CDL HOSPITALITY TRUSTS

ANNUAL REPORT 2020

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4,631
Rooms

ABOUT CDL HOSPITALITY TRUSTS

CDL Hospitality Trusts ("**CDLHT**") is one of Asia's leading hospitality trusts with assets under management of about S$2.9 billion as at 31 December 2020. It owns 18 properties, comprising 15 hotels in Singapore, Australia, New Zealand, Japan, United Kingdom, Germany and Italy; two resorts in the Maldives; and a retail mall in Singapore. The substantial value of its assets are situated in central locations within Singapore. All the hotels are well located within key cities while the two resorts are located in the Maldives, a top-tier destination for luxury tourism.

The properties comprise a total of 4,631 rooms and are operated by master lessees and hotel managers, which include reputable and/or international hotel groups such as Millennium Hotels and Resorts, AccorHotels, Marriott International, Inc., Hilton Hotels and Resorts, Banyan Tree Hotels & Resorts, Hotel MyStays and EVENT Hotels.

CDLHT is a stapled group comprising CDL Hospitality Real Estate Investment Trust ("**H-REIT**"), the first hotel real estate investment trust in Singapore, and CDL Hospitality Business Trust ("**HBT**"), a business trust. CDLHT was listed on the Main Board of Singapore Exchange Securities Trading Limited on 19 July 2006 and has a market capitalisation of approximately S$1.6 billion as at 31 December 2020.

OVERVIEW OF CDL HOSPITALITY TRUSTS

ABOUT CDLHT

CDLHT, a stapled group comprising H-REIT and HBT, was established with the principal investment strategy of investing in a portfolio of hospitality and/or hospitality-related real estate assets globally.

CDLHT owns 18 properties, with a total of 4,631 hotel rooms, comprising six hotels and a retail mall in Singapore, two hotels in Australia [(1)], one hotel in New Zealand, two hotels in Japan, two hotels in the United Kingdom, one hotel in Germany, one hotel in Italy and two resorts in the Maldives. CDLHT has assets under management of about S$2.9 billion as at 31 December 2020.

	No. of Keys
SINGAPORE	**2,556**
Hotels ("Singapore Hotels")	
Orchard Hotel	656
Grand Copthorne Waterfront Hotel	574
M Hotel	415
Copthorne King's Hotel	311
Studio M Hotel	360
W Singapore – Sentosa Cove	240
Retail Mall	
Claymore Connect	N.A.
NEW ZEALAND ("NZ Hotel")	**452**
Grand Millennium Auckland	452
AUSTRALIA	**431**
Mercure Perth	239
Ibis Perth	192
MALDIVES ("Maldives Resorts")	**151**
Angsana Velavaru	113
Raffles Maldives Meradhoo	38
JAPAN ("Japan Hotels")	**255**
Hotel MyStays Asakusabashi	139
Hotel MyStays Kamata	116
UNITED KINGDOM ("UK Hotels")	**363**
Hilton Cambridge City Centre	198
The Lowry Hotel	165
GERMANY ("Germany Hotel")	**337**
Pullman Hotel Munich	337
ITALY ("Hotel Cerretani Firenze" or "Italy Hotel")	**86**
Hotel Cerretani Firenze – MGallery	86
TOTAL	**4,631**

CDLHT's portfolio of quality hotels in Singapore, Australia and New Zealand are largely marketed as "superior" or 5-star hotels, and are strategically located in or near the central business districts in key cities or in prime tourist destinations. CDLHT's only retail mall, Claymore Connect, is located in the main shopping belt of Singapore. The Japan Hotels are known as business hotels in the local context and are located within close proximity to major transportation networks and tourist attractions in Tokyo. Hilton Cambridge City Centre, an upper upscale hotel, and The Lowry Hotel, a 5-star luxury hotel, are situated in prime locations in the heart of the city centre and within the vicinity of popular tourists' attractions of Cambridge and Manchester respectively. Pullman Hotel Munich, an upper upscale hotel, is located in close proximity to a major business park in Munich. Hotel Cerretani Firenze, a 4-star hotel, is located in the heart of the historic city centre of Florence in Italy. CDLHT's luxurious resorts in the Maldives, a top-tier premium destination with the exclusive "one-island-one-resort" concept, offer guests with two distinct experiences with the beachfront and overwater villas within each resort.


Entrance to Orchard Cafe, Orchard Hotel

The Singapore Hotels, NZ Hotel, Perth Hotels, Angsana Velavaru, Germany Hotel and Italy Hotel are leased to external master lessees by H-REIT. Claymore Connect is leased directly to retail tenants by H-REIT.

HBT is the asset owner of the two UK Hotels, Hilton Cambridge City Centre and The Lowry Hotel. Hilton Cambridge City Centre is managed by a third party hotel management company appointed by HBT. The Lowry Hotel is operated and managed by HBT.

HBT may also act as the master lessee(s) of H-REIT's hotels if any of the following occurs:

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

HBT currently acts as the master lessees to four of the properties in H-REIT's portfolio, namely W Singapore – Sentosa Cove ("**W Hotel**"), Raffles Maldives Meradhoo, Hotel MyStays Asakusabashi and Hotel MyStays Kamata. These properties are managed by third party hotel management companies.

(1) Comprises Mercure Perth and Ibis Perth (collectively, the "**Perth Hotels**", together with Novotel Brisbane, which was divested in October 2020, the "**Australia Hotels**").

CDLHT'S STRATEGY

The principal investment strategy of H-REIT is to invest in a diversified portfolio of income-producing real estate, which is primarily used for hospitality and/or hospitality-related purposes. HBT may also undertake certain hospitality and hospitality-related development projects, acquisitions and investments, which may not be suitable for H-REIT. Such investments may be by way of direct acquisition and ownership of properties or may be effected indirectly through the acquisition and ownership of companies or other legal entities, which primary purpose is to hold or own real estate and real estate-related assets which are used for hospitality and hospitality-related purposes.

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

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

Acquisition Growth Strategy

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

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

- CDLHT's relationship with Millennium & Copthorne Hotels Limited ("**M&C**"), an international hotel owner and operator and a subsidiary of City Developments Limited ("**CDL**"), one of the largest property developers in Singapore. CDLHT will be able to leverage on M&C's experience, market reach and network of contacts in the global hotel and hospitality sector for its acquisitions. In addition, CDLHT can seek partnership and co-operation opportunities with M&C as it expands globally.
- Opportunities arising from divestment of assets by hospitality service providers who are increasingly looking to free up capital for business expansion or investment funds that have a finite period to divest acquired assets.
- Opportunities arising from divestment of assets by owners or developers.
- Opportunities to acquire under-performing assets with turnaround potential by implementing value-added strategies such as re-flagging, management change and asset enhancements.

Asset Management Strategy

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

Capital Recycling Strategy

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

Capital And Risk Management Strategy

The Managers will use a combination of debt and/or equity to fund future acquisitions and property enhancements.

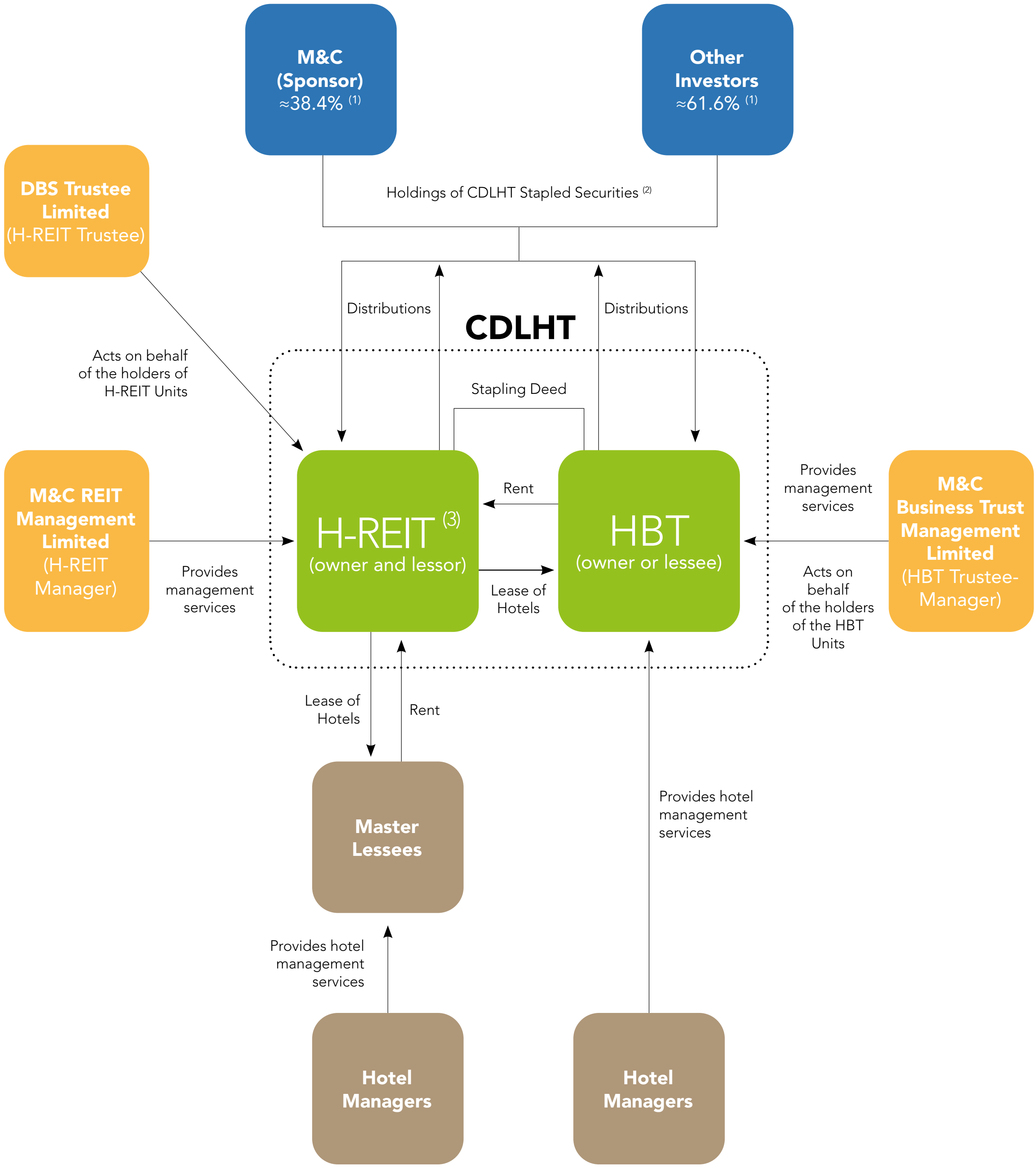
The objectives of the Managers in relation to capital and risk management are to:

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

STAPLED STRUCTURE OF CDLHT

STAPLED STRUCTURE

CDLHT is a stapled group comprising H-REIT, a real estate investment trust, and HBT, a business trust. CDLHT currently owns 18 properties across eight countries.



(1) Holdings of Stapled Securities as at 1 March 2021.
(2) CDLHT comprises stapled units of H-REIT and HBT ("**Stapled Securities**") with each Stapled Security consisting of a unit in H-REIT and a unit in HBT.
(3) For simplicity, the diagram does not include the relationships in relation to Claymore Connect. The H-REIT Manager asset-manages Claymore Connect and the tenants of the retail units at Claymore Connect make rental payments to H-REIT under the terms of their respective leases.

GLOBAL REACH OF SPONSOR, M&C

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

MILLENNIUM
HOTELS AND RESORTS

NORTH AMERICA
Anchorage
Avon
Boston
Boulder
Buffalo
Chagrin Falls
Chicago
Durham
Kissimmee
Los Angeles
Minneapolis
Nashville
New York
Scottsdale

EUROPE
Georgia
Tbilisi
Germany
Dresden
France
Paris
Italy
Rome
Netherlands
Utrecht
United Kingdom
Aberdeen
Birmingham
Cardiff
Dudley
Gatwick
Glasgow
Liverpool
London
Manchester
Newcastle
Plymouth
Slough-Windsor
Turkey
Istanbul

MIDDLE EAST
United Arab Emirates (UAE)
Abu Dhabi
Dubai
Sharjah
Qatar
Doha
Kuwait
Al Jahra
Al Salmiya
Kuwait City
Iraq
Sulaymaniyah
Oman
Muscat
Mussanah
Salalah
Jordan
Amman
Saudi Arabia
Hail
Madinah
Makkah
Tabouk
Palestine
Ramallah

CHINA & TAIWAN
China
Beijing
Chengdu
Fuqing
Hangzhou
Shanghai
Wuxi
Wuyishan
Xiamen
Zunyi
Taiwan
Taichung
Taipei
Hong Kong

REST OF ASIA
Singapore
Indonesia
Jakarta
Malaysia
Cameron Highlands
Kuala Lumpur
Thailand
Phuket
Philippines
Manila
Japan
Tokyo
South Korea
Seoul

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

FINANCIAL HIGHLIGHTS

STATEMENT OF TOTAL RETURN

	FY 2020 S$'000	FY 2019 S$'000	Variance
Net property income	69,325	141,162	-50.9%
Net income before fair value adjustment	9,241	76,412	-87.9%
Total distribution (before retention for working capital)	64,898	119,264	-45.6%
Total distribution (after retention for working capital)	60,408 (1)	109,389	-44.8%

BALANCE SHEET

Prudent capital management has resulted in a strong and flexible balance sheet for CDLHT. As at 31 December 2020, CDLHT's exposure to derivatives (2) represents a negligible percentage of its net assets and market capitalisation.

	As at 31 Dec 2020 S$'000	As at 31 Dec 2019 S$'000	Variance
Investment properties (3)	1,978,356	2,139,392	-7.5%
Property, plant and equipment	709,039	373,843	89.7%
Non-current assets	2,692,852	2,524,910	6.7%
Total assets	2,854,459	3,061,125	-6.8%
Borrowings (excludes lease liabilities) (4)	1,032,449	1,067,813	-3.3%
Net assets	1,627,735	1,862,487	-12.6%

KEY FINANCIAL INDICATORS

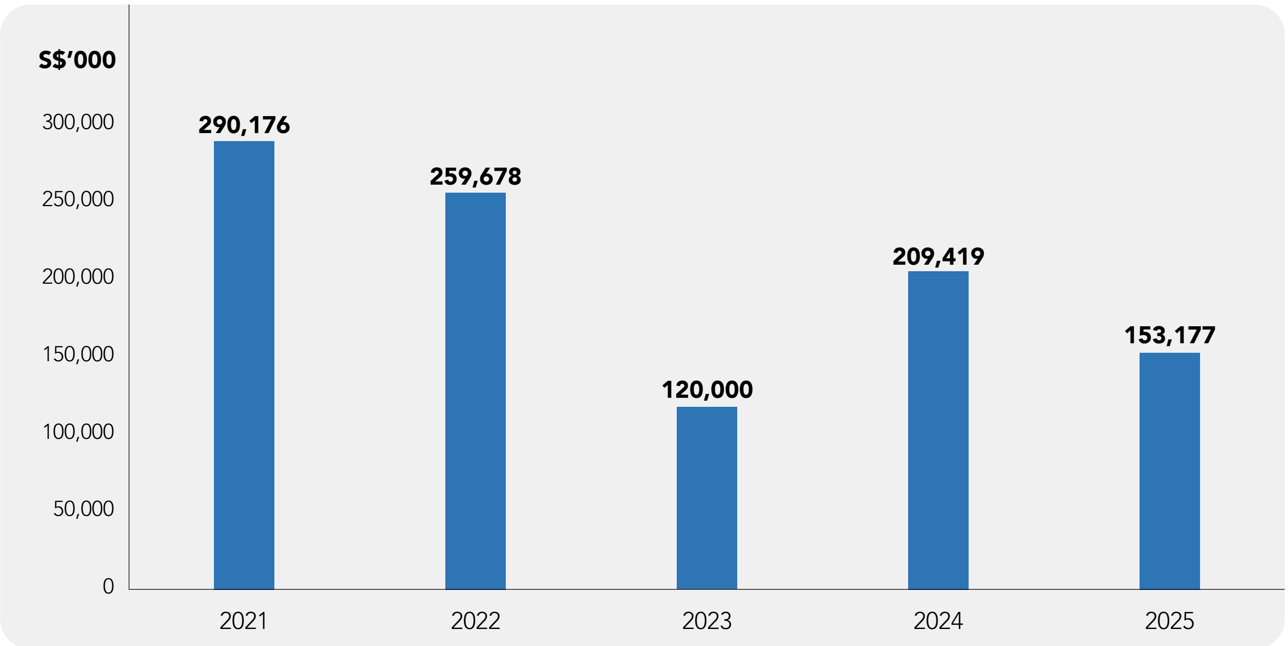
The year-on-year ("**yoy**") increase in the aggregate leverage ratio of 2.1 percentage points does not have a material impact to the risk profile of CDLHT as there is ample debt headroom of S$689.0 million (based on the regulatory leverage limit of 50%) as at the end of the year.

	As at 31 Dec 2020	As at 31 Dec 2019	Variance
Gearing (5)	37.5%	35.4%	+2.1pp
Weighted average cost of debt	1.9%	2.2%	-0.3pp
Weighted average debt to maturity (years)	2.4	2.9	-0.6
Interest coverage ratio (6)	2.2x	4.7x	-2.5x
Net asset value per unit (7)	S$1.32	S$1.52	-13.3%

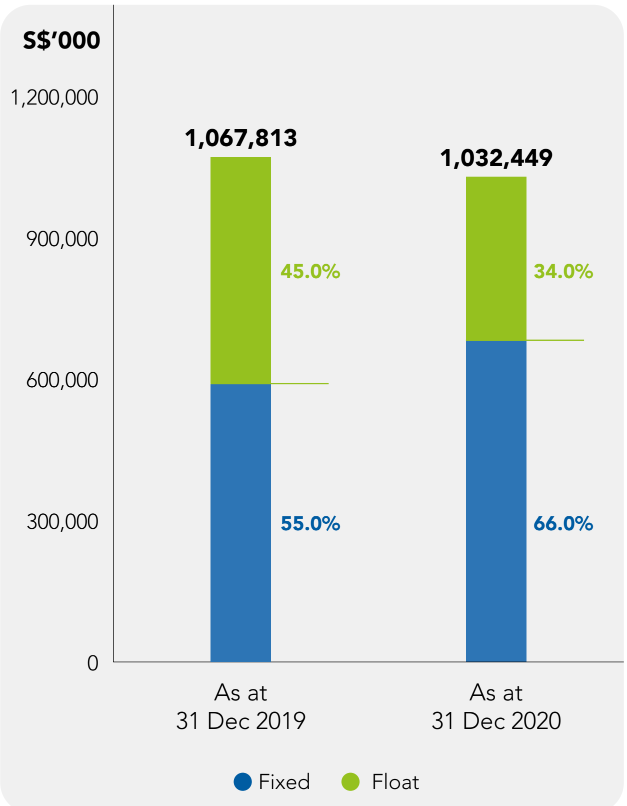
(1) The undistributed income of S$4.5 million retained for working capital comprised solely of tax exempt income.
(2) The fair value of the derivatives as at 31 December 2020 is disclosed under Note 11 on page 187 of the Annual Report.
(3) All properties, excluding W Hotel, Raffles Maldives Meradhoo, the Japan Hotels and the UK Hotels, are accounted for as Investment Properties.
(4) The borrowings are presented before the deduction of unamortised transaction costs.
(5) For purposes of gearing computation, the total assets exclude the effect of FRS 116 / SFRS(I) 16 *Leases* (adopted wef 1 January 2019). Refer to Note 30 on pages 225 to 228 of the Annual Report.
(6) Computed by using trailing 12 months EBITDA divided by trailing 12 months interest expense and borrowing-related fees. The interest coverage ratio excludes one-off loss on disposal of investment properties of S$8.8 million in FY 2020. Including this divestment loss, the interest coverage ratio would be 1.8x.
(7) The number of Stapled Securities issued and to be issued as at 31 December 2020 was 1,226,494,616 as compared to 1,216,632,022 as at 31 December 2019.

DEBT PROFILE OF CDLHT (1)

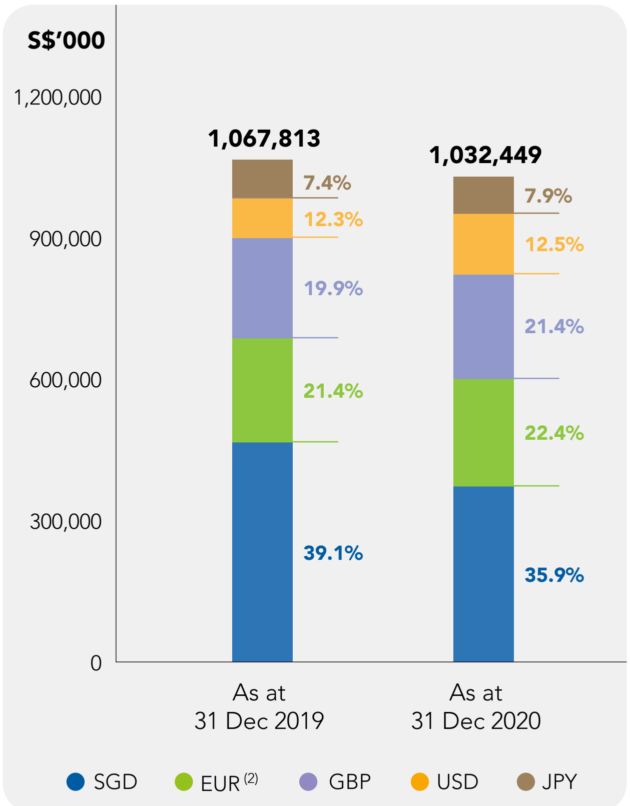
Debt Maturity Profile



Fixed-rate Versus Floating-rate Borrowings

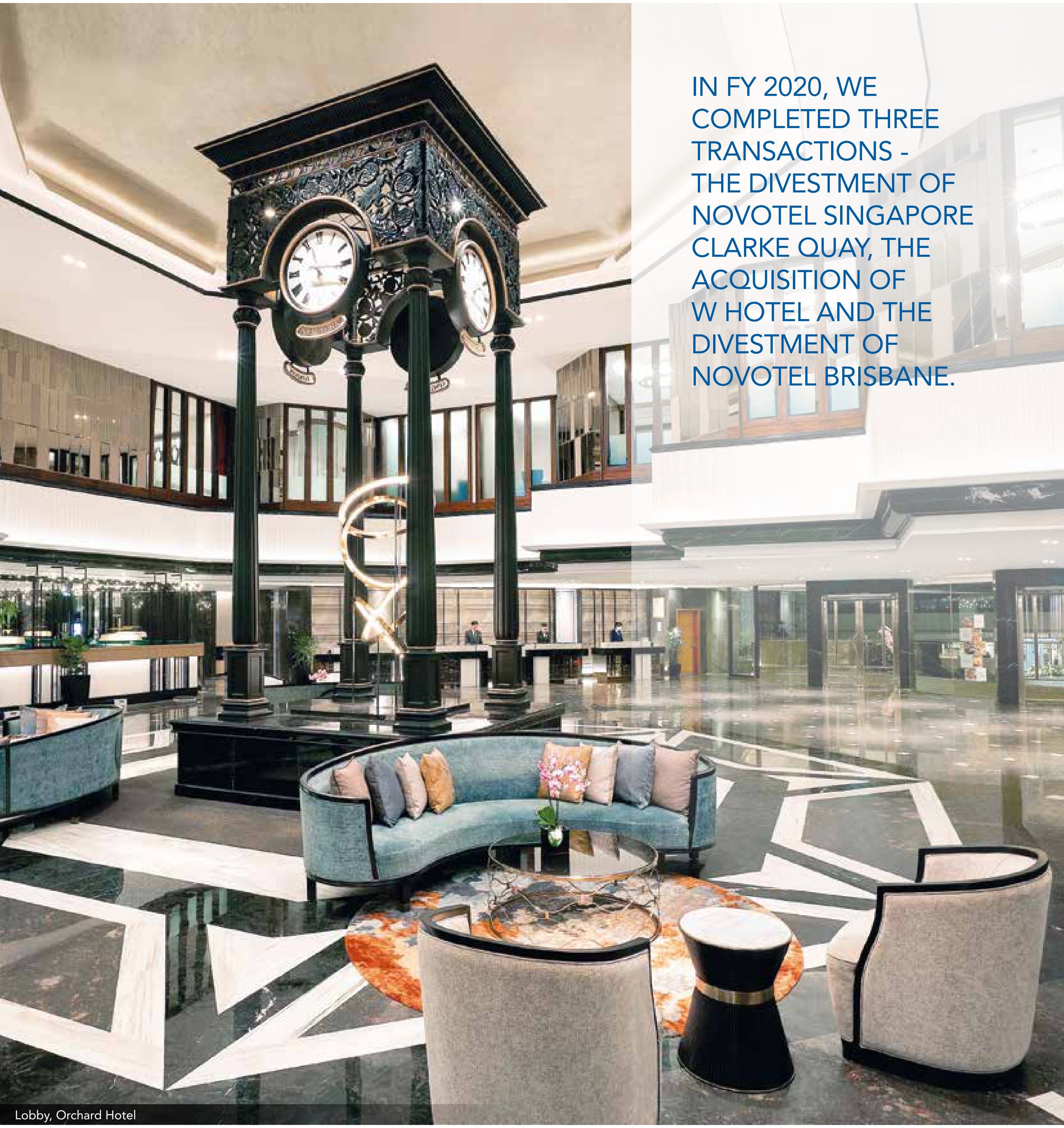


Debt Currency Profile



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

CHAIRMAN'S STATEMENT



IN FY 2020, WE COMPLETED THREE TRANSACTIONS - THE DIVESTMENT OF NOVOTEL SINGAPORE CLARKE QUAY, THE ACQUISITION OF W HOTEL AND THE DIVESTMENT OF NOVOTEL BRISBANE.

Lobby, Orchard Hotel

On behalf of the Board of Directors of the H-REIT Manager and the HBT Trustee-Manager, I am pleased to present our annual report for the financial year ended 31 December 2020 ("**FY 2020**").

STAYING RESILIENT AND BUILDING A STRONG FOUNDATION FOR RECOVERY

In FY 2020, the COVID-19 pandemic brought about unprecedented challenges to the global economy. Measures such as lockdowns, border controls and domestic restrictions implemented by governments across the world to curb the spread of the virus severely disrupted the hospitality sector globally.

In the face of the global downturn, we responded quickly by implementing proactive measures to contain costs and conserve cashflows. Such measures include the temporary closing of hotels, shortening working hours, implementing unpaid leave as well as furloughs for hotel employees, maintaining operations on minimal manning levels, reviewing of operational contracts for deferment or cancellation and deferring non-essential capital expenditure. Above all, the safety and well-being of our guests and staff on the frontlines were foremost on our minds.

On the demand side, we actively pursued alternative revenue channels, such as demand for isolation facilities, foreign workers affected by border closures, staycation business, accommodation for essential workers or business travellers, to mitigate the impact of the pandemic.

For FY 2020, with the exception of the Singapore and New Zealand Hotels, our properties were either closed on a temporary basis or have experienced varying degrees of occupancy declines since March 2020. Occupancies for our New Zealand and Singapore Hotels were largely supported by demand for accommodation facilities used for isolation purposes and continue to be so to date. As of 28 February 2021, all the hotels are open except for the hotel in Florence, Italy.

Balancing the need to conserve cash while continuing to invest in our properties to optimise their value and potential, we took the opportunity during low occupancy to perform various asset enhancement initiatives incorporating essential refurbishment and maintenance works, to minimise future disruptions ahead of the eventual normalisation of business levels. During FY 2020, W Hotel completed the renovation project for the all-day dining restaurant, the kitchen table, Copthorne King's Hotel completed its room refurbishment project, Angsana Velavaru completed a major refurbishment of all 79 beach villas and we also officially opened the presidential villa at the Raffles Maldives Meradhoo resort.

In FY 2020, we completed three transactions - the divestment of Novotel Singapore Clarke Quay ("**NCQ**"), the acquisition of W Hotel and the divestment of Novotel

SKIRT Restaurant, W Hotel

Brisbane [1]. Through the Singapore transactions, we strengthened our long term presence in Singapore, and W Hotel has offered some form of diversification during this pandemic with its differentiated offering and location. We have strategically exited the Brisbane market via the sale of Novotel Brisbane and recycled capital in search of better returns while strengthening our financial position to achieve greater financial flexibility.

Net property income ("**NPI**") for FY 2020 was S$69.3 million, 50.9% lower than the previous year, mainly due to the COVID-19 pandemic, which led to a significant decline in tourism, business travel, and the deferment or cancellation of major MICE events, wedding banquets and social functions. While there was inorganic NPI contribution from W Hotel in 2H 2020, this was more than offset by the absence of contributions from NCQ and Novotel Brisbane. Overall, the collective decline was partially mitigated by minimum rent, governmental relief measures and alternative sources of business.

Total distribution to Stapled Security Holders (including capital distribution and after retention for working capital) for FY 2020 was S$60.4 million and DPS was 4.95 cents, a decrease of 44.8% and 45.1% yoy respectively. A capital distribution of S$20.0 million which relates to a partial distribution of the proceeds from the divestment of NCQ was made to mitigate the impact of divestments and decline in distribution due to the impact brought about by the pandemic.

As at 31 December 2020, the portfolio book value (excluding right-of-use assets) decreased by 8.8% yoy to S$2.6 billion [2], partly attributed to the divestments of NCQ and Novotel Brisbane, which more than offset the value

(1) W Hotel was acquired on 16 July 2020. NCQ and Novotel Brisbane were divested on 15 July 2020 and 30 October 2020 respectively.
(2) Significant market uncertainty still exists due to the COVID-19 pandemic. The carrying amounts of the properties were current as at 31 December 2020 only and values may change more quickly and significantly than under normal market conditions.

CHAIRMAN'S STATEMENT


Chairman's Room, Hua Ting Restaurant, Orchard Hotel

attributed to the newly acquired W Hotel. On the same store basis (stripping out NCQ and Novotel Brisbane and assuming W Hotel was included as at 31 December 2019), the decline would have been 5.1% yoy instead.

Due to our healthy balance sheet and financial strength, we are in a strong position to weather this crisis. With ample debt headroom, we remain well-placed to pursue acquisitions, with a focus on long term value creation for our Stapled Security Holders. We will also continue to evaluate suitable divestment opportunities as they arise to recycle capital for better returns.

MARKET REVIEW AND OUTLOOK

A year since the outbreak of the COVID-19 pandemic, the world continues its fight against resurgent waves, with fresh lockdowns and restrictions being imposed globally. The availability of the vaccines is expected to pave the way for recovery, although it will still take time before mass travel resumes in full force. Singapore has stepped up its border reopening efforts through bilateral or unilateral travel arrangements, which will facilitate reviving inbound travel when mass vaccination takes place and the pandemic situation is brought under control globally.

In 2020, visitor arrivals to Singapore fell 85.7% yoy to 2.7 million, the lowest in four decades [3], as a result of the unprecedented global travel restrictions and border closures. The government has launched initiatives to promote local tourism, such as the S$45 million SingapoRediscovers marketing campaign and S$320 million worth of SingapoRediscovers vouchers for Singaporeans to spend on local hotel stays, attractions and tours. Occupancy for our Singapore Hotels was supported by continued demand for dedicated isolation facilities, business from project groups and foreign workers affected by border closures. RevPAR for the 6 Singapore Hotels [4] was down 51.4% yoy, mainly due to a lower average daily rate. The inclusion of W Hotel into our portfolio in July 2020, coupled with the timely resumption of the staycation business in the same month, lifted RevPAR in the third and fourth quarter of 2020.

In December 2020, Singapore moved into Phase 3 of re-opening and increased the maximum number of physical attendees for MICE events to 250 (subject to relevant approvals) [5]. As we move towards a recovery, countries which have demonstrated strong ability to contain the situation, such as Singapore, are likely to rank among the top choices for travel and MICE events in the near to medium term. Singapore was chosen to be the host country to hold the World Economic Forum's annual meeting in August 2021, reflecting the international community's trust and confidence in Singapore's handling of the pandemic [6].

On the supply front, Singapore's hotel inventory is estimated to increase by 146 net rooms in 2021, representing approximately 0.2% of existing room stock. Over the next three years, supply growth is expected to remain low at an annualised growth rate of 1.7% [7].

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(3) Singapore Tourism Board ("**STB**")
(4) Comprises Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel, Studio M Hotel and W Hotel. Assumes CDLHT owns W Hotel from 1 July for each period for comparison on same store basis. W Hotel was acquired on 16 July 2020. Excludes NCQ which was divested on 15 July 2020.
(5) STB, "Safe Management Measures for MICE Events", 28 December 2020
(6) The Straits Times, "World Economic Forum in Singapore postponed from May to Aug 17-20", 3 February 2021
(7) Based on STB, Horwath data (as at December 2020) and CDLHT research.

For Claymore Connect, we have waived up to four months of rent for eligible retail tenants per government regulation, helping tenants to mitigate the impact of the COVID-19 measures on their businesses. In addition, we recognised that some tenants required further support to sustain their operations and extended rent deferments on a case-by-case basis.

In New Zealand, total visitor arrivals declined by 74.4% yoy for 2020 (8). The country's border remains closed to international travellers, except for travellers with specific approval granted (9). With the implementation of a mandatory 14-day isolation period for arrivals, Grand Millennium Auckland was contracted by the government as a managed isolation facility towards the end of 2Q 2020. For FY 2020, the RevPAR for the hotel declined by 19.2% yoy. The contract as a managed isolation facility is expected to continue to support occupancy through 1Q 2021.

The lease structure of the Australia Hotels is largely a fixed rent structure which has insulated CDLHT from the downturn in trading conditions in FY 2020 due to the pandemic. With the divestment of Novotel Brisbane completed on 30 October 2020, the rental contribution (in SGD terms) from Australia was lower by 8.5% yoy for FY 2020. The Managers are in the midst of an operator selection process which involves negotiation of new terms ahead of the expiry of the remaining two Perth Hotels' leases on 30 April 2021. At the expiration of the leases, the Perth Hotels will be exposed to the underlying trading conditions.

In Japan, visitor arrivals declined by 87.1% yoy for 2020 (10). The decline was mainly attributed to travel bans and a nationwide state of emergency declared by the Government of Japan in mid-April 2020, in response to the pandemic. While restrictions were gradually eased in 3Q 2020, a resurgence in COVID-19 cases in December 2020 led to fresh measures being imposed and the suspension of the "Go To Travel" and "Go To Eat" campaigns. As a result, the Japan Hotels reported a RevPAR decrease of 63.0% yoy for FY 2020. The extension of the second state of emergency, which was declared in Tokyo from early January 2021, has also cast a shadow of uncertainty on the upcoming Tokyo Olympic Games (11).

In the Maldives, total tourist arrivals recorded a decline of 67.4% for 2020 (12). Although there has been a gradual recovery since the borders reopened on 15 July 2020, the Maldives Resorts were largely unoccupied for most of 2H 2020, before business activity picked up tangibly in December 2020. The Maldives remains one of the few countries in Asia with its borders still open to international tourists despite second or third waves of the pandemic. However, as top inbound markets for 2020 included the UK and EU nations such as Italy, Germany and France, the resurgence of COVID-19 and fresh lockdowns across these countries are likely to weigh on inbound travel to the Maldives.

Our UK Hotels were temporarily closed for about three to five months during the first nationwide lockdown which began around end of March 2020. Hilton Cambridge City Centre remained mostly open throughout the second lockdown triggered by a resurgence of the pandemic in the UK, while The Lowry Hotel closed intermittently, only opening to house elite sports teams and entertainment groups. Collectively, the UK Hotels posted a yoy RevPAR decline of 68.5% for FY 2020. The UK Hotels have and continue to operate at minimal staffing levels, with payroll heavily subsidised by the UK government's furlough scheme which has been extended to April 2021, thereby helping to contain operating costs and losses. The hotels remain open to essential workers currently whilst being in nationwide lockdown.

In continental Europe, the Pullman Hotel Munich and Hotel Cerretani Firenze saw a RevPAR decline of 75.5% and 85.5% yoy respectively for FY 2020, with the latter being closed for a total of seven months last year. Both Germany and Italy faced a slew of renewed measures from early November 2020 which ended in domestic lockdowns as the second wave of pandemic swept across Europe. While Pullman Hotel Munich continues to operate to provide accommodation for essential business travellers, Hotel Cerretani Firenze closed on 30 October 2020 and the reopening is subject to the easing of government restrictions on travel and leisure activities.

POSITIONED FOR AN EVENTUAL RECOVERY

In July 2020, we completed the divestment of NCQ for S$375.9 million, representing an 87.0% premium over our original purchase price. As part of the same redevelopment transaction, we will acquire a brand new lifestyle hotel on the same site with about 460 to 475 rooms under a forward purchase arrangement. The acquisition is expected to complete in 2025 (13) for no higher than S$475.0 million following the completion of the redevelopment. The new hotel will be part of a new iconic integrated development and the first "Moxy" branded hotel in Singapore.

The acquisition of W Hotel, a luxury lifestyle hotel with 240 guest rooms, was also completed in mid-July 2020. The hotel, which offers its guests an expansive view of the marina and seafront, is equipped with a comprehensive suite of facilities including a ballroom, function rooms, swimming pool, spa, restaurants and bars. Strategically located in Sentosa Cove, W Hotel is well-positioned to benefit from demand growth expected to be generated by the various expansion initiatives at Sentosa and the southern part of Singapore in the medium to long term.

(8) Statistics New Zealand
(9) Immigration New Zealand
(10) Japan National Tourism Organization
(11) CNA, "Japan extends COVID-19 state of emergency, months before delayed Olympics", 2 February 2021
(12) Ministry of Tourism, Republic of Maldives
(13) Estimated timeline, subject to change.

CHAIRMAN'S STATEMENT


Anson Room, M Hotel

THROUGH THE SINGAPORE TRANSACTIONS, WE STRENGTHENED OUR LONG TERM PRESENCE IN SINGAPORE, AND W HOTEL HAS OFFERED SOME FORM OF DIVERSIFICATION DURING THIS PANDEMIC WITH ITS DIFFERENTIATED OFFERING AND LOCATION.

ACTIVE ASSET MANAGEMENT

The fluidity of the environment and lack of visibility of the protraction on the global pandemic at the beginning of FY 2020 have made Management very conscious of conserving cash to ride out the crisis. The Managers have reviewed CDLHT's portfolio to identify only critical guest-related enhancements works to be conducted during this lull period to optimise the potential of the assets while deferring non-essential capital expenditure for the year.

W Hotel completed the renovation project for the all-day dining restaurant, the kitchen table, in December 2020 to increase seating capacity from 140 to 234, with new furnishings to improve overall guest experience. The renovations were undertaken by the seller under the terms of the acquisition.

Copthorne King's Hotel's room refurbishment project, which includes a makeover of the 142 rooms in the Tower Wing, was completed in April 2020. The new rooms are furnished with contemporary Chinoiserie décor and in-room technology, offering guests an enhanced experience.

In the Maldives, Angsana Velavaru commenced a major refurbishment of all 79 beach villas in 2019 and the refurbishment was fully completed in July 2020. As part of the refurbishment project, infinity pools were added to 24 beach villas creating a new category of villas, the Beachfront Infinity Pool Villas, strengthening the resort's overall attractiveness. The construction of a new presidential villa at Raffles Maldives Meradhoo was also completed towards the end of last year, increasing the villa count from 37 to 38. The new presidential villa, Raffles Royal Residence, welcomed its first guests in December 2020. The new ultra-luxury villa features three bedrooms, a private beach, a 40-metre pool and unimpeded views of the seafront, strengthening the resort's positioning in the Maldives luxury resort market.

In line with our asset and financial management strategies, we divested Novotel Brisbane at a slight premium to valuation in order to recycle capital in search of better returns while strengthening our financial position to achieve greater financial flexibility. The exit of the Brisbane market was taken in view of the near to medium term challenges stemming from more hotel supply in the horizon while facing an uncertain recovery timeframe of the COVID-19 pandemic.

PRUDENT CAPITAL MANAGEMENT

In September 2020, we refinanced a JPY3.3 billion 5-year fixed rate term loan and a JPY3.1 billion 5-year TMK bond (collectively S$81.7 million) into fresh 5-year fixed rate borrowings. In 4Q 2020, about S$82.6 million proceeds from the property divestments were used to reduce borrowings drawn under the revolving credit facilities ("**RCF**"). To further fortify its financial position and boost liquidity, CDLHT secured a fresh S$100.0 million committed multi-currency RCF as well as a S$100.0 million upsize to an existing committed multi-currency RCF, taking the total RCF from S$250.0 million in 2019 to S$450.0 million during the financial year.

As at 31 December 2020, CDLHT has a robust balance sheet with a gearing ratio of 37.5% and ample debt headroom of S$689.0 million [(14)], cash reserves of S$131.1 million and S$701.9 million of credit facilities [(15)]. Our weighted average cost of debt continues to be low at 1.9% per annum while our floating rate risk is well-managed with 34.0% of our borrowings being floating rate loans. With a healthy balance sheet and strong liquidity, we are well-positioned to weather the pandemic and ride on the market recovery.


Premier Club Lounge, Orchard Hotel

SUSTAINABILITY REPORTING

The global economic and health crisis resulting from the COVID-19 pandemic has increased awareness on long-term sustainability, elevating the significance of social factors and environmental factors. Over the year, we maintained continuous engagement with our stakeholders, including the master lessees and hotel managers of CDLHT's assets, to enhance transparency and explore further adoption of sustainable practices across our portfolio. Under the Sustainability Reporting requirements, we are pleased to present our Sustainability Report for FY 2020 on pages 108 to 120 of this Annual Report.

We remain committed to encouraging and working with our master lessees and hotel managers to adopt the best Environmental, Social and Governance ("**ESG**") practices for continued long term growth and enhancement of portfolio value for our stakeholders.

AWARDS AND ACCOLADES

Over the course of the year, a number of our hotels have continued to be recognised as a preferred choice for travellers and guests. As the latest addition to our portfolio, W Hotel clinched several notable awards including Hotels.com Loved by Guests Award Winner 2020 with a 9.2/10 Rating and received the Gold award under the Best Hotel For a Staycation in Singapore category of Expat Living Reader's Choice Awards 2020. In the Tripadvisor Traveller's Choice Best of the Best Award 2020, SKIRT restaurant at W Hotel took the top spot for fine dining restaurants in Singapore and ranked eighth in Asia, while Grand Copthorne Waterfront Hotel ranked among the Top 25 Hotels for Service in Singapore.

APPRECIATION

In closing, I would like to take this opportunity to thank my fellow members of the Boards for their stewardship and invaluable advice, the management and staff for their unwavering commitment and hard work, which has enabled us to navigate this crisis thus far. On behalf of the Boards and management team, I extend my appreciation to all our lessees, hotel operators, business partners, service providers and Stapled Security Holders for your continued support.

Our thoughts go out to all whose lives and livelihoods have been affected by COVID-19. It has been an environment that none of us has experienced in our lifetimes.

I wish everyone well and look forward to meeting you at our annual general meetings on 23 April 2021.

Chan Soon Hee, Eric
Chairman
Dated as of 1 March 2021

(14) Computed on basis of the regulatory gearing limit of 50.0%.
(15) Includes committed revolving credit facilities amounting to approximately S$301.9 million.

PORTFOLIO SUMMARY OF CDL HOSPITALITY TRUSTS


Orchard Hotel

SUMMARY OF OUR PORTFOLIO


Grand Copthorne Waterfront Hotel


M Hotel

NUMBER OF PROPERTIES

As at 31 December 2020

15 Hotels, 2 Resorts and 1 Retail Mall


Copthorne King's Hotel


Studio M Hotel


W Singapore – Sentosa Cove


Claymore Connect


Hotel MyStays Asakusabashi


Hotel MyStays Kamata

Mercure Perth

NUMBER OF ROOMS

As at 31 December 2020

4,631

VALUATION OF ASSETS

As at 31 December 2020

S$2.6 billion


Ibis Perth


Angsana Velavaru


Grand Millennium Auckland


Raffles Maldives Meradhoo


Hilton Cambridge City Centre


The Lowry Hotel


Pullman Hotel Munich

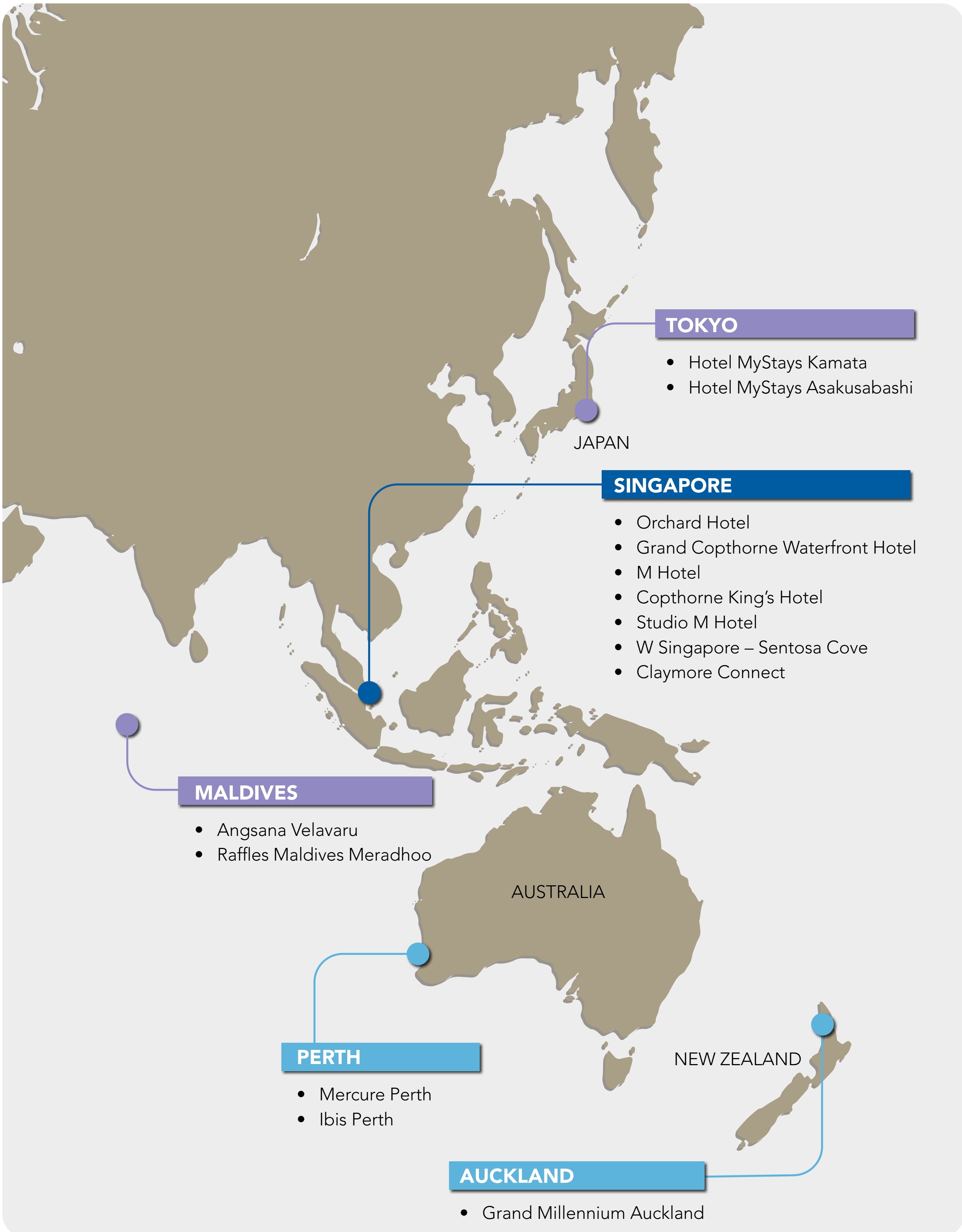

Hotel Cerretani Firenze – MGallery

PORTFOLIO SUMMARY OF CDL HOSPITALITY TRUSTS

GEOGRAPHICAL SPREAD OF ASSETS UNDER MANAGEMENT

As at 31 December 2020

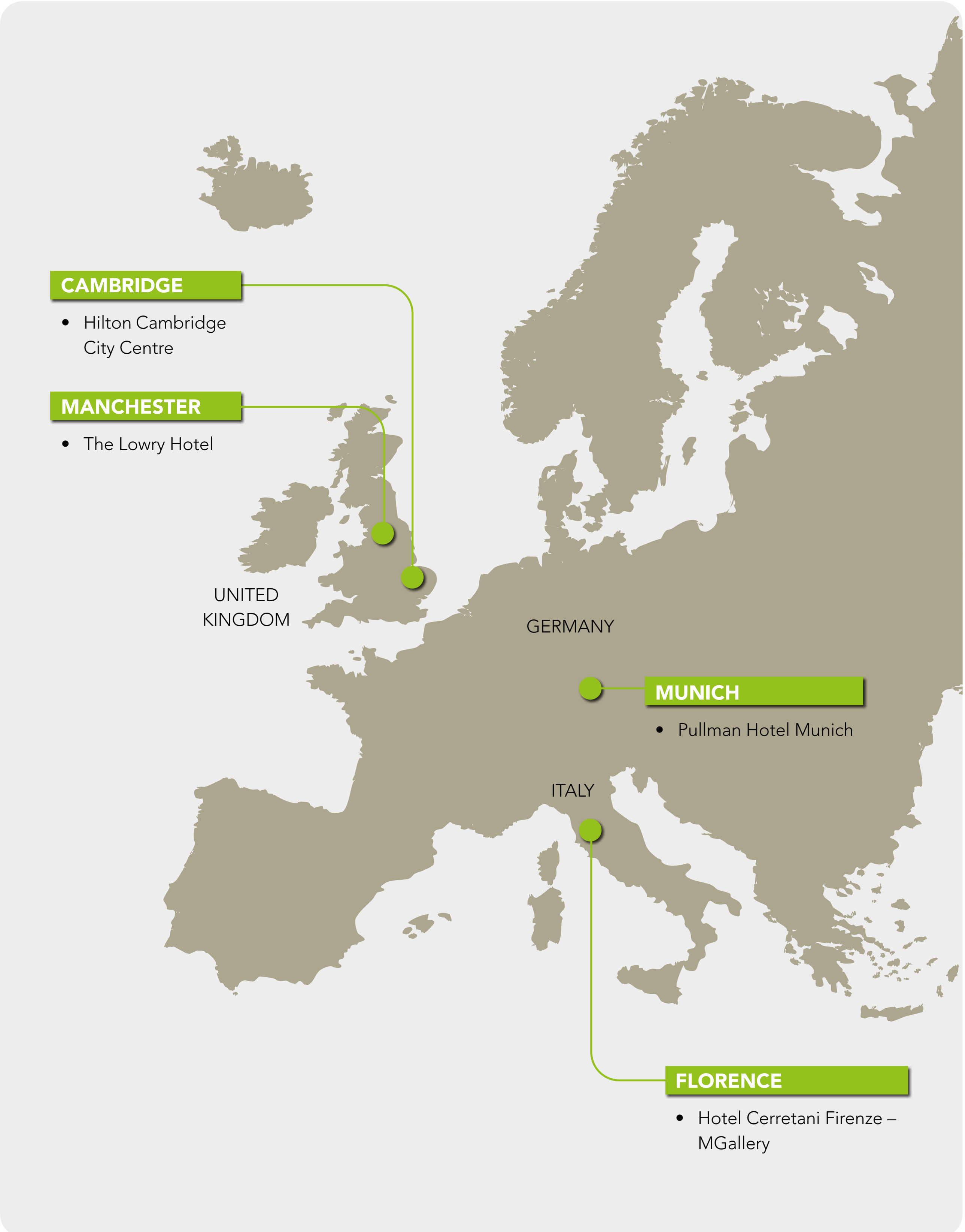
ASIA & OCEANIA



GEOGRAPHICAL SPREAD OF ASSETS UNDER MANAGEMENT

As at 31 December 2020

EUROPE



PORTFOLIO SUMMARY OF CDL HOSPITALITY TRUSTS

KEY PROPERTY DETAILS

Summary details of CDLHT's properties are as follows:

	No. of Rooms	Title
SINGAPORE		
Orchard Hotel	656	75-year leasehold interest commencing 19 Jul 2006
Grand Copthorne Waterfront Hotel	574	
M Hotel	415	
Copthorne King's Hotel	311	99-year leasehold interest commencing 1 Feb 1968
Studio M Hotel	360	99-year leasehold interest commencing 26 Feb 2007
W Singapore – Sentosa Cove	240	99-year leasehold interest commencing 31 Oct 2006
Claymore Connect	N.A.	75-year leasehold interest commencing 19 Jul 2006
NEW ZEALAND		
Grand Millennium Auckland	452	Freehold
AUSTRALIA		
Mercure Perth	239	Strata Freehold
Ibis Perth	192	Freehold
MALDIVES		
Angsana Velavaru	113	50-year leasehold interest commencing 26 Aug 1997
Raffles Maldives Meradhoo	38	50-year leasehold interest commencing 15 Jun 2006
JAPAN		
Hotel MyStays Asakusabashi	139	Freehold
Hotel MyStays Kamata	116	Freehold
UNITED KINGDOM		
Hilton Cambridge City Centre	198	125-year leasehold interest commencing 25 Dec 1990
The Lowry Hotel	165	150-year leasehold interest commencing 18 Mar 1997
GERMANY		
Pullman Hotel Munich (3)	337	Freehold
ITALY		
Hotel Cerretani Firenze – MGallery (3)	86	Freehold

(1) All properties were valued as at 31 December 2020.
(2) The lease term may be extended for a further term of 50 years pursuant to lessee's (CDLHT) option to renew under the lease granted by the head lessor (Cambridge City Council).
(3) On the basis of a 100% interest before adjustment of non-controlling interests.

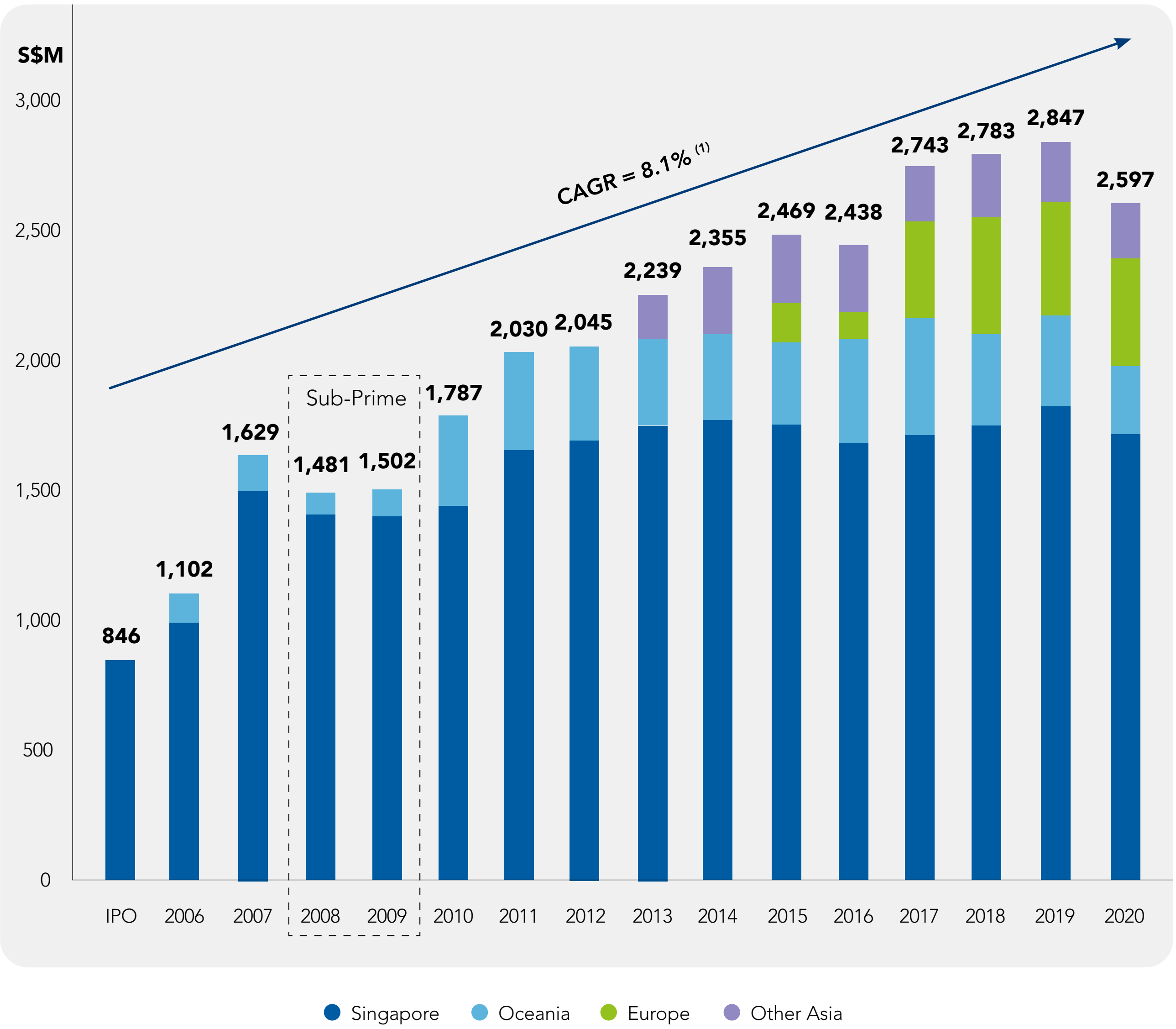
Remaining Term of Land Lease	Date of Acquisition	Purchase Price in Millions	Valuation in Millions [(1)]
	19 Jul 2006	S$330.1	S$443.0
61 years	19 Jul 2006	S$234.1	S$354.0
	19 Jul 2006	S$161.5	S$237.0
46 years	19 Jul 2006	S$86.1	S$114.0
85 years	3 May 2011	S$154.0	S$166.0
85 years	16 Jul 2020	S$324.0	S$314.0
61 years	19 Jul 2006	S$34.5	S$88.0
–	19 Dec 2006	NZ$113.0	NZ$197.0
–	18 Feb 2010	A$36.2	A$45.0
–	18 Feb 2010	A$21.6	A$30.0
27 years	31 Jan 2013	US$71.0	US$50.0
35 years	31 Dec 2013	US$59.6	US$38.0
–	19 Dec 2014	¥3,200	¥3,720
–	19 Dec 2014	¥2,600	¥2,560
95 years [(2)]	1 Oct 2015	£61.5	£57.2
126 years	4 May 2017	£52.5	£45.0
–	14 Jul 2017	€104.7	€105.6
–	27 Nov 2018	€42.7	€40.4

PORTFOLIO SUMMARY OF CDL HOSPITALITY TRUSTS

PORTFOLIO VALUATION

As at 31 December 2020, the valuation of CDLHT's portfolio of assets registered an 8.8% decline to S$2.6 billion. This was mainly due to divestments and impact of the pandemic on the properties. The decline was partially offset by the acquisition of W Hotel and positive currency translation for all overseas properties, with the exception of the Maldives Resorts.

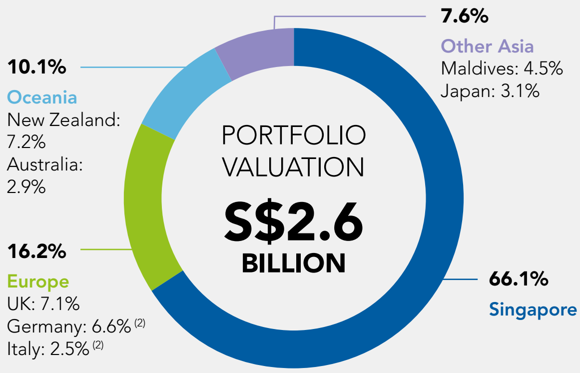
Since IPO till 31 December 2020, the valuation of CDLHT's portfolio of assets has increased from S$0.85 billion to S$2.6 billion, representing a compound annual growth rate ("**CAGR**") of 8.1%.



(1) CAGR from IPO to 31 December 2020.

PORTFOLIO VALUATION BY GEOGRAPHY AND PROPERTIES

As at 31 December 2020 [1]



SINGAPORE PORTFOLIO	66.1%
Orchard Hotel	17.1%
Grand Copthorne Waterfront Hotel	13.6%
W Singapore – Sentosa Cove	12.1%
M Hotel	9.1%
Studio M Hotel	6.4%
Copthorne King's Hotel	4.4%
Claymore Connect	3.4%

EUROPE PORTFOLIO	16.2%
United Kingdom	**7.1%**
Hilton Cambridge City Centre	4.0%
The Lowry Hotel (Manchester)	3.1%
Germany	**6.6%**
Pullman Hotel Munich [2]	6.6%
Italy	**2.5%**
Hotel Cerretani Firenze – MGallery [2]	2.5%

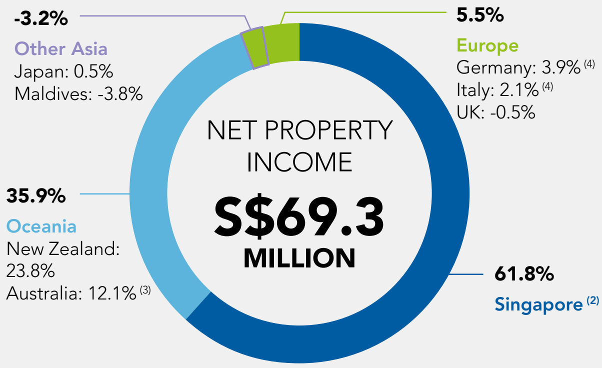
OCEANIA PORTFOLIO	10.1%
New Zealand	**7.2%**
Grand Millennium Auckland	7.2%
Australia	**2.9%**
Mercure Perth	1.8%
Ibis Perth	1.2%

OTHER ASIA PORTFOLIO	7.6%
Maldives	**4.5%**
Angsana Velavaru	2.6%
Raffles Maldives Meradhoo	1.9%
Japan	**3.1%**
MyStays Asakusabashi (Tokyo)	1.8%
MyStays Kamata (Tokyo)	1.3%

(1) Numbers and percentages may not add up due to rounding.
(2) On the basis of a 100% interest before adjustment of non-controlling interests.

NET PROPERTY INCOME BY GEOGRAPHY AND PROPERTIES

For FY 2020 [1]



SINGAPORE PORTFOLIO [2]	61.8%
Orchard Hotel	13.4%
Grand Copthorne Waterfront Hotel	9.6%
W Singapore – Sentosa Cove	8.9%
Novotel Singapore Clarke Quay	7.7%
M Hotel	7.4%
Studio M Hotel	6.3%
Copthorne King's Hotel	4.8%
Claymore Connect	3.5%

OCEANIA PORTFOLIO	35.9%
New Zealand	**23.8%**
Grand Millennium Auckland	23.8%
Australia	**12.1%**
Novotel Brisbane [3]	5.6%
Mercure Perth	3.9%
Ibis Perth	2.5%

EUROPE PORTFOLIO	5.5%
Germany	**3.9%**
Pullman Hotel Munich [4]	3.9%
Italy	**2.1%**
Hotel Cerretani Firenze – MGallery [4]	2.1%
United Kingdom	**-0.5%**
Hilton Cambridge City Centre	0.9%
The Lowry Hotel (Manchester)	-1.4%

OTHER ASIA PORTFOLIO	-3.2%
Japan	**0.5%**
MyStays Asakusabashi (Tokyo)	0.0%
MyStays Kamata (Tokyo)	0.6%
Maldives	**-3.8%**
Angsana Velavaru	0.7%
Raffles Maldives Meradhoo	-4.4%

(1) Numbers and percentages may not add up due to rounding.
(2) NCQ was divested on 15 July 2020 and W Hotel was acquired on 16 July 2020.
(3) Includes 10 months of fixed rent from Novotel Brisbane before it was divested on 30 October 2020.
(4) On the basis of a 100% interest before adjustment of non-controlling interests.

PORTFOLIO SUMMARY OF CDL HOSPITALITY TRUSTS


Club Lounge, Grand Millennium Auckland

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

For FY 2020

CDLHT had 44 tenants in total for properties that were leased out in FY 2020: 10 for the hotel properties, 23 for Claymore Connect and 11 for the retail/office component of Pullman Hotel Munich. 92.7% of CDLHT's gross rental income for FY 2020 was attributed to hotel properties and the remaining 7.3% was attributed to Claymore Connect and the retail/office component of Pullman Hotel Munich.

The top 10 tenants contributed to 93.4% of the total gross rental income for properties with leases.

		S$'000	% of Total Gross Rental Income
1	Hospitality Services Limited	16,507	20.7%
2	Republic Hotels & Resorts Limited	11,851	14.9%
3	City Hotels Pte. Ltd.	10,300	12.9%
4	HI Operations Pty Ltd.	8,358	10.5%
5	UP Hotel Operations GmbH & Co. KG	7,570	9.5%
6	Harbour View Hotel Pte. Ltd.	6,100	7.7%
7	AAPC Clarke Quay Hotel Pte. Ltd.	5,953	7.5%
8	Republic Iconic Hotel Pte. Ltd.	4,844	6.1%
9	FC Operations Hotel SRL	1,713	2.1%
10	Cold Storage Singapore (1983) Pte Ltd	1,199	1.5%

Hotels Retail

(1) Does not include properties which are on management contracts, namely W Hotel, Raffles Maldives Meradhoo, Hotel MyStays Asakusabashi, Hotel MyStays Kamata, Hilton Cambridge City Centre and The Lowry Hotel.

LEASE EXPIRY PROFILE AND TENANT MIX BY GROSS RENTAL INCOME FOR PROPERTIES WITH LEASES (1)

For FY 2020

CDLHT has a strong mix of diversified hotel operators on master leases as well as a healthy lease expiry profile.

For the two tables below, the computations exclude NCQ and Novotel Brisbane as they were divested on 15 July 2020 and 30 October 2020 respectively.

Properties	Tenure of Lease	Year of Expiry (2)	% of Gross Rental Income
Singapore IPO Hotels	20 years from 19 Jul 2006 with an option to renew for another 20 years	2026	40.5%
Grand Millennium Auckland	First 3-year term expired on 6 Sep 2019; lease provides for two 3-year renewal terms. Lease renewed for second 3-year term from 7 Sep 2019, expiring 6 Sep 2022	2022	23.6%
Pullman Hotel Munich	Hotel: 20 years from 14 Jul 2017 expiring 13 Jul 2037	2037	10.8%
	Retail/Office: Range of lease terms - for details on lease expiry profile, refer to page 81		1.7%
Studio M Hotel	20 years from 3 May 2011 with an option to renew for three consecutive additional terms of 20 years + 20 years + 10 years	2031	6.9%
Claymore Connect	Range of lease terms - for details on lease expiry profile, refer to page 65		6.6%
Perth Hotels	Approximately 11 years from 19 Feb 2010 expiring 30 Apr 2021	2021	6.4%
Hotel Cerretani Firenze – MGallery	20 years from 27 Nov 2018 expiring 26 Nov 2038	2038	2.5%
Angsana Velavaru	10 years from 1 Feb 2013 expiring 31 Jan 2023	2023	1.0%

Properties	WALE as at 31 Dec 2020
Hotel Properties (All existing hotel leases)	6.1 years (3)
Hotel Properties (All existing hotel leases excluding Perth Hotels)	6.6 years (3)
All retail/office leases	1.5 years (4)
New retail leases	2.8 years (4)

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

The leases of the Perth Hotels will expire on 30 April 2021. As such, a separate disclosure for the weighted average lease expiry of the hotel properties excluding the Perth Hotels is disclosed on a pro forma basis.

In FY 2020, there were two new leases entered into in 4Q 2020, which relates to Claymore Connect. The leases did not contribute to the total gross rental income for FY 2020 due to the fitting-out period.

(1) Does not include properties which are on management contracts, namely W Hotel, Raffles Maldives Meradhoo, Hotel MyStays Asakusabashi, Hotel MyStays Kamata, Hilton Cambridge City Centre and The Lowry Hotel. Excludes NCQ and Novotel Brisbane, which were divested on 15 July 2020 and 30 October 2020 respectively.
(2) Expiry does not take into consideration the tenure under the extension options.
(3) Based on FY 2020 actual gross rental income.
(4) Based on the passing rent in the month which the lease expires and excludes gross turnover rent. The weighted average lease expiry by NLA for all retail/office leases and the new retail leases are 1.7 years and 2.8 years respectively.

YEAR IN REVIEW

PERFORMANCE BY COUNTRY AND PROPERTY

	FY 2020 S$'000	FY 2019 S$'000	Variance	FY 2020 S$'000	FY 2019 S$'000	Variance
PROPERTIES WITH LEASES	**Gross Rental Revenue**			**Net Property Income**		
Singapore	**43,686**	**95,804**	**-54.4%**	**36,719**	**87,880**	**-58.2%**
Singapore Hotels	***39,048***	***88,298***	***-55.8%***	***34,274***	***82,860***	***-58.6%***
Orchard Hotel	10,300	19,635	-47.5%	9,321	18,276	-49.0%
Grand Copthorne Waterfront Hotel	7,999	18,174	-56.0%	6,687	16,917	-60.5%
M Hotel	6,100	13,130	-53.5%	5,158	12,250	-57.9%
Copthorne King's Hotel	3,852	6,929	-44.4%	3,342	6,461	-48.3%
Studio M Hotel	4,844	8,091	-40.1%	4,397	7,661	-42.6%
Novotel Singapore Clarke Quay [1] (Divested in July 2020)	5,953	22,339	-73.4%	5,369	21,295	-74.8%
Singapore Retail	***4,638***	***7,506***	***-38.2%***	***2,445***	***5,020***	***-51.3%***
Claymore Connect	4,638	7,506	-38.2%	2,445	5,020	-51.3%
Australia	**8,358**	**9,139**	**-8.5%**	**8,358**	**9,139**	**-8.5%**
Novotel Brisbane [2] (Divested in October 2020)	3,909	4,695	-16.7%	3,909	4,695	-16.7%
Ibis Perth	1,763	1,761	0.1%	1,763	1,761	0.1%
Mercure Perth	2,686	2,683	0.1%	2,686	2,683	0.1%
New Zealand	**16,507**	**16,320**	**1.1%**	**16,507**	**16,320**	**1.1%**
Grand Millennium Auckland	16,507	16,320	1.1%	16,507	16,320	1.1%
Maldives	**685**	**6,660**	**-89.7%**	**463**	**6,423**	**-92.8%**
Angsana Velavaru	685	6,660	-89.7%	463	6,423	-92.8%
Germany	**8,740**	**11,092**	**-21.2%**	**2,676**	**9,862**	**-72.9%**
Pullman Hotel Munich	8,740	11,092	-21.2%	2,676	9,862	-72.9%
Italy	**1,713**	**3,000**	**-42.9%**	**1,472**	**2,818**	**-47.8%**
Hotel Cerretani Firenze – MGallery	1,713	3,000	-42.9%	1,472	2,818	-47.8%
Sub-Total	**79,689**	**142,015**	**-43.9%**	**66,195**	**132,442**	**-50.0%**
MANAGED PROPERTIES [3]	**Gross Hotel Revenue**			**Net Property Income**		
Singapore	**15,987**	**–**	**N.M**	**6,145**	**–**	**N.M**
W Singapore – Sentosa Cove [4] (Acquired in July 2020)	15,987	–	N.M	6,145	–	N.M
Maldives	**4,100**	**3,070**	**33.6%**	**(3,084)**	**(7,735)**	**N.M**
Raffles Maldives Meradhoo	4,100	3,070	33.6%	(3,084)	(7,735)	N.M
Japan	**3,830**	**9,411**	**-59.3%**	**381**	**3,792**	**-90.0%**
Hotel MyStays Asakusabashi	1,745	5,324	-67.2%	(17)	2,140	N.M
Hotel MyStays Kamata	2,085	4,087	-49.0%	398	1,652	-75.9%
United Kingdom	**13,952**	**42,376**	**-67.1%**	**(312)**	**12,663**	**N.M**
Hilton Cambridge City Centre	6,620	19,918	-66.8%	628	7,658	-91.8%
The Lowry Hotel	7,332	22,458	-67.4%	(940)	5,006	N.M
Sub-Total	**37,869**	**54,857**	**-31.0%**	**3,130**	**8,720**	**N.M**
Total Portfolio	**117,558**	**196,872**	**-40.3%**	**69,325**	**141,162**	**-50.9%**

(1) As NCQ was divested on 15 July 2020, the gross revenue and NPI for FY 2020 include only contribution from 1 January 2020 to 15 July 2020.
(2) As Novotel Brisbane was divested on 30 October 2020, the gross revenue and NPI for FY 2020 include only contribution from 1 January 2020 to 30 October 2020.
(3) These are properties with management contracts, with the exception of The Lowry Hotel which is self-managed.
(4) As W Hotel was acquired on 16 July 2020, the gross revenue and NPI for FY 2020 include only contribution from 17 July 2020 to 31 December 2020.

Front Desk, Grand Copthorne Waterfront Hotel

REVIEW OF FINANCIAL PERFORMANCE

CDLHT recorded total revenue of S$117.6 million in FY 2020, 40.3% lower as compared to FY 2019. During the year, the hospitality sector globally faced headwinds as a result of restrictions on travel in response to the COVID-19 pandemic. Due to the absence of tourism demand and enforcement of international travel restrictions, most of CDLHT's properties, with the exception of the Singapore and New Zealand Hotels, were either closed on a temporary basis or have experienced a varying degree of occupancy declines since March 2020. Occupancies for the Singapore and New Zealand Hotels were supported by demand for accommodation facilities used for isolation purposes. Inorganic NPI contribution from W Hotel (acquired on 16 July 2020) was more than offset by the absence of contribution from NCQ and Novotel Brisbane (divested on 15 July 2020 and 30 October 2020 respectively).

Accordingly, total NPI for FY 2020 decreased by 50.9% yoy to S$69.3 million. Interest cost was 12.0% or S$2.8 million lower as a result of lower funding costs on CDLHT's floating rate loans. Total distribution to Stapled Security Holders (after retention for working capital) and DPS decreased by 44.8% yoy to S$60.4 million and 45.1% yoy to 4.95 cents respectively. Included in the total distribution was a capital distribution of S$20.0 million related to a partial distribution of proceeds from the divestment of NCQ. The capital distribution was made to mitigate the impact of divestments and decline in performance due to the pandemic.

As at 31 December 2020, CDLHT's portfolio book value (excluding right-of-use assets) decreased by 8.8% or S$250.4 million yoy to S$2.6 billion, partly attributed to the divestment of NCQ and Novotel Brisbane, which more than offset the value attributed to the newly acquired W Hotel. On a same store basis (stripping out NCQ and Novotel Brisbane and assuming W Hotel was included as at 31 December 2019), the decline would have been 5.1% or S$139.2 million yoy instead. These revaluation losses do not have any impact on the distribution.

Operating Expenses	FY 2020	FY 2019
Total Operating Expenses [1] (S$'000)	108,317	120,460
Net Asset Value [2] (S$'000)	1,619,908	1,854,171
Total Operating Expenses as a Percentage of Net Asset Value	**6.7%**	**6.5%**

(1) Refers to all operating expenses (including property taxes and insurance) and all fees and charges (including acquisition fees) paid to the Managers and interested parties. Refer to page 134 of the Financial Statements for details relating to the operating expenses.
(2) After deducting for non-controlling interests.

YEAR IN REVIEW

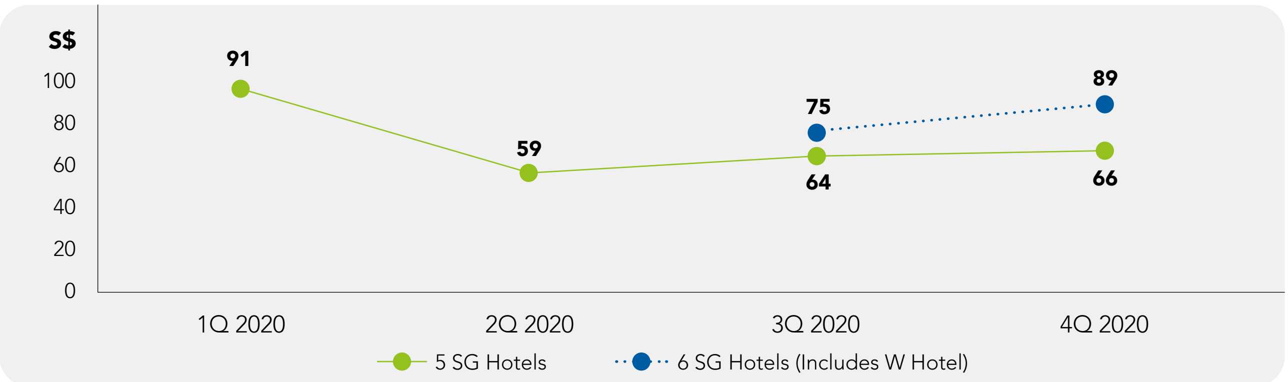
HOTELS PERFORMANCE FOR FY 2020

Singapore

RevPAR for the 6 Singapore Hotels [(3)] decreased by 51.4% yoy to S$79 in FY 2020, mainly due to lower average daily rate achieved during the year. Total arrivals to Singapore declined sharply by 85.7% yoy to 2.7 million for 2020, with depressed arrivals from 2Q 2020 onwards [(4)], due to the border closure since March 2020. While room occupancies were supported by government contracted demand for dedicated isolation facilities from 2Q 2020 and from corporate demand generated by foreign workers affected by border closures, the average room rates declined substantially compared to the same period last year. The performance of the Singapore Hotels in FY 2020 was also impacted by the absence of major MICE events, wedding banquets and social functions, which were either postponed or cancelled due to travel, capacity and social distancing restrictions from 2Q 2020 onwards. RevPAR increased gradually in 2H 2020, partly attributed to the resumption of staycation business from 3Q 2020 onwards which benefitted W Hotel and addition of one more hotel to provide rooms for isolation purposes.

At Claymore Connect, the pandemic and relevant measures taken have impacted tenants to varying degrees. Under the Rental Relief Framework, up to four months of rent for eligible retail tenants were waived, partially mitigating the impact on their businesses. In addition, it is recognised that some tenants required further support to sustain their business operations and we extended rent deferments on a case-by-case basis.

RevPAR of CDLHT's Singapore Hotels



CDLHT's Singapore Hotels Performance	FY 2020	FY 2019	Variance
5 Singapore Hotels [(3)]			
Average Occupancy Rate [(5)]	79.6%	86.8%	(7.2)pp
Average Daily Rate	S$88	S$177	(50.3)%
RevPAR [(5)]	S$70	S$153	(54.4)%
6 Singapore Hotels [(3)]			
Average Occupancy Rate [(6)]	78.2%	86.5%	(8.3)pp
Average Daily Rate	S$101	S$187	(46.2)%
RevPAR [(6)]	S$79	S$162	(51.4)%

(3) Comprises Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel and Studio M Hotel (collectively, the "**5 Singapore Hotels**", together with W Hotel, the "**6 Singapore Hotels**"). Assumes CDLHT owns W Hotel from 1 July for each period for comparison on same store basis. W Hotel was acquired on 16 July 2020. Excludes NCQ which was divested on 15 July 2020.

(4) STB

(5) Room refurbishment was carried out until April 2020 at Copthorne King's Hotel while Studio M Hotel commenced its room refurbishment from May 2020. Excluding the out-of-order rooms, occupancy and RevPAR would be 83.4% and S$73 for FY 2020 respectively.

(6) Room refurbishment was carried out until April 2020 at Copthorne King's Hotel while Studio M Hotel commenced its room refurbishment from May 2020. Excluding the out-of-order rooms, occupancy and RevPAR would be 81.8% and S$82 for FY 2020 respectively.

Overseas

In New Zealand, entry to the country remains strictly controlled to help prevent the spread of COVID-19, with the borders only open to New Zealand citizens or residents, or travellers with specific approval granted [(7)]. Visitor arrivals declined by 74.4% yoy for 2020 [(8)] as the country closed its borders to international travellers from mid-March 2020. With the implementation of a mandatory 14-day isolation period for arrivals, Grand Millennium Auckland was contracted as a managed isolation facility throughout 2H 2020, which helped to mitigate business attrition. Higher NPI was assisted by the increased food and beverage contribution driven by the government managed isolation business.

In Australia, CDLHT was insulated from the downturn in trading conditions as it continued to receive fixed rent from the Australia Hotels. With the divestment of Novotel Brisbane completed on 30 October 2020, the rental contribution was correspondingly lower by 8.5% yoy for FY 2020.

In the Maldives, total tourist arrivals recorded a decline of 67.4% yoy for 2020 as all visas-on-arrival were suspended from end-March 2020 and the borders only reopened on 15 July 2020. Whilst there has been a gradual recovery supported by increased flight connectivity, both resorts were largely unoccupied for most of 2H 2020 and hence operated with highly reduced manning levels, as well as temporary salary reductions to reduce operating costs. The Maldives remains one of the few countries in Asia that kept its borders opened to international tourists despite subsequent waves of the pandemic and business activity started picking up meaningfully only in December 2020. For December 2020, Angsana Velavaru achieved an occupancy of 45.7%, while RevPAR decreased by 6.9% yoy. For the full year, RevPAR for Angsana Velavaru decreased by 54.1% yoy whereas rental contribution was significantly lower with the absence of a minimum rent top up for the year. Raffles Maldives Meradhoo was closed from 1 April 2020 for six months in order to minimise operating losses. The newly constructed presidential villa was completed and received its first guests in December 2020. The resort achieved an overall occupancy of 39.2% for December 2020 and RevPAR for the month increased by 21.6% yoy.

The Japan Hotels were affected by a significant 87.1% yoy decline in visitor arrivals for 2020, due to travel bans and a nationwide state of emergency declared by the Government of Japan in mid-April 2020 in response to the pandemic. While border restrictions were gradually lifted from September 2020, this was limited to business travellers to Japan from low-risk countries. A build-up of domestic demand and corporate activity was observed in 4Q 2020, supported by the "Go To Travel" and "Go To Eat" campaigns, two domestic programs aimed at boosting local travel and spending. However, the spike in COVID-19 cases in Tokyo and across Japan resulted in the suspension of the "Go To Travel" campaign from December 2020. Collectively, the Japan Hotels reported a RevPAR decrease of 63.0% yoy for FY 2020.

The UK Hotels were temporarily closed for about three to five months during the first nationwide lockdown around the end of March 2020. Hilton Cambridge City Centre remained mostly open throughout the second lockdown, while The Lowry Hotel closed intermittently, only opening to house elite sports teams and entertainment groups. Collectively, the UK Hotels posted a yoy RevPAR decline of 68.5% for FY 2020, with operating costs and losses partially contained through continued support from the UK government's furlough wage subsidy scheme.

In Munich, the performance of Pullman Hotel Munich was impacted by the absence of two major trade fairs and conferences (the biennial BAU and triennial bauma), together with the lockdown measures and international travel bans in Germany. As a result, Pullman Hotel Munich recorded a yoy RevPAR decline of 75.5% for FY 2020. The operating performance of the hotel was adversely affected by the pandemic and an impairment of S$4.7 million (€3.0 million) has been recognised for FY 2020 against rental receivables due from the lessee of the hotel. A restructuring of the rental agreement with the lessee of the German Hotel is expected to be concluded shortly.

Hotel Cerretani Firenze was closed for seven months out of the twelve-month period and consequently, its RevPAR was 85.5% lower yoy for FY 2020. During the reporting period, CDLHT entered into a lease amendment agreement with the Italy Hotel lessee to restructure the rental arrangement temporarily. The annual base rent of the hotel has been reduced, starting with €0.2 million in 2020, stepping up annually to a base rent level of €0.9 million in 2024, before reverting to the original base rent level of €1.3 million per annum in 2025 [(9)].

(7) Immigration New Zealand
(8) Statistics New Zealand
(9) Please refer to page 83 for more information on the lease amendment agreement.

YEAR IN REVIEW

EXECUTING LONG TERM GROWTH STRATEGIES

Increasing Foothold in the Lifestyle Hotel Market

On 15 July 2020, CDLHT completed the divestment of NCQ to a consortium [10] for S$375.9 million, which was at an 87.0% premium over the initial purchase price of S$201.0 million. Colliers International Consultancy & Valuation (Singapore) Pte. Ltd. ("**Colliers**") and Knight Frank Pte. Ltd. ("**Knight Frank**") valued the land at S$368.7 million and S$370.5 million respectively, as at 15 October 2019 using the Residual Land Valuation method. The divestment consideration of S$375.9 million was higher than the two independent valuations. The divestment was part of a larger redevelopment project, which also includes a forward purchase of a brand new lifestyle hotel within the same site, and the acquisition is estimated to be completed in 2025 (subject to change). The forward purchase agreement was entered into with CDL Aquila Pte. Ltd. at the lower of the fixed price of S$475.0 million or 110.0% of the new hotel's development costs [11], of which the fixed price of S$475.0 million was lower than both independent valuations commissioned. The new hotel was valued at S$481.0 million by Colliers, using the Discounted Cash Flow method, and at S$478.0 million by Knight Frank, using a combination of the Capitalisation and Discounted Cash Flow methods, as of 15 October 2019.

Through the redevelopment of NCQ, CDLHT was able to secure a rare opportunity to realise the valuation gains on its investment in NCQ over a 13-year holding period and to unlock the value of its interest in the Liang Court Site, while retaining a presence in the prime Clarke Quay location with the forward purchase arrangement. The new lifestyle hotel will be custom-built to specifications of the "Moxy" brand, a lifestyle hotel concept by Marriott, designed to appeal to the next-generation traveller.

The acquisition of W Hotel for S$324.0 million, from Cityview Place Holdings Pte. Ltd., was completed on 16 July 2020, adding a luxury lifestyle hotel with 240 guest rooms to CDLHT's portfolio. Colliers and Knight Frank valued W Hotel at S$326.0 million and S$324.0 million respectively, as at 15 October 2019 using the Discounted Cash Flow and Capitalisation methods. Located in Sentosa Cove, a luxury waterfront precinct on Sentosa island, the acquisition enabled CDLHT to penetrate the highly sought-after Sentosa market. The newly added W Hotel has offered some form of diversification during this pandemic with its differentiated offering and location. Looking beyond the COVID-19 pandemic, W Hotel remains well-positioned to benefit from demand growth expected to be generated by the various expansion initiatives at Sentosa and the southern part of Singapore in the medium to long term.

The interested person transactions above were approved at the extraordinary general meetings by Stapled Security Holders on 23 January 2020.

Main Entrance, W Hotel

WOW Suite, W Hotel

Recycling Capital to Maximise Long-Term Value

CDLHT completed the divestment of the 296-key Novotel Brisbane to ADFA Brisbane Pty Ltd for A$67.9 million on 30 October 2020, at a 6.9% premium over the initial purchase price of A$63.5 million. The divestment price also represented a slight premium to the independent valuation by Cushman & Wakefield (Valuations) Pty Ltd, who valued the property at A$67.5 million as at 31 August 2020 using the Discounted Cash Flow and Stabilised Earnings valuation methodologies.

(10) Consortium entities include Gemini One Trust, Legend Quay Pte. Ltd. and Legend Commercial Trust.

(11) Lower of fixed price of S$475.0 million or 110% of development costs (taking into account developer's return). However, any extension fee or levy payable by the joint development parties for any extension of time for the fulfilment of any condition imposed by the Singapore Land Authority in respect of the upgrading of lease tenure of the land lot on which the Liang Court Site is situated upon to a fresh 99-year lease ("**Levy**"), the consideration will be the lower of (i) fixed price; or (ii) Levy (or part thereof) and 110% of the development costs.

CDLHT has achieved a recurring rental yield of at least 7.8% per annum [12] during the ten-year holding period. The exit of the Brisbane market had taken into consideration CDLHT's exposure to underlying trading conditions upon the lease expiry on 30 April 2021, where there will be near to medium term challenges stemming from more hotel supply in the horizon, while facing an uncertain recovery timeframe from the COVID-19 pandemic. Further, the divestment has allowed CDLHT to recycle capital in search of better returns while strengthening its financial position to achieve greater financial flexibility.

ENHANCING PRODUCT OFFERINGS TO POSITION FOR AN EVENTUAL RECOVERY

The Managers are continuously working with master lessees and hotel managers to enhance the quality of the assets under management with a view to increase value and returns to Stapled Security Holders.

For W Hotel, the renovation project at the all-day dining restaurant, "the kitchen table", was completed in December 2020. Seating capacity has increased from 140 to 234, with new furnishings to improve the overall guest experience.


the kitchen table, W Hotel


the kitchen table, W Hotel

At Copthorne King's Hotel, the room refurbishment project, which included a makeover of 142 rooms in the Tower Wing, was completed in April 2020. The new rooms are furnished with contemporary Chinoiserie décor and in-room technology, offering guests an enhanced experience.


Signature Queen Room, Copthorne King's Hotel

(12) In AUD terms and computed based on fixed rent of A$4.9 million per annum over original purchase price of A$63.5 million.

YEAR IN REVIEW

To strengthen Angsana Velavaru's product offering and market positioning, the resort underwent a major refurbishment of all 79 beach villas in 2019 and the refurbishment was fully completed in July 2020. Infinity pools were added to 24 beach villas to create a new category of villas, Beachfront Infinity Pool Villas, strengthening the resort's overall attractiveness.


Beachfront Infinity Pool Villa, Angsana Velavaru


Beachfront Infinity Pool Villa, Angsana Velavaru

During the year, Raffles Maldives Meradhoo completed the construction of a new presidential villa, Raffles Royal Residence, which welcomed its first guests in December 2020. The 3-bedroom Raffles Royal Residence (expandable up to 6 bedrooms by adjoining with neighbouring villas) has its own 40-metre private infinity pool and unimpeded views of the seafront. The new ultra-luxury villa increased the resort's villa count from 37 to 38 and augmented the product offering in positioning toward an eventual recovery.


Aerial view, Raffles Royal Residence, Raffles Maldives Meradhoo


Living Room, Raffles Royal Residence, Raffles Maldives Meradhoo


Bedroom, Raffles Royal Residence, Raffles Maldives Meradhoo


40-metre private pool, Raffles Royal Residence, Raffles Maldives Meradhoo

STRONG CAPITAL STRUCTURE AND PRUDENT RISK MANAGEMENT

To optimise risk-adjusted returns to Stapled Security Holders, CDLHT endeavours to balance an appropriate mix of debt and equity in financing acquisitions and adopts proactive interest rate management strategies by maintaining a higher percentage of fixed rate borrowings and through the use of interest rate swaps, where appropriate.

As a result of CDLHT's prudent management of debt profile, the average cost of debt remains low at 1.9% and floating rate risk remains well-managed with the proportion of borrowings on fixed interest rates at 66.0%. The weighted average debt to maturity is 2.4 years.

In September 2020, CDLHT successfully refinanced two of its loans, comprising a JPY3.3 billion 5-year fixed term loan and a JPY3.1 billion 5-year TMK bond. In 4Q 2020, about S$82.6 million of proceeds from the property divestments were used to reduce the borrowings drawn under the RCF. To further fortify its financial position and boost liquidity, CDLHT secured a fresh S$100.0 million borrowings drawn under the revolving credit facilities as well as a S$100.0 million upsize to an existing committed multi-currency RCF, taking the total RCF from S$250.0 million in 2019 to S$450.0 million during the financial year.

As at 31 December 2020, CDLHT's total borrowings stood at approximately S$1.0 billion with a gearing ratio of 37.5% and debt headroom of S$689 million [13]. H-REIT is rated BB+ on the Fitch Issuer Default Rating and has an interest cover of 2.2 times [14] for FY 2020. CDLHT has cash reserves of S$131.1 million and S$701.9 million of credit facilities [15]. With a healthy balance sheet and strong liquidity, we are well-positioned to weather the pandemic and navigate the challenges in preparation for eventual market recovery. CDLHT will continue to enhance financial flexibility by maintaining diversified sources of funding.

STAPLED SECURITY PRICE STATISTICS [16]

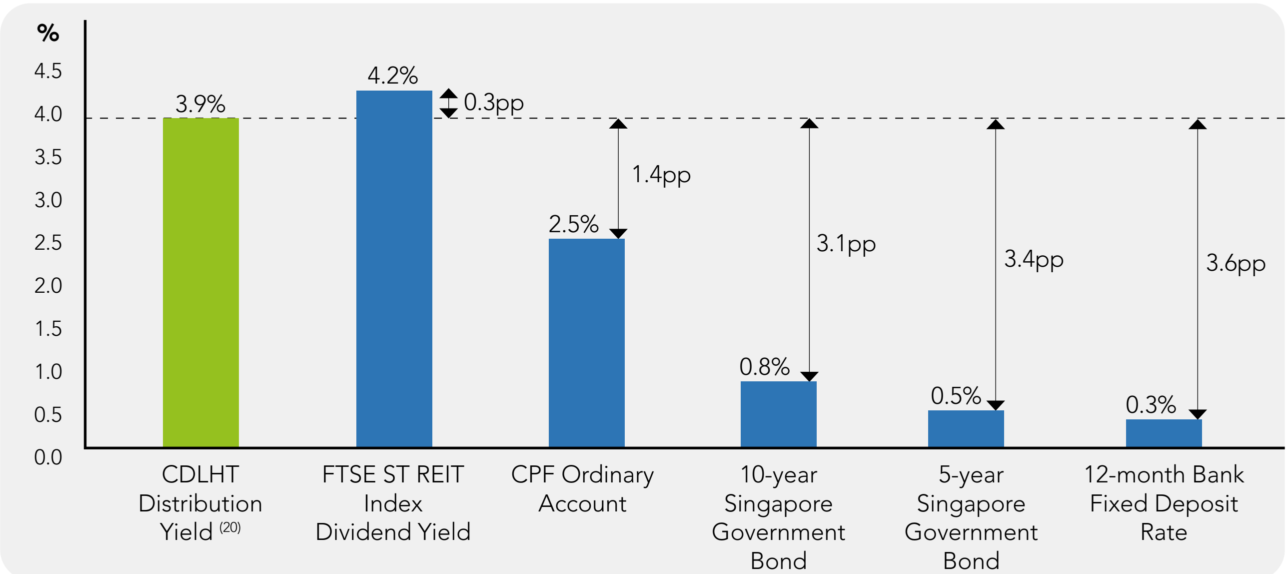
CDLHT closed at a price of S$1.270 per Stapled Security as at 31 December 2020. Since IPO, the Stapled Security's price has appreciated by 53.0%. Due to the devastating impact on the hospitality sector arising from the COVID-19 pandemic, the Stapled Security's price decreased by 21.6% in year 2020, from S$1.620, the closing price as at 31 December 2019.

Assuming an investor held the Stapled Securities from IPO till 31 December 2020 and had the distributions reinvested in the Stapled Securities of CDLHT on the day they were paid out, total return to the investor would have been 278.9%. On the same basis, the total return of the Stapled Securities would have been -17.8% in year 2020.

Summary of Stapled Security Statistics	
IPO as at 19 July 2006	S$0.830
Closing Price as at 31 December 2019	S$1.620
Closing Price as at 31 December 2020	S$1.270
Highest Price in FY 2020	S$1.660
Lowest Price in FY 2020	S$0.685
Weighted Average Price in FY 2020	S$1.170
Trading Volume in FY 2020 (Number of Stapled Securities)	886.3 million

Return on Investment	From 1 Jan 2020 to 31 Dec 2020	Since Listing on 19 Jul 2006 to 31 Dec 2020
Price Change	-21.6% [17]	53.0%
Total Return [18]	-17.8%	278.9%

DISTRIBUTION YIELD VERSUS OTHER INVESTMENT INSTRUMENTS [19]



(13) Computed on basis of the regulatory gearing limit of 50.0%.
(14) Computed by using trailing 12 months EBITDA divided by trailing 12 months interest expense and borrowing-related fees. The interest coverage ratio excludes one-off loss on disposal of investment properties of S$8.8 million in FY 2020.
(15) Includes committed revolving credit facilities amounting to approximately S$301.9 million.
(16) Source: Bloomberg
(17) Calculation of the price change is based on the closing price on 31 December 2020 compared with the closing price on 31 December 2019.
(18) Total return comprises capital appreciation and assumes the distributions paid out during the respective periods are reinvested in the Stapled Securities of CDLHT.
(19) Sources: Bloomberg, Central Provident Fund and the Monetary Authority of Singapore. All information as at 31 December 2020.
(20) Based on CDLHT's DPU of 4.95 cents for FY 2020 and closing price of S$1.270 as at 31 December 2020.

MARKET REVIEW

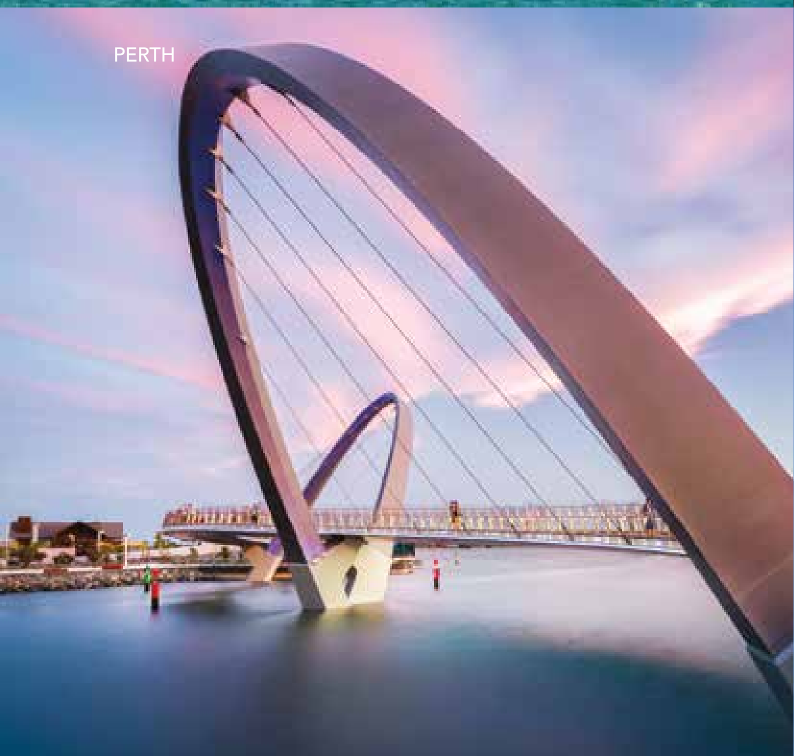
SINGAPORE

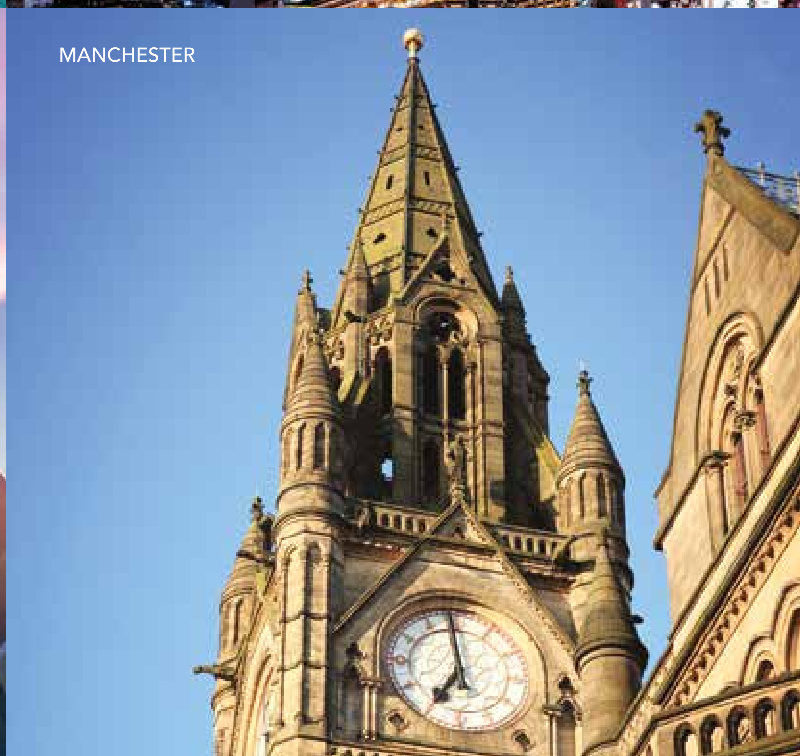

CAMBRIDGE


MUNICH


AUCKLAND


JAPAN


PERTH


MANCHESTER


MALDIVES


FLORENCE

SINGAPORE HOTEL PROPERTY SECTOR

Knight Frank

SINGAPORE'S TOURISM MARKET

Year 2019 was a record one in terms of the number of International Visitor Arrivals (IVAs) to Singapore at 19.1 million. However, the rapid spread of the COVID-19 virus across the globe severely crippled visitor arrivals in 2020 as the number of IVAs to Singapore was a mere 3,801 in Q2 2020, comprising mainly Permanent Residents and Long-Term Pass holders who were returning to Singapore, business travellers, as well as visitors on medical visits. While there was slight improvement from July 2020 onwards making for a total number of IVAs at 2.7 million for the whole of 2020, this remained a miniscule fraction of a typical normal year.

In February 2020, the Singapore Tourism Board (STB) cautioned that IVAs to Singapore may fall by 25% to 30% for the whole of 2020 when compared to 2019's historical high. This might have been optimistic in hindsight, as restrictive global travel bans continued to keep IVAs substantially below the levels normally achieved. Without tourists and tourism receipts, the retail and hospitality sectors were badly hit by the COVID-19 pandemic.

In April and May, IVAs were virtually non-existent at under 1,000 for each of these months. While IVA numbers rose to 2,171 in June, 6,843 in July, 8,912 in August, 9,500 in September, 13,397 in October, 14,676 in November and 24,010 in December, these remained extremely depressed and were not able to support the tourism or the hospitality sector.

The severity of the impact of the COVID-19 pandemic has been far more intense than the 2003 SARS outbreak for the tourism and hospitality sector, and recovery is not expected to be immediate.

In view of the poor tourism performance in 2020, government agencies stepped up efforts to revive the sector with the gradual easing of restrictions domestically. Singaporeans received over S$320 million in vouchers to boost the tourism sector. These "tourism credits" are to be spent domestically as a part of the campaign to prop up local businesses. STB along with trade agency, Enterprise Singapore, and the Sentosa Development Corporation (SDC) joined forces to launch the SingapoRediscovers campaign, to drive local spending in Singapore's eateries, shops, hotels and leisure attractions. These agencies set aside S$45 million for the campaign and its supporting marketing initiatives, offering unique experiences, packages and promotions for locals. Although local consumption will not be able to fully make up for lost tourist receipts, this is a part of the strategy to stimulate domestic tourism and contribute to the survivability of businesses.

In the last few years, the government also announced several large-scale projects to further develop tourism in Singapore, but many of them will face unprecedented delays. To meet anticipated future growth in visitor arrivals, Changi Airport Terminal 5 was originally scheduled to be slated for completion in the 2030s. However, with the drastic fall in travel demand, this has been postponed at least two years, subject to the conditions of global air travel. Instead, the resources will be diverted to focus on the renovation works at Changi Airport Terminal 2. Work started in February 2020 and will add 15,500 sq m to the terminal building and increase Changi Airport's capacity by five million passengers per annum. The completion is scheduled for 2024.

The government is also planning a series of short-term to long-term strategic plans to aid the country's tourism sector. Ministry of Trade and Industry (MTI) Minister Chan Chun Sing said that mass market tourism is unlikely to resume anytime soon, and that the nation will first focus on targeting the high-quality travellers (PMETs), which are essential business travellers coming in through green-lane arrangements, and who might be residents here as well.

Once the spectre of COVID-19 recedes, several plans are in place for long-term tourism growth. This includes the integrated tourism development for Jurong Lake District (JLD) and the redevelopment of the Singapore Racecourse at Kranji. The redevelopment of Kranji Racecourse, which is positioned in north-western Singapore, will be the main tourist proposition for both foreigners and locals in the North. This will complement the leisure offerings at Mandai, as Mandai Park Holdings, a subsidiary of Temasek Holdings, plans to turn Mandai into an eco-tourism hub by 2023. Also known as the Mandai Project, the current Mandai Precinct will undergo a series of rejuvenation projects to transform Mandai into a complete nature destination. In addition, Jurong Bird Park is on track to move to the Mandai precinct in 2022, with the opening of the new Rainforest Park and other attractions in the eco-tourism hub to follow. A 338-key Mandai eco-resort operated by Banyan Tree Hotels & Resorts is scheduled to open in the wildlife district as well. When completed, Mandai's eco-tourism hub is expected to attract more than 10 million visitors each year.

EXISTING SUPPLY

Based on the latest available data as at November 2020, there was a total of 63,302 hotel rooms that are gazetted. In 2020, the Dusit Thani Laguna Singapore (198 rooms), Duxton Reserve (49 rooms), Parkroyal Collection Marina Bay (200 rooms in 2020) and Mint Hotel within One Farrer Hotel (176 rooms) started operations despite the pandemic. And while the 324-room The Clan by Far East Hospitality, a luxury business hotel was completed in early 2020, the new hotel plans to open its doors in Q1 2021.

FUTURE SUPPLY

According to the latest data provided by URA Realis, as at Q4 2020, a total of 4,473 hotel rooms is currently under construction, with a further 4,814 hotel rooms being planned. Looking ahead, an estimated 8,036 hotel rooms are expected to obtain Temporary Occupation Permit (TOP) between 2021 and 2025, with 1,657 rooms expected to obtain TOP by the end of 2021. The total hotel stock in Singapore is expected to be around 77,000 rooms by end-2023.

HOTEL MARKET PERFORMANCE

According to STB, the island-wide standard Average Occupancy Rate (AOR) for Q2 2020 was 47.2%, a steep 37.3 percentage points (pp) year-on-year (y-o-y) decline and 11.1 pp quarter-on-quarter (q-o-q) decline. This sharp fall in occupancy rates was a result of the worldwide travel restrictions and the circuit breaker in Singapore. Many of the occupied hotel rooms were utilised as isolation facilities to accommodate visitor arrivals serving compulsory quarantine orders. Correspondingly, the Average Room Rate (ARR) and Revenue Per Available Room (RevPAR) fell during Q2 2020 as the ARR dropped 64.8% q-o-q and 64.3% y-o-y, while the RevPAR plunged 71.5% q-o-q and 80.1% y-o-y, to S$33.86.

However, as the government gradually eased restrictions, hotels were able to apply to MTI to resume staycation bookings. Applications are only approved on the condition that safe distancing rules and contact tracing efforts be adhered to. This led to AOR improving about 6.6 pp from Q2 2020 to 53.8% as at end-November 2020, while ARR and RevPAR climbed by 101.4% and 129.5%, to S$144.60 and S$77.80 respectively over the same period. As at January 2021, 266 hotels were approved for staycations.

HOTEL MARKET OUTLOOK

The year 2020 was a very difficult period for Singapore's tourism and hospitality sector, with declines observed across all indicators. In the past few months, the government provided support to the local hospitality and tourism-related sector with tax rebates and job support schemes, together with 100% property tax rebate for qualifying properties, including registered hotels, serviced apartments and Meetings, Incentives, Conferences and Exhibitions (MICE) venues.

Many hotels in Singapore are riding out the crisis by serving as government quarantine facilities, Stay-Home Notice (SHN)-dedicated facilities for those serving SHN, such as incoming travellers; and partially-contracted SHN-dedicated facilities, which can take on leisure guests, provided stringent protocols are set up. It was reported in the media in July that more than half of Singapore's hotel rooms were being used for isolation and quarantine facilities and for those serving SHNs. Additionally, more hotels have been approved for staycations as they were removed from the government hotel booking scheme, and the number of hotels approved for staycations was reported to have increased from 80 in July 2020 to 266 in January 2021.

Singapore reopened to short-term visitors as well as short-term essential business and official travel from certain countries provided certain requirements and procedures are met. The Air Travel Pass (ATP) enables foreigners who are short-term visitors departing from selected countries to seek entry into Singapore, while the Reciprocal Green Lane (RGL) facilitates short-term essential business and official travel between Singapore and qualifying nations. However, these travel arrangements remain fluid and are subject to change depending on the rate of infections in these various geographies.

From 1 October 2020, STB started accepting and approving applications for organisers to pilot MICE events of up to 250 attendees, where safe management conditions are strictly imposed. As the MICE industry contributed S$3.8 billion to the economy before the pandemic, the government intends to strengthen Singapore's position as the MICE location of choice as well as put in place various measures to revive the sector. With greater scope for MICE events, the World Economic Forum (WEF) also announced that its Special Annual Meeting will be held in Singapore. Although the meeting was postponed from May to August 2021 as a result of the global COVID-19 situation, this nevertheless is a testament to the country's ability to safely manage such a global gathering of delegates.

The above initiatives will provide some much-needed respite for the tourism and hospitality sector, but it may not immediately revive local tourism back to previous levels. However, over time, when travel activities gradually resume back to normal levels, there is every chance that the hospitality sector will recover with the continued development of new tourism offerings.

PERTH, AUSTRALIA HOTEL PROPERTY SECTOR

PERTH TOURISM MARKET

For the 12 months ended December 2019, there were a total of 5.7 million visitors to Perth. Intrastate and interstate visitors made up the majority of the visitation, representing 4.7 million visitors. Intrastate visitors stayed on average 2.6 nights, and interstate at 4.7 nights. Visiting Friends and Relatives (VFR) (41%), Holiday (34%) and Business (13%) were the predominant purpose of visit for intrastate overnight visitors. The predominant purpose for interstate visitors however were for Business (48%), VFR (29%) and Holiday (22%).

There were approximately 1 million international visitors who stayed in Perth with an average of 20.4 nights in 2019. Major source markets included the United Kingdom, Singapore and Malaysia. Holiday (45%) and VFR (43%) comprised the largest sectors of purpose for international overnight visitors, followed by Business (10%) and Other (8%).

Visitation data for Perth in 2020 (when released by Tourism Research Australia) will show a significant decline on these figures as Western Australia closed its border to all other States from April 2020 through to mid-November 2020. Special permits were required to enter the State. In addition, in March 2020, Australia's borders were closed to international arrivals to slow the spread of COVID-19. Therefore, international visitation data to Perth for 2020 has also been impacted by this regulation.

HOTEL MARKET PERFORMANCE

Prior to the impacts of COVID-19, demand for hotels in Perth CBD came from a wide variety of sources, from both domestic and international leisure guests, corporate and conference and events demand, as well as from those people visiting friends and relatives. The demand profile for hotels in 2020 however has been different, with demand predominantly from those undertaking the mandatory quarantine period in hotels and a small proportion of intrastate corporate and leisure demand.

In terms of seasonality, prior to the impacts of COVID-19, the Perth market performed at a relatively consistent level throughout the year. The only noticeable drop-off throughout the year being in January due to the lower levels of corporate activity in the month of January.

Overall, the Perth Centre hotel market has been declining in regard to RevPAR levels since the height of the resources boom in 2012. The slowdown in mining related business became evident in 2013 and the slowing of room night demand also detrimentally affected ADR levels from a high of $211 for 2013, down to $170 for the full 2019 year. STR figures for Perth Centre revealed that for the full year 2019, RevPAR softened by -1.0%, declining to $129 compared to 2018.

In 2020, there have been immediate demand reductions due to travel restrictions and social distancing measures related to COVID-19. In 2020, Perth's hotel occupancies declined to a historic low of just 48.3%, with ADR at $159 and RevPAR down to an average of $77 per night, from $129 in 2019. Occupancy levels lifted in December 2020 as there was a change from hard border restrictions to controlled interstate border restrictions allowing greater ease in entering Western Australia for interstate travellers. International travel is anticipated to continue to be impacted over the course of 2021.

EXISTING AND FUTURE SUPPLY

We highlight that in late 2011, the State Government set a target of an additional 1,900 rooms to be constructed in Perth by 2020 at the height of the resources boom and offered various incentives to facilitate this. This undoubtedly impacted the supply pipeline particularly over the past five years.

In addition to the significant openings of the Ritz Carlton, Ibis Styles and Art Series in 2019, there have been five main hotels completed in the Perth area in 2020. These include the Novotel Perth (435 rooms), Quest Joondalup (90 rooms), Quest Perth Ascot (112 rooms), Vibe Subiaco (168 rooms) and DoubleTree by Hilton Perth Waterfront (229 rooms).

Developments currently under construction include the Moxy Perth (150 rooms), Adina Apartment Hotel Fremantle (141 rooms) and EQ West Hotel (Elizabeth Quay) (171 rooms).

Hotel projects under construction are anticipated to proceed. However, the feasibility of any project not yet under construction is anticipated to be strained due to the significant impacts of COVID-19 on the market.

HOTEL MARKET OUTLOOK

The performance of hotels in Perth Centre in 2021 remains uncertain. This is due to a number of factors including the current lack of a comprehensive rollout of vaccines against COVID-19 and restrictions still being in place due to the pandemic which are limiting domestic and international travel. International travel in particular is not anticipated for the majority of 2021 and domestic travel may be slowed by the extra hurdles to entry with specific passes required for entry and risk of border closures. It is anticipated that the market will require time to build back up to the performance levels of 2019 and is anticipated to be back to broad 2019 levels by 2024.

AUCKLAND, NEW ZEALAND HOTEL PROPERTY SECTOR

CBRE

AUCKLAND TOURISM MARKET

Auckland is New Zealand's largest city and the gateway to New Zealand for the majority of international visitors, with more than 75% of international visitors arriving via Auckland Airport, as well as being the economic hub of the country generating approximately 37% of New Zealand's GDP.

Following the travel restrictions implemented in February and March 2020 due to the outbreak of COVID-19, international visitor arrivals largely ceased with arrivals confined to New Zealand citizens returning home. International visitor arrivals to New Zealand in April to November 2020 were on average 99% lower than the same month in 2019. For the 12 months ended November 2020, there were 1,518,665 international visitors to New Zealand, a 61% decrease compared with 3,889,509 for the 12 months ended November 2019. Significant declines are expected before turning positive once border restrictions are eased.

HOTEL MARKET PERFORMANCE

Occupancy levels in Auckland have performed at generally strong levels in the low to mid 80% range in recent years. Occupancy levels declined slightly in 2018 and 2019 from previous highs as new supply entered the market and demand growth slowed.

A significant decline in occupancy has been experienced from March onwards, due to the border restrictions and nationwide lockdown resulting from the outbreak of COVID-19. Occupancy rates declined to 34.0% in April and 37.4% in May, a recovery in demand commenced in June with occupancy increasing in July. The second lockdown in Auckland during August resulted in a decline in occupancy with non-essential or isolation related demand unable to take hotel rooms. However, occupancy levels improved in the third quarter of the year with full year occupancy rate of 56.9% recorded in 2020 compared with 80.8% in 2019.

The New Zealand Government has taken contracts over approximately 38% of hotel rooms in Auckland to use as Managed Isolation and Quarantine (MIQ) facilities as any person returning to New Zealand from overseas is required to be held in isolation for 14 days with most contracts in place until April 2021. These contracts have benefitted the market as a whole with less inventory available to compete for public guests. However, the hotels that are not being used for isolation or quarantine business are reporting very low occupancy levels.

Together with declines in occupancy in 2018 and 2019, ADR reduced from peak levels achieved in 2017, ranging between $206 and $199 between 2017 and 2019. We understand that the rates paid under the MIQ contracts are broadly in line with market rates achieved at the same time in 2019 and as a result, the ADR recorded in 2020 was $192.81 being 3.1% below 2019 levels.

EXISTING AND FUTURE HOTEL SUPPLY

Based on CBRE's survey of Auckland hotels and serviced apartments there are a total of 94 properties across the city with some 11,584 rooms.

The pipeline of hotel supply under construction represents an increase of 17.5% on the current inventory. Given the uncertainty surrounding the recovery of demand for accommodation in Auckland, we consider it unlikely that any new hotel development will commence in the short term.

Significant projects currently under construction in Auckland include:

- **Holiday Inn Express / Voco Hotel** – Pro-invest Hotels of Australia have commenced construction of a 494-room dual branded property within a 38 level tower on the corner of Albert and Wyndham Streets. The Holiday Inn Express portion of the building will occupy the lower levels and comprise approximately two thirds of the rooms while the Voco hotel will comprise the remainder of rooms on the upper floors. The hotel will be operated by Pro-Invest Hotels with Franchise Agreements to IHG.

- **Horizon Hotel** – SkyCity is currently building a 303-room 5-star hotel as part of the New Zealand International Convention Centre (NZICC) project. The hotel will be operated by SkyCity, who currently operates two other hotels in the precinct, and will have direct links to the convention centre and casino. Guest rooms will range from 28-32 square metres for standard rooms to 53-61 square metre suites of which there are 7. Facilities will include a restaurant with private dining, bar, and retail space. After delays caused by the fire at the NZICC and the outbreak of COVID-19, SkyCity recently announced that the opening of the hotel has been delayed to mid-2022. The original planned opening date was March 2019.

- **Te Arikinui Pullman Auckland Airport** – Auckland International Airport Limited and Tainui Group Holdings have formed a joint venture to construct a 311-room Pullman hotel on campus at Auckland Airport. The hotel will be located in an existing carpark next to the Novotel Auckland Airport. Construction of the hotel has been delayed and it is currently expected to open in 2023.

HOTEL MARKET OUTLOOK

The increase in supply of hotels in Auckland in the last quarter of 2020 is likely to exacerbate the effect of the decline in demand and slow the rate of recovery. Overall in 2021, we have forecast occupancy to begin to recover slowly, sitting at approximately 60%. The America's Cup which will be held in early 2021 on the Waitemata Harbour with supporting infrastructure in the Viaduct Harbour, is expected to create a small improvement in occupancy. However, we do not expect any significant easing of borders at this stage limiting the benefits of the event to the hotel market. Our forecasts allow for a trans-Tasman bubble from the first quarter of 2021 and wider border openings commencing in Q3 2021 with a gradual recovery in demand expected. Due to the increased competition resulting from the new hotel openings, ADR has been forecast to remain relatively flat through 2021.

In 2022, we expect occupancy levels to reach 70% based on the assumption that by this time international demand will have partially recovered post COVID-19 and that there will likely be a pent-up demand for travel in this year from a business, educational, and leisure perspective. ADR is forecast to sit at around $203 for this year which represents a 1.8% increase on 2021 and marginally above the ADR in 2019 on the back of the higher quality new stock coming onto the market and pent-up international demand.

From 2023 onwards, we expect occupancy levels to gradually increase with the expectation of Auckland achieving an occupancy level of around 72% in 2023. ADR is forecast to increase by 3% in 2023 on the back of the New Zealand International Convention Centre opening in mid-2023 leading to an expected higher level of demand in the conference and incentive segment.

In terms of the market's overall recovery from the COVID-19 outbreak and the impact of the new supply increases detailed earlier, we do not expect RevPAR to return to the 2019 level of $161 until late-2024 largely as a result of the increase in supply expected in the coming years resulting in lower stabilised occupancy rates.

MALDIVES HOTEL PROPERTY SECTOR

JLL

MALDIVES TOURISM MARKET

Between 2009 and 2019, visitor arrivals to the Maldives grew at a compounded annual growth rate of 10.0%. With the outbreak of COVID-19 in early 2020, the Maldives closed its international borders in end-March to combat the spread of the virus, and only reopened its borders in mid-July. Demand remained broadly muted in the initial months since reopening due to continued global travel restrictions and limited flights as most airlines did not resume services due to low demand. Although demand has gradually picked up especially in the last quarter of 2020, international visitation remained significantly below historical levels. As such, international visitor arrivals decreased significantly by 67.4% yoy in 2020.

The Maldives has seen significant changes in the top visitor source markets in 2020 due to the varied travel restrictions implemented due to COVID-19, but all traditional source markets recorded steep yoy declines. China, traditionally the Maldives' top source market, saw the largest yoy decline of 87.9% in 2020 as it was one of the earliest to be imposed with a travel ban in early February 2020. In general, top western source markets registered lower yoy declines compared to their Asian counterparts due to the greater willingness of western tourists to travel despite the COVID-19 situation. The only exception is India, which staged a strong recovery following the reopening of borders due to the establishment of an air bubble arrangement with the Maldives. As a result, India overtook China to become the top source market in 2020, with the latter falling into sixth place behind Russia, United Kingdom, Italy and Germany.

Overall, despite the reopening of the borders for international tourists and resumption of hotel operations, the Maldives will likely continue to experience lower visitation numbers as global travel restrictions and limited flight operations continue to severely impact the tourism sector. Nonetheless, the moderating decline in international visitor arrivals since the reopening of borders suggests a continuing gradual recovery trend in international visitation, which should continue amid the global COVID-19 vaccine rollout and further resumption of flight services to the Maldives.

HOTEL MARKET PERFORMANCE

According to STR Global, following three consecutive years of yoy growth, the Maldives' luxury resort saw a decline in trading performance in 2020, with RevPAR declining 20.0% yoy to USD 791. Occupancy declined by 21.9 percentage points to 34.9%, weighed down by a slump in international visitation due to COVID-19. This was partially offset by a 30.2% yoy growth in ADR to USD 2,265. The upscale segment saw a larger RevPAR decline of 30.7% yoy to USD 242, as occupancy declined by 22.1 percentage points to 37.2%, partially offset by a smaller yoy increment of 10.6% in ADR to USD 650.

The uptick in ADR performance despite the decline in occupancy rates has been attributed to two primary reasons. First, demand since the reopening of the international borders mid-July has been largely driven by higher-spending European markets especially during the high season. Second, there has been an increased preference for luxury villa types amongst recent guests who are mostly high net-worth guests travelling to the Maldives by private jets.

Nonetheless, overall RevPAR has remained below historical levels amid continued weakness in occupancy rates as international visitation remained subdued. Based on 2020 statistics provided by the Ministry of Tourism, average occupancy rates for resorts in the Maldives declined significantly by 45.1 percentage points from the previous year to a record low of 29.0%.

EXISTING AND FUTURE SUPPLY

According to the Ministry of Tourism, a total of 159 resorts with 37,134 beds were registered in the Maldives as at December 2020 as compared to 164 resorts with 37,004 beds in December 2019. This represents an approximate 0.4% yoy growth in the number of beds.

Due to the impact of COVID-19 on tourism, approximately 110 resorts closed in March and only a few resorts remained in operation to accommodate guests. However, these resorts operated on very low occupancy levels that reflected the severe reduction in visitor arrivals. Majority of the resorts and hotels have resumed operations since the reopening of the borders.

An estimated 3,516 rooms are expected to be added to supply between 2021 and 2024. In light of the impact of COVID-19, we expect certain projects in the supply pipeline to be delayed. There is also potential for some projects to stall and never commence with challenges around financing. The upscale segment will account for the largest proportion (around 63%) of future confirmed room supply, with the midscale and luxury segment accounting for the remaining 29% and 8% respectively.

From 2021 onwards, the only luxury openings are the three luxury resorts (Patina, Capella and Ritz Carlton) within the Pontiac Land development in North Malé Atoll which will comprise a total of 275 keys.

In 2021, announced midscale and upscale openings include the 499-room upscale Siyam World in Noonu Atoll, the 200-room Avani Fares Maldives Resort in Baa Atoll, the 350-room Oblu X in North Malé Atoll, the 220-room Oblu Resort in Baa Atoll and the 80-room Address Madivaru Maldives Resort + Spa in Ari Atoll. Some of the aforementioned projects were originally slated to open in 2020, but have been postponed in light of the current COVID-19 pandemic.

HOTEL MARKET OUTLOOK

The Maldives tourism market displayed strong growth in 2019 and through the first month of 2020 with further expansion in visitor arrivals, predominantly from Europe. More recently however, despite many of the government's original plans to reach a target of two million arrivals in 2020, the tourism and hotel industry has suffered immensely due to the impact of COVID-19 globally and specifically in the Maldives.

Moving forward, we expect that hotel trading performance will face challenges until the outbreak of the COVID-19 is brought under control. Due to the current global travel restrictions and impact of COVID-19 across various source markets, hotel performance will likely continue to experience significant declines in the short term despite the reopening of the Maldives' borders. The path to recovery in the Maldives will be highly dependent on each respective source market's handling of the pandemic, the speed of the global COVID-19 vaccine roll-out, the possibility of a resurgence in the virus and the population's willingness to travel to long haul destinations.

Upon safe containment of the coronavirus outbreak and lifting of travel bans, we expect that the Maldives will enter a recovery phase before returning to stabilised levels in the medium to long term. At this stage, a potential recovery of the market to previous occupancy levels could take approximately 24 to 36 months with ADR likely to remain depressed in the interim period.

On a macro front, we expect that increased marketing campaigns, continued investment in tourism infrastructure and growing airlift from new source markets will improve the medium to long term prospects of the Maldives. Continued emphasis on liberalising the trade environment for foreign investment will also further support growth in investment.

TOKYO, JAPAN HOTEL PROPERTY SECTOR

CUSHMAN & WAKEFIELD

TOKYO TOURISM MARKET

Before the spread of COVID-19, Tokyo's tourism market benefited from the national government policy of the "Promotion of Japan as a Tourism-Oriented Country", which included a significant relaxation in visa requirements and greater consumption tax exemption for foreign visitors. Furthermore, the following background factors attracted overseas travellers to Japan: an increase in flight frequencies and capacity with the development of Low-Cost Carriers (LCCs); the expanding Asian middle class seeking leisure time abroad; a weak Japanese yen which enhanced affordability for foreign tourists; and the designation of Mt. Fuji as a World Heritage Site and Washoku (Japanese Cuisine) as an Intangible Cultural World Heritage. Inbound visitors to Japan first surpassed 10.0 million in 2013 and has increased consistently since then. In 2019, according to the Japan National Tourism Organization, a record high of 31.9 million foreign travellers (up 2.2% YoY) visited Japan.

In 2020, just when a greater number of foreign visitors to Japan in connection with the Olympic and Paralympic Games was expected, COVID-19 infections started spreading at an unprecedented rate, drastically impacting the number of foreign visitors. Inbound visitors decreased significantly to 4.1 million in 2020 (down 87.1% YoY). This was attributed mainly to the precautionary measures taken in many countries, including travel bans and stay-at-home orders, as well as Japan's tightening of quarantine measures and expansion of the list of countries facing visa suspensions. Vaccinations started in some countries in December 2020, but more contagious COVID-19 variants have since been detected, leading to increased vigilance across the world. As such, the future outlook remains highly fluid and uncertain. Although it is expected that the number of foreign visitors will recover with the Olympic and Paralympic Games to be held in 2021, there have been discussions of holding a scaled-down Olympics. In order to stimulate travel demand, which has been depressed due to COVID-19, the government launched a "Go to Travel Campaign" in which the government will subsidise part of the travel expenses. The campaign was launched on 22 July 2020, and in October, Tokyo, which previously had a large number of infected people, was included in the campaign, achieving some success. However, on 14 December 2020, the government announced the cancellation of the nationwide campaign, citing the increase in the number of infected people again. The government has stated that the campaign will be suspended until 7 March 2021, but that it will "respond flexibly depending on the situation" and the future remains uncertain.

According to the Tokyo Metropolitan Government Bureau of Industrial and Labour Affairs, the number of domestic visitors to Tokyo in 2019 was 543.2 million, up 1.2% YoY, and the number of foreign visitors was 15.2 million, up 6.6% YoY. This record number of foreign visitors to Tokyo was due to public and private sector initiatives such as Tokyo tourism marketing campaigns and development of the environment to make it welcoming to foreigners, as well as increased demand from the 2019 Rugby World Cup being held in Japan. Although the number of domestic visitors to Tokyo was impacted by natural disasters such as typhoons, figures for the year as a whole showed an increase amid new development of large-scale commercial facilities and the mood of celebration accompanying the change of the imperial era. The total spend (tourism consumption) by foreign visitors to Tokyo was approximately 1.3 trillion yen, up 5.7% YoY, but tourism consumption by domestic visitors was approximately 4.8 trillion yen, down 1.3% YoY. However, this data relates to the period prior to the emergency declaration in response to COVID-19, and the number of foreign visitors to Tokyo in 2020 is likely to fall by roughly the same proportion as the above-mentioned fall in the number of foreign visitors to Japan.

HOTEL MARKET PERFORMANCE

Based on the latest available figure from the Japan Tourism Agency, the total number of guest nights for 2019 was 595.0 million, an increase of 57.9 million YoY. The number of Japanese guest nights increased by 8.2% YoY, and foreigner guest nights increased by 22.7%, giving a total increase of 10.8%. Foreign guests accounted for 19.4% of the total, an increase of 1.9 percentage points YoY. Over the past few years, the number of guest nights have generally increased. However, entering 2020, the first half saw a significant drop in the number due to the spread of COVID-19, and the total number of Japanese guest nights and foreigner guest nights for the 8 months from March through October decreased by 60.8% and 96.8% respectively.

The total number of guest nights in Tokyo was 37.7 million (down 52.3% YoY), with 9.1 million foreign guest nights (down 69.1% YoY), accounting for 24.1% of the total guest nights*. All in all, the impact of COVID-19 is pronounced, and although the margin of the fall is a little smaller than the nationwide total, the same trend can be observed.

* Data from November 2019 to October 2020 and January 2019 to December 2019 are compared.

From November 2019 to October 2020, economy or budget hotels (known as business hotels in Japan) had an occupancy rate of 47.8% and 44.0% across the country and in Tokyo respectively, a significant decrease of 28.0 percentage points and 40.0 percentage points respectively compared to the actual figures for January-December 2019. Before COVID-19, the trend in the hotel occupancy rate had remained stable as the inbound tourism market expanded. However, the impact of COVID-19 has put a brake on the performance of accommodation facilities.

EXISTING AND FUTURE SUPPLY

In Tokyo, the latest number of accommodation facilities and number of guest rooms are 2,435 properties and 175,000 rooms respectively. Over the last five years, the numbers have increased by 29.2% and 23.4% respectively. Based on available data by industry journals, approximately 8,752 hotel rooms are planned or under construction for opening by 2023 in Tokyo. Since the Olympic and Paralympic Games have been postponed to 2021 due to the spread of COVID-19, hotel development around the nation, which was advancing in expectation of the games, is now under review in terms of timing or amendment of plans.

HOTEL MARKET OUTLOOK

The Government of Japan has set a target of 40 million foreign tourists by 2020 and 60 million by 2030. However, this target proves to be challenging with the ongoing tension between Japan and South Korea as well as the outbreak of COVID-19 in January 2020.

Many countries have taken precautionary measures such as entry restrictions and prohibition of connecting flights, and travel has been subject to lockdown and restrictions. As such, the tourism industry has been suffering severe damage worldwide. In Japan, the number of inbound tourists, demand for domestic travel and business trips all showed a significant drop.

Amid the uncertainty due to the impact from COVID-19, it is expected that more investors will temporarily suspend investment in hotels. Also, in addition to the current decrease in hotel sales, there may be a rise in yields due to the credit crunch as a result of an increase in defaults and bankruptcies of hotel operators in the future. In the long-term, the Tokyo Olympic and Paralympic Games, which have been postponed to 2021, as well as Osaka Expo in 2025, are scheduled to go ahead. Once the threat of COVID-19 is over as a result of vaccine development etc, accommodation demand is expected to pick up along with economic growth in Asia as a whole.

CAMBRIDGE, UNITED KINGDOM HOTEL PROPERTY SECTOR

CUSHMAN & WAKEFIELD

CAMBRIDGE TOURISM MARKET

Cambridge is well known for its university, which is consistently ranked as one of the top five in the world. The University has campuses spread throughout the city and comprises the renowned Cavendish Laboratory, King's College Chapel, and the Cambridge University Library. Cambridge's current position as one of the leading locations in the world for research and development (R&D) is attributed to the proximity of the University, providing a high calibre workforce and an established research base.

Cambridge's research and development sector encompasses a wide variety of companies, working in biotechnology, pharmaceuticals, electronic and software engineering and information technology. The cluster of high-tech industries and science parks in Cambridge resulted in what was labelled the 'Cambridge Phenomenon' and the area around Cambridge has become known as 'Silicon Fen,' an analogy to 'Silicon Valley' in California. Many of the science parks, mainly related to software and bioscience, include Cambridge Science Park, Cambridge Business Park and Cambridge Biomedical.

Inbound visitors to Cambridge amounted to 462,000 in 2019, according to VisitBritain. Historically, the majority of visits were holidays (37.0%), followed by visiting family and friends at 31.0%. Business trips accounted for 23.0%. Although data for 2020 is unavailable yet, it is anticipated that as a result of the COVID-19 pandemic, visitor numbers for the full year will be significantly below 2019. Similar to a number of leisure destinations around the UK, Cambridge did however have a reasonably strong July and August, and the beginning of September.

Local Economy

According to the UK Census 2011, the city's population was 123,867 with circa 24,500 students.

The Public Sector is the largest source of employment in the city. The University is the largest single employer, with circa 9,000 staff along with the Cambridge University hospitals employing circa 7,000 people.

A number of high profile medical research institutes are based in the city, namely Cancer Research UK with over 800 staff. In addition, a large number of firms provide professional expertise or technical support to the many start-up companies that characterise Cambridge's economy. Major employers include Deloitte, Microsoft, PwC, Grant Thornton, Brossard De Bayle and Throgmorton Private Capital.

Tourism is a key industry for Cambridge and generates over £835 million for the local economy. Cambridge is renowned for its history, architecture and cultural appeal and is one of the UK's principal tourist locations, for both domestic and overseas visitors. As a university city, Cambridge has a thriving culture, including the famous Midsummer Fair that dates to 1211, the Cambridge Folk Festival and the Cambridge Shakespeare Festival.

HOTEL MARKET PERFORMANCE

Prior to COVID-19, hotel performance in Cambridge had seen continuous RevPAR growth over the last four years increasing by almost 7.0%, driven by ADR. The growth in performance started to slow down in 2019 in part due to the new supply that has previously entered the market being absorbed. Occupancy increased by 1.4 percentage points in 2019 reaching 78.0% although ADR was static at £99.68. As a result, RevPAR increased by 1.4% to £77.71. In 2020, these figures have been significantly disrupted by the pandemic with a 42.0% reduction in occupancy to 45.0% and a 22.0% reduction in ADR to £77.91.

EXISTING AND FUTURE SUPPLY

The wider Cambridge hotel market currently consists of 53 hotels accounting for 3,016 bedrooms. The majority of bedrooms are made up of upper upscale hotels (35.0%) with budget hotels following at 27.5% market share.

The last five years has seen three hotels enter the market with 400 bedrooms. The last hotel opening in Cambridge was the 155-bedroom O'Callaghan The Tamburlaine in 2017.

Over the next two years there are likely to be a further seven hotels in the wider market adding a further 1,032 bedrooms.

2021

- Cambridge Curio Collection by Hilton – 162 keys
- Novotel Cambridge North Station Science Park – 217 keys
- Hyatt Centric Cambridge – 150 keys
- Turing Locke – 180 keys
- Holiday Inn Express at Cambourne Gateway – 144 keys

2022

- The Hobson – 57 keys
- Adagio Apartments – 122 keys

HOTEL MARKET OUTLOOK

Whilst the Cambridge market has historically absorbed any new supply, there are a relatively large number of hotels set to open over the next two years and this has the potential to have a negative impact on existing hotels, particularly those in weaker locations with under invested products.

Whilst 2021 will continue to be impacted by COVID-19, we anticipate that Cambridge should benefit from strong domestic demand as lockdown restrictions ease. International demand is unlikely to return until 2022.

MANCHESTER, UNITED KINGDOM HOTEL PROPERTY SECTOR

CUSHMAN & WAKEFIELD

MANCHESTER TOURISM MARKET

Manchester is a city with a rich and diverse cultural landscape. It is particularly known for its music scene and is home to Manchester Arena, the largest arena of its type in the UK and the second largest in Europe. It also has a thriving performing arts scene with a number of large venues including the Manchester Opera House, The Palace Theatre, The Lowry and the Royal Exchange Theatre.

The city has two football clubs in the Premier League – Manchester City and Manchester United. Manchester is also home to the National Cycling Centre including a velodrome and BMX arena. Lancashire CCC plays at Old Trafford Cricket Ground.

According to VisitBritain, staying visits to Manchester by inbound visitors were just under 1.7 million in 2019 ranking it the third highest city in the UK behind London and Edinburgh. When including the Greater Manchester area, inbound visitor numbers increased to approximately 1.9 million for 2019 generating total visitor nights of 10.4 million and total expenditure of £850 million. The main reason for visits was visiting friends and family (31.8%) whilst holiday trips followed closely behind (31.3%). Business trips follow in third place at 24.1%. Whilst data for 2020 is unavailable, visitations would have significantly declined following the outbreak of the COVID-19 pandemic.

Local Economy

Manchester has a highly diversified economy as a centre for cultural industries, retail, financial and manufacturing. A number of major companies are based in the city including Umbro and The Co-Operative Banking Group. Furthermore, other international companies that have their UK headquarters based in Manchester include Kellogg's Company, Adidas and Siemens. MediaCity UK is home to several media companies including the BBC, ITV Granada and the University of Salford's media-related teaching and research. This has hugely increased the employment in this sector since.

Manchester's strong national and international communication links and access to a large knowledge pool has attracted a number of top employers to the area and is recognised as a hub for business in the North West. The city hosts a number of conferences and business events, which attracts more than five million delegates annually.

The numerous attractions in the city and the two Premier League Football clubs have transformed Manchester into a major tourist destination.

HOTEL MARKET PERFORMANCE

Occupancy levels in the Greater Manchester market had been stable in the three years to 2019 when they reached 78.7%. This is despite the new supply that has entered the market in recent years. ADR had seen a slight improvement in 2019 standing at £75.49. Performance in 2020 has been significantly impacted due to the restrictions imposed to tackle the COVID-19 pandemic. As a result, occupancy has more than halved to 36.8% with ADR declining by 17.4% to £62.37. RevPAR for 2020 was £22.97, compared to £59.44 in 2019.

EXISTING AND FUTURE SUPPLY

The Greater Manchester hotel market comprises 292 hotels with almost 20,500 bedrooms. The city itself comprises 94 hotels providing over 11,800 bedrooms. The majority of rooms are within the 4-star sector followed by the budget sector.

The Greater Manchester city has witnessed relatively strong supply growth over the last four years with 22 hotels added to the market although only five have been added in the last two years.

The most recent additions in 2020 include the 189-bedroom Hotel Brooklyn and the 221-bedroom Hampton by Hilton. The Renaissance Hotel closed permanently in 2020 although there are proposals for it be redeveloped for hotel use.

There is also a strong pipeline of new supply proposed in the city with 19 hotels due to enter the market in 2021 and a further four hotels due to enter the market in 2022. The total number of bedrooms under construction amounts to almost 4,000 bedrooms of which the majority are in the upscale or upper upscale segments. The new supply includes the following:

2021

- Leonardo Hotel – 275 keys
- Clayton Hotel – 329 keys
- Motel One Hotel – 330 keys
- Maldron Hotel Manchester City – 278 keys

2022

- Malmaison Manchester – 70 keys

HOTEL MARKET OUTLOOK

Like all other UK markets, Manchester has witnessed a severe decline in performance in 2020 due the COVID-19 pandemic. The city does benefit from a variety of demand generators and whilst some of these markets may take longer to recover than others, it should benefit from a return of domestic demand once restrictions ease. Key to the city's recovery will be its ability to host large music and sports events as well as a return of large conferences.

The city has seen a relatively strong supply of hotels enter the market although to date it has managed to absorb this into the market. There remains a relatively large amount of new supply proposed, although whether this now comes forward in the short term remains to be seen.

MUNICH, GERMANY HOTEL PROPERTY SECTOR

MUNICH TOURISM MARKET

Munich is the capital of the federal state of Bavaria. With approximately 1.5 million inhabitants, it is the third-largest city in Germany. Munich offers a large number of cultural and educational attractions and institutions including the Technical University of Munich and Ludwig-Maximilians-University and more than 80 museums including Deutsches Museum, Alte Pinakothek and Residenzmuseum mit Schatzkammer. In addition, Munich is famous for its beer and associated traditions including the world-famous Oktoberfest, with approximately 6.3 million visitors in 2019. The Oktoberfest 2020 and other events were cancelled or postponed to 2021 due to the COVID-19 pandemic.

In absolute terms, overnight stays amounted to some 18.3 million in 2019. Whilst the first two months of 2020 showed a further increase of the demand (+4.5% and +1.8% yoy respectively), the effects from COVID-19 started to show as of March 2020. For YTD October 2020, the total number of overnight stays decreased by 57.0% compared to the same period in 2019.

Local Economy

Munich ranks behind Frankfurt as the second largest financial location in Germany, with about 50 financial institutions in the city. Furthermore, Munich is the most important German city when it comes to the insurance market and it is also a leading location globally. In addition, eight companies listed on the DAX stock market have their headquarters in Munich, which underlines the strength of the local economy. Information technology and communications infrastructure is another sector in which Munich has become increasingly important over recent years.

The unemployment rate in Munich was at 4.8% in December 2020, 1.5 percentage points below the German average. With a purchasing power per head index of 134.7, the city lies well above the German average. The largest employer is BMW.

Munich Messe GmbH is one of the largest operators of trade-fairs worldwide. Approximately 50 trade fairs and exhibitions take place in Munich every year, with a total of 3.2 million visitors in 2019. Due to the COVID-19 pandemic, almost all trade-fairs were cancelled or postponed to 2021.

HOTEL MARKET PERFORMANCE

According to STR Global, room occupancy figures for hotels in Munich for 2019 was at 75.1% on average. Compared to 2018, the occupancy rate slightly decreased by 0.3 percentage points. This makes Munich the third best performing city in terms of occupancy, behind Berlin and Hamburg. Munich is still well above the average. Munich ranked first among Germany's key hotel markets with an ADR of €126 in 2019.

Due to COVID-19 and the regulations leading to closures of the hotels and travel markets, all KPI's registered a decrease for 2020. YTD October 2020 occupancy was at 31.8% compared to 75.8% in the same period last year. ADR fell from €129 to €93, resulting in a RevPAR drop from €97 to €30.

EXISTING AND FUTURE SUPPLY

Munich is one of the most expensive building locations in Germany, mainly due to the continued high demand for space and the limited site supply.

For YTD mid-December 2020, some 13 hotels with more than 1,900 rooms have already opened, with approximately 300 more rooms expected to open by the end of the year (not including serviced apartments). Another 3,500 rooms are expected to enter the market by 2023. However, due to the high amount of uncertainty caused by COVID-19, there might be some delays in the openings or even cancellations, which is expected for projects yet to commence construction.

HOTEL MARKET OUTLOOK

The forecast for the tourism and hotel sector in Germany is positive in general. However, the next year will pose some challenges due to the ongoing impact of COVID-19 on the economy, especially on travel and tourism. It is expected that domestic demand will see a faster recovery than international demand. Trade fairs and meetings will also take a longer time until full recovery, whilst tourism travel has proven to be more resilient. It is expected that hotel markets in Germany will only reach their pre-Covid levels in 2023. However, it must be noted that these predictions are subject to a lot of uncertainties and will depend on not only the number of infections but also on each individual country's travel policies as well as each individual's perception of travelling being safe.

FLORENCE, ITALY HOTEL PROPERTY SECTOR

CUSHMAN & WAKEFIELD

FLORENCE TOURISM MARKET

The city of Florence is noted for its culture, Renaissance art and architecture and monuments. The city also contains numerous museums and art galleries, such as the Uffizi Gallery and the Palazzo Pitti, and still exerts an influence in the fields of art, culture and politics. Due to Florence's artistic and architectural heritage, it has been ranked by Forbes as one of the most beautiful cities in the world. Furthermore, the historic city center of Florence was declared a World Heritage Site by UNESCO in 1982.

Florence is also an important city for Italian fashion, being ranked in the top 15 fashion capitals of the world.

According to the Istituto Nazionale di Statistica (ISTAT), Florence recorded approximately 3.0 million visitor arrivals and 7.8 million room nights in 2019, with an average length of stay of 2.6 days. In the five-year period from 2015 to 2019, CAGR for visitor arrivals increased 1.5% while CAGR for room nights increased 2.5%.

The nationality mix of room nights for 2019 highlights that USA is the main international market (19.9%) followed by China (6.5%) and UK (5.1%).

In 2019, the international component accounted for 52% of total room nights. However, for YTD September 2020, the market has been dominated by the domestic component, accounting for 68% of total room nights, due to the impact of COVID-19 and travel restrictions.

Local Economy

As a center for cultural industries, retail, financial and manufacturing, Florence has a highly diversified economy. A number of international firms are also based in the city and its vicinity, including Italian fashion brands such as Gucci and Salvatore Ferragamo.

Other well-known companies with offices in Florence include Ermanno Scervino, Panerai, Findomestic, Manetti & Roberts, Carapelli and Sammontana.

EXISTING AND FUTURE SUPPLY

As at the end of 2019, there were 390 hotels and 14,871 rooms in Florence.

The market is mostly dominated by 4-star and 3-star properties which account for 54.8% and 27.5% of the overall number of rooms respectively.

In the five-year period from 2015 to 2019, the number of hotels remained stable while the number of rooms increased at a CAGR of 0.9%. The growth was mainly driven by the 4-star segment where the number of hotels grew at a CAGR of 5.3% while the number of rooms grew at a CAGR of 3.2%.

There is also a strong pipeline of new supply with 8 hotels due to enter the market from 2021, such as the Ex Caserma Vittorio Veneto (5-star), the Hotel Majestic, the 25 Hours (Accor, 4-star, 170 rooms, 2021), The Student House – Manifattura Tabacchi (The Student Hotel, 318 rooms, Q3 2021), The Student Hotel – Via Belfiore (The Student Hotel), the Collegio alle Querce (Leeu Collection, 5-star, 70 rooms, 2021), Villa Camerata and the Conference Florentia (Radisson, 329 rooms). This new supply adds up to nearly 900 rooms.

HOTEL MARKET PERFORMANCE

In order to describe the Florence hotel market performance, it is fundamental to analyse the three main performance indicators: Occupancy level, ADR and RevPAR.

After the 2008 economic crisis, 2014 was the first year in which the occupancy level stabilised above 70%. With an ADR of €119, RevPAR was at €83. In 2015, hotel market performance continued to improve, with the occupancy level reaching 71.3% (+1.8% vs 2014), ADR reaching €130 (+9.9% vs 2014) and a RevPAR of €93 (+12.9% vs 2014).

In the five-year period from 2015 to 2019, ADR increased at a CAGR of 8.6%, resulting in an increase in RevPAR at a CAGR of 10.2%.

In 2019, Florence reached an occupancy level of 75.6%, an ADR of €181 and a RevPAR of €137.

Finally, analyzing Florence hotel performance according to the latest available STR/AICA data showed that RevPAR decreased 74.7% for YTD September 2020, compared to the same period last year. This was driven by a significant decrease of both the occupancy level and ADR. For YTD September 2020, the occupancy level fell to 33.4%, while the ADR and RevPAR was €139 and €46 respectively.

COVID-19 impact on Italian hotel performances has been significant, with a decrease of both occupancy levels and ADR, which resulted in a decrease in terms of RevPAR. This was mainly caused by operators applying discounts on ADR due to the current market conditions, in order to attract a higher number of tourists and to raise occupancy levels that have been lowered by lockdown measures.

HOTEL MARKET OUTLOOK

According to the latest available regional data, a decrease of around 1.5 million tourists has been registered in the accommodation facilities in Tuscany for the first five months of 2020, with a loss of over 8 million overnight stays (total overnight stays was 17% of the same period last year). This has been published by a research commissioned by the Centro Studi Turistici by Confesercenti Toscana.

Given Florence's positive historical performance and its solid fundamentals, we think that the city will be able to recover from the crisis and reach previous levels of performance in a couple of years.

BOARD OF DIRECTORS

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

CHAN SOON HEE, ERIC, 67

Chairman and Independent Non-Executive Director

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

Board committees:
- Nominating and Remuneration Committees (Member)

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

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

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

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

VINCENT YEO WEE ENG, 52

Chief Executive Officer
Executive Director

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

Board committees:
- Nil

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

Past directorships in other listed companies and principal commitments held in the preceding five years:
- Millennium & Copthorne Hotels New Zealand Limited (Non-Executive Director)

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

Canary Meeting Room, Grand Copthorne Waterfront Hotel not be suitable for H-REIT. Mr Yeo also handles the asset management function relating to some of the hotels currently.

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

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

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

FOO SAY MUI (BILL), 63

Lead Independent Non-Executive Director

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

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

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

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

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

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

RONALD SEAH LIM SIANG, 73

Independent Non-Executive Director

Date of first appointment as Director: 21 October 2013

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

Present directorships in other listed companies and principal commitments:
- Telechoice International Limited (Non-Executive Chairman)
- Yanlord Land Group Limited (Lead Independent Director)
- Global Investments Limited (Lead Independent Director)

Past directorships in other listed companies and principal commitments held in the preceding five years:
- PGG Wrightson Limited (Independent Director)

Over a 25-year period between 1980 and 2005, Mr Ronald Seah Lim Siang had held various senior positions within the AIG Group in Singapore, initially as AIA Singapore's Vice-President and Chief Investment Officer managing the investment portfolio of AIA Singapore and later as AIG Global Investment Corporation (Singapore) Ltd's Vice-President of Direct Investments. Between 2001 and 2005, he was also the Chairman of the Board of AIG Global Investment Corporation (Singapore) Ltd. From 1978 to 1980, Mr Seah managed the investment portfolio of Post Office Savings Bank as Deputy Head of the Investment and Credit Department. Prior to that, he worked at Singapore Nomura Merchant Bank as an Assistant Manager with responsibilities covering the sale of bonds and securities and offshore (ACU) loan administration for the bank. Between 2002 and 2003, Mr Seah served on the panel of experts of the Commercial Affairs Department of Singapore.

Mr Seah graduated with a Bachelor of Arts and Social Sciences (Second Class Upper in Economics) from the then University of Singapore in 1975.

BOARD OF DIRECTORS

KENNY KIM, 53

Independent Non-Executive Director

Date of first appointment as Director: 25 January 2017

Board committees:
- Audit and Risk Committees (Member)

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

Past directorships in other listed companies and principal commitments held in the preceding five years:
- RRJ Capital (Senior Adviser and Executive Committee)

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

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

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

CHEAH SUI LING, 49

Independent Non-Executive Director

Date of first appointment as Director: 18 August 2017

Board committees:
- Nominating and Remuneration Committees (Member)

Present directorships in other listed companies and principal commitments:
- Parkway Trust Management Limited, as Manager of Parkway Life REIT (Independent Director and Chairman of Audit Committee)
- TeleChoice International Limited (Independent Director)
- Wavemaker Partners (Operating Partner)

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

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

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

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

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

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

FOO SAY MUI (BILL)
Chairman

RONALD SEAH LIM SIANG
Member

KENNY KIM
Member

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

RONALD SEAH LIM SIANG
Chairman

CHAN SOO HEE, ERIC
Member

FOO SAY MUI (BILL)
Member

CHEAH SUI LING
Member

MANAGEMENT TEAM

VINCENT YEO
Chief Executive Officer

Mr Yeo is also the Executive Director of the H-REIT Manager and the HBT Trustee-Manager and his profile can be found under the "Board of Directors" section on pages 44 and 45 of the Annual Report.

ANNIE GAN
Chief Financial Officer

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

Ms Gan has more than 32 years of diverse experience in financial management, treasury, mergers and acquisitions, taxation and corporate advisory as well as in-depth knowledge of the hospitality, property development and property investment industries. Prior to joining the H-REIT Manager and the HBT Trustee-Manager, Ms Gan was the Group Financial Controller of the then public-listed company, Orchard Parade Holdings Limited ("**OPHL**" and now known as Far East Orchard Limited), a member of Far East Organisation. She also served as a Director of all the subsidiaries of OPHL, primarily responsible for the stewardship of the subsidiaries' affairs and advising on new investment opportunities.

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

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

Strategy Room, W Hotel

PAUL KITAMURA
Head, Asset Management

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

Mr Kitamura has 33 years of experience in hospitality and previously served as Senior Vice President of asset management for GIC Real Estate where he was responsible for the fund's Asia-Pacific hospitality portfolio comprising assets such as the Westin Tokyo, Shangri-La Sydney and Park Hyatt Melbourne, a portfolio of Oakwood serviced apartments in Japan and a retail portfolio in Australia. During the 2008/09 global downturn, he successfully drove cost efficiency initiatives and led the re-branding of the 1,053-room Hilton Fukuoka.

His hotel management experience includes leading IHG's businesses in Japan as country head from 2002-2008, and securing exclusivity with ANA Airlines for a JV partnership for the 50-property ANA hotel chain in Japan. During this period, deal flow increased 200% including signing of the 600-room Crowne Plaza Kobe and successful extension of the group's presence in Tokyo, Yokohama, Kyoto and Nagasaki. Operationally, he led IHG's business in Japan across a multi-brand portfolio covering 10 cities including Tokyo, Yokohama and Kyoto.

Mr Kitamura also held senior Asia Pacific brand management and marketing positions within IHG in Hong Kong and Singapore. He started his career with Mandarin Oriental Hotel Group where he spent 10 years in a variety of sales & marketing roles at the property, regional and corporate levels.

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

MANDY KOO
Head, Investments & Investor Relations

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

Ms Koo has more than 16 years of experience, spanning across real estate investments and investor relations in the REIT industry, equity corporate finance and listing regulations. Ms Koo was previously with the Standard Chartered Bank Corporate Advisory & Finance team which was responsible for the execution of merger and acquisition and equity corporate finance deals in Southeast Asia. Prior to her investment banking stint, she was with YTL Pacific Star REIT Management Limited, primarily involved in investments and asset management. Before this, Ms Koo was with the H-REIT Manager where her core responsibilities were investments and investor relations. She started her career in Singapore Exchange Limited, Issuer Regulation, and was responsible for reviewing applications for initial public offerings, fund raising and corporate actions of listed companies.

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

PROPERTY PORTFOLIO

SINGAPORE


Grand Ballroom

ORCHARD HOTEL

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

656	8,588	S$443M
Guest Rooms	SQ M Land Area	Valuation as at 31 Dec 2020


Hua Ting Restaurant


Grand Deluxe Room

PROPERTY DETAILS

Number of guest rooms: 656

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

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

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

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

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

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

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

Purchase price at 19 July 2006:
S$330.1 million

Valuation [(1)] as at 31 December 2020:
S$443.0 million

MASTER LEASE DETAILS

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

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

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

FY 2020 KEY FINANCIALS

Rental income: S$10.3 million

Net property income: S$9.3 million

Average occupancy rate: 74.8%

(1) The property was valued by Knight Frank Pte. Ltd. using a combination of the Capitalisation and Discounted Cash Flow approaches. With reference to the Property Fund Guidelines Appendix 6, Rule 8.3(e), Knight Frank Pte. Ltd. was appointed for the third consecutive financial year in FY 2020.

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

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

The hotel features a host of refreshed dining and events offerings, including a refurbished Grand Ballroom that seats up to 1,500 people theatre-style, one of Singapore's largest column-free dining halls, and comes equipped with two floor-to-ceiling LED walls. Experience a diverse array of signature cuisines at the hotel's award-winning dining outlets, including Hua Ting Restaurant. Guests can also enjoy local heritage-inspired highlights at The Orchard Cafe or a line-up of contemporary cocktails at Bar Intermezzo, both of which were renovated in 2018.

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

NOTABLE ACCOLADES

- TripAdvisor Certificate of Excellence 2019 – 2020 | Certificate of Excellence, Hall of Fame (Excellence Award)
- The Michelin Guide Singapore (The Michelin Plate) 2019 – Hua Ting Restaurant
- Straits Times & Lianhe Zaobao's Best Asian Restaurants (Gold) 2019 – Hua Ting Restaurant
- Singapore Tatler Singapore's Best Restaurants | Hua Ting Restaurant (2018 – 2021) | The Orchard Cafe (2020 – 2021)
- Wine & Dine Singapore's Top Restaurants (One Star) | Hua Ting Restaurant (2019 – 2021)
- Haute Grandeur Global Excellence Awards 2020 | Hua Ting Restaurant (Best Chinese Cuisine, Global; Best Asian Cuisine, Singapore)
- BCA Green Mark Award Gold 2016 – 2019 | Gold Plus 2020 - 2023
- Hotel Security Excellence Award 2019
- SHA Excellent Service Award (2019 – 2020)

SINGAPORE

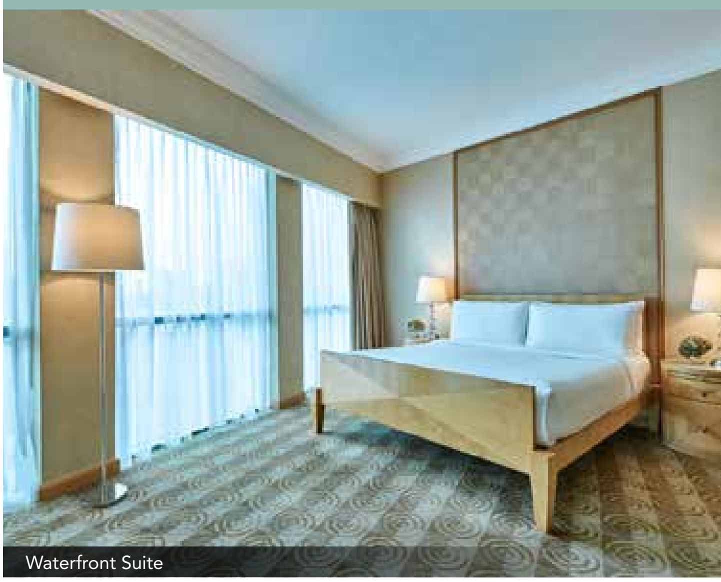
Lobby

GRAND COPTHORNE WATERFRONT HOTEL

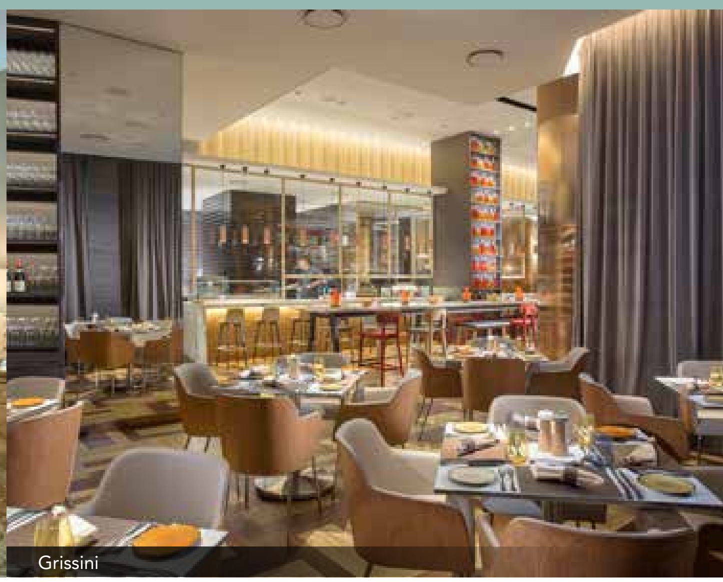
392 Havelock Road, Singapore 169663

One of Singapore's leading conference hotels along the historic Singapore River and in proximity to the Central Business District and the waterfront precincts of Robertson Quay and Clarke Quay.

574	**10,860**	**S$354M**
Guest Rooms	SQ M Land Area	Valuation as at 31 Dec 2020



Waterfront Suite



Grissini

PROPERTY DETAILS

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

Number of food & beverage outlets: Four outlets comprising Food Capital, Grissini, Tempo Bar and Red House Seafood

Banquet/Conference/Meeting facilities: 33 versatile meeting rooms covering 6,039 sq m, including a six-metre high, column-free ballroom of 853 sq m and seating up to 600 guests banquet-style and 1,100 guests theatre-style

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

Car park facilities: 287 car park lots [(1)]

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

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

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

Purchase price at 19 July 2006: S$234.1 million

Valuation [(3)] as at 31 December 2020: S$354.0 million

MASTER LEASE DETAILS

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

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

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

FY 2020 KEY FINANCIALS

Rental income: S$8.0 million

Net property income: S$6.7 million

Average occupancy rate: 85.8%

The 574-room premier deluxe conference hotel is situated on the banks of the historic Singapore River and close to the Central Business District, Clarke Quay, Robertson Quay, Boat Quay, Orchard Road, Marina Bay and the Integrated Resorts. The hotel offers lifestyle comfort and business-enabling conveniences to facilitate travellers' executive accommodation and leisure needs, including La Residenza, comprising 24 serviced suites, which have high ceilings and come in studio, one or two bedroom units.

The adjoining Waterfront Conference Centre has 33 versatile meeting rooms that cover a total area of 6,039 sq m including a six-metre high, column-free ballroom covering 853 sq m and seating up to 600 guests banquet-style and 1,100 guests theatre-style. With one of the best designed conference venues in the region, offering cutting edge meeting facilities, it is a choice venue for many multinational organisations.

The hotel unveiled a brand new lobby and an integrated dining destination in 2016. The lobby area comprises three F&B outlets including Food Capital, an interactive buffet restaurant, Grissini, an Italian restaurant and Tempo, a dynamic bar. The hotel also houses a salon providing hair, beauty and wellness services to satisfy the needs of the leisure guests.

NOTABLE ACCOLADES

- Tripadvisor Travellers' Choice Best of the Best Award (2020)
- International Hotel Awards, Best Convention Hotel, Singapore (2018 – 2020)
- International Hotel Awards, Best Luxury Hotel, Singapore (2018 – 2020)
- International Hotel Awards, International Five Star Hotel (2017 – 2020)
- Blissful Brides Editor's Choice Preferred Banquet Venue Winner (2017 – 2020)
- Her World Brides Venue Awards (2017 and 2019)
- BCA Green Mark Platinum (2015 – 2021)
- SHA Excellent Service Award 2019 (19 Star, 1 Gold)
- Hotel Security Excellence Award (2004 – 2019)

(1) The basement level car park facility was not acquired by H-REIT from CDL. However, the hotel enjoys a right of easement to use the basement level car park facility.
(2) H-REIT leases from CDL the second level of Waterfront Plaza which comprises the Waterfront Conference Centre which H-REIT in turn sub-lets to Republic Hotels & Resorts Limited ("**RHRL**"). Rental income received from RHRL is thereafter paid to CDL as rental expense.
(3) The property was valued by Knight Frank Pte. Ltd. using a combination of the Capitalisation and Discounted Cash Flow approaches. With reference to the Property Fund Guidelines Appendix 6, Rule 8.3(e), Knight Frank Pte. Ltd. was appointed for the third consecutive financial year in FY 2020.

SINGAPORE

Banquet Suite

M HOTEL SINGAPORE

81 Anson Road, Singapore 079908

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

415
Guest Rooms

2,134
SQ M Land Area

S$237M
Valuation as at 31 Dec 2020

Lobby

Club Room

PROPERTY DETAILS

Number of guest rooms: 415

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

Banquet/Conference/Meeting facilities:
A banquet suite with a maximum capacity of 350 guests theatre-style (with stage), and 14 multi-function rooms equipped with state-of-the-art facilities

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

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

Car park facilities: 237 car park lots

Land area: 2,133.9 sq m

Gross floor area: 32,379.3 sq m

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

Purchase price at 19 July 2006:
S$161.5 million

Valuation (1) as at 31 December 2020:
S$237.0 million

MASTER LEASE DETAILS

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

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

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

FY 2020 KEY FINANCIALS

Rental income: S$6.1 million

Net property income: S$5.2 million

Average occupancy rate: 88.4%

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

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

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

NOTABLE ACCOLADES

- Ctrip Top 10 Hotels Award 2018
- Ctrip Preferred Hotel (2017 and 2018)
- Hotels.com™ Loved by Guests Award 2018
- Rakuten Bronze Awards 2018
- BCA Green Mark Gold Plus (2018 – 2021)
- PUB Water Efficient Building Silver Award (2013 – 2019)
- Hotel Security Awards (2017 – 2019)

(1) The property was valued by Knight Frank Pte. Ltd. using a combination of the Capitalisation and Discounted Cash Flow approaches. With reference to the Property Fund Guidelines Appendix 6, Rule 8.3(e), Knight Frank Pte. Ltd. was appointed for the third consecutive financial year in FY 2020.

SINGAPORE

Signature Studio

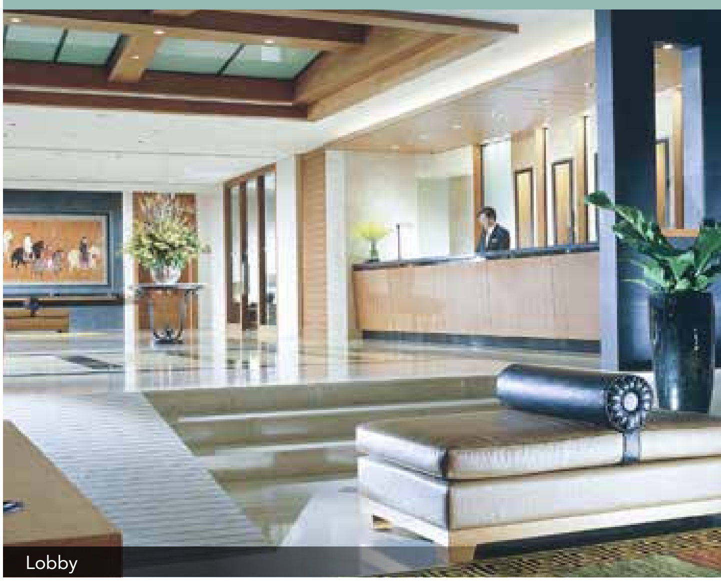
COPTHORNE KING'S HOTEL

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

311
Guest Rooms

5,637
SQ M Land Area

S$114M
Valuation as at 31 Dec 2020



Lobby

Princess Terrace Café

PROPERTY DETAILS

Number of guest rooms: 311

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

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

Car park facilities: 77 car park lots

Land area: 5,636.9 sq m

Gross floor area: 17,598.3 sq m

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

Purchase price at 19 July 2006:
S$86.1 million

Valuation [1] as at 31 December 2020:
S$114.0 million

MASTER LEASE DETAILS

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

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

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

FY 2020 KEY FINANCIALS

Rental income: S$3.9 million

Net property income: S$3.3 million

Average occupancy rate: 90.8%

The 311-room hotel is conveniently located minutes away from the Central Business District, Robertson Quay, Clarke Quay, Boat Quay, Orchard Road, Chinatown and the Integrated Resorts.

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

Its award-winning restaurants include Tien Court Restaurant which serves contemporary Cantonese delicacies and Princess Terrace Café which is renowned in Singapore for serving authentic Penang cuisine.

NOTABLE ACCOLADES

- Singapore Tatler Singapore's Best Restaurants | Tien Court Restaurant (2016 – 2020) and Princess Terrace Café (2016 – 2020)
- Wine & Dine Singapore's Top Restaurants | Tien Court Restaurant (2019 – 2020) and Princess Terrace Café (2019 – 2020)
- BCA Green Mark Platinum (2012 – 2019)
- Hotel Security Excellence Award (2012 – 2018)

(1) The property was valued by Knight Frank Pte. Ltd. using a combination of the Capitalisation and Discounted Cash Flow approaches. With reference to the Property Fund Guidelines Appendix 6, Rule 8.3(e), Knight Frank Pte. Ltd. was appointed for the third consecutive financial year in FY 2020.

SINGAPORE


Cabana

STUDIO M HOTEL

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

360	2,932	S$166M
Guest Rooms	SQ M Land Area	Valuation as at 31 Dec 2020


Executive Loft


Lobby

PROPERTY DETAILS

Number of guest rooms: 360

Number of food & beverage outlets:
Two outlets – MEMO and Breeze (Breakfast only)

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

Car park facilities: 30 car park lots

Land area: 2,932.1 sq m

Gross floor area: 8,258.9 sq m

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

Purchase price at 3 May 2011:
S$154.0 million

Valuation [(1)] as at 31 December 2020:
S$166.0 million

MASTER LEASE DETAILS

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

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

Minimum rental income: For the nine years after the first year of the lease, a fixed rent of S$5.0 million per annum. On the tenth anniversary date (the "**Rent Revision Date**") of the commencement of the lease, the fixed rent amount will be revised to an amount equivalent to 50% of the average annual aggregate fixed rent and variable rent for the five fiscal years preceding the Rent Revision Date (the "**Revised Fixed Rent**"). This amount would thereon be the Revised Fixed Rent amount, subject to a minimum fixed rent of S$5.0 million.

FY 2020 KEY FINANCIALS

Rental income: S$4.8 million

Net property income: S$4.4 million

Average occupancy rate: 58.6%

Studio M Hotel is a unique and stylised hotel in Singapore that blends modern design with functionality. Designed by Italian style maestro and architect, Piero Lissoni, it is the first fully loft-inspired Singapore hotel that also occupies a prime and vibrant location in the city; within easy reach of both the Central Business District and Orchard Road. The lifestyle hotel offers a great leisure getaway or business stay in the iconic entertainment precinct of Robertson Quay. Studio M Hotel has 360 stylish guest rooms and facilities which include an open-air tropical oasis deck where guests can enjoy specialised Asian cuisine for breakfast, 25-metre lap pool, a jet pool, well equipped open-air gymnasium and a food and beverage outlet – MEMO.

MEMO by Studio M Hotel is a modern bistro and grocery concept for the Robertson Quay neighbourhood. It offers a relaxing ambience and features an extensive menu of light bites to hearty meals.

NOTABLE ACCOLADES

- BCA Green Mark Gold (2018 – 2021)
- Singapore Green Hotel Award (2019 – 2020)
- PUB Water Efficient Building Basic Award (2010 – 2019)
- Hotel Security Excellence Award (2018 – 2019)
- bizSAFE Level 4 Certification (2019 – 2021)

(1) The property was valued by Knight Frank Pte. Ltd. using a combination of the Capitalisation and Discounted Cash Flow approaches. With reference to the Property Fund Guidelines Appendix 6, Rule 8.3(e), Knight Frank Pte. Ltd. was appointed for the third consecutive financial year in FY 2020.

SINGAPORE

Fantastic Suite

W SINGAPORE – SENTOSA COVE

21 Ocean Way, Singapore 098374

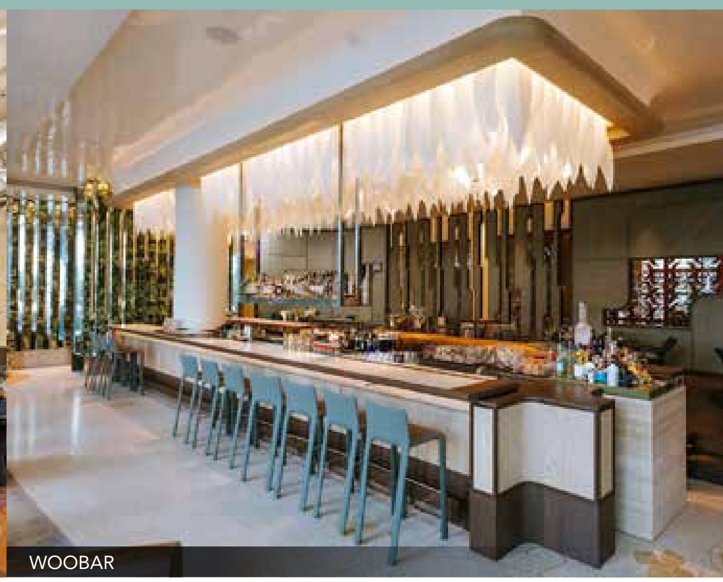
Located in Sentosa, a vibrant island resort for business and leisure, W Singapore – Sentosa Cove is a luxury lifestyle hotel under Marriott International. The hotel has won several accolades for its design and has an expansive view of the marina and the seafront.

240
Guest Rooms

17,016
SQ M Land Area

S$314M
Valuation as at 31 Dec 2020

Great Room



WOOBAR

PROPERTY DETAILS

Number of guest rooms: 240

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

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

Other facilities:
AWAY® Spa, a luxury spa facility with a decompression area, sauna, steam room, vitality pool, herbal bath and experiential showers; FIT, a 235 sq m, state-of-the-art gym with panoramic garden views through floor-to-ceiling windows; and WET® Pool, one of Singapore's largest resort outdoor pool areas; WIRED, a contemporary business centre.

Car park facilities: 121 car park lots (1)

Land area: 17,016.0 sq m

Gross floor area area: 25,374.3 sq m

Title: 99 years leasehold interest commencing from 31 October 2006

Purchase price at 16 July 2020:
S$324.0 million

Valuation (2) as at 31 December 2020:
S$314.0 million

HOTEL MANAGEMENT AGREEMENT DETAILS

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

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

FY 2020 KEY FINANCIALS (3)

Gross hotel revenue: S$16.0 million

Net property income: S$6.1 million

Average occupancy rate: 51.8%

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

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

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

NOTABLE ACCOLADES

- Forbes Travel Guide 2020: Recommended
- Expat Living Reader's Choice Awards 2020 | Best Hotel For a Staycation in Singapore (Gold Winner) | Best Hotel for a Romantic Getaway in Singapore (Silver)
- Luxury Lifestyle Awards 2020: Top 16 Best Luxury Hotels in Singapore
- Hotels.com Loved by Guests Award Winner 2020 – 9.2/10 Rating
- Tripadvisor Travellers' Choice Awards 2020 | Best Fine Dining Restaurant in Singapore #1 | Best Fine Dining Restaurant in Asia #8 – SKIRT
- Wine & Dine House Of Stars Award (2020)
- Wine & Dine Singapore's Top Restaurants 2020/2021

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(1) The W Hotel property includes a basement carpark which comprises 121 carpark lots. The basement carpark is connected to the 78 carpark lots owned by neighbouring property known as Quayside Isle. Taking into account the Quayside Isle basement carpark lots, there are in total 199 lots available for public use.

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

(3) The acquisition of W Hotel was completed on 16 July 2020 and the financials disclosed are for the period of 17 July 2020 to 31 December 2020.

SINGAPORE

Interior

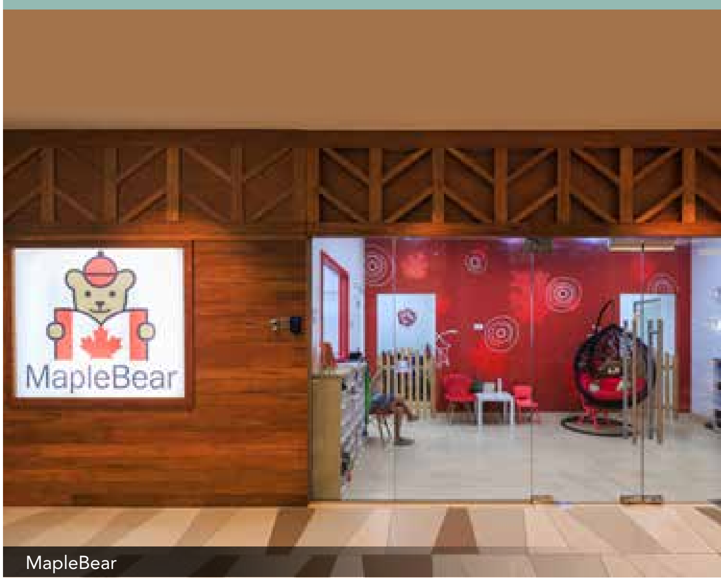
CLAYMORE CONNECT

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

15
Tenants as at 31 Dec 2020

~7,179
SQ M in NLA

S$88M
Valuation as at 31 Dec 2020



MapleBear


The Peranakan

PROPERTY DETAILS

Net lettable area (including Galleria): Approximately 7,179 sq m

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

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

Purchase price at 19 July 2006: S$34.5 million

Valuation [(1)] as at 31 December 2020: S$88.0 million

FY 2020 KEY FINANCIALS

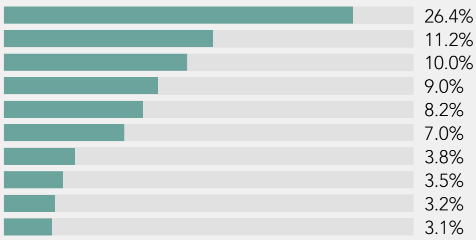
Rental income: S$4.6 million

Net property income: S$2.4 million

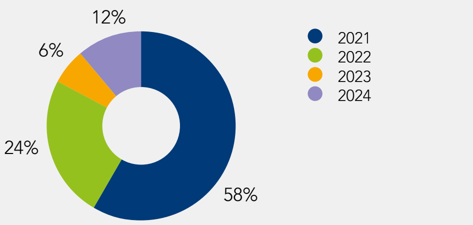
Total number of tenants as at 31 December 2020: 15

Committed occupancy rate as at 31 December 2020: 75.3%

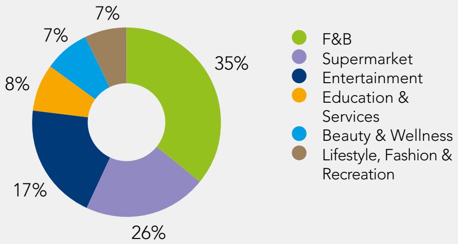
% CONTRIBUTION TO RENTAL INCOME OF TOP 10 TENANTS FOR FY 2020



LEASE EXPIRY ANALYSIS BY PASSING RENT AS AT MONTH OF EXPIRY



TENANT MIX BY RENTAL INCOME FOR FY 2020



(1) The property was valued by Knight Frank Pte. Ltd. using a combination of the Capitalisation and Discounted Cash Flow approaches. With reference to the Property Fund Guidelines Appendix 6, Rule 8.3(e), Knight Frank Pte. Ltd. was appointed for the third consecutive financial year in FY 2020.

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

Positioned as a family-oriented and lifestyle mall on Orchard Road, the mall actively enhances its retail offerings to cater to the captive residential population in the nearby precincts of Tanglin, Orchard and Claymore. Orchard Hotel guests also enjoy the convenience of the F&B outlets, beauty, wellness and lifestyle services at the mall.

Apart from the anchor tenant Cold Storage, Claymore Connect features tenants such as MapleBear Singapore – an early education centre offering Canadian education philosophies and practices, combined with Singapore's bilingual literacy curriculum and Ch'i Life Studio – Singapore's Premier International Martial Arts Studio for children and adults of all ages.

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

- Muddy Murphy's, an Irish cottage themed pub which has a loyal following for its dining and drinks options as well as live band and televised sports;
- The Peranakan, an authentic Straits cuisine restaurant which serves three generations of Peranakan recipes; and
- Jewel Coffee, a leading specialty purveyor in Singapore known for their uniquely roasted single origin espressos.

Additionally, the mall also offers a number of lifestyle and fashion retailers such as Maharaja's Custom Tailors, one of Singapore's leading bespoke men's and womenswear specialists established since 1958; House of Fine Jewels, offering a wide collection of precious gems and jewellery in exquisite designs; and Wine Connection, South-East Asia's leading chain of wine shops. Claymore Connect also features a number of beauty and wellness outlets ready to pamper discerning patrons.

AUSTRALIA

Beccaria Bar and Restaurant, Mercure Perth

MERCURE & IBIS PERTH

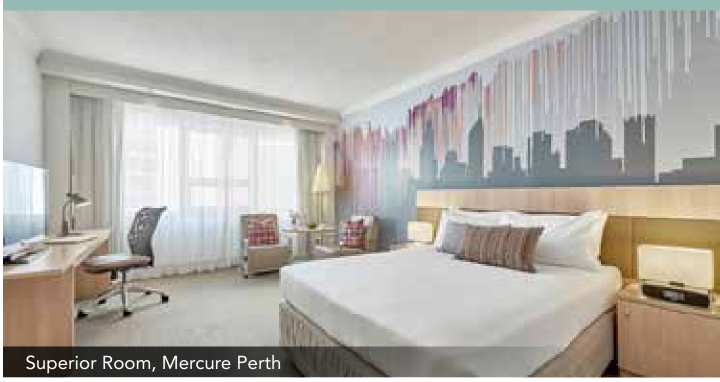
Mercure Perth, 10 Irwin Street | Ibis Perth, 334 Murray Street
Strategically located in the heart of Perth, the hotels are located minutes away from the Central Business District.

MERCURE PERTH

239	757	A$45M
Guest Rooms	SQ M Land Area	Valuation as at 31 Dec 2020

IBIS PERTH

192	1,480	A$30M
Guest Rooms	SQ M Land Area	Valuation as at 31 Dec 2020



Superior Room, Mercure Perth

Lobby, Ibis Perth

PROPERTY DETAILS

Hotel:	Mercure Perth	Ibis Perth
Number of guest rooms:	239	192
Number of food & beverage outlets:	Two outlets comprising Beccaria Bar and Restaurant and Cucina on Hay	Two outlets comprising the Rubix Bar and Cafe and Murray Street Grill
Banquet/Conference/Meeting facilities:	Dedicated conference floor on Level 1 providing facilities for up to 350 delegates with six function rooms, heated rooftop swimming pool, spa, and gym	Three function rooms for up to 200 guests
Car park facilities:	32 car park lots	13 car park lots
Land area:	757 sq m	1,480 sq m
Gross floor area:	22,419 sq m	9,650 sq m
Title:	Strata Freehold	Freehold
Purchase price at 18 February 2010:	A$36.2 million	A$21.6 million
Valuation (1) as at 31 December 2020:	A$45.0 million	A$30.0 million

MASTER LEASE DETAILS

Master lessee:	HI Operations Pty Ltd, a subsidiary of AccorInvest Group S.A.	
Term of lease:	Approximately 11 years from 19 February 2010, expiring on 30 April 2021	
Minimum rental income:	A$2.8 million	A$1.9 million

FY 2020 KEY FINANCIALS

Rental income:	S$2.7 million (2) (A$2.8 million)	S$1.8 million (2) (A$1.9 million)
Net property income:	S$2.7 million (2) (A$2.8 million)	S$1.8 million (2) (A$1.9 million)
Average occupancy rate:	50.2%	34.1%

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

Mercure Perth features 239 well-appointed rooms, along with two F&B outlets comprising Beccaria Bar and Restaurant, and Cucina on Hay. The property has a large heated rooftop swimming pool, modern refurbished pool deck area, spa, and spacious gym. The hotel completed a soft-refurbishment on its rooms in 2017, which transformed the guest room interiors with a vibrant and colourful new design. Business guests are also well catered for at this hotel with a number of meeting rooms available, which feature natural light and modern AV technology, accommodating up to 350 delegates. The hotel was awarded Gold Planet 21 rating in 2015 for its sustainability efforts.

Ibis Perth features 192 rooms, just 300 metres from the Murray and Hay Street shopping malls and around the corner from the popular King Street shopping strip and a short walk to the Raine Square shopping and Palace Cinema Complex. The hotel also offers a full service restaurant, casual bar and café, 24-hour room services and three function rooms catering for up to 200 guests. Other features include, secure covered parking, business centre and secure guest access to all hotel floors. The hotel has a Silver Planet 21 rating in 2016 for its sustainability efforts.

(1) Mercure Perth and Ibis Perth were valued by CIVAS (NSW) Pty Limited, both using a combination of the Capitalisation and Discounted Cash Flow approaches.
(2) Based on the average exchange rate of A$1.00 = S$0.9504.

NEW ZEALAND

Lobby

GRAND MILLENNIUM AUCKLAND

71-87, Mayoral Drive, Auckland

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

452	5,910	NZ$197M
Guest Rooms	SQ M Land Area	Valuation as at 31 Dec 2020

Front Desk

King Deluxe Room

PROPERTY DETAILS

Number of guest rooms: 452

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

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

Car park facilities: 258 car park lots

Land area: 5,910.0 sq m

Title: Freehold

Purchase price at 19 December 2006:
NZ$113.0 million

Valuation (1) as at 31 December 2020:
NZ$197.0 million

MASTER LEASE DETAILS

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

Term of lease:
Three years from 7 September 2016 with options to renew for two further 3-year terms each. Lease renewed for second 3-year term from 7 September 2019, expiring 6 September 2022

Minimum rental income: NZ$6.0 million

FY 2020 KEY FINANCIALS

Rental income: S$16.5 million (2)
(NZ$18.4 million)

Net property income: S$16.5 million (2)
(NZ$18.4 million)

Average occupancy rate: 72.7%

The 452-room Grand Millennium Auckland is a prime 12-storey atrium-styled hotel located in New Zealand's main gateway city. The property is the largest hotel in the city, situated in the heart of Auckland, only 600 metres south of the Sky City entertainment complex, and minutes from all major commercial buildings and the University of Auckland.

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

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

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

NOTABLE ACCOLADES

- TripAdvisor Certificate of Excellence (2012 – 2019)
- Qualmark Assessment 2019 – 4.5 stars

(1) The property was valued by CBRE Limited using a combination of the Capitalisation and Discounted Cash Flow approaches.
(2) Based on the average exchange rate of NZ$1.00 = S$0.8967.

MALDIVES

InOcean Villa

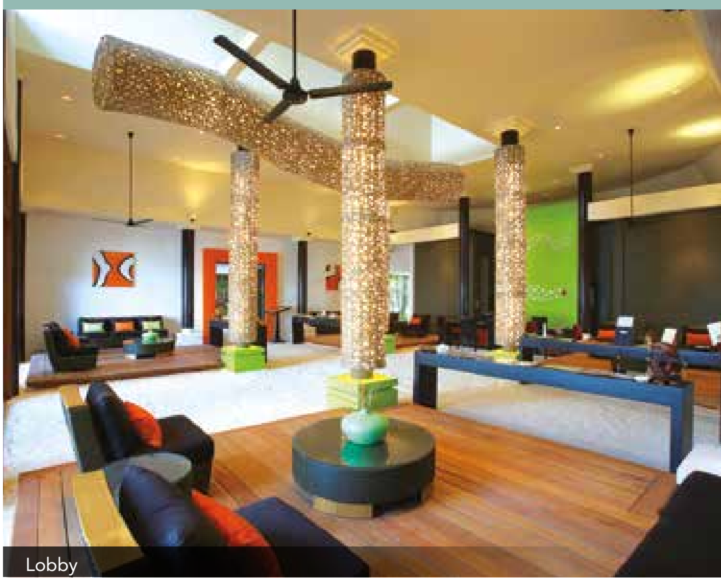
ANGSANA VELAVARU

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

113
Villas

67,717
SQ M Land Area

US$50M
Valuation as at 31 Dec 2020



Lobby

InOcean Villa

PROPERTY DETAILS

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

Number of food & beverage outlets:
Five outlets comprising Kaani Restaurant, Funa Club Lounge, Azzurro Restaurant and Bar, Kuredhi Bar and Magoo Garden

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

Land area: 67,717 sq m

Title: 50-year leasehold interest commencing from 26 August 1997

Purchase price at 31 January 2013:
US$71.0 million

Valuation (1) as at 31 December 2020:
US$50.0 million

MASTER LEASE DETAILS

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

Term of lease:
10 years from 1 February 2013

FY 2020 KEY FINANCIALS

Rental income: S$0.7 million (2)
(US$0.5 million)

Net property income: S$0.5 million (2)
(US$0.3 million)

Average occupancy rate: 18.9%

(1) The property was valued by Jones Lang LaSalle Property Consultants Pte Ltd using the Discounted Cash Flow approach.
(2) Based on the average exchange rate of US$1.00 = S$1.3802.

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

The property is located at the southern edge of the Maldives archipelago in the South Nilandhe Atoll. It occupies the island of Velavaru, one of the more intimate lagoons in the Maldives. The Angsana Velavaru resort is a 40-minute scenic seaplane ride from Malé International Airport. It comprises 79 Beachfront Villas and 34 InOcean Villas, providing guests the opportunity to enjoy two distinct experiences at one resort. To strengthen Angsana Velavaru's product offering and market positioning, a new main public pool was constructed in August 2019 and all 79 Beachfront Villas were renovated, of which 46 were completed in 2019 and the remaining 33 villas were completed in July 2020. Infinity pools were also added to 24 of these villas where guests can have a more enjoyable experience at the resort.

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

NOTABLE ACCOLADES

- EarthCheck Gold Certificate (2019 – 2020)
- TripAdvisor Certificate of Excellence 2019
- Luxury Travel Guide Spa & Wellness Awards 2018
- Southern China Extreme Tourism Awards 2017 by Guangzhou Daily – Favorite Island Hotel Resort
- Reader's Choice Awards 2017 – Top 10 Best Hotel in Maldives

MALDIVES

Overwater Villa

RAFFLES MALDIVES MERADHOO

Meradhoo Island, Gaafu Alifu Atoll, Republic of Maldives

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

38
Villas

53,576
SQ M Land Area

US$38M
Valuation as at 31 Dec 2020

Beach Villa

Thari (restaurant)

PROPERTY DETAILS

Number of guest rooms:
21 Beach Villas, 16 Overwater Villas, one Presidential Villa

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

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

Land area: 53,576 sq m

Title: 50-year leasehold interest commencing from 15 June 2006

Purchase price at 31 December 2013:
US$59.6 million

Valuation [(1)] as at 31 December 2020:
US$38.0 million

HOTEL MANAGEMENT AGREEMENT DETAILS

Operator: AAPC (Maldives) Private Limited

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

FY 2020 KEY FINANCIALS

Gross hotel revenue: S$4.1 million [(2)]
(US$2.2 million)

Net property income: -S$3.1 million [(2)]
(-US$2.2 million)

Average occupancy rate: 9.4%
(Closed from 1 Apr to 30 Sep 2020)


Raffles Maldives Meradhoo Whale Shark Encounter

(1) The property was valued by Jones Lang LaSalle Property Consultants Pte Ltd using the Discounted Cash Flow approach.
(2) Based on the average exchange rate of US$1.00 = S$1.3802.

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

Following an extensive enhancement exercise, the resort officially reopened on 22 September 2019, under the iconic collection of Raffles Hotels and Resorts. The 38-villa resort is an all-suite resort comprising a presidential villa and one to two-bedroom villas (16 overwater villas; 21 beachfront villas) ranging from approximately 220 to 300 sq m, each with its own private pool. The resort competes at the top end of the Maldives luxury market and the extremely spacious villas are among the largest in the destination.

The presidential villa, named Raffles Royal Residence, was added in end 2020. Raffles Royal Residence features a spacious 1,250 sq m ultra-luxury villa comprising three bedrooms (expandable up to 6 bedrooms by adjoining with other villas), a rooftop bar and a 40-metre private infinity pool. The luxurious beachfront villas occupy the main island of Meradhoo; with the overwater villas located some 800 metres away. The overwater villas boast high ceilings and full-length floor-to-ceiling windows that provide panoramic views of the Indian Ocean from the bedroom, bathroom and living room.

Raffles Maldives Meradhoo offers a wide range of dining options including three restaurants and two bars, comprising Thari, an all-day diner; Yuzu, a Peruvian and Japanese fusion restaurant; The Firepit, where guests can enjoy various flame-grilled chef specialty dishes; the popular Long Bar on the main island; and the over-water Yapa Sunset Bar. There are also leisure and spa options within the property including a spa, an over-water gym and yoga studio, two infinity edge pools, a PADI 5 Star dive and water sports centre, a library and a resort boutique.

JAPAN


Hotel MyStays Asakusabashi


Hotel MyStays Kamata

HOTEL MYSTAYS ASAKUSABASHI & MYSTAYS KAMATA

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

ASAKUSABASHI

139 Guest Rooms

564 SQ M Land Area

¥3.7B Valuation as at 31 Dec 2020

KAMATA

116 Guest Rooms

497 SQ M Land Area

¥2.6B Valuation as at 31 Dec 2020


Modern Twin Room Sakura, Hotel MyStays Asakusabashi


Single Room, Hotel MyStays Kamata

PROPERTY DETAILS

Hotel:	Hotel MyStays Asakusabashi	Hotel MyStays Kamata
Number of guest rooms:	139	116
Other facilities:	1 convenience store	N.A.
Car park facilities:	6 car park lots	6 car park lots
Land area:	564 sq m	497 sq m
Title:	Freehold	Freehold
Purchase price at 19 December 2014:	¥3.20 billion	¥2.60 billion
Valuation (1) as at 31 December 2020:	¥3.72 billion	¥2.56 billion

HOTEL MANAGEMENT AGREEMENT DETAILS

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

FY 2020 KEY FINANCIALS

Gross hotel revenue:	S$1.7 million (2) (¥135.3 million)	S$2.1 million (2) (¥161.6 million)
Net property income:	-S$17,000 (2) (-¥1.4 million)	S$0.4 million (2) (¥30.9 million)
Average occupancy rate:	48.2%	59.7%

Opened in late 2009, both hotels are within close proximity to major transportation networks and tourist attractions.

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

Hotel MyStays Kamata is a business (economy) hotel, located near to Keikyu-Kamata Station which is only a 10-minute train ride from Haneda Airport. It is within 4 minutes to JR Kamata Station and Tokyu Kamata Station with convenient access to major core cities such as Shinagawa, Kawasaki, Yokohama and Shibuya. The hotel's cosy rooms with refined interiors offer a comfortable environment for guests who are travelling alone or otherwise. The hotel also has 25 rooms equipped with kitchenettes, suitable for long-stay guests.

(1) The Japan Hotels were valued by Cushman & Wakefield K.K. using a combination of the Capitalisation and Discounted Cash Flow approaches. With reference to the Property Fund Guidelines Appendix 6, Rule 8.3(e), Cushman & Wakefield K.K. was appointed for the third consecutive financial year in FY 2020.

(2) Based on the average exchange rate of S$1.00 = ¥77.52.

UNITED KINGDOM

Executive Lounge

HILTON CAMBRIDGE CITY CENTRE

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

198
Rooms

~3,600
SQ M Land Area

£57M
Valuation as at 31 Dec 2020

King Executive Room

Bull & Bass Restaurant

PROPERTY DETAILS

Number of guest rooms: 198

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

Banquet/Conference/Meeting facilities:
Five function rooms comprising approximately 400 sq m of event space which can be used for intimate board meetings with the latest integrated audio visual technology through to hosting of celebration dinners for up to 150 persons

Other facilities:
Executive Lounge, LivingWell Fitness Gym and The Roguery Barber & Coffee Shop Cambridge

Land area: ~3,600.0 sq m

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

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

Valuation (3) as at 31 December 2020:
£57.2 million

HOTEL MANAGEMENT AGREEMENT DETAILS

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

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

FY 2020 KEY FINANCIALS

Gross hotel revenue: S$6.6 million (4)
(£3.7 million)

Net property income: S$0.6 million (4)
(£0.4 million)

Average occupancy rate: 29.7%
(Closed from 24 Mar to 30 Jun 2020)

Hilton Cambridge City Centre is an upper upscale hotel with 198 rooms and suites, and arguably the best located and largest premium hotel in Cambridge City Centre. It boasts a prime location in the heart of the city, being 1.6 km from Cambridge railway station and is situated beside the main shopping and historic attractions. It is also within the vicinity of popular tourist destinations such as King's College, Trinity College, Fitzwilliam Museum, Cambridge University Botanic Gardens, and the River Cam. The Grand Arcade Shopping Centre, the city's largest shopping mall, is also adjacent to the property. The hotel's extensive suite of facilities includes: two food & beverage outlets, the 24-hour LivingWell Fitness Gym, 24-hour In-room Dining, an exclusive Hilton Honors Executive Lounge, secure undercover car parking, and events' space for up to 200 people.

The Bull & Bass Restaurant serves surf and turf dishes paired with exquisite wines. The other facilities include the Lounge Bar which was re-modelled in 2019 and a Roguery concession, a high-end male-grooming barber and coffee shop.

NOTABLE ACCOLADES

- TripAdvisor Certificate of Excellence 2015 – 2019
- TripAdvisor GreenLeaders GreenPartner 2019
- Accreditation by the Meeting Industry Association 2017 – 2019
- Gold Accreditation for Overall Customer Experience in Cambridge BID Awards 2019
- Gold Accreditation for Bull & Bass Restaurant in Cambridge BID Awards 2018
- Booking.com Gold Certificate of Excellence 2017 – 2018
- Hotels.com™ Certificate of Excellence 2017 – 2018
- HolidayCheck Certificate of Excellence 2018

(1) The lease term may be extended for a further term of 50 years pursuant to lessee's (CDLHT) option to renew under the lease granted by the head lessor (Cambridge City Council).
(2) The purchase price of £61.5 million refers to the price of the property and excludes the adjustment for net working capital.
(3) The property was valued by Cushman & Wakefield Debenham Tie Leung Limited using the Discounted Cash Flow approach. With reference to the Property Fund Guidelines Appendix 6, Rule 8.3(e), Cushman & Wakefield Debenham Tie Leung Limited was appointed for the third consecutive financial year in FY 2020.
(4) Based on the average exchange rate of £1.00 = S$1.7691.

UNITED KINGDOM

Junior Suite

THE LOWRY HOTEL

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

165
Rooms

~2,200
SQ M Land Area

£45M
Valuation as at 31 Dec 2020

Public Space at Lobby

The River Restaurant

PROPERTY DETAILS

Number of guest rooms: 165

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

Banquet/Conference/Meeting facilities:
Eight purpose-built meeting rooms for private events or business conferences and a grand ballroom for up to 400 people

Other facilities:
One gym including a sauna and a spa, and a hair salon

Car park facilities: 88 car park lots

Land area: ~2,200.0 sq m

Title: 150-year leasehold interest commencing 18 March 1997

Purchase price at 4 May 2017:
£52.5 million (1)

Valuation (2) as at 31 December 2020:
£45.0 million

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

FY 2020 KEY FINANCIALS

Gross hotel revenue: S$7.3 million (£4.1 million) (3)

Net property income: -S$0.9 million (-£0.5 million) (3)

Average occupancy rate: 27.5%
(Closed from 24 Mar to 31 Jul 2020; Closed intermittently from 5 Nov 2020)

(1) The purchase price of £52.5 million refers to the price of the property and excludes the adjustment for net working capital.
(2) The property was valued by Cushman & Wakefield Debenham Tie Leung Limited using the Discounted Cash Flow approach. With reference to the Property Fund Guidelines Appendix 6, Rule 8.3(e), Cushman & Wakefield Debenham Tie Leung Limited was appointed for the third consecutive financial year in FY 2020.
(3) Based on the average exchange rate of £1.00 = S$1.7691.

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

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

In keeping up with efforts to enhance The Lowry Hotel's position as one of the top hotels in Manchester, the hotel has undergone a number of renovation works in 2018 and 2019, including the Presidential suite (largest suite accommodation in the city at above 180 sq m), upgrading of five rooms to new junior suites, an upgraded and modern reception and lobby area, and a completely renovated restaurant and bar, namely The River Restaurant and Lowry Lounge and Bar.

The River Restaurant, a fine dining restaurant specialising in the very best of British Cuisine, has received the prestigious two-AA-Rosette award for the third consecutive year.

NOTABLE ACCOLADES

- The AA Rosette Award (2018 – 2020) – The River Restaurant (Two Rosettes)
- Manchester's Finest 2018 – Best Restaurant in Manchester
- Eat, Sleep and Drinks Awards 2017 – Best Hotel Restaurant in Manchester
- Best Bedroom CHS Awards 2017

GERMANY

Lobby

PULLMAN HOTEL MUNICH

Theodor-Dombart-Strasse 4, 80805 Munich, Germany

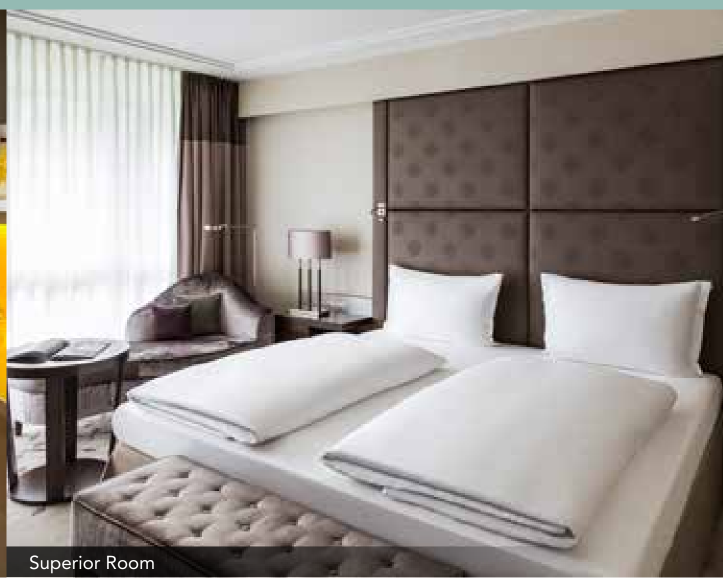
Strategically located adjacent to a commercial district which is home to a variety of national and international companies, the hotel also boasts convenient accessibility and is in proximity to many of Munich's popular tourist destinations.

337
Rooms

~8,189
SQ M Land Area

€106M
Valuation as at 31 Dec 2020

Garden SPA



Superior Room

PROPERTY DETAILS

Number of guest rooms: 337

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

Banquet/Conference/Meeting facilities:
Two conference rooms for up to 80 people

Other facilities:
400 sq m of fitness and spa area
Commercial components of the property has four retail and seven office tenants (committed occupancy rate as 31 December 2020: 100.0%)

Car park facilities: 200 car park lots
The car park facilities are shared with the commercial components of the property

Land area: ~8,189 sq m

Title: Freehold

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

Valuation (2) as at 31 December 2020:
€105.6 million

MASTER LEASE DETAILS

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

Term of lease: 20 years commencing from 14 July 2017

Minimum rental income: €3.6 million

FY 2020 KEY FINANCIALS

Rental income: S$8.7 million (€5.6 million) (3)

Net property income: S$2.7 million (€1.7 million) (3)

Average occupancy rate: 25.1%


Courtyard

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

The hotel is strategically located adjacent to the commercial district of "Parkstadt Schwabing", which is home to a variety of national and international companies. It boasts convenient accessibility, with motorways connecting Munich to Berlin and Frankfurt within a two-minute drive away, and the Munich railway station and Munich International Airport being accessible via a short drive. Travellers also have direct access to Munich International Airport via the Lufthansa Express Bus service, which stops diagonally opposite the hotel and runs at regular 15 minute intervals, offering significant cost savings and ease of travel to the airport within 25 minutes.

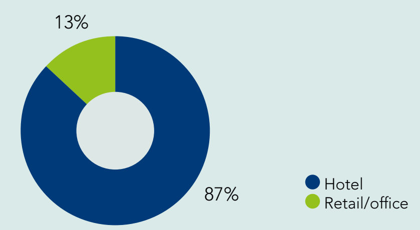
The hotel is also in proximity to many of Munich's popular tourist destinations including the English Garden, the BMW headquarters and Allianz Arena.

The Theo's Restaurant and Bar serves contemporary Bavarian cuisine. In summer, the green courtyard transforms into an outdoor oasis with Theo's Beer Garden Terrace and Theo's Lounge. A new weatherproof shade sail was installed in the courtyard in 2019 so that the area could be used even in light rain.

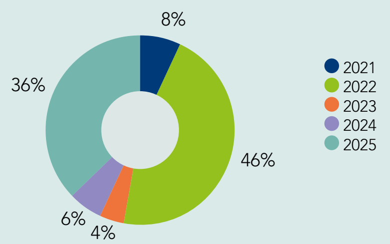
NOTABLE ACCOLADES

- TripAdvisor Certificate of Excellence – 2019
- Booking.com Guest Review Awards – 2019

TENANT MIX BY RENTAL INCOME FOR FY 2020



LEASE EXPIRY ANALYSIS OF OFFICE/RETAIL COMPONENT BY PASSING RENT



(1) The purchase price of €98.9 million is based on H-REIT's effective 94.5% interest in Pullman Hotel Munich, its commercial components and the furniture, fixture and equipment. This excludes the adjustment for net working capital. On the basis of 100% interest, the purchase price is €104.7 million.
(2) The property was valued by Cushman & Wakefield (U.K.) LLP (German Branch) using the Discounted Cash Flow approach.
(3) Based on the average exchange rate of €1.00 = S$1.5708.

ITALY

Junior Suite

HOTEL CERRETANI FIRENZE – MGALLERY

Via De' Cerretani 68, 50123 Florence, Italy

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

86	~1,350	€40M
Rooms	SQ M Land Area	Valuation as at 31 Dec 2020

Lobby

Il Michelangelo Bar

PROPERTY DETAILS

Number of guest rooms: 86

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

Land area: ~1,350.0 sq m

Title: Freehold

Purchase price at 27 November 2018:
€40.6 million [1]

Valuation [2] as at 31 December 2020:
€40.4 million

MASTER LEASE DETAILS

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

Term of lease: 20 years commencing from 27 November 2018

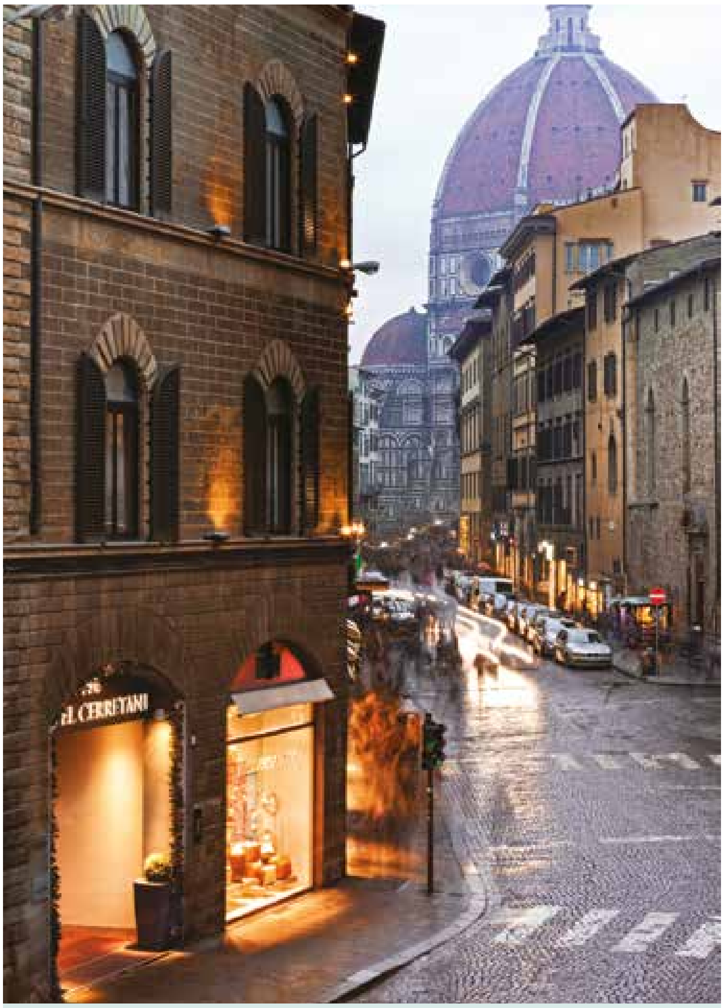
Minimum rental income: €1.3 million [3]

FY 2020 KEY FINANCIALS

Rental income: S$1.7 million
(€1.1 million) [4]

Net property income: S$1.5 million
(€0.9 million) [4]

Average occupancy rate: 14.9%
(Closed from 13 Mar to 13 Aug 2020; Closed from 30 Oct 2020)



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

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

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

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

(2) The property was valued by Cushman & Wakefield (U.K.) LLP (Italian Branch) using the Discounted Cash Flow approach.

(3) Due to the COVID-19 pandemic, a temporary 5-year rent abatement agreement for Hotel Cerretani Firenze was signed in December 2020 ("**Temporary Arrangement**"). Pursuant to the Temporary Arrangement, from 2020 to 2024, the annual base rent level of the hotel has been reduced, starting with €0.2 million in 2020, stepping up annually to a base rent level of €0.9 million in 2024, before reverting to the original base rent level of €1.3 million per annum in 2025. Under FRS 116 / SFRS(I) 16 *Leases*, the rental income under this lease modification will be accounted for on a straight-line basis over the remaining lease tenure at S$1.7 million (€1.1 million) per annum. Under the Temporary Arrangement, between March 2020 to December 2024 (the "**Restructured Term**"), after paying for its rent obligations and relevant hotel related expenses, any losses suffered by the lessee during the Restructured Term will be first funded by the lessee, but the lessee will be allowed to clawback the cumulative losses incurred from future variable rent payment obligations. The variable rent formula remains unchanged throughout the Restructured Term or after, except that variable rent will be suspended until the cumulative losses are clawbacked by the lessee. As soon as the cumulative losses are fully clawed back, the lessor shall be entitled to receive the variable rent thereafter. Lowering the base rent level in the five-year period serves to lower the level of cumulative losses suffered by the lessee and hence lower the amount of clawbacks from future available variable rent. The rationale for the Temporary Arrangement is for business continuity and working together with the lessees is important to navigate the hotel out of the crisis successfully.

(4) Based on the average exchange rate of €1.00 = S$1.5708.

CORPORATE GOVERNANCE

CDL Hospitality Trusts ("**CDLHT**") is a stapled group comprising CDL Hospitality Real Estate Investment Trust ("**H-REIT**") and CDL Hospitality Business Trust ("**HBT**") (the "**Stapled Group**") pursuant to a Stapling Deed dated 12 June 2006 (as amended) and each Stapled Security consists of one H-REIT Unit and one HBT Unit and is treated as a single instrument. M&C REIT Management Limited (the "**H-REIT Manager**") was appointed manager of H-REIT in accordance with the terms of the Trust Deed dated 8 June 2006 (as amended) between the H-REIT Manager and DBS Trustee Limited, the H-REIT Trustee. M&C Business Trust Management Limited (the "**HBT Trustee-Manager**") was appointed the trustee-manager of HBT in accordance with the terms of the Trust Deed constituting HBT dated 12 June 2006 (as amended).

The H-REIT Manager has general powers of management over the assets of H-REIT and its main responsibility is to manage H-REIT's assets and liabilities for the benefit of the holders of H-REIT Units. The H-REIT Manager is responsible for formulating the business plans in relation to H-REIT's properties and in this regard, it works closely with the master lessees of H-REIT's properties to implement H-REIT's strategies. In addition, the H-REIT Manager sets the strategic direction of H-REIT and gives recommendations to the H-REIT Trustee on acquisitions, divestments or enhancements of H-REIT's assets in accordance with its stated investment strategies.

Other roles and responsibilities of the H-REIT Manager include:

- Managing, enhancing and maintaining Claymore Connect aimed at achieving high occupancy levels at a good yield.
- Using its best endeavours to ensure that the business of H-REIT is carried on and conducted in a proper and efficient manner and to conduct all transactions with or for H-REIT at arm's length and on normal commercial terms.
- Ensuring that H-REIT complies with the relevant applicable laws and regulations, including the applicable provisions of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**"), the Listing Rules issued by Singapore Exchange Securities Trading Limited ("**Listing Manual of SGX-ST**"), the Code on Collective Investment Schemes (including the Property Funds Appendix), the conditions set out in the Capital Markets Services ("**CMS**") Licence for REIT Management issued by the Monetary Authority of Singapore ("**MAS**"), the H-REIT Trust Deed, the tax rulings issued by the Inland Revenue Authority of Singapore on the taxation of H-REIT and the holders of the Stapled Securities and all relevant contracts.

The H-REIT Manager holds a CMS licence issued by MAS to conduct real estate investment trust management activities as required under the licensing regime for real estate investment trust managers. In addition, employees of the H-REIT Manager who are engaged in investment management, asset management, financing, marketing and investor relations functions are holders of CMS representative licences.

HBT acts as the master lessee of Raffles Maldives Meradhoo, a resort in the Maldives and W Singapore – Sentosa Cove, as well as the Japan hotels which were acquired by H-REIT. In addition to its function as a master lessee, HBT undertakes certain hospitality and hospitality-related development projects, acquisitions and investments which may not be suitable for H-REIT. HBT is the owner of Hilton Cambridge City Centre, a purpose-built upper upscale hotel located in Cambridge, United Kingdom, which is managed by the Hilton Hotels and Resorts, and The Lowry Hotel, a purpose-built 5-star luxury hotel located in Manchester, United Kingdom.

The HBT Trustee-Manager has the dual responsibility of safeguarding the interests of the HBT Unitholders, and managing the business conducted by HBT. The HBT Trustee-Manager has general powers of management over the assets of HBT and its main responsibility is to manage HBT's assets and liabilities for the benefit of the HBT Unitholders. The HBT Trustee-Manager also sets the strategic direction of HBT and works closely with the hotel managers where it is the master lessee or owner of the properties.

Both H-REIT and HBT are externally managed by the H-REIT Manager and the HBT Trustee-Manager (collectively, the "**Managers**") respectively. Accordingly, both H-REIT and HBT do not have personnel of their own. The H-REIT Manager and the HBT Trustee-Manager employ experienced and well-qualified management staff to run the day-to-day operations of H-REIT and HBT. The Directors and employees of the H-REIT Manager and HBT Trustee-Manager are remunerated by the H-REIT Manager and HBT Trustee-Manager and not by H-REIT, HBT or CDLHT.

This report sets out the corporate governance practices of both the Managers as they have adopted a similar set of corporate governance practices, with specific reference to the principles and provisions of the Code of Corporate Governance 2018 ("**CG Code**"). Where there are differences in practice from the provisions under the CG Code, the Managers' position in respect of the same is also explained in this report.

CORPORATE GOVERNANCE

BOARD MATTERS

The Board's Conduct of Affairs
Principle 1

Primary Functions of the H-REIT Manager Board and the HBT Trustee-Manager Board

Both the H-REIT Manager Board and the HBT Trustee-Manager Board are responsible for the overall corporate governance of the Managers respectively, including establishing goals for management and monitoring the achievement of these goals. The Managers' Boards are also responsible for setting strategic business objectives and direction as well as the risk management of H-REIT and HBT, and to ensure that necessary financial, operational and human resources are in place for the Managers to meet their objectives. All Board members of the H-REIT Manager and the HBT Trustee-Manager participate in matters relating to corporate governance including setting corporate values and ethical standards, business operations and risk management, desired organisational culture, financial performance, engaging key stakeholder groups and the nomination and review of performance of Directors and key management personnel ("**KMP**"). The Code of Business and Ethical Conduct duly approved by the Managers' Boards is in place.

The H-REIT Manager Board and the HBT Trustee-Manager Board have established a framework for the management of the Managers, H-REIT and HBT, including a system of internal controls and business risk management processes. The Managers' Boards meet quarterly or more often if necessary to (i) review respectively the financial performance of H-REIT and HBT against previously approved budgets, (ii) review the business risks of H-REIT and HBT respectively, (iii) examine liability management, (iv) oversee the sustainability performance of H-REIT and HBT, and (v) act upon any recommendations and/or comments from both the internal and external auditors of H-REIT and HBT respectively. In assessing business risks, the Managers' Boards also consider the economic environment and risks relevant to the property and hospitality industries. They also review management reports and feasibility studies on individual projects prior to approving major transactions.

Directors' Objective Discharge of Duties and Declaration of Interests

All the Managers' Directors are required to objectively discharge their duties and responsibilities in the interests of H-REIT and HBT. Directors who are in any way, directly or indirectly, interested in a transaction or proposed transaction will declare the nature of their interests in accordance with the provisions of the Companies Act, Chapter 50 and the SFA, where relevant, and also recuse themselves from discussions and decisions involving issues of conflict. The Boards of the Managers have established Nominating and Remuneration Committees ("**NRCs**") which recommend to the Boards of the H-REIT Manager and the HBT Trustee-Manager the appointments to the Board and Board Committees and assess the independence of Directors. When assessing the independence of Directors, the NRCs take into account the individual Director's objectivity, independent thinking and judgement.

Delegation by the H-REIT Manager Board and the HBT Trustee-Manager Board

The primary functions of the H-REIT Manager Board and the HBT Trustee-Manager Board are either carried out directly by the H-REIT Manager Board and the HBT Trustee-Manager Board or through committees established by the H-REIT Manager Board and the HBT Trustee-Manager Board, namely the Audit and Risk Committees ("**ARCs**") and NRCs (collectively, the "**Committees**").

Specific written terms of reference, duly approved by the H-REIT Manager Board and the HBT Trustee-Manager Board respectively, set out the authorities and duties of the Committees, and provide for each Committee to submit at least an annual report of its activities to the Board. The H-REIT Manager Board and the HBT Trustee-Manager Board review such terms of reference periodically to ensure their continued relevance, taking into account the changes in the governance and legal environment. The composition of the Committees are set out below as well as under the corporate directory section in this Annual Report 2020 ("**Annual Report**"):

Committees	Composition
Audit & Risk Committees	Foo Say Mui (Bill) Ronald Seah Lim Siang Kenny Kim
Nominating & Remuneration Committees	Ronald Seah Lim Siang Chan Soon Hee, Eric* Foo Say Mui (Bill) Cheah Sui Ling

* Appointed with effect from 1 January 2021

CORPORATE GOVERNANCE

The delegation of authority by the H-REIT Manager Board and the HBT Trustee-Manager Board to the Committees enables the H-REIT Manager Board and the HBT Trustee-Manager Board to achieve operational efficiency by empowering the Committees to decide, review and make recommendations on matters within their respective written terms of reference and/or limits of delegated authority and yet without abdicating their respective overall responsibility.

Further information on the activities of the ARCs and NRCs can be found in the sections on Principles 4 to 10 in this report.

Board Processes of the H-REIT Manager and the HBT Trustee-Manager

Meetings of the Board, ARC and NRC of the Managers were held regularly. Nine Board Meetings, four ARC Meetings and three NRC Meetings were held by the Managers' Boards and Committees in 2020.

A meeting of the Independent Directors ("**IDs**") of the H-REIT Manager Board and HBT Trustee-Manager Board, chaired by the lead independent Director ("**Lead ID**") was also held in 2020 to discuss matters without the presence of Management and the Board Chairman and feedback was provided to the Board after the ID meeting.

The attendance of the Directors of H-REIT Manager and the HBT Trustee-Manager at meetings of the Board and Committees of the Managers, as well as the frequency of such meetings during 2020, are disclosed below. Notwithstanding such disclosure, the H-REIT Manager Board and the HBT Trustee-Manager Board are of the view that the contribution of each Director should not be focused only on his/her attendance at meetings of the Board and/or the Committees.

A Director's contribution also extends beyond the confines of the formal environment of such meetings, through the sharing of views, advice, experience and strategic networking relationships which will further the interests of H-REIT and HBT.

The proposed meetings for the Board and Committees of the Managers for each new calendar year are set out in a schedule of meetings and notified to all members of the Managers' Boards before the start of each calendar year. Additional meetings are convened as and when circumstances warrant. Records of all such meetings, including discussions on key deliberations and decisions taken, are maintained by the Company Secretaries. The Managers' respective Constitutions allow for meetings of their Board and Committees to be held via teleconferencing. The H-REIT Manager Board and the HBT Trustee-Manager Board as well as their Committees may also make decisions by way of circulating written resolutions.

Directors' Attendance at the General Meetings and Meetings of Board, the Committees and IDs in 2020

	General Meetings	Board	ARC	NRC	IDs
Number of meetings held in 2020	2	9	4	3	1
Name of Directors					
Chan Soon Hee, Eric	2/2	9/9	N. A.	N. A.	N.A.
Vincent Yeo Wee Eng	2/2	9/9	N. A.	N. A.	N.A.
Ronald Seah Lim Siang	2/2	9/9	4/4	3/3	1/1
Foo Say Mui (Bill)	2/2	9/9	4/4	3/3	1/1
Kenny Kim	2/2	9/9	4/4	N. A.	1/1
Cheah Sui Ling	2/2	9/9	N. A.	3/3	1/1

H-REIT Manager and HBT Trustee-Manager Directors' Time Commitments

It is recommended under the CG Code's Practice Guidance that the Boards of the H-REIT Manager and HBT Trustee-Manager consider providing guidance on the maximum number of listed company board representations which each Director of the H-REIT Manager and HBT Trustee-Manager may hold in order to address competing time commitments faced by directors serving on multiple boards.

Based on an annual analysis of directorships held by the Directors as well as each Director's confirmation as to whether he/she has any issue with competing time commitments which may impact his/her ability to provide sufficient time and attention to his/her duties as a Director on the respective Boards, the NRCs were satisfied that all Directors are able to carry out and have been adequately carrying out their duties as a Director of the Managers. The NRCs of the H-REIT Manager and HBT Trustee-Manager further noted that, excluding the directorships held in the H-REIT Manager Board and HBT Trustee-Manager Board, the number of listed company board representations currently held by the Directors did not exceed three. The NRCs and the Boards had set the maximum number of listed company board representations which each Director of the H-REIT Manager and HBT Trustee-Manager may hold at six (6), with a view to providing a guide to address potential competing time commitments that may be faced by Directors serving on multiple listed company boards. However, the NRCs may review this guideline from time to time.

CORPORATE GOVERNANCE

Complete, Adequate and Timely Information and Access to Management

Prior to each meeting, members of the H-REIT Manager Board and HBT Trustee-Manager Board and the Committees are provided with the meeting agenda and the relevant papers submitted by the Management, containing complete, adequate and timely information to enable full deliberation on the issues to be considered at the respective meetings. The Management, the auditors and professional advisers, who can provide additional insight into the matters for discussion, are also invited from time to time to attend such meetings. The Management also provides all Directors of the Managers with monthly updates on the financial performance of the H-REIT and HBT. The Directors of the Managers have separate and independent access to Management.

Draft agendas for the Board and Committee meetings are circulated to the Board Chairman and the chairmen of the various Committees, in advance, for them to review and suggest items for the agenda. The members of the Board and various Committees also receive reports on financial, whistle-blowing and related party transactions, where applicable, from the Management. Each of the chairmen of the ARC and NRC of the H-REIT Manager and the HBT Trustee-Manager provides an annual report of the respective Committees' activities during the year under review to the Boards. The minutes of meetings of the Committees are circulated to all Board members.

Company Secretaries

The Company Secretaries, whose appointment and removal are subject to the approval of the H-REIT Manager Board and the HBT Trustee-Manager Board, attend all Board and Committee meetings, ensure that all Board procedures are followed and assist to ensure coordination and liaison between the Board, the Committees and Management. The Company Secretaries, together with Management of the H-REIT Manager and the HBT Trustee-Manager, also ensure that the H-REIT Manager, H-REIT, the HBT Trustee-Manager and HBT comply with all applicable statutory and regulatory rules. Together with the Management, the Company Secretaries also assist the Board Chairman, the Board and Committees of the H-REIT Manager and the HBT Trustee-Manager on corporate governance matters and assist to implement and strengthen corporate governance practices and processes, including facilitating orientation for newly appointed Directors of the Managers and appointments to the various Committees, and continuing training and development for the Directors.

On an on-going basis, the Directors of the H-REIT Manager and the HBT Trustee-Manager have separate and independent access to the Company Secretaries, whose duties and responsibilities are clearly defined.

Independent Professional Advice

The Directors, whether as a group or individually, are entitled to take independent professional advice at the expense of the H-REIT Manager and HBT Trustee-Manager, in furtherance of their duties and in the event that circumstances warrant the same. The Managers have also put in place internal guidelines allowing for the Directors to seek independent professional advice.

H-REIT Manager Board and the HBT Trustee-Manager Board Approval

The H-REIT Manager Board and the HBT Trustee-Manager Board have in place an internal guide wherein certain key matters are specifically reserved for approval by the H-REIT Manager Board and the HBT Trustee-Manager Board respectively, and these include decisions over the strategic direction and policies and financial objectives which have or may have material impact on the profitability or performance of H-REIT and HBT and decisions on material capital expenditure and undertakings or all acquisition and disposal of properties of H-REIT and HBT as well as decisions to commence, discontinue or modify significantly any business activity or to enter or withdraw from a particular market sector, corporate or financial restructuring, decisions over new borrowings or significant amendments to the terms and conditions of existing borrowings other than in the ordinary course of business, adoption of corporate governance policies and any other matters which require the H-REIT Manager Board or the HBT Trustee-Manager Board approval as prescribed under the relevant legislations and regulations as well as the provisions of the H-REIT or HBT Trust Deeds. The Management of the H-REIT Manager and HBT Trustee-Manager are fully apprised of such matters which require the approval of the respective Boards and Committees.

H-REIT Manager Board and HBT Trustee-Manager Board Orientation and Training

Every newly appointed Director of the Managers receives a formal letter, setting out his general duties and obligations as a Director pursuant to the relevant legislations and regulations. The new Director also receives an induction pack containing information and documents relating to the role and responsibilities of a director, the principal businesses of H-REIT or HBT and their respective subsidiaries, the H-REIT Manager and the HBT Trustee-Manager Board processes and corporate governance practices, relevant policies and procedures, as well as a board meeting calendar for the year with a brief of the routine agenda for each meeting.

CORPORATE GOVERNANCE

The Managers also conduct a comprehensive induction programme for newly appointed Directors and for existing Directors pursuant to their appointments to any of the Committees, which seeks to familiarise Directors with CDLHT's business, the Managers' board processes, internal controls and governance practices. The induction programme includes meetings with various key executives of the Management to allow the new Directors to be acquainted with the Management team and to facilitate their independent access to the Management team in future. The programme also includes briefings by the Management team on key areas of the Managers' operations and by each Chairman of the relevant Committees to which the Director is newly appointed to on the roles and responsibilities of the Committees.

For a first time Director who has no prior experience as a director of a listed company on Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), in addition to the induction as detailed above, he or she will be required to also attend specific modules of the Listed Entity Director ("**LED**") Programme conducted by the Singapore Institute of Directors ("**SID**") , in order to acquire relevant knowledge of what is expected of a listed company director, this being a mandatory requirement under the SGX Listing Rules. Completion of the LED Programme, which focuses on comprehensive training of company directors on compliance, regulatory and corporate governance matters, should provide the first time Director with a broad understanding of the roles and responsibilities of a director of a listed company under the requirements of the Companies Act, Chapter 50, the Listing Manual of SGX-ST and the CG Code. The Company Secretaries, where relevant, will co-ordinate with such Director to endeavour completion of the LED Programme within one year from his or her date of appointment subject to SID's training schedule and the Director's availability.

The Directors are provided with updates and/or briefings from time to time by professional advisers, auditors, Management and the Company Secretaries in areas such as directors' duties and responsibilities, corporate governance practices, relevant legislations and regulations, risk management issues, financial reporting standards and tax laws and practices. The Directors are also regularly kept informed by the Company Secretaries of the availability of appropriate courses, conferences and seminars such as those conducted by The Accounting and Corporate Regulatory Authority ("**ACRA**"), SGX-ST and SID and the Directors are encouraged to attend such training to develop and maintain their skills and knowledge at the Managers' expense. NRCs and the Boards of the Managers are kept informed of the trainings attended by the Directors during the year, as part of the NRCs annual assessment of the skills set of the Boards and the Committees. The NRCs would also recommend further training for the Directors in specific areas, if so required, to supplement the regular updates/briefings provided to Directors from time to time.

The Directors had attended in-house seminars conducted by external speakers and other SID courses in 2020 and they were also briefed during the Boards and Committees meetings on the recent regulatory changes such as accounting, tax and related listing rules revisions. In addition to the training courses/programmes and briefing updates, Directors are also at liberty to approach Management should they require any further information or clarification concerning the Managers' operations.

<u>Board Composition and Guidance</u>
<u>Principle 2</u>

Board Independence

The Boards of the H-REIT Manager and the HBT Trustee-Manager currently comprise six members each. Mr Vincent Yeo Wee Eng, the CEO and an Executive Director of the Managers, is considered a non-independent Director. The other five members of the Board are considered Non-Executive Directors. Mr Chan Soon Hee, Eric has been re-designated from a Non-Executive Non-Independent Chairman to a Non-Executive Independent Chairman with effect from 1 January 2021. Subsequent to the re-designation, the Independent Directors ("**IDs**") are Mr Chan Soon Hee, Eric, Dr Foo Say Mui (Bill), Mr Ronald Seah, Mr Kenny Kim and Ms Cheah Sui Ling, thus providing for a strong and independent element on the Boards capable of exercising objective judgement on corporate affairs of the H-REIT Group and the HBT Group. No individual or small group of individuals dominates the Boards' decision-making. No alternate Directors have been appointed in respect of any of the Directors.

The NRC determines on an annual basis whether or not a Director is independent, bearing in mind the Listing Manual of SGX-ST and the CG Code's definition of an "independent director" and guidance as to relationships the existence of which would deem a Director not to be independent, as well as the enhancements to independence requirements announced by MAS on 2 July 2015 (the "**Enhanced Independence Requirements**").

Under the CG Code, a Director who has no relationship with the Managers, their related corporations, 5% substantial stapled security holders of CDLHT or their officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in the best interests of CDLHT, is considered to be independent. In addition, under the Enhanced Independence Requirements, an ID is one who:

(i) is independent from any management and business relationship with the Managers and CDLHT;

(ii) is independent from any substantial shareholder of the Managers and any substantial stapled security holder of CDLHT; and
(iii) has not served on the Board for a continuous period of 9 years or longer.

When reviewing the independence of the IDs for 2020, the Managers' NRCs had considered the guidelines for independence set out in Provision 2.1 of the CG Code and the Business Trusts Regulations. For purposes of determination of independence, the IDs have also provided confirmation that they are not related to the Managers or stapled security holders of CDLHT or their related corporations and their substantial shareholders or their officers that could interfere, or be reasonably perceived to interfere, with their judgement in the best interests of H-REIT Manager and HBT Trustee-Manager or stapled security holders of CDLHT. The NRCs are satisfied that there is no other relationship which could affect the independence of the IDs. The Board concurred with the NRCs determination of the independence of the IDs.

H-REIT Manager / HBT Trustee-Manager Board Composition and Size

The NRCs review the size and composition of the H-REIT Manager Board and the HBT Trustee-Manager Board and the Board Committees annually. At the recommendation of the NRCs, the Boards adopted a Board Diversity Policy setting out its policy and framework for promoting diversity on the Boards. The Boards recognise that a diverse Board of Directors is an important element which will better support the CDLHT Group's achievement of its strategic objectives for sustainable development by enhancing the decision-making process of the Boards and to avoid group think and foster constructive debate through the perspectives derived from the various skills, qualifications/knowledge, business experience, industry discipline, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service and other distinguishing qualities of the Directors. The final decision on selection of Directors will be based on merit against an objective criteria that complements and expands the skills and experience of the Boards as a whole, and after having given due regard to the overall balance and effectiveness of the diverse Boards.

The NRCs had considered the core competencies of the Directors based on the skills and experience of each Director and are of the view that the Boards have the critical skills and expertise needed in the strategic direction and planning of the business of H-REIT and HBT. The NRCs are satisfied that there is a good balance of expertise on the Boards, with experience in real estate and hotel related businesses, business and funds management, strategic planning, investment analysis, corporate finance, investment portfolio management, corporate reorganisations, mergers and acquisitions, audit, financial accounting, business consultancy and risk management. The Boards each have one female member, representing approximately 16.7% of the Boards' composition and the average age and tenure of the Directors is approximately 59.5 years and 5.7 years respectively. The NRCs are of the view that whilst there is no immediate need to refresh the Boards, they will look to refresh the Boards from time to time, when appropriate. Further information on the individual Directors' background, experience and skills can be found in the "Board of Directors" section in the Annual Report.

In consideration of the scope and nature of the operations of the H-REIT Group and the HBT Group, the Boards are satisfied that the current composition mix and size of the Boards provide for sufficient diversity and allow for effective decision-making at the meetings of Boards and Committees.

So long as the H-REIT Units remain stapled to HBT Units, in order to avoid any conflict between H-REIT and HBT and to act in the best interest of CDLHT, each of the Directors of the H-REIT Manager Board is also a Director of the HBT Trustee-Manager Board, and vice versa. Further, in line with MAS's Response to Feedback Received on its Consultation Paper on Enhancements to the Regulatory Regime Governing REITs and REIT Managers, under circumstances where unitholders of H-REIT are not given the right to appoint directors, at least half of the H-REIT Manager Board would have to be IDs. Similarly, the HBT Trustee-Manager Board would also be required to comply with the provision under Regulation 12 of the Business Trust Regulations that at least a majority of the Directors of the board of the trustee-manager of a business trust to comprise Directors who are independent from management and business relationships with the trustee-manager. Majority of the H-REIT Manager Board and the HBT Trustee-Manager Board comprise IDs.

Non-Executive Directors' ("NEDs") Participation

NEDs of the H-REIT Manager and the HBT Trustee-Manager are encouraged to participate actively at Board meetings in the development of H-REIT's and HBT's strategic direction and plans, in the review and monitoring of Management's performance through periodic reports from the Management and have unrestricted access to the Management. They also sit on various Committees established by the Boards of the H-REIT Manager and the HBT Trustee-Manager to provide constructive input and the necessary review and monitoring of performance of H-REIT, HBT and the Management. The Lead Independent Director may call for meetings of NEDs or IDs from time to time, when appropriate, without the presence of the Management and provide feedback to the Board Chairman after such meetings. The H-REIT Manager and HBT Trustee-Manager held respective meetings of the Independent Directors, chaired by the Lead ID in December 2020 (without the presence of Management, the CEO and Board Chairman).

CORPORATE GOVERNANCE

Chairman and Chief Executive Officer
Principle 3

The roles of the Board Chairman and CEO are separate. The Board Chairman, Mr Chan Soon Hee, Eric, has been re-designated as an Independent and Non-Executive Director with effect from 1 January 2021, while the CEO, Mr Vincent Yeo Wee Eng, is an Executive Director. This ensures an appropriate balance of power, increased accountability and greater capacity of the H-REIT Manager Board and the HBT Trustee-Manager Board for independent decision-making. The Chairman is not related to the CEO.

The Board Chairman sets the right ethical and behavioural tone and bears primary responsibility for the workings of the H-REIT Manager Board and the HBT Trustee-Manager Board, by ensuring effectiveness on all aspects of its role including setting agenda for both the H-REIT Manager Board and the HBT Trustee-Manager Board meetings with input from Management, ensuring that sufficient allocation of time for thorough discussion of each agenda item at Board meetings, promoting an open environment within the Board room for constructive debate, encouraging the NEDs to speak freely and contribute effectively, and exercising control over the quality, quantity and timeliness of information flow between the H-REIT Manager/HBT Trustee-Manager Board and Management. At annual general meetings and other general meetings of the holders of stapled securities of CDLHT (the "**Stapled Security Holders**"), he plays a pivotal role in fostering constructive dialogue between Stapled Security Holders, the Boards of the H-REIT Manager and the HBT Trustee-Manager and Management.

The CEO of the H-REIT Manager and the HBT Trustee-Manager is responsible for working with the H-REIT Manager Board and the HBT Trustee-Manager Board to determine the overall business, investment and operational strategies for H-REIT and HBT. The CEO also works with the other members of the Managers' management team, master lessees and hotel managers to ensure that the business, investment and operational strategies of H-REIT and HBT are carried out as planned.

In addition, the CEO is responsible for the overall management and planning of the strategic direction of the Stapled Group, including overseeing the acquisition of hospitality and hospitality-related assets and the asset and property management strategies for H-REIT and HBT.

Lead Independent Director

Dr Foo Say Mui (Bill), who was appointed as the Lead ID of the H-REIT Manager and HBT Trustee-Manager, serves as an intermediary between the IDs and the Board Chairman. The role of each of the H-REIT Manager Board's Lead ID and the HBT Trustee Manager Board's Lead ID is set out under the written terms of reference of the Lead ID which have been approved by the Board of the H-REIT Manager and the Board of the HBT Trustee-Manager.

The Lead ID is available to the Stapled Security Holders of CDLHT should they have concerns and for which contact through the normal channels of the Board Chairman or the Management has failed to resolve or is inappropriate. No query or request on any matter which requires the Lead ID's attention was received from Stapled Security Holders in 2020.

Board Membership
Principle 4

Nominating and Remuneration Committee Composition and Role

All members of the NRCs are IDs, including the NRC Chairman. The Lead ID is one of the independent members of the NRCs. On 1 January 2021, Mr Chan Soon Hee, Eric was appointed as a member of the NRCs. Please refer to the 'Corporate Directory' section of this Annual Report for the composition of the NRCs.

The NRCs' responsibilities as set out in its written terms of reference approved by the Boards, are to (i) review the structure, size and composition of the Boards and Committees; (ii) review succession plans for the Board Chairman, CEO and KMP; (iii) review appointments and resignations of Directors and relevant KMP, including the CEO and the CFO; (iv) determine Directors' Independence; (v) evaluate the performance of the Boards, Committees and Directors; (vi) review Directors' induction, orientation, training and continuous professional development programmes; (vii) review the remuneration framework and policies of the Managers; and (viii) review specific remuneration packages of Directors and KMP.

CORPORATE GOVERNANCE

Criteria and Process for Nomination and Selection of New Directors of the H-REIT Manager and HBT Trustee-Manager

The NRCs of the Managers have formalised guidelines for Board and Board Committee appointments which include taking into consideration (a) the current Board and Board Committee size, composition mix and core competencies; (b) the candidate's/Director's independence, in the case of an ID; (c) the composition requirements for the Board and Committees (if the candidate/Director is proposed to be appointed to any of the Committees); (d) the candidate's/Director's age, gender, track record, experience and capabilities and such other relevant factors as may be determined by the H-REIT Manager Board and HBT Trustee-Manager Board which would provide an appropriate balance and contribute to the collective skills of the respective Boards; and (e) any competing time commitments if the candidate/Director has multiple board representations and/or other principal commitments.

The NRCs interview shortlisted candidates before formally considering and recommending them for appointment to the Boards and where applicable, to the Committees. Searches for potential candidates are conducted through contacts and recommendations. Shortlisted candidates would be required to furnish their curriculum vitae containing information on their academic/professional qualification, work experience, employment history and experience (if any) as directors of listed companies.

Key Information on Directors

Please refer to the "Board of Directors" section in the Annual Report for key information on the H-REIT Manager Directors and the HBT Trustee-Manager Directors and "Directors' Statement", including *inter alia* the academic and professional qualifications, and directorships held currently and in the preceding five years, and other relevant information as well as the number of stapled securities held by Directors in CDLHT. Currently, no alternate Directors have been appointed in respect of any of the H-REIT Manager Directors and the HBT Trustee-Manager Directors.

H-REIT and HBT own assets in various regions such as Asia, Oceania and Europe including United Kingdom. The CEO, who is also an Executive Director of the H-REIT Manager Board and the HBT Trustee-Manager Board, together with the IDs collectively have prior work experience in these regions.

Board Development

The NRCs review the training and development of the Directors to ensure that Directors receive appropriate development on a continuing basis, to perform their roles on the Boards and where applicable, the Committees. The Directors are provided with updates and/or briefings to assist them to properly discharge their duties. The briefings are conducted either internally with invited speakers, or externally, at the expense of the H-REIT Manager or HBT Trustee-Manager (as the case may be). A separate programme is established for new Directors, details of which together with details of the internal briefing and updates provided to the Directors are set out in the paragraph under the header "H-REIT Manager and HBT Trustee-Manager Board Orientation and Training". The members of the Boards are kept apprised twice yearly on the list of training programmes attended by the Directors during the year.

Board Performance
Principle 5

Board Evaluation Process

The H-REIT Manager Board and HBT Trustee-Manager Board have in place formal processes to assess the effectiveness of each Board as a whole, the various Board Committees and the contribution by each Director to the effectiveness of the Board and the Board Committees, where applicable. No external facilitator has been used. The performance of each Board was assessed on an annual basis through feedback from individual Directors on areas relating to the Board's competencies and effectiveness. Based on feedback from each individual Director, a consolidated report is prepared and reviewed/evaluated by the NRCs, its comments and recommendations for improvements, if any, are presented to the Boards.

The NRCs also undertook the evaluation of the performance of the Committees, with the assistance of self-assessment checklists completed by the members of the Committees.

The annual evaluation for the Board Chairman and the individual Director's performance comprise two parts: (a) review of background information concerning the Director including his/her attendance records at the Boards and Committees meetings; and (b) NRCs' evaluation based on certain assessment parameters, which were recommended by the NRCs and approved by the Boards.

When deliberating on the performance of a particular Director who is also a member of the NRCs, that member abstain from the discussions in order to avoid any conflict of interests.

Each of the H-REIT Manager Board and HBT Trustee-Manager Board is of the view that in the financial year, it had operated effectively and each of its members had contributed to its overall effectiveness and is committed to maintain such effectiveness.

The Board Chairman would be fully apprised of the results of the performance evaluation.

REMUNERATION MATTERS

Procedures for developing Remuneration Policies
Principle 6

All Directors and employees of the Managers are remunerated by the H-REIT Manager and HBT Trustee-Manager, as appropriate, and in accordance with the remuneration policies set out in the following paragraphs.

The H-REIT Manager and HBT Trustee-Manager Boards have adopted a Remuneration Framework which covers all aspects of remuneration for the Directors and KMPs and includes termination terms which are applicable to the Executive Director and KMPs.

Level and Mix of Remuneration
Principle 7

All Directors of the H-REIT Manager, including the Executive Director, will receive a fixed base director's fee and the Lead ID will receive an additional fee to reflect his expanded responsibility. The Board Chairman, chairman and members of the ARCs and NRCs respectively also receive additional fees. Such fees are subject to the shareholder's approval at the annual general meeting of the H-REIT Manager. The Directors of the HBT Trustee-Manager presently do not receive any Directors' fees.

The Managers' remuneration policy for Directors comprises the following distinct objectives:

(a) to ensure that the procedure for determining remuneration for Directors is formal and transparent;
(b) to ensure that the level of remuneration is sufficient to attract and retain Directors to exercise oversight responsibility over the Company; and
(c) to ensure that no Director is involved in deciding on his own remuneration.

The Managers' remuneration policy for employees comprises the following distinct objectives:

(a) to ensure that the remuneration packages are competitive in attracting and retaining employees capable of meeting the Managers' needs;
(b) to ensure that remuneration is commensurate with employees' duties, responsibilities and length of service;
(c) to build sustainable value-creation to align with longer term shareholder interest;
(d) to reward employees for achieving corporate and individual performance targets in an equitable way; and
(e) to enhance retention of key talents to build strong organisational capabilities.

Under the Managers' remuneration policy, the remuneration packages for employees, including the CEO who is an Executive Director, comprises a fixed base component (in the form of a base salary) and a variable component (which includes variable, year-end annual and special bonuses). The variable component is determined by the individual's performance, competitive market practices and information gathered from market surveys conducted historically by independent human resource consultants as well as CDLHT's overall performance in each specific year. The relevant compensation data reflective of year 2020 was not available as it was an unusual year due to the COVID-19 pandemic. The NRCs, based on the performance of CDLHT, the current market conditions as well as H-REIT Manager's remuneration policy, had exercised their judgement in determining the remuneration of the CEO and KMP for FY2020.

The remuneration structure is also directly linked to CDLHT and individual performance of the CEO and KMP, both in terms of financial and non-financial performances by incorporating appropriate key performance indicators ("**KPIs**") and competency reviews for the awarding of annual cash incentives.

These KPIs include, *inter alia*, key financial indicators, risk management, compliance and controls measures, employee engagement and talent development.

The KPIs are set and chosen because they support how the Managers achieve their strategic objectives. The framework provides a link for staff to understand how they contribute to the Managers' overall strategic goals. The Board, at the recommendation of the NRC reviews and approves the evaluation of the CEO and KMP annually.

CORPORATE GOVERNANCE

Employees are also provided with the standard benefits including insurance and medical benefits. Currently, the remuneration of the Directors, executive officers and employees are paid in cash only and no compensation is payable to any Director, executive officer or employee of the Managers in the form of options in Stapled Securities or pursuant to any bonus or profit-sharing plan or any other profit-linked agreement or arrangement, under the service contracts.

The Managers currently do not have a share scheme or other forms of long-term incentive schemes in place.

Disclosure on Remuneration
Principle 8

The Directors' fees take into account the Directors' level of contribution and their respective responsibilities and include Board Committee fees in addition to their base fee. In FY2020, the outbreak of COVID-19 has severely affected the global economy with adverse impact on most industries and has been devastating for the tourism and hospitality industry. As a gesture of the Board's solidarity with H-REIT and HBT, the Board of the H-REIT Manager has agreed on a 20% reduction of the FY2020 Directors' fees. For FY2020, the aggregate amount of Directors' fees receivable by each of the Directors of the H-REIT Manager Board was less than S$250,000. These fees will be subject to approval by the shareholder of the H-REIT Manager. No Director is involved in deciding his own remuneration. The Directors of the HBT Trustee-Manager Board did not receive any Directors' fees for FY2020.

The structure of the fees payable to Directors of the H-REIT Manager for FY2020 after the 20% reduction is as follows:

Appointment	Per Annum (S$)
Board of Directors	
- Board Chairman's Fee	64,000*
- Base Fee	40,000
Audit and Risk Committee	
- ARC Chairman's Fee	56,000
- ARC Member's Fee	32,000
Nominating and Remuneration Committee	
- NRC Chairman's Fee	8,000
- NRC Member's Fee	4,000
Lead Independent Director's Fee	8,000

* Inclusive of Base Fee

A breakdown of the aggregate Directors' Fees received by each Director for FY2020 is appended below:

Director	Role	Directors' Fees (S$)
Chan Soon Hee, Eric	Board Chairman and Independent Non-Executive Director	64,000
Foo Say Mui (Bill)	Lead Independent Director Chairman of Audit and Risk Committee Member of Nominating and Remuneration Committee	108,000
Vincent Yeo Wee Eng	Executive Director	40,000
Ronald Seah Lim Siang	Independent Non-Executive Director Member of Audit and Risk Committee Chairman of Nominating and Remuneration Committee	80,000
Kenny Kim	Independent Non-Executive Director Member of Audit and Risk Committee	72,000
Cheah Sui Ling	Independent Non-Executive Director Member of Nominating and Remuneration Committee	44,000

The NRCs had recommended and the Boards of the Managers had assessed and decided against the disclosure of the remuneration of the top five executive officers (including the CEO) on a named basis, whether in exact quantum or bands of S$250,000 and the total remuneration paid in aggregate to the top five KMPs (who are not directors or the CEO), and

CORPORATE GOVERNANCE

believe that the interests of the Stapled Security Holders will not be prejudiced as a result of such non-disclosure, for the following reasons:

- due to the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the area of real estate investment trusts and business trusts, such disclosure of remuneration information may give rise to recruitment and talent retention issues;

- the negative impact to H-REIT and HBT if members of the experienced and qualified management team are poached individually and/or collectively, thereby affecting both the ability to nurture a sustainable talent pool and ensure the smooth continuity of leadership to achieve business and operations objectives of H-REIT and HBT;

- there is no misalignment between the remuneration of the executive officers and the interest of Stapled Security Holders, given that their remuneration is not linked to the gross revenue of H-REIT or HBT and are paid out of the own assets of the Managers; and

- there is full and frank disclosure regarding the total amount of fees paid to H-REIT Manager and HBT Trustee-Manager in Note 18 of the Notes to the Financial Statements.

The NRCs and the Boards of the Managers are of the view that their practice is consistent with the intent of Principle 8 of the CG Code as a whole.

For each of H-REIT Manager and HBT Trustee-Manager, there is no employee who is a substantial shareholder; or an immediate family member of a director or the CEO or a substantial shareholder.

Pursuant to their terms of reference, the NRCs shall regularly review and recommend to the Boards, their assessment of the performance of KMPs. The NRCs shall also take a holistic approach to the Managers' remuneration policy by considering the contribution and performance of KMPs in light of the performance of CDLHT and prevailing economic and industry conditions.

Accountability and Audit
Principle 9

Risk Management and Internal Controls

The H-REIT Manager Board and the HBT Trustee-Manager Board recognise that they have overall responsibility to ensure proper financial reporting for the H-REIT Group, the HBT Group and the Stapled Group and the adequacy and effectiveness of H-REIT's and HBT's system of internal controls, including financial, operational, compliance and information technology controls and risk management policies and systems.

Oversight of Risk Management

The ARCs of the H-REIT Manager and the HBT Trustee-Manager assist the H-REIT Manager Board and HBT Trustee-Manager Board in providing oversight of risk management and maintaining an effective control environment that reflects both the established risk appetite and the business objectives and reporting to the Boards annually their observations on any matters under their purview including any risk management, internal controls or financial and management matters as they consider necessary and make recommendations to the Boards as they think fit.

An organisational risk management framework has been established by the Managers to formalise and document the internal processes, many of which are already currently in place, to enable significant business risks affecting H-REIT and HBT to be identified, assessed, monitored, managed and evaluated.

The Management provides monthly reports covering H-REIT Group and HBT Group's financial performance to all Directors. Apart from the periodic updates provided by the Management, any member of the H-REIT Manager Board or HBT Trustee-Manager Board may at any time seek further information from and discuss the respective operations and performance with the Management.

The Managers recognise that the risk management process is an ongoing process and will thus, continuously ensure that the current risk management system and processes are in line with industry practices.

During the financial year under review, the ARCs reported to their respective Boards on the nature and extent of the risk management functions performed by them and made recommendations to the Boards on matters within their scope of duties. The ARC's other duties within their written terms of reference included:

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- providing oversight of the risk management framework designed, established and implemented by the Management for the identification, assessment, management and monitoring of risks, and with the objective of embedding risk management into existing management processes;

- reviewing the overall risk appetite and tolerance as determined using the risk limits and/or parameters established by the Management and approved by the ARCs, which limits and/or parameters are to be reviewed from time to time;

- keeping under review the key strategic risks (and gaps) identified by the Management and discuss with Management the risk acceptance and/or risk mitigation strategies taken in respect of such risks;

- reviewing H-REIT's and HBT's risk profile periodically and assist the Board in the review of H-REIT's and HBT's risk strategy and key risk policies;

- ensuring that Management puts in place procedures for accurate and timely monitoring of large exposures and critical risks so that H-REIT and HBT is capable of responding to current and prospective changes within both H-REIT's and HBT's business and industry and the macroeconomic and financial environment;

- reviewing reports on material breaches of risk limits and the adequacy of the proposed actions taken to rectify such breaches; and

- reviewing, assessing and reporting to the Boards annually on the adequacy and effectiveness of the established risk management framework, especially to address H-REIT's and HBT's financial, operational, compliance and information technology risks (which review may be carried out internally or with the assistance of competent third parties).

Internal Controls

Having regard to the risks to which the business is exposed, the likelihood of such risks occurring and the costs of mitigating such risks, H-REIT and HBT's internal controls structure have been designed and put in place by Management to provide reasonable assurance against material financial misstatements or loss, for the safeguarding of assets, for the maintenance of proper accounting records, for the provision of financial and other information with integrity, reliability and relevance, and in compliance with applicable laws and regulations. However, no internal controls system can provide absolute assurance in view of inherent limitations of any internal controls system against the occurrence of human and system errors, poor judgement in decision-making, losses, fraud or other irregularities. H-REIT and HBT's internal controls structure includes:

- an external audit programme;

- an internal audit programme;

- a risk management framework established for the identification, assessment, measurement and monitoring of its key risks;

- the establishment and review from time to time of policies and procedures which govern and allow for the monitoring of financial, operational, compliance and information technology controls; and

- a whistle blowing programme.

Each Board also receives a separate quarterly representation on the financial information and controls, that nothing has come to Management's attention which may render the financial statements to be false or misleading in any material respect.

Based on the internal controls framework established, the independent annual review and quarterly regulatory and compliance reviews conducted by external consultants of H-REIT and HBT and the written assurance from the CEO and the CFO, the H-REIT Manager Board and HBT Trustee-Manager Board confirm, with the assistance of the ARCs, that they have reviewed the adequacy and effectiveness of H-REIT and HBT's risk management and internal controls systems that addresses the financial, operational, compliance and information technology controls. The Boards, with the concurrence of the ARCs, conclude that the risk management and internal controls systems in place as at 31 December 2020 is adequate and effective to address in all material respects the financial, operational, compliance and information technology risks within the current scope of H-REIT and HBT's business operations and that the financial records have been properly maintained and the financial statements give a true and fair view of the operations and finances of H-REIT and HBT.

CORPORATE GOVERNANCE

Audit Committee
Principle 10

Composition of the ARCs

The ARCs of both the H-REIT Manager and the HBT Trustee-Manager comprise three NEDs, all of whom (including the chairman of the ARCs) are independent.

The chairman of the ARCs and all members of the ARCs have audit, accounting or finance background and experience. The H-REIT Manager Board and the HBT Trustee-Manager are of the view that the ARCs have sufficient financial management expertise and experience amongst its members to discharge the functions of the ARCs within its written terms of reference approved and adopted by the respective Boards.

Powers and Duties of the ARCs

The ARCs are authorised by the H-REIT Manager Board and the HBT Trustee-Manager Board to review and investigate any matters it deems appropriate within its written terms of reference and has direct and unrestricted access to the external auditors and the internal auditors. The ARCs may invite any Director, Management, officer or employee of the H-REIT Manager and/or the HBT Trustee-Manager to attend its meetings. The ARCs are also authorised to engage any firm of accountants, lawyers or other professionals as they see fit to provide independent counsel and advice to assist in the review or investigation on such matters within their terms of reference as they deem appropriate at the expense of the H-REIT Manager and the HBT Trustee-Manager respectively.

The principal responsibility of the ARCs is to assist the H-REIT Manager Board and the HBT Trustee-Manager Board in maintaining a high standard of corporate governance, particularly by providing an independent review of the adequacy and effectiveness of H-REIT's and HBT's financial reporting process (including reviewing the accounting policies and practices of the H-REIT Group, the HBT Group and the Stapled Group on a consolidated basis) and risk management and key internal controls, including financial, operational, compliance and information technology controls. Other duties within their written terms of reference include, *inter alia*:

- to review significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of H-REIT Group, HBT Group and CDLHT to be reported to the Stapled Security Holders;
- to review, assess and report to the Boards annually on the adequacy and effectiveness of the H-REIT's and HBT's internal controls and risk management systems;
- to review the assurance provided by the CEO and the CFO that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the H-REIT Group's, the HBT Group's and the Stapled Group's operations and financial position; and (b) the adequacy and effectiveness of the risk management and internal controls systems;
- to review the adequacy, effectiveness, independence, scope and results of the internal audit function;
- to review the scope and results of the external audit, and the adequacy, effectiveness, independence and objectivity of the external auditors;
- to approve, on behalf of the Boards, the remuneration and terms of engagement of the external auditors;
- to review and make recommendation to the Boards on the appointment, re-appointment or removal of the external auditors;
- to review all Interested Party Transactions and/or Related Party Transactions entered into from time to time and ensuring compliance with the relevant provisions of the Listing Manual of SGX-ST, the Property Funds Appendix and the relevant accounting standards;
- to ensure that the H-REIT Group, the HBT Group and CDLHT are in compliance with the applicable laws and regulations;
- to oversee the establishment and operation of the whistle-blowing processes; and
- to have oversight on CDLHT's compliance with disclosure requirements relating to sustainability matters.

CORPORATE GOVERNANCE

Following the amendments to Rule 705(2) of the Listing Manual of SGX-ST which took effect from 7 February 2020, the Managers announced on 2 April 2020 that they would cease to provide announcements of the unaudited financial statements of CDLHT, comprising H-REIT and its subsidiaries and HBT and its subsidiaries for each quarter of its financial year and would release announcements pertaining to the unaudited financial statements of CDLHT on a semi-annual basis. The Managers had released Operational updates on the performance of CDLHT for the first quarter and third quarter of 2020 via SGXNet.

Financial Matters

In the review of the financial statements for FY2020, the H-REIT Manager ARC and the HBT Trustee-Manager ARC have discussed with Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The following significant matters impacting the financial statements were discussed with Management and the external auditors and were reviewed by the H-REIT Manager ARC and the HBT Trustee-Manager ARC:

Significant Matters	How the ARCs reviewed these matters and what decisions were made
Valuation of investment properties	The H-REIT Manager ARC and the HBT Trustee-Manager ARC considered the approach and methodology applied to the valuation model in assessing the valuation of the investment properties. The ARCs noted that: • there was appropriate use of third party valuation expertise; • sufficient robust challenge was given to management by the external auditors; • material judgemental assumptions that were used in the valuations were within reasonable parameters; and • conclusions have been appropriately drawn. The valuation of the investment properties was also an area of focus by the external auditors. The external auditors have included this item as a key audit matter in their audit report for the financial year ended 31 December 2020. Refer to page 129 of this Annual Report.
Valuation of property, plant and equipment	The H-REIT Manager ARC and the HBT Trustee-Manager ARC considered the approach and methodology applied to the valuation model in assessing the valuation of the property, plant and equipment. The ARCs noted that: • there was appropriate use of third party valuation expertise; • sufficient robust challenge was given to management by the external auditors; • material judgemental assumptions that were used in the valuations were within reasonable parameters; and • conclusions have been appropriately drawn. The valuation of property, plant and equipment was an area of focus by the external auditors. The external auditors have included this item as a key audit matter in their audit report for the financial year ended 31 December 2020. Refer to pages 129 to 130 of this Annual Report.

During the financial year under review, the ARCs of the H-REIT Manager and HBT Trustee-Manager have established an internal controls system to ensure that all Related Party Transactions and/or Interested Party Transactions are undertaken on normal commercial terms and are not prejudicial to the interests of H-REIT and the holders of H-REIT units or HBT and the holders of HBT units. The ARC has been kept abreast on changes to the accounting standards and issues which have direct impact on the H-REIT Group, HBT Group and the Stapled Group's financial statements by the CFO and the external auditors during FY2020.

The H-REIT Manager ARC and the HBT Trustee-Manager ARC held four meetings each during the year respectively and carried out their duties as set out within the terms of reference. The Company Secretaries maintain records of all ARC meetings including records of discussions on key deliberations and decisions taken. The ARCs met with the external auditors separately without the presence of Management annually.

In performing its duties, the H-REIT Manager ARC and the HBT Trustee-Manager ARC also took guidance from the Audit Committee Guide and the Board Risk Committee Guide both issued by the SID. For the financial year under review, the ARCs conducted a self-assessment of its effectiveness in the discharge of its duties and responsibilities. The assessment was facilitated through the use of a self-assessment checklist ("**ARC Self-Assessment Checklist**"). The ARC Self-Assessment Checklist covered *inter alia*, the responsibilities of the ARCs under their terms of reference.

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Based on the self-assessment, the H-REIT Manager ARC and the HBT Trustee-Manager ARC agreed that they had fulfilled their responsibilities and discharged their duties as set out in their terms of reference.

External Auditors

The ARCs had evaluated the performance of the external auditors for FY2020. The ARCs also reviewed the responses furnished by KPMG LLP, based on the sample questionnaire set out in the "Guidance to Audit Committees on Evaluation of Quality of Work Performed by External Auditors" issued by ACRA and Singapore Exchange Limited on 15 July 2010.

Taking cognisance that the external auditors should be free from any business or other relationships with the H-REIT Group, HBT Group and the Stapled Group that could materially interfere with their ability to act with integrity and objectivity, the ARCs had, in 2020, undertaken a review of the independence of KPMG LLP ("**KPMG**") and gave careful consideration to the H-REIT Group's, the HBT Group's and the Stapled Group's relationships with them during 2020. In determining the independence of KPMG, the ARCs reviewed all aspects of their relationships with them including the processes, policies and safeguards adopted by the H-REIT Group, the HBT Group and the Stapled Group and KPMG relating to audit independence. The ARCs also considered the nature of the provision of the non-audit services in 2020 and the corresponding fees and are of the opinion that such non-audit fees did not impair or threaten the audit independence. Based on the review, the ARCs are of the opinion that KPMG is, and is perceived to be, independent for the purpose of the H-REIT Group's, HBT Group's and the Stapled Group's statutory audit.

For details of the fees paid and/or payable by the H-REIT Group, HBT Group and the Stapled Group in respect of audit and non-audit services for FY2020, please refer to Note 20 of the Notes to the Financial Statements.

In reviewing the nomination of KPMG for re-appointment for the financial year ending 31 December 2021, the ARCs had taken into consideration the Audit Quality Indicators Framework introduced by ACRA.

The ARCs also considered the following in their review:

(i) the adequacy and experience of the supervisory and professional staff of KPMG assigned to the audit of the H-REIT Group, HBT Group and the Stapled Group;

(ii) the audit engagement partner assigned to the audit;

(iii) KPMG's past experience in auditing clients in the REIT sector; and

(iv) the size and complexity of the audit exercise for the H-REIT Group, HBT Group and the Stapled Group.

KPMG have confirmed that they are registered with ACRA in accordance with Rule 712(2) of the Listing Manual of SGX-ST. The Stapled Group is thus in compliance with Rules 712 and 715 (read with Rule 716) of the Listing Manual of SGX-ST in relation to the appointment of its auditors.

On the basis of the above, the ARCs have recommended to the Board the nomination of KPMG for re-appointment as external auditors of the H-REIT Group, HBT Group and the Stapled Group at the 2021 Annual General Meetings ("**2021 AGMs**").

Whistle Blowing Policy

The H-REIT Manager and the HBT Trustee-Manager have in place a whistle blowing policy setting out the procedure where staff of the H-REIT Manager and the HBT Trustee-Manager and other persons can raise in confidence, whether anonymously or otherwise, concerns on possible improprieties relating to accounting, financial reporting, internal controls and auditing matters, without fear of reprisals in any form. The ARCs have the responsibility of overseeing this policy which is administered with the assistance of Management. Under these procedures, arrangements are in place for independent investigation of such matters raised and for appropriate follow up action to be taken.

The H-REIT Manager and the HBT Trustee-Manager are committed to maintaining procedures for the confidential and anonymous submission of reports and the anonymity of whistle-blowers concerned will be maintained where so requested by the whistle-blowers who lodged the report. Investigations into such reports will be handled on a confidential basis to the extent permissible or deemed appropriate under the circumstances, and involve persons who need to be involved in order to properly carry out the investigation and will, on a best efforts basis, be carried out in a timely manner.

In order to facilitate and encourage the reporting of such matters, the whistleblowing policy, including the dedicated whistle blowing email address at arcchairman@cdlht.com and postal correspondence channel are available on CDLHT's website and clearly communicates to employees the existence of a whistle-blowing policy. The whistle blowing policy and procedural arrangements are reviewed by the ARCs from time to time.

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Internal Audit

Internal Audit ("**IA**") plays an important role in monitoring an effective system of internal controls. The IA function of the Singapore hotels' operations, which are managed by Millennium & Copthorne International Limited, is performed by the internal audit team of City Developments Limited, a controlling shareholder of the Managers, who reports directly to the ARCs. Deloitte & Touche Enterprise Risk Services Pte Ltd, staffed with professionals with relevant qualifications and experience, has been appointed mainly as the internal auditors for CDLHT's hospitality properties, retail property and the Managers.

The internal auditors have been directed to meet or exceed the standards set by internationally recognised professional bodies including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The ARCs review the IA plan and a summary of the internal auditors' reports is extended to the ARCs, the CEO and the CFO of the H-REIT Manager and HBT Trustee-Manager. Processes are in place such that material control weaknesses raised in the IA reports are dealt with in a timely manner, with outstanding exceptions or recommendations being closely monitored and reported back to the ARCs on a quarterly basis.

The ARCs review the activities of the internal auditors on a quarterly basis and are satisfied that the IA function is independent of the activities which it audits; is adequately resourced; and has appropriate standing within the H-REIT Manager and HBT Trustee-Manager to perform its role and responsibilities effectively. As the IA function is outsourced, the ARC's evaluation of the IA function's effectiveness were guided by the ARC's self-assessment checklist as well as through the reports submitted by IA at ARC meetings.

The ARCs met with the internal auditors separately without the presence of Management in January 2021.

Rights of Stapled Security Holders and Engagement

<u>Rights of Stapled Security Holders and Conduct of General Meetings</u>
<u>Principle 11</u>

Being committed to good corporate practices, the H-REIT Manager and the HBT Trustee-Manager treat all Stapled Security Holders fairly and equitably. To facilitate the exercise of Stapled Security Holders' rights, the H-REIT Manager and the HBT Trustee-Manager ensure that all material information relating to the Stapled Group and its financial performance is disclosed in an accurate and timely manner via SGXNet.

In view of the COVID-19 pandemic, the last Annual General Meetings ("**2020 AGMs**") of H-REIT and HBT were held on 26 June 2020 via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**COVID-19 Temporary Measures Order**"). Alternative arrangements relating to attendance at the 2020 AGMs via electronic means (including arrangements by which the meetings can be electronically accessed via live audio-visual webcast or live audio only stream, submission of questions in advance of the 2020 AGMs, addressing of substantial and relevant questions prior to or at the 2020 AGMs and voting by appointing the chairman of the meetings as proxy at the 2020 AGMs), were released via SGXNet and make available on the website of CDLHT. The voting results of the 2020 AGMs were released via SGXNet and the minutes of 2020 AGMs were released via SGXNet within one month from 2020 AGMs. In view that the COVID-19 Temporary Measures Order is still in place, the 2021 AGMs will be conducted in a similar manner. The description below sets out CDLHT's usual practice for Stapled Security Holders meetings when there are no pandemic risks and the COVID-19 Temporary Measures Order is not in operation.

All Stapled Security Holders are entitled to attend and vote at general meetings in person or by proxy. The rules including the voting procedures are set out in the notice of general meetings. In accordance with the H-REIT Trust Deed (as amended) and HBT Trust Deed (as amended), Stapled Security Holders who are not relevant intermediaries may appoint not more than two proxies to attend, speak and vote at general meetings in their absence, and Stapled Security Holders who are relevant intermediaries may appoint more than two proxies to attend, speak and vote at general meetings.

The proxy forms must be deposited at such place or places specified in the notice convening the general meetings not less than forty-eight (48) hours before the time set for the general meetings.

Separate resolutions on each substantial issue are put to vote at the general meetings. Detailed information on each item in the agenda of the general meetings is in the explanatory notes to the Notice of the general meetings.

At general meetings, Stapled Security Holders are given the opportunity to communicate their views and are encouraged to ask the H-REIT Manager Board and the HBT Trustee-Manager Board and the Management questions regarding matters affecting H-REIT and HBT. All the Directors including the chairmen of the ARCs and NRCs as well as the external auditors had attended 2020 AGMs via electronic means, and would endeavour to be present at the 2021 AGMs.

CORPORATE GOVERNANCE

All Stapled Security Holders are allowed to vote in person or by proxy. As the authentication of a Stapled Security Holder's identity information and other related integrity issues still remain a concern, the H-REIT Manager and HBT Trustee-Manager have decided, for the time being, not to implement voting in absentia by mail or electronic means as recommended by Provision 11.4 of the CG Code.

Pursuant to Rule 730A(2) of the Listing Manual of SGX-ST, all resolutions proposed at AGMs and at any adjournment thereof shall be put to vote by way of poll. In support of greater transparency and to allow for a more efficient voting system, the H-REIT Manager and the HBT Trustee-Manager have introduced electronic poll voting instead of voting by show of hands since the 2014 AGMs. With electronic poll voting, Stapled Security Holders present in person or represented by proxy at the meeting are entitled to vote on a "one-stapled security, one-vote" basis. The voting results of all votes cast in respect of each resolution will also be instantaneously displayed on-screen at the meeting. An external firm will be appointed as scrutineers for the AGMs voting process, which is independent of the firm appointed to undertake the electronic poll voting process. The detailed results setting out the number of votes cast for and against each resolution and the respective percentages will be announced via SGXNet after the AGMs.

The H-REIT Manager and HBT Trustee-Manager also maintain minutes of the general meetings, which includes the key comments and queries raised by Stapled Security Holders and the responses from the H-REIT Manager Board, HBT Trustee-Manager Board, Management and/or the external auditors. The minutes of the general meetings will be made available on the corporate website as soon as practicable.

H-REIT's current distribution policy is to distribute at least 90.0% of its taxable income and its tax exempt income (if any), with the actual level of distribution to be determined at the H-REIT Manager's discretion. H-REIT makes distributions to unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. Distributions, when paid, will be in Singapore Dollars. As for HBT's distribution policy, the determination to distribute and the quantum of distributions will be made by the HBT Trustee-Manager Board at its sole discretion.

Engagement with Stapled Security Holders
Principle 12

The H-REIT Manager Board and the HBT Trustee-Manager Board provide the Stapled Security Holders with half-yearly and full year financial results of the H-REIT Group, the HBT Group and the Stapled Group in respect of the financial year under review. The Unaudited half year results of the H-REIT Group, the HBT Group and the Stapled Group were released to Stapled Security Holders within 45 days of the end of the six-month period whilst unaudited full year results of the H-REIT Group, HBT Group and the Stapled Group are released within 60 days from the financial year end in respect of the financial year ended 31 December 2020. In presenting the 2020 full year and half-yearly results of the H-REIT Group, the HBT Group and the Stapled Group as well as operational updates for first and third quarter, the H-REIT Manager Board and HBT Trustee-Manager Board aimed to provide the Stapled Security Holders with a balanced and understandable assessment of the performance and financial position of the H-REIT Group, the HBT Group and the Stapled Group, with a commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which CDLHT operates.

The H-REIT Manager and the HBT Trustee-Manager ensure that Stapled Security Holders are notified of all material information in an accurate and timely manner. The H-REIT Manager and the HBT Trustee-Manager notify their investors and stakeholders in advance of the date of release of the financial results of the H-REIT Group, the HBT Group and the Stapled Group via SGXNet. The semi-annual and full year financial results of the H-REIT Group, the HBT Group and the Stapled Group are announced within the mandatory period. The financial statements of the H-REIT Group, the HBT Group and the Stapled Group and other presentation materials presented at general meetings, including material and price-sensitive information, are disseminated and publicly released via SGXNet on a timely basis.

All Stapled Security Holders receive the annual report of CDLHT and the Notice of AGM of Stapled Security Holders, which notice is also advertised in the press and released via SGXNet. Stapled Security Holders, stakeholders and investors can access information on CDLHT at its website at www.cdlht.com which provides, *inter alia*, corporate announcements, press releases and the latest financial results as disclosed by CDLHT on SGXNet.

From time to time, the Management of the H-REIT Manager and the HBT Trustee-Manager hold briefings with analysts and the media to coincide with the release of CDLHT's semi-annual and full year financial results. Media presentation slides are also released on SGXNet and made available on the CDLHT's website. In addition, the Management takes an active role in investor relations, meeting local and foreign fund managers regularly as well as participating in roadshows and conferences both locally and overseas.

CORPORATE GOVERNANCE

Investor Relations Policy

The H-REIT Manager and the HBT Trustee-Manager are committed to building investor confidence and trust through effective open, two-way communication with Stapled Security Holders, the investment community and the media. The Investor Relations ("**IR**") Policy, available on the CDLHT's corporate website, sets out the process and mechanism to engage its stakeholders, including the channel of communication through which Stapled Security Holders and investors may pose queries and through which the Company may respond. The IR Policy outlines the principles and framework in which the Company communicates and engages with investors, analysts and other IR stakeholders to provide balanced, clear and pertinent information.

<u>Engagement with Stakeholders</u>
<u>Principle 13</u>

The Management of the H-REIT Manager and the HBT Trustee-Manager noted that the relationships with the key stakeholders may have an impact on the CDLHT's long term sustainability. Regular dialogue with key stakeholders such as employees, master lessees, hotel managers and investors are ongoing to manage their expectations.

Code of Conduct and Ethics

The H-REIT Manager Board, HBT Trustee-Manager Board and Management are committed to conducting business with integrity and consistent with the highest standards of business ethics, and in compliance with all applicable laws and regulatory requirements. The Managers have adopted an internal code of business and ethical conduct which sets out the business principles and practices with respect to matters which may have ethical implications. The code provides a communicable and understandable framework for employees of the Managers to observe principles such as honesty, integrity, responsibility and accountability at all levels of the organisation and in the conduct of business in their relationships with suppliers and amongst employees, including situations where there are potential conflicts of interests.

Confidential Information

The H-REIT Manager and HBT Trustee-Manager may in the course of business, collect, process, use or disclose personal data of individuals, including H-REIT and HBT unitholders, employees, lessees or tenants, and in some cases, guests or employees of hotels owned, third-party hotel owners, agents, partners, suppliers and other individuals. The CDLHT Data Protection Handbook is in place to ensure that the personal data processed is subject to certain legal safeguards and restrictions, in line with the requirements of the Personal Data Protection Act and SFA.

Internal Code on Dealings in Securities

The H-REIT Manager and the HBT Trustee-Manager have in place an internal code on securities trading which sets out the implications of insider trading and provides guidance and internal regulation with regard to dealings in the stapled securities of CDLHT by the Directors and employees of both the Managers. These guidelines prohibit dealing in the stapled securities of CDLHT (a) on short-term considerations, (b) while in possession of unpublished material price-sensitive information in relation to such stapled securities, and (c) during the "closed period", which is defined as one month before the date of announcement of the H-REIT's and HBT's half-yearly and full-year financial results, and ending on the date of the announcement of the relevant results. The Directors and employees of the H-REIT Manager are notified in advance of the commencement of each "closed period" relating to dealing in the stapled securities of CDLHT.

STATEMENT OF POLICIES AND PRACTICES OF HBT

Apart from the corporate governance practices disclosed above, the HBT Trustee-Manager has prepared a statement of policies and practices in relation to the management and governance of HBT (as described in section 87(1) of the Business Trusts Act, Chapter 31A of Singapore) in respect of FY2020, which is set out on pages 102 to 107 in this Annual Report.

STATEMENT OF POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF CDL HOSPITALITY BUSINESS TRUST

CDL Hospitality Business Trust ("**HBT**") was activated on 31 December 2013 by M&C Business Trust Management Limited, as the trustee-manager of HBT (the "**HBT Trustee-Manager**"), to be the master lessee of Raffles Maldives Meradhoo, a property which was acquired by a wholly-owned subsidiary of CDL Hospitality Real Estate Investment Trust ("**H-REIT**") and which was leased to a wholly-owned subsidiary of HBT. Since then, HBT has proceeded to act as the master lessee of Hotel MyStays Asakusabashi and Hotel MyStays Kamata, Japan and on 1 October 2015, acquired Hilton Cambridge City Centre, United Kingdom. On 4 May 2017, HBT added The Lowry Hotel to its portfolio and operates it as an owner-operator. On 16 July 2020, H-REIT completed the acquisition of W Singapore – Sentosa Cove and a wholly-owned subsidiary of HBT is the master lessee and business owner of W Singapore – Sentosa Cove.

The Board of Directors of the HBT Trustee-Manager (the "**HBT Trustee-Manager Board**") is responsible for safeguarding the interests of the unitholders of HBT (the "**HBT Unitholders**") as a whole and managing the business of HBT. The HBT Trustee-Manager has general power of management over the business and assets of HBT and its main responsibility is to manage HBT's assets and liabilities for the benefit of the HBT Unitholders as a whole. In the event of a conflict between the interests of the HBT Unitholders as a whole and its own interests, the HBT Trustee-Manager will give priority to the interests of the HBT Unitholders as a whole over its own interests.

The HBT Trustee-Manager Board is also obliged to exercise due care to comply with the relevant provisions of all applicable legislations and regulations, the listing manual of Singapore Exchange Securities Trading Limited (the "**Listing Manual**"), the trust deed constituting HBT dated 12 June 2006 (as amended from time to time) (the "**HBT Trust Deed**"), the stapling deed dated 12 June 2006 (as amended from time to time) (the "**Stapling Deed**") and all relevant contracts entered into by HBT.

The HBT Trustee-Manager, in exercising its powers and carrying out its duties as trustee-manager of the HBT, is required to, and will:

- treat the HBT Unitholders who hold units of HBT ("**HBT Units**") in the same class fairly and equally and HBT Unitholders who hold HBT Units in different classes (if any) fairly;
- ensure that all payments out of the trust property of HBT (the "**HBT Trust Property**") are made in accordance with the Business Trusts Act (the "**BTA**"), the HBT Trust Deed and the Stapling Deed;
- report to Monetary Authority of Singapore ("**MAS**") any contravention of the BTA or Business Trusts Regulations ("**BTR**") by any other person that:
  - relates to HBT; and
  - has had, has or is likely to have, a material adverse effect on the interests of all the HBT Unitholders, or any class of HBT Unitholders, as a whole,

  as soon as practicable after the HBT Trustee-Manager becomes aware of the contravention;
- ensure that the HBT Trust Property is properly accounted for; and
- ensure that the HBT Trust Property is kept distinct from the property of the HBT Trustee-Manager held in its own capacity.

In addition, the HBT Trustee-Manager will:

- at all times act honestly and exercise reasonable diligence in the discharge of its duties as the trustee-manager of the HBT in accordance with the BTA, the HBT Trust Deed and the Stapling Deed;
- act in the best interests of all the HBT Unitholders as a whole and give priority to the interests of all HBT Unitholders as a whole over its own interests in the event of a conflict between the interests of all HBT Unitholders as a whole and its own interests;
- not make improper use of any information acquired by virtue of its position as the HBT Trustee-Manager to gain, directly or indirectly, an advantage for itself or for any other person to the detriment of the HBT Unitholders;
- hold the HBT Trust Property on trust for all HBT Unitholders as a whole in accordance with the terms of the HBT Trust Deed;

STATEMENT OF POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF CDL HOSPITALITY BUSINESS TRUST

- adhere with the business scope of HBT as set out in the HBT Trust Deed;
- review interested person transactions in relation to HBT;
- review expense and cost allocations payable to the HBT Trustee-Manager in its capacity as trustee-manager of HBT out of the HBT Trust Property and ensure that fees and expenses charged to HBT are appropriate and in accordance with the HBT Trust Deed; and
- comply with the BTA and the Listing Manual.

The MAS has also granted the HBT Trustee-Manager an exemption from compliance with Section 10(2)(a) of the BTA and the directors of the HBT Trustee-Manager (the "**HBT Trustee-Manager Directors**") from compliance with Section 11(1)(a) of the BTA subject to the condition that for the duration of the time that the HBT Units are stapled to the units of H-REIT, the HBT Trustee-Manager and HBT Trustee-Manager Directors shall act in the best interests of all the holders of the stapled securities of CDL Hospitality Trusts.

The HBT Trustee-Manager Board, in exercising its power and carrying out its duties as trustee-manager of HBT, has put in place measures to ensure that:

- the HBT Trust Property is properly accounted for and is kept distinct from the property held by the HBT Trustee-Manager in its own capacity;
- the business scope of HBT as set out in the HBT Trust Deed has been adhered to;
- potential conflicts between the interests of the HBT Trustee-Manager and the interests of the HBT Unitholders as a whole are appropriately managed;
- interested person transactions are transparent, properly recorded and disclosed;
- expenses and cost allocations payable to the HBT Trustee-Manager out of the HBT Trust Property, and the fees and expenses charged to HBT are appropriate and are made in accordance with the HBT Trust Deed; and
- the BTA, BTR and the Listing Manual have been complied with.

The HBT Trustee-Manager has also adopted a set of corporate governance practices as set out on pages 84 to 101 of this Annual Report.

HBT TRUST PROPERTY PROPERLY ACCOUNTED FOR

To ensure that the HBT Trust Property is properly accounted for and is kept distinct from the property held by the HBT Trustee-Manager in its own capacity, the accounting records of HBT are kept separate and distinct from the accounting records of the HBT Trustee-Manager. The Trustee-Manager maintains different bank accounts in its own capacity and in its capacity as the Trustee-Manager of HBT. Regular internal reviews are also carried out to ascertain that all Trust Property of HBT has been fully accounted for.

Following the amendments to Rule 705(2) of the SGX-ST Listing Manual which took effect from 7 February 2020, the Manager of H-REIT and the HBT Trustee-Manager announced on 2 April 2020 that they would cease to provide announcements of the unaudited financial statements of CDLHT, comprising H-REIT and its subsidiaries and HBT and its subsidiaries for each quarter of its financial year and would release announcements pertaining to the unaudited financial statements of CDLHT on a semi-annual basis. Accordingly, each of the financial statements of HBT and HBT Trustee-Manager are approved by the HBT Trustee-Manager Directors on a half-yearly basis. Each of the financial statements of HBT and HBT Trustee-Manager are also kept separate and distinct and are duly audited by external auditors on an annual basis to ensure that the HBT Trust Property is properly accounted for and the HBT Trust Property is kept distinct from the property of the HBT Trustee-Manager held in its own capacity.

STATEMENT OF POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF CDL HOSPITALITY BUSINESS TRUST

ADHERENCE TO BUSINESS SCOPE

The HBT Trustee-Manager Board reviews and approves all authorised businesses undertaken by HBT so as to ensure its adherence to the business scope under the HBT Trust Deed. Such authorised businesses include:

(i) the investment in, development of, operation of and/or management of real estate and real estate related assets and all activities, concerns, functions and matters reasonably incidental thereto;

(ii) acquisition, disposition, ownership, management, operation, finance leasing and leasing of real estate and real estate related assets and all activities, concerns, functions and matters reasonably incidental thereto; and

(iii) any business, undertaking or activity associated with, incidental and/or ancillary to the carrying on of the businesses referred to in paragraphs (i) and (ii),

whether directly, indirectly through subsidiaries or in the form of joint ventures together with other parties.

Management provides regular updates to the Board and the Audit and Risk Committee of the HBT Trustee-Manager about potential projects that it is looking into on behalf of HBT and the Board and the Audit and Risk Committee of the HBT Trustee-Manager ensure that all such projects are within the permitted business scope under the HBT Trust Deed. Prior to the carrying out of any significant business transactions, the Board, the Audit and Risk Committee and/or management of the HBT Trustee-Manager will have careful regard to the provisions of the HBT Trust Deed and when in doubt, will seek advice from professional advisers.

POTENTIAL CONFLICTS OF INTEREST

The HBT Trustee-Manager is not involved in any other businesses other than managing HBT. All potential conflicts of interest, as and when they arise, will be identified by the HBT Trustee-Manager Board and management, and will be reviewed accordingly.

As the HBT Trustee-Manager is an indirect wholly-owned subsidiary of Millennium & Copthorne Hotels Limited (the "**Sponsor**"), being the sponsor and controlling unitholder of HBT, there may be potential conflicts of interest between HBT, the HBT Trustee-Manager and the Sponsor.

The HBT Trustee-Manager has instituted, among others, the following procedures to deal with issues of conflicts of interest:

- The HBT Trustee-Manager Board comprises five independent directors who do not have management or business relationships with the HBT Trustee-Manager and are independent from the substantial shareholders of the HBT Trustee-Manager. The independent directors form the majority of the HBT Trustee-Manager Board. This allows the HBT Trustee-Manager Board to examine independently and objectively, any potential issue of conflicts of interest arising between the HBT Trustee-Manager in its own capacity and the HBT Unitholders as a whole.

- Employees, if any, are directly employed by the HBT Trustee-Manager.

- All resolutions in writing of the HBT Trustee-Manager Directors in relation to matters concerning HBT must be approved by all the HBT Trustee-Manager Directors.

- In respect of matters in which the Sponsor and/or its subsidiaries has an interest, direct or indirect, any nominees appointed by the Sponsor and/or its subsidiaries to the HBT Trustee-Manager Board to represent its/their interests will abstain from voting. In such matters, the quorum shall comprise a majority of the independent HBT Trustee-Manager Directors and shall exclude nominee director of the Sponsor and/ or its subsidiaries.

- In respect of matters in which an HBT Trustee-Manager Director or his Associates (as defined in the Listing Manual) has an interest, direct or indirect, such interested Director shall abstain from voting. In such matters, the quorum must comprise a majority of the HBT Trustee-Manager Directors and must exclude such interested director.

STATEMENT OF POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF CDL HOSPITALITY BUSINESS TRUST

- Where matters concerning HBT relate to transactions to be entered into by the HBT Trustee-Manager for and on behalf of HBT with an interested person of the HBT Trustee-Manager or HBT (which would include relevant associates thereof), the Audit and Risk Committee is required to consider the terms of such transactions (except transactions under agreements which are deemed to have been specifically approved by HBT Unitholders upon purchase of HBT Units) to satisfy itself that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of HBT and the 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 HBT Trustee-Manager is to sign any contract with an interested person of the HBT Trustee-Manager or HBT, the HBT Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to interested person transactions (as may be amended from time to time) as well as any other guidelines as may from time to time be prescribed to apply to business trusts.

PRESENT AND ONGOING INTERESTED PERSON TRANSACTIONS

(i) Exempted Agreements

The fees and charges payable by HBT to the HBT Trustee-Manager under the HBT Trust Deed are considered interested person transactions which are deemed to have been specifically approved by the HBT Unitholders upon their purchase of the HBT Units, to the extent that there are no subsequent changes to the rates and/or bases of the fees charged thereunder which will adversely affect HBT.

(ii) Future Interested Person Transactions

Depending on the materiality of the transaction, HBT may make a public announcement of or obtain prior approval of the HBT Unitholders for such a transaction. If necessary, the HBT Trustee-Manager Board may make a written statement in accordance with the resolution of the HBT Trustee-Manager Board and signed by at least two HBT Trustee-Manager Directors on behalf of the HBT Trustee-Manager Board certifying that, *inter alia*, such interested person transaction is not detrimental to the interests of the HBT Unitholders as a whole, based on the circumstances at the time of the transaction.

The HBT Trustee-Manager may, in future, seek an annual general mandate from the HBT Unitholders for recurrent transactions of revenue or trading nature or those necessary for the day-to-day operations with interested persons, and all transactions would then be conducted under such a general mandate for that relevant financial year. In seeking such an annual general mandate, the HBT Trustee-Manager may appoint an independent financial adviser to render an opinion as to whether the methods or procedures for determining the transaction prices contemplated under the annual general mandate are sufficient, in an effort to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of HBT and the HBT Unitholders.

The HBT Trustee-Manager has in place an internal control system as well as policies and procedures to ensure that all future interested person transactions will be undertaken on an arm's length basis, on normal commercial terms, will not be prejudicial to the interests of HBT and its minority Unitholders, and will be in accordance with all applicable requirements of the BTA, the Listing Manual and all applicable guidelines as may from time to time be prescribed to apply to business trusts relating to the transaction in question.

Management identifies interested person transactions in relation to HBT. The HBT Trustee-Manager maintains a register to record all interested person transactions which are entered into by HBT. The HBT Trustee-Manager incorporates into its plan a review of all interested person transactions entered into by HBT during the financial year. The Audit and Risk Committee reviews at least quarterly in each financial year the interested person transactions entered into during such quarterly period to ascertain that the guidelines and procedures established to monitor interested person transactions have been complied with. The review includes the examination of the nature of the transactions and their supporting documents or such other data that the Audit and Risk Committee deems necessary. If a member of the Audit and Risk Committee has an interest in a transaction, he or she will abstain from participating in the review and approval process in relation to that transaction.

In addition, all such interested person transactions conducted and any contracts entered into by the HBT Trustee-Manager on behalf of HBT with an interested person of the HBT Trustee-Manager or HBT, shall comply with and be in accordance with all applicable requirements of the Listing Manual, BTR and the BTA as well as such other guidelines as may from time to time be prescribed to apply to business trusts.

STATEMENT OF POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF CDL HOSPITALITY BUSINESS TRUST

In particular, when HBT acquires assets from the Sponsor or parties related to the Sponsor in future, the HBT Trustee-Manager will obtain valuations from independent parties. In any event, interested person transactions entered into by HBT, depending on the materiality of such transactions, may be publicly announced or, as the case may be, approved by HBT Unitholders, and will, in addition, be:

- reviewed and recommended by the Audit and Risk Committee of the HBT Trustee-Manager, which comprises only independent directors; and
- decided by the HBT Trustee-Manager Board, of which more than half of the directors are independent directors.

During the financial year ended 31 December 2020, HBT had completed the acquisition of the business and business assets concerning the hotel operated as W Singapore – Sentosa Cove (the "**W Hotel Business Acquisition**")(1) and also entered into a sale-and-purchase agreement with CDL Aquila Pte. Ltd., a wholly-owned subsidiary of City Developments Limited ("**CDL**"), to acquire 100% legal and beneficial interest in the issued and paid-up share capital of Gemini One Pte. Ltd., which is also a wholly-owned subsidiary of CDL ("**New Hotel Business Acquisition**")(1). The completion of the New Hotel Business Acquisition is expected to complete in 2025(2). W Hotel Business Acquisition and New Hotel Business Acquisition are interested person transactions. HBT Unitholders had via the Extraordinary General Meeting held on 23 January 2020, approved, *inter alia*, the two transactions.

FEES AND EXPENSES CHARGED TO HBT ARE APPROPRIATE AND IN ACCORDANCE WITH THE HBT TRUST DEED

The HBT Trustee-Manager is entitled under the HBT Trust Deed to a management fee comprising a base fee of up to a maximum of 0.25% per annum of the value of the HBT Trust Property and a performance fee of up to a maximum of 5.0% per annum of HBT's net property income. For the purpose of calculating the management fee, if HBT holds only a partial interest in an investment from which such profit is derived, such profit shall be pro-rated in proportion to the partial interest held.

The management fee is payable to the HBT Trustee-Manager in the form of cash and/or Stapled Securities or (as the case may be) HBT Units as the HBT Trustee-Manager may elect, and in such proportion and for such period as may be determined by the HBT Trustee-Manager.

Under the HBT Trust Deed, if the value of the HBT Trust Property is at least S$50.0 million, a maximum of 0.1% per annum of the value of the HBT Trust Property (if any), subject to a minimum fee of S$10,000 per month, excluding out-of-pocket expenses and goods and services tax, is payable to the HBT Trustee-Manager as trustee fee. For the purpose of calculating the management fee, if HBT holds only a partial interest in any of HBT Trust Property, such HBT Trust Property shall be pro-rated in proportion to the partial interest held.

The trustee fee is payable to the HBT Trustee-Manager in arrears on a monthly basis in the form of cash.

The HBT Trustee-Manager is also entitled to receive an acquisition fee at the rate of up to a maximum of 0.75% of the acquisition price for acquisition from interested persons and at a rate of up to a maximum of 1.0% of the acquisition price for all other acquisitions directly or indirectly by HBT (pro-rated if applicable to the proportion of HBT's interest in the authorised investment acquired).

The acquisition fee is payable to the HBT Trustee-Manager in the form of cash and/or Stapled Securities or (as the case may be) HBT Units as the HBT Trustee-Manager may elect, and in such proportion and for such period as may be determined by the HBT Trustee-Manager.

The HBT Trustee-Manager is also entitled to a divestment fee at the rate of up to a maximum of 0.5% of the sale price of any divestment directly or indirectly by HBT (pro-rated if applicable to the proportion of HBT's interest).

Any increase in the rate or any change in structure of the HBT Trustee-Manager's management fee, trustee fee, the acquisition fee or the divestment fee, must be approved by an extraordinary resolution passed at a meeting of HBT Unitholders duly convened and held in accordance with the provisions of the HBT Trust Deed.

(1) Please refer to the circular dated 3 January 2020 for more information pertaining the W Hotel Business Acquisition and New Hotel Business Acquisition, including valuations from two independent valuers and opinion of independent financial advisor.
(2) Estimated timeline, subject to change.

STATEMENT OF POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF CDL HOSPITALITY BUSINESS TRUST

The table below sets out the fees earned by the HBT Trustee-Manager for the financial year ended 31 December 2020.

Fee	Amount (S$'000)	% in Cash	% in Units
Management Fee	559	20%	80%
Trustee Fee	224	100%	0%

For the financial year ended 31 December 2020, the HBT Trustee-Manager will receive 100% of trustee fee in cash while the management fee is in the form of 20% cash and 80% Stapled Securities. No expenses were paid to the HBT Trustee-Manager during the financial year ended 31 December 2020 and any out-of-pocket expenses incurred were funded by HBT's working capital.

Fees payable to the HBT Trustee-Manager by HBT will be put up to the HBT Trustee-Manager Board for approval every quarter.

The HBT Trustee-Manager Board will meet every quarter to review the material expenses, cost allocations and fees charged to HBT and to ensure that the fees and expenses payable to the HBT Trustee-Manager out of the HBT Trust Property are appropriate and in accordance with the HBT Trust Deed.

COMPLIANCE WITH THE BUSINESS TRUSTS ACT AND LISTING MANUAL

The HBT Trustee-Manager has an internal compliance manual which serves to summarise all the applicable rules and regulations as well as key internal policies and processes which HBT needs to comply with. The manual will be consistently updated whenever there are changes to the rules and regulations and such policies and processes, and this will help management to ensure that applicable rules and regulations are being complied with.

The HBT Trustee-Manager will also engage the services of and obtain advice from professional advisers and consultants from time to time, and in particular when dealing with acquisitions and capital raising, to ensure compliance with the requirements of the BTA and the Listing Manual.

SUSTAINABILITY REPORT

BOARD STATEMENT

The Board is proud to present CDL Hospitality Trusts' ("**CDLHT**") fourth Sustainability Report ("**Report**") for the financial year ended 31 December 2020 ("**FY 2020**"). The Report is in compliance with the Singapore Exchange Limited ("**SGX**") requirements.

COVID-19 has caused a humanitarian crisis and severely disrupted business operations globally. As borders remain closed, international travel remains largely at a standstill. The past year has been challenging for the hospitality industry and for CDLHT. Our people and businesses were inevitably impacted. Given the pandemic situation, creating a safe business and working environment for our employees and guests in addition to mitigating financial losses became our top priorities as we navigated through the crisis. In this regard, CDLHT has implemented a comprehensive safe management plan which was also implemented by the respective Singapore Hotels. For the overseas hotels, we have ensured that they have been implementing country-specific COVID-19 measures and regulations. Notwithstanding this, CDLHT continues to monitor the development of the situation surrounding COVID-19 and its impacts on our business and employees. More information about our response to COVID-19 can be found on page 116.

In FY 2020, 6 of the portfolio's hotels obtained government contracts to operate as quarantine facilities. Additionally, 3 hotels have been added to our reporting scope including W Hotel, Raffles Maldives Meradhoo and Hotel Cerretani Firenze.

Despite the challenging environment, we recognise that a strong commitment to Environmental, Social and Governance ("**ESG**") factors is key to bolstering recovery in the post-pandemic world and promoting long-term business viability. We remain steadfast in our commitment to pursue sustainable actions at our assets together with our operating partners in the areas of workplace safety, eco-efficiency, and staff development. At the Managers' entity, we are focussing our efforts on the health of our workforce and maintaining regulatory compliance

This Report presents our sustainability efforts throughout the year, including our targets which were formalised by the Managers, and reviewed by the Managers' Boards. We will continue to challenge our sustainability performance each year and commit to targets towards sustainable progress.

Our performance in 2020

CDLHT's portfolio continues to maintain numerous awards and in FY 2020, Orchard Hotel Singapore was upgraded from BCA Green Mark Award Gold to Gold Plus status.

BCA Green Mark Award (1)	Platinum • Grand Copthorne Waterfront • Copthorne King's Singapore Gold Plus • M Hotel Singapore • Orchard Hotel Singapore Gold • Studio M Hotel
bizSAFE Certification (Level 4)	• Orchard Hotel Singapore • Studio M Hotel
EarthCheck Gold Certificate	• Angsana Velavaru
Singapore Green Hotel Award (2)	• Grand Copthorne Waterfront • Studio M Hotel

(1) BCA Green Mark Award is valid for 3 years from the date of certification.
(2) Singapore Green Hotel Award is valid for 3 years from the date of completion.

SUSTAINABILITY REPORT

ABOUT THIS REPORT

CDLHT's Sustainability Report covers ESG factors with sustainability strategies, performances and targets for FY 2021 and beyond that are pertinent to CDLHT. This Report has been prepared to highlight our sustainability efforts that are an integral part of our business, contributing to our continued long-term growth strategy and enhancement of portfolio value for our stakeholders.

Reporting Period and Scope

In this Report, we have also expanded our scope[3] to include more properties to enhance the transparency of the portfolio and underlying assets' ESG impacts during our financial year 2020 (1 January to 31 December 2020).

The additional properties that have been scoped in this FY 2020 Report include the following properties in the Maldives, Italy, and a newly acquired property in Singapore:

- W Singapore – Sentosa Cove, Singapore
- Raffles Maldives Meradhoo, Maldives
- Hotel Cerretani Firenze – MGallery, Italy

For the remaining two hotels in Perth, Australia, we have plans to include them in the scope of future reports from FY 2021 onwards. The two Australian hotels (Mercure Perth and Ibis Perth) are leased by Accor. The remaining Singapore property in the portfolio, Claymore Connect, is a retail mall and is excluded from the report scope as it is not material to CDLHT's operations and is of a different nature from CDLHT's principal hospitality operations.

The following properties have been included in this year's Report:

Portfolio Hotel	Location	Managed Property	Properties with Master Leases	Hotel Operator
Orchard Hotel Singapore ("**OHS**")	Singapore		✓	Millennium & Copthorne
Grand Copthorne Waterfront ("**GCW**")			✓	
M Hotel Singapore ("**MHS**")			✓	
Copthorne King's Singapore ("**CKS**")			✓	
Studio M Hotel ("**STM**")			✓	
W Singapore – Sentosa Cove ("**W Hotel**")**		*✓		Marriott International
Pullman Hotel Munich ("**Pullman**")	Germany		✓	Accor
The Lowry Hotel ("**Lowry**")	United Kingdom	*✓		Managed by a subsidiary of CDL Hospitality Business Trust
Hilton Cambridge City Centre ("**HCC**")		*✓		Hilton
Grand Millennium Auckland ("**GMA**")	New Zealand		✓	Millennium & Copthorne
Raffles Maldives Meradhoo ("**RMM**")**	Maldives	*✓		Accor
Angsana Velavaru ("**AVM**")			✓	Banyan Tree
Hotel MyStays Asakusabashi ("**HMA**")	Japan	*✓		MyStays
Hotel MyStays Kamata ("**HMK**")		*✓		
Hotel Cerretani Firenze – MGallery ("**Cerretani**")**	Italy		✓	Accor

* HBT acts as the master lessee for W Hotel, Raffles Maldives Meradhoo in the Maldives and the Japan hotels in H-REIT's portfolio and is also the owner of Hilton Cambridge City Centre and appoints professional hotel managers to manage these properties. It is also the asset owner and operator of The Lowry Hotel.

** New properties that have been scoped in.

The majority of the hotels are properties with master leases where the hotels are leased to and run by third-party hotel operators. For example, OHS, GCW, MHS, CKS, STM, and GMA are leased to and operated by subsidiaries of Millennium & Copthorne, a wholly-owned subsidiary within the CDL Group. The remaining hotels within the portfolio are operated by third-party hotel operators such as Accor, Banyan Tree, Hilton, Marriott International and MyStays. The exception is The Lowry Hotel which is owner operated.

(3) 15 properties were scoped in FY 2020 out of a total number of 18 properties at the end of FY 2020, compared to 13 properties scoped in FY 2019 out of a total number of 19 properties at the end of FY 2019.

SUSTAINABILITY REPORT

Reporting Framework

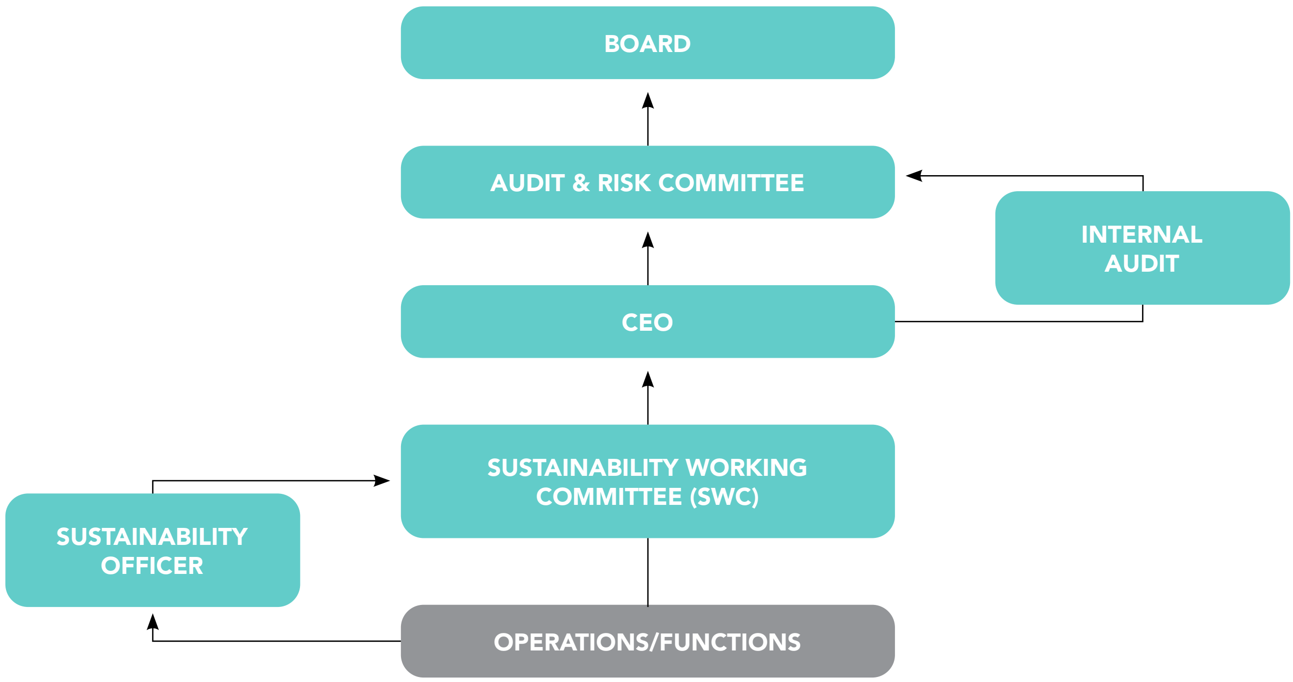
This Report is prepared in compliance with SGX Listing Rules 711B and developed with reference to the Global Reporting Initiative ("**GRI**") Standards which is one the most widely used reporting frameworks on ESG topics applicable to CDLHT's business operations and sustainability context.

This Report references the following topic-specific disclosures:
- Disclosure 102-8 from GRI 102: *General Disclosure 2016*
- Disclosure 302-1 and 302-3 from GRI 302: *Energy 2016*
- Disclosure 303-5 from GRI 303: *Water and Effluents 2018*
- Disclosure 401-1 from GRI 401: *Employment 2016*
- Disclosure 403-9 from GRI 403: *Occupational Health and Safety 2018*
- Disclosure 404-1 from GRI 404: *Training and Education 2016*
- Disclosure 405-1 from GRI 405: *Diversity and Equal Opportunity 2016*
- Disclosure 416-2 from GRI 416: *Customer Health and Safety 2016*
- Disclosure 419-1 from GRI 419: *Socioeconomic Compliance 2016*

Feedback

We welcome any feedback and comments regarding our Sustainability Report. Please contact Mr. Paul Kitamura (Head of Asset Management) at: PaulKitamura@cdlht.com

SUSTAINABILITY GOVERNANCE



At CDLHT, the Managers' Boards are responsible for overseeing the seamless integration of sustainability into CDLHT's business goals and strategies. The Managers' Boards also play a role in managing and monitoring the material ESG factors and their performance. As CDLHT strives to achieve continuous sustainable growth, we have the Audit and Risk Committee ("**ARC**") acting as the strategic advisor for the Managers' Boards regarding sustainability strategies. The ARC convenes annually to review and challenge CDLHT's sustainability efforts and performance.

CDLHT also has a Sustainability Working Committee ("**SWC**") comprising key personnel from various business functions and led by the CEO of the Managers, Mr. Vincent Yeo Wee Eng. The SWC, which manages and monitors CDLHT's overall sustainability performance, leads the development of strategies that incorporate material ESG factors into daily operations and is overseen by the ARC. From FY 2020 onwards, the SWC has reported to the ARC and Managers' Boards on CDLHT's sustainability performance. The monitoring of sustainability performance has also been strengthened by the implementation of a portfolio-wide data capture and analysis software in FY 2020 which now allows CDLHT to collect data from various hotels with the ability to better monitor and track individual hotel and portfolio performance to enhance oversight of sustainability performance at a portfolio level.

In December 2020, the Monetary Authority of Singapore ("**MAS**") issued guidelines on managing environmental risks for asset managers and strengthening resilience of the underlying assets. CDLHT welcomes this move and the SWC will coordinate with the Managers' Boards to develop an appropriate approach to address the new MAS guidelines.

STAKEHOLDER ENGAGEMENT

In response to the global pandemic, CDLHT has kept its stakeholders updated on the latest initiatives and in some cases increased the frequency of communication. This is because regular communication and engagement with our stakeholders ensures that different stakeholders' needs are adequately addressed especially on topics regarding COVID-19 and workplace health and safety.

In FY 2020, CDLHT and the hotels engaged in a variety of different engagement approaches to identify key topics important to our stakeholders. In order to observe safe social-distancing measures, these were conducted in accordance to country-specific regulations and guidelines. The table below summarises our stakeholder engagement efforts in FY 2020:

Stakeholders	Engagement Approach	Key Topics of Concern	Frequency of Engagement
Board of Directors	• Board meetings • Email communication	• Economic performance • ESG performance • COVID-19	Quarterly
Government and Regulators	• Briefings and consultations • Participation in surveys and focus groups	• Social and environmental-related legislations • COVID-19	Continual Engagement
Hotel Employees	Approach by hotel operators: • Training and transition assistance programmes • Annual employment survey • Performance and career development reviews	• Training and development • Career development opportunities • Workplace safety and well-being • COVID-19	Continual Engagement
Hotel Customers	• Customer satisfaction surveys • Social media • Feedback via General Manager	• Customers' health and safety • COVID-19	Continual Engagement
Master Lessees and Hotel Managers	• Regular management meetings and communication • Bilateral communication, one-on-one meetings and site visits	• Workplace safety and well-being • Customer health and safety • Eco-efficiency of buildings • COVID-19	Continual Engagement
Investors	• Annual and interim results briefings and analyst meetings • Investor relations website • Local and overseas investor conferences and road shows	• Economic performance • Regulatory compliance • Eco-efficiency of buildings	Periodically
Hotel Suppliers and Business Partners	Approach by hotel operators: • Assessment of suppliers and vendors • Meetings with business partners	• Economic performance • Environmental factors	Periodically
Others (Media and Community)	• Media releases, press conferences and interviews	• Socio-economic and environmental impact	Periodically

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

CDLHT conducts a materiality review with our stakeholders annually. In FY 2020, material factors from FY 2018 continue to be relevant and topics related to COVID-19 such as workplace health and safety were identified to be the most critical. In total, CDLHT has identified 6 material factors as being the most significant to our business operations and key stakeholders. They are as follows:

ECONOMIC	• Economic performance
ENVIRONMENTAL	• Energy • Water
SOCIAL	• Employment • Workplace Health and Safety
GOVERNANCE	• Corporate Governance

ECONOMIC

We recognise the importance of economic performance, which is aligned with CDLHT's strategic objective of maximising the rate of return for our unitholders.

Economic Performance

Our Stapled Security Holders are key to our strategic investments as we strive to achieve more sustainable growth. We provide the financial summary of FY 2020's operations in terms of revenue and costs in pages 121 to 232.

ENVIRONMENTAL

As fixed assets, our hotels are vulnerable to long-term effects of climate change. CDLHT recognises the urgency of addressing climate change and the associated financial risks, but it also requires long-term commitment from all stakeholders. With a key presence in the hospitality industry, we are aware of our environmental impacts and continuously work towards fostering positive changes in the way our hotels operate. We therefore strive to reduce our carbon footprint and conserve resources such as energy and water where possible.

Energy

As energy consumption has one of the largest environmental impacts from our operations, we are committed to the reduction of energy consumption within our hotels and will continue playing an active role in the championing of energy conservation. We target to continuously reduce energy consumption through the active monitoring and review of consumption patterns, in addition to the implementation of energy-efficient improvement measures in the upcoming years.

Our Approach

As asset owners, we have varying levels of control over the daily operation of assets in the portfolio. For example, the hotels under each management company are expected to operate according to their respective environmental or sustainability policy. In this section, we will highlight some of the key environmental policies from the hotel operators.

The hotels under **Millennium & Copthorne (M&C)** are subject to the M&C Environmental Policy which promotes the implementation of energy efficiency measures such as retrofitting LED lighting and water conservation strategies.

Accor has established a "Planet 21" programme for its hotels to drive sustainability in the hospitality industry-based on 4 strategic priorities: work with its employees, involve its customers, innovate with its partners and work with local communities.

Hilton's award-winning LightStay platform[4] has enabled Hilton to track, manage, report and improve their environmental and social impact across its global portfolio of hotels. Each hotel under Hilton is required to track and monitor their environmental performance and energy management system. This will help Hilton hotels to reduce water usage and improve their energy efficiency.

Banyan Tree has conceptualised the "Brand for Good" framework to go beyond conserving resources through efficient operations, by adopting external assurance by EarthCheck[5]. For example, Banyan Tree adopts new technologies to promote energy efficiency in its hotel operations.

For **Marriott International**, the "2025 Sustainability and Social Impact Goals" for their global properties aim to reduce their operational carbon footprint by improving energy efficiency and tracking energy consumption. Marriott International's water conservation initiatives target specific aspects of their hotel operations such as laundry and landscaping.

MyStays' energy conservation policy is promoted by operating according to strengthened domestic laws, including Japan's Energy Conservation Act. In 2018, the benchmark system of the hotel was introduced by the amendment to the Energy Conservation Act and the evaluation method using indicators common to the industry.

Notwithstanding the above, CDLHT strives to enhance our engagement of our hotel operators to increasingly embed ESG approaches into the heart of their business operations and strategies. Currently, we are in the process of refining and developing a concrete environmental framework which will require our Singapore hotels to embrace new eco-friendly strategies by actively managing, monitoring, and recording energy consumption.

We have selected the following case study to showcase some of the energy-saving initiatives:

Case Study Passive Sustainable Design by W Singapore – Sentosa Cove

W Hotel is the first BCA Green Mark Platinum awarded hotel in Sentosa which reflects its efforts to innovate using green technologies. W Hotel's architectural design and orientation layout not only improves thermal comfort, natural ventilation and natural day lighting, but also helps to decrease the energy consumption for supplementary cooling and lighting. This is supported by the hotel's other efforts including the extensive use of LED lighting and other energy conservation technologies such as automatic sensors for energy reduction. As a result, the expected energy savings amount to over 3,300,000 kWh/year. Other environmental initiatives include rainwater harvesting, smart irrigation practices, water efficient fittings, sustainable meeting practices and paperless signage.

Our Performance

The total electricity consumption and intensity for the Singapore hotels is at 36,702 MWh and 192.5 kWh/m2 for FY 2020. Out of the 6 Singapore hotels, 5 were designated as 'SHN Hotels' to provide special quarantine accommodation to incoming travellers to Singapore. While these 5 hotels (GCW, CKS, MHS, OHS and STM) have experienced relatively stable occupancy rates, their overall electricity consumption has actually dropped. The 28% decrease in electricity consumption was due to the impacts of COVID-19 on the reduced utilisation of hotel facilities including function spaces and F&B outlets. The reduction in electricity consumption could also be partially attributed to the divestment from Novotel Singapore Clarke Quay in FY 2019 which was excluded from FY 2020 scope.

As for the overseas hotels, the total electricity consumption and intensity is at 32,802 MWh and 178.28 kWh/m2 for FY 2020. Electricity consumption has increased by almost twice due to several factors. In FY 2020, 2 overseas hotels were included in the scope (Cerretani and RMM). In particular, electricity consumption for RMM is one the highest among the overseas hotels due to its unique geographical location in the Maldives. Moreover, CDLHT has included additional electricity consumption from natural gas, fuel and liquefied petroleum gas for all hotels which were previously not reported in FY 2019. Moving forward, CDLHT will continue with this good practice to monitor our overall energy efficiency.

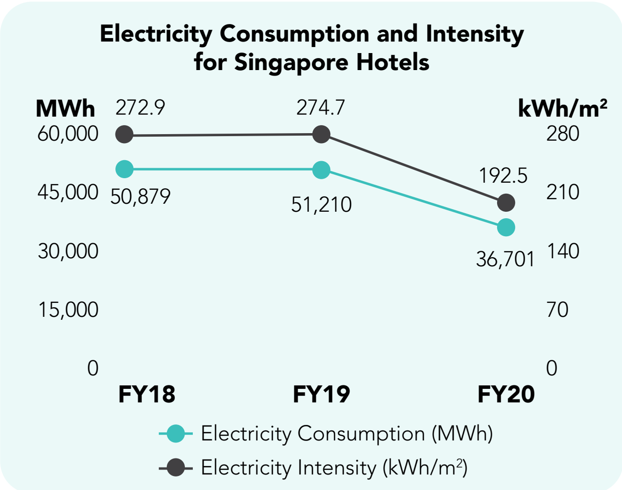
(4) LightStay is Hilton Worldwide's proprietary corporate responsibility performance measurement platform. It was developed to calculate and analyse the environmental and societal impact of every Hilton Worldwide branded hotel in their communities. The platform measures energy use, water use, waste output, and carbon output at every Hilton Worldwide hotel around the globe.

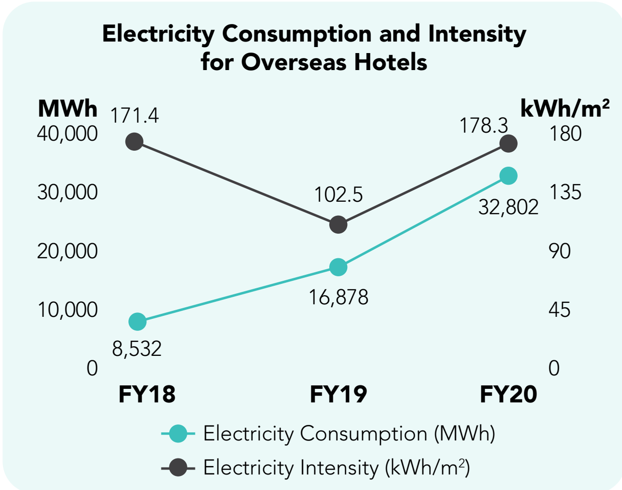
(5) EarthCheck is the leading benchmarking certification within the travel and tourism industry.

SUSTAINABILITY REPORT

In view of the above, CDLHT has achieved its target of reducing electricity intensity for the hotels scoped in FY2020 by more than 2% albeit based on an extraordinary trading environment. (Baseline: FY 2019). However, the reduction of electricity intensity could not be accurately attributed to any specific causes because of the unprecedented impacts of a global pandemic on the tourism and hospitality industries. For example, the electricity reduction could be due to changes in hotel operations and guests' behavioural and consumption patterns, or the ongoing energy-saving efforts of the hotels. In the upcoming year, we will continue to strive towards reducing electricity intensity by 1% to 2% on an annual basis. However, given the unpredictable nature and turbulent implications of COVID-19, these targets may be reviewed on a yearly basis and adjusted accordingly.

The following charts illustrate electricity consumption and intensity for the Singapore and overseas hotels from FY 2018 to FY 2020:





WATER

The use of water is essential and integral to the business operations of our properties and hotels. As asset owners, CDLHT recognises that the way our hotels treat water as a finite natural resource is key to reducing our environmental impacts and promoting sustainable development. As such, we are committed to conserving water through the implementation of water saving measures and technologies, educational programs and communication of information regarding water stewardship.

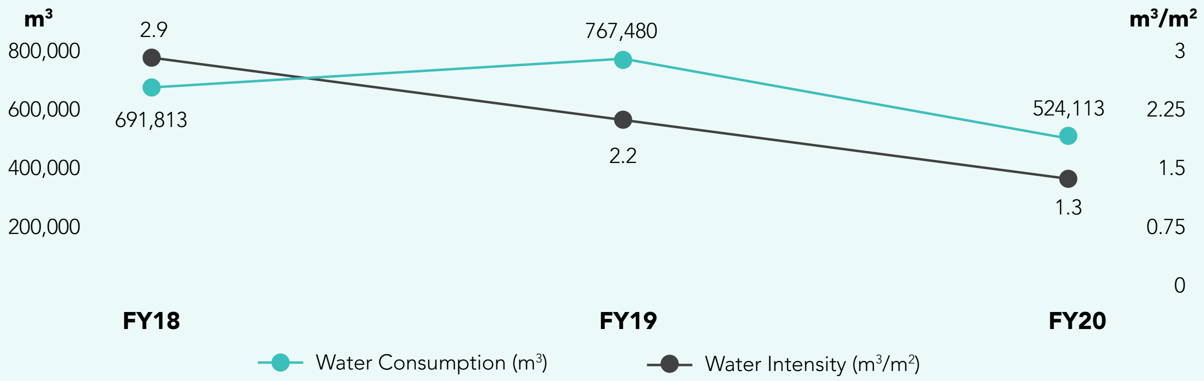
Our Approach

The policies for water conservation for our hotels are under the same environmental policies described in the energy section above. Nonetheless, the portfolio of hotels in Singapore further ensure the effective implementation of these policies via the reporting of Total Water Data to the Public Utilities Board's ("**PUB**") Water Efficiency Management Plan, monthly tracking of utilities data by the respective Engineering departments and close monitoring of usage to detect elevated consumption and potential leaks to minimize water loss.

Our Performance

Between FY 2019 and FY 2020, our total water consumption and water intensity dropped by 31.7% and 36.4% respectively. We have achieved our previously set targets for FY 2020 for OHS, MHS, AVM, HMA and HMK. For STM, we are on track to achieving the overall consumption reduction target of 3% by 2022. Apart from our ongoing efforts in water management, the decrease in both water consumption and water intensity was mainly due to COVID-19 which has impacted our operations, resulting in significantly reduced water consumption needs in restaurants and kitchens. Across the portfolio, all assets have reported a decrease in water consumption. The same holds true for the Stay-Home Notice (SHN) hotels in Singapore. In the upcoming year, we will target to reduce total water intensity by 1% to 2%. Similar to our energy targets, due to the unpredictable nature and turbulent implications of COVID-19, these targets may be reviewed on a yearly basis and adjusted accordingly.

Water consumption and intensity for all hotels



The following chart illustrates CDLHT's water consumption and water intensity from FY 2018 to FY 2020:

SOCIAL

As our business is at the heart of the hospitality industry, there is a risk of exposure for our frontline employees to COVID-19. Moreover, the size of our workforce was reduced this past year as the hospitality industry underwent acute demand contraction. It is therefore imperative that CDLHT creates a safe working environment and renders support to all affected employees in the countries in which we operate.

Workplace Health and Safety

The humanitarian crisis only meant that CDLHT must continue upholding the highest workplace health and safety standards. Our strong commitment to workplace health and safety has allowed the hotels in our portfolio to continue operating safely during the global pandemic.

Our Approach

At a portfolio level, CDLHT monitors the overall safety measures implemented by our hotel operators. The hotel operators are required to adhere to local regulations and guidelines and where necessary, implement additional safety measures to ensure the well-being and safety of all employees, especially those working at the frontline. As asset owners, CDLHT continues to engage hotel operators to ensure that compliance to additional safety requirements as a result of COVID-19 is consistently met and constantly improved.

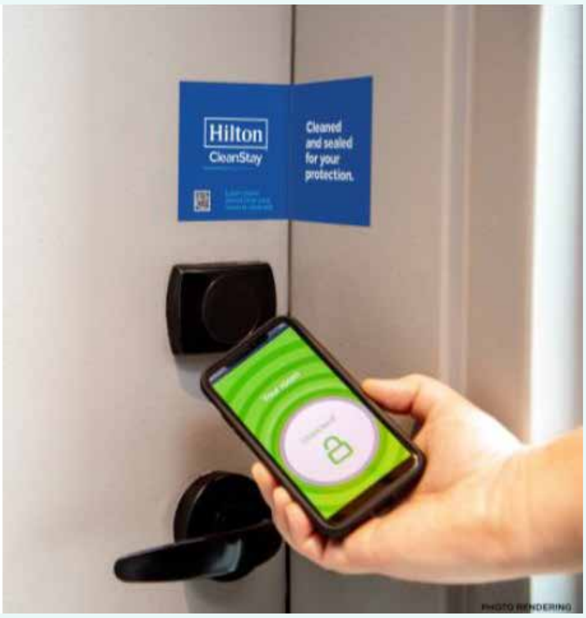
SUSTAINABILITY REPORT

Furthermore, in FY 2020, some of the Singapore hotels were designated as SHNs hotels by the Singapore Government to host guests having to serve their mandatory SHNs. These Singapore hotels include GCW, CKS, MHS, OHS (Orchard Wing) and STM. GMA (New Zealand) was also operating in a similar manner. For these hotels to operate, they implemented strict safe management measures in accordance to local regulations and guidelines. Specific guidelines applicable to the Singapore hotels include:

- Increasing the frequency and intensity of room cleaning to ensure that the rooms are properly disinfected and deep-cleaned to minimise the spread of COVID-19. The disinfection routine is monitored by a Safe Management Officer who is appointed by the individual hotels to ensure the highest level of hygiene, sanitation and compliance. The additional duties of the Safe Management Officers include conducting inspections and checks, mitigating any cases of non-compliance and keeping records of inspection.
- Use of disinfectants containing suitable active ingredients recommended by the National Environment Agency of Singapore (NEA) when cleaning the most frequently touched areas.
- Implementation of social-distancing measures within the hotels including putting up signs to remind employees and guests to observe safe distancing and hygiene rules.
- Conducting daily briefings for the hotel employees on COVID-19 precautionary measures.
- Implementing staggered working hours for employees performing non-essential services.

Some hotels also leveraged on technology to limit the transmission of COVID-19. We have selected the following case study to showcase some innovative initiatives:

Case Study: Innovative safety measures for employees and guests at Hilton Cambridge City Centre (UK)



HCC (UK) has implemented a global program (Hilton CleanStay) that introduces a new standard of hotel cleanliness and disinfection. Beyond using hospital-grade disinfectants and ramping up the intensity of cleaning, it has implemented the Digital Key technology for a contactless arrival experience for guests. Using this technology, guests can check-in and check-out using the Hilton Honors mobile app, bypassing the hotel check-in counters and promoting social-distancing. This minimises unnecessary contact with hotel employees in a bid to keep the transmission of COVID-19 at bay.

Notwithstanding the additional government mandated and defined COVID-19 measures, the communication of Workplace Health and Safety ("**WHS**") hazards and risk information to employees remains crucial and continues to be an essential part of managing health and safety risks at the workplace. WHS roles are delegated to departments such as Engineering, Human Resource, Safety and Security. The hotels' strict expectations for compliance are not only limited to their employees, but also to their visitors and sub-contractors, who are all expected to comply with appropriate standards and workplace directions to protect everyone's health and safety.

Across all hotels, the managers and supervisors are responsible and accountable for the safety and health of our employees, sub-contractors and trust property under their control, ensuring that they are always compliant with all regulations, procedures and safe work practices.

In the Singapore hotels, safety reports are sent to the hotels' management and reviewed based on their operations ensuring that they meet safety requirements in accordance with local laws. Workplace risk assessments are carried out to identify potential hazards, determining whether employees might be at risk. Hazards are also recorded and reviewed annually or when the need arises.

Through various policies, processes and initiatives, our hotels adopt all available means to eliminate hazards and reduce the risk of injury to their employees and contractors.

Our Performance

In FY 2020, there were zero incidents of fatality or permanent injury at all assets and zero incidents of non-compliance with regulations related to health and safety, which allowed our hotels to meet the FY 2020 targets. There were 31 reportable employee injuries across the portfolio in FY 2020, which gives our hotels a Rate of Recordable Work-Related Injuries(6) of 24.3. Compared to FY 2019, there were fewer recordable employee injuries in FY 2020 but a higher Rate of Recordable Work-Related Injuries. Nevertheless, CDLHT places strong emphasis on transparency and minimising all occupational injuries and illness. At the same time, we acknowledge that this requires strong commitment from all stakeholders given the fact that there are workers who are not employees but whose work and/or workplace is controlled by the hotels. In this regard, CDLHT will continue to engage its stakeholders such as hotel operators to ensure that workplace health and safety measures are in place. We aim to maintain our performance in FY 2021 by achieving zero incidents of fatality or permanent disability and minimising any work-related injuries.

EMPLOYMENT

The hospitality industry is one of the hardest-hit sectors as it is dependent on global tourism and traveling patterns. This inevitably resulted in a fall in demand for hotel-related services in FY 2020 which forced our hotels to operate with a significantly reduced workforce globally. Nevertheless, CDLHT and its hotel operators strive to retain talent, keep jobs, and provide training for the employees where possible. Employees who were impacted by the pandemic were given access to all necessary assistance including fair retrenchment packages and other forms of assistance.

For the remaining employees, CDLHT and the hotel operators remain committed to grooming talent and people development by providing an inclusive and progressive work environment, including training and development opportunities.

Our hotels are also upholding fair employment standards, as well as providing fair and competitive remuneration based on merit and the law.

Our Approach

The Human Resources departments of the hotels are mainly in charge of employment and staff development, with all other departments supporting them. With a common goal to invest in employees, the departments work together to ensure that the following policies, processes and initiatives complement one another.

(6) Based on GRI Disclosure 403-9, Rate of Recordable Work-Related Injuries = Number of recordable work-related Injuries / Number of hours worked x 1,000,000. Previously, CDLHT has reported using Accident Frequency Rate. However, this has been revised to align with the GRI standards.

The hotels have several practices in place relating to talent retention which apply to our hotels employees, and these include the following:

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

The monitoring of employees' feedback is also carried out via staff dialogues in order to better understand the key concerns of our employees. Employees at our hotels participate in engagement surveys, annual or semi-annual performance reviews, and are provided with structured learning and development programmes. Additionally, the hotels monitor the re-certification requirements for employees such as food handlers.

Some of our overseas hotels have similar practices to the hotels as listed below:

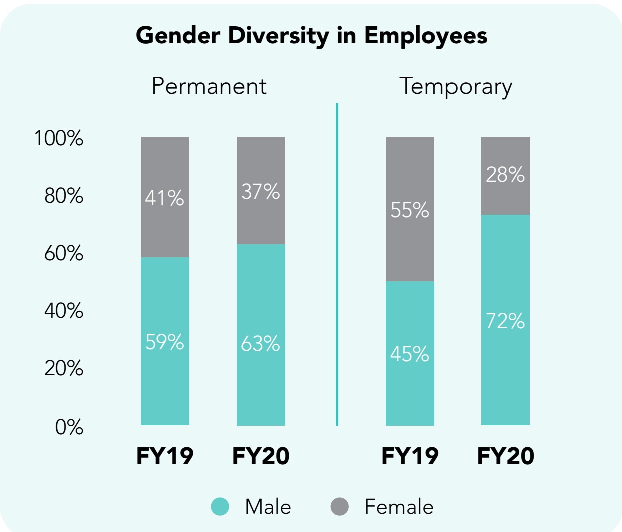
- Employee Handbook detailing policies and procedures regarding employment (hiring, termination, retirement, etc.), working hours, leave and other employment benefits, remuneration and bonuses, code of conduct and conflict of interests, amongst others
- Policies on performance evaluation and career development
- Induction and Onboarding Checklists which detail all required role-specific training
- Performance Management Policy
- Counselling and Discipline Policy
- All-risks coverage policy for all construction sites
- Health and Safety related clauses in contracts with third-party service providers

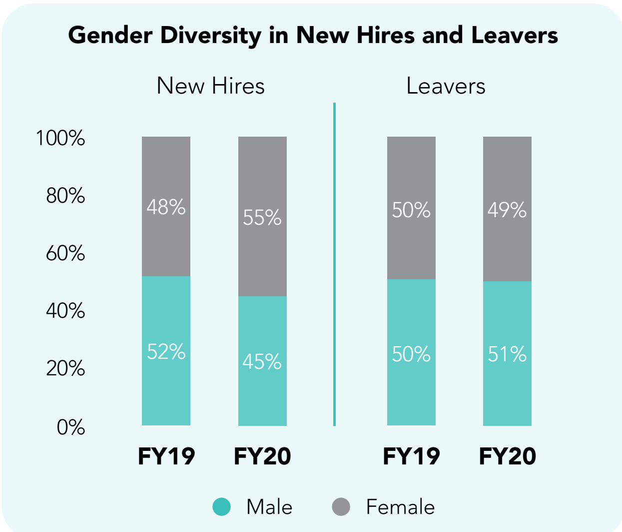
Our Employee Profile

1675 people were employed across the portfolio of assets in FY 2020. 92% were permanent employees and 8% were considered temporary or part-time.

In FY 2020, the annual new hire rate for permanent employees(7) was 9% and the annual turnover rate for permanent employees(8) was 46% in FY 2020. Compared to FY 2019 (29% for annual new hire rate and 39% for annual turnover rate for permanent employees), the lower new hire rate and higher annual turnover rate were an inevitable consequence of COVID-19 on the hospitality sector.

In terms of gender diversity, the proportion of female and male employees remained relatively stable in FY 2020. The proportion of temporary male employees was however significantly greater in FY 2020 due to the inclusion of RMM where the number of temporary male employees were far greater than female employees.





(7) Annual new hire rate = Total new hires (for permanent employees) in the year / Total number of permanent employees at the end of the year
(8) Annual turnover rate = Total turnover (for permanent employees) in the year / Total number of permanent employees at the end of the year

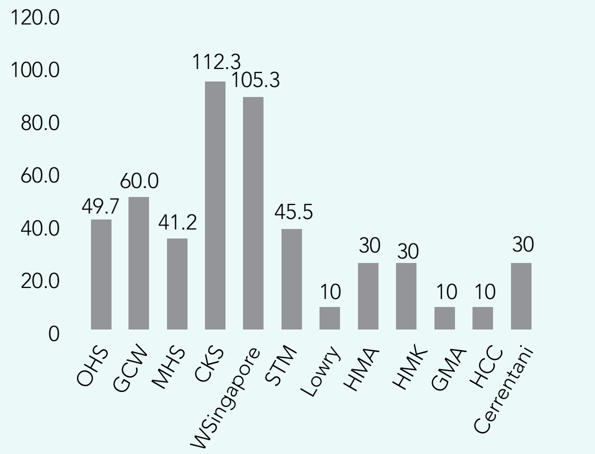
SUSTAINABILITY REPORT

Training and Development

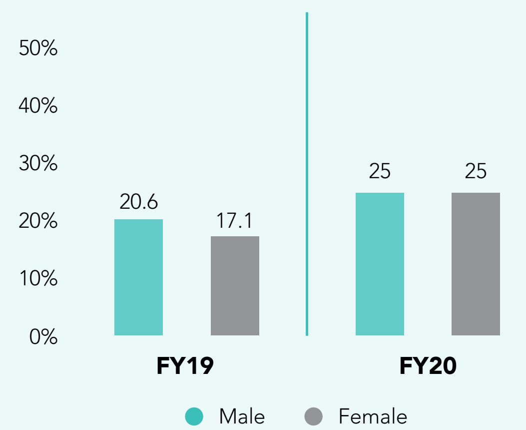
Providing continuous training and development for our employees is important for us to keep our workforce competitive and resilient in the post-pandemic market. It also allows our employees to refresh and upgrade their skills. For the Singapore hotels, employees were provided with various opportunities during the year and underwent annual performance appraisals.

Across the portfolio, employees received an average of 44 hours of training per employee in FY 2020[9] as compared to 19.2 hours of training per employee in FY 2019. All hotels achieved more than 10 hours of training per employee. While we have met our target set for FY 2020 by achieving an overall increase in training hours per employee, we are aware that some of our hotels reported lower figures due to the combined impact of reduced staffing levels and curtailed operating scope. In the upcoming year, we will continue to set a target of increasing the average number of training hours per employee.

Number of training hours by hotel



Average Training Hours by Gender*



GOVERNANCE

We believe that strong commitment to good corporate governance is essential to the sustainable growth of CDLHT.

Corporate Governance

Maintaining the trust of the public is important to us as reputation plays a key role in the success of CDLHT. CDLHT is committed to upholding high ethical standards and integrity in our operations through good corporate governance, responsible business practices, as well as an accountable and transparent management system. These factors are a means of preventing and minimising non-compliance, misconduct or corrupt business practices.

Our Approach

As a means of practicing good corporate governance throughout CDLHT, compliance training relevant to their respective business functions is provided to employees.

Hotel employees are required to maintain high levels of integrity throughout our operations. Hotel employees are updated with company policies such as Code of Ethics and Business Conduct and on Whistle-Blowing Policy.

(9) Average number of training hours = Total number of training hours for the year / Total number of permanent and temporary employees at the end of the year. GMA, AVM and RMM were excluded from this calculation as the official training hours received by the employees at these hotels were not officially recorded during the year.

SUSTAINABILITY REPORT

Corporate Policies

Recognising the importance of institutionalising a strong risk culture across our assets, our Singapore hotels have implemented various policies covering a range of issues such as bribery to data protection. Policies addressing bribery are namely the Anti-Bribery Policy, Anti-Corruption Compliance Guide, Business Hospitality and Gifts Policy, Whistle-Blowing Policy, and the Ethics and Corporate Social Responsibility Charter. Other additional policies include the Corporate Communications Policy, Global Data Protection Policy and Related Party Transactions Policy.

To ensure the effective implementation of corporate governance policies in our hotels, several processes have been set in place:

- Regular screening of changes in applicable laws and regulations;
- Review of contracts for compliance by the Legal department before authorisation;
- Reporting of any suspected violations to line manager by any employee;
- Oversight and monitoring of non-compliance issues related to corruption. Any violations of applicable environmental and socio-economic laws will be subject to review for disciplinary action by the management;
- Documentation of incidents on an incident report that will be filed with the Security department; and
- Open-door policy by the Human Resource department for staff to have an appropriate channel to report any non-compliance incidents

CDLHT aims to maintain zero incidences of non-compliance with laws or regulations resulting in significant fines and non-monetary sanctions, while striving to conduct training on relevant policies during orientation for new hires.

FINANCIAL STATEMENTS

CONTENTS

REPORT OF THE TRUSTEE-MANAGER OF CDL HOSPITALITY BUSINESS TRUST

The directors of M&C Business Trust Management Limited, the Trustee-Manager of CDL Hospitality Business Trust ("**HBT**") and its subsidiaries (collectively, the "**HBT Group**"), are pleased to submit this report to the unitholders together with the audited financial statements for the financial year ended 31 December 2020.

DIRECTORS

The directors of the Trustee-Manager in office at the date of this report are as follows:

Chan Soon Hee, Eric (Chairman)
Vincent Yeo Wee Eng (Chief Executive Officer)
Ronald Seah Lim Siang
Foo Say Mui (Bill)
Kenny Kim
Cheah Sui Ling

DIRECTORS' INTEREST IN UNITS OR DEBENTURES

According to the register kept by the Trustee-Manager for the purposes of Section 76 of the Business Trusts Act, Chapter 31A of Singapore (the "**Act**"), particulars of interest of director who held office at the end of the financial year (including those held by their spouses and children below 18 years of age) in units of HBT are as follows:

	Holdings at beginning of the year	**Holdings at end of the year**
Vincent Yeo Wee Eng	138,000	138,000

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in units of HBT either at the beginning or at the end of the financial year.

There were no changes in the abovementioned interests of HBT between the end of the financial year and 21 January 2021.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE UNITS AND DEBENTURES

Neither at the end of, nor at any time during the financial year, was the Trustee-Manager a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Trustee-Manager to acquire benefits by means of the acquisition of units in or debentures of HBT.

DIRECTORS' CONTRACTUAL BENEFITS

During the financial year, no director has received or become entitled to receive a benefit by reason of a contract made by HBT or a related corporation with the director, or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the financial statements.

OPTIONS

During the financial year, there were:

(i) no options granted by the Trustee-Manager to any person to take up unissued units in HBT; and

(ii) no units issued by virtue of any exercise of option to take up unissued units of HBT.

As at the end of the financial year, there were no unissued units of HBT under options.

REPORT OF THE TRUSTEE-MANAGER OF CDL HOSPITALITY BUSINESS TRUST

AUDIT AND RISK COMMITTEE

The members of the Audit and Risk Committee during the year and at the date of this statement are:

- Foo Say Mui (Bill) (Chairman), Independent, non-executive director
- Ronald Seah Lim Siang, Independent, non-executive director
- Kenny Kim, Independent, non-executive director

The Audit and Risk Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit and Risk Committee has held four meetings since the last report of the Trustee-Manager. In performing its functions, the Audit and Risk Committee met with HBT's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the HBT's internal accounting control system.

The Audit and Risk Committee also reviewed the following:

- assistance provided by HBT's officers to the internal and external auditors;
- half yearly financial information and annual financial statements of HBT prior to their submission to the directors of the Trustee-Manager for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit and Risk Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit and Risk Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit and Risk Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors of the Trustee-Manager that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of HBT.

In appointing our auditors for HBT Group, we have complied with Rules 712 and 715 of the SGX Listing Manual.

AUDITORS

The auditors, KPMG LLP, have expressed their willingness to accept re-appointment.

STATEMENT BY THE TRUSTEE-MANAGER

In our opinion:

(a) the consolidated financial statements of HBT Group set out on pages 133 to 232 are drawn up so as to give a true and fair view of the state of affairs of HBT Group as at 31 December 2020 and the financial performance, movements in unitholders' funds and cash flows of HBT Group for the year ended on that date in accordance with the provisions of the Act and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that HBT Group will be able to pay its debts as and when they fall due.

REPORT OF THE TRUSTEE-MANAGER OF CDL HOSPITALITY BUSINESS TRUST

With respect to the statement of profit or loss of HBT Group for the financial year ended 31 December 2020:

- fees or charges paid or payable out of the trust property to the Trustee-Manager are in accordance with HBT's trust deed dated 12 June 2006 (as amended);
- interested person transactions are not detrimental to the interests of all the unitholders as a whole based on the circumstances at the time of the transaction; and
- the Board of Directors is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the HBT Group or on the interests of all the unitholders as a whole.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

For and on behalf of the Board of Directors of the Trustee-Manager,
M&C Business Trust Management Limited

Chan Soon Hee, Eric
Director

Vincent Yeo Wee Eng
Director

4 March 2021

STATEMENT BY THE CHIEF EXECUTIVE OFFICER OF THE TRUSTEE-MANAGER

In accordance with Section 86 of the Act, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of HBT Group or on the interests of all the unitholders of HBT as a whole.

Vincent Yeo Wee Eng
Chief Executive Officer

4 March 2021

REPORT OF THE TRUSTEE OF CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST

DBS Trustee Limited (the "**H-REIT Trustee**") is under a duty to take into custody and hold the assets of CDL Hospitality Real Estate Investment Trust ("**H-REIT**") held by it or through its subsidiaries (collectively, the "**H-REIT Group**") in trust for the holders of units in H-REIT. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the H-REIT Trustee shall monitor the activities of M&C REIT Management Limited (the "**H-REIT Manager**") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 8 June 2006 (as amended) (the "**H-REIT Trust Deed**") between the H-REIT Manager and the H-REIT Trustee in each annual accounting period; and report thereon to unitholders in an annual report.

To the best knowledge of the H-REIT Trustee, the H-REIT Manager has, in all material respects, managed the H-REIT Group during the period covered by these financial statements set out on pages 133 to 232, in accordance with the limitations imposed on the investment and borrowing powers set out in the H-REIT Trust Deed.

For and on behalf of the H-REIT Trustee,
DBS Trustee Limited

Jane Lim Puay Yuen
Director

4 March 2021

REPORT OF THE MANAGER OF CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST

In the opinion of M&C REIT Management Limited (the "**H-REIT Manager**"), the Manager of CDL Hospitality Real Estate Investment Trust ("**H-REIT**"), the accompanying consolidated financial statements of H-REIT and its subsidiaries (collectively, the "**H-REIT Group**"), and CDL Hospitality Trusts (the "**Stapled Group**", comprising the H-REIT Group and HBT Group) set out on pages 133 to 232, comprising the statement of financial position, statement of total return, statement of movements in unitholders' funds, portfolio statement and statement of cash flows of the H-REIT Group; the statement of financial position, statement of total return, statement of movements in unitholders' funds, distribution statement, portfolio statement and statement of cash flows of the Stapled Group; and notes to the financial statements, are drawn up so as to present fairly, in all material respects, the financial positions and portfolio holdings of the H-REIT Group and the Stapled Group as at 31 December 2020 and the financial performance, movements in unitholders' funds and cash flows of the H-REIT Group and the financial performance, movements in unitholders' funds, distributable income and cash flows of the Stapled Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants and the provisions of H-REIT's trust deed between DBS Trustee Limited (the "**H-REIT Trustee**") and the H-REIT Manager dated 8 June 2006 (as amended) and the stapling deed of CDL Hospitality Trusts between the H-REIT Trustee, the H-REIT Manager and M&C Business Trust Management Limited (the Trustee-Manager of HBT) dated 12 June 2006 (as amended). At the date of this statement, there are reasonable grounds to believe that the H-REIT Group and the Stapled Group will be able to meet their respective financial obligations as and when they materialise.

For and on behalf of the H-REIT Manager,
M&C REIT Management Limited

Vincent Yeo Wee Eng
Director

4 March 2021

INDEPENDENT AUDITORS' REPORT

UNITHOLDERS

CDL Hospitality Business Trust
(Constituted under a Trust Deed in the Republic of Singapore)
CDL Hospitality Real Estate Investment Trust
(Constituted under a Trust Deed in the Republic of Singapore)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited:

(i) the consolidated financial statements of CDL Hospitality Business Trust ("**HBT**") and its subsidiaries (the "**HBT Group**"), which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss, statement of comprehensive income, statement of movements in unitholders' funds and statement of cash flows of the HBT Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies;

(ii) the consolidated financial statements of CDL Hospitality Real Estate Investment Trust ("**H-REIT**") and its subsidiaries (the "**H-REIT Group**"), which comprise the statement of financial position and portfolio statement as at 31 December 2020, the statement of total return, statement of movements in unitholders' funds and statement of cash flows of the H-REIT Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies; and

(iii) the consolidated financial statements of CDL Hospitality Trusts, which comprise the statement of financial position and portfolio statement as at 31 December 2020, the statement of total return, distribution statement, statement of movements in unitholders' funds and statement of cash flows of CDL Hospitality Trusts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies;

as set out on pages 133 to 232. CDL Hospitality Trusts, which comprises the HBT Group and the H-REIT Group, is hereinafter referred to as the "**Stapled Group**".

In our opinion:

(a) the accompanying consolidated financial statements of the HBT Group are properly drawn up in accordance with the provisions of the Business Trust Act, Chapter 31A of Singapore (the "**Act**") 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 HBT Group as at 31 December 2020 and the financial performance, movements in unitholders' funds and cash flows of the HBT Group for the year ended on that date; and

(b) the accompanying consolidated financial statements of the H-REIT Group and the Stapled Group present fairly, in all material respects, the financial position and portfolio holdings of the H-REIT Group and the Stapled Group as at 31 December 2020 and the financial performance, movements in unitholders' funds and cash flows of the H-REIT Group and the financial performance, movements in unitholders' funds, distributable income and cash flows of the Stapled Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice ("**RAP**") 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants ("**ISCA**").

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the HBT Group, the H-REIT Group and the Stapled Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("**ACRA Code**") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties
(Refer to Note 4 to the financial statements)

The key audit matter

The Stapled Group and the H-REIT Group own hotel properties which are classified as investment properties with a carrying value of $2.0 billion and $2.4 billion respectively, as at 31 December 2020. Investment properties represent the most significant asset item on the statement of financial position.

The accounting policy of the Stapled Group and the H-REIT Group is to state investment properties at fair value based on independent external valuations. The valuation process involves significant judgement in determining the valuation method to be used and estimating the underlying assumptions to be applied. The valuations are sensitive to the key assumptions applied and a change in assumptions could have a significant impact to the valuation.

The valuers have highlighted in their valuation reports that the real estate market has been impacted by the uncertainty that the Coronavirus Disease ("**COVID-19**") pandemic has caused and given the unprecedented set of circumstances on which to base a judgement, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. The valuers have also recommended to keep the valuation of the properties under frequent review.

Our response

We evaluated the qualifications and competence of the external valuers. We held discussions with the valuers to understand their valuation methods, assumptions and basis used, including how they have considered the implications of COVID-19 and market uncertainty in the valuations, where appropriate. We considered the valuation methodologies used against those applied for similar property types by other valuers. We assessed the reasonableness of the key assumptions used in the valuations which included a comparison of the assumptions against historical rates and available industry data, taking into consideration comparability and market factors.

Our findings

The valuation methods used were in line with generally accepted market practices and the key assumptions were comparable to available industry data.

Valuation of property, plant and equipment
(Refer to Note 5 to the financial statements)

The key audit matter

The Stapled Group, the H-REIT Group and the HBT Group own hotels classified as property, plant and equipment with a total carrying value of $709.0 million, $80.8 million and $279.6 million respectively, as at 31 December 2020. Property, plant and equipment represent a significant asset item on the statement of financial position.

The accounting policy of the Stapled Group, the H-REIT Group and the HBT Group is to revalue freehold land, leasehold land and buildings included as part of property, plant and equipment to their fair value at the reporting date based on independent external valuations. The valuation process involves significant judgement in determining the valuation method to be used and estimating the underlying assumptions to be applied. The valuations are sensitive to the key assumptions applied and a change in assumptions could have a significant impact to the valuation.

The valuers have highlighted in their valuation reports that the real estate market has been impacted by the uncertainty that the COVID-19 pandemic has caused and given the unprecedented set of circumstances on which to base a judgement, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. The valuers have also recommended to keep the valuation of the properties under frequent review.

INDEPENDENT AUDITORS' REPORT

Our response

We evaluated the qualifications and competence of the external valuers. We held discussions with the valuers to understand their valuation methods, assumptions and basis used, including how they have considered the implications of COVID-19 and market uncertainty in the valuations, where appropriate. We considered the valuation methodologies used against those applied for similar property types by other valuers. We assessed the reasonableness of the key assumptions used in the valuations which included a comparison of the assumptions against historical rates and available industry data, taking into consideration comparability and market factors.

Our findings

The valuation methods used were in line with generally accepted market practices and the key assumptions were comparable to available industry data.

Other information

M&C Business Trust Management Limited, the Trustee-Manager of HBT (the "**HBT Trustee-Manager**") and M&C REIT Management Limited, the Manager of H-REIT (the "**H-REIT Manager**") are responsible for the other information. The other information is defined as all information in the annual report other than the financial statements and our auditors' reports thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the HBT Trustee-Manager for the financial statements

The HBT Trustee-Manager is responsible for the preparation of financial statements of the HBT Group that gives a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets that are part of the trust property of the registered business trust are safeguarded against loss from unauthorised use or disposition; and transactions by the 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 HBT Trustee-Manager is responsible for assessing the ability of the HBT Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the HBT Trustee-Manager either intends to terminate the HBT Group or to cease the operations of the HBT Group, or has no realistic alternative but to do so.

The HBT Trustee-Manager's responsibilities include overseeing the HBT Group's financial reporting process.

Responsibilities of the H-REIT Manager for the financial statements

The H-REIT Manager is responsible for the preparation and fair presentation of the financial statements of the H-REIT Group and the Stapled Group in accordance with the recommendations of RAP 7 issued by ISCA, and for such internal controls as the H-REIT Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The H-REIT Manager's responsibilities include overseeing the financial reporting process of the H-REIT Group and of the Stapled Group.

INDEPENDENT AUDITORS' REPORT

Auditors' responsibilities for the audit of the 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 HBT Group, the H-REIT Group and the Stapled Group.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the HBT Trustee-Manager and the H-REIT Manager.

- Conclude on the appropriateness of the use of the going concern basis of accounting by the HBT Trustee-Manager and the H-REIT Manager and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the HBT Group, the H-REIT Group and the Stapled Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the HBT Group, the H-REIT Group and the Stapled Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the HBT Group, the H-REIT Group and the Stapled Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the HBT Trustee-Manager and the H-REIT Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

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

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

INDEPENDENT AUDITORS' REPORT

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the HBT Trustee-Manager on behalf of HBT have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Lo Mun Wai.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
4 March 2021

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Note	HBT Group 2020 $'000	HBT Group 2019 $'000	H-REIT Group 2020 $'000	H-REIT Group 2019 $'000	Stapled Group 2020 $'000	Stapled Group 2019 $'000
Non-current assets							
Investment properties	4	–	–	2,403,183	2,209,253	1,978,356	2,139,392
Property, plant and equipment	5	279,605	257,735	80,822	86,240	709,039	373,843
Finance lease receivables	6	–	–	4,098	4,923	4,098	4,923
Deferred tax assets	13	163	–	835	635	998	635
Financial derivative assets	11	–	–	–	5,968	–	5,968
Other receivables	7	212	–	10,264	149	361	149
		279,980	257,735	2,499,202	2,307,168	2,692,852	2,524,910
Current assets							
Inventories		1,947	1,767	–	–	1,947	1,767
Finance lease receivables	6	–	–	825	800	825	800
Trade and other receivables	7	15,704	14,190	59,974	50,079	27,733	28,915
Financial derivative assets	11	–	–	–	79	–	79
Cash and cash equivalents	8	17,532	7,802	113,570	128,152	131,102	135,954
		35,183	23,759	174,369	179,110	161,607	167,515
Asset held for sale	9	–	–	–	368,700	–	368,700
		35,183	23,759	174,369	547,810	161,607	536,215
Total assets		315,163	281,494	2,673,571	2,854,978	2,854,459	3,061,125
Non-current liabilities							
Loans and borrowings	10	190,318	147,913	719,565	914,877	831,471	1,023,938
Financial derivative liabilities	11	–	–	13,707	–	13,707	–
Other payables	12	–	–	10,815	10,476	10,815	10,476
Deferred tax liabilities	13	10,851	16,032	11,298	16,925	22,149	32,957
		201,169	163,945	755,385	942,278	878,142	1,067,371
Current liabilities							
Loans and borrowings	10	14,140	2,072	291,651	79,741	291,876	79,749
Financial derivative liabilities	11	–	23	–	164	–	187
Trade and other payables	12	57,965	41,673	33,957	37,307	43,978	43,626
Provision for taxation		1,021	822	11,707	6,883	12,728	7,705
		73,126	44,590	337,315	124,095	348,582	131,267
Total liabilities		274,295	208,535	1,092,700	1,066,373	1,226,724	1,198,638
Net assets		40,868	72,959	1,580,871	1,788,605	1,627,735	1,862,487
Represented by:							
Unitholders' funds		40,868	72,959	1,573,044	1,780,289	1,619,908	1,854,171
Non-controlling interests	14	–	–	7,827	8,316	7,827	8,316
		40,868	72,959	1,580,871	1,788,605	1,627,735	1,862,487
Units/Stapled Securities in issue ('000)	15	1,221,499	1,212,584	1,221,499	1,212,584	1,221,499	1,212,584
Net asset value per Unit/ Stapled Security ($)	16	0.0333	0.0600	1.28	1.46	1.32	1.52

The accompanying notes form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS OF THE HBT GROUP STATEMENTS OF TOTAL RETURN OF THE H-REIT GROUP AND THE STAPLED GROUP

Year ended 31 December 2020

	Note	HBT Group		H-REIT Group		Stapled Group	
		2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Revenue	17	37,869	54,857	90,733	150,148	117,558	196,872
Property expenses							
Operations and maintenance expenses		(9,172)	(12,546)	–	–	(9,172)	(12,546)
Employee benefit expenses		(12,900)	(17,076)	–	–	(12,900)	(17,076)
Rental expenses		(5,743)	(4,131)	–	–	(211)	(94)
Property tax	20	(143)	(2,340)	(5,890)	(6,188)	(6,033)	(8,528)
Other property expenses		(10,691)	(13,148)	(9,226)	(4,318)	(19,917)	(17,466)
		(38,649)	(49,241)	(15,116)	(10,506)	(48,233)	(55,710)
Net property (loss)/income		(780)	5,616	75,617	139,642	69,325	141,162
H-REIT Manager's management fee	18	–	–	(10,128)	(13,118)	(10,128)	(13,118)
H-REIT Trustee's fee		–	–	(407)	(389)	(407)	(389)
HBT Trustee-Manager's management fee	18	(559)	(559)	–	–	(559)	(559)
HBT Trustee-Manager's trustee fee		(224)	(224)	–	–	(224)	(224)
Valuation fee		(8)	121	(179)	(174)	(187)	(53)
Depreciation	20	(11,031)	(9,950)	(1,901)	(1,906)	(16,190)	(12,027)
Other expenses		(358)	(1,975)	(8,066)	(7,881)	(8,424)	(9,856)
Finance income		23	–	19,202	3,020	20,634	2,927
Finance costs		(7,103)	(5,615)	(41,169)	(29,139)	(44,599)	(31,451)
Net finance costs	19	(7,080)	(5,615)	(21,967)	(26,119)	(23,965)	(28,524)
Net (loss)/income		(20,040)	(12,586)	32,969	90,055	9,241	76,412
(Revaluation deficit)/ Reversal of revaluation deficit on property, plant and equipment		(13,581)	(1,088)	(1,454)	243	(51,568)	(17,325)
Net fair value (loss)/gain on investment properties	4	–	–	(181,055)	46,780	(133,955)	66,418
Loss on disposal of investment properties and related cessation of business of foreign operations		–	–	(8,951)	–	(8,795)	–
Loss/Total return for the year before tax	20	(33,621)	(13,674)	(158,491)	137,078	(185,077)	125,505
Tax credit/(expense)	21	2,092	(2,302)	(6,150)	(9,146)	(4,058)	(11,448)
Loss/Total return for the year	22	(31,529)	(15,976)	(164,641)	127,932	(189,135)	114,057
Loss/Total return attributable to:							
Unitholders		(31,529)	(15,976)	(163,521)	126,606	(188,015)	112,731
Non-controlling interests	14	–	–	(1,120)	1,326	(1,120)	1,326
		(31,529)	(15,976)	(164,641)	127,932	(189,135)	114,057
Earnings per Stapled Security (cents)	23						
Basic						(15.41)	9.31
Diluted						(15.41)	9.27

The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME OF THE HBT GROUP

Year ended 31 December 2020

	HBT Group	
	2020	**2019**
	$'000	**$'000**
Net loss for the year	(31,529)	(15,976)
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Revaluation (deficit)/surplus on property, plant and equipment	(4,338)	1,785
Tax effect on revaluation of property, plant and equipment	3,102	(65)
	(1,236)	1,720
Items that are or may be reclassified subsequently to profit or loss:		
Translation differences relating to financial statements of foreign subsidiaries	2,418	1,167
Exchange differences on monetary items forming part of net investment in foreign operations	2,226	965
Exchange differences on hedge of net investments in foreign operations	(1,347)	(818)
	3,297	1,314
Other comprehensive income for the year, net of tax	2,061	3,034
Total comprehensive income for the year	(29,468)	(12,942)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2020

HBT GROUP

	Units in issue and to be issued $'000	Issue expenses $'000	Revaluation reserve $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Total $'000
At 1 January 2020	113,517	(121)	12,491	3,152	(56,080)	72,959
Operations						
- Decrease in net assets resulting from operations	–	–	–	–	(31,529)	(31,529)
Revaluation reserve						
- Revaluation deficit on property, plant and equipment	–	–	(4,338)	–	–	(4,338)
- Tax effect on revaluation of property, plant and equipment	–	–	3,102	–	–	3,102
Foreign currency translation reserve						
- Translation differences relating to financial statements of foreign subsidiaries	–	–	–	2,418	–	2,418
- Exchange differences on monetary items forming part of net investment in foreign operations	–	–	–	2,226	–	2,226
- Exchange differences on hedge of net investments in foreign operations	–	–	–	(1,347)	–	(1,347)
Other comprehensive income	–	–	(1,236)	3,297	–	2,061
Total comprehensive income	–	–	(1,236)	3,297	(31,529)	(29,468)
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
- Distributions to holders of Stapled Securities	(2,700)	–	–	–	(370)	(3,070)
- Units/Stapled Securities issued and to be issued as payment of HBT Trustee-Manager's management fee	447	–	–	–	–	447
Total contributions by and distributions to owners	(2,253)	–	–	–	(370)	(2,623)
Total transactions with owners	(2,253)	–	–	–	(370)	(2,623)
At 31 December 2020	111,264	(121)	11,255	6,449	(87,979)	40,868

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2020

H-REIT GROUP

	Attributable to Stapled Security-holders $'000	Non-controlling interests $'000	Total $'000
At 1 January 2020	1,780,289	8,316	1,788,605
Operations			
- Decrease in net assets resulting from operations	(163,521)	(1,120)	(164,641)
Revaluation reserve			
- Revaluation deficit on property, plant and equipment	(5,605)	–	(5,605)
- Tax effect on revaluation of property, plant and equipment	1,275	–	1,275
Foreign currency translation reserve			
- Translation differences relating to financial statements of foreign subsidiaries	5,758	631	6,389
- Exchange differences on monetary items forming part of net investment in foreign operations	4,237	–	4,237
- Exchange differences on hedge of net investments in foreign operations	(953)	–	(953)
- Exchange differences transferred to statement of total return upon disposal of investment properties and related cessation of business of foreign operations	15,359	–	15,359
Other comprehensive income	20,071	631	20,702
Total comprehensive income	(143,450)	(489)	(143,939)
Transactions with owners, recorded directly in equity			
Contributions by and distributions to owners			
- Distributions to holders of Stapled Securities	(74,328)	–	(74,328)
- Units/Stapled Securities issued and to be issued as payment of H-REIT Manager's management fee	10,533	–	10,533
Total contributions by and distributions to owners	(63,795)	–	(63,795)
Total transactions with owners	(63,795)	–	(63,795)
At 31 December 2020	1,573,044	7,827	1,580,871

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2020

STAPLED GROUP

	Attributable to Stapled Security-holders $'000	Non-controlling interests $'000	Total $'000
At 1 January 2020	1,854,171	8,316	1,862,487
Operations			
- Decrease in net assets resulting from operations	(188,015)	(1,120)	(189,135)
Revaluation reserve			
- Revaluation deficit on property, plant and equipment	(9,468)	–	(9,468)
- Tax effect on revaluation of property, plant and equipment	4,377	–	4,377
Foreign currency translation reserve			
- Translation differences relating to financial statements of foreign subsidiaries	8,100	631	8,731
- Exchange differences on monetary items forming part of net investment in foreign operations	6,463	–	6,463
- Exchange differences on hedge of net investments in foreign operations	(4,661)	–	(4,661)
- Exchange differences transferred to statement of total return upon disposal of investment properties and related cessation of business of foreign operations	15,359	–	15,359
Other comprehensive income	20,170	631	20,801
Total comprehensive income	(167,845)	(489)	(168,334)
Transactions with owners, recorded directly in equity			
Contributions by and distributions to owners			
- Distributions to holders of Stapled Securities	(77,398)	–	(77,398)
- Units/Stapled Securities issued and to be issued as payment of H-REIT Manager's management fee	10,533	–	10,533
- Units/Stapled Securities issued and to be issued as payment of HBT Trustee-Manager's management fee	447	–	447
Total contributions by and distributions to owners	(66,418)	–	(66,418)
Total transactions with owners	(66,418)	–	(66,418)
At 31 December 2020	1,619,908	7,827	1,627,735

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2020

HBT GROUP

	Units in issue and to be issued $'000	Issue expenses $'000	Revaluation reserve $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Total $'000
At 1 January 2019	117,863	(121)	10,771	1,838	(37,498)	92,853
Operations						
- Decrease in net assets resulting from operations	–	–	–	–	(15,976)	(15,976)
Revaluation reserve						
- Revaluation surplus on property, plant and equipment	–	–	1,785	–	–	1,785
- Tax effect on revaluation surplus on property, plant and equipment	–	–	(65)	–	–	(65)
Foreign currency translation reserve						
- Translation differences relating to financial statements of foreign subsidiaries	–	–	–	1,167	–	1,167
- Exchange differences on monetary items forming part of net investment in foreign operations	–	–	–	965	–	965
- Exchange differences on hedge of net investments in foreign operations	–	–	–	(818)	–	(818)
Other comprehensive income	–	–	1,720	1,314	–	3,034
Total comprehensive income	–	–	1,720	1,314	(15,976)	(12,942)
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
- Distributions to holders of Stapled Securities	(4,793)	–	–	–	(2,606)	(7,399)
- Units/Stapled Securities issued and to be issued as payment of HBT Trustee-Manager's management fee	447	–	–	–	–	447
Total contributions by and distributions to owners	(4,346)	–	–	–	(2,606)	(6,952)
Total transactions with owners	(4,346)	–	–	–	(2,606)	(6,952)
At 31 December 2019	113,517	(121)	12,491	3,152	(56,080)	72,959

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2020

H-REIT GROUP

	Attributable to Stapled Security-holders $'000	Non-controlling interests $'000	Total $'000
At 1 January 2019	1,754,809	7,659	1,762,468
Operations			
- Increase in net assets resulting from operations	126,606	1,326	127,932
Revaluation reserve			
- Revaluation surplus on property, plant and equipment	3,433	–	3,433
- Tax effect on revaluation surplus on property, plant and equipment	(660)	–	(660)
Foreign currency translation reserve			
- Translation differences relating to financial statements of foreign subsidiaries	(9,322)	(352)	(9,674)
- Exchange differences on monetary items forming part of net investment in foreign operations	(2,560)	–	(2,560)
- Exchange differences on hedge of net investments in foreign operations	367	–	367
- Exchange differences transferred to statement of total return upon cessation of business of a foreign operation	78	–	78
Other comprehensive income	(8,664)	(352)	(9,016)
Total comprehensive income	117,942	974	118,916
Transactions with owners, recorded directly in equity			
Contributions by and distributions to owners			
- Distributions to holders of Stapled Securities	(102,726)	–	(102,726)
- Distributions to non-controlling interests	–	(222)	(222)
- Return of capital to non-controlling interests	–	(95)	(95)
- Units/Stapled Securities issued and to be issued as payment of H-REIT Manager's management fee	10,494	–	10,494
- Unit issue costs	(230)	–	(230)
Total contributions by and distributions to owners	(92,462)	(317)	(92,779)
Total transactions with owners	(92,462)	(317)	(92,779)
At 31 December 2019	1,780,289	8,316	1,788,605

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2020

STAPLED GROUP

	Attributable to Stapled Security-holders $'000	Non-controlling interests $'000	Total $'000
At 1 January 2019	1,847,663	7,659	1,855,322
Operations			
- Increase in net assets resulting from operations	112,731	1,326	114,057
Revaluation reserve			
- Revaluation surplus on property, plant and equipment	5,111	–	5,111
- Tax effect on revaluation surplus on property, plant and equipment	(725)	–	(725)
Foreign currency translation reserve			
- Translation differences relating to financial statements of foreign subsidiaries	(8,134)	(352)	(8,486)
- Exchange differences on monetary items forming part of net investment in foreign operations	(1,595)	–	(1,595)
- Exchange differences on hedge of net investments in foreign operations	(1,544)	–	(1,544)
- Exchange differences transferred to statement of total return upon cessation of business of a foreign operation	78	–	78
Other comprehensive income	(6,809)	(352)	(7,161)
Total comprehensive income	105,922	974	106,896
Transactions with owners, recorded directly in equity			
Contributions by and distributions to owners			
- Distributions to holders of Stapled Securities	(110,125)	–	(110,125)
- Distributions to non-controlling interests	–	(222)	(222)
- Return of capital to non-controlling interests	–	(95)	(95)
- Units/Stapled Securities issued and to be issued as payment of H-REIT Manager's management fee	10,494	–	10,494
- Units/Stapled Securities issued and to be issued as payment of HBT Trustee-Manager's management fee	447	–	447
- Unit issue costs	(230)	–	(230)
Total contributions by and distributions to owners	(99,414)	(317)	(99,731)
Total transactions with owners	(99,414)	(317)	(99,731)
At 31 December 2019	1,854,171	8,316	1,862,487

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations into Singapore dollar, exchange differences on monetary items which form part of Stapled Group's net investment in foreign operations and exchange differences arising from hedge of net investment in foreign operations.

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENT

Year ended 31 December 2020

	Note	Stapled Group 2020 $'000	Stapled Group 2019 $'000
Amount available for distribution to holders of Stapled Securities at the beginning of the year		58,128	58,864
Total return of H-REIT	22	(111,851)	135,401
Total return of HBT	22	(23,012)	136
Net tax adjustments (Note A)		179,761	(36,788)
		44,898	98,749
Less: Amount retained for working capital		(4,490)	(9,875)
Add: Capital distribution		20,000	20,515
Amount available for distribution to holders of Stapled Securities		118,536	168,253
Distribution to holders of Stapled Securities:			
Distribution of 4.95 cents per Stapled Security for the period from 1/7/2018 to 31/12/2018		–	(59,719)
Distribution of 4.16 cents per Stapled Security for the period from 1/1/2019 to 30/6/2019		–	(50,406)
Distribution of 4.86 cents per Stapled Security for the period from 1/7/2019 to 31/12/2019		(58,976)	–
Distribution of 1.51 cents per Stapled Security for the period from 1/1/2020 to 30/6/2020		(18,422)	–
		(77,398)	(110,125)
Amount available for distribution to holders of Stapled Securities at the end of the year		41,138	58,128
Distribution per Stapled Security (DPS) (cents)[(1)]		4.95	9.02
Note A – Net tax adjustments comprise:			
Non-tax deductible/(chargeable) items:			
- Amortisation of transaction costs		1,377	1,288
- Fair value loss/(gain) on financial derivatives		19,590	(1,836)
- Income in relation to gain on disposal of an investment property		(5,040)	–
- Gain on dissolution of a subsidiary		–	(582)
- Financial expense arising from accretion of non-current rental deposits measured at amortised cost		241	231
- Foreign exchange (gain)/loss		(20,286)	7,220
- Impairment loss on investment in subsidiaries		66,274	23,636
- H-REIT Manager's management fee paid/payable in Stapled Securities		8,103	10,494
- H-REIT Trustee's fee		407	389
- HBT Trustee-Manager's management fee paid/payable in Stapled Securities		447	447
- HBT Trustee-Manager's trustee fee		224	224
- Net fair value loss/(gain) on investment properties		105,302	(81,308)
- Other items		3,122	3,009
Net tax adjustments		179,761	(36,788)

Distributions of the Stapled Group represents the aggregate of distributions by H-REIT and HBT.

(1) The DPS relates to the distributions in respect of the relevant financial year. The distribution for the second half of the financial year will be made subsequent to the financial year end.

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2020

H-REIT GROUP

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value at 31/12/2020 [(1)] $'000	Carrying value at 31/12/2019 [(1)] $'000	Percentage of total net assets at 31/12/2020 %	Percentage of total net assets at 31/12/2019 %
Investment properties									
Singapore									
Orchard Hotel	Freehold [(2)]	75 years	61 years	442 Orchard Road	Hotel	443,000	466,000	28.0	26.1
Claymore Connect	Freehold [(2)]	75 years	61 years	442 Orchard Road	Retail	88,000	93,800	5.6	5.2
Grand Copthorne Waterfront Hotel	Freehold [(2)]	75 years	61 years	392 Havelock Road	Hotel	354,000	370,000	22.4	20.7
M Hotel	Freehold [(2)]	75 years	61 years	81 Anson Road	Hotel	237,000	245,000	15.0	13.7
Copthorne King's Hotel	Leasehold	99 years from 1 February 1968	46 years	403 Havelock Road	Hotel	114,000	120,000	7.2	6.7
Studio M Hotel	Leasehold	99 years from 26 February 2007	85 years	3 Nanson Road	Hotel	166,000	173,000	10.5	9.7
W Singapore – Sentosa Cove	Leasehold	99 years from 31 October 2006	85 years	21 Ocean Way	Hotel	365,581 [(3)]	–	23.1	–
Balance carried forward						1,767,581	1,467,800	111.8	82.1

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2020

H-REIT GROUP (CONT'D)

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value at 31/12/2020 [1] $'000	Carrying value at 31/12/2019 [1] $'000	Percentage of total net assets at 31/12/2020 %	Percentage of total net assets at 31/12/2019 %
Balance brought forward						1,767,581	1,467,800	111.8	82.1
Germany									
Pullman Hotel Munich	Freehold	–	–	Theodor-Dombart-Strasse 4, Munich	Hotel	171,479	173,874	10.8	9.7
Italy									
Hotel Cerretani Firenze – MGallery	Freehold	–	–	Via De Cerretani 68, Florence	Hotel	65,604	65,973	4.2	3.7
New Zealand									
Grand Millennium Auckland	Freehold	–	–	71 – 87 Mayoral Drive, Auckland	Hotel	186,657	200,450	11.8	11.2
Australia									
Novotel Brisbane	Freehold	–	–	200 Creek Street, Brisbane	Hotel	– [4]	68,533	–	3.8
Ibis Perth	Freehold	–	–	334 Murray Street, Perth	Hotel	30,345	29,103	1.9	1.6
Mercure Perth	Freehold	–	–	10 Irwin Street, Perth	Hotel	45,517	45,062	2.9	2.5
Maldives									
Angsana Velavaru	Leasehold	50 years from 26 August 1997	27 years	South Nilandhe Atoll	Resort	76,754	88,597	4.9	5.0
Raffles Maldives Meradhoo	Leasehold	50 years from 15 June 2006	35 years	Gaafu Alifu Atoll	Resort	59,246	69,861	3.7	3.9
Investment properties						2,403,183	2,209,253	152.0	123.5

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2020

H-REIT GROUP (CONT'D)

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value at 31/12/2020 (1) $'000	Carrying value at 31/12/2019 (1) $'000	Percentage of total net assets at 31/12/2020 %	Percentage of total net assets at 31/12/2019 %
Property, plant and equipment									
Japan									
Hotel MyStays Asakusabashi	Freehold	–	–	1-5-5 Asakusabashi, Taito-ku, Tokyo, Japan	Hotel	47,728	50,470	3.0	2.8
Hotel MyStays Kamata	Freehold	–	–	5-46-5 Kamata, Ota-ku, Tokyo, Japan	Hotel	32,845	35,254	2.1	2.0
Other plant and equipment	–	–	–	–	–	249	516	–	–
Property, plant and equipment						80,822	86,240	5.1	4.8
Asset held for sale									
Novotel Singapore Clarke Quay	Leasehold	97 years and 30 days from 2 April 1980	57 years	177A River Valley Road	Hotel	–	368,700 (5)	–	20.6
						2,484,005	2,664,193	157.1	148.9
Other assets and liabilities (net)						(903,134)	(875,588)	(57.1)	(48.9)
Net assets of the H-REIT Group						1,580,871	1,788,605	100.0	100.0

(1) The carrying values include right-of-use assets recognised on leases of land.
(2) H-REIT's interest in the freehold land is restricted to the remaining term of each respective lease.
(3) The acquisition of W Singapore – Sentosa Cove was completed on 16 July 2020 (Note 29).
(4) The sale of Novotel Brisbane was completed on 30 October 2020 (Note 4).
(5) Classified as "Asset held for sale" as at 31 December 2019 (Note 9). The sale was completed on 15 July 2020.

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS
As at 31 December 2020

STAPLED GROUP

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value at 31/12/2020 (1) $'000	Carrying value at 31/12/2019 (1) $'000	Percentage of total net assets at 31/12/2020 %	Percentage of total net assets at 31/12/2019 %
Investment properties									
Singapore									
Orchard Hotel	Freehold (2)	75 years	61 years	442 Orchard Road	Hotel	443,000	466,000	27.2	25.0
Claymore Connect	Freehold (2)	75 years	61 years	442 Orchard Road	Retail	88,000	93,800	5.4	5.0
Grand Copthorne Waterfront Hotel	Freehold (2)	75 years	61 years	392 Havelock Road	Hotel	354,000	370,000	21.7	19.9
M Hotel	Freehold (2)	75 years	61 years	81 Anson Road	Hotel	237,000	245,000	14.6	13.2
Copthorne King's Hotel	Leasehold	99 years from 1 February 1968	46 years	403 Havelock Road	Hotel	114,000	120,000	7.0	6.4
Studio M Hotel	Leasehold	99 years from 26 February 2007	85 years	3 Nanson Road	Hotel	166,000	173,000	10.2	9.3
Balance carried forward						1,402,000	1,467,800	86.1	78.8

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS
As at 31 December 2020

STAPLED GROUP (CONT'D)

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value at 31/12/2020 (1) $'000	Carrying value at 31/12/2019 (1) $'000	Percentage of total net assets at 31/12/2020 %	Percentage of total net assets at 31/12/2019 %
Balance brought forward						1,402,000	1,467,800	86.1	78.8
Germany									
Pullman Hotel Munich	Freehold	–	–	Theodor-Dombart-Strasse 4, Munich	Hotel	171,479	173,874	10.5	9.3
Italy									
Hotel Cerretani Firenze – MGallery	Freehold	–	–	Via De Cerretani 68, Florence	Hotel	65,604	65,973	4.0	3.5
New Zealand									
Grand Millennium Auckland	Freehold	–	–	71 – 87 Mayoral Drive, Auckland	Hotel	186,657	200,450	11.5	10.8
Australia									
Novotel Brisbane	Freehold	–	–	200 Creek Street, Brisbane	Hotel	– (3)	68,533	–	3.7
Ibis Perth	Freehold	–	–	334 Murray Street, Perth	Hotel	30,345	29,103	1.9	1.6
Mercure Perth	Freehold	–	–	10 Irwin Street, Perth	Hotel	45,517	45,062	2.8	2.4
Maldives									
Angsana Velavaru	Leasehold	50 years from 26 August 1997	27 years	South Nilandhe Atoll	Resort	76,754	88,597	4.7	4.7
Investment properties						1,978,356	2,139,392	121.5	114.8

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2020

STAPLED GROUP (CONT'D)

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value at 31/12/2020 [1] $'000	Carrying value at 31/12/2019 [1] $'000	Percentage of total net assets at 31/12/2020 %	Percentage of total net assets at 31/12/2019 %
<u>Property, plant and equipment</u>									
Singapore									
W Singapore – Sentosa Cove	Leasehold	99 years from 31 October 2006	85 years	21 Ocean Way	Hotel	369,581 [4]	–	22.7	–
Maldives									
Raffles Maldives Meradhoo	Leasehold	50 years from 15 June 2006	35 years	Gaafu Alifu Atoll	Resort	59,246	69,889	3.7	3.8
Japan									
Hotel MyStays Asakusabashi	Freehold	–	–	1-5-5 Asakusabashi, Taito-ku, Tokyo, Japan	Hotel	47,728	50,470	2.9	2.7
Hotel MyStays Kamata	Freehold	–	–	5-46-5 Kamata, Ota-ku, Tokyo, Japan	Hotel	32,845	35,254	2.0	1.9
United Kingdom									
Hilton Cambridge City Centre	Leasehold	125 years from 25 December 1990	95 years	Downing Street, Cambridge	Hotel	110,079	118,379	6.8	6.4
The Lowry Hotel	Leasehold	150 years from 18 March 1997	126 years	Manchester	Hotel	88,916	99,335	5.5	5.3
Other plant and equipment	–	–	–	–	–	644	516	0.0	0.0
Property plant and equipment						709,039	373,843	43.6	20.1
<u>Asset held for sale</u>									
Novotel Singapore Clarke Quay	Leasehold	97 years and 30 days from 2 April 1980	57 years	177A River Valley Road	Hotel	–	368,700 [5]	–	19.8
						2,687,395	2,881,935	165.1	154.7
Other assets and liabilities (net)						(1,059,660)	(1,019,448)	(65.1)	(54.7)
Net assets of the Stapled Group						1,627,735	1,862,487	100.0	100.0

(1) The carrying values include right-of-use assets recognised on leases of land and buildings.
(2) H-REIT's interest in the freehold land is restricted to the remaining term of each respective lease.
(3) The sale of Novotel Brisbane was completed on 30 October 2020 (Note 4).
(4) The acquisition of W Singapore – Sentosa Cove was completed on 16 July 2020 (Note 29).
(5) Classified as "Asset held for sale" as at 31 December 2019 (Note 9). The sale was completed on 15 July 2020.

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2020

The carrying values of the investment properties were as follows:

	H-REIT Group (1)		Stapled Group (1)	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Investment properties				
Orchard Hotel	443,000	466,000	443,000	466,000
Grand Copthorne Waterfront Hotel	354,000	370,000	354,000	370,000
M Hotel	237,000	245,000	237,000	245,000
Copthorne King's Hotel	114,000	120,000	114,000	120,000
Novotel Singapore Clarke Quay (2)	–	368,700	–	368,700
W Singapore – Sentosa Cove (3)	365,581	–	–	–
Studio M Hotel	166,000	173,000	166,000	173,000
Claymore Connect	88,000	93,800	88,000	93,800
Grand Millennium Auckland	186,657	200,450	186,657	200,450
Novotel Brisbane (4)	–	68,533	–	68,533
Ibis Perth	30,345	29,103	30,345	29,103
Mercure Perth	45,517	45,062	45,517	45,062
Angsana Velavaru	76,754	88,597	76,754	88,597
Raffles Maldives Meradhoo	59,246	69,861	–	–
Pullman Hotel Munich	171,479	173,874	171,479	173,874
Hotel Cerretani Firenze – MGallery	65,604	65,973	65,604	65,973
	2,403,183	2,577,953	1,978,356	2,508,092

The carrying values of property, plant and equipment by property are set out below:

	H-REIT Group (1)		Stapled Group (1)	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Property, plant and equipment				
W Singapore – Sentosa Cove (3)	–	–	369,581	–
Raffles Maldives Meradhoo	–	–	59,246	69,889
Hotel MyStays Asakusabashi	47,728	50,470	47,728	50,470
Hotel MyStays Kamata	32,845	35,254	32,845	35,254
Hilton Cambridge City Centre	–	–	110,079	118,379
The Lowry Hotel	–	–	88,916	99,335
Other plant and equipment	249	516	644	516
	80,822	86,240	709,039	373,843

(1) The carrying values include right-of-use assets recognised on leases of land and buildings.
(2) Classified as "Asset held for sale" as at 31 December 2019 (Note 9). The sale was completed on 15 July 2020.
(3) The acquisition of W Singapore – Sentosa Cove was completed on 16 July 2020 (Note 29).
(4) The sale of Novotel Brisbane was completed on 30 October 2020 (Note 4).

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2020

As at 31 December 2020 and 31 December 2019, Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel, Studio M Hotel and Grand Millennium Auckland are leased by the H-REIT Group to related corporations of the H-REIT Manager. As at 31 December 2020, W Singapore – Sentosa Cove, Raffles Maldives Meradhoo and the Japan Properties (2019: Raffles Maldives Meradhoo and the Japan Properties) are leased by the H-REIT Group to the HBT Group.

The terms of the lease are as follows:

Singapore

The leases for Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel and Copthorne King's Hotel contain an initial term of 20 years from 19 July 2006 with an option to renew for another 20 years. The lease for Studio M Hotel contains an initial term of 20 years from 3 May 2011 with an option to renew up to a total term of 70 years. The lease for W Singapore – Sentosa Cove contains a term of 20 years. The leases for Claymore Connect generally contain an initial term of one to three years.

New Zealand

The lease for Grand Millennium Auckland contains a term of 3 years from 7 September 2019 with an option to extend for a 3-year period.

Australia

The leases for the Australia properties contain a term of approximately 11 years from 19 February 2010.

Maldives

The lease for Angsana Velavaru contains a term of 10 years from 1 February 2013. Raffles Maldives Meradhoo is leased to CDL HBT Oceanic Maldives Private Limited, an indirect subsidiary of HBT, for a term of 10 years from 31 December 2013 with an option to renew for another 10 years.

Japan

The Japan properties are under master lease arrangements between a trust bank in Japan (in its capacity as the trust bank holding the legal title to the Japan hotels) and AKO GK, an indirect subsidiary of HBT. The lease for the properties was renewed for a term of 1 year from 18 July 2020.

Germany

The lease for Pullman Hotel Munich contains a term of 20 years from 14 July 2017. The leases for the office and retail components generally contain an initial term of one to five years.

Italy

The lease for Hotel Cerretani Firenze – MGallery contains a term of 20 years from 27 November 2018.

Subsequent renewals are renegotiated with the lessees.

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

Year ended 31 December 2020

	Note	HBT Group 2020 $'000	HBT Group 2019 $'000	H-REIT Group 2020 $'000	H-REIT Group 2019 $'000	Stapled Group 2020 $'000	Stapled Group 2019 $'000
Cash flows from operating activities							
Loss/Total return for the year before tax		(33,621)	(13,674)	(158,491)	137,078	(185,077)	125,505
Adjustments for:							
H-REIT Manager's and HBT Trustee-Manager's fees paid/payable in Stapled Securities		447	447	8,103	10,494	8,550	10,941
Depreciation of property, plant and equipment	5	11,031	9,950	1,901	1,906	16,190	12,027
Impairment loss/(Reversal of impairment loss) on trade and other receivables		78	(9)	10,930	163	11,008	154
Revaluation deficit/(Reversal of revaluation deficit) on property, plant and equipment		13,581	1,088	1,454	(243)	51,568	17,325
Property, plant and equipment written off		–	240	–	–	–	240
Net fair value loss/(gain) on investment properties		–	–	181,055	(46,780)	133,955	(66,418)
Loss on disposal of investment properties and related cessation of business of foreign operations		–	–	8,951	–	8,795	–
Net finance costs		7,080	5,615	21,967	26,119	23,965	28,524
Operating (loss)/income before working capital changes		(1,404)	3,657	75,870	128,737	68,954	128,298
Changes in working capital:							
Inventories		(43)	(888)	–	–	(43)	(888)
Trade and other receivables		456	(3,015)	(21,390)	(11,191)	(1,319)	3,280
Trade and other payables		11,388	17,182	(2,480)	5,458	(10,706)	5,153
Cash generated from operating activities		10,397	16,936	52,000	123,004	56,886	135,843
Tax paid		(258)	(1,662)	(6,896)	(13,290)	(7,154)	(14,952)
Net cash generated from operating activities		10,139	15,274	45,104	109,714	49,732	120,891
Cash flows from investing activities							
Loan to related entity		–	–	(10,116)	–	–	–
Acquisition of subsidiaries, net of cash acquired	29	–	–	–	(1,838)	–	(1,838)
Acquisition of business, net of cash acquired	29	3,128	–	–	–	3,128	–
Acquisition of investment property	29	–	–	(343,611)	–	–	–
Acquisition of property, plant and equipment		–	–	–	–	(343,611)	–
Additions to property, plant and equipment		(1,726)	(5,351)	(337)	(477)	(5,911)	(18,569)
Capital expenditure on investment properties		–	–	(12,161)	(38,897)	(8,313)	(26,156)
Proceeds from disposal of investment properties		–	–	435,215	23	435,215	23
Receipt of finance lease receivables		–	–	800	756	800	756
Interest received		1	–	673	1,220	643	1,220
Net cash generated from/(used in) investing activities		1,403	(5,351)	70,463	(39,213)	81,951	(44,564)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
Year ended 31 December 2020

	Note	HBT Group		H-REIT Group		Stapled Group	
		2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Cash flows from financing activities							
Loan from related entity		10,116	–	–	–	–	–
Payment of issue expenses		–	–	–	(230)	–	(230)
Proceeds from bank loans		–	–	84,013	322,957	84,013	322,957
Proceeds from bond		–	–	39,990	–	39,990	–
Repayment of bank loans		–	–	(127,660)	(264,340)	(127,660)	(264,340)
Repayment of bond		–	–	(39,990)	–	(39,990)	–
Payment of transaction costs related to bank loans		–	–	(1,613)	(2,304)	(1,613)	(2,304)
Payment of lease liabilities		(2,849)	(2,020)	(708)	(1,022)	(766)	(1,064)
Finance costs paid		(6,049)	(5,242)	(15,756)	(18,612)	(19,054)	(21,735)
Distributions to holders of Stapled Securities		(3,070)	(7,399)	(74,328)	(102,726)	(77,398)	(110,125)
Distributions to holders of non-controlling interests		–	–	(23)	(309)	(23)	(309)
Return of capital to non-controlling interests		–	–	(24)	(97)	(24)	(97)
Movement in restricted cash		–	–	(3,415)	276	(3,415)	276
Net cash used in financing activities		(1,852)	(14,661)	(139,514)	(66,407)	(145,940)	(76,971)
Net increase/(decrease) in cash and cash equivalents		9,690	(4,738)	(23,947)	4,094	(14,257)	(644)
Cash and cash equivalents at beginning of the year		7,802	12,506	127,091	125,740	134,893	138,246
Effect of exchange rate changes on cash and cash equivalents		40	34	5,915	(2,743)	5,955	(2,709)
Cash and cash equivalents at end of the year	8	17,532	7,802	109,059	127,091	126,591	134,893

Significant non-cash transactions

There were the following non-cash transactions:

(i) 8,464,229 (2019: 6,799,933) Stapled Securities amounting to $10.6 million (2019: $10.5 million) were issued to the H-REIT Manager as satisfaction of the management fee payable in Stapled Securities.

(ii) 450,802 (2019: 318,401) Stapled Securities amounting to $0.5 million (2019: $0.5 million) were issued to the HBT Trustee-Manager as satisfaction of the management fee payable in Stapled Securities.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the HBT Trustee-Manager, the H-REIT Manager and the H-REIT Trustee on 4 March 2021.

1 GENERAL

CDL Hospitality Trusts is a stapled group comprising CDL Hospitality Real Estate Investment Trust ("**H-REIT**") and its subsidiaries (the "**H-REIT Group**") and CDL Hospitality Business Trust ("**HBT**") and its subsidiaries (the "**HBT Group**") (collectively, the "**Stapled Group**"). H-REIT is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 8 June 2006 (as amended) (the "**H-REIT Trust Deed**") between M&C REIT Management Limited (the "**H-REIT Manager**") and DBS Trustee Limited (the "**H-REIT Trustee**"). The H-REIT Trust Deed is governed by the laws of the Republic of Singapore. The H-REIT Trustee is under a duty to take into custody and hold the assets of H-REIT held by it or through its subsidiaries in trust for the holders of units in H-REIT. HBT is a business trust constituted by a trust deed dated 12 June 2006 (as amended) (the "**HBT Trust Deed**") and is managed by M&C Business Trust Management Limited (the "**HBT Trustee-Manager**"). The securities in each of H-REIT and HBT are stapled together under the terms of a stapling deed dated 12 June 2006 entered into between the H-REIT Manager, the H-REIT Trustee and the HBT Trustee-Manager (the "**Stapling Deed**") and cannot be traded separately. Each stapled security in CDL Hospitality Trusts (the "**Stapled Security**") comprises a unit in H-REIT (the "**H-REIT Unit**") and a unit in HBT (the "**HBT Unit**").

CDL Hospitality Trusts was formally admitted to the Official List of Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 19 July 2006.

The principal activity of H-REIT and its subsidiaries is to invest in income producing real estate and real estate related assets, which are used or substantially used for hospitality and hospitality related purposes, with the primary objective of achieving an attractive level of return from rental income and for long-term capital growth.

HBT functions as a master lessee and may also undertake certain hospitality and hospitality-related development projects, acquisition and investments which may not be suitable for H-REIT.

The consolidated financial statements of the H-REIT Group relate to H-REIT and its subsidiaries. The consolidated financial statements of the HBT Group relate to HBT and its subsidiaries. The consolidated financial statements of the Stapled Group relate to the HBT Group and the H-REIT Group.

Several service agreements are in place in relation to the management of HBT and H-REIT and its property operations. The fee structures of these services are as follows:

(i) *HBT Trustee-Manager's fees*

Pursuant to Clauses 12.1, 12.2, 12.3 and 12.4 of the HBT Trust Deed, the HBT Trustee-Manager is entitled to the following:

- Trustee fee of not exceeding 0.1% per annum of the value of HBT's Deposited Property (as defined in the HBT Trust Deed), subject to a minimum fee of $10,000 per month, if the value of HBT's Deposited Property is at least $50.0 million. The trustee fee is payable in arrears on a monthly basis in the form of cash.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL (CONT'D)

(i) *HBT Trustee-Manager's fees (cont'd)*

- Management fees comprising a base fee of 0.25% per annum of the value of HBT's Deposited Property (as defined in the HBT Trust Deed) and a performance fee of 5.0% per annum of HBT's net property income (as defined in the HBT Trust Deed).

  The HBT Trustee-Manager's management fees are payable in the form of Stapled Securities and/or cash as the HBT Trustee-Manager may elect (such election to be irrevocable and made prior to the relevant calendar quarter), and in such proportion as may be determined by the HBT Trustee-Manager, such determination to be irrevocable and made prior to be relevant calendar quarter. Where the management fees are payable in the form of Stapled Securities or (in the event that unstapling of the H-REIT units and HBT units has taken place) HBT units, such Stapled Securities or HBT units shall be issued at the market price (as defined in the HBT Trust Deed) prevailing at the date the management fees accrue.

  For the years ended 31 December 2020 and 31 December 2019, 80% of the HBT Trustee-Manager's management fees was satisfied in Stapled Securities and the remaining 20% was satisfied in cash.

  Any increase in the maximum permitted rate or any change in the structure of the HBT Trustee-Manager's management fees must be approved by an extraordinary resolution at a meeting of holders of the HBT units duly convened and held in accordance with the provisions of the HBT Trust Deed.

  The portion of the base management fee payable in the form of Stapled Securities is paid on a quarterly basis, in arrears. The portion of the base management fee payable in the form of cash is paid on a monthly basis, in arrears. Performance fee is paid on an annual basis in arrears, regardless of whether it is paid in the form of Stapled Securities or in cash.

- An acquisition fee of 1% (0.75% for acquisitions from related parties as defined in the HBT Trust Deed) of the acquisition price and a divestment fee of 0.5% of the sale price on all future acquisitions or disposals of properties. Both the acquisition fee and divestment fee are payable in the form of Stapled Securities and/or cash as the HBT Trustee-Manager may elect, and in such proportion as may be determined by the HBT Trustee-Manager. In the event that the HBT Trustee-Manager receives an acquisition fee in connection with a transaction with a related party, any such acquisition fee shall be paid in the form of Stapled Securities issued at the market price.

- Development management fee of 3% of the Total Project Costs (as defined in the HBT Trust Deed) incurred in a Development Project (as defined in the HBT Trust Deed) undertaken on behalf of HBT Group. If the estimated Total Project Costs exceeds $200.0 million, the HBT Trustee-Manager's independent directors will first review and approve the quantum of the development management fee whereupon the HBT Trustee-Manager may be directed by its independent directors to reduce the development management fee.

  The development management fee is payable in equal monthly instalments in cash over the construction period of each Development Project based on the HBT Trustee-Manager's best estimate of the Total Project Costs and construction period and, if necessary, a final payment of the balance amount to be paid to the HBT Trustee-Manager or (as the case may be) paid by the HBT Trustee-Manager when the Total Project Costs is finalised. No acquisition fee shall be paid when the HBT Trustee-Manager receives the development management fee for a Development Project.

  Any increase in the percentage or any change in the structure of the HBT Trustee-Manager's development management fee must be approved by an extraordinary resolution at a meeting of holders of the HBT units duly convened and held in accordance with the provisions of the HBT Trust Deed.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL (CONT'D)

(ii) H-REIT Manager's fees

Pursuant to Clauses 14.1, 14.2 and 14.7 of the H-REIT Trust Deed, the H-REIT Manager is entitled to the following:

- Management fees comprising a base fee of 0.25% per annum of the value of H-REIT's Deposited Property (as defined in the H-REIT Trust Deed) and a performance fee of 5.0% per annum of H-REIT's net property income (as defined in the H-REIT Trust Deed).

  The H-REIT Manager's management fees are payable in the form of Stapled Securities and/or cash as the H-REIT Manager may elect (such election to be irrevocable and made prior to the relevant calendar quarter), and in such proportion as may be determined by the H-REIT Manager, such determination to be irrevocable and made prior to be relevant calendar quarter. Where the management fees are payable in the form of Stapled Securities or (in the event that unstapling of the H-REIT units and HBT units has taken place) H-REIT units, such Stapled Securities or H-REIT units shall be issued at the market price (as defined in the H-REIT Trust Deed) prevailing at the date the management fees accrue.

  For the years ended 31 December 2020 and 31 December 2019, 80% of the H-REIT Manager's management fees was satisfied in Stapled Securities and the remaining 20% was satisfied in cash.

  Any increase in the maximum permitted rate or any change in the structure of the H-REIT Manager's management fees must be approved by an extraordinary resolution at a meeting of holders of the H-REIT units duly convened and held in accordance with the provisions of the H-REIT Trust Deed.

  The portion of the base management fee payable in the form of Stapled Securities is paid on a quarterly basis, in arrears. The portion of the base management fee payable in the form of cash is paid on a monthly basis, in arrears. Performance fee is paid on an annual basis in arrears, regardless of whether it is paid in the form of Stapled Securities or in cash.

- Acquisition fee of 1% (0.75% for acquisitions from related parties as defined in the H-REIT Trust Deed) of the acquisition price and a divestment fee of 0.5% of the sale price on all future acquisitions or disposals of properties. Both the acquisition fee and divestment fee are payable in the form of Stapled Securities and/or cash as the H-REIT Manager may elect, and in such proportion as may be determined by the H-REIT Manager. In the event that the H-REIT Manager receives an acquisition fee in connection with a transaction with a related party, any such acquisition fee shall be paid in the form of Stapled Securities issued at the market price.

- Development management fee of 3% of the Total Project Costs (as defined in the H-REIT Trust Deed) incurred in a Development Project (as defined in the H-REIT Trust Deed) undertaken on behalf of H-REIT Group. If the estimated Total Project Costs exceeds $200.0 million, the H-REIT Manager's independent directors will first review and approve the quantum of the development management fee whereupon the H-REIT Manager may be directed by its independent directors to reduce the development management fee.

  The development management fee is payable in equal monthly instalments in cash over the construction period of each Development Project based on the H-REIT Manager's best estimate of the Total Project Costs and construction period and, if necessary, a final payment of the balance amount to be paid to the H-REIT Manager or (as the case may be) paid by the H-REIT Manager when the Total Project Costs is finalised. No acquisition fee shall be paid when the H-REIT Manager receives the development management fee for a Development Project.

  Any increase in the percentage or any change in the structure of the H-REIT Manager's development management fee must be approved by an extraordinary resolution at a meeting of holders of the H-REIT units duly convened and held in accordance with the provisions of the H-REIT Trust Deed.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL (CONT'D)

(iii) H-REIT Trustee's fee

Pursuant to the H-REIT Trust Deed, the H-REIT Trustee's fee shall not exceed 0.1% per annum of the value of H-REIT's Deposited Property (subject to a minimum of $10,000 per month) or such higher percentage as may be fixed by an extraordinary resolution of a meeting of holders of the H-REIT units. The H-REIT Trustee's fee is payable out of H-REIT's Deposited Property on a monthly basis, in arrears. The H-REIT Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the H-REIT Trust Deed.

Based on the current agreement between the H-REIT Manager and the H-REIT Trustee, the H-REIT Trustee's fee is charged on a scaled basis of up to 0.02% per annum of the value of H-REIT's Deposited Property (subject to a minimum of $10,000 per month).

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the HBT Group have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**"), the applicable requirements of the Business Trust Act, Chapter 31A of Singapore and the provisions of the HBT Trust Deed.

The financial statements of the H-REIT Group and the Stapled Group are prepared in accordance with the Statement of Recommended Accounting Practice ("**RAP**") 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes (the "**CIS Code**") issued by the Monetary Authority of Singapore ("**MAS**") and the provisions of the H-REIT Trust Deed and the Stapling Deed. RAP 7 requires the accounting policies to generally comply with the recognition and measurement principles of the Singapore Financial Reporting Standards ("**FRS**").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as described below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the functional currency of HBT and H-REIT. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods effected.

Information about critical judgements in applying accounting policies and assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 4 – Valuation of investment properties
- Note 5 – Valuation of property, plant and equipment

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.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Measurement of fair values (cont'd)

The H-REIT Manager and the HBT Trustee-Manager have an established control framework with respect to the measurement of fair values. This includes a team that regularly reviews significant unobservable inputs and reports directly to the Chief Financial Officer, who has overall responsibility for all significant fair value measurements.

The H-REIT Manager and the HBT Trustee-Manager regularly review significant unobservable inputs and valuation adjustments included in the fair value measurements. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the H-REIT Manager and the HBT Trustee-Manager assess the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS / SFRS(I), including the level in the fair value hierarchy the resulting fair value estimate should be classified.

When measuring the fair value of an asset or a liability, the H-REIT Manager and the HBT Trustee-Manager use market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: unobservable inputs for the assets or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

Transfers between levels of the fair value hierarchy are recognised as of the end of the financial year during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 4 – Valuation of investment properties
- Note 5 – Valuation of property, plant and equipment
- Note 25 – Valuation of financial instruments

2.5 Change in accounting policies

The Stapled Group has applied the following FRSs or SFRS(I)s, amendments to and interpretations of FRSs or SFRS(I)s for the first time for the annual period beginning on 1 January 2020:

- Amendments to References to Conceptual Framework in FRS / SFRS(I) Standards
- Definition of a Business (Amendments to FRS 103 / SFRS(I) 3 *Business Combinations*)
- Definition of Material (Amendments to FRS 1 / SFRS(I) 1-1 *Presentation of Financial Statements* and FRS 8 / SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors*)
- Interest Rate Benchmark Reform (Amendments to FRS 109 / SFRS(I) 9 *Financial Instruments*, FRS 39 / SFRS(I) 1-39 *Financial Instruments: Recognition and Measurement* and FRS 107 / SFRS(I) 7 *Financial Instruments: Disclosures*)

In addition to the above, the Stapled Group has early adopted COVID-19-Related Rent Concessions (Amendment to FRS 116 / SFRS(I) 16 *Leases*) issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Stapled Group is a lessee – i.e. for leases to which the Stapled Group applies the practical expedient, the Stapled Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 are lease modifications. The Stapled Group has applied the amendment retrospectively. The amendment has no impact on the accumulated losses of the HBT Group and unitholders' funds of the H-REIT Group and the Stapled Group at 1 January 2020.

The application of these amendments to standards and interpretations did not have a material effect on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied by the HBT Group, the H-REIT Group and the Stapled Group consistently to all periods presented in these financial statements.

3.1 Consolidation

(i) Stapling

Where entities enter into a stapling arrangement, the stapling arrangement is accounted for as a business combination under the acquisition method.

(ii) Business combinations

The Stapled Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Stapled Group. In determining whether a particular set of activities and assets is a business, the Stapled Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Stapled Group has an option to apply a `concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Stapled Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest ("**NCI**") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss or the statement of total return (as the case may be).

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by FRS / SFRS(I).

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Stapled Group incurs in connection with a business combination are expensed as incurred.

(iii) Subsidiaries

Subsidiaries are entities controlled by either the HBT Group or the H-REIT Group. The HBT Group and the H-REIT Group control an entity when they are exposed to or has rights to, variable returns from their involvement with the entity and have the ability to affect those returns through their power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies of the HBT Group, the H-REIT Group and the Stapled Group, where appropriate. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements of the HBT Group, the H-REIT Group and the Stapled Group.

3.2 Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the entities in the HBT Group, the H-REIT Group and the Stapled Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss or the statement of total return (as the case may be). However, for foreign currency differences arising on the translation of a financial liability designated as a hedge of the HBT Group's, H-REIT Group's and the Stapled Group's net investment in a foreign operation to the extent that the hedge is effective are recognised in other comprehensive income ("**OCI**") or unitholders' funds (as the case may be) directly.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised directly in OCI or unitholders' funds (as the case may be). However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss or the statement of total return (as the case may be) as part of the gain or loss on disposal. When only part of the interest in a subsidiary that includes a foreign operation is disposed of while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised directly in the foreign currency translation reserve in OCI or unitholders' funds (as the case may be).

(iii) Hedge of net investment in foreign operation

The HBT Group, H-REIT Group and the Stapled Group apply hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the HBT Group, H-REIT Group and the Stapled Group's functional currency (Singapore dollars), regardless of whether the net investment is held directly or through an intermediate parent.

Foreign currency differences arising on the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised directly in foreign currency translation reserve in unitholders' funds to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in profit or loss or the statement of total return (as the case may be). When the hedged net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to profit or loss or the statement of total return (as the case may be) as part of the profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment

(i) Recognition and measurement

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent to recognition, freehold land, leasehold land and buildings are measured at fair value less accumulated depreciation and accumulated impairment losses while other assets are measured at cost less accumulated depreciation and accumulated impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any surplus arising on the revaluation is recognised in OCI or unitholders' funds (as the case may be), except to the extent that the surplus reverses a previous revaluation deficit on the same asset recognised in profit or loss or the statement of total return (as the case may be), in which case the credit to that extent is recognised in profit or loss or the statement of total return (as the case may be). Any deficit on revaluation is recognised in profit or loss or the statement of total return (as the case may be) except to the extent that it reverses a previous revaluation surplus on the same asset, in which case the debit to that extent is recognised in OCI or unitholders' funds (as the case may be).

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss or the statement of total return (as the case may be). The revaluation surplus included in equity or unitholders' funds (as the case may be) in respect of an item of property, plant and equipment measured using revaluation model, is transferred directly to accumulated profits or unitholders' funds (as the case may be).

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Stapled Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss or the statement of total return (as the case may be) as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss or the statement of total return (as the case may be) on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the Stapled Group will obtain ownership by the end of the lease term. Freehold land and capital work-in-progress are not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use.

The estimated useful lives for the current year is as follows:

- Leasehold land — Remaining useful lives of land leases of 36 years to 127 years
- Buildings — 31 years to 50 years
- Plant and machinery — 10 - 12 years
- Furniture and fixtures — 7 years
- Motor vehicles and boats — 5 years
- Office equipment — 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any changes therein recognised in the statement of total return.

The cost of a purchased property comprises its purchase price and any directly attributable expenditure including transaction costs. Fair value is determined in accordance with the H-REIT Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following events:

- at least once a year in accordance with the Property Funds Appendix of CIS Code issued by MAS; and
- where the H-REIT Manager proposes to issue new units for subscription or to redeem existing units unless the investment properties have been valued not more than 6 months ago.

When an investment property is disposed of, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

Properties are classified either as investment properties or property, plant and equipment in the statement of financial position. In assessing whether a property is classified as an investment property or property, plant and equipment, the Stapled Group takes into consideration several factors including, but not limited to, the business model, the extent of ancillary services provided, the power that the Stapled Group has to make significant operating and financing decisions regarding the operations of the property and the significance of its exposure to variations in the net cash flows of the property. The factors above are considered collectively, together with the facts and circumstances of each lease, in determining the classification of a property.

3.5 Leases

At inception of a contract, the Stapled Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Stapled Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Stapled Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Stapled Group recognises a right-of-use ("**ROU**") asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The subsequent measurement of the ROU asset will depend on whether it is presented in investment property or property, plant and equipment. The accounting policies for investment property and property, plant and equipment are set out in Note 3.4 and Note 3.3 respectively.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate as the discount rate.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Leases (cont'd)

(i) As a lessee (cont'd)

The Stapled Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substances fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- lease payments in an optional renewal period if the Stapled Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the Stapled Group changes its assessment of whether it will exercise an extension option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

The Stapled Group presents ROU assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low value assets

The Stapled Group has elected not to recognise ROU assets and lease liabilities for leases of low-value assets and short-term leases. The Stapled Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Stapled Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Stapled Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Stapled Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Stapled Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Stapled Group is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset.

If an arrangement contains lease and non-lease components, then the Stapled Group applies FRS 115 / SFRS(I) 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract.

The Stapled Group applies the derecognition and impairment requirements in FRS 109 / SFRS(I) 9 to the net investment in the lease (see Note 3.8(i)).

The Stapled Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Stapled Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("**FVTPL**"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified at: amortised cost; fair value through other comprehensive income ("**FVOCI**") – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Stapled Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Stapled Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Stapled Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Stapled Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Stapled Group's continuing recognition of the assets.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Stapled Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Stapled Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Stapled Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Non-derivative financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss or the statement of total return (as the case may be).

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(iii) Derecognition

Financial assets

The Stapled Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire, or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Stapled Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Stapled Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Stapled Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Stapled Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss or the statement of total return (as the case may be).

(iv) 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.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and fixed deposits that are subject to an insignificant risk of changes in their fair values, and are used by the Stapled Group in the management of its short-term commitments. For the purpose of the statement of cash flows, restricted cash is excluded.

(vi) Derivative financial instruments and hedge accounting

The Stapled Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss or the statement of total return (as the case may be) as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss or the statement of total return (as the case may be).

The Stapled Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Stapled Group documents the risk management objective and strategy for undertaking the hedge. The Stapled Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(vi) Derivative financial instruments and hedge accounting (cont'd)

Net investment hedges

The Stapled Group designates certain derivatives or 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 changes in the fair value of a derivative or foreign exchange gains and losses for a non-derivative is recognised in OCI and presented in the translation reserve within unitholders' funds. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss or the statement of total return (as the case may be). The amount recognised in the translation reserve is fully or partially reclassified to profit or loss or the statement of total return (as the case may be) as a reclassification adjustment on disposal or partial disposal of the foreign operation, respectively.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss or the statement of total return (as the case may be).

3.7 Inventories

Inventories comprise mainly food, beverage stocks, engineering items and spa supplies for the operations of hotels and a resort.

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average cost formula. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling costs.

3.8 Impairment

(i) Non-derivative financial assets

The Stapled Group recognises loss allowances for expected credit loss ("**ECL**") on financial assets measured at amortised cost and lease receivables.

Loss allowances of the Stapled Group are measured on either of the following bases:

- 12-month ECL: these are ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Stapled Group applies the simplified approach to provide for ECL for all trade receivables (including lease receivables). The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECL.

General approach

The Stapled Group applies the general approach to provide for ECL on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Stapled Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

General approach (cont'd)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Stapled Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Stapled Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECL.

The Stapled Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Stapled Group in full, without recourse by the Stapled Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECL is the maximum contractual period over which the Stapled Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Stapled Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Stapled Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Stapled Group on terms that the Stapled Group would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the 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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment (cont'd)

(ii) Non-financial assets

The carrying amounts of the Stapled Group's non-financial assets, other than investment properties, deferred tax assets and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit ("**CGU**") exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss or the statement of total return (as the case may be). Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (groups of CGUs), and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 Non-current assets held for sale

Non-current assets, or disposal groups comprising 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, or components of a disposal group, are remeasured in accordance with the Stapled Group's accounting policies. Thereafter, the assets, or disposal group, classified as held for sale are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, freehold land, leasehold land and buildings included in property, plant and equipment, and investment properties, which continue to be measured in accordance with the Stapled Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss or the statement of total return (as the case may be). Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

3.10 Unitholders' funds

Unitholders' funds of the Stapled Group comprise unitholders' funds of the HBT Group and the H-REIT Group. Unitholders' funds are classified as equity.

Issue expenses relate to expenses incurred in connection with the issue of Stapled Securities. The expenses are deducted directly against the unitholders' funds.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.12 Revenue

(i) Rental income from operating leases

Rental income receivable under operating leases is recognised in the statement of total return on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income to be received. Variable rentals are recognised as income in the accounting period in which they are earned and the amount can be measured reliably.

(ii) Hotel revenue

Revenue from hotel and resort operations is recognised when the accommodation and related services are rendered.

3.13 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Stapled Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.14 Finance income and finance costs

Finance income comprises interest income on funds invested, interest income on finance lease receivables, interest income on loan to related entity, net foreign exchange gains and gains on hedging instruments that are recognised in profit or loss or the statement of total return (as the case may be). Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprises interest expense on loans and borrowings, lease liabilities and loan from related entity, amortisation of transaction costs on loans and borrowings, unwinding of the discount on non-current rental deposits, net foreign exchange losses and losses on hedging instruments that are recognised in profit or loss or the statement of total return (as the case may be).

Interest income or all borrowing costs are recognised as it accrues, in profit or loss or the statement of total return (as the case may be), using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset, or the amortised cost of the financial liability.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss or the statement of total return (as the case may be) except to the extent that it relates to a business combination, or items recognised directly in OCI or unitholders' funds.

The Stapled Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 /SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflect uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Stapled Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Stapled Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Stapled Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Stapled Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

H-REIT received a tax ruling from the Inland Revenue Authority of Singapore ("**IRAS**") and subject to meeting the terms and conditions of the tax ruling which includes a distribution of at least 90% of the taxable income of H-REIT, H-REIT will not be taxed on the portion of taxable income of H-REIT that is distributed to holders of H-REIT units. Any portion of the taxable income that is not distributed to holders of H-REIT units will be taxed on H-REIT. In the event that there are subsequent adjustments to the taxable income when the actual taxable income of H-REIT is finally agreed with the IRAS, such adjustments are taken up as an adjustment to the taxable income for the next distribution following the agreement with the IRAS.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Tax (cont'd)

Although H-REIT is not taxed on its taxable income distributed, the H-REIT Trustee and the H-REIT Manager are required to deduct income tax at the applicable corporate tax rate from distributions of such taxable income of H-REIT (i.e. which has not been taxed in the hands of the H-REIT Trustee) to certain holders of H-REIT units. The H-REIT Trustee and the H-REIT Manager will not deduct tax from distributions made out of H-REIT's taxable income to the extent that the beneficial holder of H-REIT units is:

- An individual (excluding a partnership in Singapore);
- A tax resident Singapore-incorporated company;
- A Singapore branch of a company incorporated outside Singapore;
- A body of persons (excluding partnerships) incorporated or registered in Singapore, including:
  - (i) a charity registered under the Charities Act (Cap 37) or established by any written law;
  - (ii) a town council;
  - (iii) a statutory board;
  - (iv) a co-operative society registered under the Co-operative Societies Act (Cap 62); and
  - (v) a trade union registered under the Trade Unions Act (Cap 333).
- an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap 145); and
- real estate investment trust exchange-traded funds which have been accorded the tax transparency treatment.

The above tax transparency ruling does not apply to gains from sale of real properties. Such gains which are considered as trading gains are assessable to tax on H-REIT. Where the gains are capital gains, H-REIT will not be assessed to tax and may distribute the capital gains without tax being deducted at source.

3.16 Levies

A provision for levies is recognised when the condition that triggers the payment of the levy as specified in the relevant legislation is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

3.17 Government grants

Grants that compensate the Stapled Group for expenses incurred are recognised in profit or loss or the statement of total return (as the case may be) on a systematic basis and deducted against the related expenses in the same period in which the expenses are recognised.

3.18 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.

3.19 Segment reporting

An operating segment is a component of the HBT Group, the H-REIT Group and the Stapled Group that engages in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the other components of the HBT Group, the H-REIT Group and the Stapled Group. All operating segments' operating results are reviewed regularly by the HBT Board or the H-REIT Board (the "**Boards**") to make decisions about resources to be allocated to the segment and assess its performance, and is a component for which discrete financial information is available.

Segment results that are reported to the Boards include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly management fee, finance income, finance costs and other expenses.

Segment capital expenditure is the total cost incurred on investment properties and property, plant and equipment during the year.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 New standards and interpretations not yet adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted. Except as disclosed in Note 2.5, the Stapled Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The Stapled Group is in the process of assessing the impact of the new FRSs / SFRS(I)s, interpretations and amendments to FRSs / SFRS(I)s on its financial statements.

4 INVESTMENT PROPERTIES

	HBT Group		H-REIT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
At 1 January	–	–	2,209,253	2,517,373	2,139,392	2,439,768
Acquisition of property, including acquisition costs (Note 29)	–	–	343,700	–	–	–
Straight-line rental adjustment	–	–	1,392	–	1,392	–
Recognition of right-of-use assets	–	–	55,550	–	–	–
Capital expenditure	–	–	12,307	34,599	8,303	21,858
Disposal of property	–	–	(70,346)	–	(70,190)	–
Fair value changes (unrealised)	–	–	(181,055)	46,780	(133,955)	66,418
Reclassification to asset held for sale (Note 9)	–	–	–	(368,700)	–	(368,700)
Translation differences	–	–	32,382	(20,799)	33,414	(19,952)
At 31 December	–	–	2,403,183	2,209,253	1,978,356	2,139,392

The straight-line rental adjustment represents the effect of recognising rental income on a straight-line basis over the lease term of an investment property.

On 30 October 2020, the H-REIT Group sold Novotel Brisbane to a third party for a total consideration of $65.3 million and recognised a net loss on disposal of $14.0 million.

Security

At 31 December 2020, an investment property of the H-REIT Group and the Stapled Group with a carrying amount of $171.5 million (2019: $173.9 million) is pledged as security to secure a bank loan (Note 10).

Measurement of fair value

The carrying amounts of the investment properties as at 31 December 2020 were based on independent valuations undertaken by Knight Frank Pte Ltd for the Singapore properties, CBRE Limited for the New Zealand property, CIVAS (NSW) Pty Limited for the Australian properties, Jones Lang LaSalle Property Consultants Pte Ltd for the Maldives properties, Cushman & Wakefield (U.K.) LLP (German Branch) for the German property, Cushman & Wakefield (U.K.) LLP (Italian Branch) for the Italian property, as at that date. The carrying amounts of the investment properties as at 31 December 2019 were based on independent valuations undertaken by Knight Frank Pte Ltd for the Singapore properties, CBRE Limited for the New Zealand property, CBRE Valuations Pty Limited for the Australian properties (except Ibis Perth), Jones Lang LaSalle Advisory Pty Limited for Ibis Perth, Jones Lang LaSalle Property Consultants Pte Ltd for the Maldives properties, Cushman & Wakefield (U.K.) LLP (German Branch) for the German property, Cushman & Wakefield (U.K.) LLP (Italian Branch) for the Italian property, as at that date. The independent valuers have appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

4 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

The valuations were based on the discounted cash flows and capitalisation methods (2019: discounted cash flows, capitalisation and sales comparison methods), where appropriate. The valuation methods used in determining the fair value involve certain estimates including those relating to discount rate, terminal yield, capitalisation rate and price per room. The specific risks inherent in each of the properties are taken into consideration in arriving at the property valuation. In relying on the valuation reports, the H-REIT Manager has exercised its judgement and is satisfied that the valuation methods and estimates used are reflective of market conditions prevailing at the end of the financial year.

The fair value of the investment properties had declined against 2019 mainly due to the impact of the COVID-19 pandemic that has significantly affected the expected operating cash flows of the properties.

The valuers have highlighted in their valuation reports that the real estate market has been impacted by the uncertainty that the COVID-19 pandemic has caused and given the unprecedented set of circumstances on which to base a judgement, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. The valuers have also recommended to keep the valuation of the properties under frequent review. Accordingly, the carrying amounts of the investment properties were current as at 31 December 2020 only.

Fair value hierarchy

The fair value measurement for investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used (see Note 2.4).

	H-REIT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Fair value of investment properties (based on valuation reports)	2,328,448	2,189,797	1,967,992	2,128,831
Add: Carrying amount of lease liabilities	74,735	19,456	10,364	10,561
Carrying amount of investment properties	2,403,183	2,209,253	1,978,356	2,139,392

NOTES TO THE FINANCIAL STATEMENTS

4 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Type	Valuation techniques	Significant unobservable inputs	2020	2019
Singapore	Discounted cash flows and capitalisation methods	Hotel		
		Discount rate	6.00% - 7.00%	7.00%
		Terminal yield	3.40% - 5.35%	4.50% - 5.35%
		Capitalisation rate	3.15% - 5.10%	4.25% - 5.10%
		Retail		
		Discount rate	7.00%	7.00%
		Terminal yield	5.25%	5.25%
		Capitalisation rate	5.00%	5.00%
New Zealand	Discounted cash flows and capitalisation methods	Discount rate	8.75%	9.00%
		Terminal yield	7.00%	7.00%
		Capitalisation rate	6.75%	6.75%
Germany	Discounted cash flows method	Discount rate	5.00%	4.75%
		Terminal yield	5.25%	5.25%
Australia	Discounted cash flows, capitalisation and sales comparison methods	Discount rate	7.25%	6.00% - 8.50%
		Terminal yield	5.75%	5.00% - 6.50%
		Capitalisation rate	5.25%	5.00% - 6.00%
		Price per room	N.A.	AUD150,000 – AUD260,000
Maldives	Discounted cash flows method	Discount rate	12.00%	12.00%
		Terminal yield	9.00%	9.00%
Italy	Discounted cash flows method	Discount rate	6.85%	6.80%
		Terminal yield	4.90%	4.90%

N.A. – Not applicable

Inter-relationship between key unobservable inputs and fair value measurement

The significant unobservable inputs used in the fair value measurement of investment properties are discount rate, terminal yield, capitalisation rate and price per room. An increase in discount rate, terminal yield and capitalisation rate in isolation would result in a lower fair value. An increase in price per room in isolation would result in a higher fair value.

NOTES TO THE FINANCIAL STATEMENTS

5 PROPERTY, PLANT AND EQUIPMENT

	At valuation		At cost					
	Leasehold land $'000	Buildings $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and fixtures $'000	Office equipment $'000	Capital work-in-progress $'000	Total $'000
HBT Group								
At valuation/cost								
At 1 January 2019	129,620	102,395	4,286	–	26,184	872	151	263,508
Additions	–	5,749	–	–	4,747	131	473	11,100
Write-off	–	–	–	–	(772)	–	–	(772)
Translation differences	402	1,121	45	–	311	10	6	1,895
Revaluation deficit recognised in statement of profit or loss	(137)	(951)	–	–	–	–	–	(1,088)
Revaluation (deficit)/surplus recognised in OCI	(986)	2,771	–	–	–	–	–	1,785
Elimination of accumulated depreciation on revaluation	(3,679)	(2,192)	–	–	–	–	–	(5,871)
At 31 December 2019	125,220	108,893	4,331	–	30,470	1,013	630	270,557
At 1 January 2020	125,220	108,893	4,331	–	30,470	1,013	630	270,557
Additions	–	44,822	–	279	813	–	757	46,671
Acquisition of business (Note 29)	–	222	–	–	–	–	–	222
Transfers	126	–	23	–	829	(24)	(954)	–
Translation differences	965	2,604	104	–	601	24	10	4,308
Revaluation (deficit)/surplus recognised in statement of profit or loss	(14,546)	965	–	–	–	–	–	(13,581)
Revaluation (deficit)/surplus recognised in OCI	(5,783)	1,445	–	–	–	–	–	(4,338)
Elimination of accumulated depreciation on revaluation	(3,720)	(3,317)	–	–	–	–	–	(7,037)
At 31 December 2020	102,262	155,634	4,458	279	32,713	1,013	443	296,802
Accumulated depreciation								
At 1 January 2019	–	–	716	–	8,188	242	–	9,146
Depreciation	3,679	2,192	438	–	3,449	192	–	9,950
Write-off	–	–	–	–	(532)	–	–	(532)
Translation differences	–	–	12	–	113	4	–	129
Elimination of accumulated depreciation on revaluation	(3,679)	(2,192)	–	–	–	–	–	(5,871)
At 31 December 2019	–	–	1,166	–	11,218	438	–	12,822
At 1 January 2020	–	–	1,166	–	11,218	438	–	12,822
Depreciation	3,720	3,317	445	55	3,345	149	–	11,031
Translation differences	–	–	36	–	332	13	–	381
Elimination of accumulated depreciation on revaluation	(3,720)	(3,317)	–	–	–	–	–	(7,037)
At 31 December 2020	–	–	1,647	55	14,895	600	–	17,197
Carrying amounts								
At 1 January 2019	129,620	102,395	3,570	–	17,996	630	151	254,362
At 31 December 2019	125,220	108,893	3,165	–	19,252	575	630	257,735
At 31 December 2020	102,262	155,634	2,811	224	17,818	413	443	279,605

NOTES TO THE FINANCIAL STATEMENTS

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At valuation		At cost			
	Freehold land $'000	Buildings $'000	Plant and machinery $'000	Motor vehicles and boats $'000	Furniture and fixtures $'000	Total $'000
H-REIT Group						
At valuation/cost						
At 1 January 2019	53,247	26,013	6,705	1,299	511	87,775
Additions	–	131	54	183	109	477
Translation differences	(216)	(70)	(22)	(9)	(3)	(320)
Revaluation surplus/(deficit) recognised in unitholders' funds	4,301	(868)	–	–	–	3,433
Reversal of revaluation deficit recognised in statement of total return	–	243	–	–	–	243
Elimination of accumulated depreciation on revaluation	–	(908)	–	–	–	(908)
At 31 December 2019	57,332	24,541	6,737	1,473	617	90,700
At 1 January 2020	57,332	24,541	6,737	1,473	617	90,700
Additions	–	13	19	–	318	350
Disposal	–	(65)	–	–	–	(65)
Translation differences	2,160	929	250	(29)	21	3,331
Revaluation deficit recognised in unitholders' funds	(5,148)	(457)	–	–	–	(5,605)
Revaluation deficit recognised in statement of total return	–	(1,454)	–	–	–	(1,454)
Elimination of accumulated depreciation on revaluation	–	(887)	–	–	–	(887)
At 31 December 2020	54,344	22,620	7,006	1,444	956	86,370
Accumulated depreciation						
At 1 January 2019	–	–	2,586	757	145	3,488
Depreciation	–	908	667	275	56	1,906
Translation differences	–	–	(15)	(10)	(1)	(26)
Elimination of accumulated depreciation on revaluation	–	(908)	–	–	–	(908)
At 31 December 2019	–	–	3,238	1,022	200	4,460
At 1 January 2020	–	–	3,238	1,022	200	4,460
Depreciation	–	909	691	209	92	1,901
Disposal	–	(22)	–	–	–	(22)
Translation differences	–	–	117	(28)	7	96
Elimination of accumulated depreciation on revaluation	–	(887)	–	–	–	(887)
At 31 December 2020	–	–	4,046	1,203	299	5,548
Carrying amounts						
At 1 January 2019	53,247	26,013	4,119	542	366	84,287
At 31 December 2019	57,332	24,541	3,499	451	417	86,240
At 31 December 2020	54,344	22,620	2,960	241	657	80,822

NOTES TO THE FINANCIAL STATEMENTS

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At valuation			At cost					
	Freehold land $'000	Leasehold land $'000	Buildings $'000	Plant and machinery $'000	Furniture and fixtures $'000	Motor vehicles and boats $'000	Office equipment $'000	Capital work-in-progress $'000	Total $'000
Stapled Group									
At valuation/cost									
At 1 January 2019	53,247	102,161	167,770	15,026	29,771	1,540	2,833	18,900	391,248
Additions	–	–	5,881	54	4,856	182	131	13,214	24,318
Write-off	–	–	–	–	(772)	–	–	–	(772)
Transfers	–	–	18,323	147	–	–	206	(18,676)	–
Revaluation surplus/(deficit) recognised in unitholders' funds	4,301	(1,093)	1,903	–	–	–	–	–	5,111
Revaluation deficit recognised in statement of total return	–	(921)	(16,404)	–	–	–	–	–	(17,325)
Translation differences	(216)	738	581	(25)	273	(10)	(15)	(167)	1,159
Elimination of accumulated depreciation on revaluation	–	(1,344)	(4,486)	–	–	–	–	–	(5,830)
At 31 December 2019	57,332	99,541	173,568	15,202	34,128	1,712	3,155	13,271	397,909
At 1 January 2020	57,332	99,541	173,568	15,202	34,128	1,712	3,155	13,271	397,909
Additions	–	259,132	115,351	15,523	8,196	279	2,111	4,927	405,519
Disposal	–	–	(65)	–	–	–	–	–	(65)
Transfers	–	126	14,947	1,748	932	–	21	(17,774)	–
Revaluation (deficit)/surplus recognised in unitholders' funds	(5,148)	(5,308)	988	–	–	–	–	–	(9,468)
Revaluation deficit recognised in statement of total return	–	(38,916)	(12,652)	–	–	–	–	–	(51,568)
Translation differences	2,160	1,309	2,657	222	718	(34)	(21)	248	7,259
Elimination of accumulated depreciation on revaluation	–	(2,700)	(5,789)	–	–	–	–	–	(8,489)
At 31 December 2020	54,344	313,184	289,005	32,695	43,974	1,957	5,266	672	741,097
Accumulated depreciation									
At 1 January 2019	–	–	–	5,447	10,464	966	1,500	–	18,377
Depreciation	–	1,344	4,486	1,484	3,942	289	482	–	12,027
Write-off	–	–	–	–	(532)	–	–	–	(532)
Translation differences	–	–	–	(35)	84	(13)	(12)	–	24
Elimination of accumulated depreciation on revaluation	–	(1,344)	(4,486)	–	–	–	–	–	(5,830)
At 31 December 2019	–	–	–	6,896	13,958	1,242	1,970	–	24,066
At 1 January 2020	–	–	–	6,896	13,958	1,242	1,970	–	24,066
Depreciation	–	2,700	5,811	2,440	4,347	277	615	–	16,190
Disposal	–	–	(22)	–	–	–	–	–	(22)
Translation differences	–	–	–	102	272	(33)	(28)	–	313
Elimination of accumulated depreciation on revaluation	–	(2,700)	(5,789)	–	–	–	–	–	(8,489)
At 31 December 2020	–	–	–	9,438	18,577	1,486	2,557	–	32,058
Carrying amounts									
At 1 January 2019	53,247	102,161	167,770	9,579	19,307	574	1,333	18,900	372,871
At 31 December 2019	57,332	99,541	173,568	8,306	20,170	470	1,185	13,271	373,843
At 31 December 2020	54,344	313,184	289,005	23,257	25,397	471	2,709	672	709,039

The depreciation expense is included in "depreciation" in profit or loss or the statement of total return (as the case may be).

NOTES TO THE FINANCIAL STATEMENTS

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

For each revalued class of property, plant and equipment, the carrying amount that would have been recognised had the assets been carried under the cost model is as follows:

	HBT Group		H-REIT Group		Stapled Group	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Freehold land						
Cost and carrying value	–	–	39,449	38,035	39,449	38,035
Leasehold land						
Cost	128,073	126,816	–	–	361,811	99,654
Accumulated depreciation and impairment losses	(22,702)	(5,549)	–	–	(38,526)	(4,094)
Carrying value	105,371	121,267	–	–	323,285	95,560
Buildings						
Cost	154,271	106,678	31,011	29,987	357,028	225,225
Accumulated depreciation and impairment losses	(3,164)	(4,123)	(5,370)	(4,434)	(76,505)	(56,114)
Carrying value	151,107	102,555	25,641	25,553	280,523	169,111

Measurement of fair value

The carrying amounts of the properties as at 31 December 2020 were based on independent valuations undertaken by Cushman & Wakefield K.K. for the Japan properties, Cushman & Wakefield Debenham Tie Leung Limited for the United Kingdom properties, Jones Lang LaSalle Property Consultants Pte Ltd for the Maldives property and Knight Frank Pte Ltd for the Singapore property. The carrying amounts of the properties as at 31 December 2019 were based on independent valuations undertaken by Cushman & Wakefield K.K. for the Japan properties, Cushman & Wakefield Debenham Tie Leung Limited for the United Kingdom properties and Jones Lang LaSalle Property Consultants Pte Ltd for the Maldives property. The independent valuers have appropriate professional qualifications and recent experience in the location and category of the properties being valued.

The valuations were based on the discounted cash flow and capitalisation methods, where appropriate. The valuation methods used in determining the fair value involve certain estimates including those relating to discount rate, terminal yield and capitalisation rate. The specific risks inherent in each of the properties are taken into consideration in arriving at the property valuation. In relying on the valuation reports, the H-REIT Manager and HBT Trustee-Manager has exercised its judgement and is satisfied that the valuation methods and estimates used are reflective of market conditions prevailing at the end of the financial year.

The fair value of the property, plant and equipment had declined against 2019 mainly due to the impact of the COVID-19 pandemic that has significantly affected the expected operating cash flows of the properties.

The valuers have highlighted in their valuation reports that the real estate market has been impacted by the uncertainty that the COVID-19 pandemic has caused and given the unprecedented set of circumstances on which to base a judgement, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. The valuers have also recommended to keep the valuation of the properties under frequent review. Accordingly, the carrying amounts of the properties were current as at 31 December 2020 only.

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Measurement of fair value (cont'd)

Fair value hierarchy

The fair value measurement for property, plant and equipment has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used (see Note 2.4).

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair value of property, plant and equipment, as well as the significant unobservable inputs used.

Type	Valuation techniques	Significant unobservable inputs	2020	2019
Singapore	Discounted cash flows and capitalisation methods	Discount rate Terminal yield Capitalisation rate	6.00% 3.50% 3.25%	N.A. N.A. N.A.
Japan	Discounted cash flows and capitalisation methods	Discount rate Terminal yield Capitalisation rate	4.20% - 4.50% 4.50% - 4.80% 4.40% - 4.70%	4.10% - 4.40% 4.40% - 4.70% 4.30% - 4.60%
United Kingdom	Discounted cash flows method	Discount rate Terminal yield	8.25% 6.25%	8.00% 6.00%
Maldives	Discounted cash flows method	Discount rate Terminal yield	12.00% 9.00%	12.00% 9.00%

N.A. – Not applicable

Inter-relationship between key unobservable inputs and fair value measurement

The significant unobservable inputs used in the fair value measurement of properties are discount rate, terminal yield and capitalisation rate. An increase in discount rate, terminal yield and capitalisation rate in isolation would result in a lower fair value.

6 FINANCE LEASE RECEIVABLES

	HBT Group		H-REIT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Finance lease receivables:						
- related corporation	–	–	4,923	5,723	4,923	5,723
Non-current	–	–	4,098	4,923	4,098	4,923
Current	–	–	825	800	825	800
	–	–	4,923	5,723	4,923	5,723

Finance lease receivables relate to sub-lease of a property to a related corporation. There is no impairment loss arising from the receivables as the ECL is negligible.

NOTES TO THE FINANCIAL STATEMENTS

7 TRADE AND OTHER RECEIVABLES

	HBT Group		H-REIT Group		Stapled Group	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Trade receivables:						
- related corporations	–	–	4,635	7,617	4,635	7,617
- related entities	–	–	20,788	12,230	–	–
- third parties	3,240	2,732	11,630	4,194	14,870	6,926
	3,240	2,732	37,053	24,041	19,505	14,543
Impairment loss	(105)	(7)	(4,931)	(163)	(5,036)	(170)
Net trade receivables	3,135	2,725	32,122	23,878	14,469	14,373
Other receivables:						
- related corporations	–	–	310	5,948	310	5,948
- related entities	9,797	8,487	27,475	14,637	–	–
- third parties	2,114	1,684	8,526	4,819	10,640	6,503
	11,911	10,171	36,311	25,404	10,950	12,451
Rental deposits	244	4	149	149	393	153
	15,290	12,900	68,582	49,431	25,812	26,977
Prepayments	626	1,290	1,656	797	2,282	2,087
	15,916	14,190	70,238	50,228	28,094	29,064
Non-current	212	–	10,264	149	361	149
Current	15,704	14,190	59,974	50,079	27,733	28,915
	15,916	14,190	70,238	50,228	28,094	29,064

Related corporations refer to related corporations of the H-REIT Manager and HBT Trustee-Manager. Related entities refer to H-REIT and its subsidiaries or HBT and its subsidiaries (as the case may be).

The H-REIT Group's properties, except Claymore Connect, are leased to 12 (2019: 12) master lessees. The exposure of the HBT Group, H-REIT Group and Stapled Group to credit risk and impairment losses for trade receivables is disclosed in Note 25.

Other receivables from related corporations and related entities are unsecured, interest-free and repayable on demand. The exposure of the HBT Group, H-REIT Group and Stapled Group to credit risk and impairment losses for other receivables is disclosed in Note 25.

8 CASH AND CASH EQUIVALENTS

	HBT Group		H-REIT Group		Stapled Group	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Cash at bank and in hand	17,532	7,802	97,950	44,092	115,482	51,894
Fixed deposits with financial institutions	–	–	15,620	84,060	15,620	84,060
Cash and cash equivalents in the statement of financial position	17,532	7,802	113,570	128,152	131,102	135,954
Restricted cash	–	–	(4,511)	(1,061)	(4,511)	(1,061)
Cash and cash equivalents in the statement of cash flows	17,532	7,802	109,059	127,091	126,591	134,893

NOTES TO THE FINANCIAL STATEMENTS

9 ASSET HELD FOR SALE

In November 2019, the H-REIT Group entered into a put and call option agreement to sell Novotel Singapore Clarke Quay for a consideration of $375.9 million. Accordingly, the investment property, which was classified within the Singapore segment, with a carrying value of $368.7 million was classified as asset held for sale in the statement of financial position as at 31 December 2019.

The carrying amount of the investment property held for sale as at 31 December 2019 was based on an independent valuation undertaken by Colliers International Consultancy & Valuation (Singapore) Pte Ltd using the residual land valuation method. The independent valuer had appropriate professional qualifications and recent experience in the location and category of the property being valued. The valuation method used in determining fair value involved certain estimates including the land price per square foot. The specific risks inherent in the property were taken into consideration in arriving at the property valuation. In relying on the valuation report, the H-REIT Manager had exercised its judgement and was satisfied that the valuation method and estimates used were reflective of market conditions prevailing as at 31 December 2019.

The fair value measurement was categorised as a Level 3 fair value based on the inputs to the valuation technique used. The significant unobservable input included land price per square foot. An increase in the land price per square foot of the land would result in a higher fair value.

On 15 July 2020, the H-REIT Group completed the sale of Novotel Singapore Clarke Quay and recognised a net gain on disposal of $5.0 million.

10 LOANS AND BORROWINGS

	HBT Group		H-REIT Group		Stapled Group	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
At amortised cost:						
Non-current						
Secured TMK bond	–	–	38,843	–	38,843	–
Secured bank loan	–	–	71,305	65,958	71,305	65,958
Unsecured bank loans	96,976	94,554	531,597	824,753	628,573	919,307
Lease liabilities	93,342	53,359	77,820	24,166	92,750	38,673
	190,318	147,913	719,565	914,877	831,471	1,023,938
Current						
Secured TMK bond	–	–	–	38,241	–	38,241
Unsecured bank loans	–	–	289,804	40,421	289,804	40,421
Lease liabilities	4,024	2,072	1,847	1,079	2,072	1,087
Loan from related entity	10,116	–	–	–	–	–
	14,140	2,072	291,651	79,741	291,876	79,749
	204,458	149,985	1,011,216	994,618	1,123,347	1,103,687

Secured TMK Bond

The TMK bond included in the H-REIT Group relates to a 5-year Japanese Yen denominated bond of $39.8 million (JPY3.1 billion) (2019: $38.3 million (JPY3.1 billion)) issued by H-REIT's indirectly-owned subsidiary, CDLHT Hanei Tokutei Mokuteki Kaisha. H-REIT's interest in its Japan hotels is held via a Tokutei Mokuteki Kaisha ("**TMK**") structure, and such TMK structure is required to issue a bond to fund the acquisition of assets. The bond was refinanced for another 5-year term following its maturity on 18 September 2020.

The bondholders have a statutory preferred right, under Article 128 of the Japan Asset Liquidation Law, to receive payment of all obligations under the bond prior to other creditors out of the assets of the TMK. Such right shall be junior to the priority of the general statutory lien under the Japan Civil Code. While the assets of TMK are subject to a statutory preferred right, it is not considered a mortgage under Japan laws.

NOTES TO THE FINANCIAL STATEMENTS

10 LOANS AND BORROWINGS (CONT'D)

Secured bank loan

The secured bank loan relates to a 7-year fixed term loan of $71.5 million (EUR44.0 million) (2019: $66.1 million (EUR44.0 million)) drawn down by H-REIT's indirectly-owned subsidiary, NKS Hospitality I B.V. ("**NKS**").

As at the end of the financial year, an investment property, Pullman Hotel Munich, with a carrying value of $171.5 million (EUR105.6 million) (2019: $173.9 million (EUR115.7 million)), and certain bank accounts in NKS, together with the Stapled Group's shares in NKS, representing a 94.9% equity interest in NKS, are pledged as security for bank facilities granted to NKS.

Unsecured bank loans

As at the end of the financial year, the Stapled Group has the following facilities and term loans:

Facilities partially drawn down or available for utilisation

(i) $450.0 million (2019: $250.0 million) committed bilateral multi-currency unsecured revolving credit facility from two banks (comprising $100.0 million for a 2-year term, $200.0 million for a 3-year term and another $150.0 million for a 3-year term). As at the reporting date, $148.1 million (2019: $191.8 million) has been drawn down under these facilities and $301.9 million (2019: $58.2 million) of the facilities remained unutilised.

(ii) $400.0 million (2019: $500.0 million) uncommitted multi-currency unsecured bridge loan facility ("**Bridge Loan Facility**") with a bank, with a maximum repayment period of one year. At the end of the financial year, the Bridge Loan Facility remained unutilised.

Term loans fully drawn down

(i) $190.0 million (2019: $190.0 million) fixed rate term loan;

(ii) $83.6 million (2019: $83.6 million) floating rate term loan;

(iii) $86.3 million (US$65.0 million) (2019: $88.1 million (US$65.0 million)) floating rate term loan;

(iv) $154.2 million (US$116.2 million) (2019: $157.4 million (US$116.2 million)) floating rate term loan;

(v) $42.0 million (JPY3.3 billion) (2019: $40.4 million (JPY3.3 billion)) fixed rate term loan which was refinanced upon its maturity on 8 September 2020 with a fresh 5-year fixed rate term loan;

(vi) $119.8 million (£66.5 million) (2019: $117.0 million (£66.5 million)) floating rate term loan; and

(vii) $97.3 million (£54.0 million) (2019: $95.0 million (£54.0 million)) fixed rate term loan.

Lease liabilities

The lease liabilities recognised mainly relate to operating leases in respect of ground leases for investment properties and property, plant and equipment.

Loan from related entity

The loan from related entity under the HBT Group is unsecured, bears interest at rates ranging from 1.33% to 1.45% and is repayable on demand.

Unsecured medium term notes

H-REIT's wholly-owned subsidiary, CDLHT MTN Pte. Ltd., has in place a $1.0 billion Multi-currency Medium Term Note Programme. As at 31 December 2020 and 31 December 2019, there were no outstanding notes.

NOTES TO THE FINANCIAL STATEMENTS

10 LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000
As at 31 December 2020				
HBT Group				
Unsecured bank loans				
GBP	2.74	2022	97,270	96,976
Loan from related entity				
SGD	1.33	*	3,390	3,390
GBP	1.33 to 1.45	*	6,726	6,726
Lease liabilities				
SGD	2.28 to 3.08	2022 to 2040	44,386	44,386
USD	5.05	2033	38,078	38,078
GBP	3.99 to 4.04	2115 to 2147	14,902	14,902
			204,752	204,458
H-REIT Group				
Secured TMK bond				
JPY	0.71	2025	39,773	38,843
Secured bank loan				
EUR	1.72	2025	71,449	71,305
Unsecured bank loans				
SGD	0.92 to 3.16	2021 to 2024	370,186	368,828
USD	0.58 to 2.70	2021 to 2024	283,313	282,434
JPY	1.39	2025	41,954	41,721
GBP	0.93 to 1.30	2021 to 2022	123,389	123,303
EUR	0.85 to 0.93	2021 to 2022	5,115	5,115
Lease liabilities				
SGD	3.12 to 3.41	2026 to 2105	60,504	60,504
USD	3.79 to 5.75	2021 to 2056	19,163	19,163
			1,014,846	1,011,216
Stapled Group				
Secured TMK bond				
JPY	0.71	2025	39,773	38,843
Secured bank loan				
EUR	1.72	2025	71,449	71,305
Unsecured bank loans				
SGD	0.92 to 3.16	2021 to 2024	370,186	368,828
USD	0.58 to 2.70	2021 to 2024	283,313	282,434
JPY	1.39	2025	41,954	41,721
GBP	0.93 to 2.74	2021 to 2022	220,659	220,279
EUR	0.85 to 0.93	2021 to 2022	5,115	5,115
Lease liabilities				
GBP	3.99 to 4.04	2115 to 2147	14,902	14,902
SGD	2.28 to 3.41	2022 to 2105	60,757	60,757
USD	3.79 to 5.75	2021 to 2056	19,163	19,163
			1,127,271	1,123,347

* The loan from related entity is repayable on demand.

10 LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment schedule (cont'd)

	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000
As at 31 December 2019				
HBT Group				
Unsecured bank loans				
GBP	2.74	2022	95,002	94,554
Lease liabilities				
USD	5.05	2033	40,916	40,916
GBP	3.99 to 4.04	2115 to 2147	14,515	14,515
			150,433	149,985
H-REIT Group				
Secured TMK bond				
JPY	0.66	2020	38,347	38,241
Secured bank loan				
EUR	1.72	2025	66,123	65,958
Unsecured bank loans				
SGD	2.14 to 3.16	2021 to 2024	417,600	415,876
USD	0.58 to 2.90	2022 to 2024	288,790	287,595
JPY	1.06	2020	40,450	40,421
GBP	2.05	2021	116,993	116,774
EUR	0.85	2021	4,508	4,508
Lease liabilities				
SGD	3.12	2026	5,723	5,723
USD	3.79 to 5.75	2021 to 2056	19,522	19,522
			998,056	994,618
Stapled Group				
Secured TMK bond				
JPY	0.66	2020	38,347	38,241
Secured bank loan				
EUR	1.72	2025	66,123	65,958
Unsecured bank loans				
SGD	2.14 to 3.16	2021 to 2024	417,600	415,876
USD	0.58 to 2.90	2022 to 2024	288,790	287,595
JPY	1.06	2020	40,450	40,421
GBP	2.05 to 2.74	2021 to 2022	211,995	211,328
EUR	0.85	2021	4,508	4,508
Lease liabilities				
GBP	3.99 to 4.04	2115 to 2147	14,515	14,515
SGD	3.12	2026	5,723	5,723
USD	3.79 to 5.75	2021 to 2056	19,522	19,522
			1,107,573	1,103,687

NOTES TO THE FINANCIAL STATEMENTS

10 LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	HBT Group			H-REIT Group			Stapled Group		
	Loans and borrowings $'000	Lease liabilities $'000	Other payables $'000	Loans and borrowings $'000	Lease liabilities $'000	Other payables $'000	Loans and borrowings $'000	Lease liabilities $'000	Other payables $'000
Balance at 1 January 2020	94,554	55,431	200	969,373	25,245	1,382	1,063,927	39,760	1,582
Changes from financing cash flows									
Loan from related entity	10,116	–	–	–	–	–	–	–	–
Proceeds from bank loans	–	–	–	84,013	–	–	84,013	–	–
Proceeds from bond	–	–	–	39,990	–	–	39,990	–	–
Repayment of bank loans	–	–	–	(127,660)	–	–	(127,660)	–	–
Repayment of bond	–	–	–	(39,990)	–	–	(39,990)	–	–
Payment of transaction costs related to borrowings	–	–	–	(1,613)	–	–	(1,613)	–	–
Payment of lease liabilities	–	(2,849)	–	–	(708)	–	–	(766)	–
Finance costs paid	–	(3,309)	(2,740)	–	(2,202)	(13,554)	–	(2,791)	(16,263)
Total changes from financing cash flows	10,116	(6,158)	(2,740)	(45,260)	(2,910)	(13,554)	(45,260)	(3,557)	(16,263)
Effect of changes in foreign exchange rates	2,268	(388)	3	6,003	(390)	(3,377)	8,271	(42)	(3,374)
Other changes									
Liability-related									
Acquisition of business	–	227	–	–	–	–	–	227	–
Addition of lease liabilities	–	44,945	–	–	55,563	–	–	55,686	–
Derecognition of lease liabilities on early termination of a lease	–	–	–	–	(43)	–	–	(43)	–
Amortisation of transaction costs	154	–	–	1,433	–	–	1,587	–	–
Interest expense	–	3,309	2,741	–	2,202	17,703	–	2,791	20,413
Total liability-related other changes	154	48,481	2,741	1,433	57,722	17,703	1,587	58,661	20,413
Balance as at 31 December 2020	107,092	97,366	204	931,549	79,667	2,154	1,028,525	94,822	2,358

10 LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	HBT Group			H-REIT Group			Stapled Group		
	Loans and borrowings $'000	Lease liabilities $'000	Other payables $'000	Loans and borrowings $'000	Lease liabilities $'000	Other payables $'000	Loans and borrowings $'000	Lease liabilities $'000	Other payables $'000
Balance at 1 January 2019	93,418	52,046	198	917,950	26,496	1,667	1,011,368	35,160	1,865
Changes from financing cash flows									
Proceeds from bank loans	–	–	–	322,957	–	–	322,957	–	–
Repayment of bank loans	–	–	–	(264,340)	–	–	(264,340)	–	–
Payment of transaction costs related to borrowings	–	–	–	(2,304)	–	–	(2,304)	–	–
Payment of lease liabilities	–	(2,020)	–	–	(1,022)	–	–	(1,064)	–
Finance costs paid	–	(2,650)	(2,592)	–	(1,285)	(17,327)	–	(1,816)	(19,919)
Total changes from financing cash flows	–	(4,670)	(2,592)	56,313	(2,307)	(17,327)	56,313	(2,880)	(19,919)
Effect of changes in foreign exchange rates	983	(344)	–	(6,200)	(229)	(3,566)	(5,217)	(85)	(3,566)
Other changes									
Liability-related									
Remeasurement of lease liabilities	–	5,749	–	–	–	–	–	5,749	–
Amortisation of transaction costs	153	–	–	1,310	–	–	1,463	–	–
Interest expense	–	2,650	2,594	–	1,285	20,608	–	1,816	23,202
Total liability-related other changes	153	8,399	2,594	1,310	1,285	20,608	1,463	7,565	23,202
Balance as at 31 December 2019	94,554	55,431	200	969,373	25,245	1,382	1,063,927	39,760	1,582

NOTES TO THE FINANCIAL STATEMENTS

11 FINANCIAL DERIVATIVES

	HBT Group		H-REIT Group		Stapled Group	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Non-current assets						
Cross-currency interest rate swaps	–	–	–	5,968	–	5,968
Current assets						
Forward exchange contracts	–	–	–	79	–	79
Non-current liabilities						
Cross-currency interest rate swaps	–	–	9,794	–	9,794	–
Interest rate swap	–	–	3,913	–	3,913	–
	–	–	13,707	–	13,707	–
Current liabilities						
Forward exchange contracts	–	23	–	164	–	187

Forward exchange contracts

The HBT Group and the H-REIT Group used forward foreign exchange contracts to manage their exposure to foreign currencies.

As at 31 December 2019, the HBT Group, the H-REIT Group and the Stapled Group had forward foreign exchange contracts with a total notional amount of $0.7 million, $7.0 million and $7.7 million respectively.

Cross-currency interest rate swaps and interest rate swap

The H-REIT Group uses cross-currency interest rate swaps and interest rate swap to manage its exposure to both foreign currency and interest rate risks.

As at 31 December 2020, the H-REIT Group and the Stapled Group had cross-currency interest rate swaps with notional amounts of:

i) $101.1 million (2019: $103.2 million) to swap US$76.2 million at floating rate to EUR 64.0 million at fixed rate; and

ii) $53.1 million (2019: $54.2 million) to swap US$40.0 million at floating rate to EUR 35.5 million at fixed rate.

In addition, as at 31 December 2020, the H-REIT Group and the Stapled Group had interest rate swap with notional amount of $86.3 million (US$65.0 million) (2019: Nil) to swap floating rate to fixed rate.

NOTES TO THE FINANCIAL STATEMENTS

12 TRADE AND OTHER PAYABLES

	HBT Group		H-REIT Group		Stapled Group	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Trade payables:						
- related corporations	–	–	3,120	851	3,120	851
- the H-REIT Manager	–	–	497	167	497	167
- related entities	20,788	12,230	–	–	–	–
- third parties	4,859	1,947	541	1,771	5,400	3,718
	25,647	14,177	4,158	2,789	9,017	4,736
Other payables:						
- related corporations	19	17	58	620	77	637
- the H-REIT Manager	–	–	148	19	148	19
- the HBT Trustee-Manager	314	144	–	–	314	144
- related entities	17,359	14,637	9,797	8,487	–	–
- third parties	3,666	3,888	6,622	8,036	10,288	11,924
	21,358	18,686	16,625	17,162	10,827	12,724
Accruals	9,562	5,539	11,631	16,438	21,193	21,977
Rental deposits:						
- related corporations	–	–	10,005	9,761	10,005	9,761
- third parties	–	–	199	251	199	251
Interest payable	204	200	2,154	1,382	2,358	1,582
Deferred income	1,194	3,071	–	–	1,194	3,071
	57,965	41,673	44,772	47,783	54,793	54,102
Non-current	–	–	10,815	10,476	10,815	10,476
Current	57,965	41,673	33,957	37,307	43,978	43,626
	57,965	41,673	44,772	47,783	54,793	54,102

Related corporations refer to related corporations of the H-REIT Manager and the HBT Trustee-Manager. Related entities refer to H-REIT and its subsidiaries or HBT and its subsidiaries (as the case may be).

Outstanding payables to the related corporations, related entities, the H-REIT Manager and the HBT Trustee-Manager are unsecured, interest-free and repayable on demand.

Included in accruals of the H-REIT Group and the Stapled Group are the following:

- amounts payable to the H-REIT Trustee and the H-REIT Manager of $98,000 (2019: $62,000) and $743,000 (2019: $1,378,000) respectively; and
- amounts payable to related corporations of $254,000 (2019: $156,000).

NOTES TO THE FINANCIAL STATEMENTS

12 TRADE AND OTHER PAYABLES (CONT'D)

Deferred income relates primarily to advance consideration received from customers of the HBT Group's hotel business. Deferred income is a contract liability under SFRS(I) 15. Deferred income is recognised as revenue when the HBT Group fulfils its performance obligation under the contract with the customer. Significant changes in the deferred income during the year are as follows:

	HBT Group 2020 $'000	HBT Group 2019 $'000
Revenue recognised that was included in deferred income at the beginning of the year	(3,071)	(3,337)
Increase due to cash received, excluding amounts recognised as revenue during the year	1,194	3,071

13 DEFERRED TAX

Movement in temporary differences (prior to offsetting of balances) during the year are as follows:

	Balance as at 1/1/2019 $'000	Recognised in profit or loss (Note 21) $'000	Recognised in other comprehensive income $'000	Exchange differences $'000	Balance as at 31/12/2019 $'000	Recognised in profit or loss (Note 21) $'000	Recognised in other comprehensive income $'000	Exchange differences $'000	Balance as at 31/12/2020 $'000
HBT Group									
Deferred tax assets									
Tax losses carried forward	(753)	351	–	(4)	(406)	(1,178)	–	(28)	(1,612)
Deferred tax liabilities									
Property, plant and equipment	16,120	84	65	169	16,438	(1,347)	(3,102)	311	12,300
	15,367	435	65	165	16,032	(2,525)	(3,102)	283	10,688

NOTES TO THE FINANCIAL STATEMENTS

13 DEFERRED TAX (CONT'D)

	Balance as at 1/1/2019 $'000	Recognised in statement of total return (Note 21) $'000	Recognised in statement of unitholders' funds $'000	Exchange differences $'000	Balance as at 31/12/2019 $'000	Recognised in statement of total return (Note 21) $'000	Recognised in statement of unitholders' funds $'000	Exchange differences $'000	Balance as at 31/12/2020 $'000
H-REIT Group									
Deferred tax assets									
Tax losses carried forward	(606)	–	–	(29)	(635)	(144)	–	(56)	(835)
Deferred tax liabilities									
Investment properties	13,602	336	–	(280)	13,658	(4,939)	–	420	9,139
Property, plant and equipment	2,660	–	660	(53)	3,267	(253)	(1,275)	420	2,159
	16,262	336	660	(333)	16,925	(5,192)	(1,275)	840	11,298
	15,656	336	660	(362)	16,290	(5,336)	(1,275)	784	10,463
Stapled Group									
Deferred tax assets									
Tax losses carried forward	(1,359)	351	–	(33)	(1,041)	(1,322)	–	(84)	(2,447)
Deferred tax liabilities									
Investment properties	13,602	336	–	(280)	13,658	(4,939)	–	420	9,139
Property, plant and equipment	18,780	84	725	116	19,705	(1,600)	(4,377)	731	14,459
	32,382	420	725	(164)	33,363	(6,539)	(4,377)	1,151	23,598
	31,023	771	725	(197)	32,322	(7,861)	(4,377)	1,067	21,151

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts, determined after appropriate offsetting, are as follows:

	HBT Group		H-REIT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Deferred tax assets	163	–	835	635	998	635
Deferred tax liabilities	(10,851)	(16,032)	(11,298)	(16,925)	(22,149)	(32,957)
	(10,688)	(16,032)	(10,463)	(16,290)	(21,151)	(32,322)

Under FRS 12 / SFRS(I) 1-12 *Income Taxes*, deferred tax is not recognised for temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit or loss. As at 31 December 2020, the H-REIT Group and the Stapled Group have not recognised deferred tax liabilities of $10.1 million (2019: $9.4 million) relating to temporary differences on the initial recognition of assets and liabilities of the subsidiaries acquired.

NOTES TO THE FINANCIAL STATEMENTS

13 DEFERRED TAX (CONT'D)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the H-REIT Group and the Stapled Group can utilise the benefits therefrom.

	HBT Group		H-REIT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Tax losses	–	–	27,387	25,748	27,387	25,748

Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate. The tax losses of $27,387,000 (2019: $25,748,000) will expire between 2021 to 2025 (2019: 2020 to 2024).

14 NON-CONTROLLING INTERESTS

The following subsidiaries have non-controlling interests:

Name	Principal places of business/Country of incorporation	Operating Segment	Ownership interests held by NCI	
			2020 %	2019 %
Event Hospitality Group III B.V.	Netherlands	Italy	5.0	5.0
NKS Hospitality I B.V.	Netherlands	Germany	5.1	5.1
Munich Furniture B.V.	Netherlands	Germany	5.1	5.1

The following summarised financial information for the above subsidiaries is prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Stapled Group's accounting policies.

	H-REIT Group and Stapled Group			
2020	Event Hospitality Group III B.V. $'000	NKS Hospitality I B.V. $'000	Munich Furniture B.V. $'000	Total $'000
Revenue	1,713	7,650	1,089	10,452
(Loss)/Profit and total comprehensive income	(6,370)	(16,100)	377	(22,093)
Attributable to NCI:				
- (Loss)/Profit and total comprehensive income	(318)	(821)	19	(1,120)
Non-current assets	64,798	164,238	6,303	235,339
Current assets	3,154	4,857	1,560	9,571
Non-current liabilities	(16,099)	(71,304)	–	(87,403)
Current liabilities	(939)	(1,602)	(488)	(3,029)
Net assets	50,914	96,189	7,375	154,478
Net assets attributable to NCI	2,546	4,905	376	7,827

NOTES TO THE FINANCIAL STATEMENTS

14 NON-CONTROLLING INTERESTS (CONT'D)

	H-REIT Group and Stapled Group			
	Event Hospitality Group III B.V. $'000	NKS Hospitality I B.V. $'000	Munich Furniture B.V. $'000	Total $'000
2020 (cont'd)				
Cash flows from operating activities	(29)	8	(33)	
Cash flows from investing activities	(6)	–	(6)	
Cash flows from financing activities	(2)	(113)	–	
Net decrease in cash and cash equivalents	(37)	(105)	(39)	
2019				
Revenue	3,000	10,032	1,060	14,092
Profit and total comprehensive income	1,500	23,431	1,098	26,029
Attributable to NCI:				
- Profit and total comprehensive income	75	1,195	56	1,326
Non-current assets	65,279	166,626	6,191	238,096
Current assets	3,358	5,375	1,530	10,263
Non-current liabilities	(14,224)	(65,958)	–	(80,182)
Current liabilities	(1,200)	(2,396)	(482)	(4,078)
Net assets	53,213	103,647	7,239	164,099
Net assets attributable to NCI	2,661	5,286	369	8,316
Cash flows from operating activities	193	430	11	
Cash flows from investing activities	(10)	–	(9)	
Cash flows from financing activities	(80)	(443)	–	
Net increase/(decrease) in cash and cash equivalents	103	(13)	2	

15 UNITS/STAPLED SECURITIES IN ISSUE AND TO BE ISSUED

	HBT Group		H-REIT Group		Stapled Group	
	2020 '000	2019 '000	2020 '000	2019 '000	2020 '000	2019 '000
Units/Stapled Securities in issue:						
At 1 January	1,212,584	1,205,465	1,212,584	1,205,465	1,212,584	1,205,465
Creation of Units/Stapled Securities:						
- H-REIT Manager's management fee paid in Stapled Securities	8,464	6,800	8,464	6,800	8,464	6,800
- HBT Trustee-Manager's management fee paid in Stapled Securities	451	319	451	319	451	319
At 31 December	1,221,499	1,212,584	1,221,499	1,212,584	1,221,499	1,212,584
Units/Stapled Securities to be issued:						
H-REIT Manager's management fees payable in Stapled Securities	4,921	3,978	4,921	3,978	4,921	3,978
HBT Trustee-Manager's management fees payable in Stapled Securities	75	70	75	70	75	70
At 31 December	4,996	4,048	4,996	4,048	4,996	4,048
Units/Stapled Securities, in issue and to be issued	1,226,495	1,216,632	1,226,495	1,216,632	1,226,495	1,216,632

NOTES TO THE FINANCIAL STATEMENTS

15 UNITS/STAPLED SECURITIES IN ISSUE AND TO BE ISSUED (CONT'D)

Financial year ended 31 December 2020

(i) During the financial year, the following Stapled Securities were issued:

- 8,464,229 Stapled Securities at unit prices ranging from $0.7548 to $1.6160 per Stapled Security, amounting to $10,633,000, were issued as satisfaction of the H-REIT Manager's management fees payable in units;
- 450,802 Stapled Securities at unit prices ranging from $0.7548 to $1.6160 per Stapled Security, amounting to $465,000, were issued as satisfaction of the HBT Trustee-Manager's management fees payable in units; and

(ii) 4,921,365 Stapled Securities at a unit price of $1.2860 per Stapled Security, amounting to $6,329,000, will be issued subsequent to year end as satisfaction of the H-REIT Manager's base fee for the period from 1 October 2020 to 31 December 2020, performance fee for the financial year ended 31 December 2020 and acquisition fee relating to the acquisition of W Singapore – Sentosa Cove.

(iii) 74,507 Stapled Securities at a unit price of $1.2860 per Stapled Security, amounting to $96,000, will be issued subsequent to year end as satisfaction of the HBT Trustee-Manager's base fee for the period from 1 October 2020 to 31 December 2020.

Financial year ended 31 December 2019

(i) During the financial year, the following Stapled Securities were issued:

- 6,799,933 Stapled Securities at unit prices ranging from $1.4866 to $1.6397 per Stapled Security, amounting to $10,471,000, were issued as satisfaction of the H-REIT Manager's management fees payable in units;
- 318,401 Stapled Securities at unit prices ranging from $1.4866 to $1.6397 per Stapled Security, amounting to $503,000, were issued as satisfaction of the HBT Trustee-Manager's management fees payable in units; and

(ii) 3,978,244 Stapled Securities at a unit price of $1.6160 per Stapled Security, amounting to $6,429,000, will be issued subsequent to year end as satisfaction of the H-REIT Manager's base fee for the period from 1 October 2019 to 31 December 2019 and performance fee for the financial year ended 31 December 2019.

(iii) 70,065 Stapled Securities at a unit price of $1.6160 per Stapled Security, amounting to $113,000, will be issued subsequent to year end as satisfaction of the HBT Trustee-Manager's base fee for the period from 1 October 2019 to 31 December 2019.

Each H-REIT unit is stapled together with a HBT unit under the terms of a stapling deed dated 12 June 2006 entered into between the H-REIT Manager, the H-REIT Trustee and the HBT Trustee-Manager and cannot be traded separately. Each Stapled Security represents an undivided interest in H-REIT and HBT.

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 liability of a holder of the Stapled Securities is limited to the amount paid or payable for the Stapled Securities.

Each HBT unit and H-REIT unit carry the same voting rights.

NOTES TO THE FINANCIAL STATEMENTS

15 UNITS/STAPLED SECURITIES IN ISSUE AND TO BE ISSUED (CONT'D)

Capital management

The Boards of the H-REIT Manager and the HBT Trustee-Manager have a policy to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of unitholders' funds. The Boards monitor the yield of the property portfolio, which is defined as net property income from the property divided by the latest valuation for the property. The Boards also monitor the level of distributions made to holders of Stapled Securities.

The Boards seek to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

H-REIT is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code issued by the MAS. The CIS Code stipulates that the total borrowings and deferred payments (together the "**Aggregate Leverage**") of a property fund should not exceed 50.0% under a single-tier leverage limit.

For the financial year, H-REIT has a credit rating of BB+ (2019: BBB-) from Fitch Ratings. The Aggregate Leverage of H-REIT as at 31 December 2020 was 36.2% (2019: 34.3%) of H-REIT Group's Deposited Property. This complied with the aggregate leverage limit as described above.

The HBT Group, the H-REIT Group and the Stapled Group are in compliance with the borrowing limit requirements imposed by the relevant Trust Deeds for the financial year ended 31 December 2020 and 31 December 2019. There were no substantial changes in the HBT Group's, the H-REIT Group's and the Stapled Group's approach to capital management during the year.

16 NET ASSET VALUE PER UNIT/STAPLED SECURITY

	Note	HBT Group 2020 $'000	HBT Group 2019 $'000	H-REIT Group 2020 $'000	H-REIT Group 2019 $'000	Stapled Group 2020 $'000	Stapled Group 2019 $'000
Net asset value per Unit/Stapled Security is based on:							
Net assets attributable to holders of Stapled Securities		40,868	72,959	1,573,044	1,780,289	1,619,908	1,854,171
Total issued and to be issued Units/Stapled Securities at 31 December	15	1,226,495	1,216,632	1,226,495	1,216,632	1,226,495	1,216,632

17 REVENUE

	HBT Group 2020 $'000	HBT Group 2019 $'000	H-REIT Group 2020 $'000	H-REIT Group 2019 $'000	Stapled Group 2020 $'000	Stapled Group 2019 $'000
Rental revenue						
- Fixed rent	–	–	65,265	70,024	59,753	70,024
- Variable rent	–	–	25,468	80,124	19,936	71,991
Hotel revenue	37,869	54,857	–	–	37,869	54,857
	37,869	54,857	90,733	150,148	117,558	196,872

17 REVENUE (CONT'D)

Rental revenue

Rental revenue for the H-REIT Group includes rental income from the HBT Group and related corporations of the H-REIT Manager of $11,044,000 (2019: $8,133,000) and $49,699,000 (2019: $82,757,000), respectively.

Under the terms of the master lease agreements for the properties, the H-REIT Group is generally entitled to a fixed rent component and/or a variable rent component computed based on a certain percentage of the revenue and/or gross operating profit.

Hotel revenue

Hotel revenue is disaggregated by primary geographical markets in Singapore, Maldives, Japan and UK, which are the reportable segments of the HBT Group. Hotel revenue is recognised at a point in time when the accommodation and related services are rendered.

18 MANAGEMENT FEES

	HBT Group		H-REIT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
H-REIT Manager's management fee						
- Base fee	–	–	6,956	6,741	6,956	6,741
- Performance fee	–	–	3,172	6,377	3,172	6,377
	–	–	10,128	13,118	10,128	13,118
HBT Trustee-Manager's management fee						
- Base fee	559	559	–	–	559	559

H-REIT Manager's management fee

Included in the H-REIT Manager's fees is an aggregate of 7,517,770 (2019: 6,469,093) Stapled Securities, amounting to approximately $8,103,000 (2019: $10,494,000), that have been or will be issued to the H-REIT Manager as satisfaction of the H-REIT Manager's management fees payable in Stapled Securities, at unit prices ranging from $0.7548 to $1.2860 (2019: $1.6160 to $1.6397) per Stapled Security.

In addition, an aggregate of 1,889,580 (2019: Nil) Stapled Securities, amounting to approximately $2,430,000 will be issued to the H-REIT Manager as satisfaction of the H-REIT Manager's acquisition fee payable in Stapled Securities at unit price of $1.2860 (2019: Nil) per Stapled Security. The acquisition fee was capitalised as part of cost of the investment property acquired.

HBT Trustee-Manager's management fee

Included in the HBT Trustee-Manager's fees is an aggregate of 455,244 (2019: 274,759) Stapled Securities, amounting to approximately $447,000 (2019: $447,000), that have been or will be issued to the HBT Trustee-Manager as satisfaction of the HBT Trustee-Manager's management fees payable in Stapled Securities, at a unit prices ranging from $0.7548 to $1.2860 (2019: $1.6160 to $1.6397) per Stapled Security.

NOTES TO THE FINANCIAL STATEMENTS

19 FINANCE INCOME AND FINANCE COSTS

	HBT Group		H-REIT Group		Stapled Group	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Finance income						
Interest income under the effective interest method on:						
- cash and cash equivalents	–	–	443	995	443	995
- finance lease receivables	–	–	165	189	165	189
- loan to related entity	–	–	31	–	–	–
Fair value gains on financial derivatives designated at FVTPL	23	–	–	1,836	–	1,743
Net foreign exchange gain	–	–	18,563	–	20,026	–
	23	–	19,202	3,020	20,634	2,927
Finance costs						
Financial liabilities measured at amortised cost:						
- interest expense on:						
- loans and borrowings	(2,710)	(2,594)	(17,703)	(20,608)	(20,413)	(23,202)
- lease liabilities	(3,309)	(2,650)	(2,202)	(1,285)	(2,791)	(1,816)
- loan from related entity	(31)	–	–	–	–	–
- amortisation of transaction costs on loans and borrowings	(154)	(153)	(1,433)	(1,310)	(1,587)	(1,463)
- financial expense arising from accretion of non-current rental deposits	–	–	(241)	(231)	(241)	(231)
	(6,204)	(5,397)	(21,579)	(23,434)	(25,032)	(26,712)
Fair value losses on financial derivatives designated at FVTPL	–	(93)	(19,590)	–	(19,567)	–
Net foreign exchange losses	(899)	(125)	–	(5,705)	–	(4,739)
	(7,103)	(5,615)	(41,169)	(29,139)	(44,599)	(31,451)
Net finance costs	(7,080)	(5,615)	(21,967)	(26,119)	(23,965)	(28,524)

NOTES TO THE FINANCIAL STATEMENTS

20 LOSS/TOTAL RETURN BEFORE TAX

(i) An analysis of depreciation is set out below:

	HBT Group		H-REIT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Depreciation of property, plant and equipment	11,031	9,950	1,901	1,906	16,190	12,027

(ii) During 2020, the H-REIT Group received property tax rebates and cash grants from the Singapore Government as part of the relief measures to help businesses in dealing with the impact from COVID-19. During the year, the H-REIT Group received property tax rebates of $5,342,000 (2019: Nil) and cash grant of $1,684,000 (2019: Nil). These amounts were passed on to the master lessees, where applicable.

(iii) Loss/Total return before tax is arrived at after charging/(crediting) the following items:

	HBT Group		H-REIT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Audit fees paid to:						
- auditors of HBT/H-REIT	145	81	314	434	459	515
- other auditors	149	167	100	48	249	215
Non-audit fees paid to:						
- auditors of HBT/H-REIT	20	17	62	75	82	92
- other auditors	78	127	191	372	269	499
Employee benefit expense:						
- salaries, bonuses and other costs	15,829	16,690	–	–	15,829	16,690
- contributions to defined contribution plans	780	386	–	–	780	386
	16,609	17,076	–	–	16,609	17,076
Less: Government grants received	(3,709)	–	–	–	(3,709)	–
	12,900	17,076	–	–	12,900	17,076
Impairment loss/(Reversal of impairment loss) on trade and other receivables	78	(9)	10,930	163	11,008	154
Revaluation deficit/(Reversal of revaluation deficit) on property, plant and equipment	13,581	1,088	1,454	(243)	51,568	17,325
Cost of inventories	4,142	8,199	–	–	4,142	8,199
Operating expenses arising from rental of investment properties	–	–	14,777	10,168	14,182	9,572

Employee benefit expense above includes staff-related costs reimbursed to hotel managers of the respective hotels. The expense is offset by government grants received, which consist of subsidies provided by the respective local governments as wage support during the period of uncertainty arising from COVID-19.

NOTES TO THE FINANCIAL STATEMENTS

21 TAX (CREDIT)/EXPENSE

	HBT Group		H-REIT Group		Stapled Group	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Current tax expense						
Current year	400	909	7,916	8,925	8,316	9,834
(Over)/Under provision in prior years	(223)	2	2,223	(339)	2,000	(337)
	177	911	10,139	8,586	10,316	9,497
Withholding tax	256	956	1,347	224	1,603	1,180
Deferred tax expense						
Origination and reversal of temporary differences	(2,525)	435	(5,336)	336	(7,861)	771
Tax (credit)/expense	(2,092)	2,302	6,150	9,146	4,058	11,448
Reconciliation of effective tax rate						
Loss/Total return for the year before tax	(33,621)	(13,674)	(158,491)	137,078	(185,077)	125,505
Tax calculated using Singapore tax rate of 17%	(5,715)	(2,325)	(26,943)	23,303	(31,463)	21,336
Effect of tax in a foreign jurisdiction	(36)	442	(1,071)	1,228	(1,107)	1,670
Non-tax deductible items	3,285	2,849	41,312	10,098	43,402	12,589
Non-taxable items	(1,102)	(1,120)	(5,617)	(10,821)	(6,719)	(11,941)
Tax exempt income	(17)	(490)	(1,366)	(3,018)	(1,383)	(3,508)
Tax transparency	–	–	(5,020)	(12,332)	(5,020)	(12,332)
Current year tax losses for which no deferred tax asset was recognised	1,460	1,988	1,429	803	2,889	2,791
Change in unrecognised temporary difference	–	–	(144)	–	(144)	–
Withholding tax expense	256	956	1,347	224	1,603	1,180
(Over)/Under provision in prior years	(223)	2	2,223	(339)	2,000	(337)
	(2,092)	2,302	6,150	9,146	4,058	11,448

22 LOSS/TOTAL RETURN FOR THE YEAR

	HBT Group		H-REIT Group		Stapled Group	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Comprises loss/total return of:						
- H-REIT	–	–	(111,851)	135,401	(111,851)	135,401
- Other H-REIT Group entities*	–	–	(52,790)	(7,469)	(52,790)	(7,469)
- HBT	(23,012)	136	–	–	(23,012)	136
- Other HBT Group entities*	(8,517)	(16,112)	–	–	(8,517)	(16,112)
- Stapled Group's consolidation adjustments	–	–	–	–	7,035	2,101
	(31,529)	(15,976)	(164,641)	127,932	(189,135)	114,057

* including consolidation adjustments

23 EARNINGS PER STAPLED SECURITY

Earnings per Stapled Security is based on:

	Stapled Group	
	2020 $'000	2019 $'000
Total return for the year attributable to holders of Stapled Securities	(188,015)	112,731

	Number of Stapled Securities	
	2020 '000	2019 '000
Weighted average number of Stapled Securities used in arriving at basic earnings per Stapled Security:		
- outstanding during the year	1,220,092	1,211,255
- to be issued as payment of H-REIT Manager's and/or HBT Trustee-Manager's management fees payable in Stapled Securities	4	5
	1,220,096	1,211,260
Weighted average number of Stapled Securities used in arriving at diluted earnings per Stapled Security:		
- weighted average number of Stapled Securities (basic)	1,220,096	1,211,260
- to be issued as payment of H-REIT Manager's and/or HBT Trustee-Manager's management fees payable in Stapled Securities	–	5,372
	1,220,096	1,216,632
Earnings per Stapled Security (cents)		
Basic	(15.41)	9.31
Diluted	(15.41)	9.27

For the year ended 31 December 2020, the diluted earnings per Stapled Security is the same as the basic earnings per Stapled Security as the Stapled Securities to be issued as payment of H-REIT Manager's and/or HBT Trustee-Manager's management fees were anti-dilutive.

24 OPERATING SEGMENTS

In 2020, the HBT Group, the H-REIT Group and the Stapled Group have 4, 7 and 8 (2019: 3, 7 and 8) reportable segments, respectively, as described below. All the segments relate to properties operated as hotels and/or resorts. Each segment is managed separately because of the differences in operating and regulatory environment. The Board of Directors ("**BOD**") of the HBT Trustee-Manager and the H-REIT Manager review the internal management reports for the segments at least quarterly.

NOTES TO THE FINANCIAL STATEMENTS

24 OPERATING SEGMENTS (CONT'D)

The number of properties included in each reportable segment is set out below:

	Number of properties operated as hotels and/or resorts					
	HBT Group		H-REIT Group		Stapled Group	
	2020	2019	2020	2019	2020	2019
Reportable segment						
Singapore	1	–	6	6	6	6
New Zealand	–	–	1	1	1	1
Australia	–	–	2	3	2	3
Germany	–	–	1	1	1	1
Italy	–	–	1	1	1	1
Maldives	1	1	2	2	2	2
Japan	2	2	2	2	2	2
UK	2	2	–	–	2	2

Other operations of the H-REIT Group and the Stapled Group include Claymore Connect which is leased to individual tenants and is operated as a retail space.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment net property income, as included in the internal management reports that are reviewed by the BOD of the HBT Trustee-Manager or the H-REIT Manager. Segment net property income is used to measure performance as the HBT Trustee-Manager or the H-REIT Manager believe that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within the same industry.

Information about reportable segments

	Singapore $'000	Maldives $'000	Japan $'000	UK $'000	Total $'000
HBT Group					
2020					
Revenue – external	15,987	4,100	3,830	13,952	37,869
Reportable segment net property income	2,134	(2,489)	(113)	(312)	(780)
Depreciation of property, plant and equipment	(980)	(2,911)	–	(7,140)	(11,031)
Revaluation deficit on property, plant and equipment	–	–	–	(13,581)	(13,581)
Unallocated items:					
- HBT Trustee-Manager's management fee					(559)
- HBT Trustee-Manager's trustee fee					(224)
- Valuation fees					(8)
- Other expenses					(358)
- Finance income					23
- Finance costs					(7,103)
- Tax expense					2,092
Loss for the year					(31,529)
Other material non-cash items					
Reversal of impairment loss/(Impairment loss) on trade receivables	10	–	–	(88)	(78)
Reportable segment assets					
Capital expenditure on property, plant and equipment	156	–	–	1,570	1,726
Non-current assets^	44,187	36,423	–	198,995	279,605

NOTES TO THE FINANCIAL STATEMENTS

24 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Maldives $'000	Japan $'000	UK $'000	Total $'000
HBT Group				
2019				
Revenue – external	3,070	9,411	42,376	54,857
Reportable segment net property income	(7,141)	94	12,663	5,616
Depreciation of property, plant and equipment	–	–	(9,950)	(9,950)
Revaluation deficit on property, plant and equipment	–	–	(1,088)	(1,088)
Unallocated items:				
- HBT Trustee-Manager's management fee				(559)
- HBT Trustee-Manager's trustee fee				(224)
- Valuation fees				121
- Other expenses				(1,975)
- Finance costs				(5,615)
- Tax expense				(2,302)
Loss for the year				(15,976)
Other material non-cash items				
Reversal of impairment loss on trade receivables	–	–	9	9
Reportable segment assets				
Capital expenditure on property, plant and equipment	–	–	5,351	5,351
Non-current assets^	40,021	–	217,714	257,735

^ Excluding deferred tax assets and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

24 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Singapore $'000	New Zealand $'000	Australia $'000	Germany $'000	Maldives $'000	Japan $'000	Italy $'000	Total reportable segments $'000	Others $'000	Total $'000
H-REIT Group										
2020										
Revenue – external	45,118	16,507	8,358	8,740	4,826	833	1,713	86,095	4,638	90,733
Reportable segment net property income	39,656	16,507	8,358	2,676	4,009	494	1,472	73,172	2,445	75,617
Depreciation of property, plant and equipment	–	–	–	–	(237)	(1,664)	–	(1,901)	–	(1,901)
Net fair value loss on investment properties	(99,502)	(23,513)	(3,802)	(15,986)	(25,498)	–	(6,954)	(175,255)	(5,800)	(181,055)
Revaluation deficit on property, plant and equipment	–	–	–	–	–	(1,454)	–	(1,454)	–	(1,454)
Gain/(loss) on disposal of investment properties and related cessation of business of foreign operations	5,040	–	(13,991)	–	–	–	–	(8,951)	–	(8,951)
Unallocated items:										
- H-REIT Manager's management fee										(10,128)
- H-REIT Trustee's fee										(407)
- Valuation fees										(179)
- Other expenses										(8,066)
- Finance income										19,202
- Finance costs										(41,169)
- Tax expense										(6,150)
Total return for the year										(164,641)
Other material non-cash items										
Impairment loss on trade and other receivables	–	–	(6,022)	(4,689)	–	–	–	(10,711)	(219)	(10,930)
Reportable segment assets										
Capital expenditure on investment properties and property, plant and equipment	5,992	647	–	121	5,437	337	110	12,644	–	12,644
Non-current assets ^	1,679,580	186,658	75,862	171,479	136,250	80,572	65,604	2,396,005	88,000	2,484,005

NOTES TO THE FINANCIAL STATEMENTS

24 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Singapore $'000	New Zealand $'000	Australia $'000	Germany $'000	Maldives $'000	Japan $'000	Italy $'000	Total reportable segments $'000	Others $'000	Total $'000
H-REIT Group										
2019										
Revenue – external	88,298	16,320	9,139	11,092	10,756	4,037	3,000	142,642	7,506	150,148
Reportable segment net property income	82,860	16,320	9,139	9,862	9,925	3,698	2,818	134,622	5,020	139,642
Depreciation of property, plant and equipment	–	–	–	–	(311)	(1,595)	–	(1,906)	–	(1,906)
Net fair value gain/(loss) on investment properties	83,312	(9,914)	(1,424)	131	(23,175)	–	(147)	48,783	(2,003)	46,780
Reversal of revaluation deficit on property, plant and equipment	–	–	–	–	–	243	–	243	–	243
Unallocated items:										
- H-REIT Manager's management fee										(13,118)
- H-REIT Trustee's fee										(389)
- Valuation fees										(174)
- Other expenses										(7,881)
- Finance income										3,020
- Finance costs										(29,139)
- Tax expense										(9,146)
Total return for the year										127,932
Other material non-cash items										
Impairment loss on trade receivables	–	–	–	–	–	–	–	–	(163)	(163)
Reportable segment assets										
Capital expenditure on investment properties and property, plant and equipment	16,388	892	–	177	17,118	294	205	35,074	2	35,076
Non-current assets ^	1,374,000	200,450	142,698	173,874	158,974	85,724	65,973	2,201,693	93,800	2,295,493

^ Excluding deferred tax assets, financial derivative assets, finance lease receivables and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

24 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Singapore $'000	New Zealand $'000	Australia $'000	Germany $'000	Maldives $'000	Japan $'000	UK $'000	Italy $'000	Total reportable segments $'000	Others $'000	Total $'000
Stapled Group											
2020											
Revenue – external	55,035	16,507	8,358	8,740	4,785	3,830	13,952	1,713	112,920	4,638	117,558
Reportable segment net property income	40,419	16,507	8,358	2,676	(2,621)	381	(312)	1,472	66,880	2,445	69,325
Depreciation of property, plant and equipment	(3,363)	–	–	–	(4,023)	(1,664)	(7,140)	–	(16,190)	–	(16,190)
Revaluation deficit on property, plant and equipment	(26,541)	–	–	–	(9,992)	(1,454)	(13,581)	–	(51,568)	–	(51,568)
Net fair value loss of investment properties	(65,705)	(23,513)	(3,802)	(15,986)	(12,195)	–	–	(6,954)	(128,155)	(5,800)	(133,955)
Gain/(loss) on disposal of investment properties and related cessation of business of foreign operations	5,196	–	(13,991)	–	–	–	–	–	(8,795)	–	(8,795)
Unallocated items:											
- H-REIT Manager's management fee											(10,128)
- H-REIT Trustee's fee											(407)
- HBT Trustee-Manager's management fee											(559)
- HBT Trustee-Manager's trustee fee											(224)
- Valuation fees											(187)
- Other expenses											(8,424)
- Finance income											20,634
- Finance costs											(44,599)
- Tax expense											(4,058)
Total return for the year											(189,135)
Other material non-cash items											
Reversal of impairment loss/(Impairment loss) on trade and other receivables	10	–	(6,022)	(4,689)	–	–	(88)	–	(10,789)	(219)	(11,008)
Reportable segment assets											
Capital expenditure on investment properties and property, plant and equipment	5,992	647	–	121	5,437	337	1,570	110	14,214	–	14,214
Non-current assets^	1,683,975	186,658	75,862	171,479	136,250	80,572	198,995	65,604	2,599,395	88,000	2,687,395

24 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Singapore $'000	New Zealand $'000	Australia $'000	Germany $'000	Maldives $'000	Japan $'000	UK $'000	Italy $'000	Total reportable segments $'000	Others $'000	Total $'000
Stapled Group											
2019											
Revenue – external	88,298	16,320	9,139	11,092	9,730	9,411	42,376	3,000	189,366	7,506	196,872
Reportable segment net property income	82,860	16,320	9,139	9,862	(1,312)	3,792	12,663	2,818	136,142	5,020	141,162
Depreciation of property, plant and equipment	–	–	–	–	(482)	(1,595)	(9,950)	–	(12,027)	–	(12,027)
Reversal of revaluation deficit/(Revaluation deficit) on property, plant and equipment	–	–	–	–	(16,480)	243	(1,088)	–	(17,325)	–	(17,325)
Net fair value gain/(loss) of investment properties	83,312	(9,914)	(1,424)	131	(3,537)	–	–	(147)	68,421	(2,003)	66,418
Unallocated items:											
- H-REIT Manager's management fee											(13,118)
- H-REIT Trustee's fee											(389)
- HBT Trustee-Manager's management fee											(559)
- HBT Trustee-Manager's trustee fee											(224)
- Valuation fees											(53)
- Other expenses											(9,856)
- Finance income											2,927
- Finance costs											(31,451)
- Tax expense											(11,448)
Total return for the year											114,057
Other material non-cash items											
Reversal of impairment loss/(Impairment loss) on trade receivables	–	–	–	–	–	–	9	–	9	(163)	(154)
Reportable segment assets											
Capital expenditure on investment properties and property, plant and equipment	16,388	892	–	177	17,118	294	5,351	205	40,425	2	40,427
Non-current assets^	1,374,000	200,450	142,698	173,874	159,002	85,724	217,714	65,973	2,419,435	93,800	2,513,235

^ Excluding deferred tax assets, financial derivative assets, finance lease receivables and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

24 OPERATING SEGMENTS (CONT'D)

Major customers

The H-REIT Group's properties, except Claymore Connect, are leased to 12 (2019: 12) master lessees. Such master lessees include subsidiaries of Millennium & Copthorne Hotels Limited, a related corporation, which accounted for $49,603,000 (2019: $82,279,000) or 54.7% (2019: 54.8%) of the revenue of the H-REIT Group, and subsidiaries of a third party which accounted for approximately $23,594,000 (2019: $31,478,000) or 26.0% (2019: 21.0%) of the revenue of the H-REIT Group. The revenue is attributable to the leases of the Singapore, New Zealand and Australia properties.

25 FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Stapled Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the exposure of the HBT Group, the H-REIT Group and the Stapled Group to each of the above risks, their objectives, policies and procedures for measuring and managing risk, and their management of capital.

Risk management framework

Risk management is integral to the whole business of the Stapled Group. The Stapled Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The HBT Trustee-Manager and the H-REIT Manager continually monitor the Stapled Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Stapled Group's activities.

The Audit and Risk Management Committees of the H-REIT Manager and HBT Trustee-Manager assist the H-REIT Manager's and HBT Trustee-Manager's Boards in reviewing the effectiveness of the Stapled Group's material internal controls, including those relating to financial, operational and compliance.

In addition, the Audit and Risk Management Committees of the H-REIT Manager and HBT Trustee-Manager also assist the H-REIT Manager's and HBT Trustee-Manager's Boards in discharging its duties with respect to maintaining an effective control environment that reflects both the established risk appetite and the business objectives of the Stapled Group. The Audit and Risk Management Committees oversee how management monitors compliance with the Stapled Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Stapled Group.

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(i) Credit risk

Credit risk is the risk of financial loss resulting from the failure of a customer or counterparty to a financial instrument to settle its financial and contractual obligations to the Stapled Group, as and when they fall due.

The carrying value of financial assets in the statement of financial position represents maximum exposure of the Stapled Group of credit risk, before taking into account any collateral held. The Stapled Group limits its exposure to credit risk from trade receivables by collecting security deposits as collateral, where possible.

Trade and other receivables

Credit evaluations are performed before lease agreements are entered into with tenants. Rental deposits are received, where appropriate, to reduce credit risk. In addition, the balances due from lessees and tenants are being monitored on an on-going basis.

The hotel/resort operators which manage the hotels under the HBT Group perform credit evaluations on customers before accepting customers and monitor their balances on an on-going basis.

At 31 December 2020 and 31 December 2019, the trade receivables from related corporations and/or related entities arising from the master lease arrangements for certain hotel properties represent a significant portion of the H-REIT Group's and the Stapled Group's receivables (Note 7). Except as disclosed, there was no significant concentration of credit risk.

Exposure to credit risk

Expected credit loss assessment for individual lessees and customers

The Stapled Group uses an allowance matrix to measure the ECLs of trade receivables.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments (geographic region) based on actual credit loss experience over the past four years. These rates are adjusted by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Stapled Group's view of economic conditions over the expected lives of the receivables.

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(i) Credit risk (cont'd)

Trade and other receivables (cont'd)

Exposure to credit risk (cont'd)

Expected credit loss assessment for individual lessees and customers (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2020 and 31 December 2019:

	2020		2019	
	Gross carrying amount $'000	Impairment loss allowance $'000	Gross carrying amount $'000	Impairment loss allowance $'000
HBT Group				
Not past due	2,603	–	2,190	(4)
Past due 31 – 60 days	193	(24)	280	–
Past due 61 – 90 days	113	(12)	150	–
Past due over 90 days	331	(69)	112	(3)
	3,240	(105)	2,732	(7)
Not credit-impaired	3,240	(105)	2,732	(7)
	3,240	(105)	2,732	(7)
H-REIT Group				
Not past due	27,202	(485)	23,240	–
Past due 31 – 60 days	1,964	(485)	2	–
Past due 61 – 90 days	2,133	(485)	552	–
Past due over 90 days	5,754	(3,476)	247	(163)
	37,053	(4,931)	24,041	(163)
Credit-impaired	4,848	(4,848)	–	–
Not credit-impaired	32,205	(83)	24,041	(163)
	37,053	(4,931)	24,041	(163)
Stapled Group				
Not past due	9,016	(485)	13,200	(4)
Past due 31 – 60 days	2,157	(509)	282	–
Past due 61 – 90 days	2,247	(497)	702	–
Past due over 90 days	6,085	(3,545)	359	(166)
	19,505	(5,036)	14,543	(170)
Credit-impaired	4,848	(4,848)	–	–
Not credit-impaired	14,657	(188)	14,543	(170)
	19,505	(5,036)	14,543	(170)

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(i) Credit risk (cont'd)

Trade and other receivables (cont'd)

Exposure to credit risk (cont'd)

Movement in allowance for impairment in respect of trade and other receivables

The movement in the allowance for impairment losses in respect of trade and other receivables during the year is as follows:

	HBT Group		H-REIT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
At 1 January	7	411	163	–	170	411
Impairment loss/(Reversal of impairment loss) recognised	78	(9)	10,930	163	11,008	154
Acquisition of business	24	–	–	–	24	–
Amounts utilised	(6)	(394)	(6,320)	–	(6,326)	(394)
Translation differences	2	(1)	158	–	160	(1)
At 31 December	105	7	4,931	163	5,036	170

The Stapled Group establishes allowances for impairment that represents its estimate of the expected credit loss and specific loss component in respect of trade and other receivables.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Stapled Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and cash equivalents

Cash and fixed deposits are placed with financial institutions which are regulated. Investments and transactions are allowed only with counterparties who have sound credit ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Stapled Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

Derivatives

Derivatives are only entered into with banks and financial institution counterparties with sound credit ratings. Details of the derivatives held by the HBT Group, the H-REIT Group and the Stapled Group are set out in Note 11.

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(ii) Liquidity risk

Liquidity risk is the risk that the Stapled Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The HBT Trustee-Manager and H-REIT Manager monitor their liquidity risk and maintain a level of cash and cash equivalents deemed adequate to finance the HBT Group's and the H-REIT Group's operations and to mitigate the effects of fluctuations in cash flows. The H-REIT Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings. As at the end of the financial year, the H-REIT Group maintains several lines of credit (Note 10).

The Stapled Group has contractual commitments to incur capital expenditure (Note 26).

The following are the material contractual undiscounted cash inflows/(outflows) of financial liabilities, including estimated interest payments:

			Cash flows		
	Carrying amount $'000	**Contractual cash flows $'000**	**Within 1 year $'000**	**Between 1 to 5 years $'000**	**More than 5 years $'000**
HBT Group					
2020					
Non-derivative financial liabilities					
Unsecured bank loans	96,976	(102,403)	(2,665)	(99,738)	–
Loan from related entity	10,116	(10,116)	(10,116)	–	–
Lease liabilities	97,366	(177,813)	(7,815)	(30,429)	(139,569)
Trade and other payables^	56,771	(56,771)	(56,771)	–	–
	261,229	(347,103)	(77,367)	(130,167)	(139,569)
2019					
Non-derivative financial liabilities					
Unsecured bank loans	94,554	(102,626)	(2,603)	(100,023)	–
Lease liabilities	55,431	(123,012)	(4,653)	(18,612)	(99,747)
Trade and other payables^	38,602	(38,602)	(38,602)	–	–
	188,587	(264,240)	(45,858)	(118,635)	(99,747)
H-REIT Group					
2020					
Non-derivative financial liabilities					
Secured TMK bond	38,843	(41,108)	(283)	(40,825)	–
Secured bank loan	71,305	(76,685)	(1,229)	(75,456)	–
Unsecured bank loans	821,401	(856,544)	(302,558)	(553,986)	–
Lease liabilities	79,667	(214,325)	(4,253)	(17,014)	(193,058)
Trade and other payables	44,772	(45,713)	(34,915)	(1,636)	(9,162)
	1,055,988	(1,234,375)	(343,238)	(688,917)	(202,220)

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(ii) Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	Cash flows Between 1 to 5 years $'000	Cash flows More than 5 years $'000
H-REIT Group					
2019					
Non-derivative financial liabilities					
Secured TMK bond	38,241	(38,528)	(38,528)	–	–
Secured bank loan	65,958	(72,109)	(1,137)	(4,549)	(66,423)
Unsecured bank loans	865,174	(921,797)	(58,836)	(862,961)	–
Lease liabilities	25,245	(47,887)	(2,316)	(9,149)	(36,422)
Trade and other payables	47,783	(48,963)	(38,171)	(1,512)	(9,280)
	1,042,401	(1,129,284)	(138,988)	(878,171)	(112,125)
Stapled Group					
2020					
Non-derivative financial liabilities					
Secured TMK bond	38,843	(41,108)	(283)	(40,825)	–
Secured bank loan	71,305	(76,685)	(1,229)	(75,456)	–
Unsecured bank loans	918,377	(958,947)	(305,223)	(653,724)	–
Lease liabilities	94,822	(281,726)	(5,085)	(19,510)	(257,131)
Trade and other payables^	53,599	(54,541)	(43,744)	(1,636)	(9,161)
	1,176,946	(1,413,007)	(355,564)	(791,151)	(266,292)
2019					
Non-derivative financial liabilities					
Secured TMK bond	38,241	(38,528)	(38,528)	–	–
Secured bank loan	65,958	(72,109)	(1,137)	(4,549)	(66,423)
Unsecured bank loans	959,728	(1,024,423)	(61,439)	(962,984)	–
Lease liabilities	39,760	(113,997)	(2,905)	(11,503)	(99,589)
Trade and other payables^	51,031	(52,211)	(41,419)	(1,512)	(9,280)
	1,154,718	(1,301,268)	(145,428)	(980,548)	(175,292)

^ Excluding deferred income

The maturity analyses show the material contractual undiscounted cash flows of the Stapled Group's financial liabilities on the basis of their earliest possible contractual maturity. The cash inflows/(outflows) disclosed relate to these instruments held for risk management purposes and which are usually not closed out prior to contractual maturity.

The interest payments on floating rate loans and borrowings in the table above reflect market forward interest rates at the period end and these amounts may change as market interest rates changes.

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the HBT Group's profit or loss and the H-REIT Group's and the Stapled Group's total return. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The H-REIT Manager's and the HBT Trustee-Manager's strategy to manage the risk of potential interest rate volatility is through the use of interest rate hedging instruments and/or fixed rate borrowings. The H-REIT Manager and HBT Trustee-Manager will regularly evaluate the feasibility of putting in place the appropriate level of interest rate hedges, after taking into account the prevailing market conditions.

Derivative financial instruments are used to manage exposures to interest rate risks arising from financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Exposure to interest rate risk

The Stapled Group's exposure to changes in interest rates relate primarily to interest-earning financial assets and interest-bearing financial liabilities. At the end of the financial year, the interest rate profile of the interest-bearing financial instruments based on their nominal amounts was as follows:

	HBT Group		**H-REIT Group**		**Stapled Group**	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**	**2020 $'000**	**2019 $'000**
Fixed rate instruments						
Financial assets	1,897	459	42,737	112,774	44,634	113,233
Financial liabilities	(204,752)	(150,433)	(422,843)	(360,165)	(535,268)	(469,682)
Effect of interest rate swap	–	–	(86,307)	–	(86,307)	–
Effect of cross-currency interest rate swaps	–	–	(154,237)	(157,374)	(154,237)	(157,374)
	(202,855)	(149,974)	(620,650)	(404,765)	(731,178)	(513,823)
Variable rate instruments						
Financial liabilities	–	–	(592,003)	(637,891)	(592,003)	(637,891)
Effect of interest rate swap	–	–	86,307	–	86,307	–
Effect of cross-currency interest rate swaps	–	–	154,237	157,374	154,237	157,374
	–	–	(351,459)	(480,517)	(351,459)	(480,517)

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

Interest rate risk (cont'd)

Fair value sensitivity analysis for fixed rate instruments

The Stapled Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the financial year would not affect total return.

A change of 100 basis points (bp) in interest rate at the end of the financial year would increase/(decrease) total return (before any tax effects) of the H-REIT Group and the Stapled Group, by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Profit or loss	
	100 bp increase 2020 $'000	100 bp decrease 2020 $'000	100 bp increase 2019 $'000	100 bp decrease 2019 $'000
H-REIT Group				
Variable rate instruments				
Loans and borrowings	(5,920)	5,920	(6,379)	6,379
Interest rate swap	863	(863)	–	–
Cross-currency interest rate swaps	1,542	(1,542)	1,574	(1,574)
Cash flow sensitivity (net)	(3,515)	3,515	(4,805)	4,805
Stapled Group				
Variable rate instruments				
Loans and borrowings	(5,920)	5,920	(6,379)	6,379
Interest rate swap	863	(863)	–	–
Cross-currency interest rate swaps	1,542	(1,542)	1,574	(1,574)
Cash flow sensitivity (net)	(3,515)	3,515	(4,805)	4,805

Foreign currency risk

The Stapled Group has exposure to foreign currency risk as a result of its operations in several countries. The currencies giving rise to this risk are Australian Dollar, New Zealand Dollar, Euro, United States Dollar, Japanese Yen and Sterling Pound.

In order to manage the foreign currency risk, the H-REIT Manager and the HBT Trustee-Manager adopt foreign currency risk management strategies that may include:

- entering into forward exchange contracts to hedge the foreign currency income from the overseas assets as a natural hedge;
- the use of certain foreign currency denominated borrowings to match the capital values of the overseas assets as a natural hedge, whenever possible; and
- the use of certain foreign currency denominated borrowings to hedge against the currency risk arising from the Stapled Group's net investments in certain subsidiaries in Australia, Germany, Japan, Maldives and United Kingdom. These borrowings are designated as net investment hedges.

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

Foreign currency risk (cont'd)

Hedge accounting – Net investment hedges

At the end of the financial year, the HBT Group, the H-REIT Group and the Stapled Group have designated certain of their bank loans, with carrying amounts of $62.1 million (2019: $79.2 million), $61.8 million (2019: $90.1 million) and $225.7 million (2019: $274.9 million) respectively as net investment hedges, which mitigate the currency risk arising from certain subsidiaries' net assets. The cumulative net foreign exchange differences in respect of the Australia, Germany, Japan, Maldives and United Kingdom net investment hedges which remained in the unitholders' funds are as follows:

	HBT Group		H-REIT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Net foreign exchange (loss)/gain	(558)	789	(1,991)	5,890	(5,283)	6,306

To assess hedge effectiveness, the HBT Group, the H-REIT Group and the Stapled Group determine the economic relationship between the hedge instrument and the hedge item by comparing changes in the carrying amount of debt that is attributable to a change in the spot rate with changes in the investment in the foreign operation due to movement in the spot rate (the offset method). The HBT Group, the H-REIT Group and the Stapled Group's policy is to hedge the net investment only to the extent of debt principal.

During the financial year, the HBT Group, the H-REIT Group and the Stapled Group have recognised net foreign exchange differences in OCI or unitholders' funds (as the case may be) in respect of bank loans which were used as hedges for net investments in Japan, Maldives and United Kingdom:

	HBT Group		H-REIT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Net foreign exchange (loss)/gain	(1,347)	(818)	(953)	367	(4,661)	(1,544)

The exposure of the HBT Group, the H-REIT Group and the Stapled Group to foreign currencies is as follows based on notional amounts:

	United States Dollar		Japanese Yen		Sterling Pound	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
HBT Group						
Trade and other receivables	–	–	33	32	2,663	5,229
Cash and cash equivalents	–	–	–	–	40	68
Bank loans	–	–	–	–	(97,270)	(95,002)
Loan from related entity	–	–	–	–	(6,726)	–
Lease liabilities	(38,078)	(40,916)	–	–	(14,902)	(14,515)
Net statement of financial position exposure	(38,078)	(40,916)	33	32	(116,195)	(104,220)
Forward exchange contracts	–	–	–	–	–	(650)
Net exposure	(38,078)	(40,916)	33	32	(116,195)	(104,870)

25 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

Foreign currency risk (cont'd)

	Australian Dollar		New Zealand Dollar		Euro		United States Dollar		Japanese Yen		Sterling Pound	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
H-REIT Group												
Trade and other receivables	10,963	12,093	6,215	2,867	682	1,007	55,555	49,055	–	1,298	6,726	–
Cash and cash equivalents	51,087	51,649	6,864	2,331	159	1,980	160	1,518	18	40	–	–
Trade and other payables	(1,203)	(1,101)	(326)	(310)	(102)	(95)	(1,480)	(1,510)	–	–	–	–
Bank loans	–	–	–	–	(5,115)	(4,508)	(283,313)	(288,790)	(41,954)	(40,450)	(123,389)	(116,993)
Lease liabilities	–	–	–	–	–	–	(19,163)	(19,522)	–	–	–	–
Net statement of financial position exposure	60,847	62,641	12,753	4,888	(4,376)	(1,616)	(248,241)	(259,249)	(41,936)	(39,112)	(116,663)	(116,993)
Forward exchange contracts	–	(1,878)	–	(3,201)	–	(775)	–	(290)	–	(894)	–	–
Cross-currency interest rate swaps	–	–	–	–	(154,237)	(157,374)	154,237	157,374	–	–	–	–
Net exposure	60,847	60,763	12,753	1,687	(158,613)	(159,765)	(94,004)	(102,165)	(41,936)	(40,006)	(116,663)	(116,993)
Stapled Group												
Trade and other receivables	10,963	12,093	6,215	2,867	682	1,007	55,555	49,055	33	1,330	2,663	5,229
Cash and cash equivalents	51,087	51,649	6,864	2,331	159	1,980	160	1,518	18	40	40	68
Trade and other payables	(1,203)	(1,101)	(326)	(310)	(102)	(95)	(1,480)	(1,510)	–	–	–	–
Bank loans	–	–	–	–	(5,115)	(4,508)	(283,313)	(288,790)	(41,954)	(40,450)	(220,659)	(211,995)
Lease liabilities	–	–	–	–	–	–	(19,163)	(19,522)	–	–	(14,902)	(14,515)
Net statement of financial position exposure	60,847	62,641	12,753	4,888	(4,376)	(1,616)	(248,241)	(259,249)	(41,903)	(39,080)	(232,858)	(221,213)
Forward exchange contracts	–	(1,878)	–	(3,201)	–	(775)	–	(290)	–	(894)	–	(650)
Cross-currency interest rate swaps	–	–	–	–	(154,237)	(157,374)	154,237	157,374	–	–	–	–
Net exposure	60,847	60,763	12,753	1,687	(158,613)	(159,765)	(94,004)	(102,165)	(41,903)	(39,974)	(232,858)	(221,863)

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

Foreign currency risk (cont'd)

Sensitivity analysis

A 10% strengthening of the Singapore dollar against the following currencies at the end of the financial year would increase/(decrease) profit or loss (before any tax effects) of the HBT Group and total return (before any tax effects) of the H-REIT Group and the Stapled Group, by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	HBT Group		H-REIT Group		Stapled Group	
	Profit or loss $'000	Other comprehen-sive income $'000	Total return $'000	Unitholders' funds $'000	Total return $'000	Unitholders' funds $'000
2020						
Australian Dollar	–	–	(6,085)	–	(6,085)	–
New Zealand Dollar	–	–	(1,275)	–	(1,275)	–
Euro	–	–	15,861	–	15,861	–
United States Dollar	3,808	–	6,944	2,456	6,944	2,456
Japanese Yen	(3)	–	473	3,721	470	3,721
Sterling Pound	5,406	6,214	11,666	–	6,895	16,391
2019						
Australian Dollar	–	–	(6,076)	–	(6,076)	–
New Zealand Dollar	–	–	(169)	–	(169)	–
Euro	–	–	15,977	–	15,977	–
United States Dollar	4,092	–	6,830	3,387	6,830	3,387
Japanese Yen	(3)	–	414	3,587	411	3,587
Sterling Pound	2,570	7,917	11,699	–	3,713	18,473

A 10% weakening of the Singapore dollar against the above currencies at the end of the financial year would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iv) Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are detailed below. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair value			
	Note	Amortised cost $'000	Fair value – hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
HBT Group									
2020									
Financial assets not measured at fair value									
Trade and other receivables(1)	7	15,290	–	–	15,290				
Cash and cash equivalents	8	17,532	–	–	17,532				
		32,822	–	–	32,822				
Financial liabilities not measured at fair value									
Trade and other payables(2)	12	–	–	(56,771)	(56,771)				
Unsecured bank loans	10	–	–	(96,976)	(96,976)	–	(98,641)	–	(98,641)
Loan from related entity	10	–	–	(10,116)	(10,116)				
Lease liabilities	10	–	–	(97,366)	(97,366)				
		–	–	(261,229)	(261,229)				
HBT Group									
2019									
Financial assets not measured at fair value									
Trade and other receivables(1)	7	12,900	–	–	12,900				
Cash and cash equivalents	8	7,802	–	–	7,802				
		20,702	–	–	20,702				
Financial liabilities measured at fair value									
Financial derivative liabilities	11	–	(23)	–	(23)	–	(23)	–	(23)
Financial liabilities not measured at fair value									
Trade and other payables(2)	12	–	–	(38,602)	(38,602)				
Unsecured bank loans	10	–	–	(94,554)	(94,554)	–	(94,871)	–	(94,871)
Lease liabilities	10	–	–	(55,431)	(55,431)				
		–	–	(188,587)	(188,587)				

(1) Excluding prepayments
(2) Excluding deferred income

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iv) Accounting classifications and fair values (cont'd)

		Carrying amount				Fair value			
	Note	Amortised cost $'000	Fair value – hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
H-REIT Group									
2020									
Financial assets not measured at fair value									
Finance lease receivables	6	4,923	–	–	4,923				
Trade and other receivables[1]	7	68,582	–	–	68,582				
Cash and cash equivalents	8	113,570	–	–	113,570				
		187,075	–	–	187,075				
Financial liabilities measured at fair value									
Financial derivative liabilities	11	–	(13,707)	–	(13,707)	–	(13,707)	–	(13,707)
Financial liabilities not measured at fair value									
Secured TMK bond	10	–	–	(38,843)	(38,843)	–	(38,827)	–	(38,827)
Secured bank loan	10	–	–	(71,305)	(71,305)	–	(73,158)	–	(73,158)
Unsecured bank loans	10	–	–	(821,401)	(821,401)	–	(839,007)	–	(839,007)
Lease liabilities	10	–	–	(79,667)	(79,667)				
Trade and other payables		–	–	(34,568)	(34,568)				
Rental deposits		–	–	(10,204)	(10,204)	–	–	(10,541)	(10,541)
		–	–	(1,055,988)	(1,055,988)				

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iv) Accounting classifications and fair values (cont'd)

		Carrying amount				Fair value			
	Note	Amortised cost $'000	Fair value – hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
H-REIT Group									
2019									
Financial assets not measured at fair value									
Finance lease receivables	6	5,723	–	–	5,723				
Trade and other receivables[1]	7	49,431	–	–	49,431				
Cash and cash equivalents	8	128,152	–	–	128,152				
		183,306	–	–	183,306				
Financial assets measured at fair value									
Financial derivative assets	11	–	6,047	–	6,047	–	6,047	–	6,047
Financial liabilities measured at fair value									
Financial derivative liabilities	11	–	(164)	–	(164)	–	(164)	–	(164)
Financial liabilities not measured at fair value									
Secured TMK bond	10	–	–	(38,241)	(38,241)	–	(38,131)	–	(38,131)
Secured bank loan	10	–	–	(65,958)	(65,958)	–	(66,401)	–	(66,401)
Unsecured bank loans	10	–	–	(865,174)	(865,174)	–	(870,546)	–	(870,546)
Lease liabilities	10	–	–	(25,245)	(25,245)				
Trade and other payables		–	–	(37,771)	(37,771)				
Rental deposits		–	–	(10,012)	(10,012)	–	–	(9,967)	(9,967)
		–	–	(1,042,401)	(1,042,401)				

(1) Excluding prepayments
(2) Excluding deferred income

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iv) Accounting classifications and fair values (cont'd)

		Carrying amount				Fair value			
	Note	Amortised cost $'000	Fair value – hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Stapled Group									
2020									
Financial assets not measured at fair value									
Finance lease receivables	6	4,923	–	–	4,923				
Trade and other receivables[1]	7	25,812	–	–	25,812				
Cash and cash equivalents	8	131,102	–	–	131,102				
		161,837	–	–	161,837				
Financial liabilities measured at fair value									
Financial derivative liabilities	11	–	(13,707)	–	(13,707)	–	(13,707)	–	(13,707)
Financial liabilities not measured at fair value									
Secured TMK bond	10	–	–	(38,843)	(38,843)	–	(38,827)	–	(38,827)
Secured bank loan	10	–	–	(71,305)	(71,305)	–	(73,158)	–	(73,158)
Unsecured bank loans	10	–	–	(918,377)	(918,377)	–	(937,648)	–	(937,648)
Lease liabilities	10	–	–	(94,822)	(94,822)				
Trade and other payables[2]		–	–	(43,395)	(43,395)				
Rental deposits		–	–	(10,204)	(10,204)	–	–	(10,541)	(10,541)
		–	–	(1,176,946)	(1,176,946)				

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iv) Accounting classifications and fair values (cont'd)

	Note	Carrying amount				Fair value			
		Amortised cost $'000	Fair value – hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Stapled Group									
2019									
Financial assets not measured at fair value									
Finance lease receivables	6	5,723	–	–	5,723				
Trade and other receivables[1]	7	26,977	–	–	26,977				
Cash and cash equivalents	8	135,954	–	–	135,954				
		168,654	–	–	168,654				
Financial assets measured at fair value									
Financial derivative assets	11	–	6,047	–	6,047	–	6,047	–	6,047
Financial liabilities measured at fair value									
Financial derivative liabilities	11	–	(187)	–	(187)	–	(187)	–	(187)
Financial liabilities not measured at fair value									
Secured TMK bond	10	–	–	(38,241)	(38,241)	–	(38,131)	–	(38,131)
Secured bank loan	10	–	–	(65,958)	(65,958)	–	(66,401)	–	(66,401)
Unsecured bank loans	10	–	–	(959,728)	(959,728)	–	(965,417)	–	(965,417)
Lease liabilities	10	–	–	(39,760)	(39,760)				
Trade and other payables[2]		–	–	(41,019)	(41,019)				
Rental deposits		–	–	(10,012)	(10,012)	–	–	(9,967)	(9,967)
		–	–	(1,154,718)	(1,154,718)				

(1) Excluding prepayments
(2) Excluding deferred income

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

Measurement of fair values

The following show the valuation techniques used in measuring Level 2 and Level 3 fair values.

Financial instruments measured at fair value

Financial derivatives

The fair values of forward foreign exchange contracts, cross-currency interest rate swaps and interest rate swap are based on banks' quotes (Level 2 fair values). Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

Financial instruments not measured at fair value

Other non-derivative financial assets and liabilities

The fair values of TMK bond, bank loans and rental deposits are calculated using the discounted cash flow technique based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

26 COMMITMENTS

	HBT Group		H-REIT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
(a) Capital expenditure contracted but not provided for	–	–	8,618	8,414	8,618	8,414

(b) Under the terms of the lease agreements for certain properties, the H-REIT Group and the Stapled Group are required to incur expenditure equivalent to 2.5% to 4.0% of the gross revenue to maintain and improve the hotel's or resort's furniture and fixtures, equipment and its environment. As at the end of the financial year, the H-REIT Group and the Stapled Group are committed to incur capital expenditure of $3,740,000 (2019: $2,460,000) under the terms of the lease agreements.

(c) HBT's subsidiary, CDL HBT Cambridge City Hotel (UK) Ltd, holds a leasehold land, with a 125-year lease granted by the Cambridge City Council commencing on 25 December 1990 (the "**Head Lease**"). The lease term may be extended for a further term of 50 years pursuant to the lessee's option to renew under the Head Lease. Lease payment under this lease is variable, being a percentage of gross revenue and subject to a minimum value that is itself a function of the aggregate rent paid over the previous 3 years.

Lease liabilities and a corresponding ROU asset were recognised in the financial statements based on present value of the minimum lease payments. The variable lease payments not included in the measurement of the lease liabilities are recognised in profit or loss or statement of total return (as the case may be). For the year ended 31 December 2020, the Stapled Group recorded variable lease payments of $167,000 (2019: $96,000).

(d) The Stapled Group has entered into several agreements which were approved by the Stapled Securityholders in an extraordinary general meeting held on 23 January 2020, including:

- a development and sale agreement to acquire a brand new lifestyle hotel from a related corporation for a purchase price equal to the lower of the fixed price of $475.0 million or 110% of the vendor's actual development cost. The transaction is expected to be completed in 2025.
- a sale and purchase agreement to acquire 100% of shares in a hotel operating company from a related corporation for a consideration equal to the acquiree's net asset value at acquisition date plus partial reimbursement of pre-opening costs incurred, subject to a maximum of $3.1 million. The transaction is expected to be completed in 2025.

Other than the above, the Stapled Group had other commitments as at 31 December 2019 which were executed during the year. Please refer to Note 29 for information on the property and business acquired in 2020.

27 RELATED PARTY TRANSACTIONS

In the normal course of the operations of HBT, the HBT Trustee-Manager's trustee, management and acquisition fees have been paid or are payable to the HBT Trustee-Manager.

In the normal course of the operations of H-REIT, the H-REIT Manager's management and acquisition fees and H-REIT Trustee's fee have been paid or are payable to the H-REIT Manager and H-REIT Trustee respectively.

As at the reporting date, the H-REIT Manager and the master lessees of Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel, Studio M Hotel and Grand Millennium Auckland are indirect wholly-owned subsidiaries of a substantial holder of the Stapled Securities in the Stapled Group.

During the financial year, other than the transactions disclosed elsewhere in the financial statements, there were the following related party transactions:

	HBT Group		H-REIT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Related corporations of the H-REIT Manager and HBT Trustee-Manager						
Acquisition fee paid/payable	–	–	2,430	–	2,430	–
Divestment fee paid/payable	–	–	320	–	320	–
Rental income received/receivable	–	–	50,729	83,702	50,729	83,702
Rental expense paid/payable	–	–	965	945	965	945
Shared service expenses paid/payable	–	–	352	437	352	437
Consultancy fee paid/payable	–	52	–	–	–	52
Corporate secretarial services fee paid/payable	46	83	132	182	178	265

28 FINANCIAL RATIOS

	H-REIT Group		Stapled Group	
	2020 %	2019 %	2020 %	2019 %
Expenses to weighted average net assets(1)				
- including performance component of H-REIT Manager's management fees(2)	1.08	1.23	1.11	1.33
- excluding performance component of H-REIT Manager's management fees(2)	0.90	0.87	0.93	0.98
Portfolio turnover rate(3)	18.65	–	18.05	–

(1) The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the H-REIT Group and the Stapled Group, excluding property expenses, interest expense and income tax expense of each entity, where applicable.

(2) Excluding acquisition fee and costs associated with the acquisition of a property.

(3) The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the H-REIT Group and the Stapled Group expressed as a percentage of daily average net asset value.

NOTES TO THE FINANCIAL STATEMENTS

29 ACQUISITIONS

HBT Group

Acquisition of business

For the financial year ended 31 December 2020

On 16 July 2020, Gemini Two Pte. Ltd., a subsidiary of the HBT Group acquired the business and business assets of the hotel operated as W Singapore – Sentosa Cove ("**W Hotel**") (the "**Business Acquisition**") from a related corporation for a total consideration of $0.7 million. The purpose of the Business Acquisition is for the HBT Group to manage W Hotel which is leased from the H-REIT Group. The acquisition was accounted for as a business combination as the HBT Group had acquired various operational processes.

From the date of acquisition to 31 December 2020, the Business Acquisition contributed revenue of $15,987,000 and net profit before tax of $352,000 to the HBT Group's results. If the acquisition had occurred on 1 January 2020, the HBT Trustee-Manager estimates that the HBT Group's revenue would have been $47,203,000 and the HBT Group's net loss before tax for the year would have been $34,224,000. In determining these amounts, the HBT Trustee-Manager has assumed that the agreement to lease W Hotel from the H-REIT Group would commence on 1 January 2020.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	$'000
Property, plant and equipment – Right-of-use assets (Note 5)	222
Inventories	166
Trade and other receivables	2,286
Cash and cash equivalents	3,858
Lease liabilities	(227)
Trade and other payables	(5,575)
Total identifiable net assets	730

The fair value of identifiable net assets acquired approximate to their carrying amount.

There is no goodwill arising from the acquisition as the consideration transferred is equal to the fair value of identifiable net assets acquired.

Consideration transferred

	$'000
Cash paid	730

Effect of the acquisition on cash flows

Total consideration for the acquisition	730
Add: Acquisition-related costs	55
Less: Cash at bank of business acquired	(3,858)
Less: Acquisition-related costs not yet paid	(55)
Net cash inflow on acquisition	(3,128)

Acquisition-related costs

The HBT Group incurred professional fees of $55,000, which have been included in "other expenses", in the statement of profit or loss.

29 ACQUISITIONS (CONT'D)

H-REIT Group

Acquisition of property

For the financial year ended 31 December 2020

On 16 July 2020, the H-REIT Group acquired W Hotel for a total consideration of $343.7 million from a related corporation, including acquisition-related costs of $19.7 million. As of 31 December 2020, professional fees of $89,000 remained unpaid. The acquisition was accounted for as an acquisition of assets.

Acquisition of subsidiaries

For the financial year ended 31 December 2019

The H-REIT Group made payments of $1.8 million for acquisition-related costs during the year in relation to its acquisition of subsidiaries in 2018.

30 LEASES

(i) Leases as lessee

The HBT Group, the H-REIT Group and the Stapled Group mainly lease land and buildings. The leases typically run for periods ranging from 2 to 50 years, some with options to renew after the lease expiry dates. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the HBT Group, the H-REIT Group and the Stapled Group are restricted from entering into any sub-lease arrangements.

Some of the leases of land and building were entered into many years ago.

One of the leased properties has been sub-let by the H-REIT Group and the Stapled Group. The sub-lease is classified as a finance lease.

Information about leases for which the HBT Group, the H-REIT Group and the Stapled Group are lessees is presented below.

NOTES TO THE FINANCIAL STATEMENTS

30 LEASES (CONT'D)

(i) Leases as lessee (cont'd)

Right-of-use assets

ROU assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment.

	HBT Group			H-REIT Group			Stapled Group		
	Leasehold Land $'000	Building $'000	Motor vehicles $'000	Leasehold Land $'000	Building $'000	Motor vehicles $'000	Leasehold Land $'000	Building $'000	Motor vehicles $'000
2020									
Balance at 1 January	46,796	7,623	–	–	65	–	21,117	7,688	–
Depreciation charge	(2,982)	(1,141)	(41)	–	(28)	–	(871)	(145)	(41)
Revaluation surplus recognised in unitholders' funds	–	–	–	–	–	–	475	–	–
Revaluation surplus recognised in statement of total return	–	–	–	–	–	–	792	–	–
Acquisition of ROU assets	–	222	–	–	–	–	–	222	–
Additions to ROU assets	–	44,822	123	–	13	–	55,550	13	123
Disposal of ROU assets	–	–	–	–	(43)	–	–	(43)	–
Translation differences	(526)	182	–	–	2	–	(181)	184	–
Balance at 31 December	43,288	51,708	82	–	9	–	76,882	7,919	82
2019									
Balance at 1 January	50,157	1,889	–	–	101	–	22,698	1,990	–
Depreciation charge	(2,950)	(88)	–	–	(35)	–	(615)	(123)	–
Revaluation deficit recognised in statement of total return	–	–	–	–	–	–	(891)	–	–
Additions to ROU assets	–	5,749	–	–	–	–	–	5,749	–
Translation differences	(411)	73	–	–	(1)	–	(75)	72	–
Balance at 31 December	46,796	7,623	–	–	65	–	21,117	7,688	–

Amounts recognised in profit or loss or the statement of total return (as the case may be)

	HBT Group		H-REIT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Interest on lease liabilities	3,309	2,650	2,202	1,285	2,791	1,816
Expenses relating to short term leases	211	151	–	–	211	151

30 LEASES (CONT'D)

(i) Leases as lessee (cont'd)

Amounts recognised in statement of cash flows

	HBT Group		H-REIT Group		Stapled Group	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Payment of lease liabilities	(2,849)	(2,020)	(708)	(1,022)	(766)	(1,064)
Finance costs paid	(3,309)	(2,650)	(2,202)	(1,285)	(2,791)	(1,816)
Total cash outflow for leases	(6,158)	(4,670)	(2,910)	(2,307)	(3,557)	(2,880)

Extension options

Some property leases contain extension options exercisable by the HBT Group and the H-REIT Group before the end of the non-cancellable contract period. Where practicable, the HBT Group and the H-REIT Group seek to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the HBT Group and the H-REIT Group and not by the lessors. The HBT Group and the H-REIT Group assess at lease commencement date whether it is reasonably certain to exercise the extension options. The HBT Group and the H-REIT Group reassess whether it is reasonably certain to exercise the options if there is a significant event of significant changes in circumstances within their control.

The H-REIT Group have estimated the potential future lease payments that are not reflected in the measurement of lease liabilities, should they exercise the extension options, would result in an increase in future cash outflows of $53.1 million (2019: $53.1 million).

Variable lease payments

HBT's subsidiary, AKO GK, leases the Japan hotel properties from CDLHT Hanei Tokutei Mokuteki Kaisha, subsidiary of H-REIT for 1-year periods, renewable on an annual basis. Monthly lease payments under these leases are variable, equal to the gross operating profit of the hotel properties in the preceding month, subject to certain adjustments. Lease liabilities are not recognised in respect of these leases as the variable monthly lease payments are not subject to a minimum value.

(ii) Leases as lessor

The H-REIT Group and the Stapled Group lease out their investment properties consisting of hotels, resorts, a retail property and a leased property. All leases are classified as operating leases from a lessor perspective with the exception of a sub-lease which has been classified as a finance sub-lease.

Finance lease

The H-REIT Group and the Stapled Group have sub-leased a building in which the ROU asset arising from the head lease has been presented as part of investment property. The sub-lease was assessed to be a finance lease under FRS 116 / SFRS(I) 16. Consequently, the H-REIT Group and the Stapled Group derecognised the ROU asset relating to the head lease and recognised finance lease receivables. During the term of the sub-lease, the H-REIT Group and the Stapled Group recognise both interest income on the sub-lease and interest expense on the head lease.

During the financial year, the H-REIT Group and the Stapled Group recognised interest income on the finance lease receivables of $165,000 (2019: $189,000).

NOTES TO THE FINANCIAL STATEMENTS

30 LEASES (CONT'D)

(ii) Leases as lessor (cont'd)

The following table sets out a maturity analysis of finance lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	2020 $'000	2019 $'000
H-REIT Group and Stapled Group		
Within 1 year	965	965
1 to 2 years	965	965
2 to 3 years	965	965
3 to 4 years	965	965
4 to 5 years	965	965
More than 5 years	529	1,494
Total undiscounted finance lease receivables	5,354	6,319
Unearned finance income	(431)	(596)
Net investment in the lease	4,923	5,723

Operating lease

The H-REIT Group and the Stapled Group lease out their investment properties. The H-REIT Group and the Stapled Group have classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The portfolio statement sets out information about the operating leases of investment properties.

Rental revenue from investment property recognised by the H-REIT Group and the Stapled Group is disclosed in Note 17.

In addition, the H-REIT Group also leases out its Japan properties which are classified as property, plant and equipment to the HBT Group for 1-year periods, renewable on an annual basis. Monthly lease payments receivable under these leases are variable, equal to the gross operating profit of the hotel properties in the preceding month, subject to certain adjustments. The variable monthly lease payments are not subject to a minimum value.

The rental revenue from property, plant and equipment recognised by the H-REIT Group in respect of these leases during the year was $833,000 (2019: $4,037,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

Operating leases under FRS 116 / SFRS(I) 16

	HBT Group		H-REIT Group		Stapled Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Within 1 year	123	119	64,117	73,534	60,257	69,589
1 to 2 years	123	119	60,014	65,080	56,154	61,135
2 to 3 years	123	119	47,505	57,445	43,645	53,500
3 to 4 years	97	119	43,261	45,201	43,358	41,256
4 to 5 years	–	93	43,836	40,182	43,836	40,275
More than 5 years	–	–	192,358	180,533	192,358	180,533
	466	569	451,091	461,975	439,608	446,288

The above operating lease receivables are based on the fixed component of the rent receivable under the lease agreements, adjusted for increases in rent where such increases have been provided for under the lease agreements.

NOTES TO THE FINANCIAL STATEMENTS

31 GROUP ENTITIES

The HBT Group and the H-REIT Group have equity investments in subsidiaries.

Details of the significant subsidiaries are as follows:

Name of subsidiaries	Place of incorporation	Effective equity interest held by the H-REIT Group and the Stapled Group 2020 %	2019 %
Subsidiaries of H-REIT			
(1) CDLHT (BVI) One Ltd	British Virgin Islands	100	100
(1) CDLHT (BVI) Trust One	–	100	100
(3) Sunshine Hotels Australia Pty Ltd	Australia	100	100
(1) CDLHT Sunshine Limited	British Virgin Islands	100	100
(1) CDLHT Sunrise Limited	British Virgin Islands	100	100
(1) CDLHT Sanctuary Limited	British Virgin Islands	100	100
(2) CDLHT MTN Pte. Ltd.	Singapore	100	100
(2) CDLHT Oceanic Holdings Pte. Ltd.	Singapore	100	100
(2) CDLHT Hanei One Pte. Ltd.	Singapore	100	100
(2) CDLHT Hanei Two Pte. Ltd.	Singapore	100	100
(2) CDLHT Two Pte. Ltd.	Singapore	100	100
(2) CDLHT Munich One Pte. Ltd.	Singapore	100	100
(2) CDLHT Munich Two Pte. Ltd.	Singapore	100	100
(2) CDLHT CFM One Pte. Ltd.	Singapore	100	100
(2) CDLHT CFM Two Pte. Ltd.	Singapore	100	100
Subsidiaries of CDLHT Sunshine Limited			
(1) Sun One Investments Limited	British Virgin Islands	100 (5)	100 (5)
(1) Sun Two Investments Limited	British Virgin Islands	100 (6)	100 (6)
(1) Sun Three Investments Limited	British Virgin Islands	100	100
(1) Sun Four Investments Limited	British Virgin Islands	100	100
Subsidiary of Sun One Investments Limited			
(1) Sun Trust One	–	100 (5)	100 (5)
Subsidiary of Sun Two Investments Limited			
(1) Sun Trust Two	–	100 (6)	100 (6)
Subsidiary of Sun Three Investments Limited			
(1) Sun Trust Three	–	100	100
Subsidiary of Sun Four Investments Limited			
(1) Sun Trust Four	–	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 GROUP ENTITIES (CONT'D)

Name of subsidiaries	Place of incorporation	Effective equity interest held by the H-REIT Group and the Stapled Group 2020 %	2019 %
Subsidiary of CDLHT Sanctuary Limited			
(3) Sanctuary Sands Maldives Private Limited	Maldives	100	100
Subsidiary of CDLHT Oceanic Holdings Pte. Ltd.			
(1) CDLHT Oceanic Ltd	British Virgin Islands	100	100
Subsidiary of CDLHT Oceanic Ltd			
(1) CDLHT Oceanic Two Ltd	British Virgin Islands	100	100
Subsidiary of CDLHT Oceanic Two Ltd			
(3) CDLHT Oceanic Maldives Private Limited	Maldives	100	100
Subsidiary of CDLHT Hanei Two Pte. Ltd.			
(3) CDLHT Hanei Tokutei Mokuteki Kaisha	Japan	100	100
Subsidiaries of CDLHT Munich One Pte. Ltd.			
(1) NKS Hospitality I B.V.	Netherlands	94.9	94.9
(1) Munich Furniture B.V.	Netherlands	94.9	94.9
Subsidiary of CDLHT CFM One Pte. Ltd.			
(1) Event Hospitality Group III B.V.	Netherlands	95.0	95.0
Subsidiary of Event Hospitality Group III B.V.			
(1) Event Hospitality Group III Italy SRL	Italy	95.0	95.0
Subsidiary of Event Hospitality Group III Italy SRL			
(1) NKS Hospitality III SRL	Italy	95.0	95.0

NOTES TO THE FINANCIAL STATEMENTS

31 GROUP ENTITIES (CONT'D)

Name of subsidiaries	Place of incorporation	Effective equity interest held by the HBT Group and the Stapled Group 2020 %	2019 %
Subsidiaries of HBT			
(2) CDL HBT Oceanic Holdings Pte. Ltd.	Singapore	100	100
(2) CDL HBT Hanei Pte. Ltd.	Singapore	100	100
(2) CDL HBT Cambridge City Pte. Ltd.	Singapore	100	100
(2) Gemini Two Pte. Ltd.	Singapore	100	100
Subsidiary of CDL HBT Oceanic Holdings Pte. Ltd.			
(1) CDL HBT Oceanic Ltd	British Virgin Islands	100	100
Subsidiary of CDL HBT Oceanic Ltd			
(1) CDL HBT Oceanic Two Ltd	British Virgin Islands	100	100
Subsidiary of CDL HBT Oceanic Two Ltd			
(3) CDL HBT Oceanic Maldives Private Limited	Maldives	100	100
Subsidiary of CDL HBT Hanei Pte. Ltd.			
(3) AKO GK	Japan	100	100
Subsidiaries of CDL HBT Cambridge City Pte. Ltd.			
(3) CDL HBT Cambridge City (UK) Ltd	England and Wales	100	100
(4) CDL HBT North Ltd	England and Wales	100	100
Subsidiary of CDL HBT Cambridge City (UK) Ltd			
(3) CDL HBT Cambridge City Hotel (UK) Ltd	England and Wales	100	100
Subsidiary of CDL HBT North Ltd			
(4) The Lowry Hotel Ltd	England and Wales	100	100

(1) Not required to be audited under the laws of the country of incorporation/constitution.
(2) Audited by KPMG LLP, Singapore.
(3) Audited by other member firms of KPMG International.
(4) Audited by BDO LLP, United Kingdom.
(5) Entity became dormant following the disposal of Mercure Brisbane and Ibis Brisbane in 2018.
(6) Entity became dormant following the disposal of Novotel Brisbane in 2020.

NOTES TO THE FINANCIAL STATEMENTS

32. SUBSEQUENT EVENTS

Subsequent to the reporting date, there were the following events:

(i) the HBT Trustee-Manager and the H-REIT Manager declared a distribution of 3.44 cents per Stapled Security to Stapled Securityholders in respect of the period from 1 July 2020 to 31 December 2020.

(ii) 2,948,240 Stapled Securities, amounting to $3,791,000, were issued as satisfaction of the H-REIT Manager's base fee for the period from 1 October 2020 to 31 December 2020 and acquisition fee.

(iii) 74,507 Stapled Securities, amounting to $96,000, were issued as satisfaction of the HBT Trustee-Manager's base fee for the period from 1 October 2020 to 31 December 2020.

The HBT Trustee-Manager and the H-REIT Manager have been closely monitoring the COVID-19 outbreak since early 2020, given the disruptions and uncertainty that it has globally. As at the date of this report, the HBT Trustee-Manager and the H-REIT Manager have considered substantially the available information in their assessment of the impact of COVID-19 on the Stapled Group. However, as the situation continues to evolve, the full impact of COVID-19 on the Stapled Group in the medium-to-longer term cannot be ascertained. Given the unprecedented COVID-19 situation, the HBT Trustee-Manager and the H-REIT Manager will continue to monitor the situation and take the appropriate measures to deal with the implications of COVID-19 in accordance with guidelines, regulations and legislations provided by the authorities in the respective countries that the Stapled Group operates in.

STATISTICS OF STAPLED SECURITIES HOLDINGS

As at 1 March 2021

SUMMARY INFORMATION OF STAPLED SECURITIES

A Stapled Security means a security comprising one unit of H-REIT and one unit of HBT stapled together under the terms of the Stapling Deed dated 12 June 2006 (as amended). Each holder of the Stapled Securities has one vote per Stapled Security.

RANGE OF STAPLED SECURITIES HOLDINGS

Issued and Fully Paid Stapled Securities: 1,224,521,491 Stapled Securities

Size of Stapled Securities Holdings	No. of Stapled Securities Holders	%	No. of Stapled Securities	%
1 - 99	24	0.22	553	0.00
100 - 1,000	933	8.62	698,001	0.06
1,001 - 10,000	6,420	59.28	33,454,612	2.73
10,001 - 1,000,000	3,422	31.60	140,861,554	11.50
1,000,001 and above	30	0.28	1,049,506,771	85.71
TOTAL	**10,829**	**100.00**	**1,224,521,491**	**100.00**

TWENTY LARGEST STAPLED SECURITIES HOLDERS

No.	Name	No. of Stapled Securities	%*
1	HOSPITALITY HOLDINGS PTE. LTD.	313,950,000	25.64
2	CITIBANK NOMINEES SINGAPORE PTE LTD	174,563,987	14.26
3	DBS NOMINEES PTE LTD	161,735,336	13.21
4	M&C REIT MANAGEMENT LIMITED	91,956,812	7.51
5	DBSN SERVICES PTE LTD	71,104,618	5.81
6	REPUBLIC HOTELS & RESORTS LIMITED	62,790,000	5.13
7	HSBC (SINGAPORE) NOMINEES PTE LTD	55,479,347	4.53
8	RAFFLES NOMINEES (PTE) LIMITED	47,797,918	3.90
9	BPSS NOMINEES SINGAPORE (PTE.) LTD.	8,810,790	0.72
10	UNITED OVERSEAS BANK NOMINEES PTE LTD	7,562,590	0.62
11	GUAN HONG PLANTATION PRIVATE LIMITED	6,900,000	0.56
12	MILLENNIUM SECURITIES PTE LTD	4,800,000	0.39
13	DB NOMINEES (SINGAPORE) PTE LTD	4,068,713	0.33
14	PHILLIP SECURITIES PTE LTD	3,903,230	0.32
15	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	3,402,484	0.28
16	SOON LI HENG CIVIL ENGINEERING PTE LTD	3,360,000	0.27
17	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,337,200	0.27
18	OCBC SECURITIES PRIVATE LTD	2,839,700	0.23
19	OCBC NOMINEES SINGAPORE PTE LTD	2,819,327	0.23
20	MAYBANK KIM ENG SECURITIES PTE. LTD	2,705,300	0.22
	TOTAL	**1,033,887,352**	**84.43**

* The percentage of Stapled Securities is based on the total number of issued Stapled Securities as at 1 March 2021.

SUBSCRIPTION OF STAPLED SECURITIES IN CDL HOSPITALITY TRUSTS

As at 31 December 2020, 1,221,498,744 Stapled Securities were issued. On 29 January 2021, 1,058,660 Stapled Securities and 74,507 Stapled Securities were issued to the H-REIT Manager and HBT Trustee-Manager as payment of 80.0 per cent of base management fees for the period from 1 October 2020 to 31 December 2020 respectively. On 29 January 2021, 1,889,580 Stapled Securities were issued to the H-REIT Manager as payment of 100.0 per cent of its acquisition fee (as defined in the H-REIT Trust Deed and provided in the Circular to Security Holders dated 3 January 2020) in relation to H-REIT's acquisition of W Singapore – Sentosa Cove which was completed on 16 July 2020.

STATISTICS OF STAPLED SECURITIES HOLDINGS

As at 1 March 2021

H-REIT MANAGER'S DIRECTORS' AND HBT TRUSTEE-MANAGER'S DIRECTORS' STAPLED SECURITIES HOLDINGS

As shown in the Register of Directors' Stapled Securities Holdings as at 1 March 2021, the interests of each Director in the Stapled Securities in CDLHT are as follows: -

Name of Director	Holdings
Chan Soon Hee, Eric	NIL
Vincent Yeo Wee Eng	138,000
Ronald Seah Lim Siang	NIL
Foo Say Mui (Bill)	NIL
Kenny Kim	NIL
Cheah Sui Ling	NIL

SUBSTANTIAL STAPLED SECURITIES HOLDERS

As at 1 March 2021

Name	Direct Interest	Deemed Interest	Total Holdings	%*
Hospitality Holdings Pte. Ltd.	313,950,000	–	313,950,000	25.64
M&C REIT Management Limited	91,956,812	1,289,873 (1)	93,246,685	7.61
Republic Hotels & Resorts Limited	62,790,000	–	62,790,000	5.13
ATOS Holding GmbH	–	313,950,000 (2)	313,950,000	25.64
M&C Hotel Investments Pte. Ltd.	–	156,036,685 (3)	156,036,685	12.74
M&C Hospitality International Limited	–	156,036,685 (3)	156,036,685	12.74
M&C Singapore Holdings (UK) Limited	–	156,036,685 (3)	156,036,685	12.74
Millennium & Copthorne Hotels Limited	–	469,986,685 (4)	469,986,685	38.38
Agapier Investments Limited	–	469,986,685 (4)	469,986,685	38.38
Singapura Developments (Private) Limited	–	469,986,685 (4)	469,986,685	38.38
City Developments Limited	–	469,986,685 (4)	469,986,685	38.38
Hong Leong Investment Holdings Pte. Ltd.	–	474,786,685 (5)	474,786,685	38.77
Davos Investment Holdings Private Limited	–	474,786,685 (5)	474,786,685	38.77
Kwek Holdings Pte Ltd	–	474,786,685 (5)	474,786,685	38.77

* The percentage of Stapled Securities is based on the total number of issued Stapled Securities as at 1 March 2021.

Notes:

(1) M&C REIT Management Limited is deemed under Section 4 of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**"), to have an interest in the 1,289,873 Stapled Securities held by a company in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the Stapled Securities thereof.

(2) ATOS Holding GmbH is deemed under Section 4 of the SFA, to have an interest in the 313,950,000 Stapled Securities held by a company in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the Stapled Securities thereof.

(3) M&C Hotel Investments Pte. Ltd., M&C Hospitality International Limited and M&C Singapore Holdings (UK) Limited are deemed under Section 4 of the SFA, to have an interest in the 156,036,685 Stapled Securities held by companies in which they are entitled to exercise or control the exercise of not less than 20% of the votes attached to the Stapled Securities thereof.

(4) Millennium & Copthorne Hotels Limited, Agapier Investments Limited, Singapura Developments (Private) Limited and City Developments Limited are deemed under Section 4 of the SFA, to have an interest in the 469,986,685 Stapled Securities held by companies in which they are entitled to exercise or control the exercise of not less than 20% of the votes attached to the Stapled Securities thereof.

(5) Hong Leong Investment Holdings Pte. Ltd., Davos Investment Holdings Private Limited and Kwek Holdings Pte Ltd are deemed under Section 4 of the SFA, to have an interest in the 474,786,685 Stapled Securities held by companies in which they are entitled to exercise or control the exercise of not less than 20% of the votes attached to the Stapled Securities thereof.

FREE FLOAT

Based on information made available to the H-REIT Manager and the HBT Trustee-Manager as at 1 March 2021, no less than 61.14% of the Stapled Securities in CDL Hospitality Trusts is held by the public and accordingly, Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited has been complied with.

INTERESTED PERSON TRANSACTIONS

The aggregate value of all Interested Person Transactions, as defined in the Listing Manual of Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the Property Funds Appendix of the Code on Collective Investment Schemes, which were entered into during the financial year ended 31 December 2020 ("**FY 2020**") (excluding transactions less than S$100,000) are listed below.

Name of Interested Persons	Nature of relationship	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under Stapled Security Holders' mandate pursuant to Rule 920 of the Listing Manual of SGX-ST)	Aggregate value of all Interested Person Transactions conducted under Stapled Security Holders' mandate pursuant to Rule 920 of the Listing Manual of SGX-ST (excluding transactions less than S$100,000)
CDL Hospitality Real Estate Investment Trust ("H-REIT")			
Subsidiaries of City Developments Limited	City Developments Limited is a controlling unitholder of H-REIT. Its subsidiaries are interested persons being associates of the controlling unitholder.		Not Applicable (2)
- Divestment of Novotel Singapore Clarke Quay		S$375,865,000 (1)	
- Forward purchase of Moxy Singapore Clarke Quay		S$475,000,000 (1)	
- Acquisition of W Singapore – Sentosa Cove Property		S$329,063,634 (1)	
- Provision of Corporate Secretarial Services		S$131,545	
CDL Hospitality Business Trust ("HBT")			
Subsidiaries of City Developments Limited	City Developments Limited is a controlling unitholder of HBT. Its subsidiaries are interested persons being associates of the controlling unitholder.		Not Applicable (2)
- Forward purchase of business and business assets concerning the Moxy Singapore Clarke Quay		S$3,100,000 (1)	
- Novation of the Warehouse Lease for Lease of Units 03-05 and 03-06 at Cideco Industrial Complex		S$291,000 (1)	
- W Hotel Carpark Agreement		S$2,042,000 (1)	
- Acquisition of W Singapore – Sentosa Cove Business		S$729,667 (1)	
- Novation of Shared Services Agreement with JW Marriott Hotel Singapore South Beach and St. Regis Singapore		S$71,728 (3)	
- Provision of Corporate Secretarial Services		S$45,860 (3)	
Total:		**S$1,186,340,434**	**–**

Note:
(1) These transactions which were entered into on 21 November 2019 had been approved by the unitholders of H-REIT and HBT at the Extraordinary General Meetings held on 23 January 2020.

(2) The H-REIT Manager and the HBT Trustee-Manager have not sought any unitholders' mandate for interested person/party transactions pursuant to Rule 920 of the Listing Manual of SGX-ST.

(3) Notwithstanding the transaction value is below S$100,000, the HBT Trustee-Manager has taken a view to aggregate and disclose the transaction as one transaction with the same interested persons, being associates of the controlling unitholder.

Except as disclosed above, there were no other interested person/party transactions (excluding transactions of less than $100,000 each and/or transactions collectively described as "**Exempted Agreements**") entered into in FY 2020.

GLOSSARY PAGE

2020 AGMs	2020 Annual General Meetings
2021 AGMs	2021 Annual General Meetings
5 Singapore Hotels	Portfolio hotels located in Singapore consisting of Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel and Studio M Hotel
6 Singapore Hotels or Singapore Hotels	Portfolio hotels located in Singapore consisting of Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel, Studio M Hotel and W Singapore – Sentosa Cove
ACRA	Accounting and Corporate Regulatory Authority
ACRA Code	Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities
Act or BTA	Business Trusts Act
ADR	Average Daily Rate
Aggregate Leverage	Total Borrowings and Deferred Payments of a Property Fund over its Deposited Property
Annual Report	Annual Report 2020
ARC(s)	Audit and Risk Committee(s)
ARC Self-Assessment Checklist	A self-assessment checklist which the ARC used to conduct an assessment of its effectiveness for the financial year under review, adapted from the self-assessment checklist for audit committees set out in the ACGC Guidebook
Australia Hotels	Portfolio hotels located in Australia consisting of Novotel Brisbane, Mercure Perth and Ibis Perth
BCA	Building & Construction Authority
Boards	HBT Board and the H-REIT Board
BOD	Board of Directors
Bridge Loan Facility	S$400.0 million uncommitted multi-currency unsecured bridge loan facility
BTR	Business Trusts Regulations
CAGR	Compound annual growth rate
CDL	City Developments Limited
CDLHT	CDL Hospitality Trusts
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CG Code	Code of Corporate Governance 2018
CGU	Cash Generating Unit
CIS Code	Code on Collective Investment Schemes
CMS	Capital Markets Services
Colliers	Colliers International Consultancy & Valuation (Singapore) Pte. Ltd.
Committees	Committees established by the H-REIT Manager Board and the HBT Trustee-Manager Board, namely the Audit and Risk Committee(s) and Nominating and Remuneration Committee(s)
COVID-19	Coronavirus Disease
COVID-19 Temporary Measures Order	COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020
CPF	Central Provident Fund
DPS	Distribution per Stapled Security
ECL	Expected Credit Loss
Enhanced Independence Requirements	Enhancements to independence requirements announced by MAS on 2 July 2015
Enhanced Share Issue Limit	Issue of shares and convertible securities of up to an aggregate of 100% of its issued shares (excluding treasury shares and subsidiary holdings) valid till 31 December 2021

GLOSSARY PAGE

ESG	Environmental, Social and Governance
Exempted Agreements	Interested Person/Party Transactions of less than $100,000 each
F&B	Food and Beverage
FRS	Singapore Financial Reporting Standards
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
FY 2020	Financial Year Ended 31 December 2020
Germany or German Hotel	Pullman Hotel Munich
GRI	Global Reporting Initiative
HBT	CDL Hospitality Business Trust
HBT Group	CDL Hospitality Business Trust and its subsidiaries
HBT Trust Deed	The trust deed constituting HBT dated 12 June 2006
HBT Trust Property	The trust property of HBT
HBT Trustee-Manager	M&C Business Trust Management Limited as trustee-manager of CDL Hospitality Business Trust
HBT Trustee-Manager Board	Board of Directors of the HBT Trustee-Manager
HBT Trustee-Manager Directors	Directors of the HBT Trustee-Manager
HBT Unitholders	Unitholders of HBT
HBT Unit(s)	Unit(s) of HBT
Head Lease	125-year leasehold interest commencing 25 Dec 1990 for Hilton Cambridge City Centre
Hotel Cerretani Firenze or Italy Hotel	Hotel Cerretani Firenze – MGallery
H-REIT	CDL Hospitality Real Estate Investment Trust
H-REIT Group	CDL Hospitality Real Estate Investment Trust and its subsidiaries
H-REIT Manager	M&C REIT Management Limited as the manager of CDL Hospitality Real Estate Investment Trust
H-REIT Trust Deed	The trust deed constituting H-REIT dated 8 June 2006
H-REIT Trustee	DBS Trustee Limited as the trustee of CDL Hospitality Real Estate Investment Trust
H-REIT Unit(s)	Unit(s) of H-REIT
IDs	Independent Directors
IA	Internal Audit
Instruments	Offers, agreements or options
IPO	Initial Public Offering
IPO Hotels	Portfolio hotels at IPO consisting of Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel and Copthorne King's Hotel
IR	Investor Relations
IRAS	Inland Revenue Authority of Singapore
ISCA	Institute of Singapore Chartered Accountants
Japan Hotels	Portfolio hotels located in Japan consisting of Hotel MyStays Asakusabashi and Hotel MyStays Kamata
Knight Frank	Knight Frank Pte. Ltd.
KMP	Key Management Personnel
KPIs	Key Performance Indicators
KPMG	KPMG LLP
LED	Listed Entity Director
Lead ID	Lead Independent Director
Listing Manual of SGX-ST	Listing rules issued by Singapore Exchange Securities Trading Limited
M&C	Millennium and Copthorne Hotel Limited
Maldives Resorts	Porftfolio resorts located in the Maldives consisting of Angsana Velavaru and Raffles Maldives Meradhoo

GLOSSARY PAGE

Managers	The H-REIT Manager and the HBT Trustee-Manager
Managers' Boards	Boards of the H-REIT Manager and the HBT Trustee-Manager
MAS	Monetary Authority of Singapore
Meetings	Annual General Meetings
MICE	Meetings, Incentives, Conventions and Exhibitions
NCI	Non-Controlling Interests
NCQ	Novotel Singapore Clarke Quay
NEDs	Non-Executive Directors
New Hotel Business Acquisition	Acquisition of 100% of the legal and beneficial interest in the issued and paid-up share capital of Gemini One Pte. Ltd., which is also a wholly-owned subsidiary of CDL
NKS	NKS Hospitality I B.V.
N.M	Not Meaningful
NPI	Net Property Income
NRC(s)	Nominating and Remuneration Committee(s)
NZ Hotel	Grand Millennium Auckland
OCI	Other Comprehensive Income
Perth Hotels	Portfolio hotels located in Perth consisting of Mercure Perth and Ibis Perth
Property Funds Appendix	Appendix 6 of the Code on Collective Investment Schemes
PUB	Public Utilities Board
RAP	Statement of Recommended Accounting Practice
RevPAR	Revenue per Available Room
RCF	Revolving credit facilities
RHRL	Republic Hotels & Resorts Limited
ROU	Right-Of-Use
SFA	Securities and Futures Act
SFRS(I) or SFRS(I)s	Singapore Financial Reporting Standards (International)
SGX	Singapore Exchange Limited
SGX-ST	Singapore Exchange Securities Trading Limited
SID	Singapore Institute of Directors
Sponsor	Millennium & Copthorne Hotels Limited
sq m	square meters
SSAs	Singapore Standards on Auditing
Stapled Group	Stapled group comprising the H-REIT Group and the HBT Group
Stapled Security(ies)	Stapled Unit(s) of H-REIT and HBT
Stapled Security(ies) Holders	Holders of Stapled Security(ies) of CDLHT
Stapling Deed	The stapling deed dated 12 June 2006
STB	Singapore Tourism Board
SWC	Sustainability Working Committee
TAFPEP	Tripartite Alliance for Fair and Progressive Employment Practices
TMK	Tokutei Mokuteki Kaisha
UK Hotels	Portfolio hotels located in the United Kingdom namely Hilton Cambridge City Centre and The Lowry Hotel (Manchester)
WALE	Weighted average lease expiry
W Hotel	W Singapore – Sentosa Cove
W Hotel Business Acquisition	Acquisition of the business and business assets concerning the hotel operated as W Singapore – Sentosa Cove
WHS	Workplace Health and Safety
YOY or yoy	Year-on-Year

NOTICE OF ANNUAL GENERAL MEETINGS

CDL HOSPITALITY TRUSTS

A stapled group comprising:

CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST

(a real estate investment trust constituted on 8 June 2006
under the laws of the Republic of Singapore)

CDL HOSPITALITY BUSINESS TRUST

(a business trust constituted on 12 June 2006
under the laws of the Republic of Singapore)

NOTICE OF ANNUAL GENERAL MEETINGS

NOTICE IS HEREBY GIVEN that the Annual General Meetings ("**Meetings**") of the security holders of CDL Hospitality Real Estate Investment Trust ("**H-REIT**") and CDL Hospitality Business Trust ("**HBT**") will be convened and held by way of electronic means on Friday, 23 April 2021 at 9.30 a.m. for the following business:

(A) AS ORDINARY BUSINESS

1. To receive and adopt the Report of M&C Business Trust Management Limited, as trustee-manager of HBT (the "**HBT Trustee-Manager**"), the Statement by the Chief Executive Officer of the HBT Trustee-Manager, the Report of DBS Trustee Limited, as trustee of H-REIT (the "**H-REIT Trustee**"), the Report of M&C REIT Management Limited, as manager of H-REIT (the "**H-REIT Manager**") and the Audited Financial Statements of HBT, H-REIT and CDL Hospitality Trusts ("**CDLHT**") for the year ended 31 December 2020 and the Auditors' Report thereon. **(Ordinary Resolution 1)**

2. To re-appoint Messrs KPMG LLP as the Independent Auditors of H-REIT and HBT and to hold office until the conclusion of the next Annual General Meetings of H-REIT and HBT, and to authorise the H-REIT Manager and the HBT Trustee-Manager to fix their remuneration. **(Ordinary Resolution 2)**

(B) AS SPECIAL BUSINESS

To consider and if thought fit, to pass with or without any modifications, the following resolution:

3. That authority be and is hereby given to the H-REIT Manager and the HBT Trustee-Manager, to **(Ordinary Resolution 3)**

   (a) (i) issue new units in H-REIT ("**H-REIT Units**") and new units in HBT ("**HBT Units**", together with H-REIT Units, the "**Stapled Securities**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Stapled Securities to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Stapled Securities, at any time and upon such terms and conditions and for such purposes and to such persons as the H-REIT Manager and the HBT Trustee-Manager may in their absolute discretion deem fit; and

   (b) issue Stapled Securities in pursuance of any Instruments made or granted by the H-REIT Manager and the HBT Trustee-Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force),

NOTICE OF ANNUAL GENERAL MEETINGS

provided that:

(1) the aggregate number of Stapled Securities to be issued pursuant to this Resolution (including Stapled Securities to be issued in pursuance of Instruments made or granted pursuant to this Resolution), shall not exceed one hundred per cent (100%) or (after 31 December 2021) fifty per cent (50%) of the total number of issued Stapled Securities (excluding treasury H-REIT Units and treasury HBT Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Stapled Securities to be issued other than on a *pro rata* basis to Stapled Security Holders shall not exceed twenty per cent (20%) of the total number of issued Stapled Securities (excluding treasury H-REIT Units and treasury HBT Units, if any) (as calculated in accordance with sub-paragraph (2) below);

(2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the purpose of determining the aggregate number of Stapled Securities that may be issued under sub-paragraph (1) above, the total number of issued Stapled Securities (excluding treasury H-REIT Units and treasury HBT Units, if any) shall be based on the number of issued Stapled Securities (excluding treasury H-REIT Units and treasury HBT Units, if any) at the time this Resolution is passed, after adjusting for:

    (a) any new Stapled Security arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and

    (b) any subsequent bonus issue, consolidation or subdivision of Stapled Securities;

(3) in exercising the authority conferred by this Resolution, the H-REIT Manager and the HBT Trustee-Manager shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by SGX-ST), the Business Trusts Act, Chapter 31A of Singapore for the time being in force, the trust deed constituting H-REIT (as amended) (the "**H-REIT Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore) and the trust deed constituting HBT (as amended) (the "**HBT Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

(4) (unless revoked or varied by the Stapled Security Holders in a general meeting) the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next Annual General Meetings of H-REIT and HBT or (ii) the date by which the next Annual General Meetings of H-REIT and HBT are required by law to be held, whichever is earlier;

(5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Stapled Securities into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the H-REIT Manager and the HBT Trustee-Manager are authorised to issue additional Instruments or Stapled Securities pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments are issued; and

(6) the H-REIT Manager, the H-REIT Trustee and the HBT Trustee-Manager be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the H-REIT Manager, the H-REIT Trustee or, as the case may be, the HBT Trustee-Manager may consider expedient or necessary or in the interest of H-REIT and HBT to give effect to the authority conferred by this Resolution.

(Please see Explanatory Note below)

NOTICE OF ANNUAL GENERAL MEETINGS

AS OTHER BUSINESS

To transact such other business as may be transacted at the Meetings.

BY ORDER OF THE BOARD
M&C REIT Management Limited
(as manager of CDL Hospitality
Real Estate Investment Trust)

Vincent Yeo Wee Eng
Chief Executive Officer and Executive Director

Enid Ling Peek Fong
Company Secretary

BY ORDER OF THE BOARD
M&C Business Trust Management Limited
(as trustee-manager of CDL Hospitality
Business Trust)

Vincent Yeo Wee Eng
Chief Executive Officer and Executive Director

Enid Ling Peek Fong
Company Secretary

Singapore
25 March 2021

Important Notice:

1. The Meetings are being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice will be sent to Stapled Security Holders and will also be made available via publication on CDLHT's website at URL http://investor.cdlht.com/agm-egm.html as well as on the SGX website at URL https://www.sgx.com/securities/company-announcements.

2. Alternative arrangements relating to the attendance at the Meetings via electronic means (including arrangements by which the Meetings can be electronically accessed via live audio-visual webcast or live audio-only streaming), submission of questions to the Chairman of the Meetings in advance of the Meetings, addressing of substantial and relevant questions prior to, or at the Meetings and voting by appointing the Chairman of the Meetings as proxy at the Meetings, are set out in CDLHT's announcement dated 25 March 2021. The announcement may be accessed at CDLHT's website at URL http://investor.cdlht.com/agm-egm.html and will also be made available on the SGX website at URL https://www.sgx.com/securities/company-announcements.

3. Due to the current COVID-19 situation in Singapore, a Stapled Security Holder will not be able to attend the Meetings in person. A Stapled Security Holder (whether individual or corporate) must appoint the Chairman of the Meetings as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meetings if such Stapled Security Holder wishes to exercise his/her/its voting rights at the Meetings. The Proxy Form for the Meetings will be sent to Stapled Security Holders and may also be accessed at CDLHT's website at URL http://investor.cdlht.com/agm-egm.html, and will also be made available at the SGX website at URL https://www.sgx.com/securities/company-announcements.

   Where a Stapled Security Holder (whether individual or corporate) appoints the Chairman of the Meetings as his/her/its proxy, he/she/it must give specific instructions as to the voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meetings as his/her/its proxy for that resolution will be treated as invalid.

   SRS investors who wish to appoint the Chairman of the Meetings as their proxy should approach their respective SRS Operators to submit their votes by 5.00 p.m. on 13 April 2021.

4. The Chairman of the Meetings, as proxy, need not be a Stapled Security Holder.

5. The form of proxy appointing the Chairman of the Meetings must be submitted to the H-REIT Manager and HBT Trustee-Manager in the following manner:

   (i) if submitted by post, be deposited at the office of the Unit Registrar, M & C Services Private Limited at 112 Robinson Road #05-01 Singapore 068902; or

   (ii) if submitted electronically, via email to the Unit Registrar at GPD@mncsingapore.com

   in either case, not less than 48 hours before the time for holding the Meetings.

NOTICE OF ANNUAL GENERAL MEETINGS

6. A Stapled Security Holder who wishes to submit a form of proxy must complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

7. **In view of the current COVID-19 situation in Singapore, Stapled Security Holders are strongly encouraged to submit completed forms of proxy electronically via email.**

8. The Annual Report for the financial year ended 31 December 2020 is available on CDLHT's website at the URL http://investor.cdlht.com/ar.html.

Explanatory Note on Ordinary Resolution 3:

On 8 April 2020, SGX RegCo issued a news release which introduced measures to support issuers amid the challenging business and economic climate due to COVID-19, including enabling the acceleration of fund-raising efforts by allowing Mainboard issuers to seek a general mandate for an issue of shares and convertible securities of up to an aggregate of 100% of its issued shares (excluding treasury shares and subsidiary holdings), versus up to 50% previously (the "**Enhanced Share Issue Limit**"), of which the aggregate number of shares and convertible securities issued other than on a *pro rata* basis remains at not more than 20%. The Enhanced Share Issue Limit is only valid until 31 December 2021, by which date any shares issued pursuant to the Enhanced Share Issue Limit must be listed, and no further shares may be issued under this limit.

The H-REIT Manager and the HBT Trustee-Manager are proposing to avail H-REIT and HBT to the Enhanced Share Issue Limit and accordingly are seeking Stapled Security Holders' approval for the same at the Meetings. The Board of Directors of the H-REIT Manager and the HBT Trustee-Manager are of the view that it would be in the interests of H-REIT, HBT and the Stapled Security Holders to do so in the event that circumstances evolve before 31 December 2021 amid the COVID-19 situation to such an extent that a 50% limit for pro rata issue of Stapled Securities is not sufficient to meet the needs of H-REIT and HBT. Under such circumstances, fund raising efforts would be unnecessarily hampered and compromised in view of the time needed to obtain Stapled Security Holders' approval for the issue of Stapled Securities above the 50% threshold.

The Ordinary Resolution 3 above, if passed, will empower the H-REIT Manager and the HBT Trustee-Manager from (i) the date of the Meetings until 31 December 2021, to issue Stapled Securities and to make or grant Instruments (such as securities, warrants or debentures) convertible into Stapled Securities and issue Stapled Securities pursuant to such Instruments, up to a number not exceeding 100% of the total number of issued Stapled Securities (excluding treasury H-REIT Units and treasury HBT Units, if any) of which up to 20% of the total number of issued Stapled Securities (excluding treasury H-REIT Units and treasury HBT Units, if any) may be issued other than on a *pro rata* basis to Stapled Security Holders; and (ii) 1 January 2022 until the date of the next Annual General Meetings of H-REIT and HBT, to issue Stapled Securities and to make or grant Instruments (such as securities, warrants or debentures) convertible into Stapled Securities and issue Stapled Securities pursuant to such Instruments, up to a number not exceeding 50% of the total number of issued Stapled Securities (excluding treasury H-REIT Units and treasury HBT Units, if any) of which up to 20% of the total number of issued Stapled Securities (excluding treasury H-REIT Units and treasury HBT Units, if any) may be issued other than on a *pro rata* basis to Stapled Security Holders.

The Ordinary Resolution 3 above, if passed, will also empower the H-REIT Manager and the HBT Trustee-Manager from the date of the Meetings until the date of the next Annual General Meetings of H-REIT and HBT, to issue Stapled Securities as either full or partial payment of fees which the H-REIT Manager and the HBT Trustee-Manager are entitled to receive for their own accounts pursuant to the H-REIT Trust Deed and the HBT Trust Deed respectively.

For determining the aggregate number of Stapled Securities that may be issued, the percentage of issued Stapled Securities will be calculated based on the issued Stapled Securities at the time the Ordinary Resolution 3 above is passed, after adjusting for new Stapled Securities arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Stapled Securities.

Fund raising by issuance of new Stapled Securities may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Stapled Security Holders is required under the Listing Manual of SGX-ST and the H-REIT Trust Deed and the HBT Trust Deed or any applicable laws and regulations in such instances, the H-REIT Manager and the HBT Trustee-Manager will then obtain the approval of Stapled Security Holders accordingly.

NOTICE OF ANNUAL GENERAL MEETINGS

PERSONAL DATA PRIVACY:

By (i) submitting a form appointing the Chairman of the Meetings as proxy to attend, speak and vote at the Meetings and/or any adjournment thereof, or (ii) submitting details for the registration to observe the proceedings of the Meetings via a 'live' audio-visual webcast or a 'live' audio-only streaming or (iii) submitting any questions prior to the Meetings in accordance with this Notice, a Stapled Security Holder consents to the collection, use and disclosure of the Stapled Security Holder's personal data by the H-REIT Manager and the HBT Trustee-Manager (or their agents or service providers) for the following purposes:

(a) processing and administration by the H-REIT Manager and the HBT Trustee-Manager (or their agents or service providers) of the appointment of the Chairman of the Meetings as proxy for the Meetings (including any adjournment thereof);

(b) processing of the registration for purpose of granting access to Stapled Security Holders (or their corporate representatives in the case of Stapled Security Holders which are legal entities) to observe the proceedings of the Meetings and providing them with any technical assistance where necessary;

(c) addressing relevant and substantial questions from Stapled Security Holders received before the Meetings and if necessary, following up with the relevant Stapled Security Holders in relation to such questions; and

(d) enabling the H-REIT Manager and the HBT Trustee-Manager (or their agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

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CDL HOSPITALITY TRUSTS
A stapled group comprising:

CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST
(a real estate investment trust constituted on 8 June 2006
under the laws of the Republic of Singapore)

CDL HOSPITALITY BUSINESS TRUST
(a business trust constituted on 12 June 2006
under the laws of the Republic of Singapore)

PROXY FORM
ANNUAL GENERAL MEETINGS

IMPORTANT
*Alternative Arrangements for Annual General Meetings (the "**Meetings**")*
1. The Meetings are being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of Meetings will be sent to Stapled Security Holders and will also be made available via publication on CDL Hospitality Trusts' ("**CDLHT**") website at the URL http://investor.cdlht.com/agm-egm.html as well as on the SGX website at the URL https://www.sgx.com/securities/company-announcements.
2. Alternative arrangements relating to attendance at the Meetings via electronic means (including arrangements by which the Meetings can be electronically accessed via live audio-visual webcast or live audio-only streaming), submission of questions to the Chairman of the Meetings in advance of the Meetings, addressing of substantial and relevant questions prior to, or at the Meetings and voting by appointing the Chairman of the Meetings as proxy at the Meetings, are set out in CDLHT's announcement dated 25 March 2021. The announcement may be accessed at CDLHT's website at the URL http://investor.cdlht.com/agm-egm.html and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.
3. **Due to the current COVID-19 situation in Singapore, a Stapled Security Holder will not be able to attend the Meetings in person. A Stapled Security Holder (whether individual or corporate) must appoint the Chairman of the Meetings as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meetings if such Stapled Security Holder wishes to exercise his/her/its voting rights at the Meetings.**
4. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meetings as a Stapled Security Holder's proxy to attend, speak and vote on his/her/its behalf at the Meetings.

SRS Investors
5. SRS Investors who wish to appoint the Chairman of the Meetings as proxy should approach their SRS Operators to submit their votes by 5.00 p.m. on 13 April 2021.

Personal Data Privacy
6. By submitting a form of proxy appointing the Chairman of the Meetings as proxy, the Stapled Security Holder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meetings dated 25 March 2021.

I/We ____

with NRIC/Passport/Company Registration No. ____________________________

of ____ (Address)

being a holder/s of units in CDL Hospitality Real Estate Investment Trust ("**H-REIT**") and CDL Hospitality Business Trust ("**HBT**") (collectively, "**Stapled Securities**"), hereby appoint:

the Chairman of the Meetings as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the Annual General Meetings of H-REIT and HBT to be convened and held by way of electronic means on Friday, 23 April 2021 at 9.30 a.m. and at any adjournment thereof.

I/We have indicated with an 'X' in the appropriate box against each item below how I/we wish the Chairman of the Meetings as my/our proxy to vote, or to abstain from voting.

Note: Voting on all resolutions will be conducted by poll. If you wish to appoint the Chairman of the Meetings as your proxy to cast all your votes "**For**" or "**Against**" a resolution, please indicate with an "**X**" in the "**For**" or "**Against**" box provided in respect of that resolution. Alternatively, please indicate the number of votes "**For**" or "**Against**" in the "**For**" or "**Against**" box provided in respect of that resolution. If you wish to appoint the Chairman of the Meetings as your proxy to abstain from voting on a resolution, please indicate with an "**X**" in the "**Abstaining**" box provided in respect of that resolution. Alternatively, please indicate the number of Stapled Securities that the Chairman of the Meetings as your proxy is directed to abstain from voting in the "**Abstaining**" box provided in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meetings as your proxy for that resolution will be treated as invalid.**

No.	Resolution	No. of votes For	No. of votes Against	No. of votes Abstaining
ORDINARY BUSINESS				
1	Adoption of the HBT Trustee-Manager's Report, the Statement by the Chief Executive Officer of the HBT Trustee-Manager, the H-REIT Trustee's Report, the H-REIT Manager's Report and the Audited Financial Statements of HBT, H-REIT and CDL Hospitality Trusts for the year ended 31 December 2020 and the Auditors' Report thereon.			
2	Re-appointment of KPMG LLP as the Independent Auditors and authorisation of the H-REIT Manager and the HBT Trustee-Manager to fix their remuneration.			
SPECIAL BUSINESS				
3	Authority to issue Stapled Securities and to make or grant convertible instruments.			

Dated this ______ day of ______________ 2021

Total number of Stapled Securities held

____
Signature(s) of Stapled Security Holder(s) or
Common Seal of Corporate Stapled Security Holder(s)

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM OVERLEAF

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Notes:

1. Please insert the total number of Stapled Securities held by you. If you have Stapled Securities entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited ("**CDP**")), you should insert that number of Stapled Securities. If no number is inserted, this form of proxy will be deemed to relate to all the Stapled Securities held by you.

2. Due to the current COVID-19 situation in Singapore, a Stapled Security Holder will not be able to attend the Meetings in person. A member (whether individual or corporate) must appoint the Chairman of the Meetings as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meetings if such Stapled Security Holder wishes to exercise his/her/its voting rights at the Meetings. This proxy form may be accessed at CDLHT's website at the URL http://investor.cdlht.com/agm-egm.html, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements. Where a Stapled Security Holder (whether individual or corporate) appoints the Chairman of the Meetings as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meetings as proxy for that resolution will be treated as invalid.

   SRS investors who wish to appoint the Chairman of the Meetings as proxy should approach their SRS Operators to submit their votes by 5.00 p.m. on 13 April 2021.

3. The Chairman of the Meetings, as proxy, need not be a Stapled Security Holder.

4. The form of proxy appointing the Chairman of the Meetings must be submitted to the H-REIT Manager and HBT Trustee-Manager in the following manner:

   (i) if submitted by post, be deposited at the office of the Unit Registrar, M & C Services Private Limited at 112 Robinson Road #05-01 Singapore 068902; or

   (ii) if submitted electronically, via email to the Unit Registrar at GPD@mncsingapore.com,

   in either case, not less than 48 hours before the time for holding the Meetings.

5. A Stapled Security Holder who wishes to submit a form of proxy must complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

6. In view of the current COVID-19 situation in Singapore, Stapled Security Holders are strongly encouraged to submit completed proxy forms electronically via email.

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CDL Hospitality Trusts
(a Stapled Group comprising CDL Hospitality Real Estate Investment Trust and CDL Hospitality Business Trust)

C/O The Unit Registrar
M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

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7. The form of proxy appointing the Chairman of the Meetings as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the form of proxy appointing the Chairman of the Meetings as proxy is executed by a corporation, it must be executed either under its seal or signed by a director or an officer or an attorney duly authorised.

8. The H-REIT Manager and the HBT Trustee-Manager shall be entitled to reject a form of proxy which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the form of proxy (including any related attachment). In addition, in the case of a Stapled Security Holder whose Stapled Securities entered into the Depository Register, the H-REIT Manager and the HBT Trustee-Manager may reject any form of proxy lodged if the Stapled Security Holder, being the appointor, is not shown to have Stapled Securities entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meetings, as certified by CDP to the H-REIT Manager and the HBT Trustee-Manager.

9. All Stapled Security Holders will be bound by the outcome of the Annual General Meetings regardless of whether they have attended or voted at the Annual General Meetings.

CORPORATE DIRECTORY

CDL HOSPITALITY TRUSTS
A Stapled Group comprising H-REIT, a real estate investment trust, and HBT, a business trust

MANAGER OF H-REIT

M&C REIT Management Limited
(Co. Reg. No. 200607091Z)

Registered Address:
9 Raffles Place
#12-01 Republic Plaza
Singapore 048619
Telephone: (65) 6877 8228
Facsimile: (65) 6225 4959

Office Address:
390 Havelock Road
#02-05 King's Centre
Singapore 169662
Telephone: (65) 6664 8888
Facsimile: (65) 6732 2868
Email: enquiries@cdlht.com
Website: www.cdlht.com

TRUSTEE-MANAGER OF HBT

M&C Business Trust Management Limited
(Co. Reg. No. 200607118H)

Registered Address:
9 Raffles Place
#12-01 Republic Plaza
Singapore 048619
Telephone: (65) 6877 8228
Facsimile: (65) 6225 4959

Office Address:
390 Havelock Road
#02-05 King's Centre
Singapore 169662
Telephone: (65) 6664 8888
Facsimile: (65) 6732 2868
Email: enquiries@cdlht.com
Website: www.cdlht.com

DIRECTORS OF THE MANAGER OF H-REIT AND THE TRUSTEE-MANAGER OF HBT

Chan Soon Hee, Eric
Chairman and Independent Non-Executive Director

Vincent Yeo Wee Eng
Chief Executive Officer and Executive Director

Foo Say Mui (Bill)
Lead Independent Non-Executive Director

Ronald Seah Lim Siang
Independent Non-Executive Director

Kenny Kim
Independent Non-Executive Director

Cheah Sui Ling
Independent Non-Executive Director

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

Foo Say Mui (Bill) (Chairman)
Ronald Seah Lim Siang
Kenny Kim

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

Ronald Seah Lim Siang (Chairman)
Chan Soon Hee, Eric
Foo Say Mui (Bill)
Cheah Sui Ling

TRUSTEE OF H-REIT

DBS Trustee Limited
12 Marina Boulevard
Level 44 DBS Asia Central
Marina Bay Financial Centre Tower 3
Singapore 018982
Telephone: (65) 6878 8888
Facsimile: (65) 6878 3977

AUDITORS

KPMG LLP
Public Accountants and Chartered Accountants
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Telephone: (65) 6213 3388
Facsimile: (65) 6225 4142
(Partner-in-charge: Lo Mun Wai, appointment commenced from the audit of the financial statements for the year ended 31 December 2016)

UNIT REGISTRAR

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902
Telephone: (65) 6227 6660
Facsimile: (65) 6225 1452
Email: shareregistry@mncsingapore.com

LEGAL ADVISER

Allen & Gledhill LLP
One Marina Boulevard #28-00
Singapore 018989
Telephone: (65) 6890 7188
Facsimile: (65) 6327 3800

COMPANY SECRETARIES OF THE MANAGER OF H-REIT AND THE TRUSTEE-MANAGER OF HBT

Enid Ling Peek Fong
Soo Lai Sun

CDL HOSPITALITY TRUSTS

M&C REIT Management Limited
(As Manager of CDL Hospitality Real Estate Investment Trust)
and
M&C Business Trust Management Limited
(As Trustee-Manager of CDL Hospitality Business Trust)

390 Havelock Road
#02-05 King's Centre
Singapore 169662

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