (10,312) | 10,095 | 10,095 | – | – |
| | (11,409) | 11,113 | 9,965 | 1,148 | – |
| | 559,667 | (627,968) | (241,267) | (296,537) | (90,164) |

(1) Excluding advance rental, liability for employee benefits and effect of the offsetting of financial assets and financial liabilities under enforceable master netting arrangement.

**35 FINANCIAL INSTRUMENTS** (continued)

**Liquidity risk** (continued)

| | | | Cash flows | | |
|---|---|---|---|---|---|
| **Stapled Group** | **Carrying amount $'000** | **Contractual cash flows $'000** | **Within 1 year $'000** | **Within 2 to 5 years $'000** | **More than 5 years $'000** |
| **2022** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Floating rate loans | 1,418,206 | (1,614,125) | (361,148) | (1,013,224) | (239,753) |
| Fixed rate loans | 539,564 | (581,218) | (7,858) | (259,947) | (313,413) |
| Fixed rate notes | 916,816 | (1,005,888) | (128,718) | (705,256) | (171,914) |
| Lease liabilities | 267,014 | (364,230) | (19,522) | (81,919) | (262,789) |
| Trade and other payables[1] | 240,896 | (241,991) | (232,650) | (6,221) | (3,120) |
| | 3,382,496 | (3,807,452) | (749,896) | (2,066,567) | (990,989) |
| **Derivative financial instruments** | | | | | |
| Interest rate swaps | | | | | |
| – assets | (34,958) | 39,306 | 16,613 | 20,489 | 2,204 |
| – liabilities | 5 | (6) | (6) | – | – |
| Cross currency interest rate swaps | | | | | |
| – assets | (59,471) | 101,426 | 36,044 | 65,382 | – |
| – liabilities | 7,749 | 11,835 | 7,180 | 4,655 | – |
| | (86,675) | 152,561 | 59,831 | 90,526 | 2,204 |
| | 3,295,821 | (3,654,891) | (690,065) | (1,976,041) | (988,785) |
| **2021** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Floating rate loans | 1,503,255 | (1,562,026) | (333,545) | (1,224,321) | (4,160) |
| Fixed rate loans | 467,201 | (499,094) | (101,229) | (250,839) | (147,026) |
| Fixed rate notes | 758,468 | (798,189) | (378,676) | (419,513) | – |
| Lease liabilities | 275,879 | (384,775) | (19,230) | (80,566) | (284,979) |
| Trade and other payables[1] | 163,274 | (164,556) | (154,032) | (7,086) | (3,438) |
| | 3,168,077 | (3,408,640) | (986,712) | (1,982,325) | (439,603) |
| **Derivative financial instruments** | | | | | |
| Interest rate swaps | | | | | |
| – assets | (3,092) | 2,886 | (709) | 3,595 | – |
| – liabilities | 1,828 | (2,053) | (1,787) | (266) | – |
| Cross currency interest rate swaps | | | | | |
| – assets | (27,667) | 37,059 | 17,304 | 19,755 | – |
| | (28,931) | 37,892 | 14,808 | 23,084 | – |
| | 3,139,146 | (3,370,748) | (971,904) | (1,959,241) | (439,603) |

(1) Excluding advance rental, liability for employee benefits and effect of the offsetting of financial assets and financial liabilities under enforceable master netting arrangement.

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

The interest payments on the Stapled Group's sustainability-linked notes take into consideration the Stapled Group's expectation of its ability to meet the sustainability-linked performance targets, and may change if the Stapled Group expects that it can no longer meet this target.

## 35 FINANCIAL INSTRUMENTS (continued)

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the income of the CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group and their holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk is managed through established investment policies and guidelines. These policies and guidelines are reviewed regularly taking into consideration changes in the overall market environment.

***Foreign currency risk***

The CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group have exposure to foreign currency risk as a result of its operations in several countries. The currencies giving rise to this risk are Singapore Dollar ("SGD"), Australian Dollar ("AUD"), Chinese Renminbi ("RMB"), Euro ("EUR"), Sterling Pound ("GBP"), Hong Kong Dollar ("HKD"), Indonesian Rupiah ("IDR"), Korean Won ("KRW"), Japanese Yen ("JPY"), Malaysian Ringgit ("MYR"), Philippine Peso ("PHP"), US Dollar ("USD") and Vietnam Dong ("VND").

In order to manage the foreign currency risk, the Managers adopt foreign currency risk management strategies that include:

- entering into foreign currency forward contracts to hedge the foreign currency income from the overseas assets;

- the use of certain foreign currency denominated borrowings to match the capital values of the overseas assets as a natural hedge, whenever possible; and

- the use of certain foreign currency denominated borrowings, which include bank loans and medium term notes, and cross currency interest rate swaps to hedge against the currency risk arising from the Stapled Group's net investments in certain subsidiaries.

## 35 FINANCIAL INSTRUMENTS (continued)

***Foreign currency risk*** (continued)

The exposures to foreign currencies risk (excluding cross currency interest rate swaps that are designated as a hedge of net investments in foreign operations) as reported to the management of the CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group were as follows:

| CapitaLand Ascott REIT Group | Singapore Dollar $'000 | Australian Dollar $'000 | Chinese Renminbi $'000 | Euro $'000 | Sterling Pound $'000 | Hong Kong Dollar $'000 | Indonesian Rupiah $'000 | Japanese Yen $'000 | Malaysian Ringgit $'000 | Philippine Peso $'000 | US Dollar $'000 | Vietnam Dong $'000 | Total foreign currencies $'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **31 December 2022** | | | | | | | | | | | | | |
| Loan receivables – associate | – | – | – | – | – | – | – | – | – | – | 3,585 | – | 3,585 |
| Trade and other receivables[1] | 14,845 | 4,521 | 1,920 | 31,012 | 4,374 | – | 750 | 12,786 | 144 | 3,254 | 11,586 | 1,469 | 86,661 |
| Intra-group receivables | 47 | 34,099 | 5,088 | 257,798 | 121,154 | – | - | 114,257 | 10,456 | 444 | 267 | 2 | 543,612 |
| Cash and cash equivalents | 17,341 | 19,142 | 15,155 | 44,750 | 42,713 | 1 | 3,125 | 77,671 | 838 | 17,388 | 53,380 | 7,747 | 299,251 |
| Trade and other payables[2] | (29,751) | (9,475) | (8,190) | (61,602) | (11,965) | (13,598) | (2,371) | (12,047) | (737) | (8,931) | (27,468) | (5,854) | (191,989) |
| Intra-group payables | (2,414) | (10) | – | – | – | – | – | – | – | (266) | (67) | – | (2,757) |
| Financial liabilities | (719,567) | (46,391) | (17,487) | (206,254) | (35,137) | – | – | (777,427) | – | – | (812,894) | (560) | (2,615,717) |
| Lease liabilities | – | – | (11,724) | – | – | – | – | – | – | (15,232) | (240,058) | – | (267,014) |
| Gross currency exposure | (719,499) | 1,886 | (15,238) | 65,704 | 121,139 | (13,597) | 1,504 | (584,760) | 10,701 | (3,343) | (1,011,669) | 2,804 | (2,144,368) |
| Add/(less): Net exposure denominated in the respective entities' functional currencies | 716,771 | (14,588) | 17,917 | (15,184) | (32,892) | 12 | (1,504) | 412,357 | (400) | 3,691 | 909,428 | (2,804) | 1,992,804 |
| Add: Loan designated for net investment hedge[3] | – | – | – | 206,377 | 35,137 | – | – | 283,094 | – | – | – | – | 524,608 |
| Add: Cross currency interest rate swap | – | – | – | – | – | – | – | – | – | – | 69,739 | – | 69,739 |
| Net exposure | (2,728) | (12,702) | 2,679 | 256,897 | 123,384 | (13,585) | – | 110,691 | 10,301 | 348 | (32,502) | – | 442,783 |

(1) Excluding prepayments.
(2) Excluding advance rental and liability for employee benefits.
(3) Stated at face value (excluding unamortised transaction costs).

## 35 FINANCIAL INSTRUMENTS (continued)

***Foreign currency risk*** (continued)

| CapitaLand Ascott REIT Group | Singapore Dollar $'000 | Australian Dollar $'000 | Chinese Renminbi $'000 | Euro $'000 | Sterling Pound $'000 | Hong Kong Dollar $'000 | Indonesian Rupiah $'000 | Japanese Yen $'000 | Malaysian Ringgit $'000 | Philippine Peso $'000 | US Dollar $'000 | Vietnam Dong $'000 | Total foreign currencies $'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **31 December 2021** | | | | | | | | | | | | | |
| Loan receivables – associate | – | – | – | – | – | – | – | – | – | – | 3,536 | – | 3,536 |
| Loan receivables – joint venture | – | – | – | – | – | – | – | – | – | – | 14,011 | – | 14,011 |
| Trade and other receivables[1] | 13,328 | 4,002 | 1,451 | 34,880 | 5,106 | – | 1,041 | 5,412 | 156 | 7,460 | 8,497 | 1,472 | 82,805 |
| Intra-group receivables | 47 | 32,987 | 4,082 | 147,020 | 129,042 | – | – | 129,575 | 11,272 | 293 | 212,191 | – | 666,509 |
| Cash and cash equivalents | 37,883 | 13,452 | 21,264 | 29,342 | 30,856 | 7 | 4,584 | 108,031 | 675 | 12,567 | 32,301 | 10,201 | 301,163 |
| Trade and other payables[2] | (20,305) | (6,695) | (8,961) | (25,661) | (6,806) | (13,496) | (3,006) | (9,123) | (753) | (5,131) | (13,271) | (4,642) | (117,850) |
| Intra-group payables | (1,883) | – | – | – | – | – | – | – | – | – | (2,883) | – | (4,766) |
| Financial liabilities | (747,947) | (51,088) | (26,503) | (226,628) | (39,218) | – | – | (692,388) | – | – | (593,470) | (2,472) | (2,379,714) |
| Lease liabilities | – | – | (13,091) | – | – | – | – | – | – | (17,500) | (245,288) | – | (275,879) |
| Gross currency exposure | (718,877) | (7,342) | (21,758) | (41,047) | 118,980 | (13,489) | 2,619 | (458,493) | 11,350 | (2,311) | (584,376) | 4,559 | (1,710,185) |
| Add/(less): Net exposure denominated in the respective entities' functional currencies | 717,149 | (10,147) | 24,245 | 60,196 | (26,915) | 4 | (2,619) | 341,948 | (246) | 2,563 | 715,696 | (4,559) | 1,817,315 |
| Add: Loan designated for net investment hedge[3] | – | – | – | 226,814 | 39,218 | – | – | 241,137 | – | – | – | – | 507,169 |
| Add: Cross currency interest rate swap | – | – | – | – | – | – | – | – | – | – | 68,855 | – | 68,855 |
| Net exposure | (1,728) | (17,489) | 2,487 | 245,963 | 131,283 | (13,485) | – | 124,592 | 11,104 | 252 | 200,175 | – | 683,154 |

(1) Excluding prepayments.
(2) Excluding advance rental and liability for employee benefits.
(3) Stated at face value (excluding unamortised transaction costs).

## 35 FINANCIAL INSTRUMENTS (continued)

***Foreign currency risk*** (continued)

| CapitaLand Ascott BT Group | Singapore Dollar $'000 | Australian Dollar $'000 | Japanese Yen $'000 | Korean Won $'000 | US Dollar $'000 | Total foreign currencies $'000 |
|---|---|---|---|---|---|---|
| **31 December 2022** | | | | | | |
| Trade and other receivables[1] | 617 | 7,293 | 376 | 1,414 | 42 | 9,742 |
| Intra-group receivables | – | 141,715 | 36,995 | 105 | – | 178,815 |
| Cash and cash equivalents | 3,618 | 33,462 | 17,905 | 9,185 | 213 | 64,383 |
| Trade and other payables[2] | 327 | (26,762) | (6,454) | (4,370) | (113) | (37,372) |
| Financial liabilities | 34 | (175,462) | (983) | (33,236) | (49,222) | (258,869) |
| Gross currency exposure | 4,596 | (19,754) | 47,839 | (26,902) | (49,080) | (43,301) |
| Add/(less): Net exposure denominated in the respective entities' functional currencies | (4,596) | 166,139 | (9,934) | 30,733 | – | 182,342 |
| Net exposure | – | 146,385 | 37,905 | 3,831 | (49,080) | 139,041 |
| **31 December 2021** | | | | | | |
| Trade and other receivables[1] | 782 | 6,534 | 277 | 966 | 70 | 8,629 |
| Intra-group receivables | – | 155,297 | 42,287 | – | – | 197,584 |
| Cash and cash equivalents | 2,259 | 20,622 | 14,273 | 7,477 | 538 | 45,169 |
| Trade and other payables[2] | (971) | (22,063) | (7,225) | (3,789) | 14 | (34,034) |
| Financial liabilities | (69,702) | (193,018) | (1,186) | (36,585) | (48,719) | (349,210) |
| Gross currency exposure | (67,632) | (32,628) | 48,426 | (31,931) | (48,097) | (131,862) |
| Add/(less): Net exposure denominated in the respective entities' functional currencies | 67,632 | 194,289 | (6,037) | 31,931 | – | 287,815 |
| Add: Loan designated for net investment hedge[3] | – | – | – | – | 48,720 | 48,720 |
| Net exposure | – | 161,661 | 42,389 | – | 623 | 204,673 |

(1) Excluding prepayments.
(2) Excluding advance rental and liability for employee benefits.
(3) Stated at face value (excluding unamortised transaction costs).

# Notes to the Financial Statements
Year ended 31 December 2022

## 35 FINANCIAL INSTRUMENTS (continued)

***Foreign currency risk*** (continued)

| Stapled Group | Singapore Dollar $'000 | Australian Dollar $'000 | Chinese Renminbi $'000 | Euro $'000 | Sterling Pound $'000 | Hong Kong Dollar $'000 | Indonesian Rupiah $'000 | Japanese Yen $'000 | Malaysian Ringgit $'000 | Philippine Peso $'000 | Korean Won $'000 | US Dollar $'000 | Vietnam Dong $'000 | Total foreign currencies $'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **31 December 2022** | | | | | | | | | | | | | | |
| Loan receivables – associate | – | – | – | – | – | – | – | – | – | – | – | 3,585 | – | 3,585 |
| Trade and other receivables(1) | 15,462 | 11,814 | 1,920 | 31,012 | 4,374 | – | 750 | 13,162 | 144 | 3,254 | 1,414 | 11,628 | 1,469 | 96,403 |
| Intra-group receivables | 47 | 175,814 | 5,088 | 257,798 | 121,154 | – | – | 151,252 | 10,456 | 444 | 105 | 267 | 2 | 722,427 |
| Cash and cash equivalents | 20,959 | 52,604 | 15,155 | 44,750 | 42,713 | 1 | 3,125 | 95,576 | 838 | 17,388 | 9,185 | 53,593 | 7,747 | 363,634 |
| Trade and other payables(2) | (29,424) | (36,237) | (8,190) | (61,602) | (11,965) | (13,598) | (2,371) | (18,501) | (737) | (8,931) | (4,370) | (27,581) | (5,854) | (229,361) |
| Intra-group payables | (2,414) | (10) | – | – | – | – | – | – | – | (266) | – | (67) | – | (2,757) |
| Financial liabilities | (719,533) | (221,853) | (17,487) | (206,254) | (35,137) | – | – | (778,410) | – | – | (33,236) | (862,116) | (560) | (2,874,586) |
| Lease liabilities | – | – | (11,724) | – | – | – | – | – | – | (15,232) | – | (240,058) | – | (267,014) |
| Gross currency exposure | (714,903) | (17,868) | (15,238) | 65,704 | 121,139 | (13,597) | 1,504 | (536,921) | 10,701 | (3,343) | (26,902) | (1,060,749) | 2,804 | (2,187,669) |
| Add/(less): Net exposure denominated in the respective entities' functional currencies | 712,175 | 151,551 | 17,917 | (15,184) | (32,892) | 12 | (1,504) | 402,423 | (400) | 3,691 | 30,733 | 909,428 | (2,804) | 2,175,146 |
| Add: Loan designated for net investment hedge(3) | – | – | – | 206,377 | 35,137 | – | – | 283,094 | – | – | – | – | – | 524,608 |
| Add: Cross currency interest rate swap | – | – | – | – | – | – | – | – | – | – | – | 69,739 | – | 69,739 |
| Net exposure | (2,728) | 133,683 | 2,679 | 256,897 | 123,384 | (13,585) | – | 148,596 | 10,301 | 348 | 3,831 | (81,582) | – | 581,824 |

(1) Excluding prepayments.
(2) Excluding advance rental and liability for employee benefits.
(3) Stated at face value (excluding unamortised transaction costs).

## 35 FINANCIAL INSTRUMENTS (continued)

***Foreign currency risk*** (continued)

| Stapled Group | Singapore Dollar $'000 | Australian Dollar $'000 | Chinese Renminbi $'000 | Euro $'000 | Sterling Pound $'000 | Hong Kong Dollar $'000 | Indonesian Rupiah $'000 | Japanese Yen $'000 | Malaysian Ringgit $'000 | Philippine Peso $'000 | Korean Won $'000 | US Dollar $'000 | Vietnam Dong $'000 | Total foreign currencies $'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **31 December 2021** | | | | | | | | | | | | | | |
| Loan receivables – associate | – | – | – | – | – | – | – | – | – | – | – | 3,536 | – | 3,536 |
| Loan receivables – joint venture | – | – | – | – | – | – | – | – | – | – | – | 14,011 | – | 14,011 |
| Trade and other receivables[1] | 14,110 | 10,536 | 1,451 | 34,880 | 5,106 | – | 1,041 | 5,689 | 156 | 7,460 | 966 | 8,567 | 1,472 | 91,434 |
| Intra-group receivables | 47 | 188,284 | 4,082 | 147,020 | 129,042 | – | – | 171,862 | 11,272 | 293 | – | 212,191 | – | 864,093 |
| Cash and cash equivalents | 40,142 | 34,074 | 21,264 | 29,342 | 30,856 | 7 | 4,584 | 122,304 | 675 | 12,567 | 7,477 | 32,839 | 10,201 | 346,332 |
| Trade and other payables[2] | (21,276) | (28,758) | (8,961) | (25,661) | (6,806) | (13,496) | (3,006) | (16,348) | (753) | (5,131) | (3,789) | (13,257) | (4,642) | (151,884) |
| Intra-group payables | (1,883) | – | – | – | – | – | – | – | – | – | – | (2,883) | – | (4,766) |
| Financial liabilities | (817,649) | (244,106) | (26,503) | (226,628) | (39,218) | – | – | (693,574) | – | – | (36,585) | (642,189) | (2,472) | (2,728,924) |
| Lease liabilities | – | – | (13,091) | – | – | – | – | – | – | (17,500) | - | (245,288) | – | (275,879) |
| Gross currency exposure | (786,509) | (39,970) | (21,758) | (41,047) | 118,980 | (13,489) | 2,619 | (410,067) | 11,350 | (2,311) | (31,931) | (632,473) | 4,559 | (1,842,047) |
| Add/(less): Net exposure denominated in the respective entities' functional currencies | 784,781 | 184,142 | 24,245 | 60,196 | (26,915) | 4 | (2,619) | 335,911 | (246) | 2,563 | 31,931 | 715,696 | (4,559) | 2,105,130 |
| Add: Loan designated for net investment hedge[3] | – | – | – | 226,814 | 39,218 | – | – | 241,137 | – | – | – | 48,720 | – | 555,889 |
| Add: Cross currency interest rate swap | – | – | – | – | – | – | – | – | – | – | – | 68,855 | – | 68,855 |
| Net exposure | (1,728) | 144,172 | 2,487 | 245,963 | 131,283 | (13,485) | – | 166,981 | 11,104 | 252 | – | 200,798 | – | 887,827 |

(1) Excluding prepayments.
(2) Excluding advance rental and liability for employee benefits.
(3) Stated at face value (excluding unamortised transaction costs).

Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Stapled Group entities' Statements of Financial Position measured in the respective functional currencies, translated into Singapore dollars at the exchange rate at the reporting date for presentation purposes.

## 35 FINANCIAL INSTRUMENTS (continued)

***Foreign currency risk*** (continued)

*Sensitivity analysis*

The following table indicates the approximate increase/(decrease) in the Statement of Total Return of the CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group in response to a 10% increase in foreign exchange rates to which the CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group has significant exposure at the reporting date as compared to the functional currencies of the respective entities. The sensitivity analysis includes balances in group companies where the denomination of the balances is in a currency other than the functional currencies of the lender or the borrower.

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| Singapore Dollar(1) | **(273)** | (173) | **–** | – | **(273)** | (173) |
| Australian Dollar(2) | **(1,270)** | (1,749) | **14,639** | 16,166 | **13,369** | 14,417 |
| Chinese Renminbi(2) | **268** | 249 | **–** | – | **268** | 249 |
| Euro(2) | **25,690** | 24,596 | **–** | – | **25,690** | 24,596 |
| Sterling Pound(2) | **12,338** | 13,128 | **–** | – | **12,338** | 13,128 |
| Hong Kong Dollar(2) | **(1,359)** | (1,349) | **–** | – | **(1,359)** | (1,349) |
| Japanese Yen(3) | **11,069** | 12,459 | **3,791** | 4,239 | **14,860** | 16,698 |
| Malaysian Ringgit(2) | **1,030** | 1,110 | **–** | – | **1,030** | 1,110 |
| Philippine Peso(2) | **35** | 25 | **–** | – | **35** | 25 |
| Korean Won(2) | **–** | – | **383** | – | **383** | – |
| US Dollar(4) | **(3,250)** | 20,018 | **(4,908)** | 62 | **(8,158)** | 20,080 |

(1) As compared to functional currencies of Chinese Renminbi and US Dollar.
(2) As compared to functional currency of Singapore Dollar.
(3) As compared to functional currencies of Singapore Dollar and Chinese Renminbi.
(4) As compared to functional currencies of Singapore Dollar, Chinese Renminbi, Indonesian Rupiah, Philippine Peso, Hong Kong Dollar and Vietnam Dong.

A decrease in foreign exchange rates to which the CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group have significant exposure at the reporting date as compared to the functional currencies of the respective entities would have had the equal but opposite effect on the above currencies to the amounts shown above. The analysis assumed that all other variables, in particular interest rates, remain constant and does not take into account the translation related risk, associated tax effects and share of non-controlling interests.

**35 FINANCIAL INSTRUMENTS** (continued)

***Interest rate risk***

The Stapled Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. The CapitaLand Ascott REIT Group and the CapitaLand Ascott BT Group adopt a policy of ensuring that up to 80% of its interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

At 31 December 2022, the Stapled Group has interest rate swaps classified as cash flow hedges with notional contractual amount of $587.5 million (2021: $581.2 million) which pay fixed interest rates averaging 0.30% to 1.21% (2021: 0.30% to 0.82%) per annum and receive variable rates on the notional amount and cross currency interest rate swaps classified as cash flow hedge with notional contractual amount of $194.9 million (2021: $207.9 million) which pay fixed interest rates and receive variable rates.

The Stapled Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. If a hedging relationship is directly affected by uncertainty arising from interest rate benchmark reform, then the Stapled Group assumes for this purpose that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

The Stapled Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the critical terms method. When all critical terms match, the economic relationship is considered 100% effective.

Hedge ineffectiveness may occur due to changes in the critical terms of either the interest rate swaps or borrowings. Hedging relationships that are impacted by interest rate benchmark reform may experience ineffectiveness because of a timing mismatch between the hedged item and the hedging instrument regarding interest rate benchmark reform transition.

Hedging relationships that are impacted by interest rate benchmark reform may experience ineffectiveness because of the uncertainty about when and how replacement may occur for the relevant hedged item and hedging instrument due to the interest rate benchmark reform transition. For further details, see 'Managing interest rate benchmark reform and associated risks' below.

**Managing interest rate benchmark reform and associated risks**

*Overview*

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates (referred to as "interest rate benchmark reform"). The Stapled Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives.

The Stapled Group's main IBOR exposure at 31 December 2022 was indexed to SGD SOR and USD LIBOR. These benchmark rates will lose representativeness or discontinue and be replaced with alternative interest rates benchmarks in various countries from 1 July 2023.

The Managers monitor and manage the Stapled Group's transition to alternative rates. The Managers evaluate the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of interest rate benchmark reform and how to manage communication about interest rate benchmark reform with counterparties.

**35 FINANCIAL INSTRUMENTS** (continued)

***Interest rate risk*** (continued)

*Non-derivative financial liabilities*

The Stapled Group's IBOR exposures to non-derivative financial liabilities as at 31 December 2022 included unsecured bank loans indexed to SGD SOR. The Stapled Group is in communication with the counterparties to progressively transition non-derivative financial liabilities which are indexed to the affected interest rate benchmarks to alternative risk-free rates.

*Derivatives*

The Stapled Group holds interest rate swaps and cross currency interest rate swaps for risk management purposes which are designated in cash flow hedging relationship. The interest rate swap and cross currency swap have floating legs that are indexed to SORA, GBP IBOR, USD LIBOR, USD SOFR and JPY IBOR. The Stapled Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association ("ISDA")'s master agreements. The Stapled Group is still in the process of communication with the counterparties for all USD LIBOR indexed exposures and specific changes have yet been agreed. The Stapled Group has generally adhered to the ISDA 2020 IBOR Fallbacks Protocol to include new fallback clauses with the derivatives counterparties.

*Hedge accounting*

The Stapled Group has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by interest rate benchmark reform as at 31 December 2022. The Stapled Group's hedged items and hedging instruments continue to be indexed to IBOR benchmark rates which are SGD SOR and USD LIBOR. These benchmark rates are quoted each day and the IBOR cash flows are exchanged with its counterparties as usual.

The Stapled Group's SGD SOR and USD LIBOR cash flow hedging relationships extend beyond the anticipated cessation dates of the respective rates. The Stapled Group is actively engaging with the lenders to include appropriate fallback provisions in its floating rate liabilities with maturities beyond the cessation dates of the affected interest rate benchmarks. The hedging instruments will be modified as outlined under 'Derivatives' above. The Stapled Group continues to apply the amendments to FRS 109/SFRS(I) 9 issued in December 2020 (Phase 1) to those hedging relationships directly affected by IBOR reform.

**Total amounts of unreformed contracts, including those with an appropriate fallback clause**

The Stapled Group monitors the progress of transition from IBOR to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Stapled Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to interest rate benchmark reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

## 35 FINANCIAL INSTRUMENTS (continued)

***Interest rate risk*** (continued)

The following table contains details of all the financial instruments that the CapitaLand Ascott REIT Group and the Stapled Group hold which have not yet transitioned to the new benchmark rates. The financial instruments held by the CapitaLand Ascott BT Group as at 31 December 2021 and 31 December 2022 are not affected by IBORs transition.

| | SGD SOR | | USD LIBOR | | GBP LIBOR | | JPY LIBOR | |
|---|---|---|---|---|---|---|---|---|
| **CapitaLand Ascott REIT Group and Stapled Group** | **Carrying amount $'000** | **Of which: Not yet transited to an alternative benchmark rate $'000** | **Carrying amount $'000** | **Of which: Not yet transited to an alternative benchmark rate $'000** | **Carrying amount $'000** | **Of which: Not yet transited to an alternative benchmark rate $'000** | **Carrying amount $'000** | **Of which: Not yet transited to an alternative benchmark rate $'000** |
| **31 December 2022** | | | | | | | | |
| **Financial assets** | | | | | | | | |
| Interest rate swaps | – | – | 11,600 | 11,600 | – | – | – | – |
| **Financial liabilities** | | | | | | | | |
| Unsecured bank loans | (46,800) | (46,800) | – | – | – | – | – | – |
| **Total** | (46,800) | (46,800) | 11,600 | 11,600 | – | – | – | – |
| **31 December 2021** | | | | | | | | |
| **Financial assets** | | | | | | | | |
| Cross currency swaps | 8,907 | 8,907 | – | – | – | – | – | – |
| Interest rate swaps | – | – | 1,523 | 1,523 | 472 | 472 | – | – |
| | 8,907 | 8,907 | 1,523 | 1,523 | 472 | 472 | – | – |
| **Financial liabilities** | | | | | | | | |
| Secured bank loans | – | – | (119,624) | (119,624) | – | – | – | – |
| Unsecured bank loans | (129,197) | (129,197) | – | – | (39,177) | (39,177) | (94,971) | (94,971) |
| Interest rate swaps | – | – | – | – | – | – | (165) | (165) |
| | (129,197) | (129,197) | (119,624) | (119,624) | (39,177) | (39,177) | (95,136) | (95,136) |
| **Total** | (120,290) | (120,290) | (118,101) | (118,101) | (38,705) | (38,705) | (95,136) | (95,136) |

**35 FINANCIAL INSTRUMENTS** (continued)

***Interest rate risk*** (continued)

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

| | Carrying amount | | | | | |
|---|---|---|---|---|---|---|
| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| **Fixed rate instruments** | | | | | | |
| Financial liabilities | **(1,422,161)** | (1,119,381) | **(34,219)** | (106,288) | **(1,456,380)** | (1,225,669) |
| **Variable rate instruments** | | | | | | |
| Financial liabilities | **(1,193,556)** | (1,260,333) | **(224,650)** | (242,922) | **(1,418,206)** | (1,503,255) |

To manage its exposure to interest rate movements on its variable rate financial liabilities, the CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group enter into interest rate swaps and cross currency interest rate swaps. The following cross currency interest rate swaps are used to exchange:

(a) floating rate interest on USD loan of USD76.3 million (2021: USD80.9 million) for fixed rate JPY interest; and

(b) floating rate interest on SGD loan of SGD90.3 million (2021: SGD90.3 million) for fixed rate JPY interest.

The hedge relationships for which hedge accounting have been adopted are effective in the financial year ended 31 December 2022 and 31 December 2021.

*Fair value sensitivity analysis for fixed rate instruments*

The CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group do not account for any fixed rate financial liabilities at fair value through total return, and the CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group do not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rate at the reporting date would not affect the Statement of Total Return.

*Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points ("bp") in interest rate at the reporting date would increase/(decrease) Stapled Securityholders' funds and Statement of Total Return by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2021.

## 35 FINANCIAL INSTRUMENTS (continued)

***Interest rate risk*** (continued)

*Cash flow sensitivity analysis for variable rate instruments (continued)*

| | Statement of Total Return | | Stapled Securityholders' funds | |
|---|---|---|---|---|
| | 100 bp increase $'000 | 100 bp decrease $'000 | 100 bp increase $'000 | 100 bp decrease $'000 |
| **CapitaLand Ascott REIT Group** | | | | |
| **31 December 2022** | | | | |
| Variable rate financial liabilities | (12,007) | 12,007 | – | – |
| Interest rate swaps/Cross currency interest rate swaps | 6,166 | (6,166) | 1,328 | (1,328) |
| Cash flow sensitivity (net) | (5,841) | 5,841 | 1,328 | (1,328) |
| **31 December 2021** | | | | |
| Variable rate financial liabilities | (12,651) | 12,651 | – | – |
| Interest rate swaps/Cross currency interest rate swaps | 5,962 | (5,962) | 1,072 | (1,072) |
| Cash flow sensitivity (net) | (6,689) | 6,689 | 1,072 | (1,072) |
| **CapitaLand Ascott BT Group** | | | | |
| **31 December 2022** | | | | |
| Variable rate financial liabilities | (2,249) | 2,249 | – | – |
| Interest rate swaps/Cross currency interest rate swaps | 1,657 | (1,657) | 409 | (409) |
| Cash flow sensitivity (net) | (592) | 592 | 409 | (409) |
| **31 December 2021** | | | | |
| Variable rate financial liabilities | (2,433) | 2,433 | – | – |
| Interest rate swaps/Cross currency interest rate swaps | 1,929 | (1,929) | 483 | (483) |
| Cash flow sensitivity (net) | (504) | 504 | 483 | (483) |
| **Stapled Group** | | | | |
| **31 December 2022** | | | | |
| Variable rate financial liabilities | (14,256) | 14,256 | – | – |
| Interest rate swaps/Cross currency interest rate swaps | 7,823 | (7,823) | 1,737 | (1,737) |
| Cash flow sensitivity (net) | (6,433) | 6,433 | 1,737 | (1,737) |
| **31 December 2021** | | | | |
| Variable rate financial liabilities | (15,084) | 15,084 | – | – |
| Interest rate swaps/Cross currency interest rate swaps | 7,891 | (7,891) | 1,555 | (1,555) |
| Cash flow sensitivity (net) | (7,193) | 7,193 | 1,555 | (1,555) |

# Notes to the Financial Statements

Year ended 31 December 2022

**35 FINANCIAL INSTRUMENTS** (continued)

**Hedge accounting**

At 31 December 2022, the CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group held the following instruments to hedge exposures to changes in foreign currency and interest rates.

| | | Carrying amount | | | Changes in fair value used for calculating hedge ineffectiveness | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **CapitaLand Ascott REIT Group** | **Notional amount directly impacted by IBOR reform $'000** | **Contractual notional amount $'000** | **Assets/ (Liabilities) $'000** | **Financial statement line item** | **Hedging instrument $'000** | **Hedged item $'000** | **Hedge ineffectiveness recognised in Statement of Total Return $'000** | **Weighted average hedge rate** | **Maturity date** |
| **Cash flow hedges** | | | | | | | | | |
| *Interest rate risk* | | | | | | | | | |
| – Interest rate swaps to hedge floating rate borrowings | 124,595 | 456,560 | 31,929 | Derivative financial instruments | 33,112 | (33,112) | – | 1.21% | 2023 – 2029 |
| – USD/JPY cross currency interest rate swap to swap USD floating rate interest for JPY fixed rate interest | – | 69,739 | 488 | Derivative financial instruments | 1,644 | (1,644) | – | 2.91% | 2023 |
| – SGD/JPY cross currency interest rate swap to swap SGD floating rate interest for JPY fixed rate interest | – | 90,300 | 2,040 | Derivative financial instruments | 1,229 | (1,229) | – | 2.37% | 2025 |
| *Foreign exchange risk* | | | | | | | | | |
| – USD floating rate loan designated under the USD/JPY cross currency interest rate swap | | – | (69,629) | Borrowings | (884) | 884 | – | – | 2023 |

**35 FINANCIAL INSTRUMENTS** (continued)

**Hedge accounting** (continued)

| CapitaLand Ascott REIT Group | Carrying amount | | | Changes in fair value used for calculating hedge ineffectiveness | | | | |
|---|---|---|---|---|---|---|---|---|
| | Contractual notional amount $'000 | Assets/ (Liabilities) $'000 | Financial statement line item | Hedging instrument $'000 | Hedged item $'000 | Hedge ineffectiveness recognised in Statement of Total Return $'000 | Weighted average hedge rate | Maturity date |
| **Net investment hedges** | | | | | | | | |
| *Foreign exchange risk* | | | | | | | | |
| – Borrowings to hedge net investments in foreign operations | – | (524,001) | Borrowings | 9,283 | (9,283) | – | – | 2023 – 2029 |
| – Cross currency interest rate swaps to hedge net investments in foreign operations | 585,000 | 20,693 | Derivative financial instruments | 26,848 | (26,848) | – | EUR 1:$1.54<br>JPY97.80:$1 | 2023 – 2027 |
| – USD/JPY cross currency interest rate swap to hedge JPY net investments | –[1] | 10,701 | Derivative financial instruments | 7,068 | (7,068) | – | JPY83.20:$1 | 2023 |
| – SGD/JPY cross currency interest rate swap to hedge JPY net investments | –[1] | 18,610 | Derivative financial instruments | 10,516 | (10,516) | – | JPY77.52:$1 | 2025 |

(1) Contractual notional amount of the USD/JPY and SGD/JPY cross currency interest rate swap is disclosed under "Cash flow hedges".

## 35 FINANCIAL INSTRUMENTS (continued)

**Hedge accounting** (continued)

| CapitaLand Ascott BT Group | Notional amount directly impacted by IBOR reform $'000 | Carrying amount: Contractual notional amount $'000 | Carrying amount: Assets/ (Liabilities) $'000 | Carrying amount: Financial statement line item | Changes in fair value used for calculating hedge ineffectiveness: Hedging instrument $'000 | Changes in fair value used for calculating hedge ineffectiveness: Hedged item $'000 | Changes in fair value used for calculating hedge ineffectiveness: Hedge ineffectiveness recognised in Statement of Total Return $'000 | Weighted average hedge rate | Maturity date |
|---|---|---|---|---|---|---|---|---|---|
| **Cash flow hedges** | | | | | | | | | |
| *Interest rate risk* | | | | | | | | | |
| – Interest rate swaps to hedge floating rate borrowings | – | 130,906 | 3,024 | Derivative financial instruments | 3,425 | (3,425) | – | 0.30% | 2023 |
| – USD/JPY cross currency interest rate swap to swap USD floating rate interest for JPY fixed rate interest | – | 34,817 | (166) | Derivative financial instruments | (175) | 175 | – | 2.20% | 2023 |
| **Net investment hedges** | | | | | | | | | |
| *Foreign exchange risk* | | | | | | | | | |
| – USD/JPY cross currency interest rate swap to hedge JPY net investments | | –[1] | (644) | Derivative financial instruments | (644) | 644 | – | JPY135:USD1 | 2023 |

(1) Contractual notional amount of the USD/JPY cross currency interest rate swap is disclosed under "Cash flow hedges".

## 35 FINANCIAL INSTRUMENTS (continued)

**Hedge accounting** (continued)

| | | Carrying amount | | | Changes in fair value used for calculating hedge ineffectiveness | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Stapled Group** | **Notional amount directly impacted by IBOR reform $'000** | **Contractual notional amount $'000** | **Assets/ (Liabilities) $'000** | **Financial statement line item** | **Hedging instrument $'000** | **Hedged item $'000** | **Hedge ineffectiveness recognised in Statement of Total Return $'000** | **Weighted average hedge rate** | **Maturity date** |
| **Cash flow hedges** | | | | | | | | | |
| *Interest rate risk* | | | | | | | | | |
| – Interest rate swaps to hedge floating rate borrowings | 124,595 | 587,466 | 34,953 | Derivative financial instruments | 36,559 | (36,559) | – | 0.30% to 1.21% | 2023 – 2029 |
| – USD/JPY cross currency interest rate swap to swap USD floating rate interest for JPY fixed rate interest | – | 104,556 | 322 | Derivative financial instruments | 1,469 | (1,469) | – | 2.20% to 2.91% | 2023 |
| – SGD/JPY cross currency interest rate swap to swap SGD floating rate interest for JPY fixed rate interest | – | 90,300 | 2,040 | Derivative financial instruments | 1,229 | (1,229) | – | 2.37% | 2025 |
| *Foreign exchange risk* | | | | | | | | | |
| – USD floating rate loan designated under the USD/JPY cross currency interest rate swap | | – | (69,629) | Borrowings | (884) | 884 | – | – | 2023 |

## 35 FINANCIAL INSTRUMENTS (continued)

**Hedge accounting** (continued)

| Stapled Group | Carrying amount: Contractual notional amount $'000 | Carrying amount: Assets/ (Liabilities) $'000 | Carrying amount: Financial statement line item | Changes in fair value used for calculating hedge ineffectiveness: Hedging instrument $'000 | Changes in fair value used for calculating hedge ineffectiveness: Hedged item $'000 | Changes in fair value used for calculating hedge ineffectiveness: Hedge ineffectiveness recognised in Statement of Total Return $'000 | Weighted average hedge rate | Maturity date |
|---|---|---|---|---|---|---|---|---|
| **Net investment hedges** | | | | | | | | |
| *Foreign exchange risk* | | | | | | | | |
| – Borrowings to hedge net investments in foreign operations | – | (524,001) | Borrowings | 9,283 | (9,283) | – | – | 2023 - 2029 |
| – Cross currency interest rate swaps to hedge net investments in foreign operations | 585,000 | 20,693 | Derivative financial instruments | 26,848 | (26,848) | – | EUR 1:$1.54<br>JPY97.80:$1 | 2023 – 2027 |
| – USD/JPY cross currency interest rate swap to hedge JPY net investments | –[1] | 10,057 | Derivative financial instruments | 6,424 | (6,424) | – | JPY83.20:$1<br>JPY135:USD1 | 2023 |
| – SGD/JPY cross currency interest rate swap to hedge JPY net investments | –[1] | 18,610 | Derivative financial instruments | 10,516 | (10,516) | – | JPY77.52:$1 | 2025 |

(1) Contractual notional amount of the USD/JPY and SGD/JPY cross currency interest rate swap is disclosed under "Cash flow hedges".

## 35 FINANCIAL INSTRUMENTS (continued)

**Hedge accounting** (continued)

At 31 December 2021, the CapitaLand Ascott REIT Group, the CapitaLand Ascott BT Group and the Stapled Group held the following instruments to hedge exposures to changes in foreign currency and interest rates.

| | | Carrying amount | | | Changes in fair value used for calculating hedge ineffectiveness | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **CapitaLand Ascott REIT Group** | **Notional amount directly impacted by IBOR reform $'000** | **Contractual notional amount $'000** | **Assets/ (Liabilities) $'000** | **Financial statement line item** | **Hedging instrument $'000** | **Hedged item $'000** | **Hedge ineffectiveness recognised in Statement of Total Return $'000** | **Weighted average hedge rate** | **Maturity date** |
| **Cash flow hedges** | | | | | | | | | |
| *Interest rate risk* | | | | | | | | | |
| – Interest rate swaps to hedge floating rate borrowings | 257,350 | 437,088 | 167 | Derivative financial instruments | 2,080 | (2,080) | – | 0.82% | 2022 – 2026 |
| – USD/JPY cross currency interest rate swap to swap USD floating rate interest for JPY fixed rate interest | – | 68,855 | (1,157) | Derivative financial instruments | 2,958 | (2,958) | – | 1.19% | 2023 |
| – SGD/JPY cross currency interest rate swap to swap SGD floating rate interest for JPY fixed rate interest | 90,300 | 90,300 | 811 | Derivative financial instruments | 1,206 | (1,206) | – | 1.46% | 2025 |
| *Foreign exchange risk* | | | | | | | | | |
| – USD floating rate loan designated under the USD/JPY cross currency interest rate swap | | – | (68,630) | Borrowings | (277) | 277 | – | – | 2023 |

# Notes to the Financial Statements

Year ended 31 December 2022

**35 FINANCIAL INSTRUMENTS** (continued)

**Hedge accounting** (continued)

| | Carrying amount | | | Changes in fair value used for calculating hedge ineffectiveness | | | | |
|---|---|---|---|---|---|---|---|---|
| **CapitaLand Ascott REIT Group** | **Contractual notional amount $'000** | **Assets/ (Liabilities) $'000** | **Financial statement line item** | **Hedging instrument $'000** | **Hedged item $'000** | **Hedge ineffectiveness recognised in Statement of Total Return $'000** | **Weighted average hedge rate** | **Maturity date** |
| **Net investment hedges** | | | | | | | | |
| *Foreign exchange risk* | | | | | | | | |
| – Borrowings to hedge net investments in foreign operations | – | (506,277) | Borrowings | 26,637 | (26,637) | – | – | 2022 – 2025 |
| – Cross currency interest rate swaps to hedge net investments in foreign operations | 420,000 | 5,973 | Derivative financial instruments | 20,194 | (20,194) | – | EUR 1:$1.53 | 2022 – 2024 |
| – USD/JPY cross currency interest rate swap to hedge JPY net investments | –[1] | 3,632 | Derivative financial instruments | 4,626 | (4,626) | – | JPY83.20:$1 | 2023 |
| – SGD/JPY cross currency interest rate swap to hedge JPY net investments | –[1] | 8,096 | Derivative financial instruments | 7,402 | (7,402) | – | JPY77.52:$1 | 2025 |

(1) Contractual notional amount of the USD/JPY and SGD/JPY cross currency interest rate swap is disclosed under "Cash flow hedges".

## 35 FINANCIAL INSTRUMENTS (continued)

**Hedge accounting** (continued)

| | | Carrying amount | | | Changes in fair value used for calculating hedge ineffectiveness | | | | |
|---|---|---|---|---|---|---|---|---|---|
| CapitaLand Ascott BT Group | Notional amount directly impacted by IBOR reform $'000 | Contractual notional amount $'000 | Assets/ (Liabilities) $'000 | Financial statement line item | Hedging instrument $'000 | Hedged item $'000 | Hedge ineffectiveness recognised in Statement of Total Return $'000 | Weighted average hedge rate | Maturity date |
| **Cash flow hedges** | | | | | | | | | |
| *Interest rate risk* | | | | | | | | | |
| – Interest rate swaps to hedge floating rate borrowings | – | 144,160 | 1,097 | Derivative financial instruments | 1,434 | (1,434) | – | 0.30% | 2023 |
| – USD/JPY cross currency interest rate swap to swap USD floating rate interest for JPY fixed rate interest | – | 40,600 | 11 | Derivative financial instruments | (35) | 35 | – | 1.38% | 2022 |
| – USD/KRW cross currency interest rate swap to swap USD floating rate interest for KRW fixed rate interest | – | 8,120 | (1) | Derivative financial instruments | 77 | (77) | – | 1.38% | 2022 |
| **Net investment hedges** | | | | | | | | | |
| *Foreign exchange risk* | | | | | | | | | |
| – Borrowings to hedge net investments in foreign operations | | – | (48,718) | Borrowings | (196) | 196 | – | – | 2022 |
| – Cross currency interest rate swaps to hedge net investments in foreign operations | | 69,000 | 9,200 | Derivative financial instruments | 4,265 | (4,265) | – | JPY74.95:$1 | 2022 |
| – USD/JPY cross currency interest rate swap to hedge JPY net investments | | –[1] | 380 | Derivative financial instruments | 4,509 | (4,509) | – | JPY114:USD1 | 2022 |
| – USD/KRW cross currency interest rate swap to hedge KRW net investments | | –[1] | 722 | Derivative financial instruments | 698 | (698) | – | KRW1,083: USD1 | 2022 |

(1) Contractual notional amount of the USD/JPY and USD/KRW cross currency interest rate swap is disclosed under "Cash flow hedges".

## 35 FINANCIAL INSTRUMENTS (continued)

**Hedge accounting** (continued)

| Stapled Group | Notional amount directly impacted by IBOR reform $'000 | Carrying amount: Contractual notional amount $'000 | Carrying amount: Assets/ (Liabilities) $'000 | Carrying amount: Financial statement line item | Changes in fair value used for calculating hedge ineffectiveness: Hedging instrument $'000 | Changes in fair value used for calculating hedge ineffectiveness: Hedged item $'000 | Changes in fair value used for calculating hedge ineffectiveness: Hedge ineffectiveness recognised in Statement of Total Return $'000 | Weighted average hedge rate | Maturity date |
|---|---|---|---|---|---|---|---|---|---|
| **Cash flow hedges** | | | | | | | | | |
| *Interest rate risk* | | | | | | | | | |
| – Interest rate swaps to hedge floating rate borrowings | 257,350 | 581,248 | 1,264 | Derivative financial instruments | 3,533 | (3,533) | – | 0.30% – 0.82% | 2022 – 2026 |
| – USD/JPY cross currency interest rate swap to swap USD floating rate interest for JPY fixed rate interest | – | 109,455 | (1,146) | Derivative financial instruments | 2,923 | (2,923) | – | 1.19% – 1.38% | 2022 – 2023 |
| – SGD/JPY cross currency interest rate swap to swap SGD floating rate interest for JPY fixed rate interest | 90,300 | 90,300 | 811 | Derivative financial instruments | 1,206 | (1,206) | – | 1.46% | 2025 |
| – USD/KRW cross currency interest rate swap to swap USD floating rate interest for KRW fixed rate interest | – | 8,120 | (1) | Derivative financial instruments | 77 | (77) | – | 1.38% | 2022 |
| *Foreign exchange risk* | | | | | | | | | |
| – USD floating rate loan designated under the USD/JPY cross currency interest rate swap | | – | (68,630) | Borrowings | (277) | 277 | – | – | 2023 |

## 35 FINANCIAL INSTRUMENTS (continued)

### Hedge accounting (continued)

| Stapled Group | Carrying amount | | | Changes in fair value used for calculating hedge ineffectiveness | | | | |
|---|---|---|---|---|---|---|---|---|
| | Contractual notional amount $'000 | Assets/ (Liabilities) $'000 | Financial statement line item | Hedging instrument $'000 | Hedged item $'000 | Hedge ineffectiveness recognised in Statement of Total Return $'000 | Weighted average hedge rate | Maturity date |
| **Net investment hedges** | | | | | | | | |
| *Foreign exchange risk* | | | | | | | | |
| – Borrowings to hedge net investments in foreign operations | – | (554,995) | Borrowings | 26,441 | (26,441) | – | – | 2022 – 2025 |
| – Cross currency interest rate swaps to hedge net investments in foreign operations | 489,000 | 15,173 | Derivative financial instruments | 24,459 | (24,459) | – | JPY74.95:$1 EUR 1:$1.53 | 2022 – 2024 |
| – USD/JPY cross currency interest rate swap to hedge JPY net investments | –[(1)] | 4,012 | Derivative financial instruments | 9,135 | (9,135) | – | JPY83.20:$1 JPY114:USD1 | 2022 – 2023 |
| – SGD/JPY cross currency interest rate swap to hedge JPY net investments | –[(1)] | 8,096 | Derivative financial instruments | 7,402 | (7,402) | – | JPY77.52: $1 | 2025 |
| – USD/KRW cross currency interest rate swap to hedge KRW net investments | –[(1)] | 722 | Derivative financial instruments | 698 | (698) | – | KRW1,083: USD1 | 2022 |

(1) Contractual notional amount of the USD/JPY, SGD/JPY and USD/KRW cross currency interest rate swap is disclosed under "Cash flow hedges".

**35 FINANCIAL INSTRUMENTS** (continued)

**Hedge accounting** (continued)

The following table provides a reconciliation by risk category of components of Stapled Securityholders' funds resulting from cash flow hedge accounting.

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| **Hedging reserve** | **2022 $'000** | **2021 $'000** | **2022 $'000** | **2021 $'000** | **2022 $'000** | **2021 $'000** |
| **Balance as at 1 January** | **(42)** | (9,356) | **1,470** | (415) | **1,444** | (9,774) |
| **Cash flow hedges** | | | | | | |
| Change in fair value | | | | | | |
| – Interest rate risk | **35,985** | 6,244 | **3,250** | 1,476 | **39,257** | 7,739 |
| – Foreign exchange risk | **(884)** | (277) | **–** | – | **(884)** | (277) |
| Amounts reclassified to Statement of Total Return | | | | | | |
| – Interest rate risk | **(1,095)** | 3,347 | **(1,292)** | 409 | **(2,387)** | 3,756 |
| **Balance as at 31 December** | **33,964** | (42) | **3,428** | 1,470 | **37,430** | 1,444 |

***Net investment hedge***

A foreign currency exposure arises from the Stapled Group's net investment in its subsidiaries in Europe and Japan that has a EUR, GBP and JPY functional currency respectively. The risk arises from the fluctuation in spot exchange rates between the EUR, GBP, JPY and SGD, which causes the amount of the net investment to vary.

The hedged risk in the net investment hedges are the risk of a weakening EUR, GBP and JPY against the SGD that will result in a reduction in the carrying amount of the Stapled Group's net investment in its subsidiaries in Europe and Japan.

Part of the Stapled Group's net investments in certain subsidiaries in Europe and Japan are hedged through the use of EUR, GBP and JPY denominated borrowings.

The Stapled Group also entered into cross currency interest rate swaps to swap fixed rate SGD medium term notes for fixed rate EUR and JPY obligations. The SGD medium term notes, which together with the cross currency interest rate swap arrangement, have been used to hedge the Stapled Group's foreign currency risk on the net investment in the subsidiaries in Europe and Japan.

The Stapled Group has also designated USD denominated borrowings, together with certain cross currency interest rate swaps, to hedge its net investment in the subsidiaries in Japan.

The Stapled Group also entered into a cross currency interest rate swap to swap floating rate USD loan for fixed rate JPY obligations. The JPY portion of this cross currency interest rate swap have been designated as a hedge of the Stapled Group's foreign currency risk on the net investment in the subsidiaries in Japan. The USD floating rate loan, together with the swap of the floating USD interest for fixed JPY interest under the cross currency interest rate swap, is designated as a cash flow hedge.

## 35 FINANCIAL INSTRUMENTS (continued)

***Net investment hedge*** *(continued)*

As at the reporting date, the carrying amount of these borrowings was $524,001,000 (2021: $554,995,000) and the fair value of the borrowings was $529,983,000 (2021: $567,792,000). The net investment hedges were effective during the year. The Stapled Group's investments in other subsidiaries are not hedged.

The Stapled Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency and amount. The Stapled Group assess the effectiveness of each hedging relationship by comparing changes in the carrying amount of the debt that is attributable to a change in the spot rate with changes in the investment in the foreign operation due to movements in the spot rate (the offset method).

**Offsetting financial assets and financial liabilities**

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Stapled Group's Statement of Financial Position; or

- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the Statement of Financial Position.

Financial instruments such as loans and receivables and financial liabilities are not disclosed in the tables below unless they are offset in the Statement of Financial Position.

The Stapled Group's derivative transactions that are not transacted on an exchange are entered into under ISDA Master Netting Agreements. In general, under such agreements, the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the Statement of Financial Position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Stapled Group or the counterparties. In addition, the Stapled Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

**35 FINANCIAL INSTRUMENTS** (continued)

***Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangement***

| CapitaLand Ascott REIT Group | Gross amount of recognised financial assets/ (liabilities) $'000 | Gross amount of recognised financial assets/ (liabilities) offset in the Statement of Financial Position $'000 | Net amount of financial assets/ (liabilities) presented in the Statement of Financial Position $'000 | Related amount not offset in the Statement of Financial Position $'000 | Net amount $'000 |
|---|---|---|---|---|---|
| **31 December 2022** | | | | | |
| **Financial assets** | | | | | |
| Interest rate swaps | 31,934 | – | 31,934 | – | 31,934 |
| Cross currency interest rate swaps | 59,471 | – | 59,471 | – | 59,471 |
| Trade and other receivables | 11,536 | (11,536) | – | – | – |
| **Financial liabilities** | | | | | |
| Interest rate swaps | (5) | – | (5) | – | (5) |
| Cross currency interest rate swaps | (6,939) | – | (6,939) | – | (6,939) |
| Trade and other payables | (13,420) | 11,536 | (1,884) | – | (1,884) |
| **31 December 2021** | | | | | |
| **Financial assets** | | | | | |
| Interest rate swaps | 1,995 | – | 1,995 | – | 1,995 |
| Cross currency interest rate swaps | 17,355 | – | 17,355 | – | 17,355 |
| Trade and other receivables | 11,390 | (11,390) | – | – | – |
| **Financial liabilities** | | | | | |
| Interest rate swaps | (1,828) | – | (1,828) | – | (1,828) |
| Trade and other payables | (13,304) | 11,390 | (1,914) | – | (1,914) |

**35 FINANCIAL INSTRUMENTS** (continued)

***Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangement*** *(continued)*

| CapitaLand Ascott BT Group | Gross amount of recognised financial assets/ (liabilities) $'000 | Gross amount of recognised financial assets/ (liabilities) offset in the Statement of Financial Position $'000 | Net amount of financial assets/ (liabilities) presented in the Statement of Financial Position $'000 | Related amount not offset in the Statement of Financial Position $'000 | Net amount $'000 |
|---|---|---|---|---|---|
| **31 December 2022** | | | | | |
| **Financial assets** | | | | | |
| Interest rate swaps | 3,024 | – | 3,024 | – | 3,024 |
| **Financial liabilities** | | | | | |
| Cross currency interest rate swaps | (810) | – | (810) | – | (810) |
| **31 December 2021** | | | | | |
| **Financial assets** | | | | | |
| Interest rate swaps | 1,097 | – | 1,097 | – | 1,097 |
| Cross currency interest rate swaps | 10,312 | – | 10,312 | – | 10,312 |

**35 FINANCIAL INSTRUMENTS** (continued)

***Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangement*** *(continued)*

| Stapled Group | Gross amount of recognised financial assets/ (liabilities) $'000 | Gross amount of recognised financial assets/ (liabilities) offset in the Statement of Financial Position $'000 | Net amount of financial assets/ (liabilities) presented in the Statement of Financial Position $'000 | Related amount not offset in the Statement of Financial Position $'000 | Net amount $'000 |
|---|---|---|---|---|---|
| **31 December 2022** | | | | | |
| **Financial assets** | | | | | |
| Interest rate swaps | 34,958 | – | 34,958 | – | 34,958 |
| Cross currency interest rate swaps | 59,471 | – | 59,471 | – | 59,471 |
| Trade and other receivables | 11,536 | (11,536) | – | – | – |
| **Financial liabilities** | | | | | |
| Interest rate swaps | (5) | – | (5) | – | (5) |
| Cross currency interest rate swaps | (7,749) | – | (7,749) | – | (7,749) |
| Trade and other payables | (13,420) | 11,536 | (1,884) | – | – |
| **31 December 2021** | | | | | |
| **Financial assets** | | | | | |
| Interest rate swaps | 3,092 | – | 3,092 | – | 3,092 |
| Cross currency interest rate swaps | 27,667 | – | 27,667 | – | 27,667 |
| Trade and other receivables | 11,390 | (11,390) | – | – | – |
| **Financial liabilities** | | | | | |
| Interest rate swaps | (1,828) | – | (1,828) | – | (1,828) |
| Trade and other payables | (13,304) | 11,390 | (1,914) | – | (1,914) |

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the Statements of Financial Position that are disclosed in the above tables are measured in the Statements of Financial Position on the following basis:

- cross currency interest rate swaps and interest rate swaps – fair value; and
- trade and other receivables and trade and other payables – amortised cost.

## 36 RELATED PARTIES

In the normal course of the operations of the CapitaLand Ascott REIT Group, the REIT Manager's management fees and the REIT Trustee's fees have been paid or are payable to the REIT Manager and the REIT Trustee, respectively.

In the normal course of the operations of the CapitaLand Ascott BT Group, the BT Trustee-Manager's management fees and the BT Trustee-Manager's trustee fees have been paid or are payable to the BT Trustee-Manager.

During the financial year, other than those disclosed elsewhere in the financial statements, there were the following significant related party transactions, which were carried out in the normal course of business on arm's length commercial terms:

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| Acquisition fees paid/ payable to the REIT Manager | **3,524** | 6,251 | **–** | – | **3,524** | 6,251 |
| Compensation fees paid/ payable to related corporations | **–** | 2,430 | **–** | – | **–** | 2,430 |
| Divestment fees paid/payable to the REIT Manager | **6** | 2,193 | **–** | – | **6** | 2,193 |
| Rental income received/ receivable from related corporations | **(3,259)** | (2,550) | **–** | – | **(3,259)** | (2,550) |
| Rental income received/ receivable from master lease arrangements with related corporations | **(51,566)** | (47,095) | **–** | – | **(51,566)** | (47,095) |
| Rental income received/ receivable from master lease arrangements with the CapitaLand Ascott BT Group | **(14,554)** | (14,379) | **–** | – | **–** | – |
| Serviced residence management fees paid/ payable to related corporations | **12,861** | 6,313 | **215** | – | **13,076** | 6,313 |
| Service fee paid/payable to related corporations | **18,298** | 15,044 | **506** | – | **18,804** | 15,044 |

## 37 FINANCIAL RATIOS

| | CapitaLand Ascott REIT Group | | Stapled Group | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| | **%** | **%** | **%** | **%** |
| Ratio of expenses to average net asset value[1] | | | | |
| – including performance component of the REIT Manager's management fees | **0.98** | 0.94 | **1.01** | 0.96 |
| – excluding performance component of the REIT Manager's management fees | **0.76** | 0.81 | **0.78** | 0.82 |
| Portfolio turnover rate[2] | **0.01** | 6.99 | **0.01** | 6.06 |

(1) The annualised ratio is computed in accordance with guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses at the CapitaLand Ascott REIT Group and the Stapled Group level, excluding property related expenses, borrowing costs and foreign exchange gains/(losses).
(2) The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the CapitaLand Ascott REIT Group and the Stapled Group expressed as a percentage of weighted average net asset value.

## 38 OPERATING SEGMENTS

Segment information is presented in respect of the geographical segments of the Stapled Group. The operations of each of the Stapled Group's geographical segments are separately managed because of the different economic environments in which they operate in. For each of the reportable segments, the CEO of the Managers review internal management reports on a monthly basis, at minimum, for strategic decision making, performance assessment and resource allocation purpose.

Performance measurement based on segment gross profit and non-financial assets as well as financial assets attributable to each segment is used as the Managers believe that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly finance costs, corporate assets and expenses, and income tax expense. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year. Information regarding the reportable segments of the Stapled Group is presented in the following tables.

## 38 OPERATING SEGMENTS (continued)

**Information about reportable segments**

***Geographical segments***

The principal business of the Stapled Group are investing in investment properties.

| Stapled Group | Singapore $'000 | Australia $'000 | Belgium $'000 | China $'000 | France $'000 | Germany $'000 | Indonesia $'000 | Japan $'000 | Subtotal $'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Year ended 31 December 2022** | | | | | | | | | |
| Gross rental income | 46,380 | 34,491 | 11,259 | 22,336 | 25,167 | 12,783 | 13,601 | 54,613 | 220,630 |
| Hotel revenue | 4,511 | 118,568 | – | – | – | – | – | – | 123,079 |
| Other income | 484 | 2,799 | 702 | 678 | 2,078 | 589 | 155 | 2,956 | 10,441 |
| **Gross revenue** | 51,375 | 155,858 | 11,961 | 23,014 | 27,245 | 13,372 | 13,756 | 57,569 | 354,150 |
| Direct expenses | (22,172) | (108,554) | (8,587) | (18,118) | (2,247) | (1,135) | (8,543) | (20,401) | (189,757) |
| **Segment gross profit** | 29,203 | 47,304 | 3,374 | 4,896 | 24,998 | 12,237 | 5,213 | 37,168 | 164,393 |
| **Net change in fair value of investment properties, investment properties under development and assets held for sale** | 68,165 | 6,867 | (3,368) | (14,364) | (3,188) | (1,968) | 1,794 | 5,745 | 59,683 |
| **Depreciation of buildings, plant and machinery** | (1,179) | (19,317) | – | – | – | – | – | – | (20,496) |
| **Revaluation surplus on land and buildings** | – | 5,393 | – | – | – | – | – | – | 5,393 |

# Notes to the Financial Statements
Year ended 31 December 2022

**38 OPERATING SEGMENTS** (continued)

**Information about reportable segments** (continued)

***Geographical segments*** *(continued)*

| Stapled Group | Malaysia $'000 | Philippines $'000 | South Korea $'000 | Spain $'000 | United Kingdom $'000 | United States of America $'000 | Vietnam $'000 | Subtotal $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Year ended 31 December 2022** | | | | | | | | | |
| Gross rental income | 3,608 | 18,531 | 5,471 | 7,073 | 51,645 | 146,235 | 26,384 | 258,947 | 479,577 |
| Hotel revenue | – | – | – | – | – | – | – | – | 123,079 |
| Other income | 108 | 1,033 | – | 391 | 743 | 4,651 | 1,219 | 8,145 | 18,586 |
| **Gross revenue** | 3,716 | 19,564 | 5,471 | 7,464 | 52,388 | 150,886 | 27,603 | 267,092 | 621,242 |
| Direct expenses | (2,753) | (14,072) | (509) | (3,976) | (29,524) | (84,249) | (13,584) | (148,667) | (338,424) |
| **Segment gross profit** | 963 | 5,492 | 4,962 | 3,488 | 22,864 | 66,637 | 14,019 | 118,425 | 282,818 |
| **Net change in fair value of investment properties, investment properties under development and assets held for sale** | 37 | 1,024 | 2,964 | (3,562) | 16,019 | 57,223 | (11,035) | 62,670 | 122,353 |
| **Depreciation of buildings, plant and machinery** | – | – | – | – | – | – | – | – | (20,496) |
| **Revaluation surplus on land and buildings** | – | – | – | – | – | – | – | – | 5,393 |
| Finance income | | | | | | | | | 1,468 |
| Finance costs | | | | | | | | | (69,012) |
| Profit from divestments | | | | | | | | | 99 |
| Unallocated net expense | | | | | | | | | (62,840) |
| **Reportable segment profit before income tax** | | | | | | | | | 259,783 |
| Income tax expense | | | | | | | | | (33,563) |
| **Total return for the year** | | | | | | | | | 226,220 |

## 38 OPERATING SEGMENTS (continued)

**Information about reportable segments** (continued)

***Geographical segments** (continued)*

| Stapled Group | Singapore $'000 | Australia $'000 | Belgium $'000 | China $'000 | France $'000 | Germany $'000 | Indonesia $'000 | Japan $'000 | Subtotal $'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Year ended 31 December 2021** | | | | | | | | | |
| Gross rental income | 26,927 | 15,931 | 5,011 | 25,962 | 25,024 | 14,557 | 10,377 | 55,052 | 178,841 |
| Hotel revenue | – | 77,172 | – | – | – | – | – | – | 77,172 |
| Other income | 1,051 | 2,543 | 613 | 736 | 1,948 | 633 | 120 | 3,089 | 10,733 |
| **Gross revenue** | 27,978 | 95,646 | 5,624 | 26,698 | 26,972 | 15,190 | 10,497 | 58,141 | 266,746 |
| Direct expenses | (8,767) | (73,774) | (5,093) | (19,856) | (2,133) | (1,047) | (7,936) | (19,187) | (137,793) |
| **Segment gross profit** | 19,211 | 21,872 | 531 | 6,842 | 24,839 | 14,143 | 2,561 | 38,954 | 128,953 |
| **Net change in fair value of investment properties, investment properties under development and assets held for sale** | 4,537 | (3,083) | (335) | (147) | 15,625 | (707) | 1,457 | 24,280 | 41,627 |
| **Depreciation of buildings, plant and machinery** | – | (19,015) | – | – | – | – | – | – | (19,015) |
| **Revaluation surplus on land and buildings** | – | 21,201 | – | – | – | – | – | – | 21,201 |

## 38 OPERATING SEGMENTS (continued)

**Information about reportable segments** (continued)

***Geographical segments*** *(continued)*

| Stapled Group | Malaysia $'000 | Philippines $'000 | South Korea $'000 | Spain $'000 | United Kingdom $'000 | United States of America $'000 | Vietnam $'000 | Subtotal $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Year ended 31 December 2021** | | | | | | | | | |
| Gross rental income | 2,152 | 14,012 | 4,478 | 3,667 | 24,713 | 55,479 | 19,922 | 124,423 | 303,264 |
| Hotel revenue | – | – | – | – | – | – | – | – | 77,172 |
| Other income | 69 | 570 | – | 258 | 306 | 1,163 | 877 | 3,243 | 13,976 |
| **Gross revenue** | 2,221 | 14,582 | 4,478 | 3,925 | 25,019 | 56,642 | 20,799 | 127,666 | 394,412 |
| Direct expenses | (2,239) | (11,259) | (491) | (2,428) | (12,521) | (44,318) | (10,073) | (83,329) | (221,122) |
| **Segment gross profit** | (18) | 3,323 | 3,987 | 1,497 | 12,498 | 12,324 | 10,726 | 44,337 | 173,290 |
| **Net change in fair value of investment properties, investment properties under development and assets held for sale** | 46 | (4,453) | (107) | (1,260) | 46,464 | 53,535 | (9,794) | 84,431 | 126,058 |
| **Depreciation of buildings, plant and machinery** | – | – | – | – | – | – | – | – | (19,015) |
| **Revaluation surplus on land and buildings** | – | – | – | – | – | – | – | – | 21,201 |
| Finance income | | | | | | | | | 3,070 |
| Finance costs | | | | | | | | | (55,977) |
| Profit from divestments | | | | | | | | | 153,226 |
| Unallocated net expense | | | | | | | | | (26,921) |
| **Reportable segment profit before income tax** | | | | | | | | | 374,932 |
| Income tax expense | | | | | | | | | (64,515) |
| **Total return for the year** | | | | | | | | | 310,417 |

## 38 OPERATING SEGMENTS (continued)

**Information about reportable segments** (continued)

***Geographical segments** (continued)*

| Stapled Group | Singapore $'000 | Australia $'000 | Belgium $'000 | China $'000 | France $'000 | Germany $'000 | Indonesia $'000 | Japan $'000 | Subtotal $'000 |
|---|---|---|---|---|---|---|---|---|---|
| **2022** | | | | | | | | | |
| **Assets and liabilities** | | | | | | | | | |
| Reportable segment assets | 1,369,143 | 1,018,501 | 61,586 | 294,934 | 633,664 | 242,631 | 94,245 | 1,408,562 | 5,123,266 |
| Reportable segment liabilities | 90,082 | 296,058 | 39,700 | 87,719 | 332,658 | 125,672 | 7,079 | 1,372,505 | 2,351,473 |
| **Other Segmental Information** | | | | | | | | | |
| Capital expenditure: | | | | | | | | | |
| – investment properties | 60 | 2,159 | 350 | 72 | 4,742 | 28 | – | 8,523 | 15,934 |
| – property, plant and equipment | 966 | 2,362 | 770 | 509 | – | – | 216 | 443 | 5,266 |
| – investment properties under development | 18,579 | – | – | – | – | – | – | – | 18,579 |
| Depreciation | 3,194 | 22,713 | 156 | 640 | – | – | 357 | 283 | 27,343 |
| **2021** | | | | | | | | | |
| **Assets and liabilities** | | | | | | | | | |
| Reportable segment assets | 1,264,947 | 1,011,472 | 68,159 | 342,500 | 503,759 | 264,350 | 101,998 | 1,485,249 | 5,042,434 |
| Reportable segment liabilities | 263,713 | 313,283 | 61,484 | 109,949 | 405,894 | 211,835 | 8,207 | 1,010,669 | 2,385,034 |
| **Other Segmental Information** | | | | | | | | | |
| Capital expenditure: | | | | | | | | | |
| – investment properties | 101 | 32 | 39 | 156 | – | 22 | – | 9,346 | 9,696 |
| – property, plant and equipment | 345 | 2,659 | 137 | 963 | – | – | 106 | 230 | 4,440 |
| – investment properties under development | 70,459 | – | – | – | – | – | – | – | 70,459 |
| Depreciation | 1,920 | 22,779 | 136 | 710 | – | – | 432 | 289 | 26,266 |

# Notes to the Financial Statements

Year ended 31 December 2022

**38 OPERATING SEGMENTS** (continued)

**Information about reportable segments** (continued)

***Geographical segments*** *(continued)*

| Stapled Group | Malaysia $'000 | Philippines $'000 | South Korea $'000 | Spain $'000 | United Kingdom $'000 | United States of America $'000 | Vietnam $'000 | Subtotal $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|
| **2022** | | | | | | | | | |
| **Assets and liabilities** | | | | | | | | | |
| Reportable segment assets | 41,510 | 156,101 | 165,575 | 57,858 | 510,850 | 1,733,712 | 234,821 | 2,900,427 | 8,023,693 |
| Reportable segment liabilities | 702 | 31,088 | 37,292 | 26,568 | 57,589 | 1,050,345 | 23,841 | 1,227,425 | 3,578,898 |
| **Other Segmental Information** | | | | | | | | | |
| Capital expenditure: | | | | | | | | | |
| – investment properties | – | (38)* | 156 | 59 | 236 | (3,273)* | 358 | (2,502) | 13,432 |
| – property, plant and equipment | 19 | 601 | – | 95 | 874 | 5,293 | 339 | 7,221 | 12,487 |
| – investment properties under development | – | – | – | – | – | 6,638 | – | 6,638 | 25,217 |
| Depreciation | 63 | 1,604 | – | 81 | 1,133 | 4,220 | 1,329 | 8,430 | 35,773 |
| **2021** | | | | | | | | | |
| **Assets and liabilities** | | | | | | | | | |
| Reportable segment assets | 44,507 | 169,244 | 178,851 | 66,408 | 534,012 | 1,460,060 | 237,730 | 2,690,812 | 7,733,246 |
| Reportable segment liabilities | 566 | 34,651 | 48,437 | 49,349 | 58,572 | 765,208 | 23,710 | 980,493 | 3,365,527 |
| **Other Segmental Information** | | | | | | | | | |
| Capital expenditure: | | | | | | | | | |
| – investment properties | – | 360 | 103 | 22 | 569 | 21,085 | 28 | 22,167 | 31,863 |
| – property, plant and equipment | 43 | 78 | – | 3 | 44 | 623 | 431 | 1,222 | 5,662 |
| – investment properties under development | – | – | – | – | – | – | – | – | 70,459 |
| Depreciation | 96 | 1,591 | – | 93 | 826 | 2,328 | 1,444 | 6,378 | 32,644 |

* Negative due to reversal of over-provision of prior year's capital expenditure

**38 OPERATING SEGMENTS** (continued)

***Major customers***

Revenue from related corporations accounted for approximately $51,566,000 (2021: $47,095,000) of the gross revenue of the Stapled Group. Such revenue is attributable to the France segment, Germany segment and Singapore segment.

**39 FAIR VALUE OF ASSETS AND LIABILITIES**

**(a) Determining fair value**

A number of the Stapled Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods and processes. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Financial derivatives

The fair values of cross currency interest rate swaps and interest rate swaps are based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on terms and maturity of each contract and using market interest rates or exchange rates, where applicable, for a similar financial instrument at the measurement date.

(ii) Non-derivative financial liabilities

The fair value of quoted interest-bearing borrowings is their quoted ask price at the reporting date. Fair value for unquoted interest-bearing borrowings is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(iii) Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate for a similar instrument at the reporting date.

# Notes to the Financial Statements

Year ended 31 December 2022

## 39 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

### (b) Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| | | Carrying amount | | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **CapitaLand Ascott REIT Group** | **Note** | **Mandatorily at FVTPL $'000** | **Fair value – hedging instruments $'000** | **Amortised cost $'000** | **Other financial liabilities $'000** | **Total $'000** | **Level 1 $'000** | **Level 2 $'000** | **Level 3 $'000** | **Total $'000** |
| **31 December 2022** | | | | | | | | | | |
| **Financial assets measured at fair value** | | | | | | | | | | |
| Investment securities | 7 | 2,416 | – | – | – | 2,416 | – | – | 2,416 | 2,416 |
| Interest rate swaps used for hedging | 13 | – | 31,934 | – | – | 31,934 | – | 31,934 | – | 31,934 |
| Cross currency interest rate swaps used for hedging | 13 | – | 59,471 | – | – | 59,471 | – | 59,471 | – | 59,471 |
| | | 2,416 | 91,405 | – | – | 93,821 | | | | |
| **Financial assets not measured at fair value** | | | | | | | | | | |
| Loan to associate | 11 | – | – | 3,585 | – | 3,585 | | | | |
| Trade and other receivables[1] | 15 | – | – | 243,270 | – | 243,270 | | | | |
| Cash and cash equivalents | 17 | – | – | 299,251 | – | 299,251 | | | | |
| | | – | – | 546,106 | – | 546,106 | | | | |
| **Financial liabilities measured at fair value** | | | | | | | | | | |
| Interest rate swaps used for hedging | 13 | – | (5) | – | – | (5) | – | (5) | – | (5) |
| Cross currency interest rate swaps used for hedging | 13 | – | (6,939) | – | – | (6,939) | – | (6,939) | – | (6,939) |
| | | – | (6,944) | – | – | (6,944) | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | | | | |
| Bank loans | 18 | – | – | – | (1,698,901) | (1,698,901) | – | (1,683,254) | – | (1,683,254) |
| Medium term notes | 18 | – | – | – | (548,917) | (548,917) | – | (551,309) | – | (551,309) |
| Sustainability-linked notes | 18 | – | – | – | (367,899) | (367,899) | – | (361,347) | – | (361,347) |
| Trade and other payables[2] | 19 | – | – | – | (196,306) | (196,306) | | | | |
| Rental deposits (non-current) | 19 | – | – | – | (32) | (32) | – | (31) | – | (31) |
| | | – | – | – | (2,812,055) | (2,812,055) | | | | |

(1) Excluding prepayments.
(2) Excluding advance rental, liability for employee benefits and rental deposits (non-current).

## 39 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

### (b) Accounting classifications and fair values (continued)

| | | Carrying amount | | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **CapitaLand Ascott REIT Group** | **Note** | **Mandatorily at FVTPL $'000** | **Fair value – hedging instruments $'000** | **Amortised cost $'000** | **Other financial liabilities $'000** | **Total $'000** | **Level 1 $'000** | **Level 2 $'000** | **Level 3 $'000** | **Total $'000** |
| **31 December 2021** | | | | | | | | | | |
| **Financial assets measured at fair value** | | | | | | | | | | |
| Investment securities | 7 | 2,163 | – | – | – | 2,163 | – | – | 2,163 | 2,163 |
| Interest rate swaps used for hedging | 13 | – | 1,995 | – | – | 1,995 | – | 1,995 | – | 1,995 |
| Cross currency interest rate swaps used for hedging | 13 | – | 17,355 | – | – | 17,355 | – | 17,355 | – | 17,355 |
| | | 2,163 | 19,350 | – | – | 21,513 | | | | |
| **Financial assets not measured at fair value** | | | | | | | | | | |
| Loan to associate | 11 | – | – | 3,536 | – | 3,536 | | | | |
| Loan to joint venture | 12 | – | – | 14,011 | – | 14,011 | | | | |
| Trade and other receivables[1] | 15 | – | – | 170,665 | – | 170,665 | | | | |
| Cash and cash equivalents | 17 | – | – | 301,163 | – | 301,163 | | | | |
| | | – | – | 489,375 | – | 489,375 | | | | |
| **Financial liabilities measured at fair value** | | | | | | | | | | |
| Interest rate swaps used for hedging | 13 | – | (1,828) | – | – | (1,828) | – | (1,828) | – | (1,828) |
| **Financial liabilities not measured at fair value** | | | | | | | | | | |
| Bank loans | 18 | – | – | – | (1,690,949) | (1,690,949) | – | (1,692,839) | – | (1,692,839) |
| Medium term notes | 18 | – | – | – | (688,765) | (688,765) | – | (713,688) | – | (713,688) |
| Trade and other payables[2] | 19 | – | – | – | (119,118) | (119,118) | | | | |
| | | – | – | – | (2,498,832) | (2,498,832) | | | | |

(1) Excluding prepayments.
(2) Excluding advance rental, liability for employee benefits and rental deposits (non-current).

## 39 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

### (b) Accounting classifications and fair values (continued)

| | | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| **CapitaLand Ascott BT Group** | **Note** | **Fair value – hedging instruments $'000** | **Amortised cost $'000** | **Other financial liabilities $'000** | **Total $'000** | **Level 1 $'000** | **Level 2 $'000** | **Level 3 $'000** | **Total $'000** |
| **31 December 2022** | | | | | | | | | |
| **Financial assets measured at fair value** | | | | | | | | | |
| Interest rate swaps used for hedging | 13 | 3,024 | – | – | 3,024 | – | 3,024 | – | 3,024 |
| **Financial assets not measured at fair value** | | | | | | | | | |
| Trade and other receivables[1] | 15 | – | 14,091 | – | 14,091 | | | | |
| Cash and cash equivalents | 17 | – | 64,383 | – | 64,383 | | | | |
| | | – | 78,474 | – | 78,474 | | | | |
| **Financial liabilities measured at fair value** | | | | | | | | | |
| Cross currency interest rate swaps used for hedging | 13 | (810) | – | – | (810) | – | (810) | – | (810) |
| **Financial liabilities not measured at fair value** | | | | | | | | | |
| Bank loans | 18 | – | – | (258,869) | (258,869) | – | (258,673) | – | (258,673) |
| Trade and other payables[2] | 19 | – | – | (185,767) | (185,767) | | | | |
| Rental deposits (non-current) | 19 | – | – | (8,215) | (8,215) | – | (7,109) | – | (7,109) |
| | | – | – | (452,851) | (452,851) | | | | |

(1) Excluding prepayments.
(2) Excluding advance rental, liability for employee benefits and rental deposits (non-current).

**39 FAIR VALUE OF ASSETS AND LIABILITIES** (continued)

**(b) Accounting classifications and fair values** (continued)

| | | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| **CapitaLand Ascott BT Group** | **Note** | **Fair value – hedging instruments $'000** | **Amortised cost $'000** | **Other financial liabilities $'000** | **Total $'000** | **Level 1 $'000** | **Level 2 $'000** | **Level 3 $'000** | **Total $'000** |
| **31 December 2021** | | | | | | | | | |
| **Financial assets measured at fair value** | | | | | | | | | |
| Interest rate swaps used for hedging | 13 | 1,097 | – | – | 1,097 | – | 1,097 | – | 1,097 |
| Cross currency interest rate swaps used for hedging | 13 | 10,312 | – | – | 10,312 | – | 10,312 | – | 10,312 |
| | | 11,409 | – | – | 11,409 | | | | |
| **Financial assets not measured at fair value** | | | | | | | | | |
| Trade and other receivables[1] | 15 | – | 9,898 | – | 9,898 | | | | |
| Cash and cash equivalents | 17 | – | 45,169 | – | 45,169 | | | | |
| | | – | 55,067 | – | 55,067 | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | | | |
| Bank loans | 18 | – | – | (279,507) | (279,507) | – | (280,525) | – | (280,525) |
| Medium term notes | 18 | – | – | (69,703) | (69,703) | – | (70,215) | – | (70,215) |
| Trade and other payables[2] | 19 | – | – | (112,652) | (112,652) | | | | |
| Rental deposits (non-current) | 19 | – | – | (9,242) | (9,242) | – | (9,324) | – | (9,324) |
| | | – | – | (471,104) | (471,104) | | | | |

(1) Excluding prepayments.
(2) Excluding advance rental, liability for employee benefits and rental deposits (non-current).

# Notes to the Financial Statements

Year ended 31 December 2022

**39 FAIR VALUE OF ASSETS AND LIABILITIES** (continued)

**(b) Accounting classifications and fair values** (continued)

| | | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Stapled Group** | **Note** | **Fair value – hedging instruments $'000** | **Amortised cost $'000** | **Other financial liabilities $'000** | **Total $'000** | **Level 1 $'000** | **Level 2 $'000** | **Level 3 $'000** | **Total $'000** |
| **31 December 2022** | | | | | | | | | |
| **Financial assets measured at fair value** | | | | | | | | | |
| Interest rate swaps used for hedging | 13 | 34,958 | – | – | 34,958 | – | 34,958 | – | 34,958 |
| Cross currency interest rate swaps used for hedging | 13 | 59,471 | – | – | 59,471 | – | 59,471 | – | 59,471 |
| | | 94,429 | – | – | 94,429 | | | | |
| **Financial assets not measured at fair value** | | | | | | | | | |
| Loan to associate | 11 | – | 3,585 | – | 3,585 | | | | |
| Trade and other receivables[1] | 15 | – | 96,403 | – | 96,403 | | | | |
| Cash and cash equivalents | 17 | – | 363,634 | – | 363,634 | | | | |
| | | – | 463,622 | – | 463,622 | | | | |
| **Financial liabilities measured at fair value** | | | | | | | | | |
| Interest rate swaps used for hedging | 13 | (5) | – | – | (5) | – | (5) | – | (5) |
| Cross currency interest rate swaps used for hedging | 13 | (7,749) | – | – | (7,749) | – | (7,749) | – | (7,749) |
| | | (7,754) | – | – | (7,754) | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | | | |
| Bank loans | 18 | – | – | (1,957,770) | (1,957,770) | – | (1,941,927) | – | (1,941,927) |
| Medium term notes | 18 | – | – | (548,917) | (548,917) | – | (551,309) | – | (551,309) |
| Sustainability-linked notes | 18 | – | – | (367,899) | (367,899) | – | (361,347) | – | (361,347) |
| Trade and other payables[2] | 19 | – | – | (221,113) | (221,113) | | | | |
| Rental deposits (non-current) | 19 | – | – | (8,247) | (8,247) | – | (7,140) | – | (7,140) |
| | | – | – | (3,103,946) | (3,103,946) | | | | |

(1) Excluding prepayments.
(2) Excluding advance rental, liability for employee benefits and rental deposits (non-current).

## 39 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

### (b) Accounting classifications and fair values (continued)

| | | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Stapled Group** | **Note** | **Fair value – hedging instruments $'000** | **Amortised cost $'000** | **Other financial liabilities $'000** | **Total $'000** | **Level 1 $'000** | **Level 2 $'000** | **Level 3 $'000** | **Total $'000** |
| **31 December 2021** | | | | | | | | | |
| **Financial assets measured at fair value** | | | | | | | | | |
| Interest rate swaps used for hedging | 13 | 3,092 | – | – | 3,092 | – | 3,092 | – | 3,092 |
| Cross currency interest rate swaps used for hedging | 13 | 27,667 | – | – | 27,667 | – | 27,667 | – | 27,667 |
| | | 30,759 | – | – | 30,759 | | | | |
| **Financial assets not measured at fair value** | | | | | | | | | |
| Loan to associate | 11 | – | 3,536 | – | 3,536 | | | | |
| Loan to joint venture | 12 | – | 14,011 | – | 14,011 | | | | |
| Trade and other receivables[1] | 15 | – | 91,434 | – | 91,434 | | | | |
| Cash and cash equivalents | 17 | – | 346,332 | – | 346,332 | | | | |
| | | – | 455,313 | – | 455,313 | | | | |
| **Financial liabilities measured at fair value** | | | | | | | | | |
| Interest rate swaps used for hedging | 13 | (1,828) | – | – | (1,828) | – | (1,828) | – | (1,828) |
| **Financial liabilities not measured at fair value** | | | | | | | | | |
| Bank loans | 18 | – | – | (1,970,456) | (1,970,456) | – | (1,973,364) | – | (1,973,364) |
| Medium term notes | 18 | – | – | (758,468) | (758,468) | – | (783,903) | – | (783,903) |
| Trade and other payables[2] | 19 | – | – | (142,641) | (142,641) | | | | |
| Rental deposits (non-current) | 19 | – | – | (9,242) | (9,242) | – | (9,324) | – | (9,324) |
| | | – | – | (2,880,807) | (2,880,807) | | | | |

(1) Excluding prepayments.
(2) Excluding advance rental, liability for employee benefits and rental deposits (non-current).

During the years ended 31 December 2022 and 2021, there were no transfers between Level 1 and 2 of the fair value hierarchy.

## 40 ACQUISITION OF INVESTMENT PROPERTIES

During the year ended 31 December 2022, the CapitaLand Ascott REIT Group acquired four properties, namely Eslead College Gate Kindaimae, Eslead Residence Bentencho Grande, Eslead Residence Umeda Grande and Paloma Kent, from unrelated third parties.

On 30 November 2022, the CapitaLand Ascott REIT Group acquired the following from related corporations:

- a 100% effective interest in the property, La Clef Tour Eiffel Paris, through the acquisition of 100% issued shares in Ascott Holdings (France) SAS and 0.01% issued shares in Ascott Kleber SNC; and
- a 100% effective interest in the property, Somerset Central TD Hai Phong City, through the acquisition of 100% issued shares in Somerset Central TD Company Limited; and
- additional 45% effective interest in the property, Standard at Columbia, through the acquisition of 50% of the issued shares in Columbia PBSA Venture Pte. Ltd.; and
- 100% of the trust beneficial interests in a portfolio of five rental housing properties in Japan comprising House Saison Shijo-Dori, Marunouchi Central Heights, S-Residence Gakuenzaka, S-Residence Namba Viale and S-Residence Shukugawa; and
- Quest Cannon Hill.

The assets in the acquired entities largely consist of investment properties, property, plant and equipment, and investment properties under development without substantive processes. Substantially all of the fair value of the gross assets acquired is concentrated in the portfolio of the investment properties, which represents a group of similar identifiable assets. The CapitaLand Ascott REIT Group applied the concentration test and the acquisition of the entities has been assessed and accounted for as an acquisition of assets in the financial statements.

**Asset acquisition: identifiable assets acquired and liabilities assumed**

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

| CapitaLand Ascott REIT Group and Stapled Group | Note | 2022 $'000 |
|---|---|---|
| Investment properties | 4 | **344,623** |
| Property, plant and equipment | 5 | **1,617** |
| Investment properties under development | 6 | **103,735** |
| Trade and other receivables | | **2,030** |
| Cash and cash equivalents | | **1,287** |
| Financial liabilities | | **(113,354)** |
| Trade and other payables | | **(18,860)** |
| Current tax liabilities | | **98** |
| Non-controlling interests | | **(5,752)** |
| Total identifiable assets | | **315,424** |
| Less: amount previously accounted for as joint venture, remeasured at fair value | | **(24,584)** |
| Net identifiable assets acquired | | **290,840** |
| Realisation of reserves previously accounted for as a joint venture | | **(1,299)** |
| Total consideration | | **289,541** |
| Less: Deposit paid in prior year | | **(798)** |
| Less: Deferred payment | | **(28,428)** |
| Add: Consideration to be refunded from vendor | | **2,442** |
| Less: Cash and cash equivalents acquired | | **(1,287)** |
| Net cash outflow on acquisition | | **261,470** |

## 41 COMMITMENTS

### *Leases as lessor*

The Stapled Group leases out some of its investment properties on long term arrangements. All leases are classified as operating leases from a lessor perspective. The leases have initial tenure ranging from two to 25 years, with options to renew for some of the leases. The operating lease receivables are based on the fixed component of the rent receivable under the lease agreements, adjusted for increases in rent where such increases have been provided for in the agreements.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Less than one year | **54,806** | 65,879 | **29,229** | 33,480 | **72,077** | 85,483 |
| One to two years | **50,681** | 53,320 | **28,770** | 33,349 | **67,493** | 72,793 |
| Two to three years | **46,773** | 49,056 | **27,667** | 32,843 | **62,483** | 68,023 |
| Three to four years | **45,082** | 44,745 | **19,378** | 31,629 | **52,503** | 62,498 |
| Four to five years | **42,230** | 42,307 | **19,185** | 22,053 | **49,458** | 50,484 |
| More than five years | **231,294** | 256,996 | **91,254** | 126,071 | **259,772** | 296,341 |
| **Total** | **470,866** | 512,303 | **215,483** | 279,425 | **563,786** | 635,622 |

### *Capital commitments*

As at the reporting date, the Stapled Group had the following capital commitments:

| | CapitaLand Ascott REIT Group | | CapitaLand Ascott BT Group | | Stapled Group | |
|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Capital expenditure commitments: | | | | | | |
| – contracted but not provided for | **146,102** | 113,842 | **2,431** | 660 | **148,533** | 114,502 |
| – acquisition of investment property(1) | **131,388** | 39,124 | **–** | – | **131,388** | 39,124 |

(1) As at 31 December 2022, commitment for acquisition of investment properties relate to the total purchase consideration of JPY13.9 billion (equivalent to $152.7 million) for the acquisition of the trust beneficial interest in (a) one turnkey rental housing property in Osaka from Eslead Corporation, an unrelated third party, for the purchase consideration of JPY1.9 billion (equivalent to $22.2 million) derived based on the independent valuation of the property of JPY2.0 billion (equivalent to $24.4 million) using the discounted cash flow method (expected to complete in the second quarter of 2023); (b) one turnkey rental housing property in Fukuoka from KOSE R.E. Co. Ltd., an unrelated third party, for the purchase consideration of JPY4.0 billion (equivalent to $47.9 million) derived based on the independent valuation of the property of JPY4.4 billion (equivalent to $52.7 million) using the discounted cash flow method (expected to complete in the second quarter of 2023); and (c) one turnkey rental housing property in Fukuoka from Sekisui House, Ltd. and Fukuoka Shoji, Co., Ltd., unrelated third parties, for the purchase consideration of JPY8.0 billion (equivalent to $82.6 million) derived based on the independent valuation of the property of JPY8.3 billion (equivalent to $85.8 million) using the discounted cash flow method (expected to complete in 2024).

As at 31 December 2021, commitment for acquisition of investment property relates to the balance 98% purchase consideration of US$28.9 million for the acquisition of Paloma Kent (formerly known as Latitude at Kent), which was completed on 9 February 2022.

## 42 SUBSEQUENT EVENTS

On 30 January 2023, the REIT Manager and BT Trustee-Manager declared a distribution of 2.255 cents per Stapled Security amounting to $77,718,000 in respect of the period from 24 August 2022 to 31 December 2022.

On 27 February 2023, the REIT Manager and BT Trustee-Manager issued 9,821,320 Stapled Securities at an issue price of $1.0416 per Stapled Security to the REIT Manager. These Stapled Securities were issued as partial payment of the base fee (as defined in the CapitaLand Ascott REIT Trust Deed) for the period from 1 October 2022 to 31 December 2022 and the performance fee for the period from 1 January 2022 to 31 December 2022.

On 27 February 2023, the REIT Manager and BT Trustee-Manager issued 675,562 Stapled Securities at an issue price of $1.0416 per Stapled Security to the BT Trustee-Manager. These Stapled Securities were issued to the BT Trustee-Manager as partial payment of the base fee and performance fee (as defined in the CapitaLand Ascott BT Trust Deed) for the period from 1 October 2022 to 31 December 2022 and additional outperformance fee for the period from 1 January 2022 to 31 December 2022.

Contents

## CAPITALAND ASCOTT BUSINESS TRUST MANAGEMENT PTE. LTD. FINANCIAL STATEMENTS

# Directors' Statement

We are pleased to submit this annual report to the member of the Company, together with the audited financial statements for the financial year ended 31 December 2022.

In our opinion:

(a) the financial statements set out on pages 325 to 340 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2022 and the financial performance, changes in equity of the Company, and the cash flows of the Company for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, having regard to the financial support of the immediate holding company, CapitaLand Investment Limited, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

**CHANGE OF NAME**

The Company changed its name from Ascott Business Trust Management Pte. Ltd. to CapitaLand Ascott Business Trust Management Pte. Ltd. with effect from 27 September 2022.

**DIRECTORS**

The directors in office at the date of this statement are as follows:

| | |
|---|---|
| Mr Tan Beng Hai, Bob | |
| Ms Teo Joo Ling, Serena | (appointed on 1 July 2022) |
| Mr Sim Juat Quee Michael Gabriel | |
| Mr Chia Kim Huat | |
| Ms Deborah Lee Siew Yin | |
| LG Ong Su Kiat Melvyn | |
| Mr Goh Soon Keat Kevin | |
| Ms Beh Siew Kim | |

**DIRECTORS' INTERESTS IN SHARES OR DEBENTURES**

According to the register of directors' shareholdings, particulars of interests of directors who held office at the end of the financial year (including those held by spouses and infant children) in shares, debentures of the Company, or of its related corporations, are as follows:

| | | Holdings in the name of the director, spouse and/or infant children | |
|---|---|---|---|
| | | At beginning of the year/date of appointment | At end of the year |
| **Intermediate Holding Company** | | | |
| **CapitaLand Investment Limited (CLI)** | | | |
| ***Ordinary shares*** | | | |
| Mr Chia Kim Huat | | 33,100 | 33,100 |
| Mr Goh Soon Keat Kevin | | 466,743 | 708,640 |
| Ms Beh Siew Kim | | 248,929 | 248,929 |
| ***Contingent award of CLI Performance shares[1,3] to be delivered after 2021*** | | | |
| Mr Goh Soon Keat Kevin | (241,897 shares) | 241,897 | – |

**DIRECTORS' INTERESTS IN SHARES OR DEBENTURES** (continued)

| | | Holdings in the name of the director, spouse and/or infant children | |
|---|---|---|---|
| | | At beginning of the year/date of appointment | At end of the year |
| **Intermediate Holding Company** | | | |
| **CapitaLand Investment Limited (CLI)** (continued) | | | |
| ***Contingent award of CLI Performance shares[1,3] to be delivered after 2022*** | | | |
| Mr Goh Soon Keat Kevin | (333,359 shares) | 333,359 | 333,359 |
| ***Contingent award of CLI Performance shares[1,3] to be delivered after 2023*** | | | |
| Mr Goh Soon Keat Kevin | (379,714 shares) | 379,714 | 379,714 |
| ***Contingent award of CLI Performance shares[1,4] to be delivered after 2024*** | | | |
| Mr Goh Soon Keat Kevin | (125,176 shares) | – | 0 to 250,352 |
| ***Contingent award of CLI Performance shares[1,6] under Founder Share Award to be delivered after 2025*** | | | |
| Ms Teo Joo Ling, Serena | (106,269 shares) | 0 to 318,807 | 0 to 318,807 |
| Mr Goh Soon Keat Kevin | (495,926 shares) | 0 to 1,487,778 | 0 to 1,487,778 |
| Ms Beh Siew Kim | (177,116 shares) | 0 to 531,348 | 0 to 531,348 |
| ***Contingent award of CLI Restricted shares[2,5] to be delivered after 2022*** | | | |
| Mr Goh Soon Keat Kevin | (125,176 shares) | – | 0 to 187,764 |
| **Related Corporations** | | | |
| **Astrea IV Pte. Ltd.** | | | |
| ***S$242 million 4.35% Class A-1 Secured Fixed Rate Bonds due 2028*** | | | |
| Mr Goh Soon Keat Kevin | | S$5,000 | S$5,000 |
| **Astrea V Pte. Ltd.** | | | |
| ***Class A-1 3.85% Secured Fixed Rate Bonds*** | | | |
| Mr Goh Soon Keat Kevin | | S$6,000 | S$6,000 |
| **Astrea VI Pte. Ltd.** | | | |
| ***S$382 million 3.0% Class A-1 Bonds due 18 March 2031*** | | | |
| Ms Teo Joo Ling, Serena | | S$16,000 | S$16,000 |
| **Astrea 7 Pte. Ltd.** | | | |
| ***S$526 million 4.125% Class A-1 Bonds due 27 May 2032*** | | | |
| Ms Teo Joo Ling, Serena | | S$12,000 | S$12,000 |
| **CapitaLand Treasury Limited** | | | |
| ***S$500 million 3.80% Fixed Rate Notes due 2024*** | | | |
| Mr Chia Kim Huat | | S$250,000 | S$250,000 |

**DIRECTORS' INTERESTS IN SHARES OR DEBENTURES** (continued)

| | Holdings in the name of the director, spouse and/or infant children | |
|---|---|---|
| | At beginning of the year/date of appointment | At end of the year |
| **Related Corporations** (continued) | | |
| **<u>Mapletree Logistics Trust Management Ltd.</u>** | | |
| ***MLTSP 3.65% Perpetual Bond*** | | |
| Ms Teo Joo Ling, Serena | S$250,000 | S$250,000 |
| **<u>Temasek Financial (IV) Private Limited</u>** | | |
| ***S$500 million 2.70% Coupon Temasek Bond due 2023*** | | |
| Mr Goh Soon Keat Kevin | S$6,000 | S$6,000 |
| Ms Beh Siew Kim | S$9,000 | S$9,000 |
| **<u>Sembcorp Financial Services Pte Ltd</u>** | | |
| ***Bond 2.45% due 9 June 2031*** | | |
| Ms Deborah Lee Siew Yin | S$250,000 | S$250,000 |
| **<u>Sembcorp Marine Ltd</u>** | | |
| ***Ordinary Shares*** | | |
| Mr Tan Beng Hai, Bob | 3,933,000 | 4,537,200 |
| **<u>SIA Engineering Company Limited</u>** | | |
| ***Ordinary Shares*** | | |
| Ms Deborah Lee Siew Yin | 50,000 | 50,000 |
| **<u>Singapore Airlines Limited</u>** | | |
| ***Ordinary Shares*** | | |
| Mr Chia Kim Huat | 3,000 | 3,000 |
| ***S$600 million 3.16% Fixed Rate Notes due 2023*** | | |
| Ms Deborah Lee Siew Yin | S$500,000 | S$500,000 |
| **<u>Singapore Technologies Engineering Ltd</u>** | | |
| ***Ordinary Shares*** | | |
| Ms Deborah Lee Siew Yin | 30,000 | 30,000 |
| **<u>Singapore Telecommunications Limited</u>** | | |
| ***Ordinary Shares*** | | |
| Mr Chia Kim Huat | 5,800 | 5,800 |
| Ms Deborah Lee Siew Yin | 101,800 | 101,800 |
| Mr Goh Soon Keat Kevin | 360 | 360 |
| **<u>Starhub Ltd</u>** | | |
| ***Ordinary Shares*** | | |
| Mr Chia Kim Huat | 2,000 | 2,000 |
| **<u>Surbana Jurong Private Limited</u>** | | |
| ***S$350 million 4.11% Notes due 2025*** | | |
| Ms Deborah Lee Siew Yin | S$250,000 | S$250,000 |

**DIRECTORS' INTERESTS IN SHARES OR DEBENTURES** (continued)

Notes:
1 Awards made pursuant to the CapitaLand Investment Performance Share Plan 2021 (PSP 2021).
2 Awards made pursuant to the CapitaLand Investment Restricted Share Plan 2021 (RSP 2021).
3 Following the completion of the strategic restructuring of the investment management business of CapitaLand Limited (CL) and as further described in CLI introductory document dated 17 July 2021, the awards granted under CL's CapitaLand Performance Share Plan 2010 and CapitaLand Performance Share Plan 2020 (collectively, the CL PSP Awards) to certain employees of CLI and CL group companies have been replaced with shares under the CapitaLand Investment Performance Share Plan 2021 (CLI PSP 2021), which will vest progressively over three years in accordance with the original vesting schedule of the CL PSP Awards.
4 The final number of shares to be released will depend on the achievement of pre-determined targets over a three-year performance period. No share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 200% of the baseline award. The Executive Resource and Compensation Committee of CLI has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors.
5 The final number of shares to be released will depend on the achievement of pre-determined targets at the end of a one-year performance period and the release will be over a vesting period of three years. Depending on the extent of the achievement of the pre-determined targets at the end of the performance period, the Executive Resource & Compensation Committee of CLI has the discretion to release the final number of shares ranging from between 0% to 150% of the baseline award. On the final vesting, an additional number of shares of a total value equal to the value of the accumulated dividends which are declared during each of the vesting periods and deemed foregone due to the vesting mechanism of the restricted share plan will also be released.
6 This is a long-term share-based award which will vest after the end of a 5-year performance period, subject to the achievement of the targets approved by the Executive Resource and Compensation Committee of CLI. The number of shares to be released as soon as practicable upon vesting will be determined based on, inter alia, the award multiplied by an achievement factor. If the minimum performance level is achieved, the achievement factor will be 0.2. If the performance level exceeds minimum but is below superior, the achievement factor will be adjusted accordingly within the range of 0.2 to 3.0. If the performance level is superior and above, the achievement factor will be 3.0. Conversely, if the performance level is below minimum, the achievement factor will be zero and no share will be released. In the event of early achievement of the targets within the first three years of the performance period, a maximum of 20% to 50% of the baseline award can be released after the third year, with any balance in excess of 50% of the baseline award to be released only after the fifth year. The Executive Resource and Compensation Committee has the absolute discretion to adjust the number of Shares released taking into consideration other relevant quantitative and qualitative factors.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

**ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES**

Except as disclosed under the Directors' Interests in Shares or Debentures and Share Plans sections of this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**SHARE OPTIONS**

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under options.

# Directors' Statement

**AUDITORS**

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors:

**Tan Beng Hai, Bob**
*Director*

**Teo Joo Ling, Serena**
*Director*

9 March 2023

# Independent Auditors' Report

Member of the Company
CapitaLand Ascott Business Trust Management Pte. Ltd.
(formerly known as Ascott Business Trust Management Pte. Ltd.)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

*Opinion*

We have audited the accompanying financial statements of CapitaLand Ascott Business Trust Management Pte. Ltd. (formerly known as Ascott Business Trust Management Pte. Ltd.) (the "Company"), which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 325 to 340.

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

*Basis for opinion*

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

*Other information*

Management is responsible for the other information contained in the annual report of the Company. Other information is defined as all information in the annual report of the Company other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of management and directors for the financial statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

*Auditors' responsibilities for the audit of the financial statements*

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**KPMG LLP**
*Public Accountants and*
*Chartered Accountants*

**Singapore**
9 March 2023

# Statement of Financial Position

As at 31 December 2022

| | Note | 2022<br>$ | 2021<br>$ |
|---|---|---|---|
| **Non-current asset** | | | |
| Other investments | 4 | **5,970,165** | 3,804,736 |
| **Current assets** | | | |
| Trade and other receivables | 5 | **1,287,076** | 686,351 |
| Cash and cash equivalents | | **486,848** | 179,947 |
| | | **1,773,924** | 866,298 |
| **Total assets** | | **7,744,089** | 4,671,034 |
| **Equity** | | | |
| Share capital | 6 | **1** | 1 |
| Retained earnings/(accumulated losses) | 7 | **235,548** | (308,505) |
| Fair value reserve | 7 | **273,498** | 238,086 |
| **Total equity** | | **509,047** | (70,418) |
| **Non-current liability** | | | |
| Deferred tax liabilities | 8 | **56,018** | 48,765 |
| **Current liabilities** | | | |
| Trade and other payables | 9 | **7,115,038** | 4,669,397 |
| Current tax payable | | **63,986** | 23,290 |
| | | **7,179,024** | 4,692,687 |
| **Total liabilities** | | **7,235,042** | 4,741,452 |
| **Total equity and liabilities** | | **7,744,089** | 4,671,034 |

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

# Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2022

| | Note | 2022<br>$ | 2021<br>$ |
|---|---|---|---|
| Revenue | 10 | **2,831,384** | 2,353,608 |
| Direct expenses | | **(2,338,849)** | (1,824,271) |
| **Gross profit** | | **492,535** | 529,337 |
| Other income | | **226,325** | 103,806 |
| Administrative expenses | | **(106,840)** | (304,815) |
| **Profit before tax** | | **612,020** | 328,328 |
| Tax (expense)/credit | 11 | **(67,967)** | 103,712 |
| **Profit for the year** | | **544,053** | 432,040 |
| | | | |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Net change in fair value of equity investment at FVOCI | | **42,665** | (56,966) |
| Tax on net change in fair value of equity investment at FVOCI | 8 | **(7,253)** | 9,684 |
| Tax on other comprehensive income | | **(7,253)** | 9,684 |
| **Other comprehensive income for the year, net of income tax** | | **35,412** | (47,282) |
| | | | |
| **Total comprehensive income for the year** | | **579,465** | 384,758 |

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

# Statement of Changes in Equity

For the financial year ended 31 December 2022

| | Share capital $ | Retained earnings/ (accumulated losses) $ | Fair value reserve $ | Total $ |
|---|---|---|---|---|
| At 1 January 2022 | **1** | **(308,505)** | **238,086** | **(70,418)** |
| Profit for the year | **–** | **544,053** | **–** | **544,053** |
| **Other comprehensive income** | | | | |
| – Net change in fair value of equity investment at FVOCI (net of tax) | **–** | **–** | **35,412** | **35,412** |
| **Total comprehensive income for the year** | **–** | **544,053** | **35,412** | **579,465** |
| **At 31 December 2022** | **1** | **235,548** | **273,498** | **509,047** |
| At 1 January 2021 | 1 | (740,545) | 285,368 | (455,176) |
| Profit for the year | – | 432,040 | – | 432,040 |
| **Other comprehensive income** | | | | |
| – Net change in fair value of equity investment at FVOCI (net of tax) | – | – | (47,282) | (47,282) |
| **Total comprehensive income for the year** | – | 432,040 | (47,282) | 384,758 |
| **At 31 December 2021** | 1 | (308,505) | 238,086 | (70,418) |

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

# Statement of Cash Flows

For the financial year ended 31 December 2022

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit for the year | **544,053** | 432,040 |
| Adjustment for: | | |
| Management fee income received/receivable in stapled securities | **(2,321,332)** | (2,097,948) |
| Tax expense/(credit) | **67,967** | (103,712) |
| | **(1,709,312)** | (1,769,620) |
| Changes in working capital: | | |
| Trade and other receivables | **(402,157)** | (685,300) |
| Trade and other payables | **2,445,641** | 2,394,993 |
| Cash generated from operations | **334,172** | (59,927) |
| Tax (paid)/received | **(27,271)** | 127,002 |
| **Net cash generated from operating activities** | **306,901** | 67,075 |
| | | |
| **Net increase in cash and cash equivalents** | **306,901** | 67,075 |
| Cash and cash equivalents at 1 January | **179,947** | 112,872 |
| **Cash and cash equivalents at 31 December** | **486,848** | 179,947 |

**Significant non-cash transactions**

During the year ended 31 December 2022, the Company received 1,991,954 stapled securities (2021: 2,045,550 stapled securities) in CapitaLand Ascott Trust ("CLAS"), amounting to $2.1 million (2021: $2.1 million) as payment of manager's base fees and performance fees for the period from 1 October 2021 to 30 September 2022 (2021: 1 October 2020 to 30 September 2021).

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

# Notes to the Financial Statements

Year ended 31 December 2022

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 9 March 2023.

**1 DOMICILE AND ACTIVITIES**

CapitaLand Ascott Business Trust Management Pte. Ltd. (the "Company"), formerly known as Ascott Business Trust Management Pte. Ltd., is incorporated in Singapore and has its registered office at 168 Robinson Road #30-01 Capital Tower, Singapore 068912.

The principal activities of the Company are those relating to investment advisory and property fund management. The Company is the trustee-manager of CapitaLand Ascott Business Trust, part of the stapled trust, CapitaLand Ascott Trust ("CLAS"), listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

For financial reporting purposes, the immediate, intermediate and ultimate holding companies of the Company are CapitaLand Investment Limited ("CLI"), CapitaLand Group Pte. Ltd. and Temasek Holdings (Private) Limited respectively for the financial year ended 31 December 2022. All companies are incorporated in Singapore.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

**2.2 Basis of measurement**

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

**2.3 Functional and presentation currency**

These financial statements are presented in Singapore Dollars, which is the Company's functional currency.

**2.4 Going concern**

The financial statements have been prepared on a going concern basis, notwithstanding the Company's net current liabilities of $5,405,100 (2021: $3,826,389) as at 31 December 2022 as the immediate holding company has confirmed that it will provide financial support as is necessary to enable the Company to continue its operations and meet its obligations as and when they fall due.

**2 BASIS OF PREPARATION** (continued)

**2.5 Use of estimates and judgements**

The preparation of financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Management is of the opinion that there are no critical judgements made in applying the entity's accounting policies.

***Measurement of fair values***

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

The Company's policies with respect to the measurement of fair values are set by that of its immediate holding company, CapitaLand Investment Limited.

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

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

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

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

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

- Note 4 – other investments
- Note 13 – fair value of assets and liabilities

## 2 BASIS OF PREPARATION (continued)

### 2.6 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial period except in the current financial year, the Company has applied the new SFRS(I)s, amendments to and interpretations of SFRS(I) that are effective for annual financial period beginning on or after 1 January 2022. The adoption of these standards did not have any effect on the financial statements of the Company.

- *Amendment to SFRS(I) 16: COVID-19-Related Rent Concessions beyond 30 June 2021*
- *Amendment to SFRS(I) 3: Reference to the Conceptual Framework*
- *Amendment to SFRS(I) 1-16: Property, Plant and Equipment – Proceeds before Intended Use*
- *Amendment to SFRS(I) 1-37: Onerous Contracts – Cost of Fulfilling a Contract*
- *Annual Improvement to SFRS(I)s 2018-2020*

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the period presented in these financial statements.

### 3.1 Financial instruments

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

***Classification and measurement***

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

- Amortised cost; and
- Fair value through other comprehensive income ("FVOCI").

The classification depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Company reclassifies financial assets when and only when its business model for managing those assets changes.

***At initial recognition***

A financial asset is recognised if the Company becomes a party to the contractual provisions of the financial asset.

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

**3 SIGNIFICANT ACCOUNTING POLICIES** (continued)

**3.1 Financial instruments** (continued)

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

***At subsequent measurement***

*Financial assets at amortised cost*

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method.

*Financial assets at FVOCI*

The Company has elected to recognise changes in fair value of equity securities not held for trading in OCI as these are strategic investments and the Company considers this to be more relevant. Movements in fair values of equity investments classified as FVOCI are presented as "fair value gains/losses" in OCI. Dividends from equity investments are recognised in profit or loss as dividend income. On disposal of an equity investment, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in OCI relating to that asset.

***(ii) Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and bank deposits.

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

The Company classifies non-derivative financial liabilities under the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method. Other financial liabilities comprise trade and other payables.

***(iv) Derecognition***

**Financial assets**

Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial assets to another party without retaining control or transfers substantially all the risks and rewards of the assets. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

***(v) Offsetting***

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

**3 SIGNIFICANT ACCOUNTING POLICIES** (continued)

**3.1 Financial instruments** (continued)

***(vi) Impairment of financial assets***

The Company assesses on a forward looking basis the expected credit losses ("ECL") associated with its financial assets carried at amortised cost. For trade receivables, the Company applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company applies the general approach of 12-month ECL at initial recognition for all other financial assets.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

***Presentation of allowance for ECLs in the statement of financial position***

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

***(vii) Write-off***

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**3.2 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and options are recognised as a deduction from equity, net of any tax effects.

**3.3 Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

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

**3 SIGNIFICANT ACCOUNTING POLICIES** (continued)

**3.3 Impairment of non-financial assets** (continued)

An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU on a *pro-rata* basis.

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

**3.4 Provision**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

**3.5 Tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the year that such a determination is made.

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.6 Revenue

***(i) Management and trustee fees***

Management and trustee fees are recognised in profit or loss as and when services are rendered.

***(ii) Distribution income***

Distribution income is recognised in profit or loss on the date that the Company's right to receive payment is established.

### 3.7 New standards and interpretations not yet adopted

A number of new standards and interpretations and amendments are effective for the Company's annual period beginning 1 January 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following amendments to SFRS(I) are not expected to have a significant impact on the Company's financial statements.

- *SFRS(I) 17 Insurance Contracts and amendments to SFRS(I) 17 Insurance Contracts*
- *Disclosure of Accounting Policies (Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2)*
- *Definition of Accounting Estimates (Amendments to SFRS(I) 1-8)*
- *Classification of Liabilities as Current or Non-current (Amendments to SFRS(I) 1-1)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to SFRS(I) 1-12)*

## 4 OTHER INVESTMENTS

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Equity investments – at FVOCI | **5,970,165** | 3,804,736 |

**Equity investments designated as at FVOCI**

The Company designated the investments shown below as equity investments as at FVOCI because these equity investments represent investments that the Company intends to hold for the long-term for strategic purposes.

| | Fair value at 31 December 2022<br>$ | Distribution income recognised during 2022<br>$ | Fair value at 31 December 2021<br>$ | Distribution income recognised during 2021<br>$ |
|---|---|---|---|---|
| Quoted stapled securities in CapitaLand Ascott Trust | **5,970,165** | **226,325** | 3,804,736 | 103,806 |

**Fair value hierarchy**

The fair value of quoted securities is determined by reference to their quoted bid price in an active market at the reporting date (Level 1 in the fair value hierarchy).

There was no transfer between levels in the fair value hierarchy during the year.

## 5 TRADE AND OTHER RECEIVABLES

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Amounts due from a related company, non-trade | **127,002** | 127,002 |
| Accrued fee income | **915,073** | 559,349 |
| | **1,042,075** | 686,351 |
| GST receivable | **245,001** | – |
| | **1,287,076** | 686,351 |

Accrued fee income is non-interest bearing and is to be settled in the form of cash and/or stapled securities from CLAS as the Company elects. As at 31 December 2022, accrued fee income arising from CLAS amounting to $703,665 (2021: $497,927) are arranged to be settled via the issuance of stapled securities by CLAS.

There is no allowance for doubtful debts arising from these outstanding balances as the ECL is immaterial.

## 6 SHARE CAPITAL

The Company's share capital comprises fully-paid up 1 (2021: 1) ordinary share with no par value, amounting to a total of $1 (2021: $1).

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

***Capital management***

The Company's policy on capital management follows that of its immediate holding company, CapitaLand Investment Limited. CapitaLand Investment Limited's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company defines 'capital' as including all components of equity. There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

## 7 RESERVES

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Retained earnings/(accumulated losses) | **235,548** | (308,505) |
| Fair value reserve | **273,498** | 238,086 |
| | **509,046** | (70,419) |

The fair value reserve includes the cumulative net change in the fair value of equity investments designated at FVOCI.

## 8 DEFERRED TAX LIABILITIES

Movement in deferred tax liabilities of the Company during the year are as follows:

| | At 1 January 2021 $ | Recognised in profit or loss (Note 11) $ | Recognised in other comprehensive income $ | At 31 December 2021 $ | Recognised in profit or loss (Note 11) $ | Recognised in other comprehensive income $ | At 31 December 2022 $ |
|---|---|---|---|---|---|---|---|
| Equity instrument at FVOCI | 58,449 | – | (9,684) | 48,765 | **–** | **7,253** | **56,018** |

## 9 TRADE AND OTHER PAYABLES

| | 2022 $ | 2021 $ |
|---|---|---|
| Trade payables | **4,032** | 34,685 |
| Accrued operating expenses | **4,209** | 3,830 |
| Amount due to immediate holding company (trade) | **2,918,516** | 2,918,266 |
| Amount due to related companies (trade) | **4,177,167** | 1,701,502 |
| Amount due to related companies (non-trade) | **114** | 114 |
| Advance from immediate holding company | **11,000** | 11,000 |
| | **7,115,038** | 4,669,397 |

The advance from immediate holding company and non-trade amount due to related companies are unsecured, interest-free and repayable on demand.

## 10 REVENUE

| | 2022 $ | 2021 $ |
|---|---|---|
| Management fee income | **2,669,190** | 2,190,988 |
| Trustee fee income | **162,194** | 162,620 |
| | **2,831,384** | 2,353,608 |

Management and trustee fee income are derived from related entities.

## 11 TAX EXPENSE/(CREDIT)

| | 2022 $ | 2021 $ |
|---|---|---|
| **Current income tax** | | |
| Current year | **67,967** | 23,290 |
| Prior year tax losses transferred to a related party under the Group Relief System | **–** | (127,002) |
| | **67,967** | (103,712) |

***Reconciliation of effective tax rate***

| | 2022 $ | 2021 $ |
|---|---|---|
| Profit before tax | **612,020** | 328,328 |
| Tax calculated using Singapore tax rate of 17% | **104,043** | 55,816 |
| Tax exempt income | **(36,076)** | (32,526) |
| Prior year tax losses transferred to a related party under the Group Relief System | **–** | (127,002) |
| | **67,967** | (103,712) |

## 12 FINANCIAL RISK MANAGEMENT

**Overview**

Exposure to market risk (including equity price), credit risk and liquidity risk arises in the normal course of the Company's business. The Company's approach to financial risk management seeks to minimise the potential material adverse effects from these exposures.

**Risk management framework**

The Company adopts the risk management policies and guidelines of its immediate holding company, CapitaLand Investment Limited, which has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Risk management policies and guidelines are reviewed regularly to reflect changes in market conditions and the Company's activities.

### (a) Market risk

Market risk is the risk that changes in the market prices such as equity price will have on the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

**Equity price risk**

The Company has investments in equity securities at FVOCI and is exposed to equity price risk. These securities are listed on the Singapore Stock Exchange.

*Sensitivity analysis*

If prices for the equity securities listed in Singapore change by the percentage indicated below with all other variables including tax rate being held constant, the impact on the fair value reserve will be as follows:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | 30% price increase<br>$ | 30% price decrease<br>$ | 20% price increase<br>$ | 20% price decrease<br>$ |
| Quoted stapled securities in CapitaLand Ascott Trust | **1,791,050** | **(1,791,050)** | 760,947 | (760,947) |

### (b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The Company held cash and cash equivalents of $486,848 at 31 December 2022 (2021: $179,947). The cash and cash equivalents are placed with banks and financial institutions which are regulated. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

## 12 FINANCIAL RISK MANAGEMENT (continued)

### (b) Credit risk (continued)

The Company assesses on a forward-looking basis the expected credit losses associated with financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

No ageing analysis are presented as the outstanding balances as at 31 December 2022 are current. The credit loss on these balances are subject to immaterial credit loss.

The Company has guidelines governing the process of granting credit as a service or product provider in its respective segments of business. Investments and financial transactions are restricted with counterparties that meet the appropriate credit criteria and of high credit standing.

### (c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's policy on liquidity risk management follows that of its immediate holding company, CapitaLand Investment Limited. CapitaLand Investment Limited actively manages the debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met.

The Company has received an undertaking from the immediate holding company to provide continuing financial support, for the next twelve months period commencing from the date of this report, to enable the Company to operate as a going concern.

The Company's financial liabilities have a maturity profile of less than one year from the reporting date.

## 13 FAIR VALUE OF ASSETS AND LIABILITIES

### *(a) Determination of fair value*

The following valuation methods and assumptions are used to estimate the fair values of the following significant classes of assets and liabilities:

#### (i) Equity investment at FVOCI

The fair value of quoted securities is their quoted bid price at the reporting date.

#### (ii) Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate for a similar instrument at the reporting date.

## 13 FAIR VALUE OF ASSETS AND LIABILITIES

### *(b) Accounting classifications and fair values*

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| | Note | Carrying amount | | | | Fair value |
|---|---|---|---|---|---|---|
| | | Equity in investment at FVOCI $ | Amortised costs $ | Other financial liabilities $ | Total $ | Level 1 $ |
| **31 December 2022** | | | | | | |
| **Financial asset measured at fair value** | | | | | | |
| Equity investment at FVOCI | 4 | **5,970,165** | **–** | **–** | **5,970,165** | **5,970,165** |
| **Financial assets and liabilities not measured at fair value** | | | | | | |
| Trade and other receivables# | 5 | **–** | **1,042,075** | **–** | **1,042,075** | |
| Cash and cash equivalents | | **–** | **486,848** | **–** | **486,848** | |
| Trade and other payables | 9 | **–** | **–** | **(7,115,038)** | **(7,115,038)** | |
| | | **–** | **1,528,923** | **(7,115,038)** | **(5,586,115)** | |
| **31 December 2021** | | | | | | |
| **Financial asset measured at fair value** | | | | | | |
| Equity investment at FVOCI | 4 | 3,804,736 | – | – | 3,804,736 | 3,804,736 |
| **Financial assets and liabilities not measured at fair value** | | | | | | |
| Trade and other receivables# | 5 | – | 686,351 | – | 686,351 | |
| Cash and cash equivalents | | – | 179,947 | – | 179,947 | |
| Trade and other payables | 9 | – | – | (4,669,397) | (4,669,397) | |
| | | – | 866,298 | (4,669,397) | (3,803,099) | |

# Excludes GST receivable

There was no transfer between levels of the fair value hierarchy during the year (2021: nil).

## 14 RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, there were the following significant transactions which were carried out in the normal course of business on terms agreed between the parties during the financial year:

| | 2022 $ | 2021 $ |
|---|---|---|
| **Related companies** | | |
| Management fee expenses | **2,440,538** | 2,101,022 |

## INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons during the financial year, which fall under the Listing Manual of Singapore Exchange Securities Trading Limited (SGX-ST) and the Property Funds Appendix of the Code on Collective Investment Schemes (excluding transactions of less than $100,000 each), are as follows:

| Name of Interested Person | Nature of relationship | Aggregate value[1] of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under Stapled Securityholders' mandate pursuant to rule 920) S$'000 | Aggregate value[1] of all interested person transactions conducted under Stapled Securityholders' mandate pursuant to rule 920 (excluding transactions less than S$100,000) S$'000 |
|---|---|---|---|
| **Temasek Holdings (Private) Limited and its associates** | **Ultimate controlling shareholder of the Managers and ultimate controlling stapled securityholder** | | |
| Project Management Fee | | 1,830 | – |
| Civil and Structural Consultancy Service fee | | 182 | – |
| **CapitaLand Investment Limited and its associates** | **Intermediate controlling shareholder of the Managers and intermediate controlling stapled securityholder** | | |
| Acquisition of interests in three serviced residence properties, five rental housing properties and one student accomodation property | | 215,200 | – |
| Management fees | | 176,637 | – |
| Master lease income | | 95,621 | – |
| Novation of bank loan (comprising of principal amount and interest payable) and interest rate swap | | 74,700 | – |
| REIT Manager's management fees | | 25,632[2] | – |
| Key money from management agreements | | 13,500 | – |
| Loan to a Joint Venture | | 6,866 | – |
| Service fees | | 3,822 | – |
| REIT Manager's acquisition fees | | 3,428[2] | – |
| BT Trustee-Manager's management fees | | 2,671[2] | – |
| Guarantee on rental income | | 1,100 | – |
| BT Trustee-Manager's trustee fees | | 162[2] | – |
| Rental income | | 139 | – |
| **DBS Trustee Limited** | **REIT Trustee** | | |
| REIT Trustee's fee | | 705[2] | – |
| **DBS Group Holdings Ltd and its associates** | **Associate of REIT Trustee** | | |
| Subscription to sustainability-linked notes | | 13,613 | – |
| Subscription to medium term notes | | 7,000 | – |
| Underwriting and commission fees | | 463 | – |
| Total | | 643,271 | – |

1 The aggregate value is for the contract period, except for REIT Manager's management fees, REIT Manager's acquisition fees, BT Trustee-Manager's management fees, BT Trustee-Manager's trustee fees, REIT Trustee's fee and underwriting and commission fees.

2 These are in respect of fees incurred during the year.

# Additional Information

## OPERATING EXPENSES AND TAXATION

According to disclosure requirements under paragraph 11.1 item (l) of the Property Funds Appendix of the Code on Collective Investment Schemes, the total operating expenses incurred by CapitaLand Ascott Trust in FY 2022 was S$373.2 million. The amount included all fees and charges paid to the Managers and interested parties. This translates to 9.6% of the property fund's net asset value as at 31 December 2022. Taxation incurred was S$33.6 million.

## REIT MANAGER'S MANAGEMENT FEES PAID IN STAPLED SECURITIES

A summary of Stapled Securities issued for payment of the REIT Manager's management fees (part payment) in respect of the financial year are as follows:

| For Period | Issue Date | Stapled Securities | Issue Price S$ | Total Value S$'000 |
|---|---|---|---|---|
| **Base Management Fees** | | | | |
| 1 January 2022 to 31 March 2022 | 13 May 2022 | 2,904,620 | 1.0968 | 3,186 |
| 1 April 2022 to 30 June 2022 | 8 August 2022 | 2,825,206 | 1.1354 | 3,208 |
| 1 July 2022 to 30 September 2022 | 9 November 2022 | 3,083,577 | 1.0250 | 3,161 |
| 1 October 2022 to 31 December 2022 | 27 February 2023 | 3,049,595 | 1.0416 | 3,176 |
| | | 11,862,998 | | 12,731 |
| **Performance Management Fees** | | | | |
| 1 January 2022 to 31 December 2022 | 27 February 2023 | 6,771,725 | 1.0416 | 7,053 |
| | | 18,634,723 | | 19,784 |

## BT TRUSTEE-MANAGER'S MANAGEMENT FEES PAID IN STAPLED SECURITIES

A summary of Stapled Securities issued for payment of the BT Trustee-Manager's management fees (part payment) in respect of the financial year are as follows:

| For Period | Issue Date | Stapled Securities | Issue Price S$ | Total Value S$'000 |
|---|---|---|---|---|
| **Base and Performance Management Fees** | | | | |
| 1 January 2022 to 31 March 2022 | 13 May 2022 | 413,481 | 1.0968 | 454 |
| 1 April 2022 to 30 June 2022 | 8 August 2022 | 512,680 | 1.1354 | 582 |
| 1 July 2022 to 30 September 2022 | 9 November 2022 | 567,867 | 1.0250 | 582 |
| 1 October 2022 to 31 December 2022 | 27 February 2023 | 675,562 | 1.0416 | 704 |
| | | 2,169,590 | | 2,322 |

# Statistics of Stapled Securityholdings

As at 1 March 2023

### ISSUED AND FULLY PAID STAPLED SECURITIES

3,456,121,850 (Voting Rights: 1 vote per Stapled Security)
Market Capitalisation of S$3,490,683,069 based on market closing Stapled Security price of S$1.01 on 1 March 2023.

### DISTRIBUTION OF STAPLED SECURITYHOLDINGS

| Size of Stapled Securityholdings | No. of Stapled Securityholders | % | No. of Stapled Securities | % |
|---|---|---|---|---|
| 1 – 99 | 549 | 1.95 | 29,193 | 0.00 |
| 100 – 1,000 | 2,897 | 10.27 | 2,231,126 | 0.06 |
| 1,001 – 10,000 | 14,850 | 52.65 | 78,646,758 | 2.28 |
| 10,001 – 1,000,000 | 9,854 | 34.93 | 458,935,431 | 13.28 |
| 1,000,001 and above | 57 | 0.20 | 2,916,279,342 | 84.38 |
| **TOTAL** | **28,207** | **100.00** | **3,456,121,850** | **100.00** |

| Country | No. of Stapled Securityholders | % | No. of Stapled Securities | % |
|---|---|---|---|---|
| Singapore | 27,477 | 97.41 | 3,438,212,176 | 99.48 |
| Malaysia | 480 | 1.70 | 11,549,836 | 0.34 |
| Others | 250 | 0.89 | 6,359,838 | 0.18 |
| **Total** | **28,207** | **100.00** | **3,456,121,850** | **100.00** |

### TWENTY LARGEST STAPLED SECURITYHOLDERS

| No. | Name | No. of Stapled Securities | %[1] |
|---|---|---|---|
| 1 | Somerset Capital Pte Ltd | 568,792,760 | 16.45 |
| 2 | The Ascott Limited | 476,152,416 | 13.77 |
| 3 | Citibank Nominees Singapore Pte Ltd | 455,102,470 | 13.16 |
| 4 | DBS Nominees (Private) Limited | 312,146,309 | 9.03 |
| 5 | CapitaLand Ascott Trust Management Limited | 248,247,161 | 7.18 |
| 6 | HSBC (Singapore) Nominees Pte Ltd | 228,107,259 | 6.60 |
| 7 | Raffles Nominees (Pte.) Limited | 163,972,334 | 4.74 |
| 8 | DBSN Services Pte. Ltd. | 113,642,298 | 3.28 |
| 9 | United Overseas Bank Nominees (Private) Limited | 74,252,577 | 2.14 |
| 10 | AHDF Pte Ltd | 36,660,272 | 1.06 |
| 11 | BPSS Nominees Singapore (Pte.) Ltd. | 19,123,336 | 0.55 |
| 12 | Ko Woon Hong | 18,807,000 | 0.54 |
| 13 | UOB Kay Hian Private Limited | 18,114,944 | 0.52 |
| 14 | Phillip Securities Pte Ltd | 17,172,260 | 0.49 |
| 15 | OCBC Securities Private Limited | 15,971,014 | 0.46 |
| 16 | DB Nominees (Singapore) Pte Ltd | 12,009,502 | 0.34 |
| 17 | BNP Paribas Nominees Singapore Pte. Ltd. | 11,182,159 | 0.32 |
| 18 | OCBC Nominees Singapore Private Limited | 10,498,570 | 0.30 |
| 19 | iFAST Financial Pte. Ltd. | 8,872,239 | 0.25 |
| 20 | Wee Shuk Theng | 8,432,500 | 0.24 |
| | **Total** | **2,817,259,380** | **81.42** |

1 The percentage is based on 3,456,121,850 Stapled Securities in issue as at 27 February 2023. Percentages are rounded down to the nearest 0.01%.

# Statistics of Stapled Securityholdings

As at 1 March 2023

## DIRECTORS' INTERESTS IN STAPLED SECURITIES AND CONVERTIBLE SECURITIES AS AT 21 JANUARY 2023

Based on the Register of Directors' Stapled Securityholdings as at 21 January 2023, the direct and deemed interests of each of the Directors in Stapled Securities and convertible securities issued by CLAS are as follows:

| | No. of Stapled Securities | | Contingent Awards of Stapled Securities[1] under the Managers' | |
|---|---|---|---|---|
| **Name of Director** | **Direct Interest** | **Deemed Interest** | **Performance Stapled Security Plan** | **Restricted Stapled Security Plan** |
| Tan Beng Hai, Bob | 136,042 | – | – | – |
| Teo Joo Ling, Serena | – | – | 0 to 221,826[2] | 0 to 166,369[2,4] |
| Sim Juat Quee Michael Gabriel | 90,649 | – | – | – |
| Chia Kim Huat | 115,322 | – | – | – |
| Deborah Lee Siew Yin | 21,767 | – | – | – |
| LG Ong Su Kiat Melvyn | – | – | – | – |
| Goh Soon Keat Kevin | 171,276 | – | – | – |
| Beh Siew Kim | 1,358,069 | – | 0 to 1,083,332[2] | 220,930[3,4]<br>0 to 332,740[2,4] |

1 This refers to the number of Stapled Securities which are the subject of contingent awards granted but not released under the Managers' Performance Stapled Security Plan ("**PSSP**") and Restricted Stapled Security Plan ("**RSSP**"). The final number of Stapled Securities that will be released could range from 0% to a maximum of 200% of the baseline award under the PSSP and from 0% to a maximum of 150% of the baseline award under the RSSP.

2 The final number of Stapled Securities to be released will depend on the achievement of pre-determined targets at the end of the respective performance periods for the PSSP and RSSP.

3 Being the unvested Stapled Securities under the RSSP.

4 On the final vesting, an additional number of Stapled Securities of a total value equal to the value of the accumulated distributions which are declared during each of the vesting periods and deemed foregone due to the vesting mechanism of the RSSP, will also be released.

# Statistics of Stapled Securityholdings

As at 1 March 2023

### SUBSTANTIAL STAPLED SECURITYHOLDERS' STAPLED SECURITYHOLDINGS AS AT 1 MARCH 2023

Based on the Register of Substantial Stapled Securityholders as at 1 March 2023, the names of the Substantial Stapled Securityholders of CLAS and a breakdown of their direct and deemed interests are as follows:

| Name of Substantial Stapled Securityholder | Direct Interest | | Deemed Interest | |
|---|---|---|---|---|
| | No. of Stapled Securities | %[1] | No. of Stapled Securities | %[1] |
| Temasek Holdings (Private) Limited[2,4,5] ("**Temasek**") | – | – | 1,315,733,386 | 38.06 |
| Tembusu Capital Pte. Ltd.[3,4,5] ("**Tembusu**") | – | – | 1,311,021,676 | 37.93 |
| Bartley Investments Pte. Ltd.[4,5] ("**Bartley**") | – | – | 1,302,818,576 | 37.69 |
| Mawson Peak Holdings Pte. Ltd.[4,5] ("**Mawson**") | – | – | 1,302,818,576 | 37.69 |
| Glenville Investments Pte. Ltd.[4,5] ("**Glenville**") | – | – | 1,302,818,576 | 37.69 |
| TJ Holdings (III) Pte. Ltd.[4,5] ("**TJHIII**") | – | – | 1,302,818,576 | 37.69 |
| CLA Real Estate Holdings Pte. Ltd.[4,5] ("**CLA**") | – | – | 1,302,818,576 | 37.69 |
| CapitaLand Group Pte. Ltd.[4,5] ("**CLG**") | – | – | 1,302,818,576 | 37.69 |
| CapitaLand Investment Limited[6] ("**CLI**") | – | – | 1,302,818,576 | 37.69 |
| The Ascott Limited[7] ("**Ascott**") | 476,152,416 | 13.77 | 568,792,760 | 16.45 |
| Somerset Capital Pte Ltd ("**SCPL**") | 568,792,760 | 16.45 | – | – |
| CapitaLand Ascott Trust Management Limited (formerly known as Ascott Residence Trust Management Limited) ("**CLASML**") | 248,247,161 | 7.18 | – | – |

1 The percentage is based on 3,456,121,850 Stapled Securities in issue as at 27 February 2023. Percentages are rounded down to the nearest 0.01%.

2 Temasek is deemed to have an interest in the Stapled Securityholdings in which its subsidiaries and associated companies (including but not limited to CLA) have or are deemed to have an interest pursuant to Section 4 of the Securities and Futures Act 2001 ("**SFA**").

3 Tembusu is deemed to have an interest in the Stapled Securityholdings in which its subsidiaries (including but not limited to CLA) have or are deemed to have an interest pursuant to Section 4 of the SFA.

4 Temasek holds 100% of the equity interest in Tembusu, which holds 100% of the equity interest in Bartley, which holds 100% of the equity interest in Mawson, which holds 100% of the equity interest in Glenville, which holds 100% of the equity interest in TJHIII, which holds 100% of the equity interest in CLA, which holds 100% equity interest in CLG. CLG holds approximately 52.58% of the issued shares in CLI.

5 Each of Temasek, Tembusu, Bartley, Mawson, Glenville and TJHIII is deemed to have an interest in the Stapled Securityholdings in which CLA is deemed to have an interest pursuant to Section 4 of the SFA.
Each of CLA and CLG is deemed to have an interest in the Stapled Securityholdings that CLI is deemed to have an interest pursuant to Section 4 of the SFA.

6 CLI is deemed to have an interest in the Stapled Securityholdings of its wholly owned subsidiaries namely, Ascott, CLASML, CapitaLand Ascott Business Trust Management Pte. Ltd. (formerly known as Ascott Business Trust Management Pte. Ltd.) and Carmel Plus Pte. Ltd.

7 Ascott is deemed to have an interest in the Stapled Securityholdings of its wholly owned subsidiary, SCPL.

### PUBLIC FLOAT

Based on the information available to the Managers as at 1 March 2023, approximately 61.83% of the Stapled Securities were held in the hands of the public. Rule 723 of the Listing Manual of the SGX-ST has accordingly been complied with.

# Corporate Information

## CAPITALAND ASCOTT TRUST

**TRUSTEE OF CAPITALAND ASCOTT REAL ESTATE INVESTMENT TRUST**

**DBS Trustee Limited**
Registered Address
12 Marina Boulevard
Marina Bay Financial Centre
Singapore 018982
Tel: +65 6878 8888
Fax: +65 6878 3977

**MANAGER OF CAPITALAND ASCOTT REAL ESTATE INVESTMENT TRUST**

**CapitaLand Ascott Trust Management Limited**
Registered Address
168 Robinson Road
#30-01 Capital Tower
Singapore 068912
Tel: +65 6713 2888
Fax: +65 6713 2121

**TRUSTEE-MANAGER OF CAPITALAND ASCOTT BUSINESS TRUST**

**CapitaLand Ascott Business Trust Management Pte. Ltd.**
Registered Address
168 Robinson Road
#30-01 Capital Tower
Singapore 068912
Tel: +65 6713 2888
Fax: +65 6713 2121

**AUDITORS**

**KPMG LLP**
Public Accountants and
Chartered Accountants
12 Marina View
#15-01 Asia Square Tower 2
Singapore 018961
Tel: +65 6213 3388
Fax: +65 6225 0984

Partner-In-Charge:
Lim Pang Yew, Victor
(Since financial year ended
31 December 2021)

**STAPLED SECURITY REGISTRAR**

**Boardroom Corporate & Advisory Services Pte. Ltd.**
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632
Tel: +65 6536 5355
Fax: +65 6536 1360

For updates or change of mailing address, please contact:

**The Central Depository (Pte) Limited**
Tel: +65 6535 7511
Fax: +65 6535 0775
Email: asksgx@sgx.com
Website: http://www1.cdp.sgx.com

Counter Name: CapLand Ascott T
Stock Code: HMN
Website: www.capitalandascotttrust.com
Email: ask-us@capitalandascotttrust.com



## THE MANAGERS

**BOARDS OF DIRECTORS**

**Tan Beng Hai, Bob**
Chairman & Non-Executive Independent Director

**Teo Joo Ling, Serena**
Chief Executive Officer & Executive Non-Independent Director

**Sim Juat Quee Michael Gabriel**
Non-Executive Independent Director

**Chia Kim Huat**
Non-Executive Independent Director

**Deborah Lee Siew Yin**
Non-Executive Independent Director

**LG Ong Su Kiat Melvyn**
Non-Executive Independent Director

**Goh Soon Keat Kevin**
Non-Executive Non-Independent Director

**Beh Siew Kim**
Non-Executive Non-Independent Director

**AUDIT COMMITTEE**

**Sim Juat Quee Michael Gabriel**
Chairman

**Chia Kim Huat**
**Deborah Lee Siew Yin**
**LG Ong Su Kiat Melvyn**

**EXECUTIVE COMMITTEE**

**Goh Soon Keat Kevin**
Chairman

**Teo Joo Ling, Serena**
**Beh Siew Kim**

**NOMINATING AND REMUNERATION COMMITTEE**

**Tan Beng Hai, Bob**
Chairman

**LG Ong Su Kiat Melvyn**
**Goh Soon Keat Kevin**

**COMPANY SECRETARY**

**Karen Chan**