



CDL HOSPITALITY TRUSTS



ANNUAL REPORT 2021



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

CDLHT is one of Asia's leading hospitality trusts with assets under management of S\$2.9 billion and market capitalisation of S\$1.4 billion as at 31 December 2021.

As at 31 December 2021, it owns 18 operational 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 is concentrated in central locations of Singapore. All of the hotels are well located in key cities while the two resorts are located in the Maldives, a top-tier destination for luxury tourism.

Following the 2021 financial year end, CDLHT completed the acquisition of the 189-room, Hotel Brooklyn, in Manchester, United Kingdom, on 22 February 2022. Including Hotel Brooklyn, CDLHT's hotel portfolio comprises a total of 4,820 rooms.

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

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





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8

Countries



19

Operational
Properties



4,820

Rooms

OVERVIEW OF CDL HOSPITALITY TRUSTS

CORPORATE PROFILE

CDLHT is a stapled group comprising H-REIT and HBT. As at 18 March 2022, CDLHT owns 19 operational properties, with a total of 4,820 hotel rooms, comprising six hotels and a retail mall in Singapore, two hotels in Australia, one hotel in New Zealand, two hotels in Japan, three hotels in the United Kingdom, one hotel in Germany, one hotel in Italy and two resorts in the Maldives.

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

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

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

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

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

	No. of Keys	Asset Owner	Operating Structure
SINGAPORE	2,556		
Singapore Hotels⁽¹⁾			
Orchard Hotel	656	H-REIT Group	Leased to Sponsor group
Grand Copthorne Waterfront Hotel	574	H-REIT Group	Leased to Sponsor group
M Hotel	415	H-REIT Group	Leased to Sponsor group
Copthorne King's Hotel	311	H-REIT Group	Leased to Sponsor group
Studio M Hotel	360	H-REIT Group	Leased to Sponsor group
W Singapore – Sentosa Cove ("W Hotel")	240	H-REIT Group	Leased to HBT and managed by Marriott International group
Retail Mall			
Claymore Connect	N.A.	H-REIT Group	Leased to retail tenants
NEW ZEALAND	452		
Grand Millennium Auckland ("NZ Hotel")	452	H-REIT Group	Leased to Sponsor group
AUSTRALIA ("Perth Hotels")	431		
Mercure Perth	239	H-REIT Group	Leased to HBT and managed by AccorHotels group
Ibis Perth	192	H-REIT Group	Leased to HBT and managed by AccorHotels group
MALDIVES ("Maldives Resorts")	151		
Angsana Velavaru	113	H-REIT Group	Leased to Banyan Tree Hotels & Resorts group
Raffles Maldives Meradhoo	38	H-REIT Group	Leased to HBT and managed by AccorHotels group
JAPAN ("Japan Hotels")	255		
Hotel MyStays Asakusabashi	139	H-REIT Group	Leased to HBT and managed by MyStays Hotel group
Hotel MyStays Kamata	116	H-REIT Group	Leased to HBT and managed by MyStays Hotel group
UNITED KINGDOM	552⁽³⁾		
UK Hotels⁽²⁾	552		
Hilton Cambridge City Centre	198	HBT Group	Managed by Hilton Hotels and Resorts group
The Lowry Hotel	165	HBT Group	Self-operated and managed by HBT
Hotel Brooklyn	189	H-REIT Group	Leased to Marshall Holdings group
Build-to-Rent	352		
Residential BTR (under development)	352	HBT Group	Operator to be appointed closer to completion of development
GERMANY	337		
Pullman Hotel Munich ("Germany Hotel")	337	H-REIT Group	Leased to EVENT Hotels group
ITALY	86		
Hotel Cerretani Firenze – MGallery ("Hotel Cerretani Firenze" or "Italy Hotel")	86	H-REIT Group	Leased to EVENT Hotels group
TOTAL	4,820⁽³⁾		

(1) Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel and Studio M Hotel shall be collectively known as the "5 Singapore Hotels". Together with W Hotel, the hotels shall be collectively known as the "6 Singapore Hotels".

(2) "UK Hotels" is defined in this Annual Report to refer only to Hilton Cambridge City Centre and The Lowry Hotel. Hotel Brooklyn is excluded as the acquisition of the hotel was completed on 22 February 2022, after the 2021 financial year end.

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

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

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

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

CDLHT'S STRATEGY

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

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

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

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

Acquisition Growth Strategy

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

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

- CDLHT's relationship with the Sponsor group, Millennium & Copthorne Hotels Limited ("**M&C**") and CDL. M&C is an international hotel owner and operator and a wholly-owned subsidiary of CDL, a leading global real estate company listed in Singapore. CDLHT can leverage on the Sponsor group's expertise, market reach and tap on the group's network in the global hospitality and rental housing sectors for its acquisitions. In addition, CDLHT can seek partnership and co-operation opportunities with the Sponsor group as it expands globally. The Sponsor group also provides a source of potential acquisition pipeline.
- Opportunities arising from divestment of assets by hospitality service providers who are 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 the portfolio and/or unlock underlying asset values, so as to optimise returns for Stapled Security Holders or achieve greater financial flexibility.

Capital And Risk Management Strategy

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

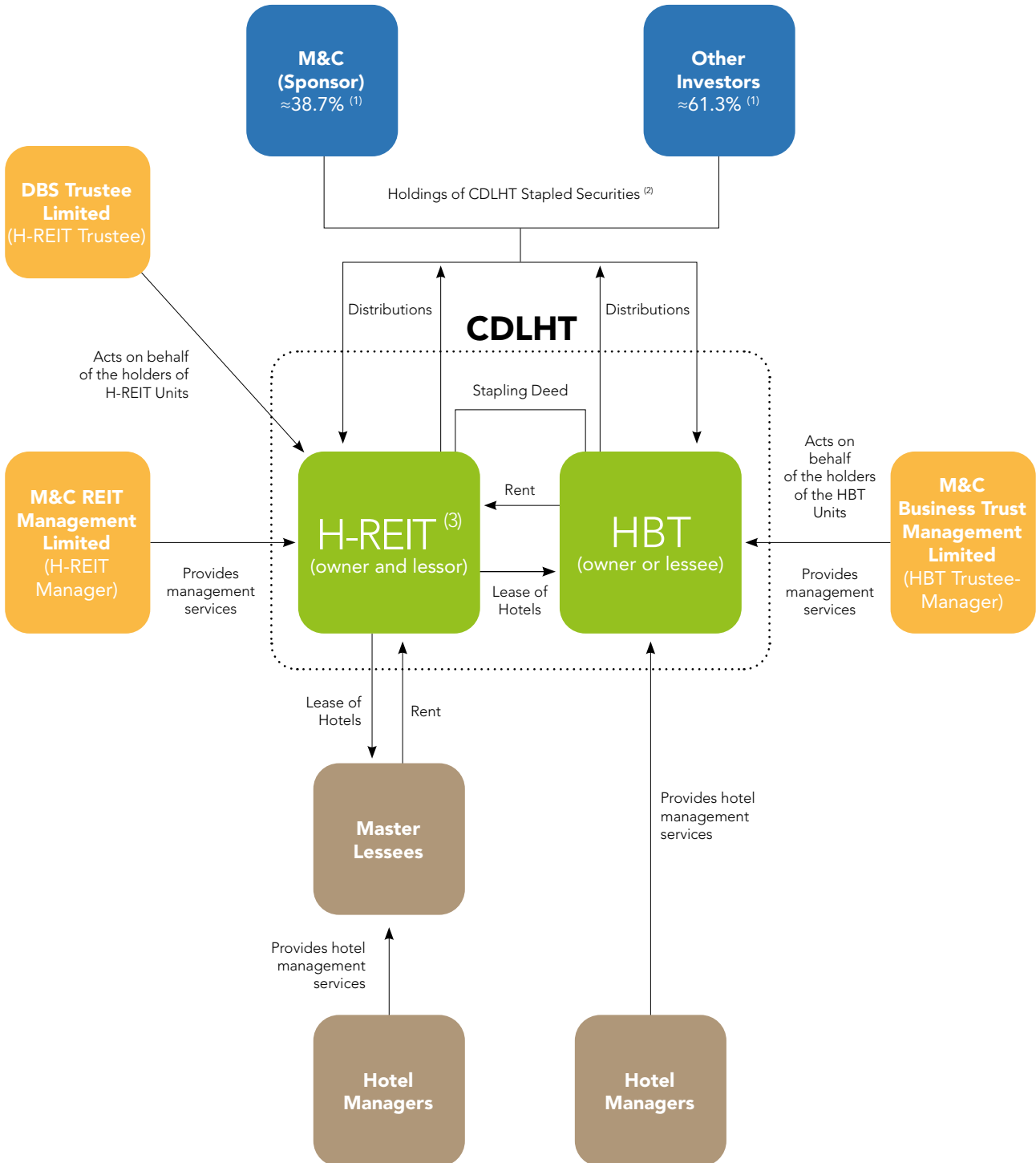
The objectives of the Managers in relation to capital and risk management are to:

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

STAPLED STRUCTURE OF CDLHT

STAPLED STRUCTURE

CDLHT is a stapled group comprising H-REIT, a real estate investment trust, and HBT, a business trust. As at 18 March 2022, CDLHT owns 19 properties across eight countries.



(1) Holdings of Stapled Securities as at 2 March 2022.

(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 in the global hotel and hospitality industry. The Sponsor owns as well as operates, manages or franchises a portfolio of over 130 hotels worldwide.



NORTH AMERICA

- Anchorage
- Avon
- Boston
- Boulder
- 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
 - Cardiff
 - Dudley
 - Gatwick
 - Glasgow
 - Liverpool
 - London
 - Manchester
 - Newcastle
 - Plymouth
 - Slough-Windsor
- Turkey
 - Istanbul
 - Konya

MIDDLE EAST

- United Arab Emirates (UAE)
 - Abu Dhabi
 - Dubai
 - Sharjah
- Qatar
 - Doha
- Kuwait
 - Al Jahra
 - Al Salmiya
 - Kuwait City
- Iraq
 - Sulaymaniyah
- Oman
 - Muscat
 - Salalah
- 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 2021 S\$'000	FY 2020 S\$'000	Variance
Net property income	86,110	69,325	24.2%
Net income before fair value adjustment	27,796	9,241	N.M
Total distribution (before retention for working capital)	56,693	64,898	-12.6%
Total distribution (after retention for working capital)	52,563 ⁽¹⁾	60,408	-13.0%

BALANCE SHEET

Prudent capital management has resulted in a strong and flexible balance sheet for CDLHT. As at 31 December 2021, CDLHT's exposure to derivatives⁽²⁾ represents a negligible percentage of its net assets and market capitalisation.

	As at 31 Dec 2021 S\$'000	As at 31 Dec 2020 S\$'000	Variance
Investment properties ⁽³⁾	1,921,748	1,978,356	-2.9%
Investment property under development ⁽⁴⁾	27,661	–	N.M
Property, plant and equipment	792,701	709,039	11.8%
Non-current assets	2,749,988	2,692,852	2.1%
Total assets	2,921,126	2,854,459	2.3%
Borrowings (excludes lease liabilities) ⁽⁵⁾	1,102,290	1,032,449	6.8%
Net assets	1,642,626	1,627,735	0.9%

KEY FINANCIAL INDICATORS

The year-on-year ("yoy") increase in the aggregate leverage ratio of 1.6 percentage points does not have a material impact to the risk profile of CDLHT as there is ample debt headroom of S\$613.8 million (based on the regulatory leverage limit of 50%) as at 31 December 2021.

	As at 31 Dec 2021	As at 31 Dec 2020	Variance
Gearing ⁽⁶⁾	39.1%	37.5%	+1.6 pp
Weighted average cost of debt	2.0%	1.9%	+0.1 pp
Weighted average debt to maturity (years)	2.1	2.4	-0.3
Interest coverage ratio ⁽⁷⁾	3.3x	2.2x	+1.1x
Net asset value per unit ⁽⁸⁾	S\$1.33	S\$1.32	0.8%

(1) The undistributed income of S\$4.1 million retained for working capital comprised solely of tax exempt income.

(2) The fair value of the derivatives as at 31 December 2021 is disclosed under Note 11 on page 202 of the Annual Report.

(3) All properties, excluding W Hotel, Raffles Maldives Meradhoo, the Japan Hotels, the UK Hotels and the Perth Hotels, are accounted for as investment properties.

(4) Investment property under development refers to the residential BTR (under development) in Manchester, UK.

(5) The borrowings are presented before the deduction of unamortised transaction costs.

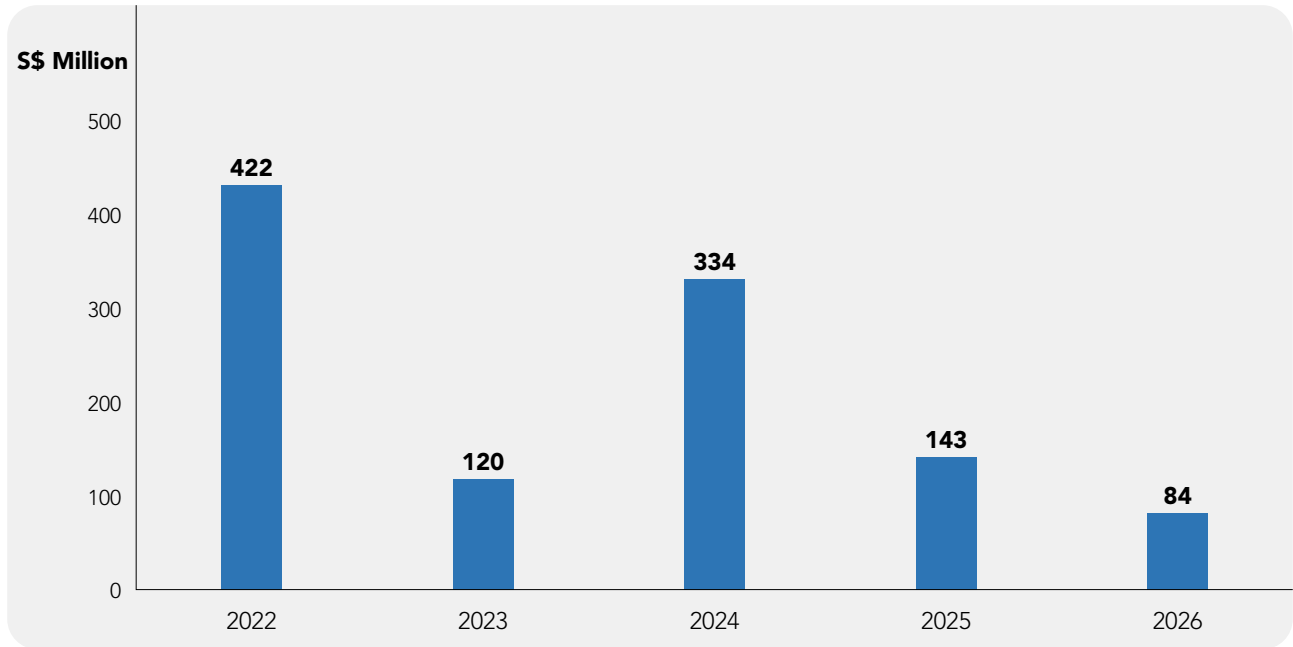
(6) For purposes of gearing computation, the total assets exclude the FRS 116 / SFRS(I) 16 Leases (adopted wef 1 January 2019). Refer to Note 30 on page 240 of the Annual Report.

(7) 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 for FY 2020.

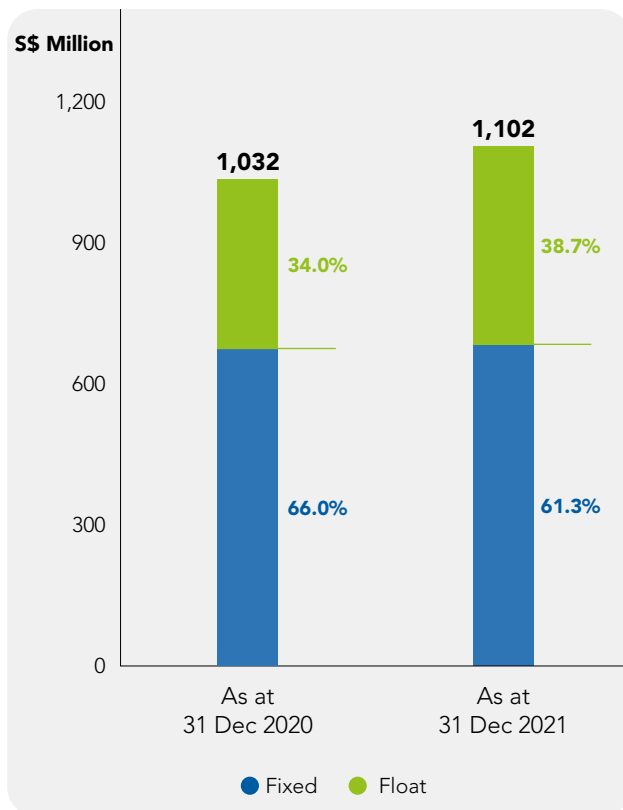
(8) The number of Stapled Securities issued and to be issued as at 31 December 2021 was 1,233,582,311 as compared to 1,226,494,616 as at 31 December 2020.

DEBT PROFILE OF CDLHT ⁽¹⁾

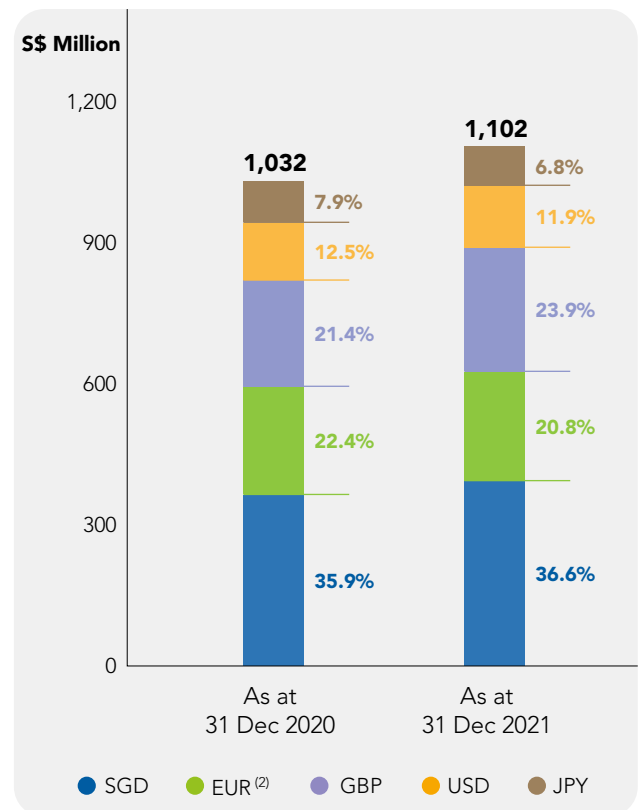
Debt Maturity Profile



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 2021, WE ANNOUNCED THE REVISION OF OUR PRINCIPAL INVESTMENT STRATEGY AND MARKED OUR MAIDEN INVESTMENT INTO THE RESIDENTIAL BUILD-TO-RENT SECTOR IN MANCHESTER, UK.



The Lowry Hotel

On behalf of the Board of Directors of the H-REIT Manager and the HBT Trustee-Manager (collectively the “**Managers**”), I am pleased to present our annual report for the financial year ended 31 December 2021 (“**FY 2021**”).

TRANSITION TOWARDS A NEW NORMAL

The COVID-19 pandemic continued to disrupt global travel and impact the hospitality industry, with varying degrees of restriction measures remaining in place across the world throughout 2021. On a brighter note, the rising vaccination rates have led to the progressive easing of border restrictions across some countries which has revived interest in travel. While the operating environment remains challenging during this transition period, we look forward to a more sustained recovery of global travel and the return of major MICE events.

In 2020, we implemented proactive measures to contain costs and conserve cashflows, and pursued alternative revenue channels to mitigate the impact of the pandemic. Throughout 2021, we have maintained the same approach as we continue to navigate through the pandemic.

The occupancies for the New Zealand and Singapore Hotels were largely supported by demand for accommodation facilities used for isolation purposes throughout the year and the operating performance of all the markets in our portfolio (except Japan) recorded a yoy increase in Revenue Per Available Room (“**RevPAR**”) in FY 2021. This increase was supported by improvements in the operating environment with some encouraging signs of recovery for global travel in 2H 2021 before the setback brought upon by the Omicron variant at year end.

For FY 2021, we recorded net property income (“**NPI**”) of S\$86.1 million, an increase of 24.2%, compared with S\$69.3 million for FY 2020. Notably, there were some months of pre-pandemic trading in early FY 2020 before the lockdowns were implemented. Total distributable income for FY 2021 was S\$52.6 million (including S\$15.4 million of capital distribution), 13.0% lower compared with S\$60.4 million for FY 2020. As a result, distribution per stapled security for FY 2021 was 4.27 Singapore cents as compared with 4.95 Singapore cents for FY 2020.

As at 31 December 2021, the portfolio book value (excluding right-of-use assets) increased by 2.1% yoy to S\$2.7 billion, which was partly attributed to the inclusion of the UK residential BTR asset during the year. On the same store basis (stripping out the value of the UK residential BTR asset), the increase would have been 1.0% (or S\$26.8 million) yoy instead.

MARKET REVIEW AND OUTLOOK

In Singapore, international visitor arrivals fell to about 330,000 in 2021, from an all-time high of 19.1 million in 2019 ⁽¹⁾, as tight border restrictions remained in place throughout most part of the year, before some arrival recovery materialised from November 2021 following the launch of the Vaccinated Travel Lanes (“**VTLs**”). In FY 2021, occupancy for our Singapore Hotels was mainly supported by government demand for dedicated isolation facilities, strong transient leisure business to Sentosa and long-stay corporate groups, with average room rates recording a 5.5% improvement compared to FY 2020. W Hotel continued to benefit from healthy staycation demand across long weekends and the year-end festive period. As a result, RevPAR for the 6 Singapore Hotels increased marginally by 1.0% yoy to S\$82 for FY 2021. During the year, the impact to the 5 Singapore Hotels ⁽²⁾ was partially mitigated by minimum rent and alternative sources of business.

Singapore has achieved one of the world’s highest vaccination rates, with 92% of its total population fully inoculated and booster shots administered to about 70% as of 16 March 2022 ⁽³⁾. Making progress towards the resumption of international travel, Singapore has 32 active VTLs as of 16 March 2022 ⁽⁴⁾. As a strong indication that Singapore remains committed to reopening and returning to normalcy, the Formula One race in Singapore is scheduled to return in October 2022, under a new seven-year deal. This renewal, which is the longest with the Formula One Group, affirms Singapore as a business and lifestyle destination, and ensures the country maintains its competitive edge in the long term ⁽⁵⁾.

During this recovery period, Singapore’s tourism sector will continue to be supported primarily by the domestic tourism business and the gradual return of international travellers. Our hotels that are open to the public will continue to focus on capturing a greater share of the staycation market.

At Claymore Connect, retail activity gradually picked up in the latter half of the year due to rising vaccination rates and the resumption of group gatherings of up to five pax at F&B establishments, which helped to support mall traffic. FY 2021 NPI for Claymore Connect fell 42.8% yoy primarily due to rental rebates/reductions given to tenants in view of the trading environment. During the year, the mall continued to focus on tenant retention and securing new leases.

(1) Singapore Tourism Board (“**STB**”)

(2) Comprises Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King’s Hotel and Studio M Hotel.

(3) Ministry of Health, Singapore

(4) Immigration & Checkpoints Authority, Singapore

(5) The Straits Times, “Singapore renews Formula One deal until 2028; this year’s night race on Oct 2”, 27 January 2022

CHAIRMAN'S STATEMENT



Chairman's Room, Hua Ting Restaurant, Orchard Hotel

In New Zealand, Grand Millennium Auckland remains contracted by the government as a managed isolation facility throughout the year. For FY 2021, RevPAR for the hotel increased by 20.9% yoy to NZ\$175, supported by higher room utilisation. New Zealand's five-stage border reopening plan has commenced in end-February 2022 and the fifth stage, which will allow entry for all international travellers, is expected to begin in October 2022⁽⁶⁾. The progressive easing of border restrictions in 2022 is likely to mark a transition year for New Zealand's hospitality industry.

In Australia, the fixed-rent leases of the Perth Hotels expired on 30 April 2021 and AccorHotels was appointed as the hotel manager for a term of 10 years from 1 May 2021 under hotel management agreements. Consequently, CDLHT was fully exposed to the underlying trading performance of the hotels upon the expiry of the leases. During the year, demand was significantly curtailed by the closure of international borders and limited interstate travel into Western Australia ("**WA**"). As a result of the weak demand coupled with the absence of contribution from Novotel Brisbane, which was divested on 30 October 2020, FY 2021 NPI for the Australia portfolio decreased by 77.6%. WA's border restrictions were eased on 3 March 2022, allowing triple-dose vaccinated arrivals from interstate to enter WA without quarantine as well as international travellers, who will be subject to certain travel exemptions and quarantine requirements⁽⁷⁾.

In Japan, foreign visitor arrivals for 2021 were virtually absent as strict border restrictions remained in place for most of 2021. While average room rates continue to be

soft in 2021, occupancy was higher in last three quarters of the year, compared to the same period last year. The Japan Hotels reported a RevPAR decrease of 6.1% yoy to ¥2,729 for FY 2021, due to the stronger performance in 1Q 2020 when there were a few months of normal pre-pandemic trading. Japan is gradually easing border restrictions⁽⁸⁾ and the hospitality sector will continue to be supported by domestic business ahead of the full reopening of international borders.

In the Maldives, the island nation remained open to international travellers throughout 2021 and tourist arrivals have recovered steadily. We are encouraged by the strong recovery in tourist arrivals in 4Q 2021, which has recovered to around the same level as 4Q 2019⁽⁹⁾. Our Maldives Resorts were largely operational for FY 2021, as compared to FY 2020 when Raffles Maldives Meradhoo was closed for a six-month period to minimise operating losses. At Angsana Velavaru, the major refurbishment of all 79 beach villas, which was fully completed in July 2020, has strengthened the resort's attractiveness. The asset enhancement initiative has delivered strong results with a significant growth in RevPAR for FY 2021, surpassing pre-pandemic RevPAR recorded in FY 2019. Collectively, the Maldives Resorts achieved a RevPAR of US\$256 for FY 2021 from a low base of US\$86 for FY 2020. Consequently, the Maldives Resorts recorded an NPI of S\$8.1 million for FY 2021, a reversal from the loss of S\$2.6 million in FY 2020.

As compared to FY 2020, when our UK Hotels were temporarily closed for about three to five months due to the nationwide lockdown, both UK Hotels were operational

(6) BBC, "Covid: New Zealand unveils phased border reopening plan", 3 February 2022

(7) ABC News, "WA border opening date is March 3, as Mark McGowan announces new COVID restrictions", 18 February 2022

(8) CNA, "Japan eases border rules but extends COVID-19 curbs for some regions", 3 March 2022

(9) Ministry of Tourism, Republic of Maldives



Presidential Suite, The Lowry Hotel

throughout FY 2021. Our UK Hotels benefitted from strong leisure demand and the encouraging return of incentives, corporate groups and sporting events, following the easing of restrictions from mid-May 2021⁽¹⁰⁾. Collectively, the UK Hotels achieved a significant recovery in RevPAR, which increased by 78.4% yoy to £72 for FY 2021. The outlook for the tourism sector across the UK continues on a recovery trajectory with the remaining domestic restrictions lifted from 24 February 2022⁽¹¹⁾.

In Europe, the implementation of the European Digital COVID Certificate in July 2021⁽¹²⁾ helped to facilitate inter-regional travel for EU citizens and residents, supporting the steady recovery of intra-Europe travel. Amidst receding infection rates, Germany permitted non-essential travel from May 2021. Pullman Hotel Munich showed more meaningful demand recovery in 2H 2021 with average occupancy level reaching 38.5% compared to 17.7% the year before. Overall for the year, RevPAR increased 4.9% yoy to €28, pulled down by the significant decline yoy for 1Q 2021 due to the high base effect of normal trading in 1Q 2020 pre-pandemic lockdown. Looking ahead, broad restrictions of social, cultural and economic life should be gradually lifted by 20 March 2022⁽¹³⁾.

In Italy, the ban on inter-region travel was lifted from end-April 2021⁽¹⁴⁾. Although borders reopened to most visitors in 2H 2021, the constantly evolving restrictions affected international demand and occupancies were mainly

driven by domestic leisure and intra-Europe travel. Albeit remaining at a low level as compared to pre-pandemic, the Italy Hotel recorded a RevPAR improvement of 50.9% yoy to €35 for FY 2021, mainly due to a low base in FY 2020 when the hotel was closed for a longer period as compared to FY 2021.

New challenges lie ahead as we continue on the road to recovery in 2022. Notably, the impact of the Russia-Ukraine conflict could weigh on the global travel rebound from the pandemic. Oil prices increased to the highest levels since 2014 as Russia invaded Ukraine, while the increase in the price of multiple commodities is also contributing to a surge in inflation⁽¹⁵⁾. Higher oil prices may be passed on in the form of higher air fares and the surge in inflation could lead to higher interest rates⁽¹⁶⁾.

LONG-TERM BENEFITS AND VALUE CREATION

On 26 July 2021, as part of our strategic pivot to position for growth, we announced the revision of our principal investment strategy to include adjacent accommodation and/or lodging assets such as properties used for rental housing and student accommodation. With the inclusion of these adjacent accommodation/lodging assets, which rely on different demand drivers, we aim to achieve both enhanced income stability and asset class diversification, which takes us beyond traditional geographical diversification of hospitality assets. A global pandemic

(10) Gov.uk, "Further easing of COVID restrictions confirmed for 17 May", 10 May 2021

(11) Gov.uk, "COVID-19 Response: Living with COVID-19", 23 February 2022

(12) European Commission, "EU Digital COVID Certificate"

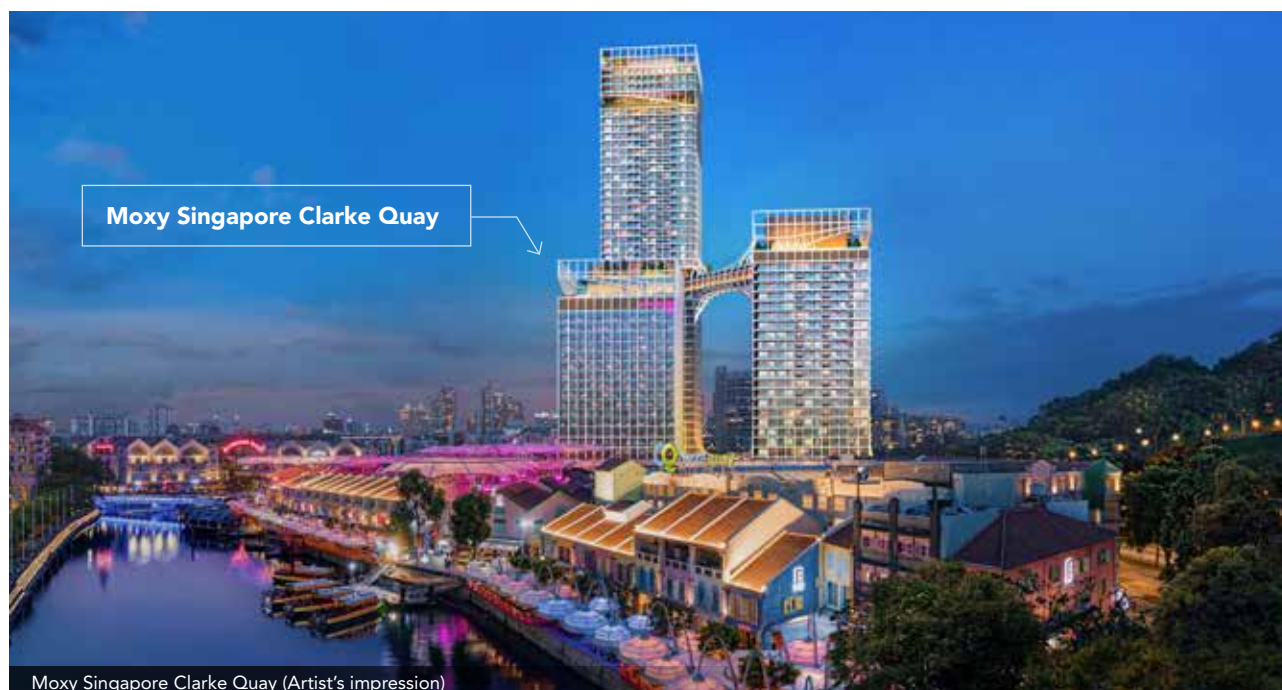
(13) Business Times, "Germany to end most Covid curbs in March: draft government plan", 14 February 2022

(14) Reuters, "Italy gives timetable for easing COVID-19 restrictions", 17 April 2021

(15) The Straits Times, "Oil soars to US\$105 as Russia attacks Ukraine, topping US\$100 for 1st time since 2014", 24 February 2022

(16) The Straits Times, "Global stocks dive, STI sinks 3.5% as Russia launches military attack on Ukraine", 24 February 2022

CHAIRMAN'S STATEMENT



like COVID-19 has shown that geographical diversification alone is inadequate. Increasing the pool of investment opportunities will also provide CDLHT with better growth prospects.

On 31 August 2021, we marked a significant milestone with our maiden investment into the residential BTR sector in Manchester, UK, through a forward-funding arrangement. The development of the 352-unit residential BTR building is expected to be completed in 2024. Manchester is a major employment centre that is home to a growing number of global, European and national headquarters, including 80 of the FTSE 100 companies, and the largest economic hub in the north of England. On completion, the BTR property is expected to be leased to a mix of individual residential tenants or families. Following the gestation period, the property is expected to provide stable and resilient income, mainly due to longer underlying average length of stay and the typical profile of high rent collectability and lease renewal rates for BTR assets.

BTR markets are backed by macro trends such as persistent housing shortage and increase in the house price-to-income ratio, which result in affordability becoming an impediment to home ownership. Supported by such macro trends, the BTR sector in Manchester and across many cities globally have displayed resilience, even amidst the pandemic. With strong demand drivers complemented by the asset's superior location, we expect the BTR property to achieve steady rental growth over time. With our attractive entry price, the asset is also well-positioned for capital appreciation in the future, amidst growing institutional investment demand. The construction of the new BTR

building continues to be progressing in accordance with the planned schedule. Piling works have completed and groundworks have commenced.

Subsequent to the financial year ended 31 December 2021, in February 2022, we acquired a newly opened lifestyle hotel, Hotel Brooklyn. Located in Manchester, UK, Hotel Brooklyn is under a fixed, full repairing and insuring occupational lease with approximately 59 years unexpired⁽¹⁷⁾, subject to upward-only annual rent review provisions broadly based on inflation. This acquisition is in line with the strategy to acquire assets with more stable income in order to increase CDLHT's resilience and fixed rental base. Through this accretive acquisition, we have increased our proportion of fixed rent income and provided immediate benefits to Stipled Security Holders.

Together with CDLHT's other lifestyle hotels in Singapore, namely W Hotel and Studio M Hotel, and in the pipeline, Moxy Singapore Clarke Quay under a forward purchase agreement (completion expected in 2025), the acquisition of Hotel Brooklyn allows CDLHT to further penetrate the lifestyle hotel market.

ACTIVE ASSET MANAGEMENT

We remain confident in the long-term fundamentals of our key markets and continue to prepare for the eventual recovery of international travel. Ahead of the recovery, we took the opportunity to carry out asset enhancement initiatives to enhance our product offerings and ensure that our hotels will be well-positioned to take advantage of the returning demand.

(17) The lease has a term commencing on 7 May 2021 and expiring on 6 May 2081 with a break option exercisable by the tenant on 15 January 2045 and then on every fifth anniversary from that date, by providing at least six months' prior notice to CDLHT.

During FY 2021, The Lowry Hotel completed the full refurbishment of two floors and the upgrading of the remaining four floors was largely completed in early 2022. The room refurbishment project, for all 360 rooms at Studio M Hotel, was delayed due to the inability to access the rooms for works to be conducted since May 2020. The project has since recommenced in December 2021 and the refurbishment of 146 rooms has been completed in January 2022, with the remaining 214 rooms expected to be completed in 2Q 2022.

PRUDENT CAPITAL MANAGEMENT

As at 31 December 2021, CDLHT has a healthy balance sheet with a gearing ratio of 39.1% ⁽¹⁸⁾ and ample debt headroom of S\$613.8 million ⁽¹⁹⁾, cash reserves of S\$139.5 million and S\$632.6 million of credit facilities ⁽²⁰⁾. Approximately 90.6% of our borrowings are unsecured debt, which provides us with greater financial flexibility for future financing.

Subsequent to the financial year end, to manage interest rate risk, CDLHT entered into two fixed-rate interest rate swaps to hedge against the interest rate volatility arising from the progressive drawdown from the UK residential BTR development term loan facility. In addition to this, proceeds from previous divestments amounting to £18.8 million were utilised to partially pare down the UK borrowings.

To manage our foreign currency risks associated with the capital values of our overseas assets, we typically adopt natural hedges by borrowing directly in the same currency as the underlying asset, or through cross-currency swaps.

With a healthy balance sheet and strong liquidity, CDLHT remains well-positioned to navigate through the economic challenges as we transition into an eventual market recovery. In the meantime, we will continue to pursue acquisitions, with a focus on long term value creation for our Stapled Security Holders, and evaluate suitable divestment opportunities as they arise to recycle capital for better returns.

SUSTAINABILITY REPORTING

In FY 2021, we continued to make progress on the sustainability journey, working closely with our stakeholders, including the master lessees and hotel managers at CDLHT's assets. Together, we focused on enhancing transparency, exploring and implementing new initiatives across our portfolio. Currently, most of the properties in our core market, Singapore, have obtained the BCA Green Mark certification.

There has been an increasing concern for environmental sustainability, in particular, climate change. For the year ahead, we will strengthen our efforts to work with our master lessees and hotel managers to adopt the best Environmental, Social and Governance ("ESG") practices. In our pursuit of long term growth and value creation for our stakeholders, we will also endeavour to make a positive impact in the community. We are pleased to present our Sustainability Report for FY 2021 on pages 113 to 134 of this Annual Report.

AWARDS AND ACCOLADES

Many of our hotels continue to enjoy recognition as the preferred choice of accommodation. In 2021, six of our properties were recipients of the TripAdvisor Travellers' Choice Award 2021. Grand Millennium Auckland and Hilton Cambridge City Centre both received the TripAdvisor Certificate of Excellence for the tenth and seventh year running, respectively.

The restaurants at our hotels have also been recognised for their quality food and beverage offerings. Hua Ting Restaurant at Orchard Hotel has been awarded the Michelin Plate distinction and is included in The Michelin Guide Singapore. W Hotel's all-day dining restaurant, the kitchen table, which was renovated in December 2020, has secured the ninth spot globally in the Best Brunch Spots category in the TripAdvisor Travellers' Choice Awards 2021.

APPRECIATION

On behalf of the Boards and management team, I would like to express my appreciation to our Stapled Security Holders and various stakeholders such as our lessees, hotel operators, business partners and service providers for your continued support and confidence in the Boards' stewardship and in CDLHT through this very challenging time.

I would like to thank my fellow Directors for their valuable contributions, as well as the management team and staff for their hard work and dedication, adapting and ensuring business continuity during this pandemic.

We wish everyone good health and look forward to meeting you at our annual general meetings on 22 April 2022.

Chan Soon Hee, Eric

Chairman

Dated as of 18 March 2022

(18) Assuming the acquisition of Hotel Brooklyn had been completed on 31 December 2021 and the acquisition was 100% financed through debt, the gearing ratio of CDLHT would be 40.0% on a pro forma basis. For the purposes of gearing computation, the total assets exclude the effect of FRS 116/SFRS(I) Leases (adopted wef 1 January 2019).

(19) Computed on basis of the regulatory gearing limit of 50.0%.

(20) Comprising committed revolving credit facilities amounting to approximately S\$232.6 million and S\$400.0 million uncommitted unsecured bridge loan facilities. In February 2022, £23.1 million was drawn down from one of the bridge loan facilities to fund the acquisition of Hotel Brooklyn.

PORTFOLIO SUMMARY OF CDL HOSPITALITY TRUSTS



Orchard Hotel

SUMMARY OF PORTFOLIO



Grand Copthorne Waterfront Hotel



M Hotel


NUMBER OF PROPERTIES
**16 Hotels, 2 Resorts,
1 Retail Mall, and 1 BTR
project in the pipeline**



Copthorne King's Hotel



Studio M Hotel


NUMBER OF ROOMS
4,820
(Excludes 352 residential BTR apartment units under development)



W Singapore – Sentosa Cove



Claymore Connect



Hotel MyStays Asakusabashi



Hotel MyStays Kamata



Mercure Perth


VALUATION OF ASSETS
S\$2.7 billion



Ibis Perth



Angsana Velavaru



Raffles Maldives Meradhoo



Grand Millennium Auckland



Hilton Cambridge City Centre



The Lowry Hotel



Hotel Brooklyn ⁽¹⁾



Pullman Hotel Munich



Hotel Cerretani Firenze – MGallery



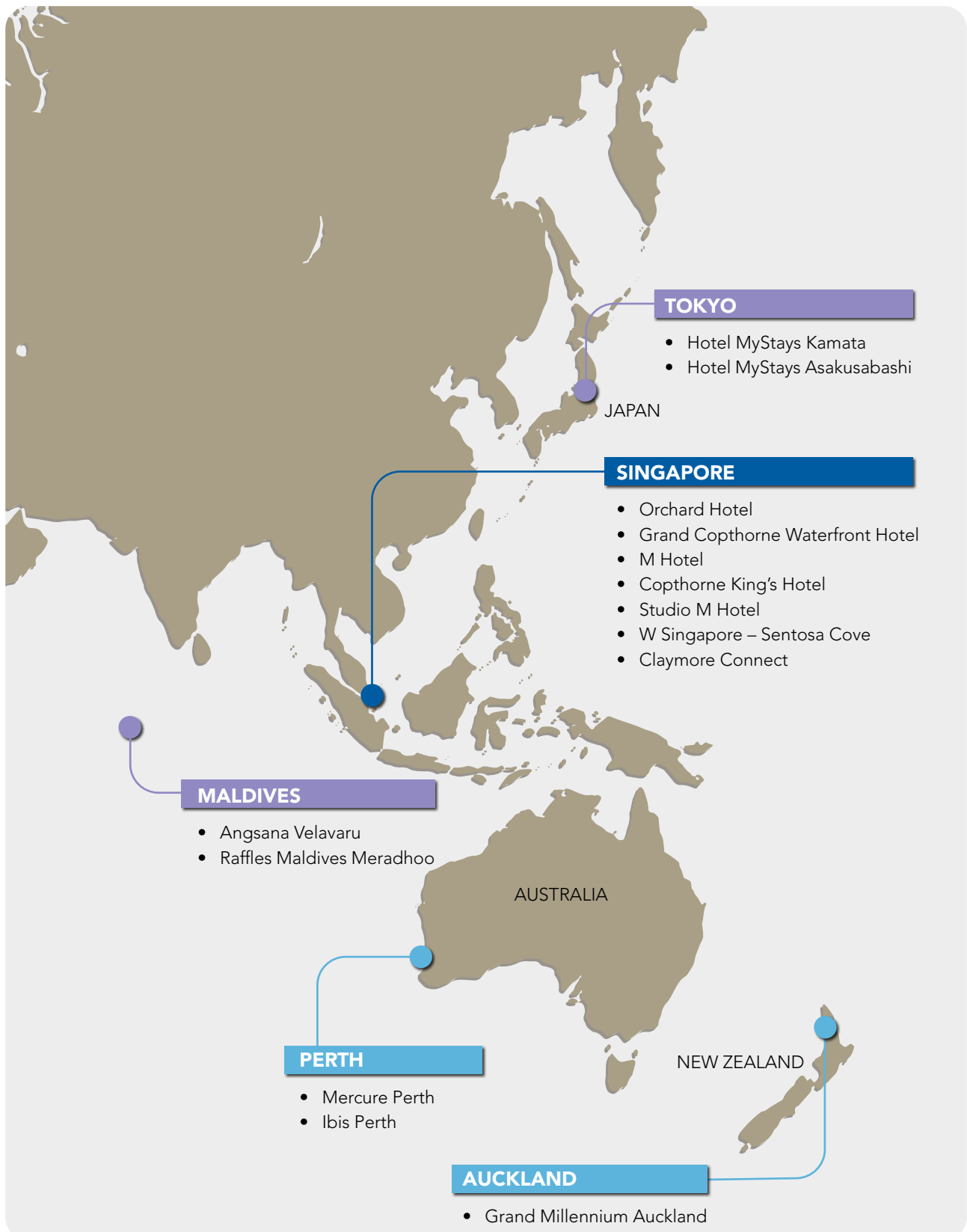
Residential BTR (under development)

(1) The acquisition of Hotel Brooklyn was completed on 22 February 2022.

PORTFOLIO SUMMARY OF CDL HOSPITALITY TRUSTS

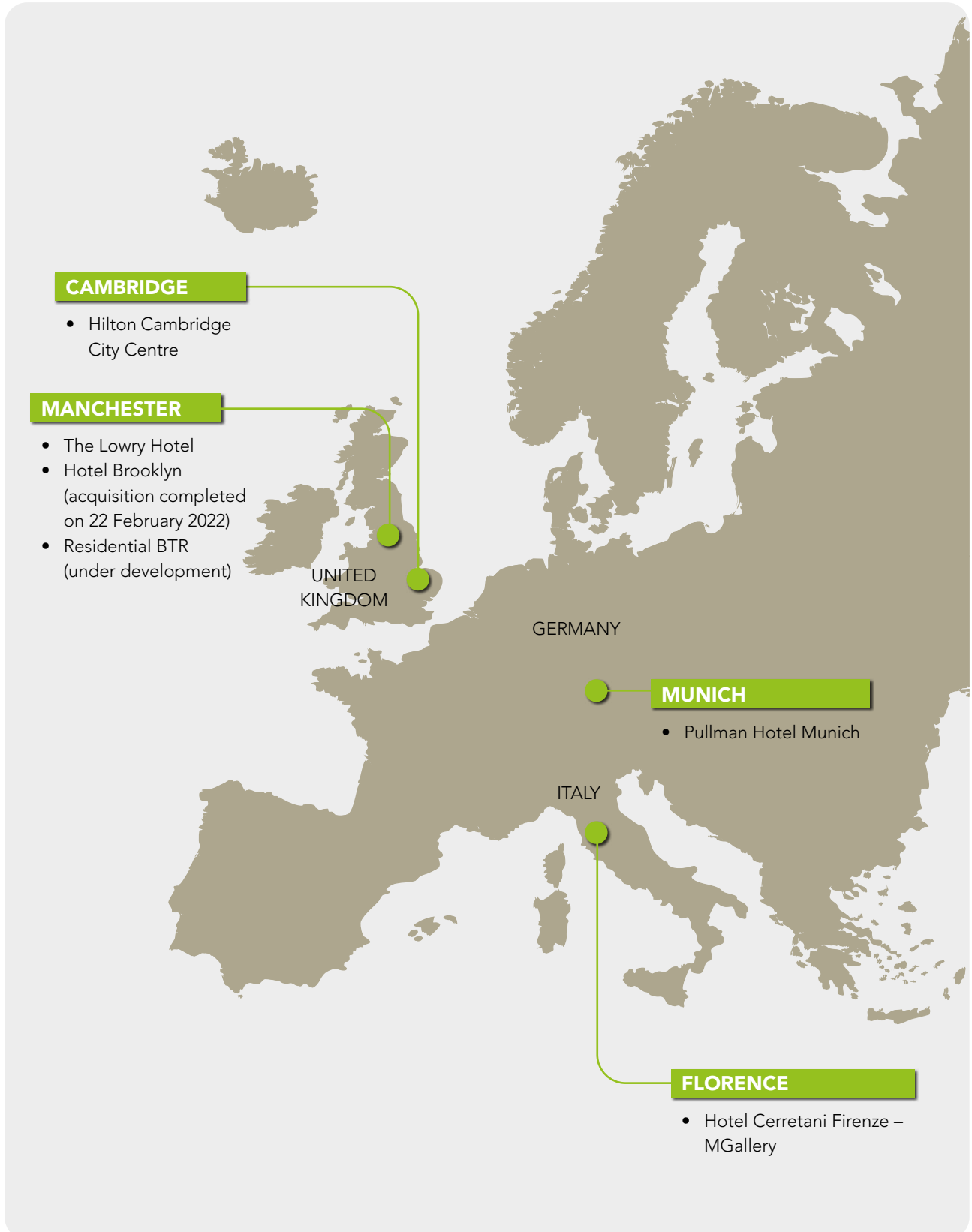
GEOGRAPHICAL SPREAD OF ASSETS UNDER MANAGEMENT

ASIA & OCEANIA



GEOGRAPHICAL SPREAD OF ASSETS UNDER MANAGEMENT

EUROPE



PORTFOLIO SUMMARY OF CDL HOSPITALITY TRUSTS

KEY PROPERTY DETAILS

Summary details of CDLHT's properties are as follows:

	No. of Keys	Title
SINGAPORE		
Orchard Hotel	656	75-year leasehold interest commencing 19 Jul 2006
Grand Copthorne Waterfront Hotel	574	
M Hotel	415	
Copthorne King's Hotel	311	99-year leasehold interest commencing 1 Feb 1968
Studio M Hotel	360	99-year leasehold interest commencing 26 Feb 2007
W Singapore – Sentosa Cove	240	99-year leasehold interest commencing 31 Oct 2006
Claymore Connect	N.A.	75-year leasehold interest commencing 19 Jul 2006
NEW ZEALAND		
Grand Millennium Auckland	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
Hotel Brooklyn	189	~197-year leasehold interest commencing 7 May 2021
Residential BTR (under development)	352	Freehold
GERMANY		
Pullman Hotel Munich ⁽⁶⁾	337	Freehold
ITALY		
Hotel Cerretani Firenze – MGallery ⁽⁶⁾	86	Freehold

(1) As at 31 December 2021, with the exception of Hotel Brooklyn.

(2) All properties were valued as at 31 December 2021.

(3) 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).

(4) Remaining term of land lease as at 22 February 2022.

(5) The independent valuation was based on the value of the construction-to-date, which considered the expenditure incurred from 31 August 2021 to 31 December 2021. The carrying amount of investment property under development was based on independent valuation as at 31 December 2021.

(6) On the basis of a 100% interest before adjustment of non-controlling interests.

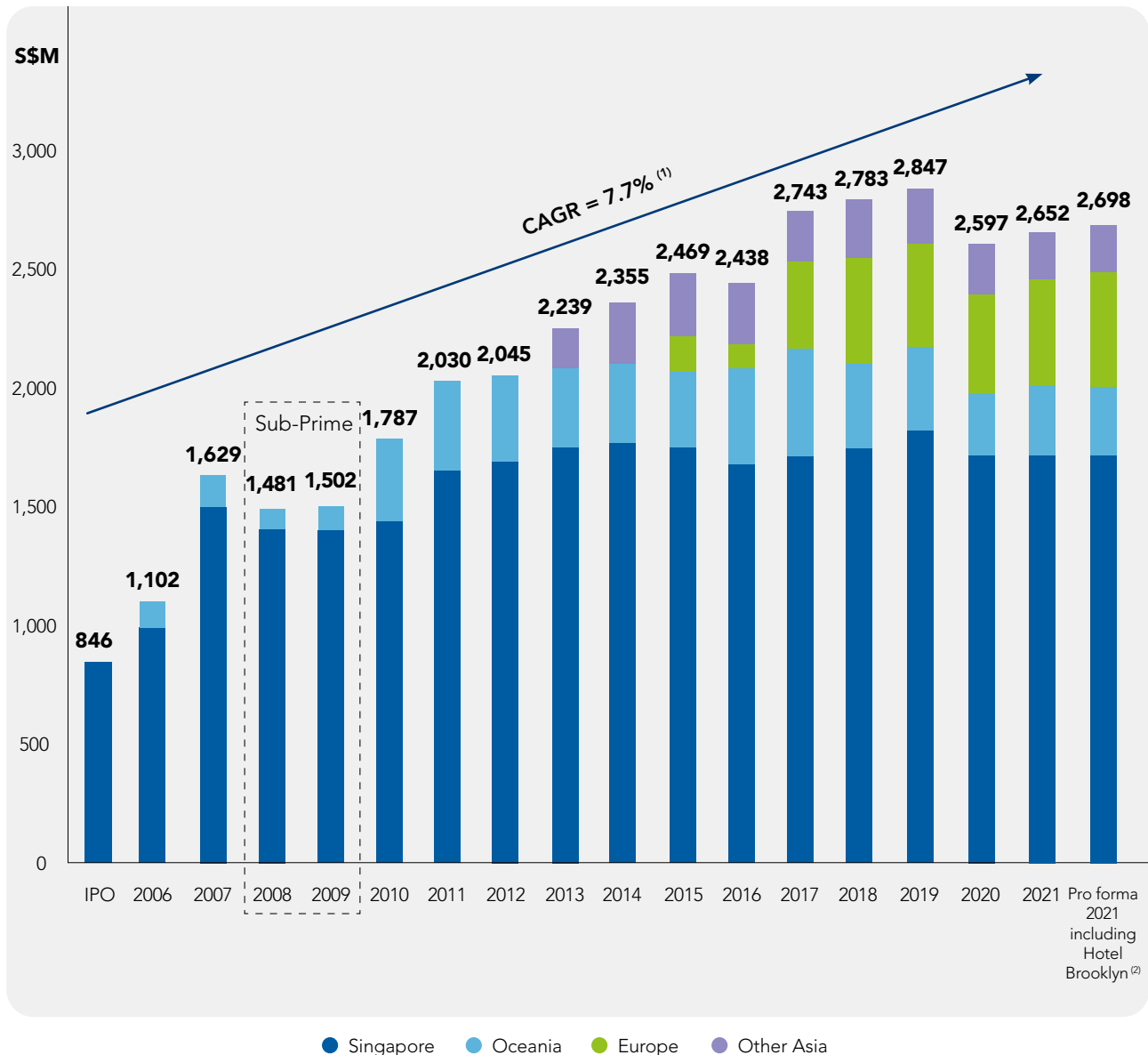
Remaining Term of Land Lease ⁽¹⁾	Date of Acquisition	Purchase Price in Millions	Valuation in Millions ⁽²⁾
	19 Jul 2006	S\$330.1	S\$443.0
60 years	19 Jul 2006	S\$234.1	S\$356.0
	19 Jul 2006	S\$161.5	S\$239.0
45 years	19 Jul 2006	S\$86.1	S\$115.0
84 years	3 May 2011	S\$154.0	S\$166.0
84 years	16 Jul 2020	S\$324.0	S\$314.0
60 years	19 Jul 2006	S\$34.5	S\$88.0
–	19 Dec 2006	NZ\$113.0	NZ\$230.0
–	18 Feb 2010	A\$36.2	A\$45.0
–	18 Feb 2010	A\$21.6	A\$31.0
26 years	31 Jan 2013	US\$71.0	US\$52.5
34 years	31 Dec 2013	US\$59.6	US\$41.0
–	19 Dec 2014	¥3,200	¥3,590
–	19 Dec 2014	¥2,600	¥2,550
94 years ⁽³⁾	1 Oct 2015	£61.5	£59.4
125 years	4 May 2017	£52.5	£48.2
196 years ⁽⁴⁾	22 Feb 2022	£22.8	£25.3
–	31 Aug 2021	£73.3	£15.2 ⁽⁵⁾
–	14 Jul 2017	€104.7	€104.1
–	27 Nov 2018	€42.7	€40.3

PORTFOLIO SUMMARY OF CDL HOSPITALITY TRUSTS

PORTFOLIO VALUATION

As at 31 December 2021, the valuation of CDLHT’s portfolio of assets (excluding Hotel Brooklyn) registered a 2.1% increase to S\$2.7 billion. The increase was partly attributed to the inclusion of the UK residential BTR (under development) during the year. On the same store basis (stripping out the UK residential BTR), the valuation of CDLHT’s portfolio of assets would have increased by 1.0% or S\$26.8 million yoy.

Since IPO till 31 December 2021, the valuation of CDLHT’s portfolio of assets has increased from S\$0.85 billion to S\$2.7 billion, representing a compound annual growth rate (“CAGR”) of 7.7%.

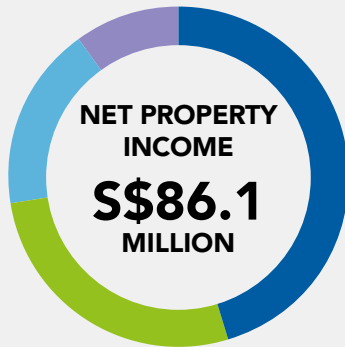


(1) CAGR from IPO to 31 December 2021.

(2) Following the 2021 financial year end, CDLHT completed the acquisition of Hotel Brooklyn on 22 February 2022.

NET PROPERTY INCOME BY GEOGRAPHY

For FY 2021 ⁽¹⁾



SINGAPORE 45.4%

OCEANIA 27.3%

New Zealand 25.1%
Australia 2.2%

EUROPE 17.4%

United Kingdom 9.0%

Germany ⁽²⁾ 6.7%

Italy ⁽²⁾ 1.8%

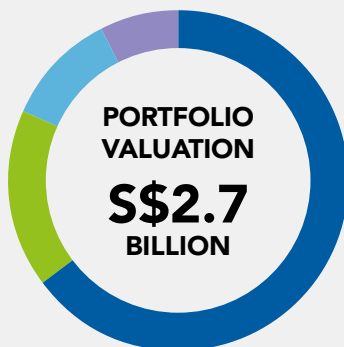
OTHER ASIA 9.8%

Maldives 9.4%

Japan 0.4%

PORTFOLIO VALUATION BY GEOGRAPHY

As at 31 December 2021 ⁽¹⁾



SINGAPORE 64.9%

EUROPE 16.8%

United Kingdom ⁽³⁾ 8.4%

Germany ⁽²⁾ 6.0%

Italy ⁽²⁾ 2.3%

OCEANIA 10.8%

New Zealand 8.0%

Australia 2.8%

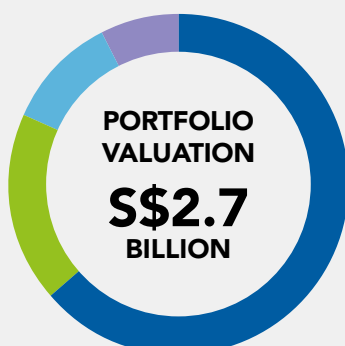
OTHER ASIA 7.5%

Maldives 4.8%

Japan 2.7%

PORTFOLIO VALUATION BY GEOGRAPHY

Post Hotel Brooklyn Acquisition ⁽¹⁾



SINGAPORE 63.8%

EUROPE 18.2%

United Kingdom ⁽³⁾ 10.0%

Germany ⁽²⁾ 5.9%

Italy ⁽²⁾ 2.3%

OCEANIA 10.6%

New Zealand 7.9%

Australia 2.8%

OTHER ASIA 7.4%

Maldives 4.7%

Japan 2.7%

(1) Numbers and percentages may not add up due to rounding.

(2) On the basis of a 100% interest before adjustment of non-controlling interests.

(3) For the residential BTR under development in the UK, the independent valuation was based on the value of the construction-to-date, which considered the expenditure incurred from 31 August 2021 to 31 December 2021. The carrying amount of investment property under development was based on independent valuation as at 31 December 2021.

PORTFOLIO SUMMARY OF CDL HOSPITALITY TRUSTS



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

For FY 2021

CDLHT had 41 tenants in total for properties that were leased out in FY 2021: 9 for the hotel properties, 21 for Claymore Connect and 11 for the retail/office component of Pullman Hotel Munich. 93.7% of CDLHT's gross rental income for FY 2021 was attributed to hotel properties and the remaining 6.3% was attributed to Claymore Connect and the retail/office component of Pullman Hotel Munich.

The top 10 tenants contributed 95.2% of the total gross rental income for properties with leases.

		S\$'000	% of Total Gross Rental Income
1	Hospitality Services Limited	21,640	28.2%
2	Republic Hotels & Resorts Limited	12,114	15.8%
3	City Hotels Pte. Ltd.	10,300	13.4%
4	UP Hotel Operations GmbH & Co. KG	6,941	9.0%
5	Maldives Bay Pvt Ltd	6,621	8.6%
6	Harbour View Hotel Pte. Ltd.	6,100	7.9%
7	Republic Iconic Hotel Pte. Ltd.	5,000	6.5%
8	FC Operations Hotel SRL	1,748	2.3%
9	HI Operations Pty Ltd. ⁽²⁾	1,571	2.0%
10	Cold Storage Singapore (1983) Pte Ltd	1,110	1.4%

● Hotels ● Retail

(1) Does not include properties which are on management contracts, namely W Hotel, Raffles Maldives Meradhoo, Hotel MyStays Asakusabashi, Hotel MyStays Kamata and Hilton Cambridge City Centre as well as The Lowry Hotel, which is self-operated and managed by HBT Group. Gross rental income of the Perth Hotels were included for 1 January 2021 to 30 April 2021.

(2) Gross rental income contributed by the Perth Hotels under the fixed-rent leases from 1 January 2021 to the expiry of the leases on 30 April 2021.

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

For FY 2021

For the two tables below, properties under management contracts or self-operated are excluded as there are no external leases in place⁽¹⁾. The Perth Hotels are also excluded as the relevant leases expired on 30 April 2021.

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	37.9%
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	28.7%
Pullman Hotel Munich	Hotel: 20 years from 14 Jul 2017 expiring 13 Jul 2037	2037	9.2%
	Retail/Office: Range of lease terms - for details on lease expiry profile, refer to page 85		1.7%
Angsana Velavaru	10 years from 1 Feb 2013 expiring 31 Jan 2023	2023	8.8%
Studio M Hotel	20 years from 3 May 2011 with an option to renew for three consecutive additional terms of 20 years + 20 years + 10 years	2031	6.6%
Claymore Connect	Range of lease terms - for details on lease expiry profile, refer to page 65		4.7%
Hotel Cerretani Firenze – MGallery	20 years from 27 Nov 2018 expiring 26 Nov 2038	2038	2.3%

Properties	WALE as at 31 Dec 2021
Hotel properties (All existing hotel leases)	4.8 years ⁽³⁾
All retail/office leases	3.2 years ⁽⁴⁾
New retail leases	4.0 years ⁽⁴⁾

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

As the acquisition of Hotel Brooklyn was completed on 22 February 2022, the WALE of the hotel properties including Hotel Brooklyn has increased to 5.6 years as at 22 February 2022⁽⁵⁾.

In FY 2021, all the new leases entered into relates to Claymore Connect and represent only 0.5%⁽⁶⁾ of total gross rental income for the year.

(1) Does not include properties which are on management contracts, namely W Hotel, Raffles Maldives Meradhoo, Hotel MyStays Asakusabashi, Hotel MyStays Kamata and Hilton Cambridge City Centre as well as The Lowry Hotel, which is self-operated and managed by HBT Group.

(2) Expiry does not take into consideration the tenure under the extension options.

(3) Based on FY 2021 actual gross rental income; excludes the Perth Hotels.

(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 2.7 years and 3.7 years respectively.

(5) WALE is computed assuming the tenant for Hotel Brooklyn pre-terminates the lease on 15 January 2045. Assuming the tenant does not pre-terminate the lease, the WALE of the hotel properties has increased to 7.7 years as at 22 February 2022. WALE is based on FY 2021 actual gross rental income for properties with leases, except for Hotel Brooklyn which is based on passing annual fixed rent of £2.3 million for the period of 7 May 2021 to 6 May 2022.

(6) Computed based on gross rental income of new leases entered into at Claymore Connect in FY 2021 as a percentage of gross rental income of all properties with leases for FY 2021.

YEAR IN REVIEW

PERFORMANCE BY COUNTRY AND PROPERTY

	FY 2021 S\$'000	FY 2020 S\$'000	Variance	FY 2021 S\$'000	FY 2020 S\$'000	Variance
PROPERTIES WITH LEASES						
	Gross Rental Revenue			Net Property Income		
Singapore	37,088	43,686	-15.1%	32,497	36,719	-11.5%
Singapore Hotels	33,514	39,048	-14.2%	31,099	34,274	-9.3%
Orchard Hotel	10,300	10,300	0.0%	9,624	9,321	3.3%
Grand Copthorne Waterfront Hotel	7,200	7,999	-10.0%	6,553	6,687	-2.0%
M Hotel	6,100	6,100	0.0%	5,602	5,158	8.6%
Copthorne King's Hotel	4,914	3,852	27.6%	4,616	3,342	38.1%
Studio M Hotel	5,000	4,844	3.2%	4,704	4,397	7.0%
Novotel Singapore Clarke Quay ⁽¹⁾ (Divested in July 2020)	–	5,953	N.M	–	5,369	N.M
Singapore Retail	3,574	4,638	-22.9%	1,398	2,445	-42.8%
Claymore Connect	3,574	4,638	-22.9%	1,398	2,445	-42.8%
Australia	–	3,909	N.M	–	3,909	N.M
Novotel Brisbane ⁽²⁾ (Divested in October 2020)	–	3,909	N.M	–	3,909	N.M
New Zealand	21,640	16,507	31.1%	21,640	16,507	31.1%
Grand Millennium Auckland	21,640	16,507	31.1%	21,640	16,507	31.1%
Maldives	6,621	685	N.M	6,403	463	N.M
Angsana Velavaru	6,621	685	N.M	6,403	463	N.M
Germany	8,189	8,740	-6.3%	5,786	2,676	N.M
Pullman Hotel Munich	8,189	8,740	-6.3%	5,786	2,676	N.M
Italy	1,748	1,713	2.0%	1,507	1,472	2.4%
Hotel Cerretani Firenze – MGallery	1,748	1,713	2.0%	1,507	1,472	2.4%
Sub-Total	75,286	75,240	0.1%	67,833	61,746	9.9%
MANAGED PROPERTIES ⁽³⁾						
	Gross Hotel Revenue			Net Property Income		
Singapore	31,352	15,987	96.1%	6,608	6,145	7.5%
W Singapore – Sentosa Cove ⁽⁴⁾ (Acquired in July 2020)	31,352	15,987	96.1%	6,608	6,145	7.5%
Australia	8,763	4,449	97.0%	1,869	4,449	-58.0%
Ibis Perth ⁽⁵⁾	4,237	1,763	N.M	918	1,763	-47.9%
Mercure Perth ⁽⁵⁾	4,526	2,686	68.5%	951	2,686	-64.6%
Maldives	13,314	4,100	N.M	1,681	(3,084)	N.M
Raffles Maldives Meradhoo	13,314	4,100	N.M	1,681	(3,084)	N.M
Japan	3,437	3,830	-10.3%	386	381	1.3%
Hotel MyStays Asakusabashi	1,616	1,745	-7.4%	24	(17)	N.M
Hotel MyStays Kamata	1,821	2,085	-12.7%	362	398	-9.0%
United Kingdom	25,572	13,952	83.3%	7,733	(312)	N.M
Hilton Cambridge City Centre	10,791	6,620	63.0%	3,819	628	N.M
The Lowry Hotel	14,781	7,332	N.M	3,914	(940)	N.M
Sub-Total	82,438	42,318	94.8%	18,277	7,579	N.M
Total Portfolio	157,724	117,558	34.2%	86,110	69,325	24.2%

(1) As Novotel Singapore Clarke Quay ("NCO") 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 Singapore – Sentosa Cove 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.

(5) As the leases for the Perth Hotels have expired, fixed rent was received up to 30 April 2021. Gross rental revenue (NPI was the same) was S\$0.6 million and S\$0.9 million for Ibis Perth and Mercure Perth respectively for the period between 1 January 2021 to 30 April 2021. Subsequent to the expiry of these leases, CDLHT entered into hotel management agreements with AccorHotels to manage the hotels and the contribution for the remaining eight months was recognised based on hotel trading performance.

REVIEW OF FINANCIAL PERFORMANCE

CDLHT recorded gross revenue of S\$157.7 million in FY 2021, an increase of 34.2% as compared to FY 2020. The overall operational improvement came about on the back of accelerated vaccine distribution and relaxation of travel restrictions, which led to varying levels of recovery across CDLHT's portfolio markets. In FY 2021, occupancies for the Singapore and New Zealand hotels were sustained by the demand for accommodation facilities used for isolation purposes. Overall, the RevPAR of all geographical markets (except Japan) improved in FY 2021, supported by the encouraging signs of recovery for global travel in 2H 2021, although demand remained well below pre-pandemic levels. The emergence of the Omicron variant at year end also led to renewed restrictions across some markets.

In line with the higher revenue, NPI for FY 2021 increased by 24.2% yoy to S\$86.1 million. Higher NPI contributions were recorded for all geographical markets except for Singapore and Australia, which declined by S\$10.2 million or 20.0% yoy collectively. The first full year contribution from W Hotel (acquired on 16 July 2020), which reported an increase in NPI of S\$0.5 million yoy, was more than offset by the absence of contribution from the divestments of NCQ and Novotel Brisbane totalling S\$9.3 million in FY 2020. On a same store basis (stripping out W Hotel, NCQ and Novotel Brisbane), the organic NPI growth was S\$25.6 million or 47.5% yoy, from a relatively low base reported in FY 2020 when the pandemic started.

Interest cost for FY 2021 was 4.3% or S\$0.9 million lower yoy as a result of lower funding costs on floating rate loans.

The increase in NPI for FY 2021 did not translate into higher distribution due to several factors. Firstly, capital distribution (including distribution of divestment proceeds from prior periods) in FY 2021 was 23% (or S\$4.6 million) lower yoy. Secondly, even though the NPI for UK Hotels and Raffles Maldives Meradhoo increased by S\$12.8 million yoy, the improvement (net of interest costs, administration expense and taxes) did not contribute to a corresponding increase in distribution, as part of the increase was due to the low base effect attributed to losses in NPI recorded in FY 2020. Thirdly, FY 2021 NPI for the Germany and Italy Hotels was recorded based on straight line accounting rent (in accordance with SFRS(I) 16/ FRS 116). The actual rent received (under the restructured rent arrangement with the lessee) was lower than the accounting rent recorded for the period and no distribution (after deducting interest costs) was available from the Germany and Italy Hotels.

Accordingly, total distribution to Stapled Security Holders (after retention for working capital) and DPS decreased by 13.0% yoy to S\$52.6 million and 13.7% yoy to 4.27 cents respectively. The total distribution includes a S\$12.5 million capital distribution from partial distribution of sales proceeds arising from the divestments of NCQ and Novotel Brisbane.

As at 31 December 2021, CDLHT's portfolio book value (excluding right-of-use assets) increased by 2.1% or S\$54.5 million yoy to S\$2.7 billion, partly attributed to the inclusion of the UK residential BTR during the year. On a same store basis (stripping out the UK residential BTR), CDLHT's portfolio book value recorded a S\$26.8 million or 1.0% yoy increase due to a net revaluation surplus recorded on its properties. These revaluation gains do not have any impact on the distribution to Stapled Security Holders.

Operating Expenses	FY 2021	FY 2020
Total Operating Expenses [#] (S\$'000)	129,928	108,317
Net Asset Value ⁽⁶⁾ (S\$'000)	1,635,334	1,619,908
Total Operating Expenses as a Percentage of Net Asset Value	7.9%	6.7%

[#] Refers to all operating expenses (including property taxes and insurance) and all fees and charges (including acquisition and divestment fees) paid to the Managers and interested parties. The operating expenses in FY 2021 was higher partly due to the recognition of a full year's operating expenses from W Hotel (acquired on 16 July 2020) and the recording of operating expenses from the Perth Hotels due to the conversion of the leases into hotel management agreements on 1 May 2021. The increased expenses were also due to improved occupancies and in tandem with higher revenue for the portfolio. Refer to page 148 of the Financial Statements for details relating to the operating expenses.

(6) After deducting for non-controlling interests.

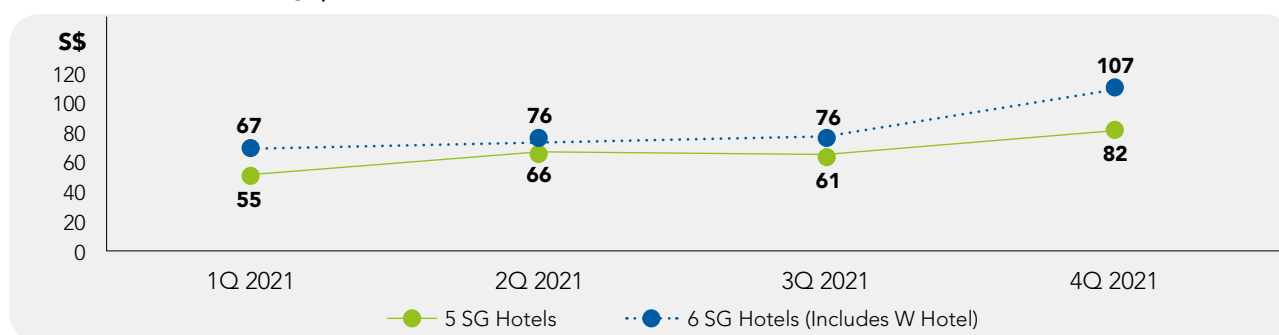
YEAR IN REVIEW

HOTELS' PERFORMANCE FOR FY 2021

Singapore

CDLHT's Singapore Hotels Performance	FY 2021	FY 2020	Variance
5 Singapore Hotels			
Average Occupancy Rate ⁽⁷⁾	75.7%	79.6%	(3.9)pp
Average Daily Rate	S\$87	S\$88	(1.1)%
RevPAR ⁽⁷⁾	S\$66	S\$70	(6.0)%
6 Singapore Hotels ⁽⁸⁾			
Average Occupancy Rate ⁽⁹⁾	72.8%	76.0%	(3.2)pp
Average Daily Rate	S\$112	S\$106	5.5%
RevPAR ⁽⁹⁾	S\$82	S\$81	1.0%

RevPAR of CDLHT's Singapore Hotels



RevPAR for the 6 Singapore Hotels increased marginally by 1.0% yoy to S\$82 in FY 2021, due to higher average room rates achieved during the year. Singapore recorded about 330,000 tourist arrivals for 2021, representing less than 2% of the 19.1 million pre-COVID-19 tourist arrivals in 2019 ⁽¹⁰⁾. A low level of tourist arrivals was observed throughout the year until some recovery materialised from November 2021 following the opening of the VTL arrangements in 4Q 2021 ⁽¹⁰⁾.

Room occupancies were primarily supported by government demand for dedicated isolation facilities, strong transient leisure business to Sentosa and long-stay corporate groups. Performance of the Singapore Hotels in FY 2021 was also impacted by the absence of major MICE events, large wedding banquets and social functions, which were curtailed due to travel, capacity and social distancing restrictions throughout the year. Supported by strong staycation demand during the year-end festive season, the 6 Singapore Hotels recorded a rate-driven RevPAR increase of 11.0% yoy for 2H 2021 ⁽⁸⁾. The stronger demand also benefitted two of the Singapore hotels that exited the isolation business in December 2021.

On the supply front, Singapore's hotel inventory is estimated to increase by 1,941 net rooms in 2022, representing approximately 2.8% of existing room stock. Over the next three years, supply growth is expected to remain low at a compound annual growth rate of 2.2% ⁽¹¹⁾.

Although the COVID-19 restrictions affected trading of certain F&B tenants at Claymore Connect, mall visitation improved in 2021. The relaxation of gathering limits and rising vaccination rates throughout the year helped to support mall traffic, and a gradual pick up in retail activity was observed in the latter half of the year. FY 2021 NPI for Claymore Connect fell 42.8% yoy primarily due to rental rebates/reductions given to tenants in view of the continually challenging environment. During the year, the mall continued to focus on tenant retention, securing new leases and reducing operating costs. The committed occupancy of Claymore Connect as at 31 December 2021 was 85.8% as compared to 75.3% a year ago.

(7) There were 146 rooms taken out of the inventory for Studio M Hotel due to the inability to access the rooms for works to be conducted since May 2020 and room refurbishment was carried out at Copthorne King's Hotel until April 2020. Excluding the out-of-order rooms, for FY 2021 and FY 2020, occupancy would be 80.8% and 83.4% respectively, while RevPAR would be S\$70 and S\$73 respectively.

(8) Assumes CDLHT owns W Hotel from 1 January 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.

(9) Excluding the out-of-order rooms, for FY 2021 and FY 2020, occupancy would be 77.2% and 79.3% respectively, while RevPAR would be S\$86 and S\$84 respectively.

(10) Singapore Tourism Board ("STB")

(11) Based on STB, Horwath data (as at December 2021) and CDLHT research.

Overseas

CDLHT's Overseas Hotels RevPAR	FY 2021	FY 2020	Variance
NZ Hotel (NZ\$)	175	144	20.9%
Perth Hotels (A\$)	49	48	3.7%
Maldives Resorts (US\$)	256	86	N.M
Japan Hotels (¥)	2,729	2,906	(6.1)%
UK Hotels (£)	72	40	78.4%
Germany Hotel (€)	28	27	4.9%
Italy Hotel (€)	35	23	50.9%

In New Zealand, strict border restrictions remained in place throughout the year. Grand Millennium Auckland continued to be contracted as a government managed isolation facility for the whole of FY 2021, mitigating the impact for this period of low demand. The higher NPI contribution for FY 2021 was due to increased room utilisation from the isolation business.

In Australia, CDLHT was partially insulated from the challenging operating environment as the Perth Hotels continued to receive fixed rent until the leases expired on 30 April 2021. With effect from 1 May 2021, CDLHT entered into hotel management agreements with AccorHotels to manage the Perth Hotels, and the contribution for the remaining eight months was recognised based on the hotels' trading performance. Aside from the quarantine-free trans-Tasman bubble, which took place briefly from April 2021 to July 2021, demand throughout the year was adversely affected by international border closures and limited interstate travel into Western Australia. Coupled with the absence of contribution from Novotel Brisbane, NPI for the Australia portfolio declined by S\$6.5 million or 77.6% yoy for FY 2021. On a same store basis (excluding Novotel Brisbane), the decline was S\$2.6 million or 58.0% yoy.

In the Maldives, tourism was affected by a temporary two-month suspension of issuance of tourist visas for arrivals from South Asian countries, as well as varying quarantine requirements imposed on return by several EU nations during 1H 2021. Notwithstanding the headwinds in 1H 2021, total tourist arrivals rebounded strongly to 811,383 in 2H 2021, representing 96.6% of pre-pandemic level in 2H 2019. For the full year of 2021, tourist arrivals amounted to 77.6% of 2019 pre-pandemic arrivals⁽¹²⁾. Angsana Velavaru posted a RevPAR of US\$188 for FY 2021 coming off a low base of US\$69 for FY 2020. In FY 2021, Raffles Maldives Meradhoo was largely operational aside for a six-week closure from 1 June 2021 for maintenance works, as compared to FY 2020 when the resort was temporarily closed for six months to minimise operating losses. Collectively, the Maldives Resorts achieved a RevPAR of US\$256 for FY 2021 as compared to US\$86 in FY 2020.

The Japan Hotels continue to be affected by the significant decline in visitor arrivals in 2021, which accounted for less than 1% of pre-pandemic levels over the same period in 2019⁽¹³⁾. Strict border restrictions remained in place for most part of the year. While the Tokyo 2020 Olympic Games, with limited international attendees, provided a momentary uplift, it was insufficient to significantly impact demand for the year. Consequently, the Japan Hotels posted a RevPAR decline of 6.1% yoy for FY 2021 to ¥2,729, mainly attributed to the higher base in 1Q 2020 when there were a few months of normal pre-pandemic trading.

The UK Hotels provided accommodation only to essential workers, elite sports teams and entertainment groups in early 2021, following a third national lockdown implemented since early January 2021⁽¹⁴⁾. Leisure travel was permitted from mid-May 2021⁽¹⁵⁾ and all remaining legal restrictions were subsequently lifted from mid-July 2021. The UK Hotels benefitted from the strong domestic leisure demand that ensued, supported by the summer holidays and the encouraging return of one-off incentives, corporate groups and sporting events. This led to a strong recovery in the trading performance in 2H 2021, which contributed to an uplift in the RevPAR for FY 2021 by 78.4% yoy to £72.

In Germany, non-essential travel was permitted from May 2021 as the country eased its pandemic curbs amidst receding infection rates. Pullman Hotel Munich posted a RevPAR increase of 4.9% yoy for FY 2021, mainly supported by a steady recovery in 2H 2021, offsetting the impact of a weaker yoy performance in 1Q 2021 compared to normal trading in 1Q 2020 as the pandemic lockdown only took place from mid-March 2020. For FY 2021, NPI (recognised based on straight lining basis) was higher due to a lower impairment of S\$1.2 million (€0.7 million) recognised against the rental receivables from the lessee as compared to S\$4.7 million (€3.0 million) recognised in FY 2020.

(12) Ministry of Tourism, Republic of Maldives

(13) The Japan Times, "Foreign visitors to Japan in 2021 fell to record low 245,900", 19 January 2022

(14) BBC.uk, "Covid: England's third national lockdown legally comes into force", 6 January 2021

(15) Gov.uk, "Further easing of COVID restrictions confirmed for 17 May", 10 May 2021

YEAR IN REVIEW

In Italy, the ban on inter-region travel was lifted from end-April 2021⁽¹⁶⁾ and the Italy Hotel reopened on 26 May 2021 after an extended closure period. The Italy Hotel was open for seven months in 2021 as compared to five months in 2020. Despite borders reopening to most visitors in 2H 2021, weak international demand persisted owing to constantly evolving restrictions and requirements. Occupancies were hence predominantly driven by domestic leisure and intra-Europe travel. The Italy Hotel recorded a RevPAR improvement of 50.9% yoy to €35 for FY 2021, mainly due to a longer operational period in FY 2021.

EXECUTING LONG TERM GROWTH STRATEGIES

Strategic Pivot to Position for Growth

The COVID-19 pandemic has resulted in restricted international travel and severe repercussions on the transient short-stay hotel sector globally. The pandemic also illustrated the limitations of traditional geographical diversification of a portfolio of hospitality assets.

With the aim of enhancing income stability, CDLHT announced the revision of its principal investment strategy on 26 July 2021 to also include adjacent accommodation and/or lodging assets such as properties used for rental housing, co-living, student accommodation and senior housing. The inclusion of these adjacent accommodation/lodging assets, which rely on different demand drivers, would enhance income stability through asset class diversification. A portfolio with exposure to a more extensive and diversified tenant mix due to differing lodging uses would reduce overall tenant concentration risk and provide more balanced and stable rental streams.

Tenants of assets such as rental housing or student accommodation typically have longer lengths of stay as compared to the traditional transient hotel guests. Hence, the inclusion of these adjacent accommodation/lodging assets would not only increase the underlying length of stay but also increase the quantum and proportion of the fixed rental base of CDLHT's portfolio.

The Managers believe that the revision of the principal investment strategy will provide CDLHT with better growth prospects by broadening its investment pool of assets, with additional optionality and flexibility in its investments within the wider accommodation/lodging spectrum. It is therefore consistent with the Managers' key financial objectives to maximise the rate of return to Stapled Security Holders and to make regular distributions.

Maiden Entry into the BTR Sector in Manchester, UK

On 31 August 2021, CDLHT entered into a land purchase agreement and a development funding agreement to invest into a residential BTR forward-funding scheme in Manchester, for a purchase consideration of £73.3 million⁽¹⁷⁾. This forward-funding arrangement allows CDLHT to invest in a residential BTR property at a fixed cost, with cash flows managed over the duration of development, and marks CDLHT's maiden investment in the adjacent accommodation/lodging space under the revised principal investment strategy.



Concept drawing – subject to change, Residential BTR

Pursuant to the land purchase agreement, CDLHT acquired certain land and buildings located on the south east side of Longacre Street, Ancoats, Manchester, UK, from Packaged Living (FROE V Heyrod) LLP ("**Packaged Living**"), for a consideration of £9.5 million. In connection with the land acquisition and under the development funding agreement, Packaged Living is developing the land into a 352-unit residential BTR building for a price of £63.8 million, of which £58.2 million will be paid out periodically over the development period while the remaining £5.6 million will be paid shortly after practical completion of the new property.

The residential BTR site is located in Piccadilly East, a rapidly emerging mixed-use neighbourhood. The site is located within 2 kilometres from the Manchester CBD and boasts convenient accessibility, being within a 9-minute walk to the tram stop and Manchester Piccadilly Station, the main train station in Manchester which has direct access to the airport and links Manchester to London and other major cities across the UK.

(16) Reuters, "Italy gives timetable for easing COVID-19 restrictions", 17 April 2021

(17) Savills (UK) Limited valued the UK residential BTR on a forward-funding basis at £76.1 million as at 27 August 2021, using the capitalisation method for the residential and car park components and the direct comparison method for the retail component.

On completion of the development, which is expected to be in 2024⁽¹⁸⁾, the new BTR property is expected to be leased out to a mix of individual residential tenants or families for periods of typically about one year or more. With multiple tenants leasing the apartments, tenant concentration risk is reduced. The residential BTR is expected to provide CDLHT with stable and resilient income with its longer underlying average length of stay, high rent collection and lease renewal rates that are typical of BTR assets. The residential BTR, which has different demand drivers from hotels, will provide meaningful portfolio diversification and strengthen CDLHT's rental income base, thus meeting the objectives of the revised principal investment strategy.

Increasing Resilience and Fixed Rental Base

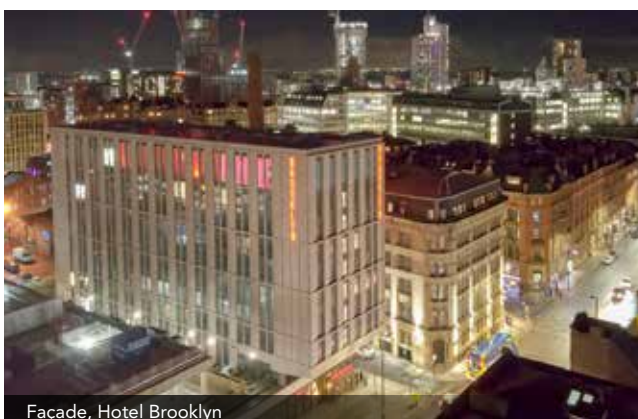
Following the 2021 financial year end, on 22 February 2022, CDLHT completed the acquisition of Hotel Brooklyn, a 189-key, 4-star upscale lifestyle hotel, centrally located within the heart of Manchester, UK. The hotel was acquired from RAHoldingsUK Limited for a property consideration of £22.8 million.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

The property is leased to HLD (Manchester) Limited on a full repairing and insuring basis that will provide CDLHT with a fixed rental income stream, subject to upward-only rent review provisions broadly based on inflation. The term of this occupational lease is for 60 years commencing on 7 May 2021 and expiring on 6 May 2081, with a break option exercisable by the occupational tenant on 15 January 2045, and then on every fifth anniversary from that date, by providing at least six months' prior notice to CDLHT. This acquisition reinforces the strategy to acquire assets with more stable income so as to further increase CDLHT's fixed rental base.

Hotel Brooklyn appeals to both corporate and leisure guests being within walking distance to the central business district (Spinningfields), as well as popular tourist attractions such as the Manchester Art Gallery, retail areas such as Market Street and entertainment hubs such as the Manchester Arena. It is within an 8-minute walk to the Manchester Piccadilly, Manchester's main train station and approximately 13.4 kilometres (20-minute drive) from the Manchester Airport.

Together with CDLHT's other lifestyle hotels in Singapore, namely W Hotel and Studio M Hotel, and in the pipeline, Moxy Singapore Clarke Quay (a turnkey hotel development with approximately 475 keys to be delivered under a forward purchase arrangement following its completion which is expected to be in 2025)⁽¹⁹⁾, the acquisition of Hotel Brooklyn allows CDLHT to further penetrate the lifestyle hotel market. With its growing stable of lifestyle hotels, CDLHT's hotel portfolio will be augmented with better alignment with prevailing trends in the global market of strong consumer appetite for such hotels.

Based on the property consideration and net property income of £1.7 million⁽²⁰⁾, the net property income yield of the property is 7.4%. On a pro forma basis for FY 2021, this translates to a DPS accretion of 1.1%⁽²¹⁾. With the acquisition of Hotel Brooklyn, the historical pro forma gearing and debt headroom would be 40.0% and S\$570.0 million⁽²²⁾ respectively as at 31 December 2021.



Façade, Hotel Brooklyn



Suite Room, Hotel Brooklyn

(18) Subject to extensions permitted under the development funding agreement.

(19) The forward purchase was at the lower of the fixed price of S\$475.0 million or 110.0% of the new hotel's development costs (taking into account developer's return). However, if there is any extension fee or levy payable 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.

(20) The net property income of the property of £1.7 million (excluding adjustments for FRS 116/SFRS (I) 16 Leases) is based on the fixed rent of £2.3 million from the occupational tenant less the ground rent payable to the head lessor for the period of 7 May 2021 to 6 May 2022.

(21) Based on the change of the pro forma DPS for CDLHT's enlarged portfolio over the DPS for CDLHT in FY 2021. For the purpose of the computations, the total acquisition cost is assumed to be 100% pound sterling debt-funded.

(22) CDLHT's post transaction gearing on a pro forma basis as at 31 December 2021 assuming Total Acquisition Cost is 100% debt funded. For the purposes of gearing computation, the total assets exclude the effect of FRS 116/SFRS(I) Leases (adopted wef 1 January 2019). Debt headroom based on 50.0% gearing limit.

YEAR IN REVIEW

ENHANCING PRODUCT OFFERINGS TO RIDE ON THE RECOVERY

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

In keeping up with efforts to enhance The Lowry Hotel's position as one of the top hotels in Manchester, the hotel has undergone a significant amount of renovation works since 2018. The full refurbishment of two floors was largely completed in August 2021, and most of the upgrading for the remaining four floors has been completed in early 2022.

In December 2021, Studio M Hotel recommenced the room refurbishment project for all 360 rooms, which was previously delayed due to the inability to access the rooms for works to be conducted since May 2020. The refurbishment of 146 rooms was completed in January 2022, with the remaining 214 rooms expected to be completed in 2Q 2022.

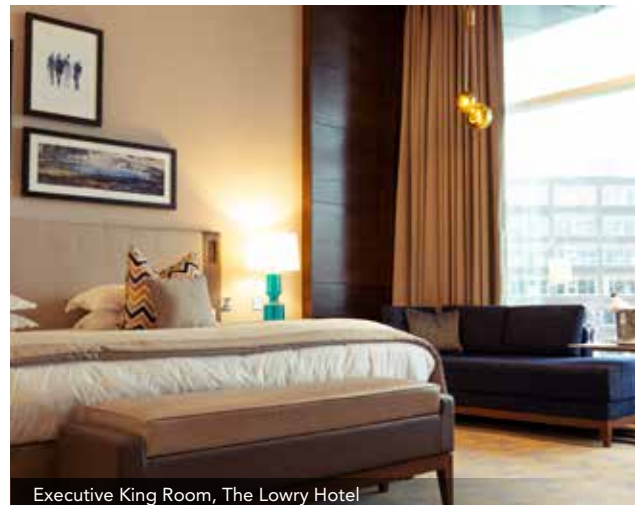
Copthorne King's Hotel has been upgraded with an intelligent Guest Solution Management System, which enables the efficient management of power, lighting and air conditioning by monitoring occupancy status to reduce wastage. Guests can also use voice commands to control in-room entertainment and make service requests. This digital transformation initiative aims to reduce staff calls by 20% and increase in-room dining by at least 30%.

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.

The average cost of debt remains low at 2.0% and the proportion of borrowings on fixed interest rates was 61.3% as at 31 December 2021. The weighted average debt to maturity was 2.1 years.

In July 2021, CDLHT refinanced an S\$83.6 million 5-year floating rate term loan into a fresh 5-year floating rate borrowing. In August 2021, a £66.5 million term loan was refinanced into a 1-year floating rate term loan (£50 million) along with a drawdown of £16.5 million from a revolving credit facility. Towards the end of the year, CDLHT refinanced an existing S\$150 million revolving credit facility for three years and entered into a 3-year term loan facility of £79 million which allows for funds to be drawn progressively to finance the UK residential BTR forward funding scheme.



Executive King Room, The Lowry Hotel



Premier Loft, Studio M Hotel



Guest Solution Management System, Copthorne King's Hotel

As at 31 December 2021, CDLHT's total borrowings stood at approximately S\$1.1 billion with a gearing ratio of 39.1%⁽²³⁾ and debt headroom of S\$613.8 million⁽²⁴⁾. CDLHT has an interest cover of 3.3 times⁽²⁵⁾ for FY 2021 and has a Fitch Issuer Default Rating of BB+. As at the financial year end, CDLHT had cash reserves of S\$139.5 million and S\$632.6 million of credit facilities⁽²⁶⁾. With a healthy balance sheet and strong liquidity, CDLHT is well-positioned to navigate the transition period as we ease out of the pandemic into an eventual recovery. CDLHT will continue to enhance financial flexibility by maintaining diversified sources of funding.

STAPLED SECURITY PRICE STATISTICS⁽²⁷⁾

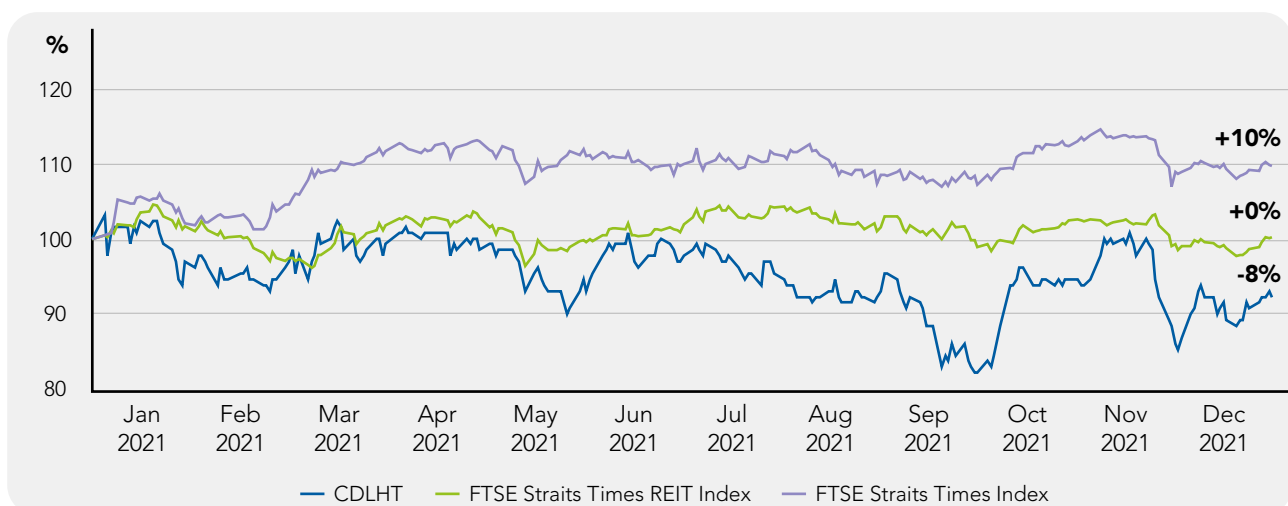
CDLHT closed at a price of S\$1.170 per Stapled Security as at 31 December 2021. Since IPO to 31 December 2021, the Stapled Security's price has appreciated by 41.0%. Due to the prolonged impact of the pandemic on the hospitality sector, the Stapled Security's price decreased by 7.9% in 2021 from S\$1.270, the closing price as at 31 December 2020.

Assuming a Stapled Security Holder held the Stapled Securities from IPO till 31 December 2021 and had the distributions been reinvested in the Stapled Securities of CDLHT on the day they were paid out, the total return to the Stapled Security Holder would have been 262.7%. On the same basis and assuming a Stapled Security Holder held the Stapled Securities from 1 January till 31 December 2021, the total return would have been -4.3% in 2021.

Summary of Stapled Security Statistics	2021	2020
IPO as at 19 July 2006 (S\$)	0.830	0.830
Closing price as at last trading day of preceding period (S\$)	1.270	1.620
Closing price as at last trading day of current period (S\$)	1.170	1.270
Highest closing price (S\$)	1.310	1.660
Lowest closing price (S\$)	1.040	0.685
Weighted average price (S\$)	1.207	1.170
Average daily volume traded (number of Stapled Security in millions)	1.6	3.5
Total volume traded (number of Stapled Security in millions)	410.0	886.3

Return on Investment	From 1 Jan 2021 to 31 Dec 2021	Since Listing on 19 Jul 2006 to 31 Dec 2021
Price Change	-7.9% ⁽²⁸⁾	41.0%
Total Return ⁽²⁹⁾	-4.3%	262.7%

COMPARATIVE TRADING PERFORMANCE FOR FY 2021⁽³⁰⁾



(23) Assuming the acquisition of Hotel Brooklyn had been completed on 31 December 2021 and the acquisition was 100% financed through debt, the gearing ratio of CDLHT would be 40.0% on a pro forma basis. For the purposes of gearing computation, the total assets exclude the effect of FRS 116/SFRS(I) Leases (adopted wef 1 January 2019).

(24) Assuming gearing limit of 50%.

(25) Computed by using trailing 12 months EBITDA divided by trailing 12 months interest expense and borrowing-related fees.

(26) Comprising committed revolving credit facilities amounting to approximately S\$232.6 million and uncommitted unsecured bridge loan facilities of S\$400.0 million. In February 2022, £23.1 million was drawn down from one of the bridge loan facilities to fund the acquisition of Hotel Brooklyn.

(27) Source: Bloomberg

(28) Calculation of the price change is based on the closing price on 31 December 2021 compared with the closing price on 31 December 2020.

(29) Total return assumes the distributions paid out during the respective periods are reinvested in the Stapled Securities.

(30) Source: Bloomberg

SINGAPORE



MARKET REVIEW

CAMBRIDGE



MUNICH



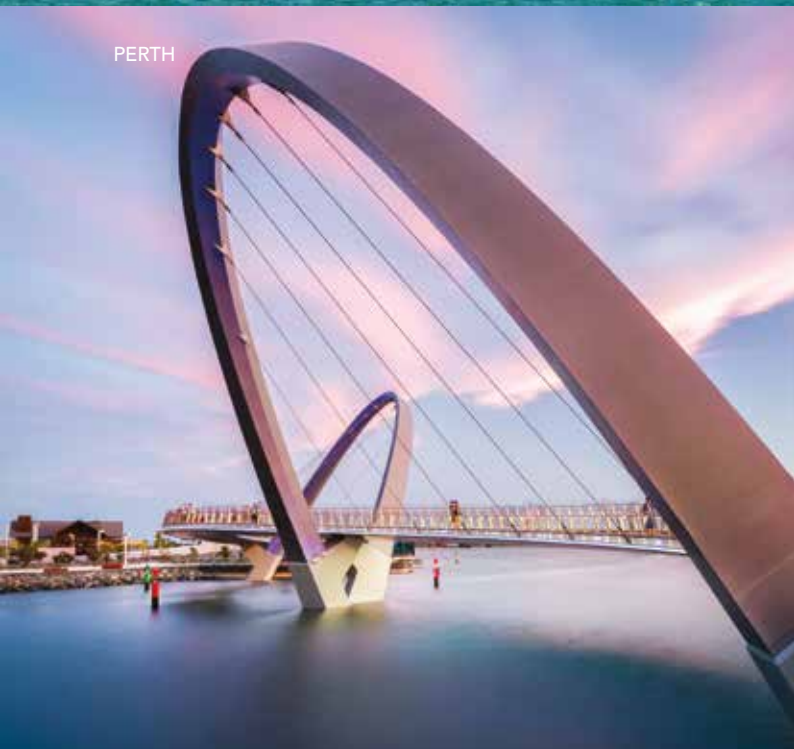
AUCKLAND



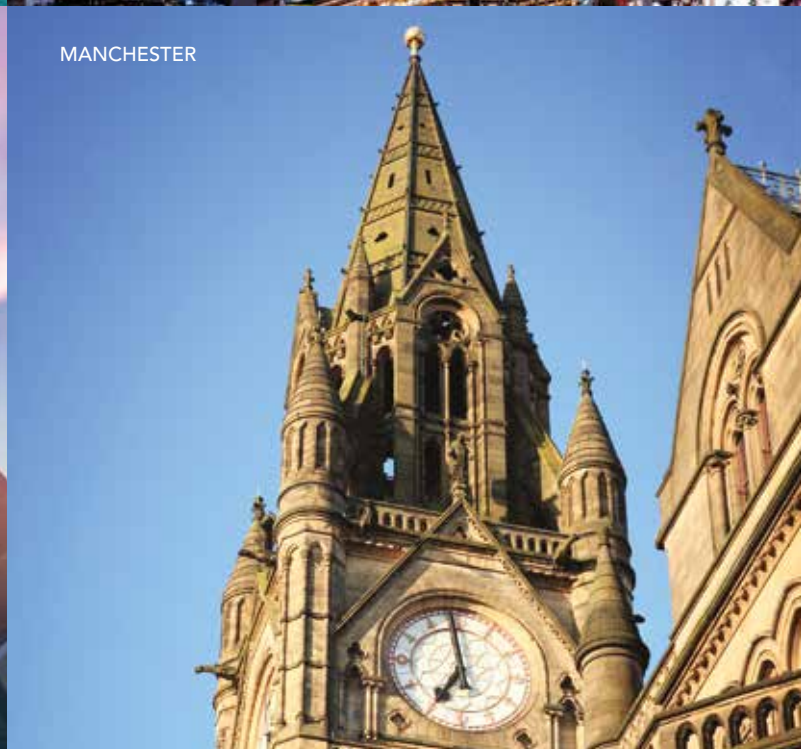
JAPAN



PERTH



MANCHESTER



MALDIVES



FLORENCE



SINGAPORE HOTEL PROPERTY SECTOR



SINGAPORE TOURISM MARKET

In 2020, the COVID-19 pandemic and the ensuing containment measures impacted the Singapore economy significantly and caused one of the steepest downturns in decades. Since then, the economy has made a stunning 7.6% growth in GDP for 2021, representing a sharp rebound from the crisis. According to forecasts from MTI, Singapore's economic performance in 2022 is expected to moderate at 3% to 5% on the back of stronger labour market conditions, elevated money supply from fiscal stimulus, and growing consumer confidence. However, the global downside risk remains due to lingering uncertainty over global growth.

The ongoing pandemic has led to subsequent waves of infections globally and consequently prolonged international border closures and the intermittent suspension of travel lane arrangements. Singapore, despite its effort and having been praised for its response in the containment of the pandemic, continues to face disruptions caused by the pandemic with the emergence of COVID-19 variants such as the Delta variant and the Omicron variant.

Hence, the pandemic situation remains rather fluid even though over 90% of Singapore's population is fully vaccinated. With Singapore's border restrictions to short term visitors remaining largely in place for most of 2021, international arrivals into Singapore continue to remain subpar when compared to pre-pandemic levels, receiving a total of 330.0k visitor arrivals in 2021, a steep decline of 98.3% from 2019.

With the implementation of the Vaccinated Travel Lanes (VTL) that started on 8 September 2021, which allowed quarantine-free travel into Singapore, Q4 2021 saw a significant increase in visitor arrivals, with an approximate 196% increase over Q3 2021.

EXISTING SUPPLY

The number of hotel rooms totalled approximately 69,590 rooms as at end 2021. In 2021, there were minimal new additions to the Singapore hotel market. Openings included the 324-key The Clan Hotel situated at Far East Square and the 191-key Oasia Resort Sentosa (rebranded from the former Le Meridien Singapore). The market also witnessed the full closure of 308-key Grand Park Orchard, with the hotel expected to be rebranded into Pullman Orchard in 2022.

FUTURE SUPPLY

Following a subdued supply in the past few years, new hotel supply in Singapore is expected to remain limited, with close to 5,200 rooms in the pipeline up until 2024. This represents a CAGR of 2.1%, compared to a pre-pandemic historical 5-year CAGR of 4.2% between 2014 to 2019.

Identified key openings up until 2024 include the 135-key Citadines Connect Rochester Singapore, 204-key The EDITION by Marriott, 62-key Raffles Sentosa Resort & Spa, 338-key Banyan Tree Mandai Park, 900-key Club Street Hotel, 142-key Artyzen Cuscaden and 303-key Mondrian Singapore. The estimate of 5,200 keys also includes the reopening of 350-key Pan Pacific Orchard (closed in April 2018) and potential upcoming hotels located at Short Street by Cityview Holdings and redevelopment of Tower Fifteen

by Fragrance Group. The expectation is for both hotels to enter the market in 2024 with approximately 1,300 rooms combined.

HOTEL MARKET PERFORMANCE

The tourism and hotel market was significantly disrupted by the pandemic during the period of 2020 and 2021, largely attributed to the implementation of travel disruptions and lockdown regulations since March 2020.

In 2021, the hotel market occupancy rate was at 56.5%, a considerably healthy level compared to its peers in the region. The healthy occupancy rate was primarily supported by domestic tourism such as demand generated from the launch of SingapoRediscover vouchers in December 2020 and more importantly from hotels contracted by the Government as Government Quarantine Facilities (GQF) and Stay-Home Notice (SHN) dedicated facilities. In addition, the hotels designated as GQF were being block booked by the Singapore Government and operated at full occupancy levels for the contracted period regardless of whether the rooms were filled or not but at substantially lower room rates. The launch of VTLs since September 2021 contributed to an improved Q4 performance of 70.4% occupancy.

Meanwhile, market-wide ADR improved by 1.7% year-on-year to S\$157 for 2021. Overall, 2021 market-wide RevPAR increased by 0.4% year-on-year at S\$89.

HOTEL MARKET OUTLOOK

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

In addition, demand fundamentals are still strong, and this is on the back of a compelling pipeline of infrastructure and tourism offerings including the Mandai Makeover, rejuvenation of Sentosa and Pulau Brani, new tourism hub at Jurong Lake District, Changi Airport Terminal 5 and the expansion of both Integrated Resorts (IR). While the construction of projects such as Terminal 5 has been postponed amid the pandemic, most of these projects have not been shelved and will be completed nonetheless. In terms of incoming supply, it is expected to be low at approximately 2% growth per year between 2022 to 2025 which can relieve some of the downward pressure caused by the pandemic.

Singapore continues to be one of the top destinations worldwide and STB is continuing to come up with initiatives to boost both business and leisure travel in 2022 and beyond. For example, this is done by ramping up and securing pipeline MICE and leisure events and launching the Tour Experience Innovation Lab (TEIL). These initiatives will help the industry recover gradually from the crisis. Our forecast timeline for recovery is also in line with the forecast made by the International Air Transport Association (IATA) where global passenger volume is expected to return to pre COVID-19 levels in 2023/2024.

PERTH, AUSTRALIA HOTEL PROPERTY SECTOR



PERTH TOURISM MARKET

For the year ending September 2021 (latest available National and International visitors survey data), there were a total of 3.4 million overnight visitors to Destination Perth. Intrastate visitors made up most of the visitation, representing 2.9 million visitors (up from 2.7 million visitors in the same period of 2020). There were 491,000 interstate visitors over the period, down when compared with 783,000 visitors in the year prior, and over 1.5 million intrastate visitors in 2019 (prior to the impacts of COVID-19). There were approximately 12,000 international visitors for the year ending September 2021, significantly down from the 497,000 visitors in 2020 and 941,000 visitors in 2019.

Visiting Friends and Relatives (VFR) (39%), Holiday (35%) and Business (15%) were the predominant purpose of visit for domestic overnight visitors to Destination Perth for the year ending September 2021.

EXISTING AND FUTURE SUPPLY

In addition to the significant openings of the Ritz Carlton, Ibis Styles and Art Series in 2019, there were five main hotels completed in the Perth area in 2020. These included the Novotel Perth (435 rooms), Quest Joondalup (90), Quest Perth Ascot (112 rooms), Vibe Subiaco (168 rooms) and DoubleTree by Hilton Perth Waterfront (229 rooms). In 2021, the Nesuto Curtin Hotel Perth opened with 60 rooms, located in the new Exchange precinct at Perth's Curtin University's A\$300 million campus redevelopment, approximately 15-minute drive from Perth CBD.

Based on the STR census data there are a total of 10,148 rooms within the Perth Centre as at December 2021.

Developments currently under construction include the Moxy Perth (150 rooms), Adina Apartment Hotel Fremantle (141 rooms), and EQ West Hotel (Elizabeth Quay) (171 rooms) and the Radisson RED West Perth (129 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 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 and 2021 however was different, with demand predominantly from those undertaking the mandatory quarantine period in hotels and intrastate leisure and corporate demand.

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 A\$211 for 2013, down to A\$170 for the full 2019 year (as per STR data).

In 2020, there were immediate demand reductions from travel restrictions in place due to COVID-19. Perth's hotel occupancies declined to a historic low of just 48.3%, with RevPAR down to an average of A\$77 per night from \$129 for the same period in 2019.

Hotel performance improved marginally in 2021, with Perth's hotel occupancies increasing six percentage points to 54.9%, with ADR also improving by 14.8% to A\$183. This resulted in an increase in RevPAR to \$100 per night, from A\$77 for the same period in 2020.

HOTEL MARKET OUTLOOK

The performance of hotels in Perth Centre in 2022 remains uncertain. This is due to the Western Australian government-imposed border restrictions still being in place due to the pandemic which is anticipated to limit interstate and international travel in 2022. International travel in particular is not anticipated to recover by any significant means in 2022 and interstate travel is also anticipated to also be hindered. It is anticipated that the market will require time to build back up to the performance levels of 2019, with intrastate visitors being the predominant market for hotel demand in the short term, with interstate travel anticipated to build from early 2022 once travel across the Western Australian border is permitted (likely in March 2022).

AUCKLAND, NEW ZEALAND HOTEL PROPERTY SECTOR



AUCKLAND TOURISM MARKET

Auckland is a large metropolitan city in the North Island of New Zealand being the most populous urban area in the country with an estimated population of 1,463,000 (as at June 2021). Auckland is also the major economic and financial centre of New Zealand.

Prior to the onset of the COVID-19 pandemic, Auckland was considered a tourism 'gateway' with circa 75% of all overseas visitors arriving via Auckland. The closure of New Zealand's international borders has been significant, with Auckland experiencing a 79.6% drop in international visitor arrivals for 2021 over the prior year.

Whilst the longer-term fundamentals of Auckland as a 'gateway' market to the New Zealand remain, given the unknown and evolving future impact of COVID-19, there is potential for the market to experience ongoing disruption.

EXISTING AND FUTURE SUPPLY

As at 31 December 2021, a total of 71 hotel and serviced apartment establishments (rated 3 stars and above), comprising over 9,730 guest rooms in Auckland was reported.

Within the above noted Auckland hotel supply, some 18 of the larger hotels are currently utilised for Managed Isolation and Quarantine ("MIQ") facilities, effectively reducing available rooms by 3,981 or 41% of the total room stock.

At present throughout the Auckland region (although primarily within the CBD), there are 14 hotel projects currently under construction and scheduled to enter the market between 2022 and 2024, comprising a total of approximately 2,500 rooms representing an approximate 27% increase over existing room inventory.

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

- **Imagine Beach Road Hotel (96 rooms)** – A new build, 13-level, 4-star hotel to feature a restaurant and bar on the ground floor that is anticipated to open on 1 March 2022.
- **Horizon Hotel Auckland (300 rooms)** – A 5-star hotel located opposite SkyCity Casino and immediately beside the New Zealand International Convention Centre (also under construction). Following the fire event at the NZICC site, completion has been delayed with no announcement of an opening date.
- **Holiday Inn Express & Voco Hotel (494 rooms)** – a new build, 39-level, dual-branded hotel project to the corner of Albert and Wyndham Street; comprising a 294-room Holiday Inn Express and 200-room Voco Auckland City Hotel. The two hotels will be stacked one on top of the other in a tower building. The building will have two basement levels, ancillary hotel services and facilities on the first 4 levels, the Holiday Inn Express hotel rooms on levels 5-19, while Voco hotel rooms will be on the upper levels. The project is anticipated to be completed by Q2 2022.
- **Precinct Properties/One Queen Street Redevelopment** – A 21-storey redevelopment to include a 139-room InterContinental hotel across levels 6 to 11, with the balance of the floors on levels 12-20 accommodating 14,300 sqm of premium grade office space. A roof-top bar will be located on level 21. The project, which is scheduled for completion in late 2023, will be integrated with the Commercial Bay retail precinct offering a luxury hotel, office space, and food and beverage retail space.
- **Indigo Hotel** – At 53 Albert Street, NFF New Zealand Pty Limited ('94 Feet') commenced construction of the mixed use 41-storey tower with a 225-room 'Indigo' hotel (being a sub-brand of InterContinental Hotels Group) and 24 luxury private residences in July 2021. Construction is anticipated to span approximately two years.

- **Hotel Grand Chancellor** – A new build 12-storey hotel on a site opposite the New Zealand International Convention Centre that commenced construction in May 2021, with an anticipated completion in 2023. The 191-rooms will be spread across 10 levels, above a two-level podium offering a central courtyard with lobby café, a restaurant and meeting facilities located on the first floor.

In addition to the above properties, there are still further medium to large scale Auckland CBD hotel projects that are proposed/mooted which appear to be less advanced in terms of their planning/development although that has the potential to add further new room supply to the Auckland CBD accommodation market and pose direct/indirect future competition to the subject hotel. However, given current COVID-19 market conditions, these projects may either not proceed or be deferred by some years.

HOTEL MARKET PERFORMANCE

Prior to COVID-19, hotel occupancy levels throughout the wider Auckland hotel market experienced strong improvement over the five-year period from 2013 to 2017 increasing from 75.9% to 86.6% (an historic record), however, from 2018, average occupancy levels began to ease: 83.4% in 2018 and declining further in 2019 to 82.3%.

The onset of the COVID-19 pandemic on the Auckland accommodation sector is evident with December 2020 occupancy rate declining to 54.3%, despite the fact that some 44% of rooms (contained in 18 hotels) have been contracted as MIQ facilities. Average daily room rate (ADR) declined to NZ\$189, or -3.6%.

However the situation is quite different when excluding MIQ hotels, with Auckland hotels reporting occupancy of 49.4% during 2020, while reporting ADR of NZ\$190. In 2021, with international borders remaining closed and regional 'lockdowns' impacting upon Auckland, occupancy declined further (to 40.7%), leading to rate pressure, with ADR declining 6.8% to NZ\$178.

HOTEL MARKET OUTLOOK

Whilst we anticipate that most prudent investors and stakeholders would expect that occupancy levels to continue to be materially affected due to the effects of the COVID-19 pandemic, a levelling off of occupancy in the medium term was expected (even prior to the onset of the COVID-19 pandemic) in part due to an over-supply of rooms entering the market, a reducing rate of growth of international visitor numbers and a slowing of the New Zealand economy resulting in lower demand for guest accommodation.

Based upon the above background and our best estimates of future demand and supply projections and relying heavily upon market sentiment, we are forecasting an average occupancy for the Auckland hotel market in the range of 55% to 60% over calendar year 2022, followed by a circa 2 to 3 year 'recovery-period' although ultimately remaining below the pre-COVID-19 occupancy levels (which were in the range of between 80% to 85%).

The medium-term outlook for Auckland's accommodation market remains difficult to gauge due to the uncertainty over the duration of COVID-19 market conditions and the very high levels of recent and additional new supply entering the market. Compounding the rate of recovery of occupancy will be the re-introduction of the MIQ hotel facilities, which have potentially been artificially inflating market occupancy statistics during the COVID-19 market environment.

In the longer term, we would expect market occupancy to return to the 'more historic/ longer term' occupancy levels sitting in the vicinity of 70% as has historically been observed following other major shock events i.e. the Global Financial Crisis and similar to Auckland occupancy levels' experienced through the 2000s when occupancy averaged in the low-70% range.

With a continuation of 'soft' occupancy levels and as former MIQ hotels return to the open market and come off current contracted room rates, we expect there will be some downward pressure on market-wide room rates during 2022, particularly as the hotel market continues to be heavily reliant upon domestic demand.

MALDIVES HOTEL PROPERTY SECTOR



MALDIVES TOURISM MARKET

After a record-breaking year for the tourism industry in 2019, the number of visitor arrivals was expected to grow further in 2020 but was abruptly disrupted by the COVID-19 pandemic. In 2020, only around 555,000 international arrivals were recorded for the Maldives, representing a yoy decline of 67.4%. The Maldives was the first country within the Asia Pacific region to reopen its borders to international travellers and the shift in travellers' preference towards a resort destination helped the tourism industry greatly. In 2021, the Maldives received a total of around 1.3 million visitors, representing a yoy increase of 138.0%. Although the total arrivals fell short of the original target of 1.5 million visitors set by the Ministry of Tourism in February 2021, this is considerably remarkable when compared to other beach destinations, especially when this represents around 77.6% of the total number of arrivals received in 2019. Notably, for the last quarter of 2021, the monthly visitor arrivals have surpassed the monthly levels seen for the same quarter in 2019.

Due to the pandemic, the demographics of arrivals into the Maldives have shifted slightly. In 2021, India, Russia and Germany were the top source markets for the Maldives, while China has been displaced from its top spot due to its strict travel restrictions. Notably, the number of arrivals from India and Russia have grown tremendously, surpassing levels recorded in 2019. This is likely to be driven by marketing efforts of the Ministry of Tourism to tap on both Indian and Russian tourists. Furthermore, the proximity of Maldives to India and the warm diplomatic relations between the two countries are likely to be key driving factors.

In order to maintain the competitiveness of the Maldives, the government has introduced plans to diversify the market by developing new market segments. For example, a key legislation change in December 2020 allows for real estate developments with strata-titled villas aimed at inducing demand for long-stay tourism. In addition, another legislation change gives the President the right to allocate islands in potential joint-ventures to develop tourism accommodations for integrated tourism development projects and tourism-related real estate projects. Another key important change was the head lease rental rates for islands in the Maldives to a location-based formula, which is meant to encourage potential development of islands located in the far northern and southern atolls.

While the ongoing pandemic situation remains fluid and the emergence of the Omicron variant has led to subsequent waves of infections globally, the market sentiments and outlook for the Maldives remain positive.

EXISTING AND FUTURE SUPPLY

The number of hotel rooms in the Maldives market totalled approximately 18,517 rooms as at end 2021. Approximately nine new resorts, including one that has been rebranded, have opened in 2021 so far, contributing to about 1,166 rooms. Key openings include the 40-key Cocogiri Maldives, 110-key Patina, the 100-key Ritz Carlton Maldives, 95-key Kudo Vilingili Resort and reopening of 67-key Jumeirah Maldives Olhahali Island (formerly LUX* North Male Atoll).

With the disruptions caused by the pandemic, a number of new openings scheduled for 2021 have been pushed back and moving forward, approximately 3,283 rooms are expected to enter the market between 2022 to 2024, with majority of the supply anticipated to come online in 2022. Other notable openings include 154-key Le Meridien Maldives & Spa, 80-key Alila Villas Maldives and several Centara resort properties which are slated to enter in 2023 or 2024.

HOTEL MARKET PERFORMANCE

The tourism and hotel markets were significantly disrupted by the pandemic during 2020, largely attributed to the implementation of travel restrictions and lockdown regulations since March 2020. Since the reopening of the Maldives from July 2020, hotel market ADR had recovered significantly to close at US\$790 in 2020, a remarkable yoy growth of 38.3%, albeit at a much lower occupancy of 26.1%. We note that the high ADR growth was a result of skewed ADR movements supported by the luxury resorts as other destinations within APAC remained close to leisure travellers. The market began to see some price correction in market ADR in 2021 as occupancy started to grow on the back of more resorts opening up in the Maldives and thus offering competitive pricing to drive occupancy levels. In 2021, the market ADR was at US\$599, a yoy decline of 14.1% while market occupancy was at 57.7%, representing a market RevPAR of US\$345, a yoy increase of 94.8% or about 96.7% of the RevPAR levels achieved in 2019.

HOTEL MARKET OUTLOOK

With the tourism sector being the largest contributor to the Maldives' GDP, the Maldives was the first country within the APAC region to reopen its borders to international leisure visitors since 15 July 2020, albeit with precautionary advisories and safety measures in place.

In addition, demand fundamentals for the Maldives are still strong with the popularity of the Maldives as a renewed resort destination built on its unique concept as "one island, one resort". This positioning allowed the Maldives to start offering integrated development resorts such as the CROSSROADS and other similar projects in the pipeline. In addition, the introduction of key legislation changes in December 2020 has set the foundation for the creation of new tourism products and models such as strata-titled residential villas developments, joint ventures between the government and private players for more potential integrated tourism developments and the shift towards location-based head lease rents.

These initiatives will help the industry recover gradually from the crisis and at the same time, increase travel demand and reinforce the image of the Maldives as a top resort destination in the region. Our forecast timeline for recovery is also in line with the forecast made by the International Air Transport Association (IATA) where global passenger volume is expected to return to pre COVID-19 levels in 2023/2024.

TOKYO, JAPAN HOTEL PROPERTY SECTOR



TOKYO TOURISM MARKET

With the lifting of the state of emergency on October 2021, accommodation demand in Tokyo stayed on a recovery trend in 4Q 2021 with an increase of 23% month-on-month in October. As at YTD October 2021, while international guests have not yet returned, the number of Japanese accommodation guests in Tokyo has recovered to 50% of the same period in 2019.

The number of visitor arrivals to Japan in 2021 declined by 94% yoy to around 246,000 people. As the borders remained closed to international tourists since April 2020, international visitor arrivals consisted mainly of business travellers. In November 2021, a wider deregulation began, however, the outbreak of Omicron variant has once again strengthened the border measures.

EXISTING AND FUTURE SUPPLY

At the end of March 2021, the Tokyo Metropolitan area had 3,620 hotels and ryokans with 202,260 rooms, sourced from Ministry of Health, Labor and Welfare.

Supply volume of the Tokyo hotel market was generally increasing from 2015 to 2019 along with the growing accommodation demand. In addition, the revision of the Hotel Business Law went into effect in June 2018 which resulted in a significant yoy increase in the number of guest rooms in 2019 by 20.3%. With relaxed regulations, private lodging houses or small property with few guestrooms have registered under hotel/ryokan license.

HOTEL MARKET PERFORMANCE

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

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

As at YTD November 2021, RevPAR declined by 4.3% yoy. Despite the strong impact of COVID-19, which led to a decline in overall visitor numbers, occupancy increased by 5.7% yoy. ADR declined by 19.7% yoy during the same period.

Against the backdrop of favourable financing environment, the property market had been booming. The hotel sector was benefitting from the upcoming Olympic Games in Tokyo and growth of demand generated by an increase of inbound visitors due to economic growth of the entire Asia.

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

More recently we are witnessing bankruptcies of hotel operators who are not well funded, raising concerns for such anticipated trends as contraction of investment opportunities for the hotel sector, increase of fire sales of existing hotels due to bankruptcy and to secure funds, conversion of hotels that could not achieve investment profitability to office, all of which would greatly impact the pricing.

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

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

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

In 2020, the hotel investment market has been heavily affected by the outbreak of COVID-19. While deals continued from 2019 were closed in 1Q 2020, investors and lenders are cautious about new hotel investments given the uncertain market conditions. Both investors and sellers adopt a wait-and-see attitude, monitoring the market environment as well as the timing of performance to bottom out. Therefore, it is expected that the hotel investment market will be quiet until the situation settles down.

HOTEL MARKET OUTLOOK

The outlook for trading performance remains uncertain.

Due to the outbreak of Omicron variant, 18 prefectures have extended the "semi-state of emergency" until 21 March 2022. With the delay of the reopening of the government's travel subsidy program called "Go To Travel", which was originally reported to resume after the end of January, a short-term recovery in performance is not foreseeable.

Large-scale or portfolio hotel transactions are expected in 2022 onwards in light of investors' strong appetite to invest in hotels in Japan, along with the increasing number of investors who strategically plan to restart the hotel investment. It is expected that hotel transactions will be more active in the next 12 months.

CAMBRIDGE, UNITED KINGDOM HOTEL PROPERTY SECTOR

CAMBRIDGE TOURISM MARKET

The UK was hit particularly hard by the lockdown measures taken to contain the spread of COVID-19. In 2020, the GDP of the UK contracted by 9.9%, signalling the largest annual fall on record. With the lockdown easing in the UK in Q2 2021, the road to recovery has been bumpy with UK GDP forecast to grow by 7.5% in 2021.

Travel restrictions were tightened on 26 November 2021 in response to the Omicron variant in order to slow its spread across the UK. Based on the latest forecast made by VisitBritain as at 16 February 2022, inbound tourism visits in 2022 are expected to be 21.1 million, representing 52% of the 2019 level. The total spend by inbound tourists is also expected to increase to £16.9 billion, making up 59% of the 2019 level. Visits fell in January 2022 due to the widespread of the Omicron variant, however, latest data from flight bookings suggest that visits to the UK will begin to increase from February onwards. The majority of these forecasted levels are expected to be driven through the summer months.

EXISTING AND FUTURE SUPPLY

There are approximately 4,116 rooms in Cambridge including 710 new rooms in 2021 as a result of four new hotel openings. These openings include the Novotel Cambridge North (217 bedrooms), the Curio Collection by Hilton Fellows House (163 bedrooms), Hyatt Centric Cambridge (150 bedrooms) and Turning Locke Cambridge (180 bedrooms), all of which operate in the 4-star segment. Prior to this, growth in the area was stagnant with the last hotel opening in 2017 equating to 155 rooms. Cambridge is considered to have a relatively high entry barrier for new hotel developments or reconfiguration of existing buildings which has restricted new supply in recent years.

Following a subdued supply in recent years, new hotel supply in Cambridge is expected to increase with 10 new projects in the pipeline beyond 2021, equating to approximately 1,073 new rooms.

However, of the 1,073 rooms, only an estimated 201 rooms are expected to enter the market in 2022. Hotels that are due to open include budget hotel Holiday Inn Express Cambridge West accounting for 144 rooms and independent apartments known as The Hobson accounting for 57 rooms.

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

HOTEL MARKET PERFORMANCE

Hotels' trading performance in Cambridge has shown significant improvement in 2021 compared with 2020 levels. Hotels in Cambridge achieved an occupancy rate of 50.6% and ADR of £92 in 2021. This led to a RevPAR of £47, reflecting a year-on-year growth of 31.6% over 2020.

HOTEL MARKET OUTLOOK

The concerns over Omicron and reintroduction of some travel restrictions as well as work from home rules are anticipated to delay the recovery of the hospitality industry in the UK. We anticipate seeing the return of corporate demand for hotels to commence in Q2 2022, albeit from a low base. We are of the view that the leisure segment will remain the greatest source of demand for hotels in 2022; however, we expect the domestic tourism boom to lose steam as travellers return to holidays abroad when there are less concerns over the new variant.

In general, the speedy vaccine rollout programme in the UK has helped to boost confidence in travel in 2021. In addition, the strong pent-up demand for staycations during the summer period has driven a significant growth in ADR of hotels across the UK, with some regional UK hotels' ADR exceeding pre-COVID-19 levels.

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

In addition, the rising energy costs will undermine hoteliers' profit margins. Nevertheless, these trends will not impact all hotels equally. For example, limited-service hotels will be less exposed to rising operational costs, whereas full-service hotels will need to offset increasing expenses through strategic revenue growth albeit it is likely that the profit margin of full-service hotels in the UK will not fully recover to pre-COVID-19 levels.

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

The characteristics of Cambridge's hospitality market come from it being the home to a world-leading university. The economic make-up of Cambridge is heavily skewed towards research and educational related sector, such as biomedical, pharmaceutical, artificial intelligence, and advanced manufacturing. Cambridge University stimulates a lot of academic & corporate related demand from students, researchers, and highly skilled business professionals. With most of the university teaching conducted online in 2021/2021 and travel restrictions in place, demand generated by the student population and relevant corporates has been severely limited. When life returns to normality again, it is anticipated that demand generated by the education, leisure and corporate sectors will drive the hospitality market significantly.

MANCHESTER, UNITED KINGDOM HOTEL PROPERTY SECTOR



MANCHESTER TOURISM MARKET

The UK was hit particularly hard by the lockdown measures taken to contain the spread of COVID-19. In 2020, the GDP of the UK contracted by 9.9%, signalling the largest annual fall on record. With the lockdown easing in the UK in Q2 2021, the road to recovery has been bumpy with UK GDP forecast to grow by 7.5% in 2021.

Travel restrictions were tightened on 26 November 2021 in response to the Omicron variant in order to slow its spread across the UK. In addition, the government subsequently reduced the gap from six to three months between the second dose and the booster jab. At the time of writing, the percentage of vaccinated people within the UK is greater than many of its European neighbours. As at 24 February 2022, all legal restrictions within England were lifted meaning individuals who test positive with COVID-19 will no longer be required to self-isolate. In addition, masks are no longer legally required in public settings and COVID passports are no longer recommended. Legal requirements in Wales, Scotland and Northern Ireland are also being gradually eased.

Based on the latest forecast made by VisitBritain as at 16 February 2022, inbound tourism visits in 2022 are expected to be 21.1 million, representing 52% of the 2019 level. The total spend by inbound tourists is also expected to increase to £16.9 billion, making up 59% of the 2019 level. Visits fell in January 2022 due to the widespread of the Omicron variant, however, latest data from flight bookings suggest that visits to the UK will begin to increase from February onwards. The majority of these forecasted levels are expected to be driven through the summer months.

EXISTING AND FUTURE SUPPLY

There are approximately 25,613 rooms in Manchester. 867 of these were new rooms in 2021 as a result of seven new hotel openings.

30 hotels have opened in Manchester over the past five years equating to 3,937 rooms. The majority of these are within the upscale class and upper midscale class accounting for 37.5% and 23.6% of the market respectively.

Following a steady supply in recent years, there is expected to be a significant increase in supply in Manchester with 95 new projects in the pipeline beyond 2021 equating to approximately 11,432 new rooms.

However, of the 95 projects, only 16 projects are expected to enter the market in 2022 and 2023, accounting for 3,493 rooms. The Maldron Hotel Manchester City Centre (278 rooms) and Malmaison Manchester (70 rooms), both due to open in 2022, are likely to put pressure on the upscale to luxury market as a whole due to their large room count and 4-star classification.

Moving forward in the pipeline, hotels such as The Clayton Hotel Manchester City Centre (329 rooms), Mollie's Motel & Diner Manchester (210 rooms) and Number One St Michael's Hotel Development (191 rooms) are also due to open.

HOTEL MARKET PERFORMANCE

Hotels' trading performance in Manchester has shown significant improvement in 2021 compared with 2020

levels. Hotels in Manchester achieved an occupancy rate of 50.6% and ADR of £76 in 2021. This led to a RevPAR of £39, reflecting a yoy growth of 68.2% over 2020.

HOTEL MARKET OUTLOOK

The concerns over Omicron and reintroduction of some travel restrictions as well as work from home rules are anticipated to delay the recovery of the hospitality industry in the UK. We anticipate seeing the return of corporate demand for hotels to commence in Q2 2022, albeit from a low base. We are of the view that the leisure segment will remain the greatest source of demand for hotels in 2022; however, we expect the domestic tourism boom to lose steam as travellers return to holidays abroad when there are less concerns over the new variant.

In general, the speedy vaccine rollout programme in the UK has helped to boost confidence in travel in 2021. In addition, the strong pent-up demand for staycations during the summer period has driven a significant growth in ADR of hotels across the UK, with some regional UK hotels' ADR exceeding pre-COVID-19 levels.

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

In addition, the rising energy costs will undermine hoteliers' profit margins. Nevertheless, these trends will not impact all hotels equally. For example, limited-service hotels will be less exposed to rising operational costs, whereas full-service hotels will need to offset increasing expenses through strategic revenue growth albeit it is likely that the profit margin of full-service hotels in the UK will not fully recover to pre-COVID-19 levels.

In Manchester, inbound tourism is forecast to reach approximately 9.5 million in 2022, according to Oxford Economics, with total spend from inbound travel estimated at £214 million. Compared to 2019, this reflects a 42% decrease in the volume of visits and 59% decrease in total spend. Recovery in the tourism market is expected to support demand for hotels in Manchester, especially as pandemic-related restrictions ease.

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

MANCHESTER, UNITED KINGDOM RESIDENTIAL MARKET



MANCHESTER RESIDENTIAL MARKET

Macro Economy

According to statistics provided by Statista, Greater Manchester had a GDP of £84.1 billion in 2019, ahead of the West Midlands, another key regional centre in UK, suggested to be £78.5 billion. For context, London's GDP is reported to be £503.6 billion.

The city of Manchester is serviced by two main line rail stations, Piccadilly and Victoria Stations, which provide intercity services throughout the UK. Manchester Piccadilly is the fourth busiest station in the United Kingdom outside London, with 32.2 million passenger entries and exits in 2019/2020, up significantly from 30.1 million in the previous year. Manchester Victoria handled in excess of 9.6 million passengers over the same period - a significant increase from 8.9 million the year before. The fastest services to London Euston currently take 1 hour and 58 minutes.

Manchester International Airport is the UK's third-largest airport and one of the world's top twenty airports for international passengers. The airport served approximately 29.4 million people in 2019 to around 200 destinations worldwide, with flights provided by around 100 airlines.

Based on Oxford Economics forecasts, consumer spending in the city (1.6%) is set to grow significantly faster than the UK national average (1.0%).

Demographics

According to the 2011 Census, the Greater Manchester Metropolitan County (made up of 10 local authority areas) has an estimated population of 2.8 million, of which over 0.5 million are in the Manchester local authority area. Over the last 10 years, the city has experienced the greatest population growth outside London. The Office for National Statistics forecasts that Greater Manchester's population is set to increase to 3.1 million by 2035. The projections are based on more people coming to live in Greater Manchester, both from other parts of the country and from abroad. Greater Manchester has the largest travel-to-work area of any conurbation in the UK outside of London, with 7 million people living within one hour's drive of the city centre.

Recent statistics provided by Visit North West indicate that as at 2020, 70.5% of Manchester's population are aged 16 – 64, broadly unchanged over the last 10 years. Statistics provided by the Valuation Office Agency suggests there are approximately 234,290 residential properties in Manchester, 57.2% of which are within Band A for council tax purposes which represents properties valued at less than £40,000 in 1991. The housing stock extends to some 1.2 million homes across Greater Manchester. As at the 2011 census, 38.5% of properties were owner occupied (including shared ownership). Research by Greater Manchester Combined Authority suggests that as at 2018, the median household income in Greater Manchester is £27,865 per annum.

Employment Prospects

Manchester is notable for having one of the largest student populations in Europe. There are around 92,600 people studying across five Higher Education institutions, including approximately 17,500 overseas students. Manchester has the highest graduate retention rate outside London, with 52% of graduates remaining and contributing to a skilled and talented workforce.

According to statistics provided by PROMIS, of the 'Big 6' office markets comprising Birmingham, Bristol, Edinburgh, Glasgow, Leeds and Manchester, in terms of employment, Manchester is the largest office centre with around 921,600 employees at the end of 2019. 266,700 employees are based within the town centre and 654,900 are based out-of-town.

EXISTING AND FUTURE SUPPLY

Across Manchester, we understand there is a total of approximately 8,650 complete residential units available for rent, and a further 4,900 under construction.

Rental supply (inclusive of Build-to-Rent and private rental homes) continues to increase. As of Q4 2021, there are c.141,000 rental homes in the pipeline, with c.71,000 fully operational.

RESIDENTIAL AND BUILD-TO-RENT MARKET PERFORMANCE

More than £4 billion was invested into UK Build-to-Rent in 2021. Around half of this came in the final quarter, setting a new record for quarterly Build-to-Rent investment (circa £2 billion). 2020 proved to be a challenging year for nearly all real estate sectors. However, despite significant headwinds, investment into Build-to-Rent has performed remarkably well and last year saw record levels of investment into the sector.

RESIDENTIAL & BUILD-TO-RENT MARKET OUTLOOK

There was strong rental growth outside of the key regional markets, including Chichester (15.2%), Ashford (13.2%) and Burnley (12.7%). Upper quartile 2-bed asking rents rose by more than 5% across all of the 10 key regional markets. Newcastle upon Tyne was the strongest performing market, with a rise of 9.6%, while Bristol and Liverpool saw rises of 8.9% and 8.1% respectively.

The rental market has always varied across the country, but the impact of COVID-19 has driven this variation to new heights. The pandemic, and related lockdowns, has meant a unique combination of factors have disrupted the relationship between supply and demand, causing rental falls in some city centre markets but supporting the market for larger properties in other locations. Until the supply of BTR properties increases dramatically, the market will remain reliant on cash investors to bring more stock to the rental market. We are therefore likely to see demand grow faster than supply, driving rental value growth over the medium term.

MUNICH, GERMANY HOTEL PROPERTY SECTOR



MUNICH TOURISM MARKET

Munich is the capital of the Free State of Bavaria and, with a population of around 1.6 million (as of December 2021), the third-largest city in Germany after Berlin and Hamburg. Due to the ongoing pandemic and its effects on the global economy, GDP in Germany shrank by 5.5% in 2020 according to the German statistical office. While Germany is heavily impacted by the pandemic, the decline in GDP is among the smallest in comparison with other European countries. Slightly behind economists' expectations, the gross domestic product grew by 2.4% in 2021.

In 2019, Munich was Germany's second most visited city after Berlin in terms of overnight travellers, due to the city's attractiveness for both leisure and corporate/MICE tourism. As a leading business location, there are a total of seven DAX companies operating in Munich and its surroundings. These companies include Allianz, BMW, MTU Aero Engines, Münchener Rück, Infineon, Siemens and Siemens Energy. In addition, Munich is also known as "Isar Valley" (in the style of Silicon Valley), due to the number of high-tech companies such as IBM, Apple and Google having large-scale offices in the city.

MICE events such as Bauma (every three years), Bau and Ifat (biannual) usually attract exceptional number of visitors. Notably, the Munich Trade Fair features the fifth largest trade fair centre in Germany in terms of exhibition space. In 2019, 'Messe Munich' welcomed 2.5 million visitors on its trade fair grounds. For 2020, the figure reduced by over 75.0% to around 582,200. Since March 2020, most events have been cancelled or switched to an online format on account of the pandemic. However, there have been some exceptions such as Intersolar Europe which took place with strict COVID-19 measures and a reduced visitor count.

Munich is also a popular leisure destination due to its beautiful city centre, theatres and museums, as well as the annual Oktoberfest which is scheduled again for 2022 after a break of two years caused by the pandemic. In 2019, the festival attracted approximately 6.3 million visitors.

Despite slight easements during the summer of 2020, demand figures for the full year 2020 decreased by 65.8% (arrivals) and 61.3% (overnights) on account of the COVID-19 pandemic, compared to 2019. Infection numbers surged again in November 2020, leading to the implementation of further restrictions until Q2 2021. With the easing of most restrictions by the middle of June, overnight demand increased strongly. In Q3 2021, an increase in overnight demand of 42.3% compared to the same quarter in 2020 was noted. However, comparing Q3 2021 with Q3 2019, overnight figures still show a decrease of 36.3%, in particular due to the lack of international demand, which historically has accounted for roughly 48.0% of all overnight stays. Despite new infection peaks towards the end of 2021 resulting from the Omicron variant, restrictions were not tightened, allowing for a more positive outlook ahead for 2022. An expected trend towards a Europe-wide reopening and further easing of travel restrictions give hope for a pick-up in both national and international demand over the coming months.

EXISTING AND FUTURE SUPPLY

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

As of Q3 2021, the number of hotel establishments declined to 383 while the number of beds increased to 83,454. This can be due to a number of smaller (mostly privately run) hotels having closed during the pandemic while larger (mostly branded) hotels have opened.

Around 16 new openings were recorded over the course of 2021, adding a total of around 2,434 rooms. Notable new openings include the Courtyard by Marriott München-Garching (256 rooms), the Adina Aparthotel Werksviertel (234 rooms), the Best Western Hotel Arabellapark (220 rooms) and the niu Brass (276 rooms).

Munich is expected to see a considerable supply increase in the coming years with around 26 hotels currently under construction or in the planning phase. Assuming all of these developments are realised, bed supply would grow by 6.1% by the end of 2025, adding around 5,113 rooms to the local hotel market. Expected openings include a Scandic Hotel in Bergam-Laim-Strasse with 234 rooms, an ibis styles in Neuperlach offering 172 rooms, a dual-branded 528-bedroom project in Ingolstaedter Strasse where a Holiday Inn Express and a Hampton by Hilton are being realised, the MUCON by Marriott offering 405 rooms in Landsberger Strasse, among others. Due to pandemic-triggered uncertainties, some projects are delayed while a smaller number of projects are cancelled.

HOTEL MARKET PERFORMANCE

Munich is generally able to realise the highest ADR of all German cities due to a desirable mix of demand generated by the strong MICE, corporate and leisure markets. With a glut of hotel openings in recent years, bed supply has grown at a faster pace than demand, resulting in a slight decrease in occupancy market-wide. Overall, RevPAR of €93.86 was recorded in 2019, based on occupancy of 74.7% and an ADR of €126.80.

As a result of COVID-19, hotel market performance in 2020 dropped to a historic low, showing a 74.8% decrease in RevPAR levels from 2019. Continued measures to contain the spread of the virus restrained KPIs in the first half of 2021 with recovery gathering pace over the summer months of 2021 as occupancy reached the 50.0% mark in September 2021, although still significantly behind 2019 results. Overall, year-end 2021 figures show RevPAR of €26.91 with occupancy of 29.3% and an ADR of €91.82.

HOTEL MARKET OUTLOOK

The continuing impact of COVID-19 poses a risk to the recovery of the tourism sector and hotel performance, particularly with regards to long haul international and MICE demand. However, it is evident from the last two years that, when restrictions ease, there is a surge in travel as pent-up demand is released. We anticipate that, as a result of increased vaccination numbers, current easements of restrictions in place as of 4 March 2022 and the expected lifting of the biggest part of restrictions by 20 March 2022, pick-up in demand will be quicker in 2022 than in previous years, driven initially by domestic and European markets.

The supply pipeline could limit the pace of recovery, however, we expect demand figures to return to pre-Covid levels in the medium term (by 2023/24) supported by Munich's wide-ranging attractions for both business and leisure travels.

Investment volumes in Germany have been impacted by COVID-19. However, the transaction volume of €2.5 billion recorded in 2021 represented a 27.0% increase on 2020 levels, boosted by an incredibly strong Q4 which witnessed €1.0 billion in assets changing hands. We anticipate further increases in investment activity in the course of 2022.

Munich remains a key market for hotel investors with around €470.9 million of trades in 2021. Eight transactions including hotel use were noted in Munich, comprising the Koenigshof, the Inside by Meliá as part of the Highlight Towers and two Leonardo hotels among others.

FLORENCE, ITALY HOTEL PROPERTY SECTOR



FLORENCE TOURISM MARKET

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

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

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

Hotel Demand

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

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

While official data for 2021 is currently unavailable, the Florentine statistic office disclosed some rough figures in relation to the tourism in the summertime of the last year. Data showed a recovery in demand thanks to the domestic and European demand, especially in August. In June, July and August 2021, Florence recorded 505,000 arrivals (+136.5% vs same period in 2020) and 1.23 million of bednights (+185.7% vs same period in 2020) with an average length of stay of 2.5 days. Italian bednights increased by 114.2% and foreign bednights improved by 268.2% compared to the same period in 2020.

EXISTING AND FUTURE SUPPLY

With 14,517 rooms spread over 380 hotels, Florence is one of the four most important Italian hotel markets.

According to the latest available data by ISTAT (2020), the market is dominated by 3-star and 4-star structures, which account for 27% and 55% of the overall number of rooms respectively.

Between 2015 and 2020, the total number of hotels slightly decreased, while the number of rooms increased at a CAGR of 0.3%. The 4-star segment drove the growth in terms of both number of structures (+3.9%) and number of rooms (+2.2%).

In terms of the pipeline, the COVID-19 outbreak caused serious drawbacks in many construction works. However, there is a good pipeline with 3 hotels entering the market from 2022 which will add over 800 rooms to the existing supply. Such pipeline includes The Student Hotel Belfiore, the former INPS building and the UNA Hotels brand which is targeting a building in the city centre. Considering that the health emergency is not yet fully completed, the opening of the aforementioned hotels could presumably suffer further delays.

As a consequence of the planned refurbishment and repositioning activity and of the substantial pipeline, which is concentrated in the upper segments, we foresee further growth opportunities in the market, despite the current health crisis.

HOTEL MARKET PERFORMANCE

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

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

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

Analyzing the hotel performance in Florence according to AICA data, it emerges that the RevPAR fell to €37 in 2020, or 73% compared to the same period of the previous year. This was determined by a significant decrease in both the occupancy level and ADR, which fell to 27.2% and €134 respectively.

The 2021 occupancy rate and ADR, however, have recovered, resulting in a RevPAR of €66.

HOTEL MARKET OUTLOOK

Investors remain interested in the Italian hotel market because of how resilient it was during the pandemic and because of limited investment opportunities. Their focus is now on the leisure segment of resorts and premium/luxury properties.

The strength of domestic demand and the importance of the leisure segment will ensure a rapid recovery in the performance of the Italian hotel sector. Tourist flows have resumed growth with the lifting of restrictions and the progress of the vaccination campaign, suggesting a robust recovery in the next year and an expected return to 2019 levels in 2023.

The growing segmentation of global hotel demand and the desire for higher-quality products and services will drive growth in the hotel sector.

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, 68

Chairman, Independent Non-Executive Director

Date of first appointment as Director: 22 June 2018

Date of appointment as Chairman: 22 June 2018

Board committees:

- Nominating and Remuneration Committees (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, 53

Chief Executive Officer

Executive Director

Date of first appointment as Director: 17 May 2006

Date of appointment as Chief Executive officer:

19 July 2006

Board committees:

- Nil

Present directorships in other listed companies and principal commitments:

- CDL Investments New Zealand Limited (Non-Executive Director)

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

- Nil

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



accommodation and/or lodging development projects. Mr Yeo also handles the asset management function relating to some of the hotels currently.

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

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

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

FOO SAY MUI (BILL), 64

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:

- 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, 74

Independent Non-Executive Director

Date of first appointment as Director: 21 October 2013

Mr Seah would have served 9 years on the Boards by October 2022 and has notified the Boards of his intention to step down from the Boards.

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)
- Soft Capital SG (Sole proprietor)

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

- PGG Wrightson Limited (Independent Director)
- Yanlord Land Group Limited (Lead Independent Director)
- Global Investments Limited (Lead 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, 54

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, 50

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

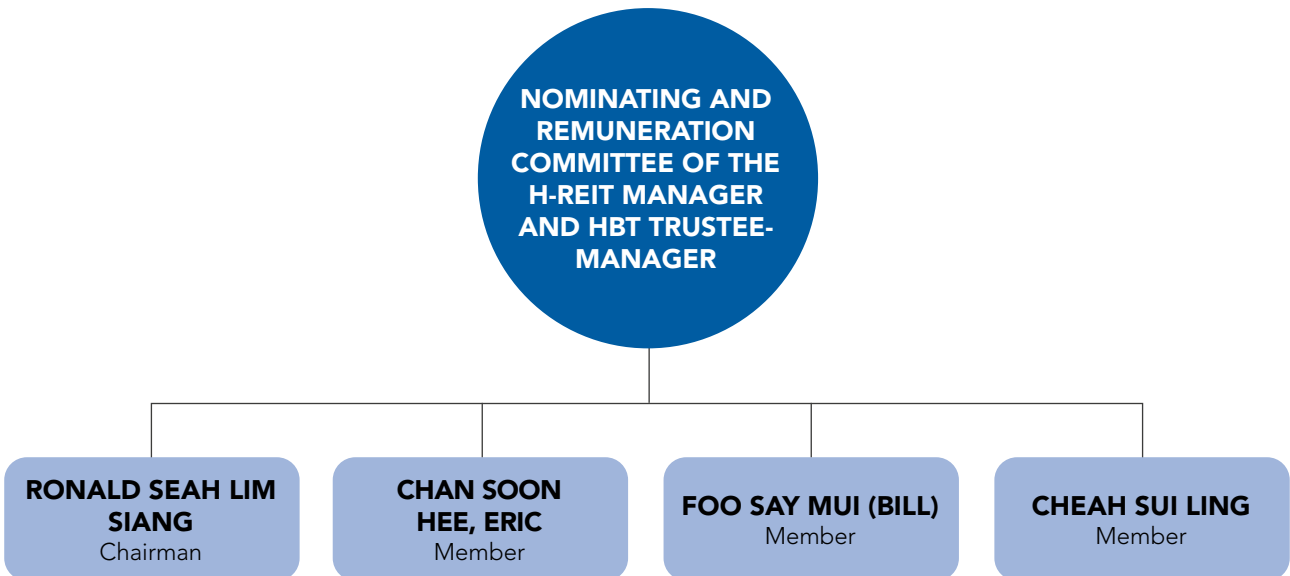
Ms Cheah Sui Ling is currently an Operating Partner with Wavemaker Partners, a venture capital firm based in Singapore and Los Angeles that focuses on technology company investments, where she is responsible for helping portfolio companies with business development, follow on financings and eventual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



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 33 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.



Lobby, Orchard 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 34 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.

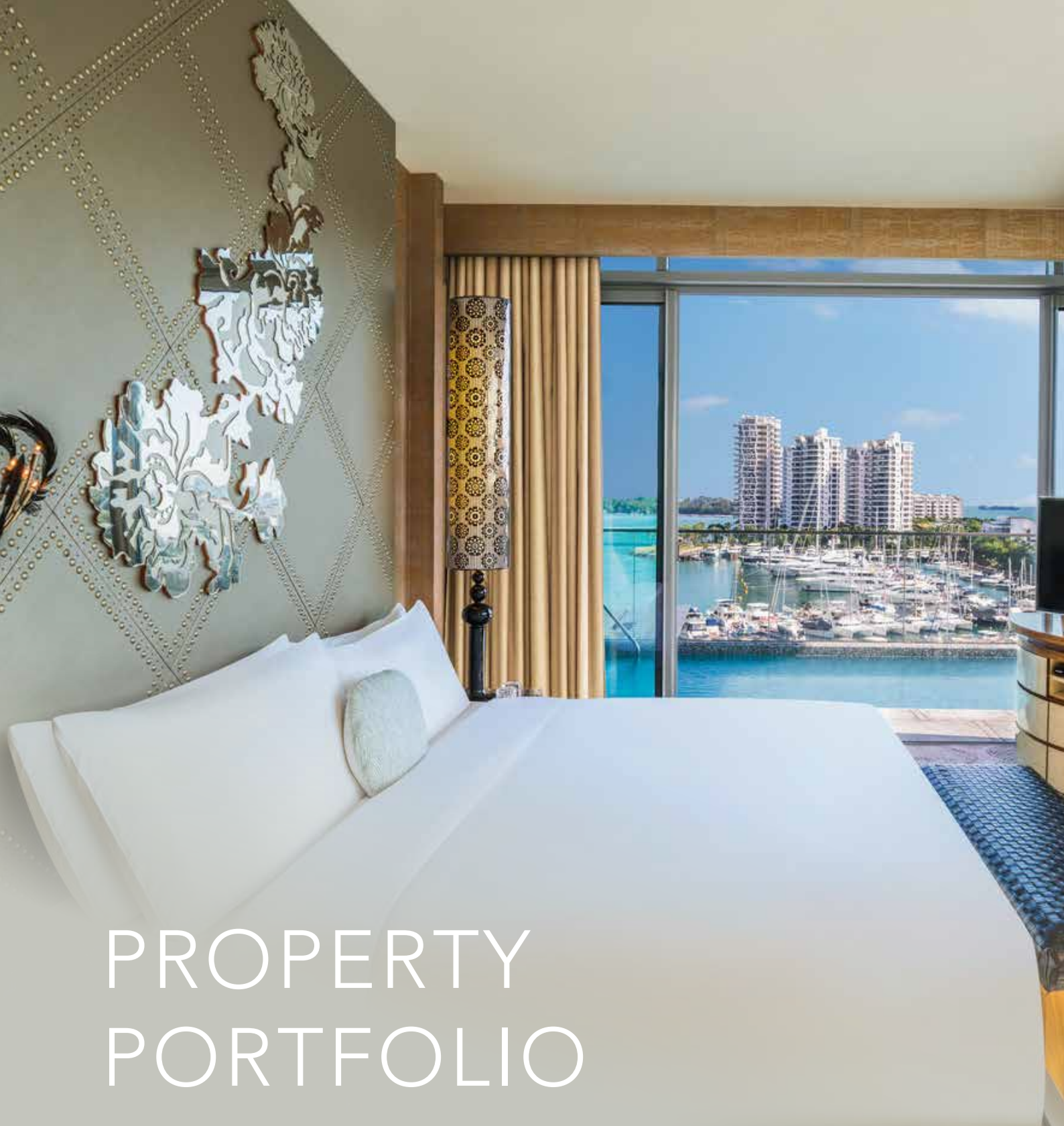
MANDY KOO

Head, Investments & Investor Relations

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

Ms Koo has more than 17 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

Guest Rooms



8,588

SQ. M Land Area



S\$443M

Valuation as at 31 Dec 2021



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 2021:
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 2021 KEY FINANCIALS

Rental income: S\$10.3 million

Net property income: S\$9.6 million

Average occupancy rate: 63.5%



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

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

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

SINGAPORE



Lobby

GRAND COPTHORNE WATERFRONT HOTEL

392 Havelock Road, Singapore 169663

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



574

Guest Rooms



10,860

SQ. M Land Area



S\$356M

Valuation as at 31 Dec 2021



La Residenza 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, pillar-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 2021: S\$356.0 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 2021 KEY FINANCIALS

Rental income: S\$7.2 million

Net property income: S\$6.6 million

Average occupancy rate: 98.6%



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, pillar-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 underwent a complete revamp to the lobby and dining areas 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

- BCA Green Mark Platinum
- TripAdvisor Travellers' Choice Best of the Best Award (2020 – 2021)
- International Hotel Awards, Best Convention Hotel, Singapore (2018 – 2020)
- International Hotel Awards, Best Luxury Hotel, Singapore (2018 – 2020)
- International Hotel Awards, International Five Star Hotel (2017 – 2020)
- Blissful Brides Editor's Choice Preferred Banquet Venue Winner (2016 – 2020)
- Her World Brides Venue Awards (2017 and 2019)
- 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 CBRE Pte. Ltd. using a combination of the Capitalisation and Discounted Cash Flow approaches.

SINGAPORE



Suite Room

M HOTEL

81 Anson Road, Singapore 079908

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



415

Guest Rooms



2,134

SQ. M Land Area



S\$239M

Valuation as at 31 Dec 2021



Lobby



Banquet Suite

PROPERTY DETAILS

Number of guest rooms: 415

Number of food & beverage outlets:

Four outlets comprising Café 2000, The Buffet Restaurant, Hokkaido Sushi Restaurant and J Bar

Banquet/Conference/Meeting facilities:

A banquet suite with a maximum capacity of 350 guests theatre-style (with stage), 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: 224 car park lots and 40 motorcycle lots

Land area: 2,133.9 sq m

Gross floor area: 32,379.3 sq m

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

Purchase price at 19 July 2006:
S\$161.5 million

Valuation ⁽¹⁾ as at 31 December 2021:
S\$239.0 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 2021 KEY FINANCIALS

Rental income: S\$6.1 million

Net property income: S\$5.6 million

Average occupancy rate: 100.0%



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

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

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

NOTABLE ACCOLADES

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

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

SINGAPORE



Signature Queen Room

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\$115M

Valuation as at 31 Dec 2021



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 2021:

S\$115.0 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 2021 KEY FINANCIALS

Rental income: S\$4.9 million

Net property income: S\$4.6 million

Average occupancy rate: 46.2%



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 Teochew and Cantonese delicacies and Princess Terrace Café which is renowned in Singapore for serving authentic Penang cuisine.

NOTABLE ACCOLADES

- BCA Green Mark Platinum
- Singapore Tatler Singapore's Best Restaurants | Tien Court Restaurant (2016 – 2020) and Princess Terrace Café (2016 – 2021)
- Wine & Dine Singapore's Top Restaurants | Tien Court Restaurant (2019 – 2020) and Princess Terrace Café (2019 – 2020)
- Hotel Security Excellence Award (2012 – 2018)

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

SINGAPORE



Cabana

STUDIO M HOTEL

3 Nanson Road, Singapore 238910

A contemporary design-oriented hotel that is in the Robertson Quay entertainment precinct and in proximity to the Central Business District.



360

Guest Rooms



2,932

SQ. M Land Area



S\$166M

Valuation as at 31 Dec 2021



Executive Loft



Lobby

PROPERTY DETAILS

Number of guest rooms: 360

Number of food & beverage outlets:

Two outlets – MEMO and Breeze

Other facilities:

Recreational facilities incorporating a 25-metre lap pool, a 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 2021:

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:

Fixed rent of S\$5.0 million

FY 2021 KEY FINANCIALS

Rental income: S\$5.0 million

Net property income: S\$4.7 million

Average occupancy rate: 59.0%



Studio M Hotel is a unique and stylised hotel in Singapore that blends modern design with functionality. It is the first fully loft-inspired Singapore hotel that occupies a prime and vibrant location in the city; within easy reach of both the Central Business District and Orchard Road. The lifestyle hotel offers a great leisure getaway or business stay in the iconic entertainment precinct of Robertson Quay. Studio M Hotel has 360 stylish guest rooms and facilities which include an open-air tropical oasis 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 is a cosy café nestled in Robertson Quay, offering a relaxing ambience.

In December 2021, Studio M Hotel continued the refurbishment of 360 guestrooms which will be carried out in phases from December 2021 to May 2022. The refurbished rooms will enhance the hotel's product offering and market positioning.

NOTABLE ACCOLADES

- BCA Green Mark Gold
- Singapore Green Hotel Award (2019 – 2020)
- PUB Water Efficient Building Basic Award (2010 – 2022)
- Hotel Security Excellence Award (2018 – 2021)
- bizSAFE Level 4 Certification (2019 – 2024)

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

SINGAPORE



Wonderful Room

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 seafont.



240

Guest Rooms



17,016

SQ. M Land Area



S\$314M

Valuation as at 31 Dec 2021



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, whirlpool, vitality pool and experiential showers; FIT, a 235 sq m, state-of-the-art gym with panoramic garden views through floor-to-ceiling windows; WET® Pool, one of Singapore's largest 24-hour free-form resort outdoor pools; and WIRED, a contemporary business centre

Car park facilities: 121 car park lots ⁽¹⁾

Land area: 17,016.0 sq m

Gross floor area: 25,374.3 sq m

Title: 99 years leasehold interest commencing from 31 October 2006

Purchase price at 16 July 2020:

S\$324.0 million

Valuation ⁽²⁾ as at 31 December 2021:

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 2021 KEY FINANCIALS

Gross hotel revenue: S\$31.4 million

Net property income: S\$6.6 million

Average occupancy rate: 44.4%

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

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



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

- Expat Living Reader's Choice Awards 2022 | Best Hotel For a Family Staycation in Singapore (Silver Winner)
- Forbes Travel Guide's 2021 Star Award Winners: Recommended
- Honeycombers Readers' Choice Awards 2021: Best Romantic Staycation in Singapore (Gold)
- Hotels.com Loved by Guests Award Winner 2021 9.2/10 Rating
- TripAdvisor Travellers' Choice Awards 2021 | NEW! Best Brunch Spots – the kitchen table (Ranked #9 on the World's List)
- Savour Blackbook Asia Star Awards 2021 | Best Luxury Lifestyle Suite, W Singapore – Sentosa Cove | Best Cocktail Menu, WOOBAR

SINGAPORE



CLAYMORE CONNECT

442 Orchard Road, Singapore 238879

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



20

Tenants as at 31 Dec 2021



~7,187

SQ M in NLA



S\$88M

Valuation as at 31 Dec 2021



MapleBear



Interior

PROPERTY DETAILS

Net lettable area (including Galleria):

Approximately 7,187 sq m

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

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

Purchase price at 19 July 2006:

S\$34.5 million

Valuation ⁽¹⁾ as at 31 December 2021:

S\$88.0 million

FY 2021 KEY FINANCIALS

Rental income: S\$3.6 million

Net property income: S\$1.4 million

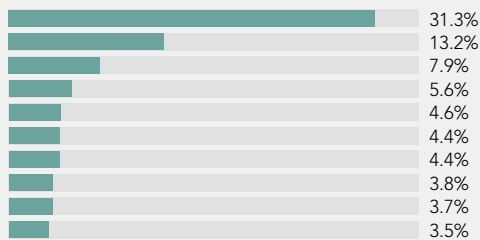
Total number of tenants as at

31 December 2021: 20

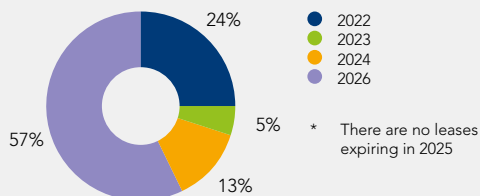
Committed occupancy rate as at

31 December 2021: 85.8%

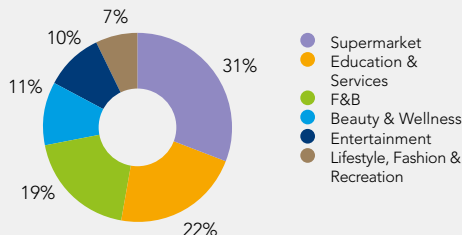
% CONTRIBUTION TO RENTAL INCOME OF TOP 10 TENANTS FOR FY 2021



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



TENANT MIX BY RENTAL INCOME FOR FY 2021



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

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

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

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

Apart from the anchor tenant Cold Storage, Claymore Connect features tenants such as MapleBear Singapore – an early education centre offering Canadian education philosophies and practices, combined with Singapore's bilingual literacy curriculum, Ch'i Life Studio – Singapore's Premier International Martial Arts Studio for children and adults of all ages, Wonderlit Education Centre – a creative enrichment space tailored to nurture and develop children through their formative years to become confident communicators, and CRU – a boutique fitness studio culminating both fitness and lifestyle boasting a line-up of yoga and high-intensity interval training class concepts.

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;
- Jewel Coffee, a leading specialty purveyor in Singapore known for their uniquely roasted single origin espressos;
- Kappo Kaji, a Kyoto-style kappo restaurant serving Japanese kaiseki and omakase cuisine by Chef Kaji, originally from Kyoto, who delights diners with his skills and knowledge; and
- Mr Owl's Food, an Asian food eatery offering aromatic flavours and Chinese cuisine with an emphasis on fresh ingredients as its main feature.

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 such as Indulge Skin & Body Lab, which incorporates both Western science and Traditional Chinese Medicine (TCM) principles, techniques and products in their treatments, and Salon Le Point, one of Singapore's leading hair salons established since 1997 and also one of the hair spas appointed by L'Oreal Kerastase in Singapore.

AUSTRALIA



Beccaria Bar and Restaurant, Mercure Perth

MERCURE & IBIS PERTH

10 Irwin Street, Perth | 334 Murray Street, Perth

Strategically located in the heart of Perth, the hotels are located minutes away from the Central Business District.

MERCURE PERTH



239

Guest Rooms



757

SQ M Land Area



A\$45M

Valuation as at 31 Dec 2021

IBIS PERTH



192

Guest Rooms



1,480

SQ M Land Area



A\$31M

Valuation as at 31 Dec 2021



Superior Room, Mercure Perth



Lobby, Ibis Perth

PROPERTY DETAILS

Hotel:	Mercure Perth	Ibis Perth
Number of guest rooms:	239	192
Number of food & beverage outlets:	Three outlets comprising Beccaria Bar, Beccaria Restaurant and Cucina on Hay	Two outlets comprising the Rubix Bar and Cafe and Murray Street Grill
Banquet/Conference/Meeting 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 300 guests
Car park facilities:	32 car park lots	13 car park lots
Land area:	757 sq m	1,480 sq m
Gross floor area:	22,419 sq m	9,650 sq m
Title:	Strata Freehold	Freehold
Purchase price at 18 February 2010:	A\$36.2 million	A\$21.6 million
Valuation ⁽¹⁾ as at 31 December 2021:	A\$45.0 million	A\$31.0 million

HOTEL MANAGEMENT AGREEMENT DETAILS

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

FY 2021 KEY FINANCIALS

Gross revenue:	S\$4.5 million ⁽²⁾ (A\$4.5 million)	S\$4.2 million ⁽²⁾ (A\$4.2 million)
Net property income:	S\$1.0 million ⁽²⁾ (A\$0.9 million)	S\$0.9 million ⁽²⁾ (A\$0.9 million)
Average occupancy rate:	43.6%	39.9%

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

Mercure Perth features 239 well-appointed rooms, along with three F&B outlets comprising Beccaria Bar, Beccaria Restaurant and Cucina on Hay. The property has a large heated rooftop swimming pool, modern refurbished pool deck area, 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 and now Murray Street shopping strips and a short walk to the Raine Square shopping and Palace Cinema Complex. The hotel also offers a full service breakfast restaurant, casual bar and café, 24-hour room services and three function rooms catering for up to 300 guests. Other features include, secure covered parking, business centre and secure guest access to all hotel floors. The hotel has a Silver Planet 21 rating in 2016 for its sustainability efforts.

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

(1) Mercure Perth and Ibis Perth were valued by CIVAS (NSW) Pty Ltd (trading as Colliers International), both using a combination of the Capitalisation and Discounted Cash Flow approaches.

(2) Based on the average exchange rate of A\$1.00 = S\$1.0097.

NEW ZEALAND



Lobby

GRAND MILLENNIUM AUCKLAND

71-87, Mayoral Drive, Auckland 1010

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



452

Guest Rooms



5,910

SQ. M Land Area



NZ\$230M

Valuation as at 31 Dec 2021



King Deluxe Room



Front Desk

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: 259 car park lots

Land area: 5,910.0 sq m

Title: Freehold

Purchase price at 19 December 2006:

NZ\$113.0 million

Valuation ⁽¹⁾ as at 31 December 2021:

NZ\$230.0 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 2021 KEY FINANCIALS

Rental income: S\$21.6 million ⁽²⁾
(NZ\$22.8 million)

Net property income: S\$21.6 million ⁽²⁾
(NZ\$22.8 million)

Average occupancy rate: 98.4%



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 one of the largest hotels in the city, situated in the heart of Auckland, only 600 metres south of the Sky City entertainment complex, and minutes from all major commercial buildings and the University of Auckland.

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

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

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

NOTABLE ACCOLADES

- TripAdvisor Certificate of Excellence (2012 – 2021)
- Qualmark Assessment 2021 – 4.5 stars

(1) The property was valued by Jones Lang LaSalle Incorporated using a combination of the Capitalisation and Discounted Cash Flow approaches.

(2) Based on the average exchange rate of NZ\$1.00 = S\$0.9489.

MALDIVES



Kuredhi Pool

ANGSANA VELAVARU

Velavaru Island, South Nilandhe Atoll, Republic of Maldives

Located in a picturesque lagoon in the Maldives, Angsana Velavaru offers two distinct experiences with its beachfront villas and its standalone overwater villas.



113

Villas



67,717

SQ. M Land Area



US\$53M

Valuation as at 31 Dec 2021



Lobby



InOcean Villa

PROPERTY DETAILS

Number of guest rooms:

79 Beachfront Villas, 34 InOcean Villas

Number of food & beverage outlets:

Four outlets comprising Kaani Restaurant, Funa Restaurant, Azzurro Restaurant and Bar, Kuredhi Pool Bar

Other facilities:

Angsana Spa & Gallery, 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 2021:

US\$52.5 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 2021 KEY FINANCIALS

Rental income: S\$6.6 million ⁽²⁾
(US\$4.9 million)

Net property income: S\$6.4 million ⁽²⁾
(US\$4.8 million)

Average occupancy rate: 49.6%



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 between 2019 and 2020. Infinity pools were also added to 24 of these villas where guests can have a more enjoyable experience at the resort.

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

NOTABLE ACCOLADES

- TripAdvisor Traveller's Choice 2021
- EarthCheck Gold Certificate (2019 – 2020)
- TripAdvisor Certificate of Excellence 2019
- Luxury Travel Guide Spa & Wellness Awards 2018

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

(2) Based on the average exchange rate of US\$1.00 = S\$1.3428.

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\$41M

Valuation as at 31 Dec 2021



Beach Villa



Yuzu Restaurant & Yapa Sunset Bar

PROPERTY DETAILS

Number of guest rooms:

21 Beach Villas, 16 Overwater Villas, one Royal Residence

Number of food & beverage outlets:

Three restaurants comprising Thari, Yuzu and The Firepit and two bars comprising Long Bar and Yapa Sunset Bar

Other facilities:

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

Land area: 53,576 sq m

Title: 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 2021:

US\$41.0 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 2021 KEY FINANCIALS

Gross hotel revenue: S\$13.3 million ⁽²⁾

(US\$9.9 million)

Net property income: S\$1.7 million ⁽²⁾

(US\$1.3 million)

Average occupancy rate: 31.7%



Raffles Maldives Meradhoo Whale Shark Encounter



Raffles Maldives Meradhoo is located at the southern edge of the Maldives archipelago in the Gaafu Alifu Atoll, occupying the exclusive Meradhoo Island and its surrounding crystal clear lagoon. The Maldives archipelago is home to a host of tropical wildlife and unique underwater encounters near the resort, including reef sharks, spinner dolphins, eagle rays, 25 resident turtles and napoleon fishes. The resort is accessible via a 55-minute domestic flight from Malé International Airport to Kaadedhdhoo Airport, followed by a 15-minute yacht journey. Private jets can land at either Gan International Airport or Kooldoo Airport and connect to the resort via seaplane or speedboat respectively.

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

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

NOTABLE ACCOLADES

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

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

(2) Based on the average exchange rate of US\$1.00 = S\$1.3428.

JAPAN



Hotel MyStays Asakusabashi



Hotel MyStays Kamata

HOTEL MYSTAYS ASAKUSABASHI & MYSTAYS KAMATA

1-5-5 Asakusabashi, Taito-Ku, Tokyo 111-0053 | 5-46-5 Kamata, Ota-Ku, Tokyo 144-0052

Located in close proximity to major transportation networks and tourist attractions, the hotels appeal to both business and leisure travellers.

ASAKUSABASHI



139

Guest Rooms



564

SQ M Land Area



¥3.6B

Valuation as at 31 Dec 2021

KAMATA



116

Guest Rooms



497

SQ M Land Area



¥2.6B

Valuation as at 31 Dec 2021



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 2021:	¥3.59 billion	¥2.55 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 2021 KEY FINANCIALS

Gross hotel revenue:	S\$1.6 million ⁽²⁾ (¥131.3 million)	S\$1.8 million ⁽²⁾ (¥148.1 million)
Net property income:	S\$24,000 ⁽²⁾ (¥1.9 million)	S\$0.4 million ⁽²⁾ (¥29.4 million)
Average occupancy rate:	60.5%	65.4%

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 JLL Morii Valuation & Advisory K.K. using a combination of the Capitalisation and Discounted Cash Flow approaches.

(2) Based on the average exchange rate of S\$1.00 = ¥81.30.

UNITED KINGDOM



Executive Lounge

HILTON CAMBRIDGE CITY CENTRE

20 Downing Street, Cambridge CB2 3DT

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



198

Rooms



~3,600

SQ. M Land Area



£59M

Valuation as at 31 Dec 2021



Junior Suite



Lounge Bar

PROPERTY DETAILS

Number of guest rooms: 198

Number of food & beverage outlets:

Two outlets comprising Bull & Bass Restaurant and the Lounge Bar

Banquet/Conference/Meeting facilities:

501 sq m of event space comprising five function rooms and atrium public space

Other facilities:

Executive Lounge, LivingWell Fitness Gym, and the Bar Oh Ltd concession – a private members jazz event club & bar

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

Land area: ~3,600.0 sq m

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

Purchase price at 1 October 2015:

£61.5 million ⁽²⁾

Valuation ⁽³⁾ as at 31 December 2021:

£59.4 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 2021 KEY FINANCIALS

Gross hotel revenue: S\$10.8 million ⁽⁴⁾
(£5.8 million)

Net property income: S\$3.8 million ⁽⁴⁾
(£2.1 million)

Average occupancy rate: 37.1%



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

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

The Bull & Bass Restaurant serves à la carte seasonal dishes paired with exquisite wines. The other facilities include the Lounge Bar which was re-modelled in 2019 and a private jazz club concession.

NOTABLE ACCOLADES

- TripAdvisor Certificate of Excellence 2015 – 2021
- TripAdvisor GreenLeaders GreenPartner 2019 – 2021
- 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 – 2019
- Hotels.com™ Certificate of Excellence 2017 – 2019
- HolidayCheck Certificate of Excellence 2018
- Great Places to Work UK | 2020 (3rd place) | 2021 (1st place)

(1) The lease term may be extended for a further term of 50 years pursuant to lessee's (CDLHT) option to renew under the lease granted by the head lessor (Cambridge City Council).

(2) The purchase price of £61.5 million refers to the price of the property and excludes the adjustment for net working capital.

(3) The property was valued by CBRE Hotels Limited using the Discounted Cash Flow approach.

(4) Based on the average exchange rate of £1.00 = S\$1.8465.

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



£48M

Valuation as at 31 Dec 2021



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 300 people

Other facilities:

A spa comprising a gym, eight treatment rooms 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 2021:

£48.2 million

Vacant Possession:

Owner-operated, free of operator or brand

FY 2021 KEY FINANCIALS

Gross hotel revenue: S\$14.8 million

(£8.0 million) ⁽³⁾

Net property income: S\$3.9 million

(£2.1 million) ⁽³⁾

Average occupancy rate: 44.6%



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

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

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

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

NOTABLE ACCOLADES

- The AA Rosette Award (2018 – 2022) – The River Restaurant (Two Rosettes)
- Manchester's Finest 2018 – Best Restaurant in Manchester
- Eat, Sleep and Drinks Awards 2017 – Best Hotel Restaurant in Manchester
- Best Bedroom CHS Awards 2017

(1) The purchase price of £52.5 million refers to the price of the property and excludes the adjustment for net working capital.

(2) The property was valued by CBRE Hotels Limited using the Discounted Cash Flow approach.

(3) Based on the average exchange rate of £1.00 = S\$1.8465.

UNITED KINGDOM



Club Room

HOTEL BROOKLYN

Acquisition completed on 22 February 2022
(post financial year end)

57 & 59 Portland Street, Manchester M1 3HP

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



189

Rooms



~1,438

SQ. M Land Area



£25M

Valuation as at 31 Dec 2021



Reception



Suite

PROPERTY DETAILS

Number of guest rooms: 189

Number of food & beverage outlets:

Two outlets comprising Runyon's Bar & Restaurant and Salvation Bar

Banquet/Conference/Meeting facilities:

Three meeting rooms (which can be combined and accommodate up to 140 people theatre-style)

Other facilities:

Casino with restaurant and bar

Land area: ~1,438 sq m

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

Purchase price at 22 February 2022:

£22.8 million ⁽¹⁾

Valuation ⁽²⁾ as at 31 December 2021:

£25.3 million

OCCUPATIONAL LEASE DETAILS

Occupational Tenant: HLD (Manchester) Limited

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

Fixed rent: £2.3 million ⁽⁴⁾



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

Hotel Brooklyn was newly built and opened in February 2020 ⁽⁵⁾. The hotel is finished to a high standard, with a distinctive New York lifestyle feel. The dining offerings include two food & beverage outlets comprising Runyon's Bar & Restaurant and Salvation Bar. There are also three meeting rooms which can be combined and accommodate up to 140 people theatre-style. Napoleons Casino and Restaurant, located at the basement, comprises a casino, restaurant and cocktail bar.

NOTABLE ACCOLADES

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

(1) The purchase price of £22.8 million refers to the price of the property and excludes the adjustment for net working capital.

(2) The property was valued by Cushman & Wakefield Debenham Tie Leung Limited using the Capitalisation method.

(3) The Occupational Lease has a term commencing on 7 May 2021 and expiring on 6 May 2081 with a break option exercisable by the Occupational Tenant on 15 January 2045 and then on every fifth anniversary from that date, by providing at least six months' prior notice to CDLHT.

(4) Pursuant to the Occupational Lease, the fixed rent applicable for 7 May 2021 to 6 May 2022 is £2.3 million, subject to annual upward-only rent review provisions broadly based on inflation. CDLHT has completed the acquisition of Hotel Brooklyn on 22 February 2022 and the fixed rent will be prorated for the year of 2022 for the period post-completion.

(5) Due to the COVID-19 situation, the hotel opened and closed for business intermittently between February 2020 and April 2021, but has been operational since May 2021.

UNITED KINGDOM



Concept drawing - subject to change

Residential BTR Under Development

Piccadilly East, Manchester

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



352

Rooms



~28,455

SQ M Gross Internal Area



£15M

Valuation as at 31 Dec 2021



Concept drawing - subject to change

PROPERTY DETAILS

Number of apartments: 352

Amenity spaces:

Internal and external common amenity spaces which may include a gym, a cinema, resident lounge areas, a roof terrace and ground floor retail spaces (subject to design and changes)

Other common areas:

Approximately 350 bicycle storage

Car park facilities: 20 car park lots

Gross internal area: ~ 28,455 sq m

Title: Freehold

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

£73.3 million

Valuation on a forward-funding basis⁽¹⁾ as at 27 August 2021:

£76.1 million

Valuation⁽²⁾ as at 31 December 2021:

£15.2 million (on the portion developed to-date)

Target completion: 2024



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

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

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

(1) The property was valued by Savills (UK) Limited on a forward-funding basis as at 27 August 2021, using the capitalisation method for the residential and car park components and the direct comparison method for the retail component.

(2) The independent valuation was based on the value of the construction-to-date, which considered the expenditure incurred from 31 August 2021 to 31 December 2021. The carrying amount of investment property under development was based on independent valuation as at 31 December 2021.

GERMANY



Lobby

PULLMAN HOTEL MUNICH

Theodor-Dombart-Strasse 4, 80805 Munich, Germany

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



337

Rooms



~8,189

SQ. M Land Area



€104M

Valuation as at 31 Dec 2021



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 Marketplace

Banquet/Conference/Meeting facilities:

Two conference rooms for up to 60 people theatre style

Other facilities:

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

Commercial components of the property has four retail and seven office tenants (committed occupancy rate as 31 December 2021: 100%)

Car park facilities:

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

Land area: ~8,189 sq m

Title: Freehold

Purchase price at 14 July 2017:

€98.9 million ⁽¹⁾

Valuation ⁽²⁾ as at 31 December 2021:

€104.1 million

MASTER LEASE DETAILS

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

Term of lease: 20 years commencing from 14 July 2017

Minimum rental income: €3.6 million ⁽³⁾

FY 2021 KEY FINANCIALS

Rental income: S\$8.2 million

(€5.2 million) ⁽⁴⁾

Net property income: S\$5.8 million

(€3.6 million) ⁽⁴⁾

Average occupancy rate: 26.0%

(1) The purchase price of €98.9 million is based on H-REIT's effective 94.5% interest in Pullman Hotel Munich, its commercial components and the furniture, fixture and equipment. This excludes the adjustment for net working capital. On the basis of 100% interest, the purchase price is €104.7 million.

(2) The property was valued by CBRE GmbH using the Discounted Cash Flow approach.

(3) Due to the COVID-19 pandemic, a temporary rent abatement agreement for Pullman Hotel Munich was signed in April 2021 ("Temporary Arrangement"). Pursuant to the Temporary Arrangement, (a) the lessor has released the lessee from its obligation to pay the base rent for the months of March to December 2020, which corresponds to a total amount of €3.0 million; and (b) from 2021 to 2024, the annual base rent of the hotel will be reduced, starting with €0.6 million in 2021, stepping up annually to €2.4 million in 2024, before reverting to the original base rent of €3.6 million per annum from 1 January 2025. Under accounting rules, the rental income under this lease modification will be accounted for on a straight-line basis over the remaining lease tenure at €3.1 million per annum. Under the Temporary Arrangement, between March 2020 to December 2024 (the "Restructured Term"), after paying for its rent obligations and relevant hotel-related expenses, any losses suffered by the lessee during the Restructured Term solely due to causes related to the COVID-19 pandemic will first be funded by the lessee, but the lessee will be allowed to claw back the cumulative losses incurred during the Restructured Term from future variable rent payment obligations. Variable rent shall not be due to the lessor until the cumulative losses are clawed back by the lessee. The rationale for the Temporary Arrangement is for business continuity and working together with the lessee is important to navigate the hotel out of the crisis successfully.

(4) Based on the average exchange rate of €1.00 = S\$1.5897.



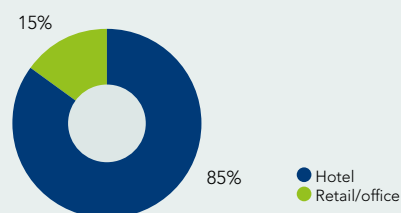
Pullman Hotel Munich is a 4-star hotel with 337 rooms and a comprehensive suite of facilities, as well as secondary spaces currently let out to four retail and seven office tenants.

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 an underground subway access located next to the hotel, motorways connecting Munich to Berlin and Frankfurt within a two-minute drive away, and the Munich railway station and Munich International Airport being accessible via a short drive. Travellers also have direct access to Munich International Airport via the Lufthansa Express Bus service, which stops diagonally opposite the hotel and runs at regular 20 minute intervals, offering significant cost savings and ease of travel to the airport within 25 minutes.

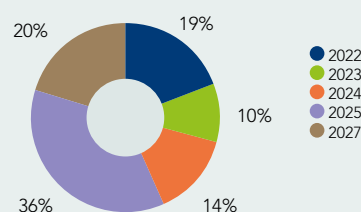
The hotel is also in proximity to many of Munich's popular tourist destinations including the English Garden, the BMW headquarters, the Olympic park and the Allianz Arena, home of FC Bayern Munich.

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

PULLMAN MUNICH FY 2021 GROSS REVENUE SPLIT



LEASE EXPIRY ANALYSIS BY PASSING RENTAL AS AT MONTH OF EXPIRY



* There are no leases expiring in 2026

ITALY



Junior Suite

HOTEL CERRETANI FIRENZE – MGALLERY

Via De' Cerretani 68, 50123 Florence, Italy

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



86

Rooms



~1,350

SQ. M Land Area



€40M

Valuation as at 31 Dec 2021



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 2021:

€40.3 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 2021 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: 20.0%

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

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

(3) Due to the COVID-19 pandemic, a temporary 5-year rent abatement agreement for Hotel Cerretani Firenze was signed in December 2020 (“**Temporary Arrangement**”). Pursuant to the Temporary Arrangement, from 2020 to 2024, the annual base rent level of the hotel has been reduced, starting with €0.2 million in 2020, stepping up annually to a base rent level of €0.9 million in 2024, before reverting to the original base rent level of €1.3 million per annum in 2025. Under FRS 116 / SFRS(I) 16 Leases, the rental income under this lease modification will be accounted for on a straight-line basis over the remaining lease tenure at 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 clawed back by the lessee. As soon as the cumulative losses are fully clawed back, the lessor shall be entitled to receive the variable rent thereafter. Lowering the base rent level in the five-year period serves to lower the level of cumulative losses suffered by the lessee and hence lower the amount of clawbacks from future available variable rent. The rationale for the Temporary Arrangement is for business continuity and working together with the lessees is important to navigate the hotel out of the crisis successfully.

(4) Based on the average exchange rate of €1.00 = S\$1.5897.



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

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

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

NOTABLE ACCOLADES

- TripAdvisor Traveller’s Choice Awards 2021

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, divestment or enhancement of H-REIT's assets in accordance with its stated investment strategies.

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

- Managing, enhancing and maintaining Claymore Connect aimed at achieving high occupancy levels at 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 2001 ("**SFA**"), the Listing Rules issued by Singapore Exchange Securities Trading Limited ("**Listing Manual of SGX-ST**"), the Code on Collective Investment Schemes (including the Property Funds Appendix), the conditions set out in the Capital Markets Services ("**CMS**") Licence for REIT Management issued by the Monetary Authority of Singapore ("**MAS**"), the H-REIT Trust Deed, the tax rulings issued by the Inland Revenue Authority of Singapore on the taxation of H-REIT and the holders of the Stapled Securities 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 Hotel MyStays Asakusabashi and Hotel MyStays Kamata (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 and other accommodation development projects, acquisitions and investments which may not be suitable for H-REIT. HBT is the owner of Hilton Cambridge City Centre, a purpose-built upper upscale hotel located in Cambridge, United Kingdom, which is managed by the Hilton Hotels and Resorts, and The Lowry Hotel, a purpose-built 5-star luxury hotel located in Manchester, United Kingdom. On 30 April 2021, wholly-owned subsidiaries of HBT have acquired business assets of Ibis Perth and Mercure Perth (the "**Perth Hotels**") as well as entered into separate leases with subsidiaries of H-REIT, to act as lessor of the Perth Hotels. On 31 August 2021, HBT entered into a land purchase agreement and a development funding agreement for a residential build-to-rent property in the United Kingdom which is expected to be completed in 2024.

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

Both H-REIT and HBT are externally managed by the H-REIT Manager 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**"). For FY 2021, the Managers have adhered to the principles of the CG Code. Where there are differences in practice from the provisions under the CG Code, the Managers' position in respect of the same is also explained in this report.

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**"). A Code of Business and Ethical Conduct duly approved by the Managers' Board 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 best interests of H-REIT and HBT. This ability to exercise objectivity is one of the assessment criteria in the annual evaluation of the Directors. Directors who are in any way, directly or indirectly, interested in a transaction or proposed transaction will declare the nature of their interests in accordance with the provisions of the Companies Act 1967 and the SFA, where relevant, and in the case of any conflicts of interests, abstain from participating in the deliberation and decision making on such transactions, with abstention duly recorded within the minutes and/or resolutions of the Board and/or the Board Committees.

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

The primary functions of the H-REIT Manager Board and the HBT Trustee-Manager Board are either carried out directly by the H-REIT Manager Board and the HBT Trustee-Manager Board or delegated to the board committees ("**Committees**") with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Manager Boards.

The Committees established by the Board, together with their respective composition are set out below as well as under the corporate directory section in this Annual Report 2021 ("**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

Each Committee reports key matters to the Board at Board Meetings and submit its report at least on an annual basis. All terms of reference for the Committees are approved by the H-REIT Manager Board and the HBT Trustee-Manager Board and reviewed annually to ensure their continued relevance, taking into account the changes in the governance and legal environment.

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, 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. Five Board Meetings, four ARC Meetings and three NRC Meetings were held in 2021.

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 2021 to discuss matters without the presence of Management 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 2021, are disclosed below. Notwithstanding such disclosure, the H-REIT Manager Board and the HBT Trustee-Manager Board are of the view that the contribution of each Director should not be focused solely on his/her attendance at meetings of the Board and/or the Committees.

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

The proposed meetings for the 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 and videoconferencing. The H-REIT Manager Board and the HBT Trustee-Manager Board as well as their Committees may also make decisions by way of circulating written resolutions.

Directors’ Attendance at the General Meetings and Meetings of Board, the Committees and IDs in 2021

	General Meetings	Board	ARC	NRC	IDs
Number of meetings held in 2021	1	5	4	3	1
Name of Directors	Number of meetings attended in 2021				
Chan Soon Hee, Eric	1/1	5/5	N. A.	3/3	1/1
Vincent Yeo Wee Eng	1/1	5/5	N. A.	N. A.	N.A.
Ronald Seah Lim Siang	1/1	5/5	4/4	3/3	1/1
Foo Say Mui (Bill)	1/1	5/5	4/4	3/3	1/1
Kim Kenny	1/1	5/5	4/4	N. A.	1/1
Cheah Sui Ling	1/1	5/5	N. A.	3/3	1/1

Note:

All Directors, including Mr Chan Soon Hee, Eric (Chairman of the Board), Mr Foo Say Mui (Bill) (the chairman of the ARC) and Mr Ronald Seah Lim Siang (the chairman of the NRC) were in attendance at the Annual General Meetings in 2021 (“2021 AGMs”), together with the key management personnel and the external auditors of CDLHT. The AGMs were held via electronic means.

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

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

CORPORATE GOVERNANCE

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. The NRCs may review this guideline from time to time and will also consider the circumstances of individual Directors or potential candidates with multiple listed company directorships above the recommended number to determine their capacity to participate and contribute effectively to the Board.

Complete, Adequate and Timely Information

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

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

Access to Management, Company Secretaries and Independent Professional Advice

All Directors of the Managers have direct and independent access to the Management. To facilitate this access, all Directors are provided with the contact details of the key management personnel. The contact details of the head of internal audit are also provided to the ARC.

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

The Company Secretaries, whose appointment and removal are subject to the approval of the H-REIT Manager Board and the HBT Trustee-Manager Board, attend all Board and Committee meetings to provide guidance for the Board procedures to be followed. The Company Secretaries, together with Management of the H-REIT Manager and the HBT Trustee-Manager, also ensure that the H-REIT Manager, H-REIT, the HBT Trustee-Manager and HBT comply with all applicable statutory and regulatory rules. Together with the Management, the Company Secretaries also assist the Board Chairman, the Board and Committees of the H-REIT Manager and the HBT Trustee-Manager on corporate governance matters and assist to implement and strengthen corporate governance practices and processes, including ensuring good information flow within the Boards of the Managers and the Committees and between the Directors and Management, facilitating induction for newly appointed Directors of the Managers and newly appointed members of Committees, and assisting in the continuing training and development for the Directors.

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

CORPORATE GOVERNANCE

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

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

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

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

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

For a first time Director who has no prior experience as a director of a listed company, in addition to the induction as detailed above, he or she will be required to also attend specific modules of the Listed Entity Director ("**LED**") Programme conducted by the Singapore Institute of Directors ("**SID**"), in order to acquire relevant knowledge of what is expected of a listed company director, this being a mandatory requirement under the SGX-ST Listing Rules. Completion of the LED Programme, which focuses on comprehensive training of company directors on compliance, regulatory and corporate governance matters, should provide the first time Director with a broad understanding of the roles and responsibilities of a director of a listed company under the requirements of the Companies Act 1967, the Listing Manual of SGX-ST and the CG Code. The Company Secretaries, where relevant, will co-ordinate with such Director to endeavour completion of the LED Programme within one year from his or her date of appointment subject to SID's training schedule and the Director's availability.

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

The Directors had attended in-house seminars conducted by external speakers and other SID courses in 2021 and they were also briefed during the Boards and Committees meetings on the recent regulatory changes such as accounting, tax, the CG Code and related listing rules revisions. In addition to the training courses/programmes and briefing updates, Directors are also at liberty to approach Management should they require any further information or clarification concerning the Managers' operations.

CORPORATE GOVERNANCE

Board Composition and Guidance Principle 2

Board Independence

The Boards of the H-REIT Manager and the HBT Trustee-Manager currently comprise six members each. Mr Vincent Yeo Wee Eng, the CEO and an Executive Director of the Managers, is considered a non-independent Director. Five members of the Board are considered Non-Executive Directors, namely Mr Chan Soon Hee, Eric, Dr Foo Say Mui, (Bill), Mr Ronald Seah, Mr Kenny Kim and Ms Cheah Sui Ling. All of them are considered IDs by the Board, 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.

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

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 2021, 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.

Mr Ronald Seah, who was appointed on 21 October 2013, would have served 9 years on the Managers' Boards and he has notified the Board of his intention to step down from the Boards in October 2022.

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

The NRCs review the size and composition of the H-REIT Manager Board and the HBT Trustee-Manager Board and the Board Committees annually. At the recommendation of the NRCs, the Boards adopted a Board Diversity Policy 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. H-REIT and HBT own assets in various regions such as Asia, Oceania and Europe including the United Kingdom. The CEO, who is also an Executive Director of the H-REIT Manager Board and the HBT Trustee-Manager Board, together with the IDs collectively have prior work experience in these regions.

CORPORATE GOVERNANCE

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 60.5 years and 6.7 years respectively. The Boards will continue to review opportunities to refresh the Boards with a view to expanding the skills, experience and diversity of the Board as a whole. Further information on the individual Directors' background, experience and skills can be found in the "Board of Directors" section in the Annual Report.

Having considered the scope and nature of the operations of the H-REIT Group and the HBT Group, the Boards are satisfied that the current composition mix and size of the Boards provide for sufficient diversity and allow for informed and constructive discussion and effective decision-making at the meetings of Boards and Committees. No individual or small group of individuals dominates the Boards' decision-making. No alternate Directors have been appointed in respect of any of the Directors.

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 plans and direction, in the review and monitoring of Management's performance through periodic reports from the Management and have unrestricted access to the Management. They also sit on various Committees established by the Boards of the H-REIT Manager and the HBT Trustee-Manager to provide unbiased and independent views, constructive input and the necessary review and monitoring of performance of H-REIT, HBT and the Management. The Lead ID may call for meetings of NEDs or IDs from time to time, when appropriate, without the presence of the Management and provide feedback to the Chairman after such meetings. The H-REIT Manager and HBT Trustee-Manager held respective meetings of the Independent Directors, chaired by the Lead ID in December 2021 (without the presence of Management and the CEO).

Chairman and Chief Executive Officer Principle 3

The roles of the Chairman and CEO are separate. Mr Chan Soon Hee, Eric is an Independent and non-executive Chairman, while the CEO, Mr Vincent Yeo Wee Eng, is an executive Director. This ensures an appropriate balance of power, increased accountability and greater capacity of the H-REIT Manager Board and the HBT Trustee-Manager Board for independent decision-making. The Chairman is not related to the CEO.

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

CORPORATE GOVERNANCE

Lead Independent Director

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

The Lead ID is available to the Stapled Security Holders of CDLHT should they have concerns and for which contact through the normal channels of the Chairman or the Management has failed to resolve or is inappropriate. No query or request on any matter which requires the Lead ID's attention was received from Stapled Security Holders in 2021.

[Board Membership Principle 4](#)

Nominating and Remuneration Committee Composition and Role

All four members of the NRCs are IDs, including the NRC Chairman. The Lead ID is one of the members of the NRC. Please refer to the 'Corporate Directory' section of this Annual Report for the composition of the NRCs.

The NRCs' responsibilities as set out in its written terms of reference approved by the Boards, are to review the structure, size and composition of the Boards and Committees, succession plans for the Chairman of the Board, CEO and KMP, review appointments and resignations of Directors and relevant KMP, including the CEO and the CFO, determine Directors' independence annually, evaluate the performance of the Boards, Committees and Directors, review Directors' induction, orientation, training and continuous professional development programmes as well as review the remuneration framework and policies of the Managers and review specific remuneration packages of Directors and KMP.

During the financial year ended review, the NRC conducted a self-assessment of its own effectiveness in the discharge of its role and responsibilities, which was facilitated through the use of a self-assessment checklist ("**NRC Self-Assessment Checklist**"). The NRC Self-Assessment Checklist covered, *inter alia*, the responsibilities of the NRC under its terms of reference and considered also the contributions of NRC members to the deliberation and decision-making process at NRC Meetings.

Based on the self-assessment, the NRC is of the view that it has fulfilled its responsibilities and discharged its duties as set out in the terms of reference.

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 generally take into account recommendations from Directors and various other sources, including candidates which may be suggested by SID, the Council for Board Diversity and any other relevant organisations. Should it be necessary, the NRCs may consider the use of external search firms to find appropriate candidates. Shortlisted candidates would be required to furnish their curriculum vitae containing information on their academic/professional qualification, work experience, employment history and experience (if any) as directors of listed companies.

Key Information on Directors

Please refer to the "Board of Directors" section in the Annual Report for key information on the H-REIT Manager Directors and the HBT Trustee-Manager Directors and "Directors' Statement", including *inter alia* their date of appointment, the academic/professional qualifications, major appointments/principal commitments, directorships held in listed companies, both currently and in the preceding five years, and other relevant information as well as the number of stapled securities held by Directors in CDLHT.

CORPORATE GOVERNANCE

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 towards 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 on areas relating to the Board's role on strategy and performance, the Board's process and governance (including oversight on internal controls and risk management), the Board's competencies and effectiveness of the Board Chairman, a consolidated report is prepared and reviewed/evaluated by the NRCs, its comments and recommendations for improvements, if any, are presented to the Boards.

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

The annual evaluation for the Chairman of the Boards and the individual Director's performance comprise 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 abstains from the discussions in order to avoid any conflict of interests.

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

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

REMUNERATION MATTERS

Procedures for developing Remuneration Policies

Principle 6

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

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

Level and Mix of Remuneration

Principle 7

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

CORPORATE GOVERNANCE

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

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

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

- (a) to ensure that the remuneration packages are competitive in attracting and retaining employees capable of meeting the Managers' needs;
- (b) to ensure that remuneration commensurate with employees' duties, responsibilities and length of service;
- (c) to build sustainable value-creation to align with longer term shareholder 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 by independent human resource consultants as well as CDLHT's overall performance in each specific year. Employees are also provided with the standard benefits including insurance and medical benefits. In 2021, Aon Hewitt Singapore Pte. Ltd., an external human resource consultant was engaged to provide benchmarking for all levels of employees of the Managers. The consultant is not related to the Managers, their controlling shareholder, their related corporations or any of their Directors.

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

Some of these KPIs include key financial indicators, risk management, compliance and controls measures, employee engagement and talent development.

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

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 H-REIT Manager in the form of options in Stapled Securities or pursuant to any bonus or profit-sharing plan or any other profit-linked agreement or arrangement, under 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. For FY 2021, the aggregate amount of Directors' fees receivable by each of the Directors of the H-REIT Manager Board was less than S\$250,000. These fees will be subject to approval by the shareholder of the H-REIT Manager. No Director is involved in deciding his own remuneration. The Directors of the HBT Trustee-Manager Board did not receive any Directors' fees for FY 2021.

CORPORATE GOVERNANCE

The structure of the fees payable to Directors of the H-REIT Manager for FY 2021 is as follows:

Appointment	Per Annum (S\$)
Board of Directors	
- Chairman's Fee	80,000*
- Base Fee	50,000
Audit and Risk Committee	
- ARC Chairman's Fee	70,000
- ARC Member's Fee	40,000
Nominating and Remuneration Committee	
- NRC Chairman's Fee	10,000
- NRC Member's Fee	5,000
Lead Independent Director's Fee	10,000

* Inclusive of Base Fee

A breakdown of the aggregate Directors' Fees received by each Director for FY 2021 is appended below:

Director	Role	Board Fees (S\$)
Chan Soon Hee, Eric	Chairman and Independent Non-Executive Director Member of NRC	85,000
Foo Say Mui (Bill)	Lead Independent Non-Executive Director Chairman of Audit and Risk Committee Member of NRC	135,000
Vincent Yeo Wee Eng	Executive Director	50,000
Ronald Seah Lim Siang	Independent Non-Executive Director Member of Audit and Risk Committee Chairman of NRC	100,000
Kenny Kim	Independent Non-Executive Director Member of Audit and Risk Committee	90,000
Cheah Sui Ling	Independent Non-Executive Director Member of NRC	55,000

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 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.

CORPORATE GOVERNANCE

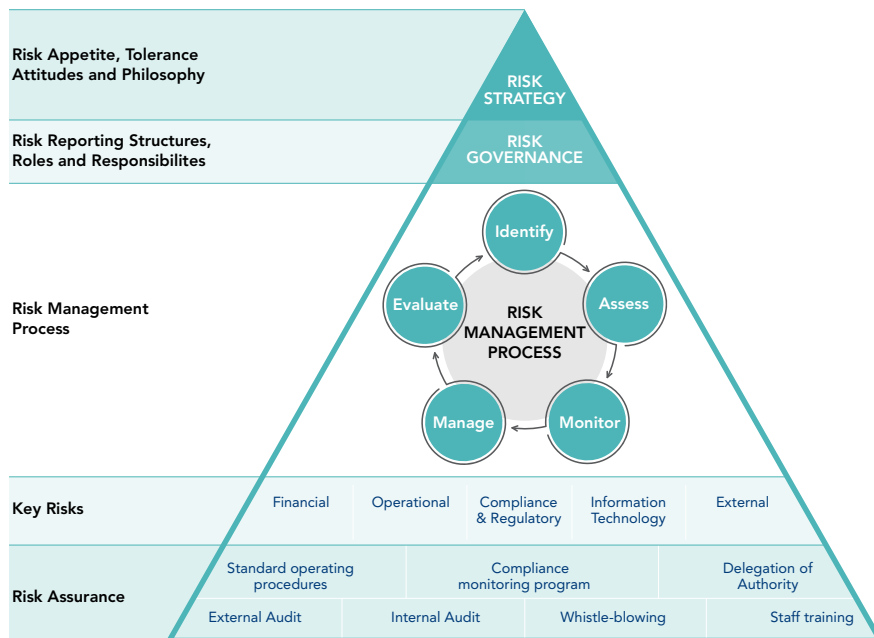
Pursuant to their terms of reference, the NRCs shall regularly review and recommend to the Boards, their assessment of the performance of KMPs. The NRCs shall also take a holistic approach to the Managers' remuneration policy by considering the contribution and performance of KMPs in light of the performance 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 Boards ("the Boards") are responsible for the overall risk strategy and risk management of H-REIT and HBT and 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.

Oversight of Risk Management



The Board is supported by the ARC, which comprises independent directors with diverse experience and knowledge. 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 their observations on any matters under their purview including any risk management, internal controls or financial and management matters as they consider necessary and make recommendations to the Boards as they think fit.

An organisational risk management framework has been established by the Managers to formalise and document the internal processes, many of which are already currently in place, to enable key business risks affecting H-REIT and HBT to be identified, assessed, monitored, managed and evaluated. The Managers identify key risks, assess their likelihood and impact on H-REIT's and HBT's business and develop corresponding mitigating controls. This risk information is maintained in a risk register that is reviewed and updated regularly. The key risks identified include but are not limited to the following:

External risk

As part of its active asset management strategy, the Managers continue to closely monitor economic and geopolitical developments across the markets that CDLHT operates in. Conscious of the heightened economic challenges brought about by the COVID-19 pandemic and to partially mitigate its impact, the Managers extended rental waivers, rental deferrals and temporary rental abatement arrangements to support CDLHT tenants and lessees, where necessary.

CORPORATE GOVERNANCE

Financial risk

Financial market risks and capital adequacy are closely monitored by the Managers and are reported to the Boards on a quarterly basis. At the portfolio level, this includes active management of CDLHT's debt maturity profile, operating cash flows and availability of funding facilities to meet its capital, re-financing and operating needs. CDLHT also hedges its portfolio exposure to interest rate volatility risks through interest rate derivatives and fixed rate borrowings. For more information, please refer to Note 25 "Financial Instruments" on page 220 of the Annual Report.

Compliance and Regulatory risk

Breaches of applicable regulations and laws in the various jurisdictions in which H-REIT and HBT operate in may result in litigation, penalties, revocation of business licenses and bad publicity. The H-REIT and HBT Managers identify the applicable regulations and laws and are committed to ensure compliance in their day-to-day business operations.

Information Technology risk

With the rapidly changing technology, this exposes businesses to potential information technology ("IT") breaches and cyber security threats. The Managers have put in place policies and procedures for IT governance and controls as well as an IT Disaster Recovery Plan to ensure timely recovery of business-critical IT systems. In addition, all staff are also required to attend IT and cybersecurity awareness training.

Operational risk

To manage operational risk, the Management has put in place a comprehensive set of standard operating procedures ("**SOPs**") which are regularly reviewed. 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.

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.

CORPORATE GOVERNANCE

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 2021 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.

Audit Committee Principle 10

Composition of the ARCs

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

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

Powers and Duties of the ARCs

The ARCs are authorised by the H-REIT Manager Board and the HBT Trustee-Manager Board to review and investigate any matters 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;

CORPORATE GOVERNANCE

- 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.

Financial Matters

In the review of the financial statements for FY 2021, the H-REIT Manager ARC and the HBT Trustee-Manager ARC have discussed with Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The following significant matters impacting the financial statements were discussed with Management and the external auditors and were reviewed by the H-REIT Manager ARC and the HBT Trustee-Manager ARC:

Significant Matters	How the ARCs reviewed these matters and what decisions were made
Valuation of investment properties and investment property under development	<p>The H-REIT Manager ARC and the HBT Trustee-Manager ARC considered the approach and methodology applied to the valuation model in assessing the valuation of the investment properties and investment property under development. The ARCs noted that:</p> <ul style="list-style-type: none"> • 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. <p>The valuation of the investment properties and investment property under development was an area of focus by the external auditors. The external auditors have included this item as a key audit matter in their audit report for the financial year ended 31 December 2021. Refer to page 143 of this Annual Report.</p>
Valuation of property, plant and equipment	<p>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:</p> <ul style="list-style-type: none"> • 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. <p>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 2021. Refer to pages 143 to 144 of this Annual Report.</p>

During the financial year under review, the ARCs of the H-REIT Manager and HBT Trustee-Manager have established an internal controls system to ensure that all Related Party Transactions and/or Interested Party Transactions are undertaken on normal commercial terms and are not prejudicial to the interests of H-REIT and the holders of H-REIT units or HBT and the holders of HBT units. The ARCs have been kept abreast by the CFO and the external auditors on changes to the accounting standards and issues which have direct impact on the the H-REIT Group, HBT Group and the Stapled Group's financial statements during FY 2021.

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.

CORPORATE GOVERNANCE

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

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

External Auditors

The ARCs had evaluated the performance of the external auditors for FY 2021. 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 2021, 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 2021. 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 2021 and the corresponding fees and are of the opinion that such non-audit fees did not impair or threaten the audit independence. Based on the review, the ARCs are of the opinion that KPMG is, and is perceived to be, independent for the purpose of the H-REIT Group's, HBT Group's and the Stapled Group's statutory audit.

For details of the fees paid and/or payable by the H-REIT Group, HBT Group and the Stapled Group in respect of audit and non-audit services for FY 2021, 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 2022, 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 2022 Annual General Meetings ("**2022 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.

CORPORATE GOVERNANCE

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.

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 was guided by the ARC's self-assessment checklist as well as through the reports submitted by IA at ARC meetings.

The ARCs met with the internal auditors separately without the presence of Management in January 2022.

Rights of Stapled Security Holders and Engagement

Rights of Stapled Security Holders and Conduct of General Meetings Principle 11

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

In view of the COVID-19 pandemic, the 2021 AGMs of H-REIT and HBT were held on 23 April 2021 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 2021 AGMs via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio only stream, submission of questions in advance of the 2021 AGMs, addressing of substantial and relevant questions prior to or at the 2021 AGMs and voting by appointing the chairman of the meeting as proxy at the 2021 AGMs), were released via SGXNet and made available on the website of CDLHT. The voting results of the 2021 AGMs were released via SGXNet and the minutes of 2021 AGMs were released via SGXNet within one month from 2021 AGMs. Depending on the COVID-19 situation this year, the 2022 AGMs may be held in 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.

CORPORATE GOVERNANCE

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 2021 AGMs via electronic means, and would endeavour to be present at the 2022 AGMs.

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, 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 2021. In presenting the 2021 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.

CORPORATE GOVERNANCE

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. 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.

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.

Engagement with Stakeholders Principle 13

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 2004 in respect of FY 2021, which is set out on pages 107 to 112 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 (“**W Hotel**”) and a wholly-owned subsidiary of HBT is the master lessee and business owner of W Hotel. On 30 April 2021, wholly-owned subsidiaries of HBT have acquired business assets of Ibis Perth and Mercure Perth (the “**Perth Hotels**”) as well as entered into separate leases with subsidiaries of H-REIT, to act as lessor of the Perth Hotels.

HBT had on 25 August 2021, revised its principal investment strategy to include references to real estate which is primarily used for other accommodation and/or lodging purposes including, without limitation, properties used for rental housing, co-living, student accommodation and senior housing. On 31 August 2021, HBT entered into a land purchase agreement and a development funding agreement for a residential build-to-rent property in the United Kingdom which is expected to be completed in 2024.

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

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

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

- treat the HBT Unitholders who hold units of HBT (“**HBT Units**”) in the same class fairly and equally and HBT Unitholders who hold HBT Units in different classes (if any) fairly;
- ensure that all payments out of the trust property of HBT (the “**HBT Trust Property**”) are made in accordance with the Business Trusts Act 2004 (the “**BTA**”), the HBT Trust Deed and the Stapling Deed;
- report to Monetary Authority of Singapore (“**MAS**”) any contravention of the BTA or Business Trusts Regulations by any other person that:
 - 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;

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

- not make improper use of any information acquired by virtue of its position as the HBT Trustee-Manager to gain, directly or indirectly, an advantage for itself or for any other person to the detriment of the HBT Unitholders;
- hold the HBT Trust Property on trust for all HBT Unitholders as a whole in accordance with the terms of the HBT Trust Deed;
- adhere with the business scope of HBT as set out in the HBT Trust Deed;
- review interested person transactions in relation to HBT;
- review expense and cost allocations payable to the HBT Trustee-Manager in its capacity as trustee-manager of HBT out of the HBT Trust Property and ensure that fees and expenses charged to HBT are appropriate and in accordance with the HBT Trust Deed; and
- comply with the BTA and the Listing Manual.

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

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

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

The HBT Trustee-Manager has also adopted a set of corporate governance practices as set out on pages 88 to 106 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.

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 shareholder of the HBT Trustee-Manager. The independent directors form the majority of the HBT Trustee-Manager Board. This allows the HBT Trustee-Manager Board to examine independently and objectively, any potential issue of conflicts of interest arising between the HBT Trustee-Manager in its own capacity and the HBT Unitholders as a whole.
- Employees, if any, are directly employed by the HBT Trustee-Manager.
- All resolutions in writing of the HBT Trustee-Manager Directors in relation to matters concerning HBT must be approved by all the HBT Trustee-Manager Directors.
- In respect of matters in which the Sponsor and/or its subsidiaries has an interest, direct or indirect, any nominees appointed by the Sponsor and/or its subsidiaries to the HBT Trustee-Manager Board to represent its/their interests will abstain from voting. In such matters, the quorum shall comprise a majority of the independent HBT Trustee-Manager Directors and shall exclude nominee director of the Sponsor and/or its subsidiaries.
- 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 HBT Unitholders, and are in compliance with all applicable requirements of the Listing Manual and the BTA relating to the transactions in question. If the HBT Trustee-Manager is to sign any contract with an interested person of the HBT Trustee-Manager or HBT, the HBT Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to interested person transactions (as may be amended from time to time) as well as any other guidelines as may from time to time be prescribed to apply to business trusts.

PRESENT AND ONGOING INTERESTED PERSON TRANSACTIONS

(i) Exempted Agreements

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

(ii) Future Interested Person Transactions

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

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

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

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

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

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

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

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

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

The HBT Trustee-Manager is entitled under the HBT Trust Deed to a management fee comprising a base fee of up to a maximum of 0.25% per annum of the value of the HBT 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.

The table below sets out the fees earned by the HBT Trustee-Manager for the financial year ended 31 December 2021.

Fee	Amount (S\$'000)	% in Cash	% in Units
Management Fee	854	20%	80%
Trustee Fee	243	100%	0%

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

For the financial year ended 31 December 2021, 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 2021 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 of Directors (the “**Board**”) is pleased to issue CDL Hospitality Trusts’ (“**CDLHT**”) Sustainability Report (“**Report**”) for the financial year ended 31 December 2021 (“**FY 2021**”). This Report outlines CDLHT’s vision, strategy, efforts, and performance in achieving its sustainability ambitions. CDLHT is cognizant of maintaining a holistic balance between accomplishing organisational objectives, whilst ensuring positive and responsible contributions to our environment and society through the incorporation of sustainability considerations within our business strategies. The Board is committed towards instilling sustainability into CDLHT’s core values, and oversees sustainability strategy, performance monitoring, practices, initiatives, and targets established, whilst ensuring compliance with the SGX guidelines. Therefore, we manage our sustainability agenda through the monitoring and implementation of relevant key material Environmental, Social and Governance (“**ESG**”) factors across our operations.

With the pandemic lingering on, business disruptions have continued and remain challenging for the hospitality industry. Nevertheless, CDLHT remains committed to monitoring and managing its impacts to the environment and society by seizing opportunities for development and improvement, whilst managing overall business recovery. As part of our efforts to achieve a progressive approach to our sustainability reporting practices, we have widened our scope through the inclusion of three properties, Claymore Connect, Ibis Perth and Mercure Perth.

Towards the latter half of FY 2021, we saw a global shift in the easing of pandemic-related restrictions and as a result, our hotels experienced surges in occupancy and business levels that, for some regions, were closer to normal years compared to the current and previous year. Despite the increased activity at our hotels, we remain energy efficient through the implementation of curbing initiatives. CDLHT spearheads its environmental stewardship through effective management of natural resources consumption. As we aim to continuously advance our sustainability journey, we have taken progressive steps in our data gathering and reporting; this year we have included waste to the reporting scope of CDLHT and have been monitoring, tracking, and managing our waste generation across our hotel operations in FY 2021. We now also segregate our electricity and fuel data to measure our environmental footprint more accurately, which ultimately informs our energy conservation strategies. We look forward to further developing our resource conservation initiatives to reduce our environmental impacts.

CDLHT continues to remain compliant with all country-specific regulations and standards, whilst maintaining strong corporate governance, integrity, and responsible business conduct across all areas of the organisation. As people form the cornerstone of our business, we strive to create a safe environment for all stakeholders. This entails ensuring the wellbeing, health, and safety of both employees and hotel guests. Moreover, as we believe in creating a positive impact to society through community engagement, CDLHT properties continue to partner with local charitable and social organisations to promote responsible citizenship.

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

ABOUT THIS REPORT

CDLHT presents its fifth Sustainability Report for FY 2021. As one of Asia’s leading hospitality trusts with around \$2.9 billion assets under management as at 31 December 2021, we believe sustainability is vital to ensuring the longevity and success of our business and the planet. In this report, we highlight our sustainability strategies, performance, and goals across material ESG topics for FY 2021. Despite the continuously evolving and challenging environment, CDLHT remains focused on its responsibility towards sustainability and will continue to evaluate its performance to ensure sustainable progress. With this report, we aim to present our efforts and commitments in our sustainability journey to our esteemed stakeholders.

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

M&C REIT Management Limited is the manager of H-REIT (the “**H-REIT Manager**”), the first hotel real estate investment trust in Singapore, and M&C Business Trust Management Limited is the trustee-manager of HBT (the “**HBT Trustee-Manager**”, and collectively the “**Managers**”).

SUSTAINABILITY REPORT

Reporting Period and Scope

This report showcases our sustainability strategies and performance for FY 2021.

This financial year, CDLHT took a progressive year-on-year approach to widen its sustainability reporting scope through the inclusion of its retail mall property, Claymore Connect. CDLHT entered into hotel management agreements with AccorHotels for the provision of hotel management services to Ibis Perth and Mercure Perth from 1 May 2021, following the expiry of the respective leases. Accordingly, Ibis Perth and Mercure Perth have also been included into FY 2021's scope. CDLHT's portfolio comprises 18 operational properties that span numerous geographies and form a part of the reporting scope for FY 2021.

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

Reporting Framework

In FY 2021, CDLHT revamped its ESG framework following an internal assessment that was overseen by the Board. We have identified five core pillars which reflect our stakeholder priorities and where we can drive the greatest impact:

1. Climate Resilience and Environmental Stewardship
2. Responsible Investment and Sustainable Value
3. Good Governance and Ethical Business
4. Enable Inclusiveness, Safety, Growth and Diversity of Our People
5. Engage Local Communities and Advocate for Positive Impact

SUSTAINABILITY REPORT

As a means of developing a robust sustainability framework that effectively categorises our key material ESG focal points, we reference our sustainability endeavours to the United Nations Sustainable Development Goals (“**UN SDGs**”). We have aligned our core pillars, overarching commitments, and material topics to the relevant UN SDGs, as depicted below.

ESG Pillar	Sustainable Development Goals (UN SDGs)	Overarching Ambitions	Relevant Material Topics
Climate Resilience and Environmental Stewardship		<ul style="list-style-type: none"> Understand and manage our climate opportunities and risks Advocate, enable and enhance resource efficiencies in our portfolio 	<ul style="list-style-type: none"> Energy Efficiency Water Stewardship Waste Emissions Reduction* Climate Action and Resilience*
Responsible Investment and Sustainable Value		<ul style="list-style-type: none"> Implement responsible investment practices Create economic value for stakeholders 	<ul style="list-style-type: none"> Economic Performance Responsible Investment*
Good Governance and Ethical Business	 	<ul style="list-style-type: none"> Ensure fair, responsible, compliant, and transparent business conduct Educate and raise awareness on issues of modern slavery and human trafficking Facilitate supply chain stewardship with vendors, partners, managers, and tenants 	<ul style="list-style-type: none"> Ethical and Transparent Business Compliance with Social and Environmental Regulations Safe and Liveable Buildings* Data Privacy and Cyber Security*
Enable Inclusiveness, Safety, Growth and Diversity of Our People	   	<ul style="list-style-type: none"> Advocate, enable and enhance fair labour practices and employee wellbeing Promote safe and healthy workplaces for our people and customers Engage with our people and support their growth and development 	<ul style="list-style-type: none"> Employment and Employee Engagement Health and Safety Diversity, Inclusion and Equal Opportunity Training and Development Fair Labour and Human Rights*
Engage Local Communities and Advocate for Positive Impact	 	<ul style="list-style-type: none"> Advocate strategic partnerships to enhance sustainability Promote positive community engagement 	<ul style="list-style-type: none"> Local Community Impact*

(*) Refers to new material topics to be introduced for reporting in FY 2022. These are further explained in the materiality assessment section of the report.

SUSTAINABILITY REPORT

This report is compliant with the SGX Listing Rules 711B and has been prepared with reference to the Global Reporting Initiative (“GRI”) Sustainability Reporting Standards. CDLHT has applied the GRI Standards in its Sustainability Report as the internationally recognised disclosures are most relevant to the business and provide holistic and effective guidance on the management strategy, performance tracking and target-setting processes pertaining to CDLHT’s material ESG topics.

Feedback

We have made this Sustainability Report available online on our corporate website at www.cdlht.com.

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

OUR SUSTAINABILITY APPROACH

Sustainability Vision

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

Sustainability Mission

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

Sustainability Governance

During these uncertain times, CDLHT remains strongly committed to its sustainability journey and key ESG material topics to aid in promoting good corporate citizenry and business longevity. We ensure sustained progress first and foremost through our governance structure that manages and oversees our overall sustainability approach.



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, the Audit and Risk Committee (“ARC”) oversees CDLHT’s sustainability process and strategies. Management will report to the ARC and Board on CDLHT’s sustainability efforts and performance progressively during the quarterly meetings and at the end of each financial year end.

SUSTAINABILITY REPORT

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 this is overseen by the ARC. For FY 2021, 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 our portfolio-wide data capture and analysis software which is continuously updated to enable CDLHT to collect data from various hotels to better monitor and track individual hotel and portfolio performance to enhance oversight of sustainability performance at the portfolio level.

Guidelines on Environmental Risk Management for Asset Managers issued by the Monetary Authority of Singapore (“**MAS**”) will be effective in June 2022. CDLHT welcomes this move and the SWC will in consultation with the Managers’ Boards and ARCs, develop an appropriate approach to address these new MAS guidelines or SGX guidelines, if any.

Stakeholder Engagement

CDLHT proactively initiates and maintains frequent communication with its stakeholders to ensure they are kept abreast of the latest initiatives and progress. As our business impacts and is influenced by our valued stakeholders, we aim to reflect and encapsulate the needs of our different stakeholders through regular communication and engagement, to identify and address the key topics of concern within the organisation. In FY 2021, we continued this dialogue with our internal stakeholders through the employment of various engagement channels, whilst adhering to all regulations and guidelines. Our internal feedback from stakeholders is acquired through our quarterly board meetings and continuous dialogue with the operating and management teams across our hotel portfolio.

The table below depicts our stakeholder engagement efforts in FY 2021.

Stakeholder	Engagement Approach	Key Topics of Concern	Frequency of Engagement
Board of Directors	<ul style="list-style-type: none"> Board meetings (including ad-hoc briefings with external ESG consultants) Email communication Ad-hoc briefings and consultations with external ESG consultants 	<ul style="list-style-type: none"> Economic performance ESG performance & trends Risk management COVID-19 commercial impacts 	Continual Engagement
Government and Regulators	<ul style="list-style-type: none"> Ad-hoc briefings and consultations Participation in surveys and focus groups 	<ul style="list-style-type: none"> Social and environmental related legislation Risk management 	Continual Engagement
Hotel Employees	Approach by hotel operators: <ul style="list-style-type: none"> Training and transition assistance programmes Annual employment survey Performance and career development reviews 	<ul style="list-style-type: none"> Training and development opportunities Career development opportunities Workplace safety and wellbeing COVID-19 safety protocols 	Continual Engagement
Hotel Guests	<ul style="list-style-type: none"> Customer satisfaction surveys Social media Feedback via General Manager 	<ul style="list-style-type: none"> Customers’ health and safety COVID-19 safety protocols 	Continual Engagement
Master Lessees and Hotel Managers	<ul style="list-style-type: none"> Regular management meetings and communication Bilateral communication, one-on-one meetings, and site visits 	<ul style="list-style-type: none"> Workplace safety and wellbeing Customer health and safety Eco-efficiency of buildings COVID-19 commercial impacts 	Continual Engagement
Investors, Analysts and Media	<ul style="list-style-type: none"> Release of financial results and announcements, press releases and other disclosures through SGXNet and CDLHT’s website Meetings and calls with analysts and media Investor conferences / roadshows Annual General Meetings Annual reports and sustainability reports Media releases and interviews Responses to investors’ enquiries 	<ul style="list-style-type: none"> Market and operational performance Distribution and earnings Business strategy and outlook Corporate governance Regulatory compliance 	Continual Engagement
Hotel Suppliers and Business Partners	Approach by hotel operators: <ul style="list-style-type: none"> Assessment of suppliers and vendors Meetings with business partners 	<ul style="list-style-type: none"> Economic performance Environmental factors 	Periodically

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

In FY 2021, CDLHT conducted a materiality refresh as part of revamping our ESG framework. As we aim to make a positive impact on the environment, economy and society, the materiality refresh was purposed with identifying the current ESG standards, practices and material topics prevailing within the industry through the process of peer investigation and benchmarking. Through this process, we refined our core ESG pillars and categorically established 17 overarching ESG material topics that were most relevant to our business, of which, seven have been newly introduced and approved by the CDLHT Board. We will commence reporting on these new material topics from the upcoming financial year but have included them in this report as they inform our new ESG framework and reflect our sustainable aspirations.

The new material topics we will be tracking from FY 2022 include Emissions Reductions, Climate Action and Resilience, Responsible Investment, Data Privacy and Security, and Local Community Impact. We have considered Safe and Liveable Buildings, and Fair Labour and Human Rights as part of our ESG framework to be incorporated into the business and plan to commence reporting on these topics from FY 2023.

Core ESG Pillar	Relevant Material Topics
Climate Resilience and Environmental Stewardship	<ul style="list-style-type: none"> • Energy Efficiency • Water Stewardship • Waste • Emissions Reduction* • Climate Action and Resilience*
Responsible Investment and Sustainable Value	<ul style="list-style-type: none"> • Economic Performance • Responsible Investment*
Good Governance and Ethical Business	<ul style="list-style-type: none"> • Ethical and Transparent Business • Compliance with Social and Environmental Regulations • Safe and Liveable Buildings** • Data Privacy and Cyber Security*
Enable Inclusiveness, Safety, Growth and Diversity of Our People	<ul style="list-style-type: none"> • Employment and Employee Engagement • Health and Safety • Diversity, Inclusion and Equal Opportunity • Training and Development • Fair Labour and Human Rights**
Engage Local Communities and Advocate for Positive Impact	<ul style="list-style-type: none"> • Local Community Impact*

* To commence reporting on these topics from FY 2022

** To commence reporting on these topics from FY 2023

CLIMATE RESILIENCE AND ENVIRONMENTAL STEWARDSHIP

CDLHT is cognizant of the need to address climate change and its affiliated risks to negate any resulting negative impact. As a key player within the hospitality industry, we acknowledge the importance of steadfast commitment towards reducing this environmental impact, whilst simultaneously influencing the industry through the nurturing and creation of positive change from our operations. Thereby, we endeavour to conserve the use of natural resources, such as energy and water, whilst reducing our carbon footprint and waste generation.

Energy Efficiency

As our portfolio comprises primarily hospitality properties, energy consumption remains one of the largest environmental impacts from our operations. As a result, CDLHT strives to achieve a reduction in energy consumption across the entire portfolio whilst advocating for energy conservation and efficiency. We aim to reduce our energy consumption through a multitude of initiatives and active monitoring of consumption patterns, to inform areas of improvement, advancements, and relevant strategic decisions to curtail our overall energy consumption and improve efficiency.

Our Approach

At CDLHT, the operation of numerous assets across the portfolio results in different approaches to energy management. Overall, we expect all our hotels under management to operate according to their respective established environmental policies, tailored to the individual energy practices and regulations across the portfolio. Predominantly, our energy management approach involves implementing operational initiatives that are aimed at directly reducing energy consumption and retrofitting technological advancements to generate energy efficiency.

SUSTAINABILITY REPORT

Operational Control to Curb Energy Consumption

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

A primary measure we employ to reduce our energy consumption involves the use of a Building Management System (“**BMS**”) or Energy Management System (“**EMS**”) to identify and subsequently manage energy usage across our individual hotels. These management systems assist in monitoring, managing, reporting, and ultimately controlling business operations that are energy intensive thereby optimising energy usage within the hotel.

Our hotels employ these management systems to determine light schedules, operating hours for building functions, temperature settings and other control functions to reduce energy consumption. As an example, in FY 2021, The Lowry Hotel underwent upgrades to its BMS to further reduce energy consumption.

The building systems at Orchard Hotel assisted in discerning the need for a reduction in operating hours of the carpark ventilation system, switching off non-essential lighting zones and limiting energy supplied to escalators, air-conditioning and lighting during times of low usage. Similarly, Grand Copthorne Waterfront Hotel altered its air-conditioning temperature design to reduce its energy consumed whilst Copthorne King’s Hotel utilised its EMS to monitor and implement room control systems to manage the energy consumed in each hotel room.

At the W Singapore - Sentosa Cove (“**W Hotel**”) in Singapore operated by Marriott International, we continue to uphold our commitment to their “2025 Sustainability and Social Impact Goals” aimed at reducing the operational carbon footprint through advancements in energy efficiency and stringent energy consumption monitoring. Its BMS helped delineate areas to optimise energy usage through alterations to its chillers and Heating Ventilating and Air Condition (“**HVAC**”) system.

A few of our hotels continue to drive Accor’s “Planet 21” programme that drives sustainability within the hospitality industry through a strategic focus across 4 key areas – working with employees, customer involvement, innovation with partners and working with local communities.

Retrofitting and Technological Advancements to Boost Energy Efficiency

To facilitate energy efficiency, CDLHT employs technological advancements and retrofitting of operational assets and equipment.

In Copthorne King’s Hotel, we upgraded the rooms with an innovative technology system to improve efficient management of power, lighting, and air-conditioning. This system monitors the occupancy status of the room and subsequently adjusts the energy consumption accordingly. This upgrade was acknowledged by the government by way of a grant for the cutting-edge use of technology to enhance energy savings and efficiency.

All our hotels have also replaced a substantial amount of halogen lights to LED as they significantly reduce energy consumption. In Grand Copthorne Waterfront Hotel, the internal lighting has been replaced with LED lights and we aim to install LED lighting on the external façade of the building over the upcoming years.

To continuously improve utility consumption, we have also equipped some of our portfolio assets with sensor lights to detect motion and halt energy use during non-occupancy. Additionally, we have embarked on a partnership with City Gas to progressively replace the electrical heaters with gas heaters across our hotels in Singapore. The replacement entails the use of methane and green hydrogen, which are cleaner and greener sources of gas, ultimately reducing overall carbon emissions through the use of low-carbon energy sources. Our partnership will also result in energy savings as gas heaters are more efficient than electric heaters.

Moreover, we have engaged with SP Group’s SP Mobility to install EV vehicle charging stations in our Singapore hotels, to propel the government’s Green Plan 2030 commitment. This partnership is currently underway, and SP Mobility will commence installing the hardware into two of our Singapore hotels by Q3 2022.

We continue to implement Hilton’s award-winning LightStay platform in Hilton Cambridge City Centre as it enables the tracking, management, reporting and improvement of environmental and social impacts across its global portfolio of hotels. This platform aids in improving the energy efficiency and resource consumption by Hilton Hotels. At this property, LightStay has resulted in the implementation of motion lighting sensors in the gym and toilets, low-energy monitors for the hotel’s computers and 95% conversion to LED lighting.

SUSTAINABILITY REPORT

Awards and Accolades

BCA Green Mark Award	Our Hotel Portfolio
Climate Resilience and Environmental Stewardship	Platinum <ul style="list-style-type: none"> Copthorne King's Hotel Grand Copthorne Waterfront Hotel Gold Plus <ul style="list-style-type: none"> Orchard Hotel M Hotel Gold <ul style="list-style-type: none"> Studio M Hotel
bizSAFE Certification (Level 4)	<ul style="list-style-type: none"> Orchard Hotel Studio M Hotel
EarthCheck Gold Certificate	<ul style="list-style-type: none"> Angsana Velavaru
Singapore Green Hotel Award	<ul style="list-style-type: none"> Grand Copthorne Waterfront Hotel Studio M Hotel

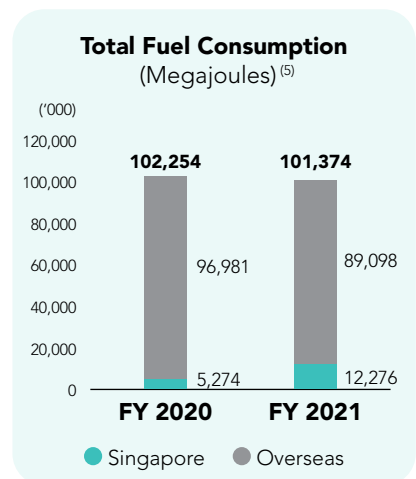
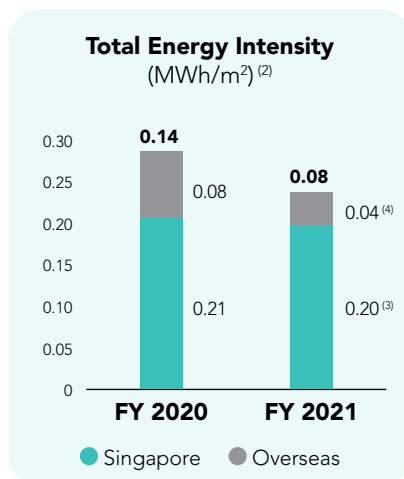
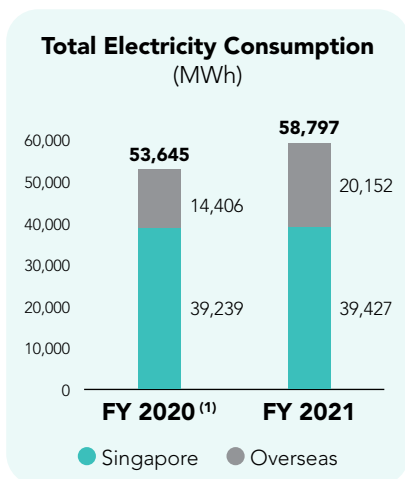
Our Performance

In Singapore, we experienced a slight increase in our overall electricity consumption in FY 2021. This was attributed to W Hotel as the hotel experienced a surge in staycations during the financial year, and the inclusion of Claymore Connect's electricity consumption for FY 2021.

Across our overseas hotel portfolios, we experienced a 40% increase in our overall electricity consumption in FY 2021, resulting from the inclusion of Ibis Perth and Mercure Perth into our overall scope. Additionally, the two resorts in the Maldives, Raffles Maldives Meradhoo and Angsana Velavaru, experienced a surge in business due to an easing of travel restrictions to that region.

As the effects from the pandemic are stabilising, our hotels are generally operating at higher capacities compared to FY 2020. We expect to see a continued increase in activity as the world shifts towards an endemic policy.

As we commenced calculating fuel use, including Natural Gas, Diesel and Liquefied Petroleum Gas, into the scope of our total electricity consumption in FY 2020, we have decided to report fuel consumption as a separate metric to increase accuracy in our monitoring of energy efficiency. As a result, we have reported our total fuel consumption in FY 2020 and FY 2021.



(1) We are restating our electricity consumption values for FY 2020 as some of our hotels were unable to furnish their consumption values, and we have separated FY 2020's fuel consumption from the calculations of electricity consumption. This has inadvertently resulted in a restatement of our energy intensity value for FY 2020.

(2) In FY 2021, have restated the metric for calculating energy intensity, from kWh/m² to MWh/m², as it reflects a standardised metric relating to our energy consumption.

(3) The Gross Floor Area ("GFA") used to calculate Singapore's Energy Intensity in FY 2021 increased as we included Claymore Connect into the scope of reporting.

(4) The Gross Floor Area ("GFA") used to calculate Overseas Energy Intensity in FY 2021 increased as we included Ibis Perth and Mercure Perth into the scope of reporting.

(5) The conversion for diesel was calculated based on the following: 1 litre of diesel = 38 Megajoules.

SUSTAINABILITY REPORT

Our Targets

Whilst our targets across the portfolio are individually established, we aim to achieve an aggregate 5% - 7% reduction in energy consumption over the next five years, with FY 2019 as the comparative baseline. Our revised FY 2019 baseline includes the relevant scope and data from all our hotels for the financial year, and this will be utilised to guide our performance and future targets. We will continuously look for new areas of improvement and opportunities to implement technological advancements to achieve our targets.

Water Stewardship

The use of water is integral and paramount in the operation of our properties. We acknowledge water scarcity as a growing and rampant global issue due to its finite supply as a natural resource. As a result, CDLHT strives to implement water management and conservation initiatives to spearhead its preservation and promote sustainable development.

Our Approach

We are committed to conserving and limiting our water consumption through numerous initiatives including management policies and compliance with regulatory bodies, operational control mechanisms to curb water consumption, technological advancements to improve water efficiency and water recycling initiatives.

At CDLHT, we include water conservation policies within the environmental policies across all our hotels. Specific to each hotel, these policies outline the mechanisms employable to reduce overall water consumption. In Singapore, our portfolio of hotels continues to report its water data on the Water Efficiency Management Plan of the Public Utilities Board ("**PUB**"). This enables the effective implementation of water conservation policies whilst tracking water utility, consumption, and potential areas to minimise water loss.

Operational Control to Curb Water Consumption

Our hotels each have their respective water management systems that monitor daily water usage across all the hotel's functions. As a result, the hotels are able to identify abnormal spikes in consumption and respond immediately. Daily monitoring has also aided in the prompt identification of any abnormalities and leakages in water providing mechanisms to limit wasteful water loss and consumption.

In Singapore, Grand Copthorne Waterfront Hotel employs these water management systems to reduce the amount of water used in hand basins and showers. Additionally, Orchard Hotel, Copthorne King's Hotel and M Hotel utilise one cooling tower, instead of two, as a means of conserving water across its operations.

Lastly, with reference to W Hotel, Marriott International's conservation initiatives target specific aspects of their hotel operations such as laundry and landscape watering.

Retrofitting and Technological Advancements to Boost Water Efficiency

At CDLHT, we acknowledge the importance of utilising innovation and technology to improve water efficiency and conservation.

We have installed water pressure reducers and water consumption restrictors across the hotel's basins, cisterns, and shower heads to reduce the flow rate and consumption of water. Additionally, at Copthorne King's Hotel we have replaced all taps and showerheads with water efficient ones.

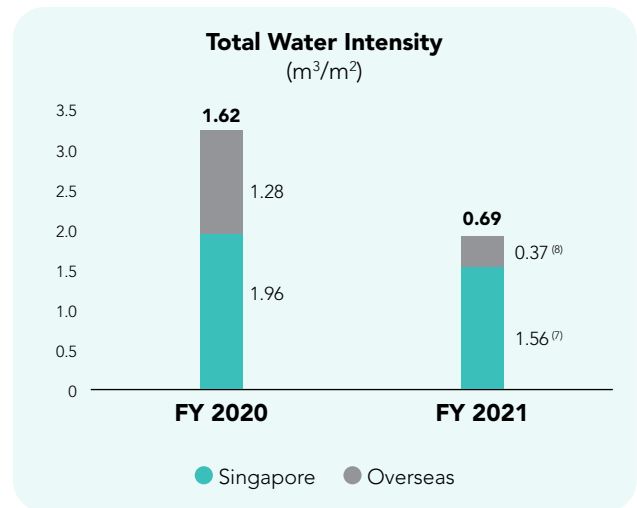
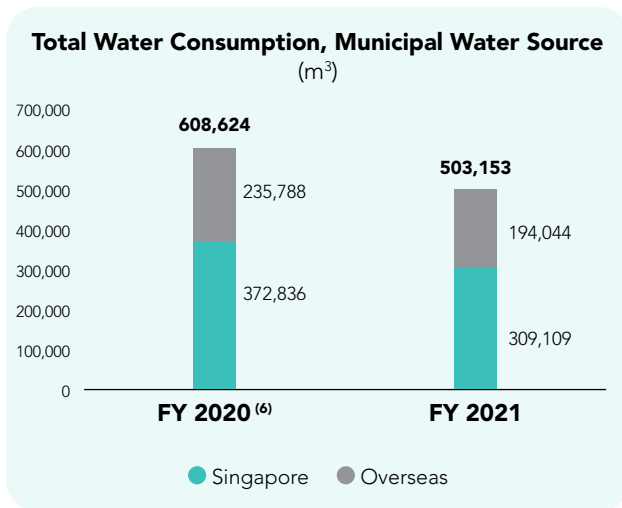
Recycling Water

CDLHT endeavours to further reduce its water consumption using recycled water collected and harvested by rainfall. These have been utilised for landscape and gardening purposes at W Hotel and Angsana Velavaru, respectively.

SUSTAINABILITY REPORT

Our Performance

In FY 2021, we experienced a 17% reduction in our overall water consumption and a reduction of 57% in our water intensity across the entire portfolio. Whilst the reduction in our water consumption and intensity demonstrates water efficiency and conservation, it is also attributed to reduced pandemic business volume. Nonetheless, CDLHT strives to manage its water consumption responsibly.



Our Targets

We aim to achieve an aggregated 2% - 7% reduction in water consumption within the next five years, with FY 2019 as our comparative baseline.

WASTE

Due to the rising and pervasive use of natural resources, waste is a crucial issue for governments and organizations to manage. As a result of the rising global population and production of goods, waste left unchecked may lead to compounding environmental and financial risks.

Our Approach

Within the hospitality industry, waste is a prevailing issue and CDLHT manages this through initiatives targeting the direct reduction of waste output, waste segregation and recycling. In FY 2021, CDLHT commenced collecting and reporting on its waste performance.

Reduction of Waste

Many of our hotels utilize waste digesters responsible for safely composting waste and subsequently reducing the volume of our waste output. At Grand Copthorne Waterfront Hotel, the food digester converts all our food waste into water, resulting in the creation of recycled water, which is ready for use after sanitation.

Angsana Velavaru has implemented an island-wide ban on single-use plastic bottles to reduce waste. Our hotels in Perth, Mercure Perth and Ibis Perth, have also eliminated the provision of plastics and plastic guest amenities through the installation of dispensers for both shampoo and soap as an alternative to individual bottles, ultimately reducing our overall packaging waste. Our hotels are increasingly shifting toward employing reusable materials across all hotel functions.

(6) We are restating our water consumption values for FY 2020 as some of our hotels were unable to furnish their consumption values. This has inadvertently resulted in a restatement of our water intensity value for FY 2020.
 (7) The Gross Floor Area ("GFA") used to calculate Singapore's Water Intensity in FY 2021 includes Claymore Connect into the scope of reporting.
 (8) The Gross Floor Area ("GFA") used to calculate Energy Intensity in FY 2021 includes Ibis Perth and Mercure Perth into the scope of reporting.

SUSTAINABILITY REPORT

Waste Segregation and Recycling

Segregation of waste is paramount in ensuring the proper recycling of waste. As a result, many of our hotels engage in waste segregation prior to collection for recycling purposes. The waste is segregated into paper, plastic, and glass, and upon recycling, their respective weights are reported monthly. This informs our waste management systems and denotes areas of improvement.

W Hotel recycles and reuses wet waste for landscaping purposes after its conversion through composting. Additionally, Raffles Maldives Meradhoo uses recycled materials derived from the hotel and the island's generated waste to operate its organic garden.

Advocating for the Recycling of Waste

Awareness campaigns are imperative in discouraging waste generation practices. As a result, our hotels engage in food waste reduction and recycling programs for paper, glassware, and plastic waste. This involves an interdepartmental collaboration across our Housekeeping, Food & Beverage, and Engineering departments.

Angsana Velavaru has implemented a Reduce, Reuse and Recycle policy in its resort to advocate for waste reduction and further urge for recycling within its premises, through their advocacy of utilizing reusable glass bottles and dispensers. Moreover, they invest in biodegradable items including garbage bags and cling films to reduce their plastic footprint.

In FY 2021, Hilton Cambridge City Centre implemented the initiative, #RefuseTheStraw, aimed at curbing single-use straws on its premises through a shift towards biodegradable straws and the elimination of plastic use. The hotel promoted the use of biodegradable straws as it protects our oceans and ultimately reduces plastic use and subsequent pollution.

Our Performance

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

Waste by Type and Disposal Method for FY 2021

Disposal Method	Singapore	Overseas	All Hotels
	Total Weight of Non-Hazardous Waste	Total Weight of Non-Hazardous Waste	Total Weight of Non-Hazardous Waste
	(Metric Tonnes)		
Recycling	64,616.3	45.37	64,661.67
Landfill	267.58	270,997.87	271,265.45
Others	13.81	3.96	17.77
Total waste	64,897.69	271,047.20	335,944.89

Our Targets

As we commenced reporting on waste in FY 2021, we will establish the current financial year as our baseline. We will continue to monitor and manage food waste by implementing a food management system to manage buffet food waste at our W Hotel and eco-digester in both Raffles Maldives Meradhoo and Angsana Velavaru by FY 2022.

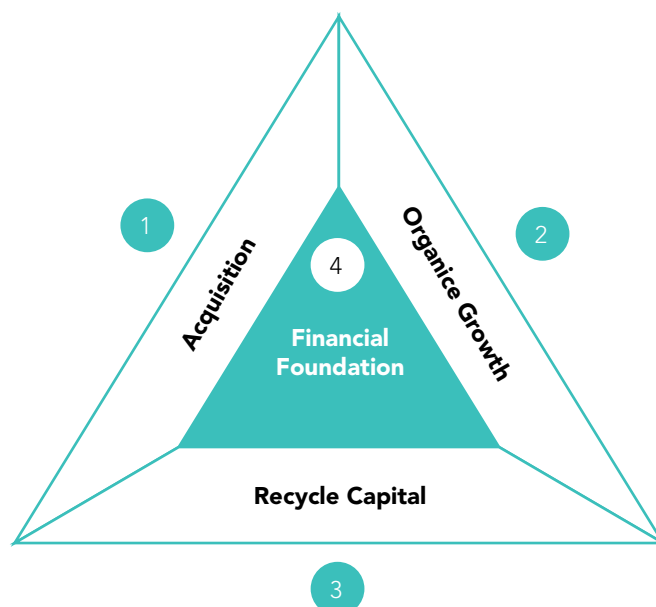
SUSTAINABILITY REPORT

RESPONSIBLE INVESTMENT AND SUSTAINABLE VALUE

CDLHT acknowledges the growing shift towards responsible investing resulting from increased demand for transparent, sustainable, and ethical investments. As our hotels operate across numerous geographies, we remain vigilant in tracking our environmental and social impacts, risks and opportunities across our business value chain and operational scopes. We are able to create sustainable value through the incorporation of ESG material topics within our economic performance, investments, and business considerations, strategically adopting a holistic business approach that contributes to the betterment of the communities in which we have a presence. We aim to employ our capital to positively impact society and the environment toward a sustainable future.

Economic Performance

As a leading hospitality trust, ensuring economic growth is paramount to the longevity of our business. Our primary economic objectives are to maximise the rate of return of Stapled Security Holders whilst ensuring regular distributions. The financial summary of FY 2021's operations, revenues and costs are highlighted on pages 135 to 249, in our annual report. Our management aims to achieve these economic objectives through the following means:



1. Acquisition Growth Strategy

- Pursue quality assets with growth potential
- Adopt a medium to long term perspective to ride through market cycles
- Partner with or tap on potential pipeline from M&C / CDL
- Capitalise on historically low interest rates in certain markets to enjoy spread over funding costs

2. Asset Management Strategy

- Work closely with master lessees, hotel/property managers and/or operators to implement active revenue and cost management
- Implement asset enhancement initiatives to optimise asset potential

3. Capital Recycling Strategy

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

4. Capital Management Strategy

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

SUSTAINABILITY REPORT

GOOD GOVERNANCE AND ETHICAL BUSINESS

In a turbulent and challenging environment, ensuring fair, responsible, compliant, and transparent business conduct is key to building trust and loyalty with all stakeholders. This is achieved through a strong commitment to corporate governance, ethical business practices and compliance to all regulatory legislations applicable to our business.

Ethical and Transparent Business

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

Our Approach

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

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

Across the portfolio, we monitor the effective implementation of these policies through the following processes:

- Regular screening and implementation of any changes to applicable laws and regulations
- Review of contracts to ensure compliance by the Legal department prior to authorisation
- Reporting of any suspected violations to the established line manager
- Oversight and monitoring of non-compliance issues relating to corruption. Any violations of applicable environmental and socio-economic laws will be subject to a review and disciplinary action by the management
- Documentation of incidents on an incident report that will be filed with the Security department
- Open-door policy at hotel level by the Human Resource department for staff to have an open channel to report any incidences of non-compliance or violations

Our Performance

In FY 2021, we had zero cases of misconduct and non-compliance across the portfolio. As a result, CDLHT did not incur any related fines or sanctions.

Our Targets

CDLHT aims to maintain zero incidences of corruption, bribery and misconduct resulting in significant fines and sanctions. We continuously strive to conduct training on relevant policies during orientation for new hires whilst keeping our employees abreast with new policies and applicable regulations.

Compliance with Social and Environmental Regulations

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

Our Approach

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

Our Performance

In FY 2021, CDLHT had no significant incidences of non-compliance with social and environmental laws, and no significant fines and sanctions.

SUSTAINABILITY REPORT

Our Targets

CDLHT aims to maintain zero incidences of non-compliance with social and environmental laws or regulations resulting in significant fines and sanctions.

ENABLE INCLUSIVENESS, SAFETY, GROWTH AND DIVERSITY OF OUR PEOPLE

As we operate in the hospitality industry, the employees form the backbone of our organisation. During the peak of the pandemic, there was a greater risk of exposure for our frontline staff and therefore, health and safety was of utmost importance. CDLHT strives to create a conducive, safe, and engaging working environment for its employees through the provision of support and ample opportunities.

Employment and Employee Engagement

As the hospitality industry largely relies on tourism, the pandemic has disrupted business operations and decreased demand for hotel-related services. Despite this, CDLHT remains committed to balance job and talent retention whilst ensuring the wellbeing and meaningful engagement of its workforce. Additionally, the hotels continue to uphold fair employment standards and competitive remuneration for our employees on the foundation of merit and compliance with the law.

Our Approach

CDLHT's portfolio of hotels have established practices that include:

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

Additionally, we disseminate the employee handbook that details all policies and procedures pertaining to employment, performance evaluation and development. We also ensure the proper induction and onboarding of all staff.

Employee Wellbeing

The pandemic and its effects have resulted in physical and mental challenges across our workforce. To safeguard the hotel employees and ensure their wellbeing, the hotels engage employees on activities that nurture mental and physical welfare. In FY 2021, Copthorne King's Hotel conducted some virtual classes targeting mental and physical health for its employees and W Hotel conducted monthly activities such as virtual games and scenic walks in nature. Angsana Velavaru conducted wellbeing initiatives including sports and awareness activities for its associates to boost overall morale. The Lowry Hotel encouraged departmental outings to elevate overall cohesion and provided motivational gifts to commend exemplary work and support.

SUSTAINABILITY REPORT

Our Performance

In FY 2021, the hotels employed a total of 827 associates with a mix of 58% male and 42% female. 673 employees left us, of whom 60% were male and 40% were female. As a result, our total rates of new hire employment and turnover were 16% and 13%, respectively.

New Employee Hires and Turnover

	Singapore		Overseas		All Hotels	
	Male	Female	Male	Female	Male	Female
Number of New Employee Hires	178	118	298	233	476	351
Rate of New Employee Hires	3.57	2.36	5.97	4.67	9.5	7.0
Number of Employee Turnover	181	130	155	221	402	271
Rate of Employee Turnover	3.63	2.60	3.10	4.43	8.1	5.4

Our Targets

As a result of the pandemic, labour markets have been rendered volatile; thereby, affecting our ability to establish specific targets around employee hires and turnover. Nonetheless, we aim to continuously minimize our turnover rate to retain talent within the portfolio.

Health and Safety

As the pandemic continues, CDLHT acknowledges the importance of sustaining high workplace health and safety standards. We remain committed to diligently adhering to and enforcing workplace health and safety standards to ensure our portfolio of hotels are able to continue their operations safely throughout the pandemic.

Our Approach

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

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

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

SUSTAINABILITY REPORT

Conducting OH&S Risk Assessments

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

Accreditation

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

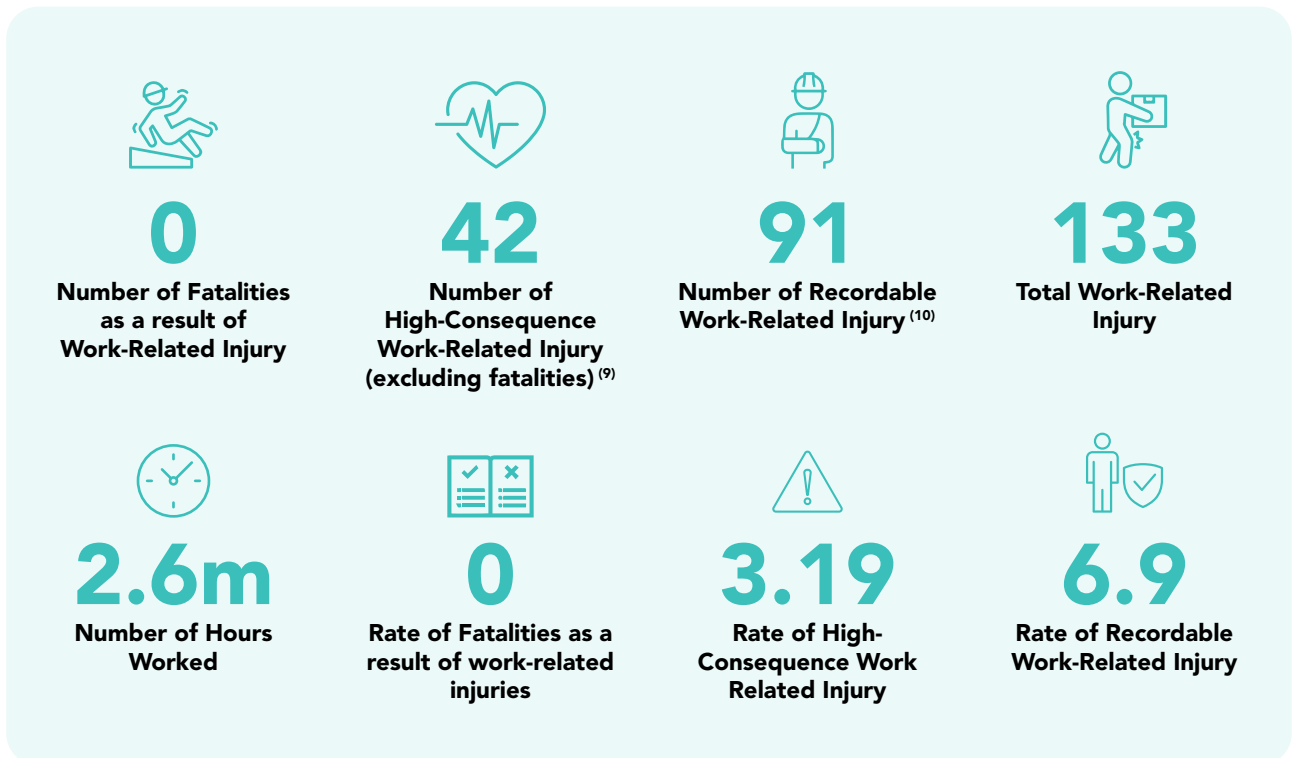
COVID-19

The sustained presence of the pandemic has resulted in our Singapore hotels implementing differentiated measures to curb the widespread of the virus. These include the implementation of work-from-home practices when possible, reliance on virtual meetings and split team arrangements. Additionally, we employ Antigen Rapid Tests ("ART"), social distancing and restrictive mingling at common gathering areas. We have also retrofitted and enhanced air handling units across our hotels to improve air circulation. Similar measures were also put in place at the overseas hotels.

Our Performance

We are pleased to report that we had zero fatalities resulting from work-related injuries in FY 2021.

Work-Related Injuries for FY 2021



(9) This category includes: Number of dangerous occurrences, incidents exceeding three days of medical leave, incidents of hospitalisation, occupational disease, and/or permanent disabilities.

(10) This category includes: Number of incidents that required less than three days of medical leave, reportable incidents, and/or temporary disabilities.

SUSTAINABILITY REPORT

Our Targets

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

Diversity, Inclusion and Equal Opportunity

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

Our Approach

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

We are proud to report that the Hilton Cambridge City Centre has been recognized as the only Lesbian, Gay, Bisexual, Transgender, Queer, and Others ("LGBTQ+") led hotel in Cambridge. Additionally, all employees have undergone a Diversity, Inclusion and Unconscious Bias training, conducted by the hotel's General Manager.

Diversity and Inclusion Data for FY 2021

Number of Employees	Singapore		Overseas		All Hotels	
	Male	Female	Male	Female	Male	Female
Permanent Staff	473	299	2,913	634	3,386	933
Temporary Staff	62	37	633	157	695	194

Number of Employees	Singapore	Overseas	All Hotels
Aged <30 years	178	342	520
Aged between 30 – 50 years	442	401	843
Aged >50 years	163	102	265

Our Performance

In FY 2021, 78% of our total temporary staff were male, whilst 22% were female. A majority of our employees are aged between 30 – 50 years or under 30, at 52% and 32% respectively, attributable to the nature of our industry. We continuously strive to implement diversity and inclusion across our workforce as it enables a more holistic, productive, and sustainable work culture.

Our Targets

We remain committed to reflect diversity across our workforce and hiring processes. We strive to increase the diversity of our employees across management roles through continuous development and retention opportunities, whilst honing our hiring plan to attract, recruit and retain a diversified workforce.

SUSTAINABILITY REPORT

Training and Development

We place great importance on the continuous training and development of our employees to promote a resilient, competitive, and upskilled workforce. As we navigate through the pandemic, hotel employees are providing training opportunities beyond what is mandatory, to refresh and upgrade their skills. This provides continuous development towards their career aspirations whilst simultaneously contributing value and positive impacts for the business.

Our Approach

The Managers conduct performance reviews bi-annually to provide feedback to employees and evaluate their achievements, goals, and career trajectory. We conduct an informal mid-year review and a formal year-end performance appraisal. Key Performance Indicators (“KPIs”) are established, updated, and communicated and pegged to individual roles prior to performance assessments to encourage continuous growth.

Training and Upskilling Opportunities

At the hotels, our Human Resources (“HR”) department provides general orientation as well as mandatory training courses to all those onboarded. The respective HR departments undergo a training needs analysis to identify skill gaps and gauge employee interest when tailoring skill training programmes for dissemination. Once confirmed, HR encourages Heads of Departments (“HODs”) across the hotels to nominate relevant staff for the specified training. These specialised training courses, including leadership training, are conducted by HODs, the internal training department or external providers.

Job Redesign

At CDLHT, we acknowledge the importance of equipping hotel employees with cross functional skills, thus ensuring talent retention and diversification of skillsets. Orchard Hotel and W Hotel in Singapore have embarked on a ‘Job Redesign’ initiative that aims to improve employee efficiency, skills and resourcefulness through cross-functional training. As the Singapore government has been supporting this initiative, we have been engaging government agencies to encourage hotel employees to attend training courses relating to Job Redesign.

Our Performance

In FY 2021, we have commenced reporting our training metrics split by gender, to further inform our diversity and inclusion strategies.

Average Training Hours

Number of Employees	Singapore		Overseas		All Hotels	
	Male	Female	Male	Female	Male	Female
Total number of employees (head count or FTE)	535	336	3,546	791	4,081	1,127
Total number of training hours provided to employees	16,420	15,435	306	310	16,726	15,745
Average training hours per employee	4.87	4.57	0.06	0.09	4.96	4.67

Our Targets

We target to continuously achieve an increasing average number of training hours per employee, annually.

SUSTAINABILITY REPORT

ENGAGE LOCAL COMMUNITIES AND ADVOCATE FOR POSITIVE IMPACT

Local Community Impact

As we span across numerous geographies, CDLHT asserts the necessity to engage and support the communities in which we operate. Beyond functioning as a business, we deem community involvement as vital to earning the local support of the various communities we do business in. As a result, we aim to always engage in numerous initiatives to ensure a positive contribution to society whilst doing our part to be a good corporate citizen.

Our Performance

Raffles Maldives Meradhoo

At Raffles Maldives Meradhoo, the resort assisted the local airport through its employee participation in cleaning activities for the island, nurturing of local youth, and painting the local schools to beautify the buildings. Additionally, the team raised environmental awareness by celebrating 'No Plastic Day' with the children at these schools.

The Lowry Hotel

The Lowry Hotel makes a conscious effort as a hotel that gives back to its local communities by helping those less fortunate. As a result, they select a few charities to continuously work closely with including the Wood Street Mission and Mustard Tree, based in Manchester.

The Wood Street Mission is a charity purposed with aiding local families and children living on a low income in the Manchester and Salford area. This charity helps over 4,000 families and children that are living in poverty through volunteering in fund raising activities for food and apparel. The hotel has been supporting the Wood Street Mission over the last seven years and has raised \$5,000 to \$10,000 annually for the charity. Additionally, The Lowry Hotel annually hosts a Christmas lunch for 30 children and assists with toy and book collections, ultimately creating hampers for the charity's beneficiaries each Christmas and Easter.

Mustard Tree is the second local charity that The Lowry Hotel supports, tasked with assisting the homeless within Manchester city. The charity aims to raise funds to provide support, food, and shelter for the homeless whilst simultaneously creating a learning centre to deliver education and training to individuals seeking job opportunities and to increase their employability. The hotel has supported Mustard Tree for the past four years through food and drink donations, employee volunteering for food banks and soup kitchens and donation drives. Each festive period, The Lowry Hotel supports the Christmas Crate Campaign at Mustard Tree, whereby donations of canned and non-perishable food items are collected and made available to those in need.

Hilton Cambridge City Centre

In Cambridge, Hilton Cambridge City Centre donated toiletries, personal protective equipment, food, drinks, toys and apparel to the local maternity ward of the NHS Hospital during the pandemic. Additionally, they donated to the local charity, Spectrum, responsible for arranging fruit and vegetable baskets for nurses, doctors and medical staff at the local hospital during the pandemic. Spectrum supports over 30,000 families with autistic children through charity fundraising events, entertainment parties and black-tie balls in Hilton Cambridge City Centre at discounted rates. Hilton Cambridge City Centre continues to donate and recycle its lost and found property, ranging from clothing, toys, and toiletries to a local Cambridge charity for the homeless.

Our Targets

We target to conduct at least one community event/project for 60% of the hotel portfolio for FY 2022.

SUSTAINABILITY REPORT

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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 2021.

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 2004 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 2022.

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;
- quarterly financial information and annual financial statements of HBT prior to their submission to the directors of the Trustee-Manager for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit and Risk Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit and Risk Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit and Risk Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors of the Trustee-Manager that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of HBT.

In appointing our auditors for HBT Group, we have complied with Rules 712 and 715 of the SGX Listing Manual.

AUDITORS

The auditors, KPMG LLP, have expressed their willingness to accept re-appointment.

STATEMENT BY THE TRUSTEE-MANAGER

In our opinion:

- the consolidated financial statements of HBT Group set out on pages 147 to 247 are drawn up so as to give a true and fair view of the state of affairs of HBT Group as at 31 December 2021 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
- 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 2021:

- 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

21 March 2022

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

21 March 2022

REPORT OF THE TRUSTEE OF CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST

DBS Trustee Limited (the "**H-REIT Trustee**") is under a duty to take into custody and hold the assets of CDL Hospitality Real Estate Investment Trust ("**H-REIT**") held by it or through its subsidiaries (collectively, the "**H-REIT Group**") in trust for the holders of units in H-REIT. In accordance with the Securities and Futures Act 2001, its subsidiary legislation and the Code on Collective Investment Schemes, the H-REIT Trustee shall monitor the activities of M&C REIT Management Limited (the "**H-REIT Manager**") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 8 June 2006 (as amended) (the "**H-REIT Trust Deed**") between the H-REIT Manager and the H-REIT Trustee in each annual accounting period; and report thereon to unitholders in an annual report.

To the best knowledge of the H-REIT Trustee, the H-REIT Manager has, in all material respects, managed the H-REIT Group during the period covered by these financial statements set out on pages 147 to 247, in accordance with the limitations imposed on the investment and borrowing powers set out in the H-REIT Trust Deed.

**For and on behalf of the H-REIT Trustee,
DBS Trustee Limited**

Jane Lim Puay Yuen
Director

21 March 2022

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 147 to 247, 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 2021 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

21 March 2022

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 2021, 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 2021, 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 2021, 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 147 to 247. CDL Hospitality Trusts, which comprises the HBT Group and the H-REIT Group, is hereinafter referred to as the "**Stapled Group**".

In our opinion:

- (a) the accompanying consolidated financial statements of the HBT Group are properly drawn up in accordance with the provisions of the Business Trusts Act 2004 of Singapore (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") so as to give a true and fair view of the state of affairs of the HBT Group as at 31 December 2021 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 2021 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 and investment property under development

(Refer to Note 4 and Note 5 to the financial statements)

The key audit matter

The Stapled Group, the H-REIT Group and the HBT Group own properties which are classified as investment properties and/or investment property under development with a total carrying value of \$1.9 billion, \$2.4 billion and \$27.7 million respectively, as at 31 December 2021. Investment properties and investment property under development represent significant asset items on the statements of financial position.

The accounting policy of the Stapled Group, the H-REIT Group and the HBT Group is to state investment properties and investment property under development at fair value based on independent external valuations. The valuation process involves significant judgement in determining the valuation method to be used and 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.

Certain valuers have highlighted in the valuation reports that as a result of the Coronavirus Disease ("**COVID-19**") pandemic, less certainty, and a higher degree of caution, should be attached to the valuations than would normally be the case. Due to the uncertain future impact that the COVID-19 pandemic might have on the real estate market, the values might change more rapidly and significantly than during standard market condition. The valuers have also recommended to keep the valuation of these properties under frequent review.

Our response

We evaluated the qualifications and objectivity of the external valuers. We held discussions with the valuers to understand their valuation methods, assumptions and basis used, including how they have considered the implications of the COVID-19 pandemic 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 6 to the financial statements)

The key audit matter

The Stapled Group, the H-REIT Group and the HBT Group own hotels classified as property, plant and equipment with a total carrying value of \$792.7 million, \$72.6 million and \$334.3 million respectively, as at 31 December 2021. Property, plant and equipment represent a significant asset item on the statements of financial position.

The accounting policy of the Stapled Group, the H-REIT Group and the HBT Group is to revalue freehold land, leasehold land and buildings included as part of property, plant and equipment to their fair value at the reporting date based on independent external valuations. The valuation process involves significant judgement in determining the valuation method to be used and 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.

Certain valuers have highlighted in the valuation reports that as a result of the COVID-19 pandemic, less certainty, and a higher degree of caution, should be attached to the valuations than would normally be the case. Due to the uncertain future impact that the COVID-19 pandemic might have on the real estate market, the values might change more rapidly and significantly than during standard market condition. The valuers have also recommended to keep the valuation of these properties under frequent review.

INDEPENDENT AUDITORS' REPORT

Our response

We evaluated the qualifications and objectivity of the external valuers. We held discussions with the valuers to understand their valuation methods, assumptions and basis used, including how they have considered the implications of the COVID-19 pandemic 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.

INDEPENDENT AUDITORS' REPORT

The H-REIT Manager's responsibilities include overseeing the financial reporting process of the H-REIT Group and of the Stapled Group.

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 Karen Lee Shu Pei.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

21 March 2022

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Note	HBT Group		H-REIT Group		Stapled Group	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Non-current assets							
Investment properties	4	–	–	2,419,305	2,403,183	1,921,748	1,978,356
Investment property under development	5	27,661	–	–	–	27,661	–
Property, plant and equipment	6	334,284	279,605	72,631	80,822	792,701	709,039
Finance lease receivables	7	–	–	1,803	4,098	1,803	4,098
Deferred tax assets	13	163	163	789	835	952	998
Financial derivative assets	11	–	–	4,762	–	4,762	–
Other receivables	8	212	212	72,845	10,264	361	361
		<u>362,320</u>	<u>279,980</u>	<u>2,572,135</u>	<u>2,499,202</u>	<u>2,749,988</u>	<u>2,692,852</u>
Current assets							
Inventories		2,403	1,947	–	–	2,403	1,947
Finance lease receivables	7	–	–	395	825	395	825
Trade and other receivables	8	22,340	15,704	35,148	59,974	28,876	27,733
Cash and cash equivalents	9	32,327	17,532	107,137	113,570	139,464	131,102
		<u>57,070</u>	<u>35,183</u>	<u>142,680</u>	<u>174,369</u>	<u>171,138</u>	<u>161,607</u>
Total assets		<u>419,390</u>	<u>315,163</u>	<u>2,714,815</u>	<u>2,673,571</u>	<u>2,921,126</u>	<u>2,854,459</u>
Non-current liabilities							
Loans and borrowings	10	139,600	190,318	750,259	719,565	768,284	831,471
Financial derivative liabilities	11	–	–	948	13,707	948	13,707
Other payables	12	92	–	10,927	10,815	11,019	10,815
Deferred tax liabilities	13	13,939	10,851	6,703	11,298	21,672	22,149
		<u>153,631</u>	<u>201,169</u>	<u>768,837</u>	<u>755,385</u>	<u>801,923</u>	<u>878,142</u>
Current liabilities							
Loans and borrowings	10	176,819	14,140	324,655	291,651	422,888	291,876
Trade and other payables	12	49,891	57,965	31,750	33,957	45,195	43,978
Provision for taxation		65	1,021	8,429	11,707	8,494	12,728
		<u>226,775</u>	<u>73,126</u>	<u>364,834</u>	<u>337,315</u>	<u>476,577</u>	<u>348,582</u>
Total liabilities		<u>380,406</u>	<u>274,295</u>	<u>1,133,671</u>	<u>1,092,700</u>	<u>1,278,500</u>	<u>1,226,724</u>
Net assets		<u>38,984</u>	<u>40,868</u>	<u>1,581,144</u>	<u>1,580,871</u>	<u>1,642,626</u>	<u>1,627,735</u>
Represented by:							
Unitholders' funds		38,984	40,868	1,573,852	1,573,044	1,635,334	1,619,908
Non-controlling interests	14	–	–	7,292	7,827	7,292	7,827
		<u>38,984</u>	<u>40,868</u>	<u>1,581,144</u>	<u>1,580,871</u>	<u>1,642,626</u>	<u>1,627,735</u>
Units/Stapled Securities in issue ('000)	15	<u>1,230,012</u>	<u>1,221,499</u>	<u>1,230,012</u>	<u>1,221,499</u>	<u>1,230,012</u>	<u>1,221,499</u>
Net asset value per Unit/ Stapled Security (\$)	16	<u>0.0316</u>	<u>0.0333</u>	<u>1.28</u>	<u>1.28</u>	<u>1.33</u>	<u>1.32</u>

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 2021

	Note	HBT Group		H-REIT Group		Stapled Group	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Revenue	17	80,867	37,869	94,200	90,733	157,724	117,558
Property expenses							
Operations and maintenance expenses		(24,867)	(9,172)	–	–	(24,867)	(9,172)
Employee benefit expenses		(20,419)	(12,900)	–	–	(20,419)	(12,900)
Rental expenses		(6,333)	(5,743)	–	–	241	(211)
Property tax		255	(143)	(4,841)	(5,890)	(4,586)	(6,033)
Other property expenses		(16,241)	(10,691)	(13,508)	(9,226)	(21,983)	(19,917)
		(67,605)	(38,649)	(18,349)	(15,116)	(71,614)	(48,233)
Net property income/(loss)		13,262	(780)	75,851	75,617	86,110	69,325
H-REIT Manager's management fee	18	–	–	(9,458)	(10,128)	(9,458)	(10,128)
H-REIT Trustee's fee		–	–	(362)	(407)	(362)	(407)
HBT Trustee-Manager's management fee	18	(854)	(559)	–	–	(854)	(559)
HBT Trustee-Manager's trustee fee		(243)	(224)	–	–	(243)	(224)
Valuation fee		(47)	(8)	(136)	(179)	(183)	(187)
Depreciation	20	(15,942)	(11,031)	(1,671)	(1,901)	(21,453)	(16,190)
Other expenses		(556)	(358)	(3,444)	(8,066)	(4,000)	(8,424)
Finance income		–	23	17,891	19,202	17,667	20,634
Finance costs		(8,255)	(7,103)	(36,464)	(41,169)	(39,428)	(44,599)
Net finance costs	19	(8,255)	(7,080)	(18,573)	(21,967)	(21,761)	(23,965)
Net (loss)/income before fair value adjustment		(12,635)	(20,040)	42,207	32,969	27,796	9,241
Reversal of revaluation deficit/ (Revaluation deficit) on property, plant and equipment		4,460	(13,581)	911	(1,454)	13,337	(51,568)
Net fair value gain/(loss) on investment properties and investment property under development		438	–	18,237	(181,055)	30,509	(133,955)
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	(7,737)	(33,621)	61,355	(158,491)	71,642	(185,077)
Tax (expense)/credit	21	(689)	2,092	(2,092)	(6,150)	(3,841)	(4,058)
Loss/Total return for the year	22	(8,426)	(31,529)	59,263	(164,641)	67,801	(189,135)
Loss/Total return attributable to:							
Unitholders		(8,426)	(31,529)	59,396	(163,521)	67,934	(188,015)
Non-controlling interests	14	–	–	(133)	(1,120)	(133)	(1,120)
		(8,426)	(31,529)	59,263	(164,641)	67,801	(189,135)
Earnings per Stapled Security (cents)	23						
Basic						5.53	(15.41)
Diluted						5.51	(15.41)

The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME OF THE HBT GROUP

Year ended 31 December 2021

	HBT Group	
	2021	2020
	\$'000	\$'000
Loss for the year	(8,426)	(31,529)
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Revaluation surplus/(deficit) on property, plant and equipment	7,642	(4,338)
Tax effect on revaluation of property, plant and equipment	(2,023)	3,102
	<u>5,619</u>	<u>(1,236)</u>
Items that are or may be reclassified subsequently to profit or loss:		
Translation differences relating to financial statements of foreign subsidiaries	(202)	2,418
Exchange differences on monetary items forming part of net investment in foreign operations	981	2,226
Exchange differences on hedge of net investments in foreign operations	(539)	(1,347)
	<u>240</u>	<u>3,297</u>
Other comprehensive income for the year, net of tax	<u>5,859</u>	<u>2,061</u>
Total comprehensive income for the year	<u>(2,567)</u>	<u>(29,468)</u>

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2021

HBT GROUP

	Units in issue and to be issued \$'000	Issue expenses \$'000	Revaluation reserve \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Total \$'000
At 1 January 2021	111,264	(121)	11,255	6,449	(87,979)	40,868
Operations						
- Decrease in net assets resulting from operations	-	-	-	-	(8,426)	(8,426)
Revaluation reserve						
- Revaluation surplus on property, plant and equipment	-	-	7,642	-	-	7,642
- Tax effect on revaluation of property, plant and equipment	-	-	(2,023)	-	-	(2,023)
Foreign currency translation reserve						
- Translation differences relating to financial statements of foreign subsidiaries	-	-	-	(202)	-	(202)
- Exchange differences on monetary items forming part of net investment in foreign operations	-	-	-	981	-	981
- Exchange differences on hedge of net investments in foreign operations	-	-	-	(539)	-	(539)
Other comprehensive income	-	-	5,619	240	-	5,859
Total comprehensive income	-	-	5,619	240	(8,426)	(2,567)
Transactions with owners, recorded directly in equity						
- Units/Stapled Securities issued and to be issued as payment of HBT Trustee-Manager's management fee	683	-	-	-	-	683
Total transactions with owners	683	-	-	-	-	683
At 31 December 2021	111,947	(121)	16,874	6,689	(96,405)	38,984

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2021

H-REIT GROUP

	Attributable to Stapled Security- holders \$'000	Non- controlling interests \$'000	Total \$'000
At 1 January 2021	1,573,044	7,827	1,580,871
Operations			
- Increase/(Decrease) in net assets resulting from operations	59,396	(133)	59,263
Revaluation reserve			
- Revaluation deficit on property, plant and equipment	(1,058)	–	(1,058)
- Tax effect on revaluation of property, plant and equipment	(13)	–	(13)
Foreign currency translation reserve			
- Translation differences relating to financial statements of foreign subsidiaries	(8,932)	(434)	(9,366)
- Exchange differences on monetary items forming part of net investment in foreign operations	(1,354)	–	(1,354)
- Exchange differences on hedge of net investments in foreign operations	2,317	–	2,317
Other comprehensive income	(9,040)	(434)	(9,474)
Total comprehensive income	50,356	(567)	49,789
Transactions with owners, recorded directly in equity			
- Distributions to holders of Stapled Securities	(57,114)	–	(57,114)
- Units/Stapled Securities issued and to be issued as payment of H-REIT Manager's management fee	7,566	–	7,566
- Capital contribution from non-controlling interest	–	32	32
Total transactions with owners	(49,548)	32	(49,516)
At 31 December 2021	1,573,852	7,292	1,581,144

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2021

STAPLED GROUP

	Attributable to Stapled Security- holders \$'000	Non- controlling interests \$'000	Total \$'000
At 1 January 2021	1,619,908	7,827	1,627,735
Operations			
- Increase/(Decrease) in net assets resulting from operations	67,934	(133)	67,801
Revaluation reserve			
- Revaluation surplus on property, plant and equipment	7,246	–	7,246
- Tax effect on revaluation of property, plant and equipment	(2,035)	–	(2,035)
Foreign currency translation reserve			
- Translation differences relating to financial statements of foreign subsidiaries	(9,200)	(434)	(9,634)
- Exchange differences on monetary items forming part of net investment in foreign operations	(373)	–	(373)
- Exchange differences on hedge of net investments in foreign operations	719	–	719
Other comprehensive income	(3,643)	(434)	(4,077)
Total comprehensive income	64,291	(567)	63,724
Transactions with owners, recorded directly in equity			
- Distributions to holders of Stapled Securities	(57,114)	–	(57,114)
- Units/Stapled Securities issued and to be issued as payment of H-REIT Manager's management fee	7,566	–	7,566
- Units/Stapled Securities issued and to be issued as payment of HBT Trustee-Manager's management fee	683	–	683
- Capital contribution from non-controlling interest	–	32	32
Total transactions with owners	(48,865)	32	(48,833)
At 31 December 2021	1,635,334	7,292	1,642,626

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2021

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						
- 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 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 2021

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			
- 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 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 2021

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			
- 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 transactions with owners	(66,418)	–	(66,418)
At 31 December 2020	<u>1,619,908</u>	<u>7,827</u>	<u>1,627,735</u>

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 2021

	Note	Stapled Group	
		2021	2020
		\$'000	\$'000
Amount available for distribution to holders of Stapled Securities at the beginning of the year		41,138	58,128
Total return of H-REIT	22	31,485	(111,851)
Loss of HBT	22	(13,468)	(23,012)
Net tax adjustments (Note A)		23,278	179,761
		41,295	44,898
Less: Amount retained for working capital		(4,130)	(4,490)
Add: Capital distribution		15,398	20,000
Amount available for distribution to holders of Stapled Securities		93,701	118,536
Distribution to holders of Stapled Securities:			
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)
Distribution of 3.44 cents per Stapled Security for the period from 1/7/2020 to 31/12/2020		(42,123)	–
Distribution of 1.22 cents per Stapled Security for the period from 1/1/2021 to 30/6/2021		(14,991)	–
		(57,114)	(77,398)
Amount available for distribution to holders of Stapled Securities at the end of the year		36,587	41,138
Distribution per Stapled Security (DPS) (cents) ⁽¹⁾		4.27	4.95
Note A – Net tax adjustments comprise:			
Non-tax deductible/(chargeable) items:			
- Amortisation of transaction costs		1,490	1,377
- Fair value (gain)/loss on financial derivatives		(17,521)	19,590
- Income in relation to gain on disposal of an investment property		–	(5,040)
- Financial expense arising from accretion of non-current rental deposits measured at amortised cost		251	241
- Foreign exchange loss/(gain)		12,917	(20,286)
- Impairment loss on investment in subsidiaries		16,558	66,274
- H-REIT Manager's management fee paid/payable in Stapled Securities		7,566	8,103
- H-REIT Trustee's fee		362	407
- HBT Trustee-Manager's management fee paid/payable in Stapled Securities		683	447
- HBT Trustee-Manager's trustee fee		243	224
- Net fair value (gain)/loss on investment properties		(3,447)	105,302
- Other items		4,176	3,122
Net tax adjustments		23,278	179,761

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 2021

H-REIT GROUP

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value at 31/12/2021 ⁽¹⁾ \$'000	Carrying value at 31/12/2020 ⁽¹⁾ \$'000	Percentage of total net assets at 31/12/2021 %	Percentage of total net assets at 31/12/2020 %
Investment properties									
Singapore									
Orchard Hotel	Freehold ⁽²⁾	75 years	60 years	442 Orchard Road	Hotel	443,000	443,000	28.0	28.0
Claymore Connect	Freehold ⁽²⁾	75 years	60 years	442 Orchard Road	Retail	88,000	88,000	5.6	5.6
Grand Copthorne Waterfront Hotel	Freehold ⁽²⁾	75 years	60 years	392 Havelock Road	Hotel	356,000	354,000	22.5	22.4
M Hotel	Freehold ⁽²⁾	75 years	60 years	81 Anson Road	Hotel	239,000	237,000	15.1	15.0
Copthorne King's Hotel	Leasehold	99 years from 1 February 1968	45 years	403 Havelock Road	Hotel	115,000	114,000	7.3	7.2
Studio M Hotel	Leasehold	99 years from 26 February 2007	84 years	3 Nanson Road	Hotel	166,000	166,000	10.5	10.5
W Singapore – Sentosa Cove	Leasehold	99 years from 31 October 2006	84 years	21 Ocean Way	Hotel	366,467	365,581	23.2	23.1
Balance carried forward						1,773,467	1,767,581	112.2	111.8

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2021

H-REIT GROUP (CONT'D)

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value at 31/12/2021 ⁽¹⁾ \$'000	Carrying value at 31/12/2020 ⁽¹⁾ \$'000	Percentage of total net assets at 31/12/2021 %	Percentage of total net assets at 31/12/2020 %
Balance brought forward						1,773,467	1,767,581	112.2	111.8
Germany									
Pullman Hotel Munich	Freehold	–	–	Theodor-Dombart-Strasse 4, Munich	Hotel	159,591	171,479	10.1	10.8
Italy									
Hotel Cerretani Firenze – MGallery	Freehold	–	–	Via De Cerretani 68, Florence	Hotel	61,782	65,604	3.9	4.2
New Zealand									
Grand Millennium Auckland	Freehold	–	–	71 – 87 Mayoral Drive, Auckland	Hotel	212,152	186,657	13.4	11.8
Australia									
Ibis Perth	Freehold	–	–	334 Murray Street, Perth	Hotel	28,429	30,345	1.8	1.9
Mercure Perth	Freehold	–	–	10 Irwin Street, Perth	Hotel	42,643	45,517	2.7	2.9
Maldives									
Angsana Velavaru	Leasehold	50 years from 26 August 1997	26 years	South Nilandhe Atoll	Resort	81,223	76,754	5.1	4.9
Raffles Maldives Meradhoo	Leasehold	50 years from 15 June 2006	34 years	Gaafu Alifu Atoll	Resort	60,018	59,246	3.8	3.7
Investment properties						2,419,305	2,403,183	153.0	152.0

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2021

H-REIT GROUP (CONT'D)

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value at 31/12/2021 ⁽¹⁾ \$'000	Carrying value at 31/12/2020 ⁽¹⁾ \$'000	Percentage of total net assets at 31/12/2021 %	Percentage of total net assets at 31/12/2020 %
Property, plant and equipment									
Japan									
Hotel MyStays Asakusabashi	Freehold	–	–	1-5-5 Asakusabashi, Taito-ku, Tokyo, Japan	Hotel	42,326	47,728	2.7	3.0
Hotel MyStays Kamata	Freehold	–	–	5-46-5 Kamata, Ota-ku, Tokyo, Japan	Hotel	30,065	32,845	1.9	2.1
Other plant and equipment	–	–	–	–	–	240	249	–	–
Property, plant and equipment						72,631	80,822	4.6	5.1
Other assets and liabilities (net)						2,491,936	2,484,005	157.6	157.1
Net assets of the H-REIT Group						(910,792)	(903,134)	(57.6)	(57.1)
						1,581,144	1,580,871	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.

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2021

STAPLED GROUP

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value at 31/12/2021 ⁽¹⁾ \$'000	Carrying value at 31/12/2020 ⁽¹⁾ \$'000	Percentage of total net assets at 31/12/2021 %	Percentage of total net assets at 31/12/2020 %
Investment properties and investment property under development									
Singapore									
Orchard Hotel	Freehold ⁽²⁾	75 years	60 years	442 Orchard Road	Hotel	443,000	443,000	27.0	27.2
Claymore Connect	Freehold ⁽²⁾	75 years	60 years	442 Orchard Road	Retail	88,000	88,000	5.4	5.4
Grand Copthorne Waterfront Hotel	Freehold ⁽²⁾	75 years	60 years	392 Havelock Road	Hotel	356,000	354,000	21.7	21.7
M Hotel	Freehold ⁽²⁾	75 years	60 years	81 Anson Road	Hotel	239,000	237,000	14.5	14.6
Copthorne King's Hotel	Leasehold	99 years from 1 February 1968	45 years	403 Havelock Road	Hotel	115,000	114,000	7.0	7.0
Studio M Hotel	Leasehold	99 years from 26 February 2007	84 years	3 Nanson Road	Hotel	166,000	166,000	10.1	10.2
Balance carried forward						1,407,000	1,402,000	85.7	86.1

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2021

STAPLED GROUP (CONT'D)

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value at 31/12/2021 ⁽¹⁾ \$'000	Carrying value at 31/12/2020 ⁽¹⁾ \$'000	Percentage of total net assets at 31/12/2021 %	Percentage of total net assets at 31/12/2020 %
Balance brought forward						1,407,000	1,402,000	85.7	86.1
Germany									
Pullman Hotel Munich	Freehold	–	–	Theodor-Dombart-Strasse 4, Munich	Hotel	159,591	171,479	9.7	10.5
Italy									
Hotel Cerretani Firenze – MGallery	Freehold	–	–	Via De Cerretani 68, Florence	Hotel	61,782	65,604	3.8	4.0
New Zealand									
Grand Millennium Auckland	Freehold	–	–	71 – 87 Mayoral Drive, Auckland	Hotel	212,152	186,657	12.9	11.5
Australia									
Ibis Perth	Freehold	–	–	334 Murray Street, Perth	Hotel	– ⁽³⁾	30,345	–	1.9
Mercure Perth	Freehold	–	–	10 Irwin Street, Perth	Hotel	– ⁽³⁾	45,517	–	2.8
Maldives									
Angsana Velavaru	Leasehold	50 years from 26 August 1997	26 years	South Nilandhe Atoll	Resort	81,223	76,754	4.9	4.7
Investment properties						1,921,748	1,978,356	117.0	121.5
United Kingdom									
Residential build-to-rent (“BTR”) (under development)	Freehold	–	–	Heyrod Street, Manchester	–	27,661 ⁽⁴⁾	–	1.7	–
Investment property under development						27,661	–	1.7	–

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2021

STAPLED GROUP (CONT'D)

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value at 31/12/2021 ⁽¹⁾ \$'000	Carrying value at 31/12/2020 ⁽¹⁾ \$'000	Percentage of total net assets at 31/12/2021 %	Percentage of total net assets at 31/12/2020 %
Property, plant and equipment									
Singapore									
W Singapore – Sentosa Cove	Leasehold	99 years from 31 October 2006	84 years	21 Ocean Way	Hotel	369,588	369,581	22.5	22.7
Australia									
Ibis Perth	Freehold	–	–	334 Murray Street, Perth	Hotel	30,389 ⁽³⁾	–	1.8	–
Mercure Perth	Freehold	–	–	10 Irwin Street, Perth	Hotel	44,114 ⁽³⁾	–	2.7	–
Maldives									
Raffles Maldives Meradhoo	Leasehold	50 years from 15 June 2006	34 years	Gaafu Alifu Atoll	Resort	62,072	59,246	3.8	3.7
Japan									
Hotel MyStays Asakusabashi	Freehold	–	–	1-5-5 Asakusabashi, Taito-ku, Tokyo, Japan	Hotel	42,326	47,728	2.6	2.9
Hotel MyStays Kamata	Freehold	–	–	5-46-5 Kamata, Ota-ku, Tokyo, Japan	Hotel	30,065	32,845	1.8	2.0
United Kingdom									
Hilton Cambridge City Centre	Leasehold	125 years from 25 December 1990	94 years	Downing Street, Cambridge	Hotel	118,045	110,079	7.2	6.8
The Lowry Hotel	Leasehold	150 years from 18 March 1997	125 years	Manchester	Hotel	95,772	88,916	5.8	5.5
Other plant and equipment	–	–	–	–	–	330	644	0.0	0.0
Property, plant and equipment						792,701	709,039	48.2	43.6
Other assets and liabilities (net)						2,742,110	2,687,395	166.9	165.1
Net assets of the Stapled Group						(1,099,484)	(1,059,660)	(66.9)	(65.1)
						1,642,626	1,627,735	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 properties in Australia were reclassified from investment properties to property, plant and equipment (Note 4).

(4) The acquisition of the residential BTR (under development) was completed on 31 August 2021 (Note 29).

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2021

The carrying values of the investment properties and investment property under development are as follows:

	H-REIT Group ⁽¹⁾		Stapled Group ⁽¹⁾	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Investment properties and investment property under development				
Orchard Hotel	443,000	443,000	443,000	443,000
Grand Copthorne Waterfront Hotel	356,000	354,000	356,000	354,000
M Hotel	239,000	237,000	239,000	237,000
Copthorne King's Hotel	115,000	114,000	115,000	114,000
W Singapore – Sentosa Cove	366,467	365,581	–	–
Studio M Hotel	166,000	166,000	166,000	166,000
Claymore Connect	88,000	88,000	88,000	88,000
Grand Millennium Auckland	212,152	186,657	212,152	186,657
Ibis Perth	28,429	30,345	– ⁽²⁾	30,345
Mercure Perth	42,643	45,517	– ⁽²⁾	45,517
Angsana Velavaru	81,223	76,754	81,223	76,754
Raffles Maldives Meradhoo	60,018	59,246	–	–
Pullman Hotel Munich	159,591	171,479	159,591	171,479
Hotel Cerretani Firenze – MGallery	61,782	65,604	61,782	65,604
Residential BTR (under development) ⁽³⁾	–	–	27,661	–
	2,419,305	2,403,183	1,949,409	1,978,356

The carrying values of property, plant and equipment by property are set out below:

	H-REIT Group ⁽¹⁾		Stapled Group ⁽¹⁾	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Property, plant and equipment				
W Singapore – Sentosa Cove	–	–	369,588	369,581
Ibis Perth	–	–	30,389 ⁽²⁾	–
Mercure Perth	–	–	44,114 ⁽²⁾	–
Raffles Maldives Meradhoo	–	–	62,072	59,246
Hotel MyStays Asakusabashi	42,326	47,728	42,326	47,728
Hotel MyStays Kamata	30,065	32,845	30,065	32,845
Hilton Cambridge City Centre	–	–	118,045	110,079
The Lowry Hotel	–	–	95,772	88,916
Other plant and equipment	240	249	330	644
	72,631	80,822	792,701	709,039

(1) The carrying values include right-of-use assets recognised on leases of land and buildings.

(2) The properties in Australia were reclassified from investment properties to property, plant and equipment (Note 4).

(3) The acquisition of the residential BTR (under development) was completed on 31 August 2021 (Note 29).

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2021

As at 31 December 2021 and 31 December 2020, 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 2021, W Singapore – Sentosa Cove, Raffles Maldives Meradhoo, the Japan Properties and the Australia Properties (2020: W Singapore – Sentosa Cove, 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 10 years from 1 May 2021.

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 2021.

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 2021

Note	HBT Group		H-REIT Group		Stapled Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Cash flows from operating activities						
	(7,737)	(33,621)	61,355	(158,491)	71,642	(185,077)
	Loss/Total return for the year before tax					
	Adjustments for:					
	683	447	7,566	8,103	8,249	8,550
	H-REIT Manager's and HBT Trustee- Manager's fees paid/payable in Stapled Securities					
6	15,942	11,031	1,671	1,901	21,453	16,190
	Depreciation of property, plant and equipment					
	(89)	78	9,168	10,930	1,313	11,008
	(Reversal of impairment loss)/Impairment loss on trade and other receivables					
	(4,460)	13,581	(911)	1,454	(13,337)	51,568
	(Reversal of revaluation deficit)/Revaluation deficit on property, plant and equipment					
	(438)	–	(18,237)	181,055	(30,509)	133,955
	Net fair value (gain)/loss on investment properties and investment property under development					
	–	–	–	8,951	–	8,795
	Loss on disposal of investment properties and related cessation of business of foreign operations					
	8,255	7,080	18,573	21,967	21,761	23,965
	Net finance costs					
	12,156	(1,404)	79,185	75,870	80,572	68,954
	Operating income/(loss) before working capital changes					
	Changes in working capital:					
	(344)	(43)	–	–	(344)	(43)
	Inventories					
	(6,044)	456	(10,731)	(21,390)	(6,951)	(1,319)
	Trade and other receivables					
	9,423	11,388	(3,811)	(2,480)	(471)	(10,706)
	Trade and other payables					
	15,191	10,397	64,643	52,000	72,806	56,886
	Cash generated from operating activities					
	(671)	(258)	(9,608)	(6,896)	(10,279)	(7,154)
	Tax paid					
	14,520	10,139	55,035	45,104	62,527	49,732
	Net cash generated from operating activities					
Cash flows from investing activities						
	–	–	(43,982)	(10,116)	–	–
	Loan to related entity					
	284	3,128	(5,883)	–	(5,599)	3,128
	Acquisition of business and/or assets, net of cash acquired					
29	(17,542)	–	–	(343,611)	(17,542)	–
	Acquisition of investment property under development/investment property					
	–	–	–	–	–	(343,611)
	Acquisition of property, plant and equipment					
	(5,205)	(1,726)	(90)	(337)	(7,653)	(5,911)
	Additions to property, plant and equipment					
	(10,087)	–	(6,144)	(12,161)	(13,873)	(8,313)
	Capital expenditure on investment properties and investment property under development					
	–	–	–	435,215	–	435,215
	Proceeds from disposal of investment properties					
	–	–	655	800	655	800
	Receipt of finance lease receivables					
	–	1	146	673	146	643
	Interest received					
	(32,550)	1,403	(55,298)	70,463	(43,866)	81,951
	Net cash (used in)/generated from investing activities					

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

Year ended 31 December 2021

	Note	HBT Group		H-REIT Group		Stapled Group	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Cash flows from financing activities							
Loan from related entity		43,982	10,116	–	–	–	–
Capital contribution from non-controlling interest		–	–	32	–	32	–
Proceeds from bank loans		34,704	–	276,175	84,013	310,879	84,013
Proceeds from bond		–	–	–	39,990	–	39,990
Repayment of bank loans		(34,639)	–	(202,828)	(127,660)	(237,467)	(127,660)
Repayment of bond		–	–	–	(39,990)	–	(39,990)
Payment of transaction costs related to bank loans		–	–	(1,419)	(1,613)	(1,419)	(1,613)
Payment of lease liabilities		(4,063)	(2,849)	(1,471)	(708)	(1,709)	(766)
Finance costs paid		(7,003)	(6,049)	(16,591)	(15,756)	(20,391)	(19,054)
Distributions to holders of Stapled Securities		–	(3,070)	(57,114)	(74,328)	(57,114)	(77,398)
Distributions to holders of non-controlling interests		–	–	–	(23)	–	(23)
Return of capital to non-controlling interests		–	–	–	(24)	–	(24)
Movement in restricted cash		–	–	31	(3,415)	31	(3,415)
Net cash generated from/(used in) financing activities		32,981	(1,852)	(3,185)	(139,514)	(7,158)	(145,940)
Net increase/(decrease) in cash and cash equivalents							
		14,951	9,690	(3,448)	(23,947)	11,503	(14,257)
Cash and cash equivalents at beginning of the year		17,532	7,802	109,059	127,091	126,591	134,893
Effect of exchange rate changes on cash and cash equivalents		(156)	40	(2,812)	5,915	(2,968)	5,955
Cash and cash equivalents at end of the year	9	32,327	17,532	102,799	109,059	135,126	126,591

Significant non-cash transactions

There were the following non-cash transactions:

- (i) 8,142,678 (2020: 8,464,229) Stapled Securities amounting to \$10.1 million (2020: \$10.6 million) were issued to the H-REIT Manager as satisfaction of the management fee and acquisition fee payable in Stapled Securities.
- (ii) 370,451 (2020: 450,802) Stapled Securities amounting to \$0.4 million (2020: \$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 21 March 2022.

1 GENERAL

CDL Hospitality Trusts is a stapled group comprising CDL Hospitality Real Estate Investment Trust (“**H-REIT**”) and its subsidiaries (the “**H-REIT Group**”) and CDL Hospitality Business Trust (“**HBT**”) and its subsidiaries (the “**HBT Group**”) (collectively, the “**Stapled Group**”). H-REIT is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 8 June 2006 (as amended) (the “**H-REIT Trust Deed**”) between M&C REIT Management Limited (the “**H-REIT Manager**”) and DBS Trustee Limited (the “**H-REIT Trustee**”). The H-REIT Trust Deed is governed by the laws of the Republic of Singapore. The H-REIT Trustee is under a duty to take into custody and hold the assets of H-REIT held by it or through its subsidiaries in trust for the holders of units in H-REIT. HBT is a business trust constituted by a trust deed dated 12 June 2006 (as amended) (the “**HBT Trust Deed**”) and is managed by M&C Business Trust Management Limited (the “**HBT Trustee-Manager**”). The securities in each of H-REIT and HBT are stapled together under the terms of a stapling deed dated 12 June 2006 entered into between the H-REIT Manager, the H-REIT Trustee and the HBT Trustee-Manager (the “**Stapling Deed**”) and cannot be traded separately. Each stapled security in CDL Hospitality Trusts (the “**Stapled Security**”) comprises a unit in H-REIT (the “**H-REIT Unit**”) and a unit in HBT (the “**HBT Unit**”).

CDL Hospitality Trusts was formally admitted to the Official List of Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 19 July 2006.

The principal activity of H-REIT and its subsidiaries is to invest in income producing real estate and real estate related assets, which are used or primarily used for hospitality, hospitality related and other accommodation and/or lodging purposes globally.

The principal activity of HBT and its subsidiaries is to invest in diversified portfolio of real estate or development projects and real estate related assets, which are used or primarily used for hospitality, hospitality-related and other accommodation and/or lodging purposes globally, and shall also include the operation and management of the real estate assets.

The consolidated financial statements of the H-REIT Group relate to H-REIT and its subsidiaries. The consolidated financial statements of the HBT Group relate to HBT and its subsidiaries. The consolidated financial statements of the Stapled Group relate to the HBT Group and the H-REIT Group.

Several service agreements are in place in relation to the management of HBT and H-REIT and its property operations. The fee structures of these services are as follows:

(i) *HBT Trustee-Manager’s fees*

Pursuant to Clauses 12.1, 12.2, 12.3 and 12.4 of the HBT Trust Deed, the HBT Trustee-Manager is entitled to the following:

- Trustee fee of not exceeding 0.1% per annum of the value of HBT’s Deposited Property (as defined in the HBT Trust Deed), subject to a minimum fee of \$10,000 per month, if the value of HBT’s Deposited Property is at least \$50.0 million. The trustee fee is payable in arrears on a monthly basis in the form of cash.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL (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 2021 and 31 December 2020, 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 2021 and 31 December 2020, 80% of the H-REIT Manager's management fees was satisfied in Stapled Securities and the remaining 20% was satisfied in cash.

Any increase in the maximum permitted rate or any change in the structure of the H-REIT Manager's management fees must be approved by an extraordinary resolution at a meeting of holders of the H-REIT units duly convened and held in accordance with the provisions of the H-REIT Trust Deed.

The portion of the base management fee payable in the form of Stapled Securities is paid on a quarterly basis, in arrears. The portion of the base management fee payable in the form of cash is paid on a monthly basis, in arrears. Performance fee is paid on an annual basis in arrears, regardless of whether it is paid in the form of Stapled Securities or in cash.

- Acquisition fee of 1% (0.75% for acquisitions from related parties as defined in the H-REIT Trust Deed) of the acquisition price and a divestment fee of 0.5% of the sale price on all future acquisitions or disposals of properties. Both the acquisition fee and divestment fee are payable in the form of Stapled Securities and/or cash as the H-REIT Manager may elect, and in such proportion as may be determined by the H-REIT Manager. In the event that the H-REIT Manager receives an acquisition fee in connection with a transaction with a related party, any such acquisition fee shall be paid in the form of Stapled Securities issued at the market price.
- Development management fee of 3% of the Total Project Costs (as defined in the H-REIT Trust Deed) incurred in a Development Project (as defined in the H-REIT Trust Deed) undertaken on behalf of H-REIT Group. If the estimated Total Project Costs exceeds \$200.0 million, the H-REIT Manager's independent directors will first review and approve the quantum of the development management fee whereupon the H-REIT Manager may be directed by its independent directors to reduce the development management fee.

The development management fee is payable in equal monthly instalments in cash over the construction period of each Development Project based on the H-REIT Manager's best estimate of the Total Project Costs and construction period and, if necessary, a final payment of the balance amount to be paid to the H-REIT Manager or (as the case may be) paid by the H-REIT Manager when the Total Project Costs is finalised. No acquisition fee shall be paid when the H-REIT Manager receives the development management fee for a Development Project.

Any increase in the percentage or any change in the structure of the H-REIT Manager's development management fee must be approved by an extraordinary resolution at a meeting of holders of the H-REIT units duly convened and held in accordance with the provisions of the H-REIT Trust Deed.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL (CONT'D)

(iii) H-REIT Trustee's fee

Pursuant to the H-REIT Trust Deed, the H-REIT Trustee's fee shall not exceed 0.1% per annum of the value of H-REIT's Deposited Property (subject to a minimum of \$10,000 per month) or such higher percentage as may be fixed by an extraordinary resolution of a meeting of holders of the H-REIT units. The H-REIT Trustee's fee is payable out of H-REIT's Deposited Property on a monthly basis, in arrears. The H-REIT Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the H-REIT Trust Deed.

Based on the current agreement between the H-REIT Manager and the H-REIT Trustee, the H-REIT Trustee's fee is charged on a scaled basis of up to 0.02% per annum of the value of H-REIT's Deposited Property (subject to a minimum of \$10,000 per month).

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the HBT Group have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**"), the applicable requirements of the Business Trusts Act 2004 of Singapore and the provisions of the HBT Trust Deed.

The financial statements of the H-REIT Group and the Stapled Group are prepared in accordance with the Statement of Recommended Accounting Practice ("**RAP**") 7 *Reporting Framework for 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 investment property under development
- Note 6 – 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 investment property under development
- Note 6 – Valuation of property, plant and equipment
- Note 25 – Valuation of financial instruments

2.5 Change in accounting policies

The Stapled Group has applied the following amendments to FRSs / SFRS(I)s for the first time for the annual period beginning on 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to FRS 109 / SFRS(I) 9, FRS 39 / SFRS(I) 1-39, FRS 107 / SFRS(I) 7, FRS 104 / SFRS(I) 4 and FRS 116 / SFRS(I) 16).

The application of these amendments to standards did not have a material effect on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied by the HBT Group, the H-REIT Group and the Stapled Group consistently to all periods presented in these financial statements.

3.1 Consolidation

(i) Stapling

Where entities enter into a stapling arrangement, the stapling arrangement is accounted for as a business combination under the acquisition method.

(ii) Business combinations

The Stapled Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Stapled Group. In determining whether a particular set of activities and assets is a business, the Stapled Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Stapled Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Stapled Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss or the statement of total return (as the case may be).

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by FRS / SFRS(I).

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Stapled Group incurs in connection with a business combination are expensed as incurred.

(iii) Subsidiaries

Subsidiaries are entities controlled by either the HBT Group or the H-REIT Group. The HBT Group and the H-REIT Group control an entity when they are exposed to or has rights to, variable returns from their involvement with the entity and have the ability to affect those returns through their power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies of the HBT Group, the H-REIT Group and the Stapled Group, where appropriate. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

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 35 years to 126 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 and investment property under development

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property under development is property being constructed or developed for future use as investment property. Investment properties and investment property under development are measured at cost on initial recognition and subsequently at fair value with any changes therein recognised in profit or loss or the statement of total return (as the case may be).

The cost of a purchased property comprises its purchase price and any directly attributable expenditure including transaction costs. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Fair value is determined in accordance with the HBT Trust Deed and the H-REIT Trust Deed which requires the investment properties and investment property under development to be valued by independent registered valuers in the following events:

- at least once a year in accordance with the Property Funds Appendix of CIS Code issued by MAS; and
- where the HBT Trustee-Manager and the H-REIT Manager proposes to issue new units for subscription or to redeem existing units unless the investment properties have been valued not more than 6 months ago.

When an investment property is disposed of, the resulting gain or loss recognised in profit or loss or the statement of total return (as the case may be) is the difference between net disposal proceeds and the carrying amount of the property.

Properties are classified either as investment properties or property, plant and equipment in the statement of financial position. In assessing whether a property is classified as an investment property or property, plant and equipment, the Stapled Group takes into consideration several factors including, but not limited to, the business model, the extent of ancillary services provided, the power that the Stapled Group has to make significant operating and financing decisions regarding the operations of the property and the significance of its exposure to variations in the net cash flows of the property. The factors above are considered collectively, together with the facts and circumstances of each lease, in determining the classification of a property.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting as set out in Note 3.3.

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 statements of financial position.

Short-term leases and leases of low value assets

The Stapled Group has elected not to recognise ROU assets and lease liabilities for leases of low-value assets and short-term leases. The Stapled Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Stapled Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Stapled Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Stapled Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Stapled Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Stapled Group is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset.

If an arrangement contains lease and non-lease components, then the Stapled Group applies FRS 115 / SFRS(I) 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract.

The Stapled Group applies the derecognition and impairment requirements in FRS 109 / SFRS(I) 9 *Financial Instruments* to the net investment in the lease (see Note 3.8(i)).

The Stapled Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Stapled Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss ("**FVTPL**"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified at: amortised cost; fair value through other comprehensive income ("**FVOCI**") – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Stapled Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Stapled Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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 statements of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Stapled Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Stapled Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss or the statement of total return (as the case may be).

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Stapled Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and fixed deposits that are subject to an insignificant risk of changes in their fair values, and are used by the Stapled Group in the management of its short-term commitments. For the purpose of the statement of cash flows, restricted cash is excluded.

(vi) Derivative financial instruments and hedge accounting

The Stapled Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss or the statement of total return (as the case may be) as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss or the statement of total return (as the case may be).

The Stapled Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Stapled Group documents the risk management objective and strategy for undertaking the hedge. The Stapled Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

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 non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

When a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of foreign exchange gains and losses for a non-derivative financial liability is recognised in OCI and presented in the translation reserve within unitholders' funds. Any ineffective portion of foreign exchange gains and losses on the non-derivative financial liability is recognised immediately in profit or loss or the 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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

General approach (cont'd)

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 statements of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Stapled Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Stapled Group's procedures for recovery of amounts due.

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 Unitholders' funds

Unitholders' funds of the Stapled Group comprise unitholders' funds of the HBT Group and the H-REIT Group. Unitholders' funds are classified as equity.

Issue expenses relate to expenses incurred in connection with the issue of Stapled Securities. The expenses are deducted directly against the unitholders' funds.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Provisions

A provision is recognised if, as a result of a past event, the Stapled Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.11 Revenue

(i) Rental income from operating leases

Rental income receivable under operating leases is recognised in the statement of total return on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income to be received. Variable rentals are recognised as income in the accounting period in which they are earned and the amount can be measured reliably.

(ii) Hotel revenue

Revenue from hotel and resort operations is recognised when the accommodation and related services are rendered.

3.12 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Stapled Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.13 Finance income and finance costs

Finance income comprises interest income on funds invested, finance lease receivables and loan to related entity, net foreign exchange gains and gains on hedging instruments that are recognised in profit or loss or the statement of total return (as the case may be). Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprises interest expense on loans and borrowings, lease liabilities and loan from related entity, amortisation of transaction costs on loans and borrowings, unwinding of the discount on non-current rental deposits, net foreign exchange losses and losses on hedging instruments that are recognised in profit or loss or the statement of total return (as the case may be). Interest expenses are recognised as they accrue, in profit or loss or the statement of total return (as the case may be), using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset, or the amortised cost of the financial liability.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss or the 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)

3.14 Tax (cont'd)

Although H-REIT is not taxed on its taxable income distributed, the H-REIT Trustee and the H-REIT Manager are required to deduct income tax at the applicable corporate tax rate from distributions of such taxable income of H-REIT (i.e. which has not been taxed in the hands of the H-REIT Trustee) to certain holders of H-REIT units. The H-REIT Trustee and the H-REIT Manager will not deduct tax from distributions made out of H-REIT's taxable income to the extent that the beneficial holder of H-REIT units is:

- An individual (excluding a partnership in Singapore);
- A tax resident Singapore-incorporated company;
- A Singapore branch of a company incorporated outside Singapore;
- A body of persons (excluding partnerships) incorporated or registered in Singapore, including:
 - (i) a charity registered under the Charities Act (Cap 37) or established by any written law;
 - (ii) a town council;
 - (iii) a statutory board;
 - (iv) a co-operative society registered under the Co-operative Societies Act (Cap 62); and
 - (v) a trade union registered under the Trade Unions Act (Cap 333).
- an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap 145); and
- real estate investment trust exchange-traded funds which have been accorded the tax transparency treatment.

The above tax transparency ruling does not apply to gains from sale of real properties. Such gains which are considered as trading gains are assessable to tax on H-REIT. Where the gains are capital gains, H-REIT will not be assessed to tax and may distribute the capital gains without tax being deducted at source.

3.15 Levies

A provision for levies is recognised when the condition that triggers the payment of the levy as specified in the relevant legislation is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

3.16 Government grants

Grants that compensate the Stapled Group for expenses incurred are recognised in profit or loss or the 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.

3.17 Earnings per Stapled Security

The Stapled Group presents basic and diluted earnings per Stapled Security. Basic earnings per Stapled Security is calculated by dividing the total return attributable to Stapled 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.

3.18 Segment reporting

An operating segment is a component of the HBT Group, the H-REIT Group and the Stapled Group that engages in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the other components of the HBT Group, the H-REIT Group and the Stapled Group. All operating segments' operating results are reviewed regularly by the HBT Board or the H-REIT Board (the "Boards") to make decisions about resources to be allocated to the segment and assess its performance, and is a component for which discrete financial information is available.

Segment results that are reported to the Boards include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly management fee, finance income, finance costs and other expenses.

Segment capital expenditure is the total cost incurred on investment properties, investment property under development and property, plant and equipment during the year.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 New standards and interpretations not yet adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted. The Stapled Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The Stapled Group is in the process of assessing the impact of the new FRSs / SFRS(I)s, interpretations and amendments to FRSs / SFRS(I)s on its financial statements.

- FRS 117 / SFRS(I) 17 *Insurance Contracts* and amendments to FRS 117 / SFRS(I) 17
- *Covid-19-Related Rent Concessions beyond 30 June 2021* (Amendment to FRS 116 / SFRS(I) 16)
- *Reference to the Conceptual Framework* (Amendments to FRS 103 / SFRS(I) 3)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to FRS 16 / SFRS(I) 1-16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to FRS 37 / SFRS(I) 1-37)
- *Classification of Liabilities as Current or Non-current* (Amendments to FRS 1 / SFRS(I) 1-1)
- Annual Improvements to FRSs 2018 – 2020
- *Disclosure of Accounting Policies* (Amendments to FRS 1 / SFRS(I) 1-1 and FRS / SFRS(I) Practice Statement 2)
- *Definition of Accounting Estimates* (Amendments to FRS 8 / SFRS(I) 1-8)
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to FRS 12 / SFRS(I) 1-12)

4 INVESTMENT PROPERTIES

	HBT Group		H-REIT Group		Stapled Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
At 1 January	–	–	2,403,183	2,209,253	1,978,356	2,139,392
Acquisition of property, including acquisition costs (Note 29)	–	–	–	343,700	–	–
Acquisition of assets (Note 29)	–	–	5,883	–	–	–
Straight-line rental adjustments	–	–	7,726	1,392	4,095	1,392
Recognition of right-of-use assets	–	–	–	55,550	–	–
Adjustment to right-of-use assets (Note 10)	–	–	(2,186)	–	–	–
Capital expenditure	–	–	4,639	12,307	2,281	8,303
Disposal of property	–	–	–	(70,346)	–	(70,190)
Fair value changes (unrealised)	–	–	18,237	(181,055)	30,071	(133,955)
Reclassified to property, plant and equipment (Note 6)	–	–	–	–	(75,863)	–
Translation differences	–	–	(18,177)	32,382	(17,192)	33,414
At 31 December	–	–	2,419,305	2,403,183	1,921,748	1,978,356

The straight-line rental adjustments represent the effect of recognising rental income on a straight-line basis over the lease term of the investment properties.

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 2021, an investment property of the H-REIT Group and the Stapled Group with a carrying amount of \$159.6 million (2020: \$171.5 million) is pledged as security to secure a bank loan (Note 10).

NOTES TO THE FINANCIAL STATEMENTS

4 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value

The carrying amounts of the investment properties as at 31 December 2021 were based on independent valuations undertaken by CBRE Pte. Ltd. for the Singapore and Maldives properties, Jones Lang LaSalle Incorporated for the New Zealand property, CIVAS (NSW) Pty Ltd (trading as Colliers International) for the Australia properties, CBRE GmbH for the German property, CBRE Valuation S.p.A. for the Italian property, as at that date. 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 Ltd (trading as Colliers International) for the Australia 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 independent valuers have appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

The valuations were based on the discounted cash flows and capitalisation methods, where appropriate. The valuation methods used in determining the fair value involve certain estimates including those relating to discount rate, terminal yield and capitalisation rate. The specific risks inherent in each of the properties are taken into consideration in arriving at the property valuation. In relying on the valuation reports, the H-REIT Manager has exercised its judgement and is satisfied that the valuation methods and estimates used are reflective of market conditions prevailing at the end of the financial year.

Certain valuers have highlighted in the valuation reports that as a result of the COVID-19 pandemic, less certainty, and a higher degree of caution, should be attached to the valuations than would normally be the case. Due to the uncertain future impact that the COVID-19 pandemic might have on the real estate market, the values might change more rapidly and significantly than during standard market condition. The valuers have also recommended to keep the valuation of these properties under frequent review. Accordingly, the carrying amounts of the investment properties were current as at 31 December 2021 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	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Fair value of investment properties (based on valuation reports)	2,347,201	2,328,448	1,911,630	1,967,992
Add: Carrying amount of lease liabilities	72,104	74,735	10,118	10,364
Carrying amount of investment properties	<u>2,419,305</u>	<u>2,403,183</u>	<u>1,921,748</u>	<u>1,978,356</u>

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.

Country	Valuation techniques	Significant unobservable inputs	2021	2020
Singapore	Discounted cash flows and capitalisation methods	<u>Hotel</u>		
		Discount rate	5.75% - 6.50%	6.00% - 7.00%
		Terminal yield	3.75% - 4.50%	3.40% - 5.35%
		Capitalisation rate	3.50% - 4.25%	3.15% - 5.10%
		<u>Retail</u>		
		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	8.25%	8.75%
		Terminal yield	6.13%	7.00%
		Capitalisation rate	6.13%	6.75%
Germany	Discounted cash flows method	<u>Hotel</u>		
		Discount rate	6.50% - 8.50%	5.00%
		Terminal yield	4.50% - 6.00%	5.25%
		<u>Retail</u>		
		Discount rate	4.85%	5.00%
		Terminal yield	4.35%	5.25%
Australia	Discounted cash flows and capitalisation methods	Discount rate	7.25%	7.25%
		Terminal yield	5.75%	5.75%
		Capitalisation rate	5.13% - 5.75%	5.25%
Maldives	Discounted cash flows and capitalisation methods	Discount rate	11.75% - 12.00%	12.00%
		Terminal yield	8.75% - 9.00%	9.00%
		Capitalisation rate	8.50% - 8.75%	N.A.
Italy	Discounted cash flows method	Discount rate	5.26% - 6.26%	6.85%
		Terminal yield	4.00% - 5.00%	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 and capitalisation rate. An increase in discount rate, terminal yield and capitalisation rate in isolation would result in a lower fair value.

Reclassification – transfer to property, plant and equipment

For the financial year ended 31 December 2021

During the financial year, subsidiaries of the HBT Group became the master lessees and operators of the Australia properties held by the H-REIT Group that were previously leased to external lessees. On the date of transfer, the carrying amount of Australia properties of \$75,863,000 has been reclassified from investment properties to property, plant and equipment at the Stapled Group.

NOTES TO THE FINANCIAL STATEMENTS

5 INVESTMENT PROPERTY UNDER DEVELOPMENT

	HBT Group		H-REIT Group		Stapled Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
At 1 January	–	–	–	–	–	–
Acquisition of property, including acquisition costs (Note 29)	17,542	–	–	–	17,542	–
Capital expenditure	10,087	–	–	–	10,087	–
Fair value changes (unrealised)	438	–	–	–	438	–
Translation differences	(406)	–	–	–	(406)	–
At 31 December	27,661	–	–	–	27,661	–

Measurement of fair value

The carrying amount of the investment property under development as at 31 December 2021 was based on an independent valuation undertaken by Savills (UK) Limited, as at that date. The independent valuer has appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The valuation was based on the gross development investment value method. The valuation method used in determining the fair value involves certain estimates including those relating to capitalisation rate and percentage of completion. The specific risks inherent in the property are taken into consideration in arriving at the property valuation. In relying on the valuation report, the HBT Trustee-Manager has exercised its judgement and is satisfied that the valuation method and estimates used are reflective of market conditions prevailing at the end of the financial year.

Fair value hierarchy

The fair value measurement for investment property under development has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2.4).

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property under development, as well as the significant unobservable inputs used.

Country	Valuation technique	Significant unobservable inputs	2021	2020
United Kingdom	Gross development investment value	Capitalisation rate	4.15%	N.A.
		Percentage of completion	18.47%	N.A.

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 property under development are capitalisation rate and percentage of completion. An increase in capitalisation rate or a decrease in percentage of completion in isolation would result in a lower fair value.

NOTES TO THE FINANCIAL STATEMENTS

6 PROPERTY, PLANT AND EQUIPMENT

	At valuation		At cost					Total \$'000
	Leasehold land \$'000	Buildings \$'000	Plant and machinery \$'000	Motor vehicles \$'000	Furniture and fixtures \$'000	Office equipment \$'000	Capital work-in- progress \$'000	
HBT Group								
At valuation/cost								
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)/Reversal of revaluation deficit 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
At 1 January 2021	102,262	155,634	4,458	279	32,713	1,013	443	296,802
Additions	19	49,102	–	–	433	43	4,753	54,350
Transfers	–	–	–	–	4,753	–	(4,753)	–
Disposal	–	(150)	–	–	–	–	–	(150)
Adjustment to right-of-use assets (note 10)	2,938	–	–	–	–	–	–	2,938
Translation differences	1,285	(262)	46	–	263	10	5	1,347
Reversal of revaluation deficit recognised in statement of profit or loss	4,460	–	–	–	–	–	–	4,460
Revaluation surplus recognised in OCI	–	7,642	–	–	–	–	–	7,642
Elimination of accumulated depreciation on revaluation	(3,570)	(7,871)	–	–	–	–	–	(11,441)
At 31 December 2021	107,394	204,095	4,504	279	38,162	1,066	448	355,948
Accumulated depreciation								
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
At 1 January 2021	–	–	1,647	55	14,895	600	–	17,197
Depreciation	3,570	8,021	464	72	3,644	171	–	15,942
Disposal	–	(150)	–	–	–	–	–	(150)
Translation differences	–	–	10	–	102	4	–	116
Elimination of accumulated depreciation on revaluation	(3,570)	(7,871)	–	–	–	–	–	(11,441)
At 31 December 2021	–	–	2,121	127	18,641	775	–	21,664
Carrying amounts								
At 1 January 2020	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
At 31 December 2021	107,394	204,095	2,383	152	19,521	291	448	334,284

NOTES TO THE FINANCIAL STATEMENTS

6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At valuation		At cost			Total \$'000
	Freehold land \$'000	Buildings \$'000	Plant and machinery \$'000	Motor vehicles and boats \$'000	Furniture and fixtures \$'000	
H-REIT Group						
At valuation/cost						
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
At 1 January 2021	54,344	22,620	7,006	1,444	956	86,370
Additions	–	24	–	90	–	114
Translation differences	(4,392)	(1,837)	(568)	30	(78)	(6,845)
Revaluation deficit recognised in unitholders' funds	(1,058)	–	–	–	–	(1,058)
Reversal of revaluation deficit recognised in statement of total return	–	911	–	–	–	911
Elimination of accumulated depreciation on revaluation	–	(787)	–	–	–	(787)
At 31 December 2021	48,894	20,931	6,438	1,564	878	78,705
Accumulated depreciation						
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
At 1 January 2021	–	–	4,046	1,203	299	5,548
Depreciation	–	787	659	116	109	1,671
Translation differences	–	–	(355)	25	(28)	(358)
Elimination of accumulated depreciation on revaluation	–	(787)	–	–	–	(787)
At 31 December 2021	–	–	4,350	1,344	380	6,074
Carrying amounts						
At 1 January 2020	57,332	24,541	3,499	451	417	86,240
At 31 December 2020	54,344	22,620	2,960	241	657	80,822
At 31 December 2021	48,894	20,931	2,088	220	498	72,631

NOTES TO THE FINANCIAL STATEMENTS

6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At valuation			At cost					Total \$'000
	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	
Stapled Group									
At valuation/cost									
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
At 1 January 2021	54,344	313,184	289,005	32,695	43,974	1,957	5,266	672	741,097
Additions	–	19	415	570	1,261	90	292	5,197	7,844
Acquisition of assets (note 29)	–	–	–	5,611	256	–	16	–	5,883
Disposal	–	–	(150)	–	–	–	–	–	(150)
Transfers	–	–	–	121	4,772	–	–	(4,893)	–
Adjustment of right-of-use assets (note 10)	–	752	–	–	–	–	–	–	752
Reclassified from investment properties (note 4)	23,366	–	39,631	12,866	–	–	–	–	75,863
Revaluation (deficit)/surplus recognised in unitholders' funds	(1,058)	255	8,049	–	–	–	–	–	7,246
Reversal of revaluation deficit recognised in statement of total return	–	8,088	5,249	–	–	–	–	–	13,337
Translation differences	(5,113)	854	(997)	(990)	237	34	54	5	(5,916)
Elimination of accumulated depreciation on revaluation	–	(3,974)	(7,152)	–	–	–	–	–	(11,126)
At 31 December 2021	71,539	319,178	334,050	50,873	50,500	2,081	5,628	981	834,830
Accumulated depreciation									
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
At 1 January 2021	–	–	–	9,438	18,577	1,486	2,557	–	32,058
Depreciation	–	3,974	7,302	4,382	4,776	191	828	–	21,453
Disposal	–	–	(150)	–	–	–	–	–	(150)
Translation differences	–	–	–	(306)	129	30	41	–	(106)
Elimination of accumulated depreciation on revaluation	–	(3,974)	(7,152)	–	–	–	–	–	(11,126)
At 31 December 2021	–	–	–	13,514	23,482	1,707	3,426	–	42,129
Carrying amounts									
At 1 January 2020	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
At 31 December 2021	71,539	319,178	334,050	37,359	27,018	374	2,202	981	792,701

The depreciation expense is included in "depreciation" in profit or loss or the statement of total return (as the case may be).

NOTES TO THE FINANCIAL STATEMENTS

6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

For each revalued class of property, plant and equipment, the carrying amount that would have been recognised had the assets been carried under the cost model is as follows:

	HBT Group		H-REIT Group		Stapled Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Freehold land						
Cost and carrying value	–	–	36,252	39,449	58,897	39,449
Leasehold land						
Cost	132,712	128,073	–	–	363,737	361,811
Accumulated depreciation and impairment losses	(22,712)	(22,702)	–	–	(34,984)	(38,526)
Carrying value	110,000	105,371	–	–	328,753	323,285
Buildings						
Cost	203,067	154,271	28,523	31,011	412,912	357,028
Accumulated depreciation and impairment losses	(11,188)	(3,164)	(5,761)	(5,370)	(80,728)	(76,505)
Carrying value	191,879	151,107	22,762	25,641	332,184	280,523

Measurement of fair value

The carrying amounts of the properties as at 31 December 2021 were based on independent valuations undertaken by JLL Morii Valuation & Advisory K.K. for the Japan properties, CBRE Hotels Limited for the United Kingdom properties, CBRE Pte. Ltd. for the Maldives property and Singapore property and CIVAS (NSW) Pty Ltd (trading as Colliers International) for the Australia properties. The 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 independent valuers have appropriate professional qualifications and recent experience in the location and category of the properties being valued.

The valuations were based on the discounted cash flow and capitalisation methods, where appropriate. The valuation methods used in determining the fair value involve certain estimates including those relating to discount rate, terminal yield and capitalisation rate. The specific risks inherent in each of the properties are taken into consideration in arriving at the property valuation. In relying on the valuation reports, the H-REIT Manager and HBT Trustee-Manager has exercised its judgement and is satisfied that the valuation methods and estimates used are reflective of market conditions prevailing at the end of the reporting date.

Certain valuers have highlighted in the valuation reports that as a result of the COVID-19 pandemic, less certainty, and a higher degree of caution, should be attached to the valuations than would normally be the case. Due to the uncertain future impact that the COVID-19 pandemic might have on the real estate market, the values might change more rapidly and significantly than during standard market condition. The valuers have also recommended to keep the valuation of these properties under frequent review. Accordingly, the carrying amounts of the properties were current as at 31 December 2021 only.

NOTES TO THE FINANCIAL STATEMENTS

6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Measurement of fair value (cont'd)

Fair value hierarchy

The fair value measurement for property, plant and equipment has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used (see Note 2.4).

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair value of property, plant and equipment, as well as the significant unobservable inputs used.

Country	Valuation techniques	Significant unobservable inputs	2021	2020
Singapore	Discounted cash flows and capitalisation methods	Discount rate Terminal yield Capitalisation rate	5.75% 3.75% 3.50%	6.00% 3.50% 3.25%
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%	4.20% - 4.50% 4.50% - 4.80% 4.40% - 4.70%
United Kingdom	Discounted cash flows method	Discount rate Terminal yield	8.25% 6.25%	8.25% 6.25%
Maldives	Discounted cash flows and capitalisation methods	Discount rate Terminal yield Capitalisation rate	12.00% 9.00% 8.75%	12.00% 9.00% N.A.
Australia	Discounted cash flows and capitalisation methods	Discount rate Terminal yield Capitalisation rate	7.25% 5.75% 5.25%	N.A. N.A. N.A.

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.

7 FINANCE LEASE RECEIVABLES

	HBT Group		H-REIT Group		Stapled Group	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Finance lease receivables:						
- related corporation	–	–	2,198	4,923	2,198	4,923
Non-current	–	–	1,803	4,098	1,803	4,098
Current	–	–	395	825	395	825
	–	–	2,198	4,923	2,198	4,923

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

8 TRADE AND OTHER RECEIVABLES

	HBT Group		H-REIT Group		Stapled Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Trade receivables:						
- related corporations	–	–	6,033	4,635	6,033	4,635
- related entities	–	–	24,361	20,788	–	–
- third parties	4,160	3,240	4,038	11,630	8,198	14,870
	4,160	3,240	34,432	37,053	14,231	19,505
Impairment loss	(4)	(105)	(8,005)	(4,931)	(175)	(5,036)
Net trade receivables	4,156	3,135	26,427	32,122	14,056	14,469
Other receivables:						
- related corporations	–	–	6	310	6	310
- related entities	11,393	9,797	73,388	27,475	–	–
- third parties	5,760	2,114	5,833	8,526	11,593	10,640
	17,153	11,911	79,227	36,311	11,599	10,950
Rental deposits	245	244	149	149	394	393
	21,554	15,290	105,803	68,582	26,049	25,812
Prepayments	998	626	2,190	1,656	3,188	2,282
	22,552	15,916	107,993	70,238	29,237	28,094
Non-current	212	212	72,845	10,264	361	361
Current	22,340	15,704	35,148	59,974	28,876	27,733
	22,552	15,916	107,993	70,238	29,237	28,094

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 13 (2020: 12) master lessees.

Other receivables from related corporations are unsecured, interest-free and repayable on demand.

Other receivables from related entities comprise mainly loans amounting to a total of \$72,696,000 (2020: \$10,116,000) which are unsecured, bear interest at rates ranging from 0.92% to 1.50% (2020: 1.33% to 1.45%) and repayment is neither planned nor likely to occur in foreseeable future. The remaining receivables from related entities are unsecured, interest free and repayable from demand.

The exposure of the HBT Group, H-REIT Group and Stapled Group to credit risk and impairment losses for trade and other receivables is disclosed in Note 25.

9 CASH AND CASH EQUIVALENTS

	HBT Group		H-REIT Group		Stapled Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Cash at bank and in hand	32,327	17,532	80,282	97,950	112,609	115,482
Fixed deposits with financial institutions	–	–	26,855	15,620	26,855	15,620
Cash and cash equivalents in the statements of financial position	32,327	17,532	107,137	113,570	139,464	131,102
Restricted cash	–	–	(4,338)	(4,511)	(4,338)	(4,511)
Cash and cash equivalents in the statements of cash flows	32,327	17,532	102,799	109,059	135,126	126,591

NOTES TO THE FINANCIAL STATEMENTS

10 LOANS AND BORROWINGS

	HBT Group		H-REIT Group		Stapled Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
At amortised cost:						
Non-current						
Secured TMK bond	–	–	35,874	38,843	35,874	38,843
Secured bank loan	–	–	67,350	71,305	67,350	71,305
Unsecured bank loans	–	96,976	573,653	531,597	573,653	628,573
Lease liabilities	139,600	93,342	73,382	77,820	91,407	92,750
	139,600	190,318	750,259	719,565	768,284	831,471
Current						
Unsecured bank loans	98,128	–	323,714	289,804	421,842	289,804
Lease liabilities	5,995	4,024	941	1,847	1,046	2,072
Loan from related entity	72,696	10,116	–	–	–	–
	176,819	14,140	324,655	291,651	422,888	291,876
	316,419	204,458	1,074,914	1,011,216	1,191,172	1,123,347

Secured TMK Bond

The TMK bond included in the H-REIT Group relates to a 5-year Japanese Yen denominated bond of \$36.5 million (JPY3.1 billion) (2020: \$39.8 million (JPY3.1 billion)) issued by H-REIT's indirectly-owned subsidiary, CDLHT Hanei Tokutei Mokuteki Kaisha. H-REIT's interest in its Japan hotels is held via a Tokutei Mokuteki Kaisha ("**TMK**") structure, and such TMK structure is required to issue a bond to fund the acquisition of assets.

The bondholders have a statutory preferred right, under Article 128 of the Japan Asset Liquidation Law, to receive payment of all obligations under the bond prior to other creditors out of the assets of the TMK. Such right shall be junior to the priority of the general statutory lien under the Japan Civil Code. While the assets of TMK are subject to a statutory preferred right, it is not considered a mortgage under Japan laws.

Secured bank loan

The secured bank loan relates to a 7-year fixed term loan of \$67.5 million (EUR44.0 million) (2020: \$71.5 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 \$159.6 million (EUR104.1 million) (2020: \$171.5 million (EUR105.6 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.

NOTES TO THE FINANCIAL STATEMENTS

10 LOANS AND BORROWINGS (CONT'D)

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 (2020: \$450.0 million) committed bilateral multi-currency unsecured revolving credit facilities (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, \$217.4 million (2020: \$148.1 million) has been drawn down under these facilities and \$232.6 million (2020: \$301.9 million) of the facilities remained unutilised.
- (ii) \$143.7 million (£79.0 million) (2020: nil) committed unsecured term loan, with a maximum repayment period of three years. As at the reporting date, \$34.1 million (£18.8 million) (2020: nil) has been drawn down under this facility and \$109.6 million (£60.2 million) (2020: nil) of the facility remained unutilised.
- (iii) \$400.0 million (2020: \$400.0 million) uncommitted multi-currency unsecured bridge loan facilities ("**Bridge Loan Facilities**"), with a maximum repayment period of one year. At the end of the financial year, the Bridge Loan Facilities remained unutilised.

Term loans fully drawn down

- (i) \$190.0 million (2020: \$190.0 million) fixed rate term loan;
- (ii) \$83.6 million (2020: \$83.6 million) floating rate term loan;
- (iii) \$88.0 million (US\$65.0 million) (2020: \$86.3 million (US\$65.0 million)) floating rate term loan (swap to fixed rate with an interest rate swap (Note 11));
- (iv) \$157.3 million (US\$116.2 million) (2020: \$154.2 million (US\$116.2 million)) floating rate term loans (swap to fixed rate with cross-currency interest rate swaps (Note 11));
- (v) \$38.6 million (JPY3.3 billion) (2020: \$42.0 million (JPY3.3 billion)) fixed rate term loan;
- (vi) \$91.0 million (£50.0 million) (2020: \$119.8 million (£66.5 million)) floating rate term loan; and
- (vii) \$98.3 million (£54.0 million) (2020: \$97.3 million (£54.0 million)) fixed rate term loan.

Lease liabilities

The lease liabilities recognised mainly relate to operating leases in respect of ground leases for investment properties and property, plant and equipment.

Loan from related entity

The loan from related entity under the HBT Group is unsecured, bears interest at rates ranging from 0.92% to 1.50% (2020: 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 2021 and 31 December 2020, 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 2021				
HBT Group				
Unsecured bank loan GBP	2.74	2022	98,269	98,128
Loan from related entity				
SGD	0.93 to 1.14	*	3,422	3,422
GBP	0.93 to 1.44	*	50,646	50,646
USD	0.92 to 1.50	*	18,628	18,628
Lease liabilities				
SGD	1.79 to 3.08	2022 to 2040	55,715	42,582
USD	5.05	2033	48,758	36,671
GBP	3.99 to 4.04	2115 to 2147	78,949	18,008
AUD	2.45	2031	54,472	48,334
			<u>408,859</u>	<u>316,419</u>
H-REIT Group				
Secured TMK bond JPY	0.71	2025	36,549	35,874
Secured bank loan EUR	1.72	2025	67,454	67,350
Unsecured bank loans				
SGD	0.96 to 3.16	2022 to 2026	403,186	401,332
USD	0.58 to 2.70	2022 to 2024	288,988	288,433
JPY	1.39	2025	38,553	38,378
GBP	0.93 to 1.80	2022 to 2024	164,691	164,625
EUR	1.30	2024	4,599	4,599
Lease liabilities				
SGD	3.12 to 3.41	2026 to 2105	171,975	57,665
USD	1.64 to 5.75	2023 to 2056	33,874	16,658
			<u>1,209,869</u>	<u>1,074,914</u>
Stapled Group				
Secured TMK bond JPY	0.71	2025	36,549	35,874
Secured bank loan EUR	1.72	2025	67,454	67,350
Unsecured bank loans				
SGD	0.96 to 3.16	2022 to 2026	403,186	401,332
USD	0.58 to 2.70	2022 to 2024	288,988	288,433
JPY	1.39	2025	38,553	38,378
GBP	0.93 to 2.74	2022 to 2024	262,960	262,753
EUR	1.30	2024	4,599	4,599
Lease liabilities				
GBP	3.99 to 4.04	2115 to 2147	78,949	18,008
SGD	1.79 to 3.41	2022 to 2105	172,061	57,787
USD	1.64 to 5.75	2023 to 2056	33,874	16,658
			<u>1,387,173</u>	<u>1,191,172</u>

* The loan from related entity is repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

10 LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment schedule (cont'd)

	Nominal interest rate %	Year of maturity	Face value \$'000	Carrying amount \$'000
As at 31 December 2020				
HBT Group				
Unsecured bank loan				
<i>GBP</i>	2.74	2022	97,270	96,976
Loan from related entity				
<i>SGD</i>	1.33	*	3,390	3,390
<i>GBP</i>	1.33 to 1.45	*	6,726	6,726
Lease liabilities				
<i>SGD</i>	2.28 to 3.08	2022 to 2040	58,886	44,386
<i>USD</i>	5.05	2033	51,793	38,078
<i>GBP</i>	3.99 to 4.04	2115 to 2147	67,134	14,902
			<u>285,199</u>	<u>204,458</u>
H-REIT Group				
Secured TMK bond				
<i>JPY</i>	0.71	2025	39,773	38,843
Secured bank loan				
<i>EUR</i>	1.72	2025	71,449	71,305
Unsecured bank loans				
<i>SGD</i>	0.92 to 3.16	2021 to 2024	370,186	368,828
<i>USD</i>	0.58 to 2.70	2021 to 2024	283,313	282,434
<i>JPY</i>	1.39	2025	41,954	41,721
<i>GBP</i>	0.93 to 1.30	2021 to 2022	123,389	123,303
<i>EUR</i>	0.85 to 0.93	2021 to 2022	5,115	5,115
Lease liabilities				
<i>SGD</i>	3.12 to 3.41	2026 to 2105	174,940	60,504
<i>USD</i>	3.79 to 5.75	2021 to 2056	39,385	19,163
			<u>1,149,504</u>	<u>1,011,216</u>
Stapled Group				
Secured TMK bond				
<i>JPY</i>	0.71	2025	39,773	38,843
Secured bank loan				
<i>EUR</i>	1.72	2025	71,449	71,305
Unsecured bank loans				
<i>SGD</i>	0.92 to 3.16	2021 to 2024	370,186	368,828
<i>USD</i>	0.58 to 2.70	2021 to 2024	283,313	282,434
<i>JPY</i>	1.39	2025	41,954	41,721
<i>GBP</i>	0.93 to 2.74	2021 to 2022	220,659	220,279
<i>EUR</i>	0.85 to 0.93	2021 to 2022	5,115	5,115
Lease liabilities				
<i>GBP</i>	3.99 to 4.04	2115 to 2147	67,134	14,902
<i>SGD</i>	2.28 to 3.41	2022 to 2105	175,207	60,757
<i>USD</i>	3.79 to 5.75	2021 to 2056	39,385	19,163
			<u>1,314,175</u>	<u>1,123,347</u>

* The loan from related entity is repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

10 LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	HBT Group			H-REIT Group			Stapled Group		
	Loans and borrowings \$'000	Lease liabilities \$'000	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 2021	107,092	97,366	204	931,549	79,667	2,154	1,028,525	94,822	2,358
Changes from financing cash flows									
Loan from related entity	43,982	–	–	–	–	–	–	–	–
Proceeds from bank loans	34,704	–	–	276,175	–	–	310,879	–	–
Repayment of bank loans	(34,639)	–	–	(202,828)	–	–	(237,467)	–	–
Payment of transaction costs related to borrowings	–	–	–	(1,419)	–	–	(1,419)	–	–
Payment of lease liabilities	–	(4,063)	–	–	(1,471)	–	–	(1,709)	–
Finance costs paid	–	(4,150)	(2,853)	–	(2,918)	(13,673)	–	(3,865)	(16,526)
Total changes from financing cash flows	44,047	(8,213)	(2,853)	71,928	(4,389)	(13,673)	71,993	(5,574)	(16,526)
Effect of changes in foreign exchange rates	934	(597)	8	(4,444)	359	(3,328)	(3,510)	467	(3,320)
Other changes Liability-related									
Addition of lease liabilities	–	49,145	–	–	24	–	–	191	–
Reclassification from other payables to loan from related entity	18,374	–	–	–	–	–	–	–	–
Remeasurement of lease liabilities	–	2,938	–	–	(4,256)	–	–	(1,318)	–
Amortisation of transaction costs	153	–	–	1,558	–	–	1,711	–	–
Interest expense	224	4,956	2,833	–	2,918	16,709	–	3,865	19,542
Total liability-related other changes	18,751	57,039	2,833	1,558	(1,314)	16,709	1,711	2,738	19,542
Balance as at 31 December 2021	170,824	145,595	192	1,000,591	74,323	1,862	1,098,719	92,453	2,054

NOTES TO THE FINANCIAL STATEMENTS

10 LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	HBT Group			H-REIT Group			Stapled Group		
	Loans and borrowings \$'000	Lease liabilities \$'000	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

Re-measurement of lease liabilities

During the financial year, future lease payments for leased land of the HBT Group, the H-REIT Group have been revised with no other changes to the original terms and conditions of the leases. The HBT Group, the H-REIT Group and the Stapled Group accounted these leases as lease modification that is not accounted for as a separate lease. The difference between the carrying amount of lease liabilities before the modification and the carrying amount of the modified lease liabilities of:

- (i) a \$2.9 million increase for the HBT Group has been recognised as an adjustment to the ROU assets in property, plant and equipment; and
- (ii) a total \$4.3 million decrease for the H-REIT Group, of which \$2.2 million has been recognised as an adjustment to the ROU assets in investment properties and the remaining \$2.1 million has been recognised as an adjustment to the finance lease receivable.

NOTES TO THE FINANCIAL STATEMENTS

11 FINANCIAL DERIVATIVES

	HBT Group		H-REIT Group		Stapled Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Non-current assets						
Cross-currency interest rate swaps	–	–	4,762	–	4,762	–
Non-current liabilities						
Cross-currency interest rate swaps	–	–	7	9,794	7	9,794
Interest rate swap	–	–	941	3,913	941	3,913
	–	–	948	13,707	948	13,707

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 2021, the H-REIT Group and the Stapled Group have cross-currency interest rate swaps with notional amounts of:

- i) \$103.2 million (2020: \$101.1 million) to swap US\$76.2 million at floating rate to EUR 64.0 million at fixed rate; and
- ii) \$54.1 million (2020: \$53.1 million) to swap US\$40.0 million at floating rate to EUR 35.5 million at fixed rate.

In addition, as at 31 December 2021, the H-REIT Group and the Stapled Group have an interest rate swap with notional amount of \$88.0 million (US\$65.0 million) (2020: \$86.3 million (US\$65.0 million)) to swap floating rate to fixed rate.

12 TRADE AND OTHER PAYABLES

	HBT Group		H-REIT Group		Stapled Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Trade payables:						
- related corporations	–	–	1,520	3,120	1,520	3,120
- the H-REIT Manager	–	–	429	497	429	497
- related entities	24,361	20,788	–	–	–	–
- third parties	7,802	4,859	376	541	8,178	5,400
	32,163	25,647	2,325	4,158	10,127	9,017
Other payables:						
- related corporations	–	19	438	58	438	77
- the H-REIT Manager	24	–	49	148	73	148
- the HBT Trustee-Manager	149	314	–	–	149	314
- related entities	692	17,359	11,393	9,797	–	–
- third parties	3,870	3,666	4,541	6,622	8,411	10,288
	4,735	21,358	16,421	16,625	9,071	10,827
Accruals	11,959	9,562	11,331	11,631	23,290	21,193
Rental deposits:						
- related corporations	–	–	10,126	10,005	10,126	10,005
- third parties	–	–	612	199	612	199
Interest payable	192	204	1,862	2,154	2,054	2,358
Deferred income	934	1,194	–	–	934	1,194
	49,983	57,965	42,677	44,772	56,214	54,793
Non-current	92	–	10,927	10,815	11,019	10,815
Current	49,891	57,965	31,750	33,957	45,195	43,978
	49,983	57,965	42,677	44,772	56,214	54,793

NOTES TO THE FINANCIAL STATEMENTS

12 TRADE AND OTHER PAYABLES (CONT'D)

Related corporations refer to related corporations of the H-REIT Manager and the HBT Trustee-Manager. Related entities refer to H-REIT and its subsidiaries or HBT and its subsidiaries (as the case may be).

Outstanding payables to the related corporations, related entities, the H-REIT Manager and the HBT Trustee-Manager are unsecured, interest-free and repayable on demand.

Included in accruals of the H-REIT Group and the Stapled Group are the following:

- amounts payable to the H-REIT Trustee and the H-REIT Manager of \$92,000 (2020: \$98,000) and \$724,000 (2020: \$743,000) respectively; and
- amounts payable to related corporations of nil (2020: \$254,000).

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. Changes in the deferred income during the year are as follows:

	HBT Group	
	2021	2020
	\$'000	\$'000
Revenue recognised that was included in deferred income at the beginning of the year	(1,194)	(3,071)
Increase due to cash received, excluding amounts recognised as revenue during the year	934	1,194

13 DEFERRED TAX

Movement in temporary differences (prior to offsetting of balances) during the year are as follows:

	Balance as at 1/1/2020 \$'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	Recognised in profit or loss (Note 21) \$'000	Recognised in other comprehensive income \$'000	Exchange differences \$'000	Balance as at 31/12/2021 \$'000
HBT Group									
Deferred tax assets									
Tax losses carried forward	(406)	(1,178)	–	(28)	(1,612)	28	–	(15)	(1,599)
Deferred tax liabilities									
Property, plant and equipment	16,438	(1,347)	(3,102)	311	12,300	970	2,023	82	15,375
	16,032	(2,525)	(3,102)	283	10,688	998	2,023	67	13,776

NOTES TO THE FINANCIAL STATEMENTS

13 DEFERRED TAX (CONT'D)

	Balance as at 1/1/2020 \$'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	Recognised in statement of total return (Note 21) \$'000	Recognised in statement of unitholders' funds \$'000	Exchange differences \$'000	Balance as at 31/12/2021 \$'000
H-REIT Group									
Deferred tax assets									
Tax losses carried forward	(635)	(144)	–	(56)	(835)	–	–	46	(789)
Deferred tax liabilities									
Investment properties	13,658	(4,939)	–	420	9,139	(4,490)	–	(21)	4,628
Property, plant and equipment	3,267	(253)	(1,275)	420	2,159	(31)	13	(66)	2,075
	16,925	(5,192)	(1,275)	840	11,298	(4,521)	13	(87)	6,703
	16,290	(5,336)	(1,275)	784	10,463	(4,521)	13	(41)	5,914
Stapled Group									
Deferred tax assets									
Tax losses carried forward	(1,041)	(1,322)	–	(84)	(2,447)	28	–	31	(2,388)
Deferred tax liabilities									
Investment properties	13,658	(4,939)	–	420	9,139	(97)	–	(21)	9,021
Property, plant and equipment	19,705	(1,600)	(4,377)	731	14,459	(2,394)	2,035	(13)	14,087
	33,363	(6,539)	(4,377)	1,151	23,598	(2,491)	2,035	(34)	23,108
	32,322	(7,861)	(4,377)	1,067	21,151	(2,463)	2,035	(3)	20,720

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	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax assets	163	163	789	835	952	998
Deferred tax liabilities	(13,939)	(10,851)	(6,703)	(11,298)	(21,672)	(22,149)
	(13,776)	(10,688)	(5,914)	(10,463)	(20,720)	(21,151)

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 2021, the H-REIT Group and the Stapled Group have not recognised deferred tax liabilities of \$9.5 million (2020: \$10.1 million) relating to temporary differences on the initial recognition of assets and liabilities of the subsidiaries acquired.

NOTES TO THE FINANCIAL STATEMENTS

13 DEFERRED TAX (CONT'D)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the HBT Group, the H-REIT Group and the Stapled Group can utilise the benefits therefrom.

	HBT Group		H-REIT Group		Stapled Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Tax losses	40,968	33,523	24,691	27,387	65,659	60,910

Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate. The tax losses under the Stapled Group of \$54,699,000 (2020: \$54,701,000) will expire between 2022 to 2026 (2020: 2021 to 2025). The remaining tax losses do not expire under current tax legislation.

14 NON-CONTROLLING INTERESTS

The following subsidiaries have non-controlling interests:

Name	Principal places of business/Country of incorporation	Operating Segment	Ownership interests held by NCI	
			2021 %	2020 %
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			
	Event Hospitality Group III B.V. \$'000	NKS Hospitality I B.V. \$'000	Munich Furniture B.V. \$'000	Total \$'000
2021				
Revenue	1,748	7,087	1,102	9,937
(Loss)/Profit and total comprehensive income	(1,060)	(2,364)	798	(2,626)
Attributable to NCI:				
- (Loss)/Profit and total comprehensive income	(53)	(121)	41	(133)
Non-current assets	61,022	153,485	5,220	219,727
Current assets	2,814	5,406	2,357	10,577
Non-current liabilities	(15,923)	(67,349)	-	(83,272)
Current liabilities	(868)	(1,680)	(573)	(3,121)
Net assets	47,045	89,862	7,004	143,911
Net assets attributable to NCI	2,352	4,583	357	7,292

NOTES TO THE FINANCIAL STATEMENTS

14 NON-CONTROLLING INTERESTS (CONT'D)

	H-REIT Group and Stapled Group			Total \$'000
	Event Hospitality Group III B.V. \$'000	NKS Hospitality I B.V. \$'000	Munich Furniture B.V. \$'000	
2021 (cont'd)				
Cash flows from operating activities	11	45	97	
Cash flows from investing activities	(7)	–	–	
Cash flows from financing activities	–	(28)	–	
Net increase in cash and cash equivalents	4	17	97	
2020				
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
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)	

15 UNITS/STAPLED SECURITIES IN ISSUE AND TO BE ISSUED

	HBT Group		H-REIT Group		Stapled Group	
	2021 '000	2020 '000	2021 '000	2020 '000	2021 '000	2020 '000
Units/Stapled Securities in issue:						
At 1 January	1,221,499	1,212,584	1,221,499	1,212,584	1,221,499	1,212,584
Creation of Units/Stapled Securities:						
- H-REIT Manager's management fees paid in Stapled Securities	8,143	8,464	8,143	8,464	8,143	8,464
- HBT Trustee-Manager's management fees paid in Stapled Securities	370	451	370	451	370	451
At 31 December	1,230,012	1,221,499	1,230,012	1,221,499	1,230,012	1,221,499
Units/Stapled Securities to be issued:						
H-REIT Manager's management fees payable in Stapled Securities	3,279	4,921	3,279	4,921	3,279	4,921
HBT Trustee-Manager's management fees payable in Stapled Securities	291	75	291	75	291	75
At 31 December	3,570	4,996	3,570	4,996	3,570	4,996
Units/Stapled Securities, in issue and to be issued	1,233,582	1,226,495	1,233,582	1,226,495	1,233,582	1,226,495

NOTES TO THE FINANCIAL STATEMENTS

15 UNITS/STAPLED SECURITIES IN ISSUE AND TO BE ISSUED (CONT'D)

Financial year ended 31 December 2021

- (i) During the financial year, the following Stapled Securities were issued:
- 8,142,678 Stapled Securities at unit prices ranging from \$1.0782 to \$1.2860 per Stapled Security, amounting to \$10,147,000, were issued as satisfaction of the H-REIT Manager's management fees and acquisition fee relating to the acquisition of W Singapore – Sentosa Cove payable in units;
 - 370,451 Stapled Securities at unit prices ranging from \$1.0782 to \$1.2860 per Stapled Security, amounting to \$445,000, were issued as satisfaction of the HBT Trustee-Manager's management fees payable in units; and
- (ii) 3,278,751 Stapled Securities at a unit price of \$1.1431 per Stapled Security, amounting to \$3,748,000, will be issued subsequent to year end as satisfaction of the H-REIT Manager's base fee for the period from 1 October 2021 to 31 December 2021 and performance fee for the financial year ended 31 December 2021.
- (iii) 291,687 Stapled Securities at a unit price of \$1.1431 per Stapled Security, amounting to \$333,000, will be issued subsequent to year end as satisfaction of the HBT Trustee-Manager's base fee for the period from 1 October 2021 to 31 December 2021 and performance fee for the financial year ended 31 December 2021.

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.

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 this financial year, H-REIT has a credit rating of BB+ (2020: BB+) from Fitch Ratings. The Aggregate Leverage of H-REIT as at 31 December 2021 was 39.1% (2020: 36.2%) 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 2021 and 31 December 2020. 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		H-REIT Group		Stapled Group	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Net asset value per Unit/Stapled Security is based on:							
Net assets attributable to holders of Stapled Securities		38,984	40,868	1,573,852	1,573,044	1,635,334	1,619,908
Total issued and to be issued Units/Stapled Securities at 31 December	15	1,233,582	1,226,495	1,233,582	1,226,495	1,233,582	1,226,495

17 REVENUE

	HBT Group		H-REIT Group		Stapled Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Revenue from contract with customers:						
- Hotel revenue	80,867	37,869	-	-	80,841	37,869
Rental income						
- Fixed rent	-	-	59,124	65,265	47,373	59,753
- Variable rent	-	-	35,076	25,468	29,510	19,936
	80,867	37,869	94,200	90,733	157,724	117,558

NOTES TO THE FINANCIAL STATEMENTS

17 REVENUE (CONT'D)

Hotel revenue

Hotel revenue is disaggregated by primary geographical markets in Singapore, Maldives, Japan, United Kingdom and Australia (2020: Singapore, Maldives, Japan and United Kingdom), which are the reportable segments of the HBT Group. Hotel revenue is recognised at a point in time when the accommodation and related services are rendered.

Rental revenue

Rental revenue for the H-REIT Group comprise rental income from the HBT Group and related corporations of the H-REIT Manager of \$17,343,000 (2020: \$11,044,000) and \$55,154,000 (2020: \$49,699,000), respectively. Such revenue is attributable to the Maldives segment, New Zealand segment, Singapore segment, Japan segment and Australia segment.

Under the terms of the master lease agreements for the properties, the H-REIT Group is generally entitled to a fixed rent component and/or a variable rent component computed based on a certain percentage of the revenue and/or gross operating profit.

18 MANAGEMENT FEES

	HBT Group		H-REIT Group		Stapled Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
H-REIT Manager's management fee						
- Base fee	–	–	6,394	6,956	6,394	6,956
- Performance fee	–	–	3,064	3,172	3,064	3,172
	–	–	9,458	10,128	9,458	10,128
HBT Trustee-Manager's management fee						
- Base fee	609	559	–	–	609	559
- Performance fee	245	–	–	–	245	–
	854	559	–	–	854	559

H-REIT Manager's management fee

Included in the H-REIT Manager's fees is an aggregate of 6,500,064 (2020: 7,517,770) Stapled Securities, amounting to approximately \$7,566,000 (2020: \$8,103,000), that have been or will be issued to the H-REIT Manager as satisfaction of the H-REIT Manager's management fees payable in Stapled Securities, at unit prices ranging from \$1.0782 to \$1.2529 (2020: \$0.7548 to \$1.2860) per Stapled Security.

In 2020, an aggregate of 1,889,580 Stapled Securities, amounting to approximately \$2,430,000 was 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 per Stapled Security. The acquisition fee was capitalised as part of cost of the investment property acquired during the financial year ended 31 December 2020.

HBT Trustee-Manager's management fee

Included in the HBT Trustee-Manager's fees is an aggregate of 587,631 (2020: 455,244) Stapled Securities, amounting to approximately \$683,000 (2020: \$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 \$1.0782 to \$1.2529 (2020: \$0.7548 to \$1.2860) per Stapled Security.

NOTES TO THE FINANCIAL STATEMENTS

19 FINANCE INCOME AND FINANCE COSTS

	HBT Group		H-REIT Group		Stapled Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Finance income						
Interest income under the effective interest method on:						
- cash and cash equivalents	–	–	38	443	38	443
- finance lease receivables	–	–	108	165	108	165
- loan to related entity	–	–	224	31	–	–
Fair value gains on financial derivatives designated at FVTPL	–	23	17,521	–	17,521	–
Net foreign exchange gain	–	–	–	18,563	–	20,026
	–	23	17,891	19,202	17,667	20,634
Finance costs						
Financial liabilities measured at amortised cost:						
- interest expense on:						
- loans and borrowings	(2,833)	(2,710)	(16,709)	(17,703)	(19,542)	(20,413)
- lease liabilities	(4,956)	(3,309)	(2,918)	(2,202)	(3,865)	(2,791)
- loan from related entity	(224)	(31)	–	–	–	–
- amortisation of transaction costs on loans and borrowings	(153)	(154)	(1,558)	(1,433)	(1,711)	(1,587)
- financial expense arising from accretion of non-current rental deposits	–	–	(251)	(241)	(251)	(241)
	(8,166)	(6,204)	(21,436)	(21,579)	(25,369)	(25,032)
Fair value losses on financial derivatives designated at FVTPL	–	–	–	(19,590)	–	(19,567)
Net foreign exchange losses	(89)	(899)	(15,028)	–	(14,059)	–
	(8,255)	(7,103)	(36,464)	(41,169)	(39,428)	(44,599)
Net finance costs	(8,255)	(7,080)	(18,573)	(21,967)	(21,761)	(23,965)

20 LOSS/TOTAL RETURN BEFORE TAX

(i) An analysis of depreciation is set out below:

	HBT Group		H-REIT Group		Stapled Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Depreciation of property, plant and equipment	15,942	11,031	1,671	1,901	21,453	16,190

NOTES TO THE FINANCIAL STATEMENTS

20 LOSS/TOTAL RETURN BEFORE TAX (CONT'D)

(ii) Loss/Total return before tax is arrived at after charging/(crediting) the following items:

	HBT Group		H-REIT Group		Stapled Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Audit fees paid to:						
- auditors of HBT/H-REIT	142	145	311	314	453	459
- other auditors	144	149	53	100	197	249
Non-audit fees paid to:						
- auditors of HBT/H-REIT	24	20	45	62	69	82
- other auditors	263	78	887	191	1,150	269
Employee benefit expense:						
- salaries, bonuses and other costs	22,090	15,829	-	-	22,090	15,829
- contributions to defined contribution plans	1,224	780	-	-	1,224	780
	23,314	16,609	-	-	23,314	16,609
Less: Government grants received	(2,896)	(3,709)	-	-	(2,896)	(3,709)
	20,418	12,900	-	-	20,418	12,900
(Reversal of impairment loss)/ Impairment loss on trade and other receivables	(89)	78	9,168	10,930	1,313	11,008
(Reversal of revaluation deficit)/ Revaluation deficit on property, plant and equipment	(4,460)	13,581	(911)	1,454	(13,337)	51,568
Cost of inventories	5,114	4,142	-	-	5,114	4,142
Operating expenses arising from rental of investment properties	-	-	18,020	14,777	9,063	14,182

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 the COVID-19 pandemic.

NOTES TO THE FINANCIAL STATEMENTS

21 TAX EXPENSE/(CREDIT)

	HBT Group		H-REIT Group		Stapled Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current tax expense						
Current year	156	400	4,040	7,916	4,196	8,316
(Over)/Under provision in prior years	(1,109)	(223)	1,292	2,223	183	2,000
	(953)	177	5,332	10,139	4,379	10,316
Withholding tax	644	256	1,281	1,347	1,925	1,603
Deferred tax expense						
Origination and reversal of temporary differences (Note 13)	998	(2,525)	(4,521)	(5,336)	(2,463)	(7,861)
Tax expense/(credit)	689	(2,092)	2,092	6,150	3,841	4,058
Reconciliation of effective tax rate						
Loss/Total return for the year before tax	(7,737)	(33,621)	61,355	(158,491)	71,642	(185,077)
Tax calculated using Singapore tax rate of 17%	(1,315)	(5,715)	10,430	(26,943)	12,179	(31,463)
Effect of tax in a foreign jurisdiction	(1,083)	(36)	5,475	(1,071)	4,392	(1,107)
Non-tax deductible items	1,384	3,285	1,876	41,312	2,316	43,402
Non-taxable items	(374)	(1,102)	(11,581)	(5,617)	(13,015)	(6,719)
Tax exempt income	(17)	(17)	(815)	(1,366)	(832)	(1,383)
Tax transparency	–	–	(4,459)	(5,020)	(4,459)	(5,020)
Current year tax losses for which no deferred tax asset was recognised	1,500	1,460	688	1,429	2,188	2,889
Change in unrecognised temporary difference	1,059	–	(2,095)	(144)	(1,036)	(144)
Withholding tax expense	644	256	1,281	1,347	1,925	1,603
(Over)/Under provision in prior years	(1,109)	(223)	1,292	2,223	183	2,000
	689	(2,092)	2,092	6,150	3,841	4,058

22 LOSS/TOTAL RETURN FOR THE YEAR

	HBT Group		H-REIT Group		Stapled Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Comprises loss/total return of:						
- H-REIT	–	–	31,485	(111,851)	31,485	(111,851)
- Other H-REIT Group entities*	–	–	27,778	(52,790)	27,778	(52,790)
- HBT	(13,468)	(23,012)	–	–	(13,468)	(23,012)
- Other HBT Group entities*	5,042	(8,517)	–	–	5,042	(8,517)
- Stapled Group's consolidation adjustments	–	–	–	–	16,964	7,035
	(8,426)	(31,529)	59,263	(164,641)	67,801	(189,135)

* including consolidation adjustments

NOTES TO THE FINANCIAL STATEMENTS

23 EARNINGS PER STAPLED SECURITY

Earnings per Stapled Security is based on:

	Stapled Group	
	2021	2020
	\$'000	\$'000
Total return for the year attributable to holders of Stapled Securities	67,934	(188,015)
	Number of Stapled Securities	
	2021	2020
	'000	'000
Weighted average number of Stapled Securities used in arriving at basic earnings per Stapled Security:		
- outstanding during the year	1,228,225	1,220,092
- to be issued as payment of H-REIT Manager's and/or HBT Trustee-Manager's management fees payable in Stapled Securities	7	4
	<u>1,228,232</u>	<u>1,220,096</u>
Weighted average number of Stapled Securities used in arriving at diluted earnings per Stapled Security:		
- weighted average number of Stapled Securities (basic)	1,228,232	1,220,096
- effect of H-REIT Manager's and/or HBT Trustee-Manager's management fees paid/payable in Stapled Securities	5,350	–
	<u>1,233,582</u>	<u>1,220,096</u>
Earnings per Stapled Security (cents)		
Basic	5.53	(15.41)
Diluted	5.51	(15.41)

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 2021, the HBT Group, the H-REIT Group and the Stapled Group have 5, 7 and 8 (2020: 4, 7 and 8) reportable segments, respectively, as described below. All the segments relate to properties operated as hotels, resorts and/or a residential BTR (under development). Each segment is managed separately because of the differences in operating and regulatory environment. The Board of Directors ("BOD") of the HBT Trustee-Manager and the H-REIT Manager review the internal management reports for the segments at least quarterly.

The number of properties included in each reportable segment is set out below:

Reportable segment	Number of properties					
	HBT Group		H-REIT Group		Stapled Group	
	2021	2020	2021	2020	2021	2020
Singapore	1	1	6	6	6	6
New Zealand	–	–	1	1	1	1
Australia	2	–	2	2	2	2
Germany	–	–	1	1	1	1
Italy	–	–	1	1	1	1
Maldives	1	1	2	2	2	2
Japan	2	2	2	2	2	2
United Kingdom (UK)	3	2	–	–	3	2

NOTES TO THE FINANCIAL STATEMENTS

24 OPERATING SEGMENTS (CONT'D)

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	Australia \$'000	Maldives \$'000	Japan \$'000	UK \$'000	Total \$'000
HBT Group 2021						
Hotel revenue – external	31,352	7,192	13,314	3,437	25,572	80,867
Reportable segment net property income/(loss)	3,203	(205)	2,391	140	7,733	13,262
Depreciation of property, plant and equipment	(2,444)	(3,265)	(2,833)	–	(7,400)	(15,942)
Fair value gain on investment property under development	–	–	–	–	438	438
Reversal of revaluation deficit on property, plant and equipment	–	–	–	–	4,460	4,460
Unallocated items:						
- HBT Trustee-Manager's management fee						(854)
- HBT Trustee-Manager's trustee fee						(243)
- Valuation fees						(47)
- Other expenses						(556)
- Finance costs						(8,255)
- Tax expense						(689)
Loss for the year						(8,426)
Other material non-cash items						
(Impairment loss)/Reversal of impairment loss on trade and other receivables	–	(3)	–	–	92	89
Reportable segment assets						
Capital expenditure:						
- Property, plant and equipment	–	–	–	–	5,205	5,205
- Investment property under development	–	–	–	–	10,087	10,087
Non-current assets [^]	41,786	44,383	34,296	–	241,480	361,945

[^] Excluding deferred tax assets and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

24 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Singapore \$'000	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/(loss)	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 and other 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

[^] 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										
2021										
Revenue – external	41,530	21,640	6,295	8,189	10,649	575	1,748	90,626	3,574	94,200
Reportable segment net property income	37,505	21,640	5,814	5,786	1,955	246	1,507	74,453	1,398	75,851
Depreciation of property, plant and equipment	–	–	–	–	(128)	(1,543)	–	(1,671)	–	(1,671)
Net fair value gain/ (loss) on investment properties	3,445	30,770	(12,316)	(5,383)	3,359	–	(1,638)	18,237	–	18,237
Reversal of revaluation deficit on property, plant and equipment	–	–	–	–	–	911	–	911	–	911
Unallocated items:										
- H-REIT Manager's management fee										(9,458)
- H-REIT Trustee's fee										(362)
- Valuation fees										(136)
- Other expenses										(3,444)
- Finance income										17,891
- Finance costs										(36,464)
- Tax expense										(2,092)
Total return for the year										59,263
Other material non-cash items										
Impairment loss on trade and other receivables	–	–	–	(1,187)	(7,766)	–	–	(8,953)	(215)	(9,168)
Reportable segment assets										
Capital expenditure on investment properties and property, plant and equipment	2,450	544	168	–	1,413	–	154	4,729	–	4,729
Non-current assets [^]	1,685,465	212,152	71,072	159,591	141,483	72,391	61,782	2,403,936	88,000	2,491,936

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

[^] 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											
2021											
Rental revenue	33,514	21,640	1,597	8,189	6,621	–	–	1,748	73,309	3,574	76,883
Hotel revenue	31,352	–	7,166	–	13,314	3,437	25,572	–	80,841	–	80,841
Revenue – external	64,866	21,640	8,763	8,189	19,935	3,437	25,572	1,748	154,150	3,574	157,724
Reportable segment net property income	37,708	21,640	1,869	5,786	8,083	386	7,733	1,507	84,712	1,398	86,110
Depreciation of property, plant and equipment	(7,193)	–	(1,829)	–	(3,488)	(1,543)	(7,400)	–	(21,453)	–	(21,453)
Reversal of revaluation deficit/(Revaluation deficit) on property, plant and equipment	5,007	–	(3,213)	–	6,172	911	4,460	–	13,337	–	13,337
Net fair value gain/(loss) of investment properties and investment property under development	4,016	30,770	–	(5,383)	2,306	–	438	(1,638)	30,509	–	30,509
Unallocated items:											
- H-REIT Manager's management fee											(9,458)
- H-REIT Trustee's fee											(362)
- HBT Trustee-Manager's management fee											(854)
- HBT Trustee-Manager's trustee fee											(243)
- Valuation fees											(183)
- Other expenses											(4,000)
- Finance income											17,667
- Finance costs											(39,428)
- Tax expense											(3,841)
Total return for the year											67,801
Other material non-cash items											
(Impairment loss)/Reversal of impairment loss on trade receivables	–	–	(3)	(1,187)	–	–	92	–	(1,098)	(215)	(1,313)
Reportable segment assets											
Capital expenditure:											
- Investment properties and property, plant and equipment	2,450	544	168	–	1,413	–	5,205	154	9,934	–	9,934
- Investment property under development	–	–	–	–	–	–	10,087	–	10,087	–	10,087
Non-current assets [^]	1,688,696	212,152	74,503	159,591	143,515	72,391	241,480	61,782	2,654,110	88,000	2,742,110

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											
Rental revenue	39,048	16,507	8,358	8,740	685	–	–	1,713	75,051	4,638	79,689
Hotel revenue	15,987	–	–	–	4,100	3,830	13,952	–	37,869	–	37,869
Revenue – external	<u>55,035</u>	<u>16,507</u>	<u>8,358</u>	<u>8,740</u>	<u>4,785</u>	<u>3,830</u>	<u>13,952</u>	<u>1,713</u>	<u>112,920</u>	<u>4,638</u>	<u>117,558</u>
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											<u>(189,135)</u>
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 [^]	<u>1,683,975</u>	<u>186,658</u>	<u>75,862</u>	<u>171,479</u>	<u>136,250</u>	<u>80,572</u>	<u>198,995</u>	<u>65,604</u>	<u>2,599,395</u>	<u>88,000</u>	<u>2,687,395</u>

[^] Excluding deferred tax assets, financial derivative assets, finance lease receivables and other receivables.

Major customers

The H-REIT Group's properties, except Claymore Connect, are leased to 13 (2020: 12) master lessees. Such master lessees include subsidiaries of Millennium & Copthorne Hotels Limited, a related corporation, which accounted for \$55,154,000 (2020: \$49,603,000) or 58.5% (2020: 54.7%) of the revenue of the H-REIT Group, and subsidiaries of a third party which accounted for approximately \$10,405,000 (2020: \$23,594,000) or 11.0% (2020: 26.0%) of the revenue of the H-REIT Group.

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Stapled Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the exposure of the HBT Group, the H-REIT Group and the Stapled Group to each of the above risks, their objectives, policies and procedures for measuring and managing risk, and their management of capital.

Risk management framework

Risk management is integral to the whole business of the Stapled Group. The Stapled Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The HBT Trustee-Manager and the H-REIT Manager continually monitor the Stapled Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Stapled Group's activities.

The Audit and Risk Management Committees of the H-REIT Manager and HBT Trustee-Manager assist the H-REIT Manager's and HBT Trustee-Manager's Boards in reviewing the effectiveness of the Stapled Group's material internal controls, including those relating to financial, operational and compliance.

In addition, the Audit and Risk Management Committees of the H-REIT Manager and HBT Trustee-Manager 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.

(i) Credit risk

Credit risk is the risk of financial loss resulting from the failure of a customer or counterparty to a financial instrument to settle its financial and contractual obligations to the Stapled Group, as and when they fall due.

The carrying value of financial assets in the statements of financial position represents maximum exposure of the Stapled Group of credit risk, before taking into account any collateral held. The Stapled Group limits its exposure to credit risk from trade receivables by collecting security deposits as collateral, where possible.

Trade and other receivables

Credit evaluations are performed before lease agreements are entered into with tenants. Rental deposits are received, where appropriate, to reduce credit risk. In addition, the balances due from lessees and tenants are being monitored on an on-going basis.

The hotel/resort operators which manage the hotels under the HBT Group perform credit evaluations on customers before accepting customers and monitor their balances on an on-going basis.

At 31 December 2021 and 31 December 2020, the trade receivables from related corporations and/or related entities arising from the master lease arrangements for certain hotel properties represent a significant portion of the H-REIT Group's and the Stapled Group's receivables (Note 8). Except as disclosed, there was no significant concentration of credit risk.

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(i) Credit risk (cont'd)

Trade and other receivables (cont'd)

Exposure to credit risk

Expected credit loss assessment for individual lessees and customers

The Stapled Group uses an allowance matrix to measure the ECLs of trade receivables.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments (geographic region) based on actual credit loss experience over the past four years. These rates are adjusted by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Stapled Group's view of economic conditions over the expected lives of the receivables.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2021 and 31 December 2020:

	2021		2020	
	Gross carrying amount \$'000	Impairment loss allowance \$'000	Gross carrying amount \$'000	Impairment loss allowance \$'000
HBT Group				
Not past due	3,492	–	2,603	–
Past due 31 – 60 days	400	(1)	193	(24)
Past due 61 – 90 days	167	–	113	(12)
Past due over 90 days	101	(3)	331	(69)
	<u>4,160</u>	<u>(4)</u>	<u>3,240</u>	<u>(105)</u>
Not credit-impaired	4,160	(4)	3,240	(105)
	<u>4,160</u>	<u>(4)</u>	<u>3,240</u>	<u>(105)</u>
H-REIT Group				
Not past due	32,272	(7,834)	27,202	(485)
Past due 31 – 60 days	1,223	–	1,964	(485)
Past due 61 – 90 days	732	–	2,133	(485)
Past due over 90 days	205	(171)	5,754	(3,476)
	<u>34,432</u>	<u>(8,005)</u>	<u>37,053</u>	<u>(4,931)</u>
Credit-impaired	20,105	(7,834)	4,848	(4,848)
Not credit-impaired	14,327	(171)	32,205	(83)
	<u>34,432</u>	<u>(8,005)</u>	<u>37,053</u>	<u>(4,931)</u>
Stapled Group				
Not past due	13,179	–	9,016	(485)
Past due 31 – 60 days	567	(1)	2,157	(509)
Past due 61 – 90 days	179	–	2,247	(497)
Past due over 90 days	306	(174)	6,085	(3,545)
	<u>14,231</u>	<u>(175)</u>	<u>19,505</u>	<u>(5,036)</u>
Credit-impaired	–	–	4,848	(4,848)
Not credit-impaired	14,231	(175)	14,657	(188)
	<u>14,231</u>	<u>(175)</u>	<u>19,505</u>	<u>(5,036)</u>

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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
At 1 January	105	7	4,931	163	5,036	170
(Reversal of impairment loss)/ Impairment loss recognised	(89)	78	9,168	10,930	1,313	11,008
Acquisition of business	–	24	–	–	–	24
Amounts utilised	(15)	(6)	(6,162)	(6,320)	(6,177)	(6,326)
Translation differences	3	2	68	158	3	160
At 31 December	4	105	8,005	4,931	175	5,036

The Stapled Group establishes allowances for impairment that represents its estimate of the expected credit loss and specific loss component in respect of trade and other receivables.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Stapled Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and cash equivalents

Cash and fixed deposits are placed with financial institutions which are regulated. Investments and transactions are allowed only with counterparties who have sound credit ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Stapled Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

Derivatives

Derivatives are only entered into with banks and financial institution counterparties with sound credit ratings. Details of the derivatives held by the H-REIT Group and the Stapled Group are set out in Note 11.

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:

	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows		
			Within 1 year \$'000	Between 1 to 5 years \$'000	More than 5 years \$'000
HBT Group					
2021					
Non-derivative financial liabilities					
Unsecured bank loan	98,128	(100,763)	(100,763)	–	–
Loan from related entity	72,696	(72,696)	(72,696)	–	–
Lease liabilities	145,595	(237,894)	(10,921)	(55,004)	(171,969)
Trade and other payables [^]	49,049	(49,049)	(48,957)	(92)	–
	365,468	(460,402)	(233,337)	(55,096)	(171,969)
2020					
Non-derivative financial liabilities					
Unsecured bank loan	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)
H-REIT Group					
2021					
Non-derivative financial liabilities					
Secured TMK bond	35,874	(37,516)	(260)	(37,256)	–
Secured bank loan	67,350	(71,237)	(1,160)	(70,077)	–
Unsecured bank loans	897,367	(932,879)	(337,924)	(594,955)	–
Lease liabilities	74,323	(205,849)	(4,146)	(16,110)	(185,593)
Trade and other payables	42,677	(43,370)	(31,898)	(2,310)	(9,162)
	1,117,591	(1,290,851)	(375,388)	(720,708)	(194,755)
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	Between 1 to 5 years \$'000	More than 5 years \$'000
Stapled Group					
2021					
Non-derivative financial liabilities					
Secured TMK bond	35,874	(37,516)	(260)	(37,256)	–
Secured bank loan	67,350	(71,237)	(1,160)	(70,077)	–
Unsecured bank loans	995,495	(1,033,642)	(438,687)	(594,955)	–
Lease liabilities	92,453	(284,884)	(4,965)	(19,040)	(260,879)
Trade and other payables [^]	55,280	(55,973)	(44,409)	(2,402)	(9,162)
	1,246,452	(1,483,252)	(489,481)	(723,730)	(270,041)
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)

[^] Excluding deferred income

The maturity analyses show the material contractual undiscounted cash flows of the Stapled Group's financial liabilities on the basis of their earliest possible contractual maturity. The cash inflows/(outflows) disclosed relate to these instruments held for risk management purposes and which are usually not closed out prior to contractual maturity.

The interest payments on floating rate loans and borrowings in the table above reflect market forward interest rates at the period end and these amounts may change as market interest rates changes.

(iii) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the HBT Group's profit or loss and the H-REIT Group's and the Stapled Group's total return. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The H-REIT Manager's and the HBT Trustee-Manager's strategy to manage the risk of potential interest rate volatility is through the use of interest rate hedging instruments and/or fixed rate borrowings. The H-REIT Manager and HBT Trustee-Manager will regularly evaluate the feasibility of putting in place the appropriate level of interest rate hedges, after taking into account the prevailing market conditions.

Derivative financial instruments are used to manage exposures to interest rate risks arising from financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

Interest rate risk (cont'd)

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates (referred to as "IBOR reform"). The Stapled Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Stapled Group's main IBOR exposure at the reporting date is the US Dollar LIBOR ("USD-LIBOR") and Singapore swap offer rate ("SOR"). The alternative reference rate is the Secured Overnight Financing Rate ("SOFR") and Singapore Overnight Rate Average ("SORA") respectively.

The Stapled Group anticipates that IBOR reform will impact its risk management processes. The main risks to which the Stapled Group is exposed as a result of IBOR reform are operational.

Derivatives

The Stapled Group holds interest rate swap and cross-currency swap for risk management purposes. The interest rate swaps have floating legs that are indexed to USD-LIBOR. The Stapled Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association's ("ISDA") master agreements.

Loans and borrowings

The Stapled Group's floating rate bank loans are indexed to USD-LIBOR and SOR.

Total amounts of unreformed contracts, including those with an appropriate fallback clause

The Stapled Group monitors the progress of transition from IBORs to new benchmark rates. The Stapled Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to interest rate benchmark reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

The following table shows the total amounts of unreformed contracts and those appropriate fallback language at 31 December 2021. The amounts of financial liabilities and derivatives are shown at their nominal amounts.

	USD-LIBOR		SOR	
	Total amount of unreformed contracts \$'000	Amount with appropriate fallback clause \$'000	Total amount of unreformed contracts \$'000	Amount with appropriate fallback clause \$'000
H-REIT Group and Stapled Group				
31 December 2021				
Financial liabilities				
Bank loans	245,363	245,363	90,436	90,436
Derivatives				
Cross-currency interest rate swaps	157,327	—	—	—
Interest rate swap	88,036	—	—	—

The floating rate bank loans under USD-LIBOR were swapped to fixed rate with the cross-currency interest rate swaps and interest rate swap.

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

Interest rate risk (cont'd)

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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Fixed rate instruments						
Financial assets	5,329	1,897	45,409	42,737	50,738	44,634
Financial liabilities	(408,858)	(285,199)	(783,768)	(798,045)	(961,072)	(962,716)
Effect of interest rate swap	–	–	(88,036)	(86,307)	(88,036)	(86,307)
Effect of cross-currency interest rate swaps	–	–	(157,327)	(154,237)	(157,327)	(154,237)
	<u>(403,529)</u>	<u>(283,302)</u>	<u>(983,722)</u>	<u>(995,852)</u>	<u>(1,155,697)</u>	<u>(1,158,626)</u>
Variable rate instruments						
Financial liabilities	–	–	(426,101)	(351,459)	(426,101)	(351,459)
Effect of interest rate swap	–	–	88,036	86,307	88,036	86,307
Effect of cross-currency interest rate swaps	–	–	157,327	154,237	157,327	154,237
	<u>–</u>	<u>–</u>	<u>(180,738)</u>	<u>(110,915)</u>	<u>(180,738)</u>	<u>(110,915)</u>

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.

	Total return		Total return	
	100 bp increase 2021 \$'000	100 bp decrease 2021 \$'000	100 bp increase 2020 \$'000	100 bp decrease 2020 \$'000
H-REIT Group				
Variable rate instruments				
Loans and borrowings	(4,261)	4,261	(3,515)	3,515
Interest rate swap	880	(880)	863	(863)
Cross-currency interest rate swaps	1,573	(1,573)	1,542	(1,542)
Cash flow sensitivity (net)	<u>(1,808)</u>	<u>1,808</u>	<u>(1,110)</u>	<u>1,110</u>
Stapled Group				
Variable rate instruments				
Loans and borrowings	(4,261)	4,261	(3,515)	3,515
Interest rate swap	880	(880)	863	(863)
Cross-currency interest rate swaps	1,573	(1,573)	1,542	(1,542)
Cash flow sensitivity (net)	<u>(1,808)</u>	<u>1,808</u>	<u>(1,110)</u>	<u>1,110</u>

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

Foreign currency risk

The Stapled Group has exposure to foreign currency risk as a result of its operations in several countries. The currencies giving rise to this risk are Australian Dollar, New Zealand Dollar, Euro, United States Dollar, Japanese Yen and Sterling Pound.

In order to manage the foreign currency risk, the H-REIT Manager and the HBT Trustee-Manager adopts foreign currency risk management strategies that may include:

- entering into forward exchange contracts to hedge the foreign currency income from the overseas assets as a natural hedge;
- the use of certain foreign currency denominated borrowings to match the capital values of the overseas assets as a natural hedge, whenever possible; and
- the use of certain foreign currency denominated borrowings to hedge against the currency risk arising from the Stapled Group's net investments in certain subsidiaries in Australia, Germany, Japan, Maldives and United Kingdom. These borrowings are designated as net investment hedges.

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 \$68.2 million (2020: \$62.1 million), \$97.2 million (2020: \$61.8 million) and \$269.1 million (2020: \$225.7 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Net foreign exchange loss	(1,097)	(558)	(5,532)	(7,849)	(10,420)	(11,139)

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.

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 (cont'd)

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	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net foreign exchange (loss)/gain	(539)	(1,347)	2,317	(953)	719	(4,661)

The exposure of the HBT Group, the H-REIT Group and the Stapled Group to foreign currencies is as follows based on notional amounts:

	Australian Dollar		United States Dollar		Japanese Yen		Sterling Pound	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
HBT Group								
Trade and other receivables	–	–	–	–	31	33	2,747	2,663
Cash and cash equivalents	–	–	–	–	–	–	4,758	40
Bank loans	–	–	–	–	–	–	(98,269)	(97,270)
Loan from related entity	–	–	(18,628)	–	–	–	(50,646)	(6,726)
Lease liabilities	(54,472)	–	(48,758)	(51,793)	–	–	(78,949)	(67,134)
Net exposure	(54,472)	–	(67,386)	(51,793)	31	33	(220,359)	(168,427)

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

Foreign currency risk (cont'd)

	Australian Dollar		New Zealand Dollar		Euro		United States Dollar		Japanese Yen		Sterling Pound	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
H-REIT Group												
Trade and other receivables	12,828	10,963	7,742	6,215	690	682	60,536	55,555	-	-	50,653	6,726
Cash and cash equivalents	37,447	51,087	17,371	6,864	212	159	1,593	160	16	18	-	-
Trade and other payables	(1,196)	(1,203)	(317)	(326)	(97)	(102)	(1,510)	(1,480)	-	-	-	-
Bank loans	-	-	-	-	(4,599)	(5,115)	(288,988)	(283,313)	(38,553)	(41,954)	(164,691)	(123,389)
Lease liabilities	-	-	-	-	-	-	(33,874)	(39,385)	-	-	-	-
Net statement of financial position exposure	49,079	60,847	24,796	12,753	(3,794)	(4,376)	(262,243)	(268,463)	(38,537)	(41,936)	(114,038)	(116,663)
Cross-currency interest rate swaps	-	-	-	-	(157,327)	(154,237)	157,327	154,237	-	-	-	-
Net exposure	49,079	60,847	24,796	12,753	(161,121)	(158,613)	(104,916)	(114,226)	(38,537)	(41,936)	(114,038)	(116,663)
Stapled Group												
Trade and other receivables	12,828	10,963	7,742	6,215	690	682	60,536	55,555	31	33	2,747	2,663
Cash and cash equivalents	37,447	51,087	17,371	6,864	212	159	1,593	160	16	18	4,758	40
Trade and other payables	(1,196)	(1,203)	(317)	(326)	(97)	(102)	(1,510)	(1,480)	-	-	-	-
Bank loans	-	-	-	-	(4,599)	(5,115)	(288,988)	(283,313)	(38,553)	(41,954)	(262,960)	(220,659)
Lease liabilities	-	-	-	-	-	-	(33,874)	(39,385)	-	-	(78,949)	(67,134)
Net statement of financial position exposure	49,079	60,847	24,796	12,753	(3,794)	(4,376)	(262,243)	(268,463)	(38,506)	(41,903)	(334,404)	(285,090)
Cross-currency interest rate swaps	-	-	-	-	(157,327)	(154,237)	157,327	154,237	-	-	-	-
Net exposure	49,079	60,847	24,796	12,753	(161,121)	(158,613)	(104,916)	(114,226)	(38,506)	(41,903)	(334,404)	(285,090)

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	Other comprehensive income	Total return	Unitholders' funds	Total return	Unitholders' funds
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2021						
Australian Dollar	5,447	–	(4,908)	–	(4,908)	–
New Zealand Dollar	–	–	(2,480)	–	(2,480)	–
Euro	–	–	16,112	–	16,112	–
United States Dollar	6,739	–	4,194	6,298	4,194	6,298
Japanese Yen	(3)	–	435	3,419	432	3,419
Sterling Pound	15,758	6,278	11,404	–	17,335	16,105
2020						
Australian Dollar	–	–	(6,085)	–	(6,085)	–
New Zealand Dollar	–	–	(1,275)	–	(1,275)	–
Euro	–	–	15,861	–	15,861	–
United States Dollar	5,179	–	8,967	2,456	8,967	2,456
Japanese Yen	(3)	–	473	3,721	470	3,721
Sterling Pound	10,629	6,214	11,666	–	12,118	16,391

A 10% weakening of the Singapore dollar against the above currencies at the end of the financial year would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iv) Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are detailed below. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Note	Carrying amount			Fair value			
	Amortised cost \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
HBT Group							
2021							
Financial assets not measured at fair value							
Trade and other receivables ⁽¹⁾	8	21,554	–	21,554			
Cash and cash equivalents	9	32,327	–	32,327			
		<u>53,881</u>	<u>–</u>	<u>53,881</u>			
Financial liabilities not measured at fair value							
Unsecured bank loan	10	–	(98,128)	(98,128)	–	(97,754)	–
Loan from related entity	10	–	(72,696)	(72,696)			
Trade and other payables ⁽²⁾	12	–	(49,049)	(49,049)			
		<u>–</u>	<u>(219,873)</u>	<u>(219,873)</u>			
HBT Group							
2020							
Financial assets not measured at fair value							
Trade and other receivables ⁽¹⁾	8	15,290	–	15,290			
Cash and cash equivalents	9	17,532	–	17,532			
		<u>32,822</u>	<u>–</u>	<u>32,822</u>			
Financial liabilities not measured at fair value							
Unsecured bank loan	10	–	(96,976)	(96,976)	–	(98,641)	–
Loan from related entity	10	–	(10,116)	(10,116)			
Trade and other payables ⁽²⁾	12	–	(56,771)	(56,771)			
		<u>–</u>	<u>(163,863)</u>	<u>(163,863)</u>			

(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)

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
H-REIT Group								
2021								
Financial assets not measured at fair value								
Finance lease receivables	7	2,198	–	–	2,198			
Trade and other receivables ⁽¹⁾	8	105,803	–	–	105,803			
Cash and cash equivalents	9	107,137	–	–	107,137			
		<u>215,138</u>	<u>–</u>	<u>–</u>	<u>215,138</u>			
Financial assets measured at fair value								
Financial derivative assets	11	–	4,762	–	4,762	–	4,762	–
Financial liabilities measured at fair value								
Financial derivative liabilities	11	–	(948)	–	(948)	–	(948)	–
Financial liabilities not measured at fair value								
Secured TMK bond	10	–	–	(35,874)	(35,874)	–	(36,531)	–
Secured bank loan	10	–	–	(67,350)	(67,350)	–	(69,949)	–
Unsecured bank loans	10	–	–	(897,367)	(897,367)	–	(875,400)	–
Trade and other payables		–	–	(31,939)	(31,939)			
Rental deposits		–	–	(10,738)	(10,738)	–	(10,900)	(10,900)
		<u>–</u>	<u>–</u>	<u>(1,043,268)</u>	<u>(1,043,268)</u>			

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
H-REIT Group									
2020									
Financial assets not measured at fair value									
Finance lease receivables	7	4,923	–	–	4,923				
Trade and other receivables ⁽¹⁾	8	68,582	–	–	68,582				
Cash and cash equivalents	9	113,570	–	–	113,570				
		<u>187,075</u>	<u>–</u>	<u>–</u>	<u>187,075</u>				
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)
Trade and other payables		–	–	(34,568)	(34,568)				
Rental deposits		–	–	(10,204)	(10,204)	–	–	(10,541)	(10,541)
		<u>–</u>	<u>–</u>	<u>(976,321)</u>	<u>(976,321)</u>				

(1) Excluding prepayments

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iv) Accounting classifications and fair values (cont'd)

Note	Carrying amount				Fair value			
	Amortised cost \$'000	Fair value – hedging instruments \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Stapled Group								
2021								
Financial assets not measured at fair value								
Finance lease receivables	7	2,198	–	–	2,198			
Trade and other receivables ⁽¹⁾	8	26,049	–	–	26,049			
Cash and cash equivalents	9	139,464	–	–	139,464			
		<u>167,711</u>	<u>–</u>	<u>–</u>	<u>167,711</u>			
Financial assets measured at fair value								
Financial derivative assets	11	–	4,762	–	4,762	–	4,762	–
Financial liabilities measured at fair value								
Financial derivative liabilities	11	–	(948)	–	(948)	–	(948)	–
Financial liabilities not measured at fair value								
Secured TMK bond	10	–	–	(35,874)	(35,874)	–	(36,531)	–
Secured bank loan	10	–	–	(67,350)	(67,350)	–	(69,949)	–
Unsecured bank loans	10	–	–	(995,495)	(995,495)	–	(973,154)	–
Trade and other payables ⁽²⁾		–	–	(44,542)	(44,542)			
Rental deposits		–	–	(10,738)	(10,738)	–	–	(10,900)
		<u>–</u>	<u>–</u>	<u>(1,153,999)</u>	<u>(1,153,999)</u>			

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									
2020									
Financial assets not measured at fair value									
Finance lease receivables	7	4,923	–	–	4,923				
Trade and other receivables ⁽¹⁾	8	25,812	–	–	25,812				
Cash and cash equivalents	9	131,102	–	–	131,102				
		<u>161,837</u>	<u>–</u>	<u>–</u>	<u>161,837</u>				
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)
Trade and other payables ⁽²⁾		–	–	(43,395)	(43,395)				
Rental deposits		–	–	(10,204)	(10,204)	–	–	(10,541)	(10,541)
		<u>–</u>	<u>–</u>	<u>(1,082,124)</u>	<u>(1,082,124)</u>				

(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	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Capital expenditure contracted but not provided for	108,693	–	9,641	8,618	118,334	8,618

In 2021, HBT's subsidiary, CDL HBT Investments (I) Property Limited, entered into a Development Funding Agreement with an external party to redevelop a plot of land in Manchester, United Kingdom into a residential BTR for a development sum of \$118.4 million (£63.8 million). The development is expected to be completed in 2024.

- (b) Under the terms of the lease agreements for certain properties, the H-REIT Group and the Stapled Group are required to incur expenditure equivalent to 2.5% to 4.0% 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 \$4,428,000 (2020: \$3,740,000) 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 2021, the Stapled Group recorded variable lease payments of nil (2020: \$167,000).

- (d) The Stapled Group has entered into several agreements in 2020, including:
- a development and sale agreement to acquire a brand new lifestyle hotel from a related corporation for a purchase price equal to the lower of the fixed price of \$475.0 million or 110% of the vendor's actual development cost. The transaction is expected to be completed in 2025.
 - a sale and purchase agreement to acquire 100% of shares in a hotel operating company from a related corporation for a consideration equal to the acquiree's net asset value at acquisition date plus partial reimbursement of pre-opening costs incurred, subject to a maximum of \$3.1 million. The transaction is expected to be completed in 2025.

NOTES TO THE FINANCIAL STATEMENTS

27 RELATED PARTY TRANSACTIONS

In the normal course of the operations of HBT, the HBT Trustee-Manager's trustee, management and acquisition fees have been paid or are payable to the HBT Trustee-Manager.

In the normal course of the operations of H-REIT, the H-REIT Manager's management and acquisition fees and H-REIT Trustee's fee have been paid or are payable to the H-REIT Manager and H-REIT Trustee respectively.

As at the reporting date, the H-REIT Manager and the master lessees of Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel, Studio M Hotel, W Singapore – Sentosa Cove Hotel and Grand Millennium Auckland are indirect wholly-owned subsidiaries of a substantial holder of the Stapled Securities in the Stapled Group.

During the financial year, other than the transactions disclosed elsewhere in the financial statements, there were the following related party transactions:

	HBT Group		H-REIT Group		Stapled Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'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	–	–	55,914	50,729	55,914	50,729
Rental expense paid/payable	–	–	768	965	768	965
Shared service expenses paid/payable	–	–	312	352	312	352
Corporate secretarial services fees paid/payable	69	46	164	132	233	178

28 FINANCIAL RATIOS

	H-REIT Group		Stapled Group	
	2021 %	2020 %	2021 %	2020 %
Expenses to weighted average net assets ⁽¹⁾				
- including performance component of H-REIT Manager's management fees ⁽²⁾	0.86	1.08	0.96	1.11
- excluding performance component of H-REIT Manager's management fees ⁽²⁾	0.67	0.90	0.76	0.93
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 2021

On 1 May 2021, CDL HBT Sun Three Pty Ltd and CDL HBT Sun Four Pty Ltd., subsidiaries of the HBT Group acquired the business and business assets of the hotels operated as Ibis Perth and Mercure Perth (the "**Perth Hotels**") (the "**Business Acquisition**") for a total consideration of \$0.3 million. The purpose of the Business Acquisition is for the HBT Group to manage the Perth Hotels which are leased from the H-REIT Group. The acquisition was accounted for as a business combination as the HBT Group had acquired various operational processes.

From the date of acquisition to 31 December 2021, the Business Acquisition contributed revenue of \$7,192,000 and net loss before tax of \$4,521,000 to the HBT Group's results. If the acquisition had occurred on 1 January 2021, the HBT Trustee-Manager estimates that the HBT Group's revenue would have been \$85,731,000 and the HBT Group's net loss before tax for the year would have been \$9,880,000. In determining these amounts, the HBT Trustee-Manager has assumed that the agreement to lease the Perth Hotels from the H-REIT Group would commence on 1 January 2021.

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 "Acquisition") from a related corporation for a total consideration of \$0.7 million. The purpose of the 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 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 6)	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	<u>730</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

29 ACQUISITIONS (CONT'D)

HBT Group (cont'd)

Acquisition of business (cont'd)

For the financial year ended 31 December 2020 (cont'd)

Consideration transferred

	\$'000
Cash paid	<u>730</u>

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	<u>(55)</u>
Net cash inflow on acquisition	<u>(3,128)</u>

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.

Acquisition of property

For the financial year ended 31 December 2021

On 31 August 2021, the HBT Group entered into a land purchase agreement to acquire a plot of land in Manchester, United Kingdom for a total consideration of \$17.6 million (£9.5 million) from a third party. The land will be developed into a residential BTR. The acquisition was accounted for as an acquisition of assets.

H-REIT Group

Acquisition of assets

For the financial year ended 31 December 2021

On 1 May 2021, the H-REIT Group acquired the furniture, fittings and equipment of Ibis Perth and Mercure Perth for a total consideration of \$5.9 million. The acquisition was accounted for as an acquisition of assets.

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. The professional fees of \$89,000 were paid after the financial year end. The acquisition was accounted for as an acquisition of assets.

NOTES TO THE FINANCIAL STATEMENTS

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.

Right-of-use assets

ROU assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment.

	Leasehold Land \$'000	Building \$'000	Office Equipment \$'000	Motor Vehicles \$'000	Total \$'000
HBT Group					
2021					
Balance at 1 January	43,288	51,708	–	82	95,078
Additions to ROU assets	–	49,102	43	–	49,145
Adjustment to ROU assets	2,938	–	–	–	2,938
Depreciation charge	(2,990)	(5,695)	(6)	(41)	(8,732)
Translation differences	735	(1,252)	–	–	(517)
Balance at 31 December	<u>43,971</u>	<u>93,863</u>	<u>37</u>	<u>41</u>	<u>137,912</u>
2020					
Balance at 1 January	46,796	7,623	–	–	54,419
Acquisition of ROU assets	–	222	–	–	222
Additions to ROU assets	–	44,822	–	123	44,945
Depreciation charge	(2,982)	(1,141)	–	(41)	(4,164)
Translation differences	(526)	182	–	–	(344)
Balance at 31 December	<u>43,288</u>	<u>51,708</u>	<u>–</u>	<u>82</u>	<u>95,078</u>

NOTES TO THE FINANCIAL STATEMENTS

30 LEASES (CONT'D)

(i) Leases as lessee (cont'd)

Right-of-use assets (cont'd)

	Building \$'000
H-REIT Group	
2021	
Balance at 1 January	9
Additions to ROU assets	24
Depreciation charge	(12)
Balance at 31 December	<u>21</u>
2020	
Balance at 1 January	65
Additions to ROU assets	13
Disposal of ROU assets	(43)
Depreciation charge	(28)
Translation differences	2
Balance at 31 December	<u>9</u>

	Leasehold Land \$'000	Building \$'000	Office Equipment \$'000	Motor Vehicles \$'000	Total \$'000
Stapled Group					
2021					
Balance at 1 January	76,882	7,919	–	82	84,883
Additions to ROU assets	–	148	43	–	191
Adjustment to ROU assets	752	–	–	–	752
Depreciation charge	(1,303)	(200)	(6)	(41)	(1,550)
Revaluation surplus recognised in unitholders' funds	255	–	–	–	255
Translation differences	305	78	–	–	383
Balance at 31 December	<u>76,891</u>	<u>7,945</u>	<u>37</u>	<u>41</u>	<u>84,914</u>
2020					
Balance at 1 January	21,117	7,688	–	–	28,805
Acquisition of ROU assets	–	222	–	–	222
Additions to ROU assets	55,550	13	–	123	55,686
Disposal of ROU assets	–	(43)	–	–	(43)
Depreciation charge	(871)	(145)	–	(41)	(1,057)
Revaluation surplus recognised in unitholders' funds	475	–	–	–	475
Reversal of revaluation deficit recognised in statement of total return	792	–	–	–	792
Translation differences	(181)	184	–	–	3
Balance at 31 December	<u>76,882</u>	<u>7,919</u>	<u>–</u>	<u>82</u>	<u>84,883</u>

NOTES TO THE FINANCIAL STATEMENTS

30 LEASES (CONT'D)

(i) Leases as lessee (cont'd)

Amounts recognised in profit or loss or the statement of total return (as the case may be)

	HBT Group		H-REIT Group		Stapled Group	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest on lease liabilities	4,956	3,309	2,918	2,202	3,865	2,791
Expenses relating to short term leases	–	211	393	–	393	211

Amounts recognised in statements of cash flows

	HBT Group		H-REIT Group		Stapled Group	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payment of lease liabilities	(4,063)	(2,849)	(1,471)	(708)	(1,709)	(766)
Finance costs paid	(4,150)	(3,309)	(2,918)	(2,202)	(3,865)	(2,791)
Total cash outflow for leases	(8,213)	(6,158)	(4,389)	(2,910)	(5,574)	(3,557)

Extension options

Some property leases contain extension options exercisable by the HBT Group and the H-REIT Group before the end of the non-cancellable contract period. Where practicable, the HBT Group and the H-REIT Group seek to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the HBT Group and the H-REIT Group and not by the lessors. The HBT Group and the H-REIT Group assess at lease commencement date whether it is reasonably certain to exercise the extension options. The HBT Group and the H-REIT Group reassess whether it is reasonably certain to exercise the options if there is a significant event of significant changes in circumstances within their control.

The H-REIT Group have estimated the potential future lease payments that are not reflected in the measurement of lease liabilities, should they exercise the extension options, would result in an increase in future cash outflows of \$28.8 million (2020: \$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 \$108,000 (2020: \$165,000).

NOTES TO THE FINANCIAL STATEMENTS

30 LEASES (CONT'D)

(ii) Leases as lessor (cont'd)

Finance lease (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.

	2021 \$'000	2020 \$'000
H-REIT Group and Stapled Group		
Within 1 year	458	965
1 to 2 years	524	965
2 to 3 years	524	965
3 to 4 years	524	965
4 to 5 years	331	965
More than 5 years	–	529
Total undiscounted finance lease receivables	2,361	5,354
Unearned finance income	(163)	(431)
Net investment in the lease	2,198	4,923

Operating lease

The H-REIT Group and the Stapled Group lease out their investment properties. The H-REIT Group and the Stapled Group have classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The portfolio statements set out information about the operating leases of investment properties.

Rental revenue from investment property recognised by the H-REIT Group and the Stapled Group is disclosed in Note 17.

In addition, the H-REIT Group also leases out its Japan properties which are classified as property, plant and equipment to the HBT Group for 1-year periods, renewable on an annual basis. Monthly lease payments receivable under these leases are variable, equal to the gross operating profit of the hotel properties in the preceding month, subject to certain adjustments. The variable monthly lease payments are not subject to a minimum value.

The rental revenue from property, plant and equipment recognised by the H-REIT Group in respect of these leases during the year was \$575,000 (2020: \$833,000).

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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Within 1 year	113	123	52,410	64,117	42,421	60,257
1 to 2 years	113	123	51,768	60,014	39,622	56,154
2 to 3 years	89	123	49,702	47,505	40,909	43,645
3 to 4 years	–	97	51,535	43,261	42,163	43,358
4 to 5 years	–	–	39,123	43,836	29,751	43,836
More than 5 years	–	–	183,037	192,358	114,810	192,358
	315	466	427,575	451,091	309,676	439,608

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	
		2021 %	2020 %
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
(1) CDL HREIT Investments (II) Limited	England and Wales	100	–
Subsidiaries of CDLHT Sunshine Limited			
(1) Sun One Investments Limited	British Virgin Islands	100	100
(1) Sun Two Investments Limited	British Virgin Islands	100	100
(1) Sun Three Investments Limited	British Virgin Islands	100	100
(1) Sun Four Investments Limited	British Virgin Islands	100	100
Subsidiary of Sun One Investments Limited			
(1) Sun Trust One	–	100	100
Subsidiary of Sun Two Investments Limited			
(1) Sun Trust Two	–	100	100
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	
		2021 %	2020 %
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	
		2021 %	2020 %
Subsidiaries of HBT			
⁽²⁾ CDL HBT Oceanic Holdings Pte. Ltd.	Singapore	100	100
⁽²⁾ CDL HBT Hanei Pte. Ltd.	Singapore	100	100
⁽²⁾ CDL HBT Cambridge City Pte. Ltd.	Singapore	100	100
⁽²⁾ Gemini Two Pte. Ltd.	Singapore	100	100
⁽²⁾ CDL HBT Sun Pte. Ltd.	Singapore	100	–
⁽²⁾ CDL HBT Investments (I) Pte. Ltd.	Singapore	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
Subsidiaries of CDL HBT Sun Pte. Ltd.			
⁽³⁾ CDL HBT Sun Three Pty Ltd	Australia	100	–
⁽³⁾ CDL HBT Sun Four Pty Ltd	Australia	100	–

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	
		2021 %	2020 %
Subsidiary of CDL HBT Investments (I) Pte. Ltd.			
(1) CDL HBT Investments (I) Limited	England and Wales	100	–
Subsidiaries of CDL HBT Investments (I) Limited			
(1) CDL HBT Investments (I) Property Limited	England and Wales	100	–
(1) CDL HBT Investments (I) Operations Limited	England and Wales	100	–
(1) Not required to be audited under the laws of the country of incorporation/constitution. (2) Audited by KPMG LLP, Singapore. (3) Audited by other member firms of KPMG International. (4) Audited by BDO LLP, United Kingdom.			

32 SUBSEQUENT EVENTS

Subsequent to the reporting date, there were the following events:

- (i) the HBT Trustee-Manager and the H-REIT Manager declared a distribution of 3.06 cents per Stapled Security to Stapled Securityholders in respect of the period from 1 July 2021 to 31 December 2021.
- (ii) 1,134,398 Stapled Securities, amounting to \$1,297,000, were issued as satisfaction of the H-REIT Manager's base fee for the period from 1 October 2021 to 31 December 2021.
- (iii) 119,954 Stapled Securities, amounting to \$137,000, were issued as satisfaction of the HBT Trustee-Manager's base fee for the period from 1 October 2021 to 31 December 2021.
- (iv) On 14 January 2022, NKS Hospitality I B.V. ("**NKS**"), an indirectly-owned subsidiary of H-REIT, entered into an asset purchase agreement with Provent Immobilien Beteiligungs GmbH ("**Provent**") for the purchase from Provent of the remaining 0.49% co-ownership share of the Pullman Hotel Munich for a net purchase consideration of \$0.6 million (€0.4 million). As at 4 March 2022, the net purchase consideration was paid to Provent and post completion, NKS has full ownership of the Pullman Hotel Munich, with H-REIT owning 94.9% of Pullman Hotel Munich.
- (v) On 22 February 2022, CDL HREIT Investments (II) Limited, a wholly-owned and newly incorporated subsidiary of H-REIT, entered into a share purchase agreement and completed the acquisition of Hotel Brooklyn, a leasehold hotel in Manchester, United Kingdom for approximately \$43.8 million (£24.1 million).
- (vi) On 10 March 2022, the Stapled Group announced that it will be seeking approval of stapled security holders of CDLHT ("**Stapled Security Holders**") at the annual general meetings of H-REIT and HBT to be convened for a proposed distribution reinvestment plan ("**DRP**"), pursuant to which Stapled Security Holders may elect to receive new stapled securities in the Stapled Group in lieu of all or part only of the cash amount of any distribution to which the proposed DRP applies. Should Stapled Security Holders approve the DRP, the DRP may be applied from time to time to any distribution of CDLHT as the Managers may determine in their discretion.
- (vii) On 16 March 2022, an existing \$200.0 million committed multi-currency unsecured revolving credit facility was re-financed by H-REIT for another 3 years.

STATISTICS OF STAPLED SECURITY HOLDINGS

As at 2 March 2022

SUMMARY INFORMATION OF STAPLED SECURITIES

A Stapled Security means a security comprising one unit of H-REIT and one unit of HBT stapled together under the terms of the Stapling Deed dated 12 June 2006 (as amended). Each holder of the Stapled Securities has one vote per Stapled Security.

RANGE OF STAPLED SECURITY HOLDINGS

Issued and Fully Paid Stapled Securities: 1,231,266,225 Stapled Securities

Size of Stapled Security Holdings	No. of Stapled Security Holders	%	No. of Stapled Securities	%
1 - 99	26	0.24	602	0.00
100 - 1,000	887	8.30	665,031	0.05
1,001 - 10,000	6,328	59.21	33,095,262	2.69
10,001 - 1,000,000	3,416	31.97	139,687,255	11.35
1,000,001 and above	30	0.28	1,057,818,075	85.91
TOTAL	10,687	100.00	1,231,266,225	100.00

TWENTY LARGEST STAPLED SECURITY HOLDERS

No.	Name	No. of Stapled Securities	%*
1	HOSPITALITY HOLDINGS PTE LTD	313,950,000	25.50
2	CITIBANK NOMINEES SINGAPORE PTE LTD	175,717,871	14.27
3	DBS NOMINEES (PRIVATE) LIMITED	132,167,631	10.73
4	M&C REIT MANAGEMENT LIMITED	98,285,648	7.98
5	HSBC (SINGAPORE) NOMINEES PTE LTD	72,848,343	5.92
6	RAFFLES NOMINEES (PTE.) LIMITED	70,722,391	5.74
7	REPUBLIC HOTELS & RESORTS LIMITED	62,790,000	5.10
8	DBSN SERVICES PTE. LTD.	56,056,164	4.55
9	BPSS NOMINEES SINGAPORE (PTE.) LTD.	9,934,323	0.81
10	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	7,044,783	0.57
11	GUAN HONG PLANTATION PTE LTD	6,900,000	0.56
12	PHILLIP SECURITIES PTE LTD	5,346,342	0.43
13	MILLENNIUM SECURITIES PTE LTD	4,800,000	0.39
14	DB NOMINEES (SINGAPORE) PTE LTD	4,210,880	0.34
15	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,716,000	0.30
16	MAYBANK SECURITIES PTE. LTD.	3,633,400	0.30
17	SOON LI HENG CIVIL ENGINEERING PTE LTD	3,360,000	0.27
18	OCBC SECURITIES PRIVATE LIMITED	3,253,300	0.26
19	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,993,620	0.24
20	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,807,114	0.23
	TOTAL	1,040,537,810	84.49

* The percentage of Stapled Securities is based on the total number of issued Stapled Securities as at 2 March 2022.

SUBSCRIPTION OF STAPLED SECURITIES IN CDL HOSPITALITY TRUSTS

As at 31 December 2021, 1,230,011,873 Stapled Securities were issued. On 28 January 2022, 1,134,398 Stapled Securities and 119,954 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 2021 to 31 December 2021 respectively.

STATISTICS OF STAPLED SECURITY HOLDINGS

As at 2 March 2022

H-REIT MANAGER'S DIRECTORS' AND HBT TRUSTEE-MANAGER'S DIRECTORS' STAPLED SECURITY HOLDINGS

As shown in the Register of Directors' Stapled Security Holdings as at 2 March 2022, 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
Kim Kenny	NIL
Cheah Sui Ling	NIL

SUBSTANTIAL STAPLED SECURITY HOLDERS

As at 2 March 2022

Name	Direct Interest	Deemed Interest	Total Holdings	%*
Hospitality Holdings Pte. Ltd.	313,950,000	–	313,950,000	25.50
M&C REIT Management Limited	98,285,648	1,705,771 ⁽¹⁾	99,991,419	8.12
Republic Hotels & Resorts Limited	62,790,000	–	62,790,000	5.10
ATOS Holding GmbH	–	313,950,000 ⁽²⁾	313,950,000	25.50
M&C Hotel Investments Pte. Ltd.	–	162,781,419 ⁽³⁾	162,781,419	13.22
M&C Hospitality International Limited	–	162,781,419 ⁽³⁾	162,781,419	13.22
M&C Singapore Holdings (UK) Limited	–	162,781,419 ⁽³⁾	162,781,419	13.22
Millennium & Copthorne Hotels Limited	–	476,731,419 ⁽⁴⁾	476,731,419	38.72
Agapier Investments Limited	–	476,731,419 ⁽⁴⁾	476,731,419	38.72
Singapura Developments (Private) Limited	–	476,731,419 ⁽⁴⁾	476,731,419	38.72
City Developments Limited	–	476,731,419 ⁽⁴⁾	476,731,419	38.72
Hong Leong Investment Holdings Pte. Ltd.	–	481,531,419 ⁽⁵⁾	481,531,419	39.11
Davos Investment Holdings Private Limited	–	481,531,419 ⁽⁵⁾	481,531,419	39.11
Kwek Holdings Pte Ltd	–	481,531,419 ⁽⁵⁾	481,531,419	39.11

*The percentage of Stapled Securities is based on the total number of issued Stapled Securities as at 2 March 2022.

Notes:

- (1) M&C REIT Management Limited is deemed under Section 4 of the Securities and Futures Act 2001 ("SFA"), to have an interest in the 1,705,771 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 162,781,419 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 476,731,419 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 481,531,419 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 2 March 2022, no less than 60.80% 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 2021 (“**FY 2021**”) (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”)			
<u>City Developments Limited and its subsidiaries/associates</u>			
- Rental expense in relation to units #01-01/02 at Waterfront Plaza ⁽¹⁾	City Developments Limited is a controlling unitholder of H-REIT. Its subsidiaries are interested persons being associates of the controlling unitholder.	S\$339,201	Not Applicable ⁽³⁾
- Rental expense in relation to units #02-01/02/03/04/05/06C at Waterfront Plaza ⁽²⁾		S\$1,749,000	Not Applicable ⁽³⁾
- Shared services agreement for revenue management between W Singapore - Sentosa Cove, The St. Regis Singapore and JW Marriott Singapore South Beach		S\$97,900 ⁽⁴⁾	Not Applicable ⁽³⁾
- Provision of Corporate Secretarial Services		S\$134,576	Not Applicable ⁽³⁾
CDL Hospitality Business Trust (“HBT”)			
<u>Subsidiaries of City Developments Limited</u>			
- Provision of technical advisory and development monitoring services for a residential build-to-rent in United Kingdom	City Developments Limited is a controlling unitholder of HBT. Its subsidiaries are interested persons being associates of the controlling unitholder.	S\$212,239	Not Applicable ⁽³⁾
- Provision of Corporate Secretarial Services		S\$55,214 ⁽⁴⁾	Not Applicable ⁽³⁾
Total:		S\$2,588,130	-

Note:

- (1) This relates to a lease agreement between H-REIT and City Developments Limited (“**CDL**”) for the lease of units which H-REIT sub-lets to Republic Hotels & Resorts Limited (“**RHRL**”). Rental income received from RHRL is thereafter paid to CDL as rental expense. Rental income received from RHRL is not aggregated as there was no additional exposure due to the back-to-back lease transaction.
- (2) This relates to a lease agreement between H-REIT and CDL for the lease of units which H-REIT sub-lets to RHRL. Rental income received from RHRL is thereafter paid to CDL as rental expense. Rental income received from RHRL is not aggregated as there was no additional exposure due to back-to-back lease transaction.
- (3) 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.
- (4) Notwithstanding the transaction values are below S\$100,000, the H-REIT Manager and the HBT Trustee-Manager have taken a view to aggregate and disclose the transactions as one transaction with the same interested person, being subsidiaries/associates of the controlling unitholder.

Except as disclosed above, there were no other interested person/party transactions (excluding transactions of less than S\$100,000 each and/or transactions collectively described as “**Exempted Agreements**”) entered into in FY 2021.

GLOSSARY PAGE

2021 AGMs	2021 Annual General Meetings
2022 AGMs	2022 Annual General Meetings
5 Singapore Hotels	Portfolio hotels located in Singapore consisting of Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel and Studio M Hotel
6 Singapore Hotels	Portfolio hotels located in Singapore consisting of Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel, Studio M Hotel and W Singapore – Sentosa Cove
ACRA	Accounting and Corporate Regulatory Authority
ACRA Code	Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities
Act or BTA	Business Trusts Act
ADR	Average Daily Rate
Aggregate Leverage	Total Borrowings and Deferred Payments of a Property Fund over its Deposited Property
AGMs	Annual General Meetings
Annual Report	Annual Report 2021
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
BCA	Building & Construction Authority
BMS	Building Management System
Boards	HBT Board and the H-REIT Board
BOD or Board	Board of Directors
Bridge Loan Facilities	S\$400.0 million uncommitted multi-currency unsecured bridge loan facilities
BTR	Build-to-Rent
Business Acquisition	Acquisition of the business and business assets of the hotels operated as Ibis Perth and Mercure Perth
CAGR	Compound annual growth rate
CDL	City Developments Limited
CDLHT	CDL Hospitality Trusts
CDP	The Central Depository (Pte) Limited
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CG Code	Code of Corporate Governance 2018
CGU	Cash Generating Unit
Circular	Circular to Stapled Security Holders dated 24 March 2022
CIS Code	Code on Collective Investment Schemes
CMS	Capital Markets Services
Committees	Committees established by the H-REIT Manager Board and the HBT Trustee-Manager Board, namely the Audit and Risk Committee(s) and Nominating and Remuneration Committee(s)
COVID-19	Coronavirus Disease
COVID-19 Temporary Measures Order	COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020
CPF	Central Provident Fund
DPS	Distribution per Stapled Security
DRP	Distribution Reinvestment Plan
ECL	Expected Credit Loss
EMS	Energy Management System
Enhanced Independence Requirements	Enhancements to independence requirements announced by MAS on 2 July 2015
ESG	Environmental, Social and Governance
Exempted Agreements	Interested Person/Party Transactions of less than \$100,000 each
F&B	Food and Beverage
FRS	Singapore Financial Reporting Standards
FVOCI	Fair value through other comprehensive income

GLOSSARY PAGE

FVTPL	Fair value through profit or loss
FY 2021	Financial Year Ended 31 December 2021
Germany Hotel	Pullman Hotel Munich
GFA	Gross Floor Area
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
HODs	Heads of Departments
Hotel Cerretani Firenze or Italy Hotel	Hotel Cerretani Firenze – MGallery
HR	Human Resources
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
HVAC	Heating Ventilating and Air Condition
IA	Internal Audit
IDs	Independent Directors
IBORs	Interbank offered rates
IBOR reform	The replacement of some interbank offered rates with alternative nearly risk-free rates
Instruments	Offers, agreements or options
IPO	Initial Public Offering
IR	Investor Relations
IRAS	Inland Revenue Authority of Singapore
ISCA	Institute of Singapore Chartered Accountants
ISDA	International Swaps and Derivatives Association
IT	Information technology
Japan Hotels	Portfolio hotels located in Japan consisting of Hotel MyStays Asakusabashi and Hotel MyStays Kamata
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 Hotels Limited
Maldives Resorts	Portfolio resorts located in the Maldives consisting of Angsana Velavaru and Raffles Maldives Meradhoo
Managers	The H-REIT Manager and the HBT Trustee-Manager
Managers' Boards	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

GLOSSARY PAGE

MIQ	Managed Isolation and Quarantine
NCI	Non-Controlling Interests
NCQ	Novotel Singapore Clarke Quay
NEDs	Non-Executive Directors
NKS	NKS Hospitality I B.V.
N.M	Not Meaningful
NPI	Net Property Income
NRC(s)	Nominating and Remuneration Committee(s)
NRC Self-Assessment Checklist	Checklist to facilitate self-assessment of NRC's effectiveness in the discharge of its role and responsibilities
NZ Hotel	Grand Millennium Auckland
OCI	Other Comprehensive Income
OH&S	Occupational Health and Safety
Perth Hotels	Portfolio hotels located in Perth consisting of Mercure Perth and Ibis Perth
Property Funds Appendix	Appendix 6 of the Code on Collective Investment Schemes
Provent	Provent Immobilien Beteiligungs GmbH
PUB	Public Utilities Board
RAP	Statement of Recommended Accounting Practice
Report	CDL Hospitality Trusts' Sustainability Report
RevPAR	Revenue per Available Room
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
Singapore IPO Hotels	Portfolio hotels at IPO consisting of Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel and Copthorne King's Hotel
SOFR	Secured Overnight Financing Rate
SOPs	Standard Operating Procedures
SOR	Singapore swap offer rate
SORA	Singapore Overnight Rate Average
Sponsor	Millennium & Copthorne Hotels Limited
sq m	square meters
SSAs	Singapore Standards on Auditing
Stapled Group	Stapled group comprising the H-REIT Group and the HBT Group
Stapled Security(ies)	Stapled Unit(s) of H-REIT and HBT
Stapled Security Holders	Holders of Stapled Securities of CDLHT
Stapling Deed	The stapling deed dated 12 June 2006
STB	Singapore Tourism Board
SWC	Sustainability Working Committee
TAFPEP	Tripartite Alliance for Fair and Progressive Employment Practices
Temporary Arrangement	Temporary rent abatement agreement for Pullman Hotel Munich and Hotel Cerretani Firenze
TMK	Tokutei Mokuteki Kaisha
UK Hotels	Portfolio hotels located in the United Kingdom namely Hilton Cambridge City Centre and The Lowry Hotel (Manchester)
UN SDGs	United Nations Sustainable Development Goals
USD-LIBOR	US Dollar LIBOR
VTLs	Vaccinated Travel Lanes
WA	Western Australia
WALE	Weighted average lease expiry
W Hotel	W Singapore – Sentosa Cove
YOY or yoy	Year-on-Year



CDL HOSPITALITY TRUSTS

A stapled group comprising:

CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST

(a real estate investment trust constituted on 8 June 2006 under the laws of the Republic of Singapore)

CDL HOSPITALITY BUSINESS TRUST

(a business trust constituted on 12 June 2006 under the laws of the Republic of Singapore)

NOTICE OF ANNUAL GENERAL MEETINGS

NOTICE IS HEREBY GIVEN that the Annual General Meetings ("**Meetings**") of the unitholders of CDL Hospitality Real Estate Investment Trust ("**H-REIT**") and CDL Hospitality Business Trust ("**HBT**") will be convened and held by way of electronic means on Friday, 22 April 2022 at 3.00 p.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 2021 and the Auditors' Report thereon. **(Ordinary Resolution 1)**
2. To re-appoint Messrs KPMG LLP as the Independent Auditors of H-REIT and HBT and to hold office until the conclusion of the next Annual General Meetings of H-REIT and HBT, and to authorise the H-REIT Manager and the HBT Trustee-Manager to fix their remuneration. **(Ordinary Resolution 2)**

(B) AS SPECIAL BUSINESS

To consider and if thought fit, to pass with or without any modifications, the following resolution:

3. That authority be and is hereby given to the H-REIT Manager and the HBT Trustee-Manager, to **(Ordinary Resolution 3)**
 - (a) (i) issue new units in H-REIT ("**H-REIT Units**") and new units in HBT ("**HBT Units**", together with H-REIT Units, the "**Stapled Securities**") whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Stapled Securities to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Stapled Securities, at any time and upon such terms and conditions and for such purposes and to such persons as the H-REIT Manager and the HBT Trustee-Manager may in their absolute discretion deem fit; and
 - (b) issue Stapled Securities in pursuance of any Instruments made or granted by the H-REIT Manager and the HBT Trustee-Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force),

NOTICE OF ANNUAL GENERAL MEETINGS

provided that:

- (1) the aggregate number of Stapled Securities to be issued pursuant to this Resolution (including Stapled Securities to be issued in pursuance of Instruments made or granted pursuant to this Resolution), shall not exceed fifty per cent (50%) of the total number of issued Stapled Securities (excluding treasury H-REIT Units and treasury HBT Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Stapled Securities to be issued other than on a *pro rata* basis to Stapled Security Holders shall not exceed twenty per cent (20%) of the total number of issued Stapled Securities (excluding treasury H-REIT Units and treasury HBT Units, if any) (as calculated in accordance with sub-paragraph (2) below);
- (2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the purpose of determining the aggregate number of Stapled Securities that may be issued under sub-paragraph (1) above, the total number of issued Stapled Securities (excluding treasury H-REIT Units and treasury HBT Units, if any) shall be based on the number of issued Stapled Securities (excluding treasury H-REIT Units and treasury HBT Units, if any) at the time this Resolution is passed, after adjusting for:
 - (a) any new Stapled Security arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and
 - (b) any subsequent bonus issue, consolidation or subdivision of Stapled Securities;
- (3) in exercising the authority conferred by this Resolution, the H-REIT Manager and the HBT Trustee-Manager shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by SGX-ST), the Business Trusts Act 2004 of Singapore for the time being in force, the trust deed constituting H-REIT (as amended) (the "**H-REIT Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore) and the trust deed constituting HBT (as amended) (the "**HBT Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (4) (unless revoked or varied by the Stapled Security Holders in a general meeting) the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next Annual General Meetings of H-REIT and HBT or (ii) the date by which the next Annual General Meetings of H-REIT and HBT are required by law to be held, whichever is earlier;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Stapled Securities into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the H-REIT Manager and the HBT Trustee-Manager are authorised to issue additional Instruments or Stapled Securities pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments are issued; and
- (6) the H-REIT Manager, the H-REIT Trustee and the HBT Trustee-Manager be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the H-REIT Manager, the H-REIT Trustee or, as the case may be, the HBT Trustee-Manager may consider expedient or necessary or in the interest of H-REIT and HBT to give effect to the authority conferred by this Resolution.

(Please see Explanatory Note below)

NOTICE OF ANNUAL GENERAL MEETINGS

4. That:

(Extraordinary Resolution 4)

- (a) the distribution reinvestment plan to provide the Stapled Security Holders with an option to make an election to receive distributions in the form of Stapled Securities instead of cash (the "**Distribution Reinvestment Plan**") as set out in the circular to Stapled Security Holders dated 24 March 2022 (the "**Circular**") be and is hereby approved;
- (b) approval be and is hereby given to amend the H-REIT Trust Deed to extend the timeframe for the payout of distributions from 60 days to 90 days after the end of the distribution period, in the manner as set out in the Circular (the "**H-REIT DRP Supplement**");
- (c) approval be and is hereby given to amend the HBT Trust Deed to extend the timeframe for the payout of distributions from 60 days to 90 days from the end of the distribution period, in the manner as set out in the Circular (the "**HBT DRP Supplement**");
- (d) the H-REIT Manager, the HBT Trustee-Manager (collectively with the H-REIT Manager, the "**Managers**") and the H-REIT Trustee be and are hereby authorised (unless revoked or varied by the Stapled Security Holders in general meetings, such authority shall continue in force):
 - (i) to establish and administer the Distribution Reinvestment Plan;
 - (ii) to modify and/or alter the Distribution Reinvestment Plan from time to time and to do all such acts and things and to enter into all such transactions and arrangements as may be necessary or expedient in order to give full effect to the Distribution Reinvestment Plan; and
 - (iii) to allot and issue from time to time such number of new Stapled Securities as may be required to be allotted and issued pursuant to the Distribution Reinvestment Plan.
- (e) the Managers, any Director of the Managers and the H-REIT Trustee 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 Managers, such Director of the Managers or, as the case may be, the H-REIT Trustee may consider expedient or necessary or in the interests of CDLHT to give effect to the proposed Distribution Reinvestment Plan (including the H-REIT DRP Supplement and the HBT DRP Supplement).

(Please see Explanatory Note below)

AS OTHER BUSINESS

To transact such other business as may be transacted at the Meetings.

BY ORDER OF THE BOARD

M&C REIT Management Limited
(as manager of CDL Hospitality
Real Estate Investment Trust)

Enid Ling Peek Fong
Soo Lai Sun
Company Secretaries

BY ORDER OF THE BOARD

M&C Business Trust Management Limited
(as trustee-manager of CDL Hospitality
Business Trust)

Enid Ling Peek Fong
Soo Lai Sun
Company Secretaries

Singapore
24 March 2022

NOTICE OF ANNUAL GENERAL MEETINGS

Important Notice:

1. The Meetings are being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice will not be sent to the Stapled Security Holders, instead, this Notice will be made available to the Stapled Security Holders by electronic means via publication on CDLHT's website at URL <https://investor.cdlht.com/agm-egm.html>. This Notice will also be made available 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 the Meetings and voting by appointing the Chairman of the Meetings as proxy at the Meetings, are set out in the accompanying CDLHT's announcement dated 24 March 2022. The announcement may be accessed at CDLHT's website at URL <https://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. As a precautionary measure 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 may be accessed at CDLHT's website at URL <https://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>.

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 12 April 2022.

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 Stapled Security Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
 - (ii) if submitted electronically, via email to the Stapled Security Registrar at CDLHT2022@boardroomlimited.com, in either case, not less than 48 hours before the time for holding the 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 2021, Audited Financial Statements of the HBT Trustee-Manager ("**MBTM FS**") and the Circular may be accessed at CDLHT's website as follows:
 - (i) the Annual Report for the financial year ended 31 December 2021 and MBTM FS may be accessed at the URL <https://investor.cdlht.com/ar.html>; and
 - (ii) the Circular may be accessed at URL <https://investor.cdlht.com/circulars.html>.

The above documents may also be accessed on the SGX website at URL <https://www.sgx.com/securities/company-announcements>. Stapled Security Holders may request for printed copies of these documents by completing and submitting their request(s) through the online Request Form at <https://investor.cdlht.com/ar2021-request-form> **by 7 April 2022**.

NOTICE OF ANNUAL GENERAL MEETINGS

Explanatory Note on Ordinary Resolution 3:

The Ordinary Resolution 3 above, if passed, will empower the H-REIT Manager and the HBT Trustee-Manager from the date of the Meetings until the date of the next Annual General Meetings of H-REIT and HBT, to issue Stapled Securities and to make or grant Instruments (such as securities, warrants or debentures) convertible into Stapled Securities and issue Stapled Securities pursuant to such Instruments, up to a number not exceeding 50% of the total number of issued Stapled Securities (excluding treasury H-REIT Units and treasury HBT Units, if any) of which up to 20% of the total number of issued Stapled Securities (excluding treasury H-REIT Units and treasury HBT Units, if any) may be issued other than on a *pro rata* basis to Stapled Security Holders.

The Ordinary Resolution 3 above, if passed, will also empower the H-REIT Manager and the HBT Trustee-Manager from the date of the Meetings until the date of the next Annual General Meetings of H-REIT and HBT, to issue Stapled Securities as either full or partial payment of fees which the H-REIT Manager and the HBT Trustee-Manager are entitled to receive for their own accounts pursuant to the H-REIT Trust Deed and the HBT Trust Deed respectively.

For determining the aggregate number of Stapled Securities that may be issued, the percentage of issued Stapled Securities will be calculated based on the issued Stapled Securities at the time the Ordinary Resolution 3 above is passed, after adjusting for new Stapled Securities arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Stapled Securities.

Fund raising by issuance of new Stapled Securities may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Stapled Security Holders is required under the Listing Manual of SGX-ST and the H-REIT Trust Deed and the HBT Trust Deed or any applicable laws and regulations in such instances, the H-REIT Manager and the HBT Trustee-Manager will then obtain the approval of Stapled Security Holders accordingly.

Explanatory Note on Extraordinary Resolution 4:

Extraordinary Resolution 4 above, if passed, will empower the Managers from the date of the Meetings to allot and issue new Stapled Securities in connection with the Distribution Reinvestment Plan, unless such authority is revoked or varied by the Stapled Security Holders in general meetings. For the avoidance of doubt, this mandate is separate and in addition to the Stapled Securities issue mandate sought under Ordinary Resolution 3.

Extraordinary Resolution 4 above, if passed, will approve the supplement of the H-REIT Trust Deed with the H-REIT DRP Supplement, and also the supplement of the HBT Trust Deed with the HBT DRP Supplement, which are set out in Appendix B of the Circular.

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.

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")

- The Meetings are being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of Meetings will not be sent to Stapled Security Holders, instead, the Notice of Meetings will be made available to Stapled Security Holders by electronic means via publication on CDL Hospitality Trusts' ("CDLHT") website at URL <https://investor.cdlht.com/agm-egm.html> as well as on the SGX website at URL <https://www.sgx.com/securities/company-announcements>.
 - 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 the Meetings and voting by appointing the Chairman of the Meetings as proxy at the Meetings, are set out in the accompanying CDLHT's announcement dated 24 March 2022. The announcement may be accessed at CDLHT's website at URL <https://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>.
 - As a precautionary measure 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.**
 - 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
- 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 12 April 2022.
- Personal Data Privacy
- 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 24 March 2022.

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, 22 April 2022 at 3.00 p.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 "**Abstain**" 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 "**Abstain**" 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 Abstain
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 2021 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.			
4	To approve the proposed Distribution Reinvestment Plan (" DRP ") including the H-REIT DRP Supplement and the HBT DRP Supplement.			

Dated this _____ day of _____ 2022

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

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. As a precautionary measure 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. This Proxy Form may be accessed at CDLHT's website at URL <https://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>. 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 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 12 April 2022.
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 Stapled Security Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
 - (ii) if submitted electronically, via email to the Stapled Security Registrar at CDLHT2022@boardroomlimited.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 form of proxy 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 Stapled Security Registrar
Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

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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/her 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/her 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
#02-06 King's Centre
Singapore 169662
Telephone: (65) 6664 8888
Facsimile: (65) 6732 2868
Email: enquiries@cdlht.com
Website: www.cdlht.com

TRUSTEE-MANAGER OF HBT

M&C Business Trust Management Limited

(Co. Reg. No. 200607118H)

Registered Address:

9 Raffles Place
#12-01 Republic Plaza
Singapore 048619
Telephone: (65) 6877 8228
Facsimile: (65) 6225 4959

Office Address:

390 Havelock Road
#02-06 King's Centre
Singapore 169662
Telephone: (65) 6664 8888
Facsimile: (65) 6732 2868
Email: enquiries@cdlht.com
Website: www.cdlht.com

DIRECTORS OF THE MANAGER OF H-REIT AND THE TRUSTEE-MANAGER OF HBT

Chan Soon Hee, Eric

Chairman, Independent Non-Executive Director

Vincent Yeo Wee Eng

Chief Executive Officer and Executive Director

Foo Say Mui (Bill)

Lead Independent 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: Karen Lee Shu Pei,
appointment commenced from the audit of
the financial statements for the year ended
31 December 2021)

STAPLED SECURITY REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd

1 Harbourfront Avenue
Keppel Bay Tower #14-07
Singapore 098632
Telephone: (65) 6536 5355
Facsimile: (65) 6536 1360

LEGAL ADVISER

Allen & Gledhill LLP

One Marina Boulevard #28-00
Singapore 018989
Telephone: (65) 6890 7188
Facsimile: (65) 6327 3800

COMPANY SECRETARIES OF THE MANAGER OF H-REIT AND THE TRUSTEE-MANAGER OF HBT

Enid Ling Peek Fong

Soo Lai Sun



CDL HOSPITALITY TRUSTS

M&C REIT Management Limited

(As Manager of CDL Hospitality Real Estate Investment Trust)

and

M&C Business Trust Management Limited

(As Trustee-Manager of CDL Hospitality Business Trust)

390 Havelock Road
#02-06 King's Centre
Singapore 169662

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