CDL HOSPITALITY TRUSTS

ANNUAL REPORT 2023

8
Countries

19
Operational Properties

4,820
Rooms

ABOUT CDL HOSPITALITY TRUSTS

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

CDLHT is one of Asia's leading hospitality trusts with assets under management of S$3.3 billion and market capitalisation of S$1.4 billion as at 31 December 2023.

Vision
To be one of the leading hospitality and lodging trusts with a portfolio of quality assets globally, with a commitment to sustainability

Mission
To achieve sustainable distributions and growth in total returns by:

- Pursuing quality assets with growth potential
- Enhancing portfolio performance through active asset management
- Optimising the portfolio through capital recycling
- Adopting forward-thinking strategies

As at 31 December 2023, it owns 19 operational properties, comprising 16 hotels in Singapore, Australia, New Zealand, Japan, United Kingdom, Germany and Italy; two resorts in the Maldives; and a retail mall in Singapore. The substantial value of its assets is concentrated in central locations of Singapore. All of the hotels are well located in key cities while the two resorts are located in the Maldives, a top-tier destination for luxury tourism.

The portfolio of hotels comprise a total of 4,820 rooms and is operated by lessees and/or hotel managers, which include reputable and/or international hotel groups such as Millennium Hotels and Resorts, AccorHotels, Marriott International, Inc., Hilton Hotels and Resorts, Banyan Tree Hotels & Resorts, MyStays Hotels and EVENT Hotels.

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

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OVERVIEW OF CDL HOSPITALITY TRUSTS

CORPORATE PROFILE

CDLHT is a stapled group comprising H-REIT and HBT. As at 31 December 2023, 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 (to be rebranded to voco Manchester – City Centre around mid-2024), an upscale lifestyle hotel, are located in Manchester. Pullman Hotel Munich, an upper upscale hotel, is located in close proximity to a major business park in Munich, Germany. Hotel Cerretani Firenze, a 4-star hotel, is located in the heart of the historic city centre of Florence in Italy.

In terms of future pipeline, CDLHT has a residential BTR project (The Castings) in Manchester, under a forward funding scheme. The Castings will add 352 apartment units to the portfolio after practical completion, which is expected to be by mid-2024. CDLHT had also entered into a forward purchase turnkey arrangement for a lifestyle hotel, Moxy Singapore Clarke Quay, with a subsidiary of City Developments Limited ("**CDL**") under a conditional development and sale agreement in November 2019, with practical completion expected in 2026.

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	**2,555**		
Singapore Hotels			
Orchard Hotel	656	H-REIT Group	Leased to Sponsor group
Grand Copthorne Waterfront Hotel	573	H-REIT Group	
M Hotel	415	H-REIT Group	
Copthorne King's Hotel	311	H-REIT Group	
Studio M Hotel	360	H-REIT Group	
W Singapore – Sentosa Cove ("**W Hotel**")	240	H-REIT Group	Leased to HBT Group and managed by Marriott International group
Retail Mall			
Claymore Connect	N.A.	H-REIT Group	Leased to retail tenants
NEW ZEALAND	**453**		
Grand Millennium Auckland ("**NZ Hotel**")	453	H-REIT Group	Leased to Sponsor group
AUSTRALIA ("Perth Hotels")	**431**		
Mercure Perth	239	H-REIT Group	Leased to HBT Group and managed by AccorHotels group
Ibis Perth	192	H-REIT 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 Group and managed by AccorHotels group
JAPAN ("Japan Hotels")	**255**		
Hotel MyStays Asakusabashi	139	H-REIT Group	Leased to HBT Group and managed by MyStays Hotel group
Hotel MyStays Kamata	116	H-REIT Group	
UNITED KINGDOM	**552** [(1)]		
UK Hotels	**552**		
Hilton Cambridge City Centre	198	HBT Group	Managed by Hilton Hotels and Resorts group
The Lowry Hotel	165	HBT Group	Self-operated and managed by HBT Group
Hotel Brooklyn (to be rebranded to voco Manchester – City Centre around mid-2024)	189	H-REIT Group	Leased to Marshall Holdings group
Residential Build-to-Rent	**352**		
The Castings (under development)	352	HBT Group	To be managed by Native Residential Limited
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** [(1)]		

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

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

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

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

CDLHT'S STRATEGY

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

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

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

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

Acquisition Growth Strategy

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

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

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

Asset Management Strategy

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

Capital Recycling Strategy

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

Capital And Risk Management Strategy

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

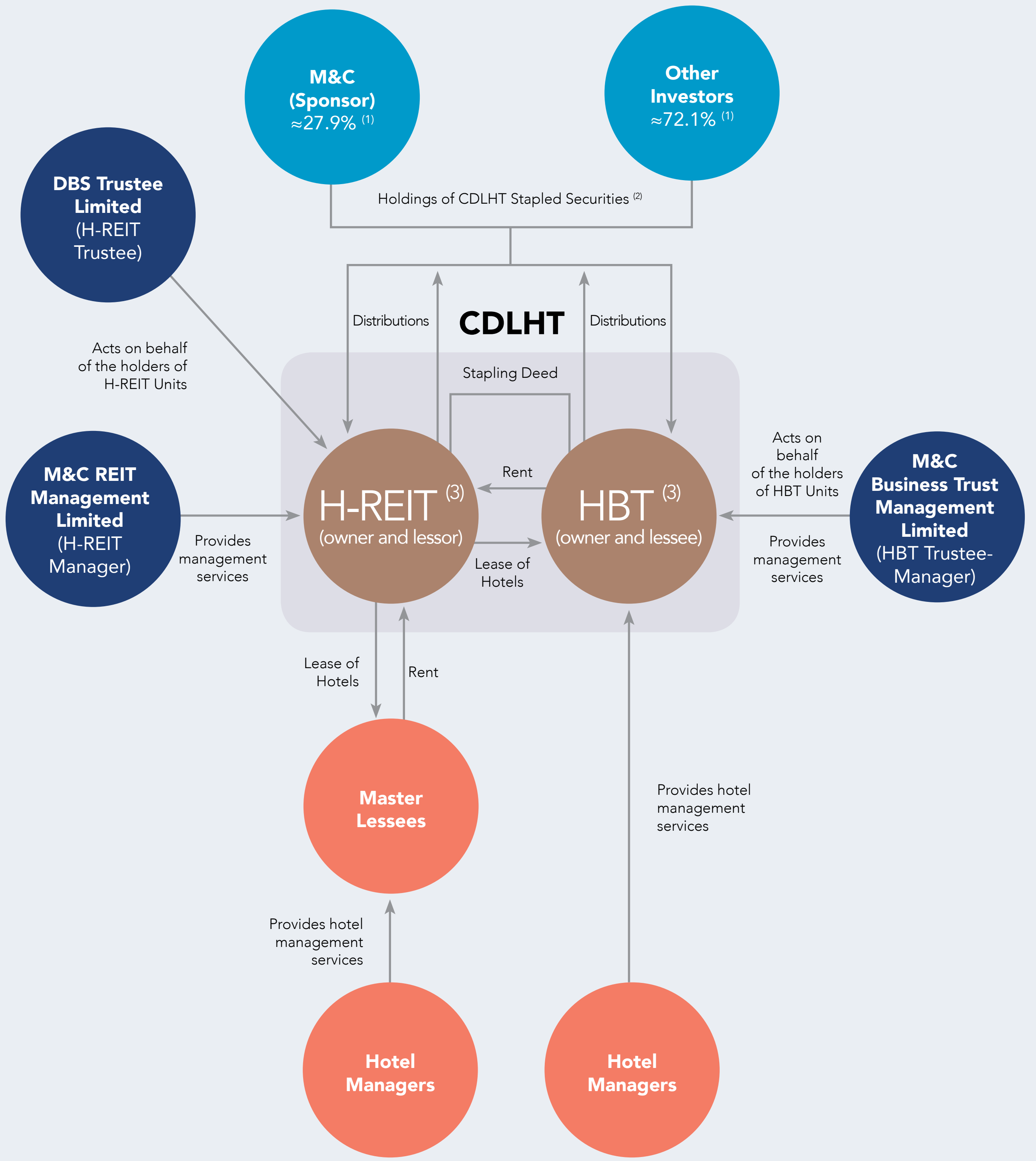
The objectives of the Managers in relation to capital and risk management are to:

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

OVERVIEW OF CDL HOSPITALITY TRUSTS

STAPLED STRUCTURE OF CDLHT

CDLHT is a stapled group comprising H-REIT, a real estate investment trust, and HBT, a business trust. As at 31 December 2023, CDLHT owns 19 operational properties across eight countries.



(1) Holdings of Stapled Securities as at 1 March 2024.
(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 depicts the typical arrangement but does not represent all relationships. For example, for the retail asset, H-REIT Manager is the asset manager for Claymore Connect and the tenants of the retail units make rental payments to H-REIT under the terms of their respective leases. In another example, HBT Trustee-Manager will be operating The Lowry Hotel directly without an external hotel manager appointed.

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.

MILLENNIUM
HOTELS AND RESORTS

NORTH AMERICA

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

EUROPE

Georgia
Tbilisi

France
Paris

Italy
Rome

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

Turkey
Istanbul
Konya

MIDDLE EAST

United Arab Emirates (UAE)
Abu Dhabi
Dubai
Sharjah

Qatar
Doha

Kuwait
Al Jahra
Al Salmiya
Kuwait City

Iraq
Basra
Sulaymaniyah

Oman
Muscat
Salalah

Saudi Arabia
Hail
Jizan
Madinah
Makkah
Tabouk

Palestine
Ramallah

CHINA & TAIWAN

China
Beijing
Chengdu
Fuqing
Hangzhou
Shanghai
Suzhou
Wenzhou
Wuxi
Wuyishan
Xiamen
Zunyi

Taiwan
Taichung
Taipei

Hong Kong

REST OF ASIA

Singapore

Indonesia
Jakarta

Malaysia
Cameron Highlands
Kuala Lumpur
Penang

Thailand
Phuket

Philippines
Manila

Japan
Osaka
Tokyo

OCEANIA

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

Australia
Brisbane

FINANCIAL HIGHLIGHTS

STATEMENT OF TOTAL RETURN

	FY 2023	FY 2022	Variance
Net property income (S$'000)	138,304	123,719	11.8%
Total distribution (before retention for working capital) (S$'000)	77,443	76,751	0.9%
Total distribution (after retention for working capital) (S$'000)	70,970	69,713	1.8%
Distribution per Stapled Security (after retention) (cents)	5.70	5.63	1.2%

BALANCE SHEET

Prudent capital management has resulted in a strong and flexible balance sheet for CDLHT. As at 31 December 2023, CDLHT's exposure to derivatives [(1)] represents a negligible percentage of its net assets and market capitalisation.

	As at 31 Dec 2023 S$'000	As at 31 Dec 2022 S$'000	Variance
Investment properties [(2)]	2,232,899	2,104,672	6.1%
Investment property under development (The Castings)	131,423	59,660	120.3%
Property, plant and equipment	814,611	783,250	4.0%
Total assets	3,302,634	3,103,190	6.4%
Borrowings (excludes lease liabilities) [(3)]	1,156,447	1,085,311	6.6%
Net assets	1,886,262	1,793,144	5.2%

KEY FINANCIAL INDICATORS

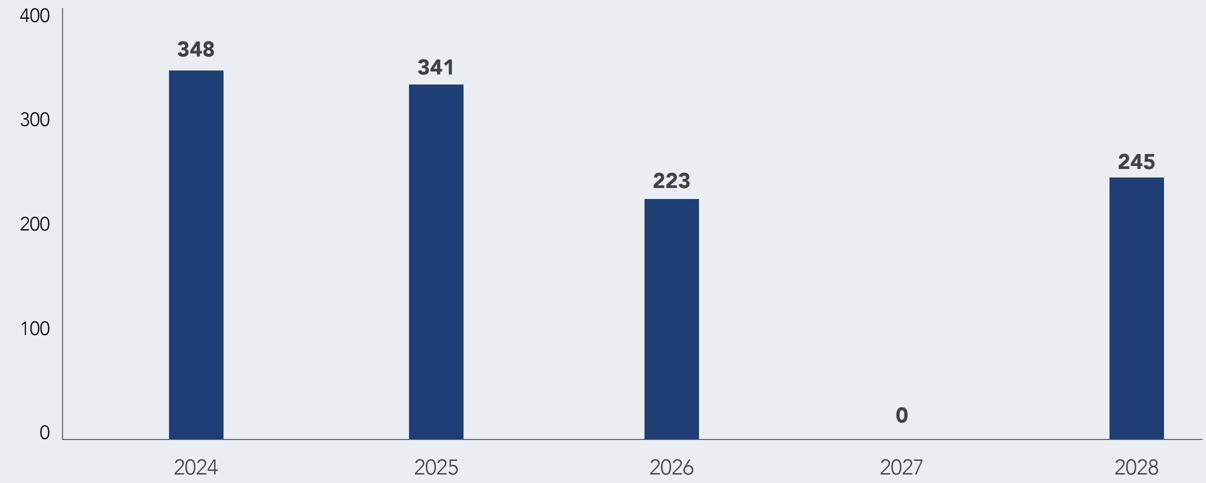
The year-on-year ("**yoy**") increase in the aggregate leverage ratio of 0.1 percentage points does not have a material impact to the risk profile of CDLHT as there is ample debt headroom of S$835.0 million (based on the regulatory leverage limit of 50%) as at 31 December 2023.

	As at 31 Dec 2023	As at 31 Dec 2022	Variance
Gearing [(4)]	36.7%	36.6%	0.1 pp
Weighted average cost of debt	4.2%	3.5%	0.7 pp
Weighted average debt to maturity (years)	2.2	2.0	0.2
Interest coverage ratio [(5)]	2.65x	3.66x	(1.01)x
Adjusted interest coverage ratio [(6)]	2.65x	3.66x	(1.01)x
Net asset value per unit [(7)]	S$1.50	S$1.44	4.2%

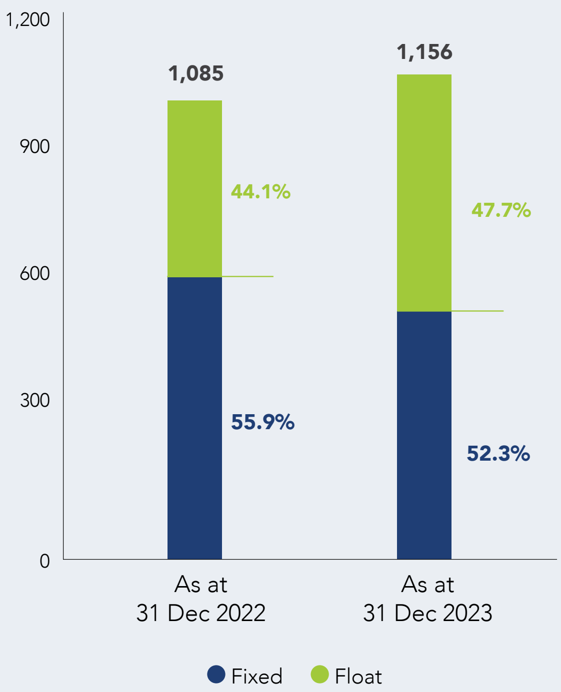
(1) The fair value of the derivatives as at 31 December 2023 is disclosed under Note 11 on page 229 of the Annual Report.
(2) All properties, excluding W Hotel, Raffles Maldives Meradhoo, the Japan Hotels, Hilton Cambridge City Centre, The Lowry Hotel and the Perth Hotels, are accounted for as investment properties.
(3) The borrowings are presented before the deduction of unamortised transaction costs.
(4) 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 268 to 272 of the Annual Report.
(5) Computed by using trailing 12 months EBITDA divided by trailing 12 months interest expense and borrowing-related fees.
(6) The adjusted interest coverage ratio as defined under the Property Funds Appendix is the same as the interest coverage ratio as there are no distributions on any hybrid securities.
(7) The number of Stapled Securities issued and to be issued as at 31 December 2023 was 1,251,723,978 as compared to 1,241,804,957 as at 31 December 2022.

DEBT PROFILE OF CDLHT [1]

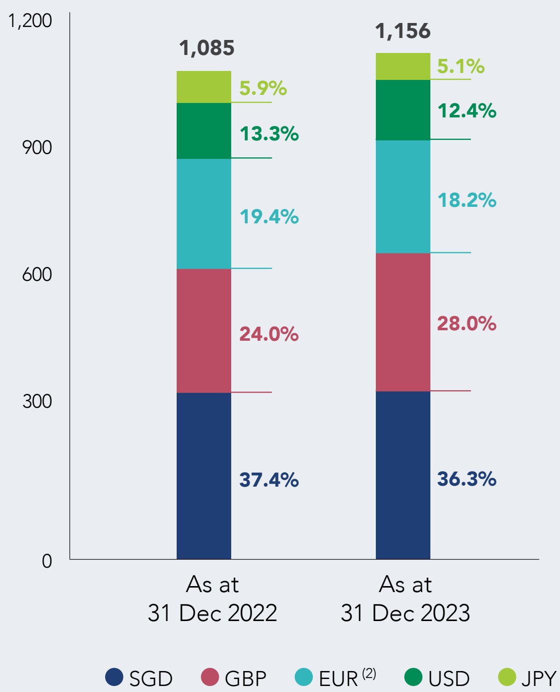
Debt Maturity Profile



Fixed-rate Versus Floating-rate Borrowings



Debt Currency Profile



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

CHAIRMAN'S STATEMENT

"Our portfolio showcased a strong operating performance in FY 2023, buoyed by the gradual recovery of international tourism."

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 2023 ("**FY 2023**").

REMARKABLE PERFORMANCE UNDERPINNED BY GLOBAL TRAVEL RECOVERY

CDLHT's portfolio showcased a strong operating performance in FY 2023, buoyed by the gradual recovery of international tourism. While outbound travel from China has yet to fully rebound, international tourism witnessed significant improvement during the year, reaching 88% of pre-pandemic levels [(1)]. Reflecting this positive trajectory, most of our portfolio markets experienced growth, with nearly all portfolio hotels reporting a yoy increase in Revenue Per Available Room ("**RevPAR**"). As a result, we recorded a noteworthy 11.8% yoy increase in net property income ("**NPI**") to S$138.3 million for the year, from S$123.7 million for FY 2022.

The stratospheric rise in interest rates detracted from the improved operating performance. As a result, total distributable income for FY 2023 amounted to S$71.0 million, representing a 1.8% yoy increase over FY 2022. Similarly, the distribution per stapled security grew 1.2% yoy to 5.70 cents for FY 2023.

As at 31 December 2023, the portfolio valuation increased by 8.1% (S$227.3 million) yoy to S$3.0 billion. On a same store basis (excluding the BTR under development in UK), the increase would have been 5.6% (S$155.6 million) yoy, primarily driven by the higher valuation of the Singapore portfolio.

MARKET REVIEW AND OUTLOOK

The hospitality sector in Singapore demonstrated robust growth in the first nine months of 2023, building on the momentum from 2022. However, the fourth quarter experienced a decline due to the normalisation of pent-up demand, coupled with a rise in COVID cases in Singapore which impacted leisure demand.

Singapore received 13.6 million international visitor arrivals in 2023, in line with the Singapore Tourism Board's forecast. This represents 71.2% of the pre-pandemic 2019 figure while total visitor days recovered to 80.4% of 2019, supported by a longer average length of stay [(2)].

(1) UNWTO, "International tourism to reach pre-pandemic levels in 2024", 19 January 2024
(2) Singapore Tourism Board ("**STB**")

The expansion of Terminal 2 at Changi Airport, which was completed in November 2023, marks a significant milestone for Singapore's airport infrastructure. This expansion has increased the airport's operating capacity by five million, bringing the total operating capacity to 90 million passengers annually across its four terminals, ensuring that the airport is well-positioned to capture the anticipated growth in air travel in the coming years.

Notwithstanding some disruption at Grand Copthorne Waterfront Hotel and W Hotel due to asset enhancement works, the Singapore Hotels reported full year RevPAR growth of 19.0% yoy and an improvement of 17.8% [3] against pre-pandemic levels in FY 2019.

Looking ahead, Singapore's hospitality sector is expected to be supported by key demand drivers such as a healthy pipeline of MICE events and concerts, as well as continued recovery in outbound travel from China. Major events scheduled for 1H 2024 include the Singapore Airshow, FHA-Food & Beverage, Asia Tech x Singapore and the 2024 Rotary International Convention. These events, along with Singapore's robust line up of concerts, are expected to enhance the country's appeal as a tourism destination and attract travellers from neighbouring countries.

The mutual 30-day visa-waiver arrangement between Singapore and China, which commenced on 9 February 2024 will support the return of Chinese travellers. In the longer term, further enhancements to Singapore's infrastructure and tourist attractions will strengthen the country's value proposition and attract longer staying visitors. Overall, the prospects for Singapore's hospitality sector remain bright, and our Singapore Hotels are well-positioned to benefit from the positive momentum.

In New Zealand, Grand Millennium Auckland navigated a lengthy recovery gestation period following its exit from the government isolation program in June 2022. This was partly attributed to slow recovery of international and Trans-Tasman flight capacities. With most of the increase materialising towards the end of the year, the hotel achieved RevPAR growth of 7.2% yoy. Looking ahead, New Zealand's tourism sector should continue to recover in 2024, aided by Tourism New Zealand's efforts to focus on attracting high quality visitors who spend more, stay longer, visit multiple regions and travel throughout the year [4].

Grand Ballroom, Orchard Hotel

(3) On a proforma basis for comparability, assuming CDLHT owns W Hotel from 1 January 2019
(4) Tourism New Zealand, "Strong off peak holiday arrivals support New Zealand economy", 17 November 2023

CHAIRMAN'S STATEMENT

In Australia, our Perth Hotels achieved a RevPAR improvement of 29.3% yoy for FY 2023. The performance was driven by stronger first four months of 2023, as compared to the previous corresponding period when demand was impacted by border closures into Western Australia. For the year ahead, Western Australia's tourism recovery should continue to be supported by improving flight connectivity and various tourism initiatives.

As Chinese visitor arrivals to Australasia remains depressed, our hotels there should also see an improvement in performance when the Chinese travellers return to the region.

Japan has experienced robust inbound travel recovery over the course of 2023, with visitor arrivals reaching 14.4 million in 2H 2023, representing 94.1% of 2H 2019 levels [(5)]. Although visitors from China, one of Japan's key source markets, have yet to recover, our Japan Hotels achieved a remarkable rate-driven RevPAR growth of 101.2% yoy and also 12.6% higher against FY 2019. The positive trends for Japan's tourism sector are likely to persist, supported by the country's surging popularity as a travel destination, as well as the weak yen.

Although the Maldives recorded an increase in visitor arrivals in 2023, RevPAR for our Maldives Resorts fell marginally by 2.7% yoy. The resorts' operating performance was affected by increased resort supply and the full reopening of alternative destinations such as Seychelles, Mauritius and Thailand. The operating performance of Raffles Maldives Meradhoo was also impacted by geopolitical issues which affected its luxury source markets such as Russia and Middle East. The resurgence of the Chinese market, which was the largest inbound source market in 2019 pre-pandemic, should provide some support to the overall demand.

In the UK, Hilton Cambridge City Centre and The Lowry Hotel achieved an 8.6% yoy RevPAR growth in FY 2023. Against FY 2019, RevPAR for these two hotels grew by 3.8% driven by a 15.0% increase in average rate. Both hotels achieved record RevPARs in FY 2023 since acquisition. The fixed rent for Hotel Brooklyn saw a 5.0% increase (annual inflation-linked adjustment) to £2.5 million (S$4.3 million) for the rental period of 7 May 2023 to 6 May 2024. Although the UK continues to face economic challenges, the overall tourism outlook remains positive with inbound visits for 2024 forecasted at 39.5 million, representing 97% of the 2019 level and 5% higher than in 2023 [(6)].

Lobby, The Lowry Hotel

(5) Preliminary data by Japan National Tourism Organization
(6) VisitBritain, "2024 inbound tourism forecast", 20 December 2023

In Munich, corporate travel demand had yet to recover to pre-pandemic levels, and 2023 saw a weaker event calendar compared to 2019. Nonetheless, Pullman Hotel Munich recorded a RevPAR growth of 14.0% yoy against FY 2022, when the hotel was still in the incipient stages of recovery.

Benefitting from strong inbound and domestic demand, Hotel Cerretani Firenze, achieved a stellar RevPAR growth of 46.6% yoy. Notably, full year average rate and RevPAR in FY 2023 reached a record high since acquisition of €297 and €223, exceeding FY 2019 by 53.0% and 41.3%, respectively.

Hotel demand in Munich and Florence will continue to be supported by a general recovery in travel and events. In Munich, major events on the calendar for 2024 include the European Football Championship, Oktoberfest and concerts. In Florence, the events calendar for 2024 promises a healthy line up of events and festivals. In particular, the 111th edition of the Tour de France will start from Florence on 29 June 2024, marking a historic first for the event with an Italian debut [7].

Looking ahead, the various geographical markets are expected to remain supported by their respective demand drivers. Geopolitical headwinds such as the ongoing Russia-Ukraine and Israel-Hamas wars could perpetuate uncertainty to global tourism. On a brighter note, the continued recovery in outbound Chinese travellers will bode well for international tourism and should contribute to the continued positive momentum for many of our portfolio markets.

Inflationary cost pressures and elevated funding costs could potentially weigh on bottom line performance. That said, interest rates have shown signs of peaking and CDLHT will benefit from interest rate declines which are widely expected to occur in 2024. To alleviate cost pressures, the Managers will continue to work with operators across the portfolio to seek operational synergies and protect margins.

Meeting Room, Pullman Hotel Munich

(7) The Straits Times, "`Dazzling' finish to new-look Tour de France route in 2024", 26 October 2023

CHAIRMAN'S STATEMENT

STRATEGIC ASSET ENHANCEMENTS AND INITIATIVES FOR CONTINUED SUCCESS

In a high interest rate environment, 2023 proved to be a challenging year for acquisitions due to the negative spread between asset yields and funding costs in many markets. Hence, we continued to invest in our existing portfolio through strategic asset enhancement opportunities to fortify the competitive edge of our hotels.

In Singapore, asset enhancement initiatives have been completed across several hotels to strengthen our competitive positioning in the market. Grand Copthorne Waterfront Hotel completed the full renovation of all of its rooms and meeting spaces, solidifying its position as a leading conference hotel in Singapore for years to come. W Hotel also underwent a transformation of its lobby, restaurant and meeting facilities.

Grand Millennium Auckland also commenced refurbishment works in phases from 3Q 2023. Enhancement works on the all-day dining restaurant and the lobby lounge were completed during the year while the hotel's ballroom renovation was substantively completed in March 2024.

We continued to progress on our sustainability journey in FY 2023, having solidified our ESG framework and long term goal to achieve net zero emissions by 2050. Our sustainability reporting is in full compliance with SGX listing rules including alignment with Task Force on Climate-related Financial Disclosures ("**TCFD**") recommendations. The Managers are actively working towards alignment with new International Sustainability Standards Board ("**ISSB**") standards effective from FY 2025. Working with our operating partners, various initiatives have been implemented across the majority of our portfolio, such as the replacement of single use plastics as well as operational adjustments in housekeeping to reduce water and energy consumption. We have also completed Phase 1 of the solar panel installation at our Maldives Resorts, generating 413 MWh of solar power since commencement, avoiding 144,000 litres of diesel or equivalent to 327 tonnes of CO_2. Notably, the group has transitioned approximately 86% of its maturing term loans and bank facilities into sustainability-linked term loans and revolving credit facilities, reinforcing our steadfast commitment to sustainable practices and responsible business operations. Finally, our Singapore portfolio is actively pursuing certification from the Global Sustainable Tourism Council, aligning with our strategic vision for sustainable growth and to support conscientious tourism practices.

Moxy Singapore Clarke Quay (Artist's impression)

FUTURE PIPELINE

In 2024, our Manchester residential Build-to-Rent project, The Castings, is anticipated to open around mid-year. The mobilisation of the property has been ongoing in preparation for the lease-up phase. The Castings is well-positioned to benefit from robust residential rental growth in Manchester, supported by the favourable demand and supply dynamics.

In 2026, we look forward to completing the forward purchase of Moxy Singapore Clarke Quay, a turnkey lifestyle hotel, which will add 475 keys to our portfolio. This will increase CDLHT's ownership of total Singapore hotel key count to 3,030 rooms on completion, strengthening our presence in our core market.

PRUDENT CAPITAL MANAGEMENT

Maintaining a strong financial position remains a key priority for CDLHT. As at 31 December 2023, CDLHT has a robust balance sheet with a gearing ratio of 36.7% [(8)], and an ample debt headroom of S$835.0 million [(9)].

Approximately S$304.0 million sustainability-linked term loans and bank facilities were secured during the year. Of this amount, S$254.0 million was utilised to re-finance its maturing term loans and revolving credit facilities, with the remaining balance reserved for asset enhancement works and working capital needs. To hedge against interest rate volatility on some of its SGD borrowings, two interest rate swaps were entered during the year. Furthermore, a forward interest rate swap contracted in 2022 to manage interest costs from the progressive drawdown of the UK BTR development term loan facility became effective in the third quarter of 2023. These swaps helped to alleviate some of the interest rate volatility risks.

The healthy gearing level and a strong unencumbered position of 95.2% of property value well positions CDLHT with the financial flexibility to pursue suitable growth opportunities.

APPRECIATION

I extend my sincere appreciation to my fellow members of the Boards for their invaluable advice, and the management and staff of the Managers and the H-REIT Trustee for their dedication and invaluable contribution to CDLHT. On behalf of the Boards and management team, I would also like to take this opportunity to thank our lessees, hotel operators, business partners and service providers from around the world for their continued support to CDLHT.

Finally, I would also thank our Stapled Security Holders for the trust in and steadfast support for us. I look forward to meeting our Stapled Security Holders at our annual general meetings on 26 April 2024.

Chan Soon Hee, Eric
Chairman
Dated as of 26 March 2024

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

PORTFOLIO SUMMARY

NUMBER OF PROPERTIES

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


Orchard Hotel


Grand Copthorne Waterfront Hotel

NUMBER OF ROOMS

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


M Hotel


Copthorne King's Hotel

ASSETS UNDER MANAGEMENT

S$3.3 billion


Studio M Hotel


W Singapore – Sentosa Cove


Claymore Connect


Hotel MyStays Asakusabashi


Hotel MyStays Kamata

Grand Millennium Auckland


Mercure Perth


Ibis Perth


Angsana Velavaru


Raffles Maldives Meradhoo


Hilton Cambridge City Centre


The Lowry Hotel


Hotel Brooklyn


The Castings (BTR under development)


Pullman Hotel Munich


Hotel Cerretani Firenze – MGallery

CDL HOSPITALITY TRUSTS

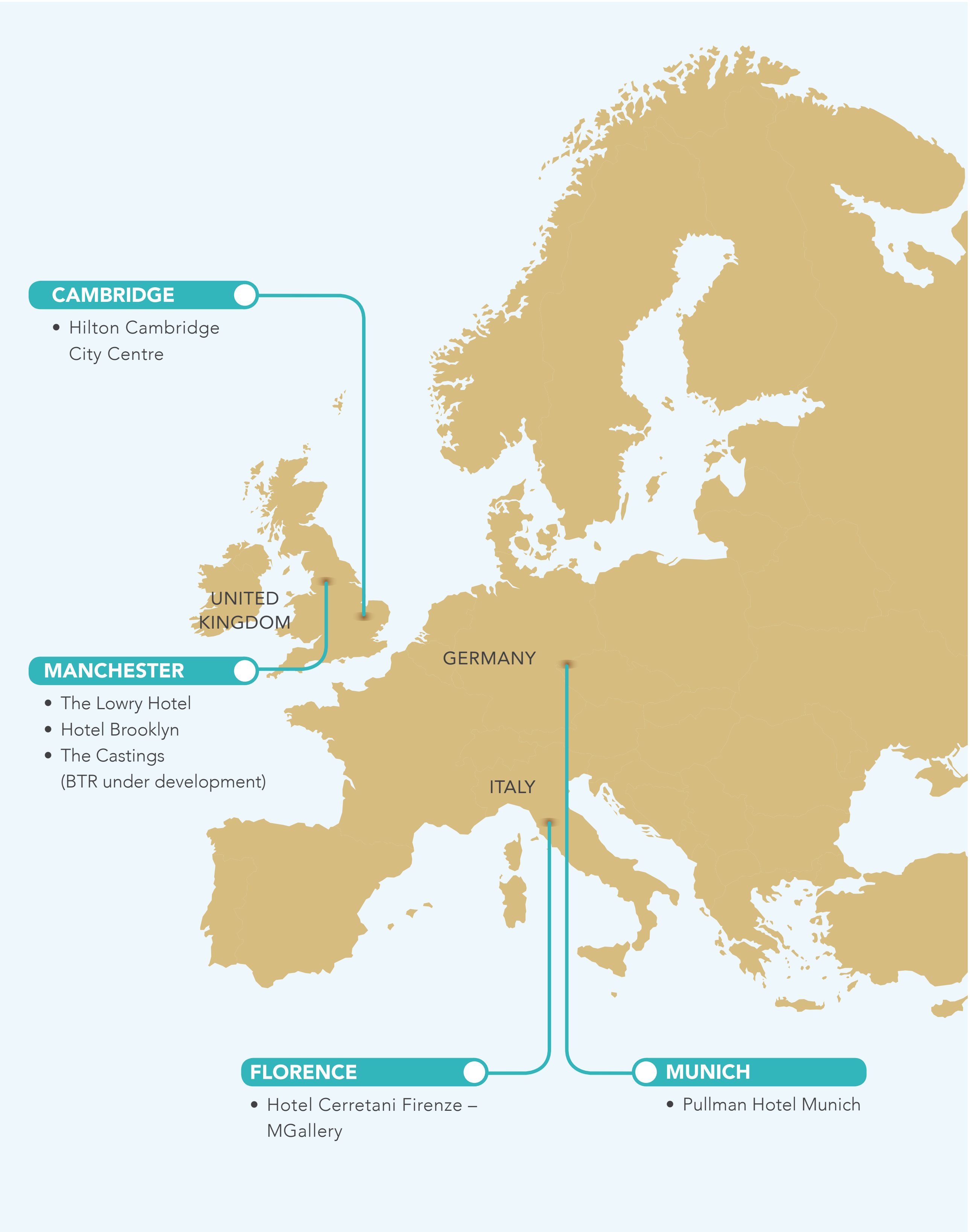
PORTFOLIO SUMMARY

GEOGRAPHICAL SPREAD OF ASSETS UNDER MANAGEMENT

ASIA & OCEANIA

GEOGRAPHICAL SPREAD OF ASSETS UNDER MANAGEMENT

EUROPE



PORTFOLIO SUMMARY

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	573	
M Hotel	415	
Copthorne King's Hotel	311	99-year leasehold interest commencing 1 Feb 1968
Studio M Hotel	360	99-year leasehold interest commencing 26 Feb 2007
W Singapore – Sentosa Cove	240	99-year leasehold interest commencing 31 Oct 2006
Claymore Connect	N.A.	75-year leasehold interest commencing 19 Jul 2006
NEW ZEALAND		
Grand Millennium Auckland	453	Freehold
AUSTRALIA		
Mercure Perth	239	Strata Freehold
Ibis Perth	192	Freehold
MALDIVES		
Angsana Velavaru	113	99-year leasehold interest commencing 26 Aug 1997
Raffles Maldives Meradhoo	38	99-year leasehold interest commencing 15 Jun 2006
JAPAN		
Hotel MyStays Asakusabashi	139	Freehold
Hotel MyStays Kamata	116	Freehold
UNITED KINGDOM		
Hilton Cambridge City Centre	198	125-year leasehold interest commencing 25 Dec 1990
The Lowry Hotel	165	150-year leasehold interest commencing 18 Mar 1997
Hotel Brooklyn (to be rebranded to voco Manchester – City Centre around mid-2024)	189	~197-year leasehold interest commencing 7 May 2021
The Castings (BTR under development)	352	Freehold
GERMANY		
Pullman Hotel Munich [(4)]	337	Freehold
ITALY		
Hotel Cerretani Firenze – MGallery [(4)]	86	Freehold

(1) All properties were valued as at 31 December 2023.
(2) The lease term may be extended for a further term of 50 years pursuant to lessee's (CDLHT) option to renew under the lease granted by the head lessor (Cambridge City Council).
(3) The independent valuation was carried out using the comparative and investment methods, of which the gross development value (assuming practical completion) was derived using the investment method. In determining the fair value of the investment property under development as at 31 December 2023, the total estimated outstanding capital expenditure and a 5% contingency was deducted from this gross development value.
(4) On the basis of a 100% interest before adjustment of non-controlling interests.

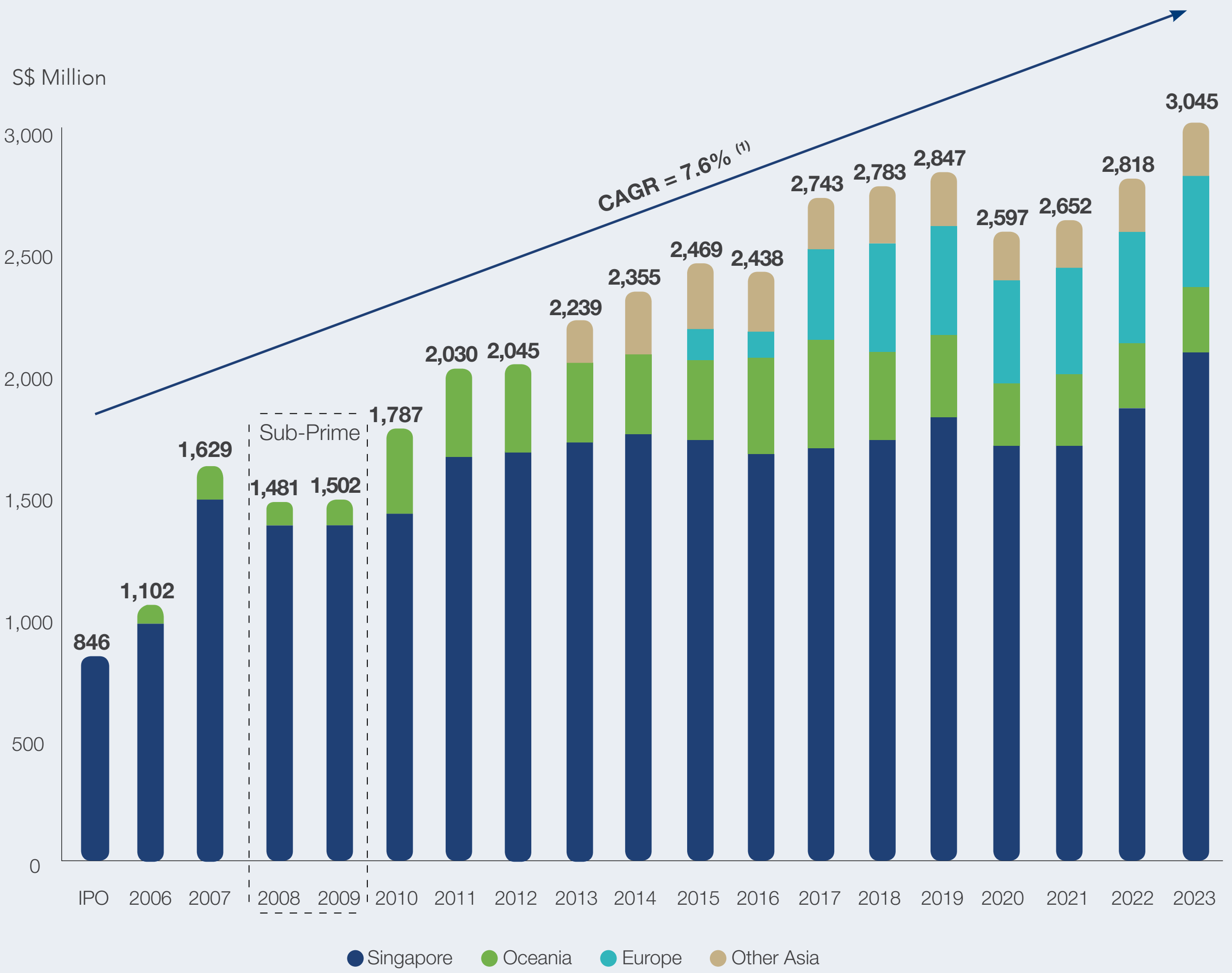
Remaining Term of Land Lease	Date of Acquisition	Purchase Price in Millions	Valuation in Millions (1)
		S$330.1	S$515.0
58 years	19 Jul 2006	S$234.1	S$420.0
		S$161.5	S$271.0
43 years	19 Jul 2006	S$86.1	S$146.0
82 years	3 May 2011	S$154.0	S$206.0
82 years	16 Jul 2020	S$324.0	S$354.0
58 years	19 Jul 2006	S$34.5	S$110.0
–	19 Dec 2006	NZ$113.0	NZ$211.0
–	18 Feb 2010	A$36.2	A$45.0
–	18 Feb 2010	A$21.6	A$34.5
73 years	31 Jan 2013	US$71.0	US$57.0
81 years	31 Dec 2013	US$59.6	US$46.0
–	19 Dec 2014	¥3,200	¥4,570
–	19 Dec 2014	¥2,600	¥3,020
92 years (2)	1 Oct 2015	£61.5	£58.5
123 years	4 May 2017	£52.5	£46.0
194 years	22 Feb 2022	£22.8	£25.0
–	31 Aug 2021	£73.3 (Maximum commitment sum)	£78.2 (3)
–	14 Jul 2017	€104.7	€104.8
–	27 Nov 2018	€42.7	€45.5

PORTFOLIO SUMMARY

PORTFOLIO VALUATION

As at 31 December 2023, the valuation of CDLHT's portfolio of assets registered a 8.1% yoy increase to S$3.0 billion. The increase was mainly due to the growth in valuation of the Singapore portfolio and construction progress of The Castings (BTR under development) during the year. On a same store basis (excluding The Castings), the valuation of CDLHT's portfolio of assets would have increased by 5.6% or S$155.6 million yoy.

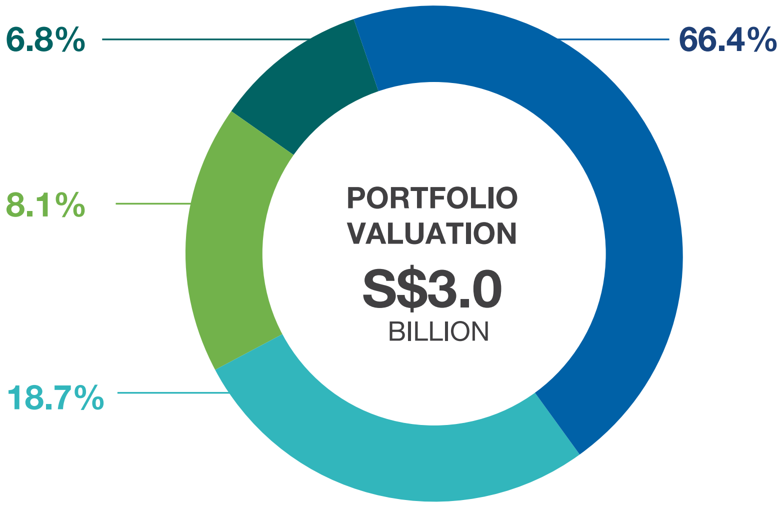
Since IPO till 31 December 2023, the valuation of CDLHT's portfolio of assets has increased from S$0.85 billion to S$3.0 billion, representing a compound annual growth rate ("**CAGR**") of 7.6%.



(1) CAGR from IPO to 31 December 2023.

PORTFOLIO VALUATION BY GEOGRAPHY

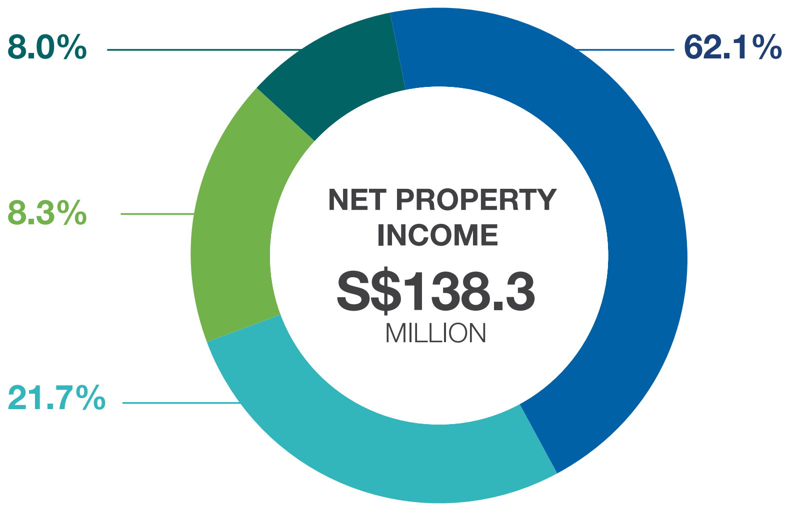
As at 31 December 2023 (1)



SINGAPORE	**66.4%**
EUROPE	**18.7%**
United Kingdom	11.5%
Germany (2)	5.0%
Italy (2)	2.2%
OCEANIA	**8.1%**
New Zealand	5.8%
Australia	2.4%
OTHER ASIA	**6.8%**
Maldives	4.5%
Japan	2.3%

NET PROPERTY INCOME BY GEOGRAPHY

For FY 2023 (1)



SINGAPORE	**62.1%**
EUROPE	**21.7%**
United Kingdom	11.0%
Germany (2)	6.8%
Italy (2)	3.9%
OCEANIA	**8.3%**
New Zealand	5.2%
Australia	3.0%
OTHER ASIA	**8.0%**
Maldives	5.2%
Japan	2.8%

(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.

PORTFOLIO SUMMARY

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

For FY 2023

CDLHT had 49 tenants in total for properties that were leased out in FY 2023: 9 for the hotel properties, 29 for Claymore Connect and 11 for the retail/office component of Pullman Hotel Munich. 92.5% of CDLHT's gross rental income for FY 2023 was attributed to hotel properties and the remaining 7.5% was attributed to Claymore Connect and the retail/office component of Pullman Hotel Munich.

The top 10 tenants contributed 94.0% of the total gross rental income for properties with leases.

		S$'000	% of Total Gross Rental Income
1	Republic Hotels & Resorts Limited	25,803	22.3%
2	City Hotels Pte. Ltd.	24,276	21.0%
3	Harbour View Hotel Pte. Ltd.	12,604	10.9%
4	UP Hotel Operations GmbH & Co. KG	9,546	8.3%
5	Republic Iconic Hotel Pte. Ltd.	9,117	7.9%
6	Maldives Bay Pvt Ltd	8,523	7.4%
7	Hospitality Services Limited	7,251	6.3%
8	FC Operations Hotel SRL	5,576	4.8%
9	HLD (Manchester) Limited	4,165	3.6%
10	District 9 Holdings Pte. Ltd.	1,742	1.5%

● Hotels ● Retail

Interior, Claymore Connect

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

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

For FY 2023

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

Properties	Tenure of Lease	Year of Expiry [(2)]	% of Gross Rental Income
Singapore IPO Hotels	20 years from 19 Jul 2006 with an option to renew for another 20 years	2026	54.2%
Pullman Hotel Munich	Hotel: 20 years from 14 Jul 2017, expiring 13 Jul 2037	2037	8.3%
	Retail/Office: Range of lease terms - for details on lease expiry profile, refer to page 85		1.0%
Studio M Hotel	20 years from 3 May 2011 with an option to renew for three consecutive additional terms of 20 years + 20 years + 10 years	2031	7.9%
Angsana Velavaru	10 years from 1 Feb 2023, expiring 31 Jan 2033	2033	7.4%
Claymore Connect	Range of lease terms - for details on lease expiry profile, refer to page 65		6.6%
Grand Millennium Auckland	Lease renewed for third 3-year term from 7 Sep 2022, expiring 6 Sep 2025	2025	6.3%
Hotel Cerretani Firenze – MGallery	20 years from 27 Nov 2018, expiring 26 Nov 2038	2038	4.8%
Hotel Brooklyn	60 years from 7 May 2021, expiring 6 May 2081	2081	3.6%

Properties	WALE as at 31 Dec 2023
All hotel leases	5.8 years [(3)]
All retail/office leases	2.7 years [(4)]
New leases	2.6 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.

In FY 2023, new leases entered into relates to Pullman Hotel Munich's retail and office spaces and Claymore Connect, representing 0.4% [(5)] of total gross rental income for the year.

(1) Does not include properties which are (i) on management contracts, namely W Hotel, Raffles Maldives Meradhoo, the Japan Hotels, the Perth Hotels and Hilton Cambridge City Centre; and (ii) self-operated and managed by HBT Group, namely The Lowry Hotel.
(2) Expiry does not take into consideration the tenure under the extension options.
(3) WALE is computed assuming the tenant for Hotel Brooklyn exercises its break option to pre-terminate the lease on 15 January 2045. Assuming the tenant does not pre-terminate the lease, the WALE of the hotel leases is 7.2 years. WALE is based on FY 2023 actual gross rental income for hotels with leases.
(4) Based on passing rent in the month which the lease expires and excludes gross turnover rent.
(5) Computed as a percentage of gross rental income of all properties with leases for FY 2023.

YEAR IN REVIEW

PERFORMANCE BY COUNTRY AND PROPERTY [1]

	FY 2023 S$'000	FY 2022 S$'000	Variance	FY 2023 S$'000	FY 2022 S$'000	Variance
PROPERTIES WITH LEASES	**Gross Rental Revenue**			**Net Property Income**		
Singapore	**79,377**	**65,965**	**20.3%**	**72,900**	**61,523**	**18.5%**
Singapore Hotels	***71,801***	***60,228***	***19.2%***	***67,267***	***57,583***	***16.8%***
Orchard Hotel	24,276	19,975	21.5%	22,888	19,320	18.5%
Grand Copthorne Waterfront Hotel	16,657	13,996	19.0%	15,439	13,306	16.0%
M Hotel	12,604	9,807	28.5%	11,878	9,330	27.3%
Copthorne King's Hotel	9,146	9,342	(2.1)%	8,454	8,790	(3.8)%
Studio M Hotel	9,117	7,107	28.3%	8,608	6,837	25.9%
Singapore Retail	***7,577***	***5,738***	***32.0%***	***5,633***	***3,940***	***43.0%***
Claymore Connect	7,577	5,738	32.0%	5,633	3,940	43.0%
New Zealand	**7,251**	**10,483**	**(30.8)%**	**7,251**	**10,483**	**(30.8)%**
Grand Millennium Auckland	7,251	10,483	(30.8)%	7,251	10,483	(30.8)%
Maldives	**8,523**	**7,825**	**8.9%**	**8,163**	**7,541**	**8.2%**
Angsana Velavaru	8,523	7,825	8.9%	8,163	7,541	8.2%
United Kingdom	**4,165**	**3,502**	**18.9%**	**4,165**	**3,502**	**18.9%**
Hotel Brooklyn (Acquired on 22 February 2022)	4,165	3,502	18.9%	4,165	3,502	18.9%
Germany	**10,678**	**9,025**	**18.3%**	**9,459**	**7,395**	**27.9%**
Pullman Hotel Munich	10,678	9,025	18.3%	9,459	7,395	27.9%
Italy	**5,576**	**3,385**	**64.7%**	**5,344**	**3,203**	**66.8%**
Hotel Cerretani Firenze – MGallery	5,576	3,385	64.7%	5,344	3,203	66.8%
Sub-Total	**115,571**	**100,186**	**15.4%**	**107,282**	**93,647**	**14.6%**
MANAGED PROPERTIES [2]	**Gross Hotel Revenue**			**Net Property Income**		
Singapore	**58,719**	**53,052**	**10.7%**	**13,027**	**15,145**	**(14.0)%**
W Singapore – Sentosa Cove	58,719	53,052	10.7%	13,027	15,145	(14.0)%
Australia	**20,241**	**17,532**	**15.5%**	**4,168**	**2,990**	**39.4%**
Ibis Perth	9,072	8,260	9.8%	2,275	2,068	10.0%
Mercure Perth	11,170	9,272	20.5%	1,893	922	105.3%
Maldives	**13,823**	**14,906**	**(7.3)%**	**(1,023)**	**739**	**N.M**
Raffles Maldives Meradhoo	13,823	14,906	(7.3)%	(1,023)	739	N.M
Japan	**8,117**	**4,558**	**78.1%**	**3,862**	**1,154**	**234.7%**
Hotel MyStays Asakusabashi	4,748	2,311	105.5%	2,309	512	351.0%
Hotel MyStays Kamata	3,369	2,247	49.9%	1,553	642	141.9%
United Kingdom	**41,085**	**39,122**	**5.0%**	**10,988**	**10,044**	**9.4%**
Hilton Cambridge City Centre	19,668	18,354	7.2%	6,229	5,913	5.3%
The Lowry Hotel	21,417	20,769	3.1%	4,759	4,131	15.2%
Sub-Total	**141,985**	**129,170**	**9.9%**	**31,022**	**30,072**	**3.2%**
Total Portfolio	**257,556**	**229,356**	**12.3%**	**138,304**	**123,719**	**11.8%**

(1) Numbers and percentages may not add up due to rounding.
(2) These are properties with management contracts, with the exception of The Lowry Hotel which is self-managed.

REVIEW OF FINANCIAL PERFORMANCE

According to the UNWTO World Tourism Barometer, international tourism ended 2023 at 88% of pre-pandemic levels [(1)]. In line with the global travel recovery, CDLHT experienced improvements across most of its portfolio markets during FY 2023. Underpinned by this positive trend, the RevPARs of almost all geographical markets recorded growth in FY 2023 and five hotels in the portfolio achieved record full-year RevPARs. Gross revenue for FY 2023 amounted to S$257.6 million, marking an increase of 12.3% yoy.

In tandem with revenue growth, NPI increased by 11.8% or S$14.6 million yoy to S$138.3 million in FY 2023. This improvement was largely across the portfolio except for lower NPI from the New Zealand Hotel and Maldives Resorts, which decreased collectively by S$4.4 million yoy.

The strong growth in operating performance was offset by the rise of interest expenses. The total distribution (after deducting income retained for working capital) for FY 2023 was S$71.0 million, 1.8% higher yoy. Accordingly, DPS was 5.70 cents, 1.2% higher yoy. The total distribution includes capital distribution from overseas properties of S$12.7 million arising from operating cashflows.

Operating Expenses	FY 2023	FY 2022
Total Operating Expenses [(2)] (S$'000)	223,715	149,698
Net Asset Value [(3)] (S$'000)	1,878,446	1,786,218
Total Operating Expenses as a Percentage of Net Asset Value	**11.9%**	**8.4%**

Raffles Royal Residence, Raffles Maldives Meradhoo

(1) UNWTO, "International tourism to reach pre-pandemic levels in 2024", 19 January 2024
(2) Refers to all operating expenses (including property taxes and insurance) and all fees and charges (including acquisition fees) paid to the Managers and interested parties. The increase in operating expenses in FY 2023 was mainly due to higher interest costs. Refer to page 169 of the Financial Statements for details relating to the operating expenses.
(3) After deducting for non-controlling interests.

YEAR IN REVIEW

HOTELS' PERFORMANCE FOR FY 2023

Singapore

CDLHT's Singapore Hotels Performance	FY 2023	FY 2022	Better / (Worse)
Average Occupancy Rate [4]	76.2%	76.1%	0.1pp
Average Daily Rate	S$260	S$219	18.8%
RevPAR [4]	S$198	S$166	19.0%

In FY 2023, Singapore welcomed 13.6 million tourist arrivals, marking a substantial increase from 6.3 million recorded in FY 2022 and representing 71.2% of total 2019 arrivals. The longer average length of stay of 3.8 days in 2023 translated to 51.5 million visitor days, which boosted the recovery in visitor days to 80.4% of that of 2019 [5].

During the year, asset enhancement exercises were carried out in stages at Grand Copthorne Waterfront Hotel and W Hotel to improve the competitiveness of the portfolio. At Grand Copthorne Waterfront Hotel, the entire conference facilities underwent renovation works from April 2023 to July 2023, while 34,157 room nights were taken out of inventory for room refurbishment works until August 2023. At W Hotel, refurbishment of the specialty restaurant, SKIRT, and ballroom was carried out in July and August 2023.

Notwithstanding the disruption from asset enhancement works, the Singapore Hotels reported full year RevPAR growth of 19.0% yoy and an improvement of 17.8% [6] against FY 2019. Overall, the NPI for the Singapore Hotels grew by a respectable 10.4% (or S$7.6 million) yoy to S$80.3 million for FY 2023.

On the supply front, Singapore's hotel inventory is estimated to increase by 2,501 net rooms in 2024, representing approximately 3.5% of the room stock as at 31 December 2023. Over the next three years, supply growth is expected to remain low at a compound annual growth rate of 2.3% [7].

Claymore Connect achieved NPI of S$5.6 million, representing a 43.0% (or S$1.7 million) yoy growth. This improvement was primarily attributed to the additional new leases secured, increased rental rates for existing leases and renewals, and continuing efforts to minimise operational expenses. Overall, NPI for the Singapore portfolio (including Claymore Connect) reached S$85.9 million, recording a 12.1% growth yoy.

(4) A total of 26,488 room nights and 7,666 room nights were taken out of inventory for Studio M Hotel and Grand Copthorne Waterfront Hotel respectively for FY 2022 due to rooms refurbishment works. This was against the 34,157 room nights that were out-of-order at Grand Copthorne Waterfront Hotel for FY 2023, as renovation continued into 2023 and completed in August 2023. Excluding the out-of-order rooms for FY 2023 and FY 2022, occupancy would be 79.1% and 79.0% respectively while RevPAR would be S$205 and S$173 respectively.
(5) Singapore Tourism Analytics Network
(6) On a proforma basis for comparability on a same store basis, assuming CDLHT owns W Hotel from 1 January 2019.
(7) Based on statistics published by Hotels Licensing Board (4 Dec 2023) adjusted by CDLHT for rooms known to be taken out of and/or added to inventory. Sources: Hotels Licensing Board (4 Dec 2023), Horwath HTL (Jan 2024) and CDLHT research (Jan 2024)

Overseas

CDLHT's Overseas Hotels RevPAR	FY 2023	FY 2022	Better / (Worse)
NZ Hotel (NZ$)	137	128	7.2%
Perth Hotels (A$)	112	87	29.3%
Japan Hotels (¥)	8,838	4,393	101.2%
Maldives Resorts (US$)	313	322	(2.7)%
UK Hotels (£) [(8)]	133	123	8.6%
Germany Hotel (€)	98	86	14.0%
Italy Hotel (€)	223	152	46.6%

In FY 2023, Grand Millennium Auckland recorded a 7.2% yoy growth in RevPAR, with most of this increase materialising towards the latter part of the year. The hotel has been going through a lengthy recovery gestation period following its exit from the government isolation program in June 2022, which was partly attributed to gradual restoration of international flight capacities. Although RevPAR increased, operating expenses for the hotel increased by 39.8% (or S$5.4 million) yoy in FY 2023, following the hotel's return to normalised operational staffing levels. Consequently, while also taking into account the weaker NZD (against SGD), the New Zealand Hotel recorded a yoy NPI decline of 30.8% (or S$3.2 million) yoy in FY 2023.

In Australia, CDLHT's Perth Hotels posted a RevPAR improvement of 29.3% yoy for FY 2023. This growth was largely attributable to a stronger performance in the January to April 2023 period compared to 2022 when demand was impacted by border closures into Western Australia. Against FY 2019, RevPAR increased by 13.9% for FY 2023, driven by a stronger event calendar in 4Q 2023 which resulted in higher average rates. Accordingly, NPI for FY 2023 increased by 39.4% (or S$1.2 million) yoy.

In Japan, 2023 was a period of robust inbound travel recovery, marked by pent up demand following the lifting of all restrictions on foreign arrivals from October 2022 [(9)]. Driven by this strong rebound, the Japan Hotels posted a remarkable 101.2% yoy increase in RevPAR. Despite the slower recovery of Chinese tourists, a key source market for Japan, the Japan Hotels reported a rate-driven RevPAR improvement of 12.6% over FY 2019. Notably, in FY 2023, the Japan Hotels achieved record full year average rate and RevPAR since acquisition of ¥10,138 and ¥8,838 respectively. Accordingly, NPI for the Japan portfolio grew by 234.7% (or S$2.7 million) yoy.

For the year, the Maldives Resorts experienced a marginal decline in RevPAR by 2.7% yoy, despite a growth in visitor arrivals. Increased resort supply and the full reopening of alternative destinations such as Seychelles, Mauritius and Thailand (which had border restrictions until the latter part of 2Q 2022) affected the overall performance of the Maldives Resorts. Angsana Velavaru recognised a total rent of S$8.5 million (US$6.3 million) in FY 2023, an increase of 8.9% (or S$0.7 million) yoy. Raffles Maldives Meradhoo posted a FY 2023 RevPAR decline of 8.0% yoy, primarily due to geopolitical issues affecting its luxury source markets such as Russia and Middle East. Additionally, higher occupancy driven operating costs and expenses impacted the overall profitability of the resort. Accordingly, NPI from the Maldives Resorts declined by 13.8% (or S$1.1 million) yoy.

In the UK, Hilton Cambridge City Centre and The Lowry Hotel recorded RevPAR growth of 8.6% yoy for FY 2023. Against FY 2019, RevPAR for these two hotels grew by 3.8% driven by a 15.0% increase in average rate. Hilton Cambridge City Centre achieved its record average rate and RevPAR of £185 and £132 respectively for FY 2023, while The Lowry Hotel also recorded its highest ever RevPAR of £135 for the year. The fixed rent for Hotel Brooklyn increased by 5.0% (annual inflation rent adjustment) to £2.5 million (S$4.3 million) for the rental period of 7 May 2023 to 6 May 2024. Collectively, NPI from the UK portfolio increased by 11.9% (or S$1.6 million) yoy for the year.

(8) Excludes Hotel Brooklyn which is under an occupational lease with a fixed rent structure.
(9) Kyodo News, "Japan scraps COVID border controls in hopes of reviving tourism boom", 11 October 2022

YEAR IN REVIEW

In Germany, Pullman Hotel Munich reported RevPAR growth of 14.0% yoy for FY 2023. However, RevPAR for FY 2023 was still 10.1% below that of FY 2019 as corporate travel demand has yet to recover to pre-pandemic levels coupled with a weaker event calendar compared to 2019. In FY 2023, NPI increased by 27.9% (or S$2.1 million) yoy, due to the recognition of S$3.3 million (€2.3 million) in variable rent above the accounting straight-line base rent. In comparison, a lower variable rent of S$1.9 million (€1.3 million) was recognised in FY 2022, due to the clawback by the lessee on its cumulative losses suffered during the pandemic as part of a temporary rent rebate agreement.

Hotel Cerretani Firenze in Italy recorded stellar RevPAR growth of 46.6% yoy for FY 2023 and 41.3% against FY 2019, bolstered by strong demand from both inbound and domestic markets. Notably, in 2023, the hotel achieved record full year average rate and RevPAR since acquisition of €297 and €223 respectively. The hotel registered an NPI growth of 66.8% (or S$2.1 million) yoy due to the recognition of significantly higher variable rent of S$3.7 million (€2.5 million) above the accounting straight-line base rent. In comparison, S$1.5 million (€1.1 million) variable rent above the base rent was recorded for FY 2022.

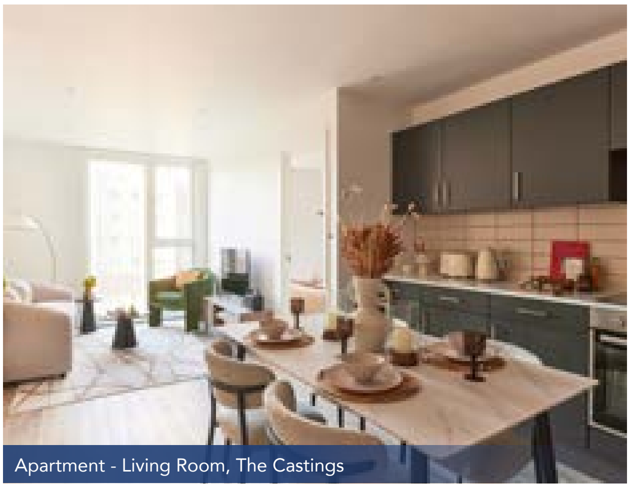
ANTICIPATED COMPLETION OF THE CASTINGS IN 2024

On 31 August 2021, CDLHT invested in a residential Build-to-Rent project located in Manchester, UK, through a forward-funding scheme. Construction of the building remains on schedule, with anticipated completion by mid-2024 and opening within a month from practical completion. Mobilisation of the property is ongoing in preparation for opening and pre-letting has commenced. The project, which is named "The Castings", launched its new website in December 2023 and three showflat apartments were opened in March 2024 to facilitate prospective tenant viewings.

Manchester has demonstrated strong rental growth at a CAGR of 11.0% over the three year period ending October 2023, surpassing the UK overall three year CAGR of 9.2% [10]. The Castings is well-positioned to benefit from the favourable demand and supply dynamics in the Manchester rental market and is expected to open in a period which coincides with high leasing activity.

The Castings (Concept drawing – subject to change)

The Castings (Progress as at December 2023)



Apartment - Living Room, The Castings

(10) Zoopla, UK Rental Market Report, December 2023

CONTINUED INVESTMENTS TO MAINTAIN COMPETITIVENESS AND STRENGTHEN MARKET POSITIONING

The stratospheric hikes in interest rates in many markets which were not accompanied with similar expansion in cap rates of assets have made it a challenging year for acquisition opportunities to be DPS accretive. Hence, the Managers have continued to invest in the existing portfolio through strategic asset enhancement opportunities to elevate the quality, maintain competitiveness and strengthen the market positioning of the portfolio, with the ultimate goal of increasing value and returns for Stapled Security Holders.

In Singapore, Grand Copthorne Waterfront Hotel, a major asset in CDLHT's portfolio, completed the full renovation of all of its rooms and meeting spaces in 2023. This refurbishment will solidify its position as a leading conference hotel in Singapore for years to come. W Hotel also underwent a transformation of its lobby, restaurant and ballroom to reinforce its leading position in Sentosa. The hotel's ballroom now features a massive 5-metre by 14-metre LED wall, while the meeting rooms were refurbished in January 2024.

Grand Millennium Auckland also commenced refurbishment works in phases from 3Q 2023. Enhancements to the all-day dining restaurant and lobby lounge were completed in November and December 2023 respectively, while the hotel's ballroom renovation was substantively completed in March 2024.

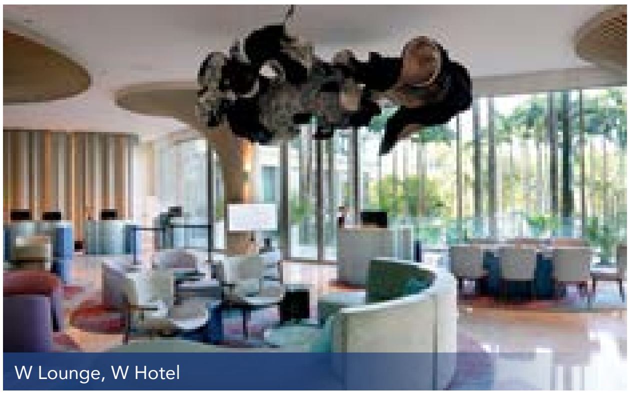
OTHER UPDATES

During the year, the lessee for Hotel Brooklyn terminated existing arrangements with Bespoke Hotels which was managing the property and entered into an underlease with Kew Green Group Limited ("**Kew Green**"). Kew Green has entered into a franchise agreement with IHG Hotels & Resorts to rebrand the hotel to `voco Manchester - City Centre' around mid-2024. The existing rental terms between H-REIT and the lessee remain the same.

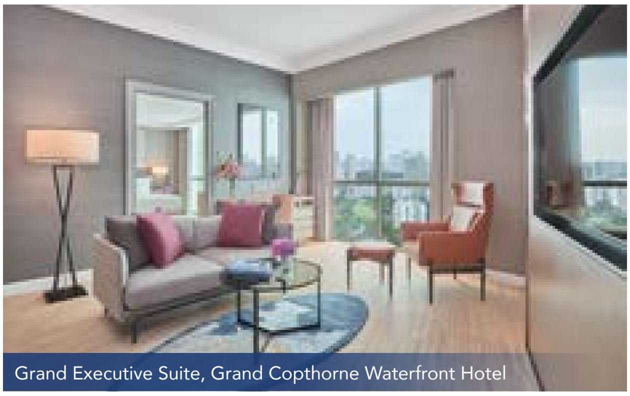
STRONG CAPITAL STRUCTURE AND PRUDENT RISK MANAGEMENT

In FY 2023, interest costs increased mainly due to higher funding costs on the floating rate loans and on refinancing of fixed rate loans, as well as from amounts drawn to finance asset enhancement works.

Notwithstanding the higher interest costs, CDLHT remains committed to maintaining a robust financial position and adopts proactive interest rate management strategies. This includes maintaining an appropriate percentage of fixed rate borrowings and utilising interest rate swaps.


W Lounge, W Hotel


Ballroom, Grand Millennium Auckland


Grand Executive Suite, Grand Copthorne Waterfront Hotel


Ballroom, Grand Copthorne Waterfront Hotel

YEAR IN REVIEW

During the year, CDLHT forged new banking partnerships while maintaining strong support from its existing banks. This was evident in the refinancing of approximately S$294.5 million in loans and bank facilities which matured during the financial year. Notably, S$254.0 million of this was refinanced into sustainability-linked term loans and revolving credit facilities, showcasing our commitment to sustainability. CDLHT also secured a new 3-year S$50.0 million committed sustainability-linked revolving credit facility. To manage interest costs, CDLHT executed two interest rate swaps to partially hedge against volatility in interest rates on certain SGD borrowings. As for the movements in net finance costs, any fair value gains/losses on derivatives had no impact on the distribution to Stapled Security Holders.

As at 31 December 2023, CDLHT's average cost of debt was 4.2%, with fixed interest rate borrowings representing 52.3% of total borrowings. The weighted average debt to maturity as at 31 December 2023 was 2.2 years.

CDLHT is well-positioned to meet its capital funding requirements, including those for the UK BTR development project and to pursue suitable investments. As at 31 December 2023, CDLHT's leverage ratio is a healthy 36.7%, with cash and available credit facilities of S$708.3 million[11]. Additionally, a high proportion of unencumbered property value of approximately 95.2% provides CDLHT with the financial flexibility for future financing.

Lowry Lounge and Bar, The Lowry Hotel

(11) Comprises S$308.3 million of cash and undrawn committed revolving credit and term loan facilities and S$400.0 million in uncommitted bridge loan facilities.

STAPLED SECURITY PRICE STATISTICS [12]

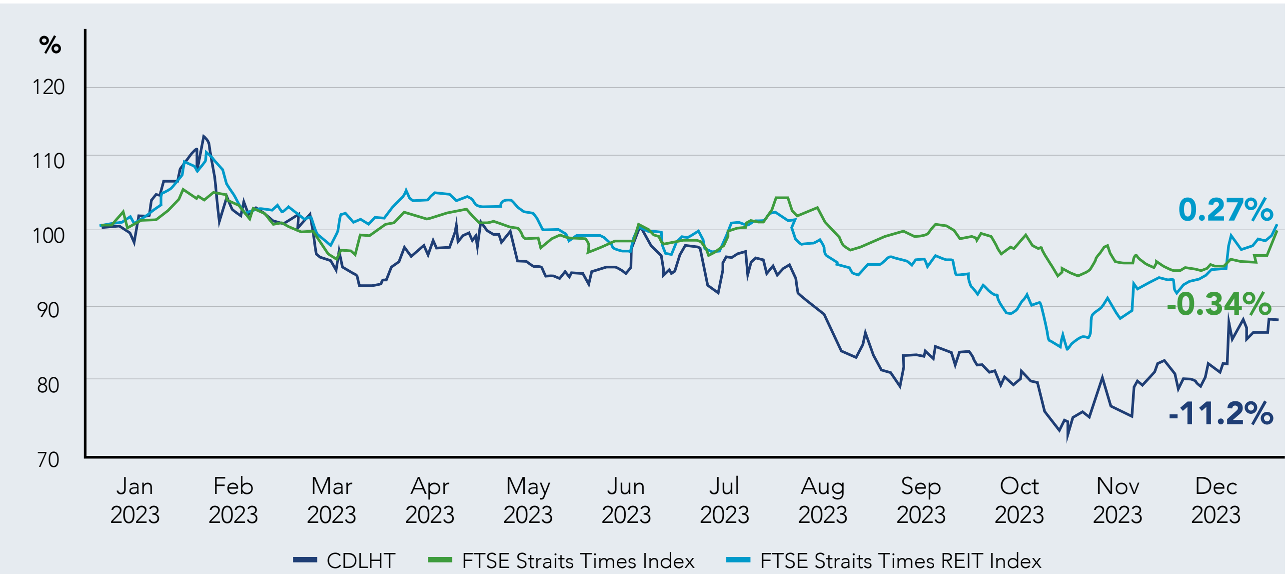
CDLHT closed at a price of S$1.11 per Stapled Security as at 29 December 2023. Since IPO, the Stapled Security's price has appreciated by 33.7%. Largely due to the impact of the interest rate hikes, the Stapled Security's price fell by 11.2% in year 2023, from S$1.25, the closing price as at 30 December 2022.

Assuming a unitholder held the Stapled Securities from IPO till 29 December 2023 and had the distributions been reinvested in the Stapled Securities of CDLHT on the day they were paid out, the total return to the unitholder would have been 276.2%. On the same basis for the year 2023, the total return of the Stapled Securities would have been -6.8%.

Summary of Stapled Security Statistics	2023	2022
IPO as at 19 July 2006 (S$)	0.830	0.830
Closing price as at last trading day of preceding period (S$)	1.250	1.170
Closing price as at last trading day of current period (S$)	1.110	1.250
Highest closing price (S$)	1.390	1.390
Lowest closing price (S$)	0.935	1.000
Weighted average price (S$)	1.131	1.227
Average daily volume traded (number of Stapled Security in millions)	1.9	2.2
Trading volume traded (number of Stapled Securities in millions)	467.3	554.4

Return on Investment	From 1 Jan 2023 to 29 Dec 2023	Since Listing on 19 Jul 2006 to 29 Dec 2023
Price Change	(11.2)% [13]	33.7%
Total Return [14]	(6.8)%	276.2%

COMPARATIVE TRADING PERFORMANCE FOR FY 2023 [15]



(12) Source: Bloomberg
(13) Calculation of the price change is based on the closing price on 29 December 2023 compared with the closing price on 30 December 2022.
(14) Total return assumes the distributions paid out during the respective periods are reinvested in the Stapled Securities.
(15) Source: Bloomberg

SINGAPORE

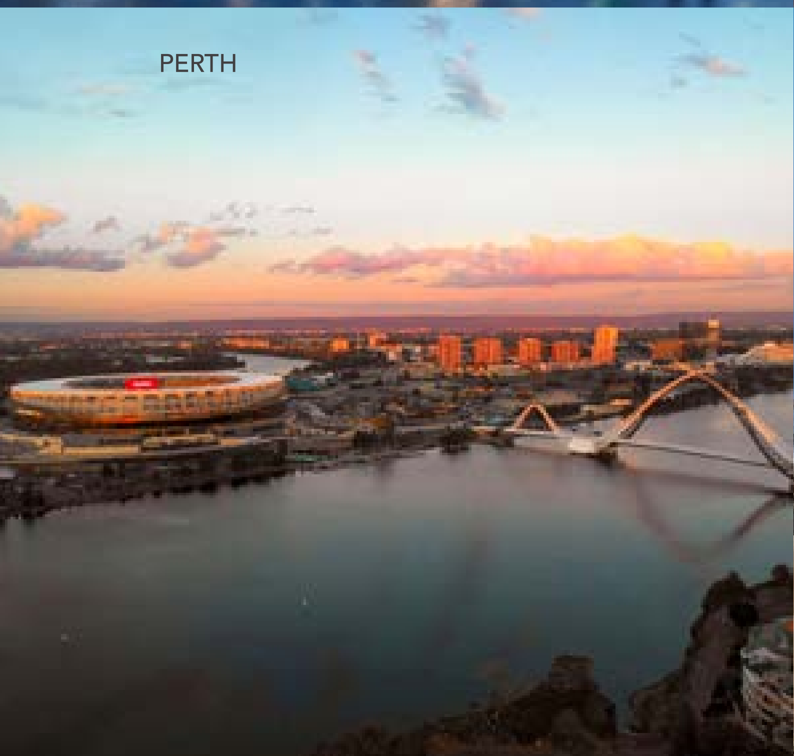
MARKET REVIEW

CAMBRIDGE

MUNICH


AUCKLAND


JAPAN


PERTH


MANCHESTER


MALDIVES


FLORENCE

SINGAPORE HOTEL PROPERTY SECTOR

Knight Frank

SINGAPORE TOURISM MARKET

In 2023, there were 13.6 million international visitor arrivals (IVAs), more than double the number recorded in 2022. Even though, the total IVAs in 2023 remained 28.8% lower than the record 19.1 million in 2019 before the pandemic, the normalisation a year after Singapore reopened its borders signalled steady recovery of the hospitality and tourism sector.

The highest proportion of visitors were from Southeast Asia with approximately 5.3 million, comprising 38.8% of all IVAs in 2023. Visitors from Greater China numbered 2.0 million (15.0%), lagging behind pre-pandemic norms as China struggled to revive its economy.

Both entertainment as well as meetings, incentives, conferences and exhibitions (MICE) events fuelled the return to pre-pandemic visitor volumes, comprising concerts, the Singapore Grand Prix, Singapore FinTech Festival, Food & Hotel Asia – Food & Beverage 2023 (FHA-F&B 2023), ITB Asia etc.

The increase in arrivals was also supported by infrastructural upgrades. Terminal 2 (T2) at Changi Airport reopened in November 2023 after having closed for 3.5 years due to expansion works. Singapore flagship air carrier - Singapore Airlines (SIA) resumed flights to four cities in China – Chengdu, Chongqing, Shenzhen and Xiamen. The return of formerly suspended air routes due to border controls during the pandemic will boost the market from China when its economy returns to growth.

EXISTING SUPPLY

According to the Singapore Tourism Board (STB), there were 64,108 gazetted hotel rooms and 265 accommodations. Luxury hotels accounted for approximately 16.8% (10,742 rooms), upscale hotels made up 21.4% (13,745 rooms), mid-tier hotels constituted 35.5% (22,786 rooms), and economy hotels made up the remaining 26.3% (16,835 rooms).

According to the Urban Redevelopment Authority (URA), hotels that were completed in 2023 included, the Mondrian Singapore (302 rooms), Pan Pacific Orchard (347 rooms), The Singapore Edition (204 rooms), Artyzen Singapore (142 rooms), Pullman Singapore (350), The Standard, Singapore (143 rooms) and Conrad Singapore Orchard (440 rooms).

In 2023, the total number of hotel rooms and accommodations increased to 72,682 and 444 respectively, from the corresponding 69,472 and 422 in 2022.

FUTURE SUPPLY

As at Q4 2023, a total of 5,342 hotel rooms are currently under construction, with a further 2,403 hotel rooms being planned. Looking ahead, an estimated 7,745 hotel rooms are expected to complete between 2024 and 2028, with 1,925 rooms expected in 2024. Upcoming hotels slated to open in 2024 include Singapore's largest Mercure Hotel in Club Street with an estimated 987 rooms, Raffles Sentosa Resort & Spa (estimated 62 rooms), and Citadines Science Park Singapore (250 rooms). The average annual supply of rooms from 2024 to 2028 is 1,549 and the total hotel stock in Singapore is expected to reach about 80,000 rooms by end-2028.

HOTEL MARKET PERFORMANCE

Standard Average Occupancy Rate (AOR)

The island wide standard AOR in 2023 rose to 80.1% from 75.2% in 2022, a 4.9-percentage point (pp) increase, as the occupancies of all hotel tiers grew with the normalisation of global and regional travel patterns. Luxury hotels gained 5.8 pp to register an occupancy of 82.3%, while Upscale-tier hotels improved 7.7 pp to chalk up 77.9%. The occupancy rates of Mid-tier and Economy-tier hotels grew by 2.8 pp to 80.4% and 4.7 pp to 80.2% respectively.

Standard Average Room Rate (ARR)

In tandem, the standard ARR also grew significantly across all hotel tiers in 2023, with a 12.2% gain to S$281.85 from the S$251.12 in the previous year. Among all hotel tiers, the ARR for Economy hotels grew the most at 19.0% to S$144.93 while Upscale and Mid-tier hotels expanded by 9.7% to S$334.63 and 10.6% to S$217.12 respectively. Luxury hotels recorded a growth of 18.7% to S$599.54. Since Singapore reopened its borders from April 2022, the recovery of the hotel sector has been substantial.

Revenue per Available Room (RevPar)

RevPar increased 19.5% between 2022 and 2023 to S$225.77 from S$188.92. RevPar in the luxury segment increased 27.7% to S$493.69, Upscale hotels rose 21.7% to S$260.74, Mid-Tier hotels expanded 14.7% y-o-y to S$174.57 and Economy hotels moved up 26.4% to S$116.21.

HOTEL MARKET OUTLOOK

Despite the slowing economy coupled with sticky inflation rates in 2023, the retail and hospitality sectors posted a better performance compared to other economic sectors, recovering from a low base that was severely crippled by the pandemic. The growth was driven by the return of more flight routes, as well as the consistent effort by STB to drive new initiatives that attract more IVAs numbers to the city-state.

The hotel sector outlook for 2024 is set to be stable, with growth fuelled by the continued improvement of visitor arrivals to Singapore for both leisure and business purposes. The influx of major international events coupled with marquee concerts such as Taylor Swift, Coldplay, and Ed Sheeran as well as the rejuvenation of Orchard Road and Chinatown would contribute support towards occupancy, room rates and revenue per available room. Additionally, visitors from China will have a 30-day visa-free arrangement from February 2024, and this would likely result in more visitors from China in 2024. The influx of major international events and the return of business and leisure visitors will continue to support occupancy, room rates and revenue per available room in 2024. STB projects IVAs to reach between 15 and 16 million in 2024, generating around S$26.0 to S$27.5 billion in tourism receipts.

PERTH, AUSTRALIA HOTEL PROPERTY SECTOR

CBRE

PERTH TOURISM MARKET

For the 12-months ending June 2023, there were 653,425 international visitors to Perth, equating to approximately 12% of total visitors to the Destination Perth region, who spent 18,176,169 visitor nights in the region. Major source markets include United Kingdom, Singapore and New Zealand. The average length of stay by international visitors remains in excess of 27.8 nights.

In the same period, Perth attracted 46.0% of the domestic visitors to Western Australia, equating to 4,754,293 annual visits and 16,113,820 visitor nights. The length of stay is lower than other states, at 3.4 days, due to the fly-in fly-out nature of the mining sector associated with Western Australia.

HOTEL MARKET PERFORMANCE

The Perth market experienced a decline in occupancy levels from the low 80% range in 2013 to around 55% over the pandemic period. The subsequent two years have seen a strong rebound in occupancy, reaching almost 75% over the year to September 2023. ADR levels have seen a similar trend, declining from around $210 in 2013 to a cyclical low of $159 in 2020 however the ADR rebound has been particularly strong, reaching $218.54 over the year to September 2023 which represents a recovery in the order of 38%. The recovery in occupancy levels and ADRs since 2020 demonstrates an end to the new supply pipeline, a strong local economy underpinned by the dominant mining sector coupled with stronger weekend demand which is typically a leisure based domestic market.

EXISTING AND FUTURE SUPPLY

The Perth hotel market has experienced a relatively stable room supply level over the past few years however over the previous 5 years there was a surge of new supply which put downward pressure on occupancy and ADR levels. New supply completed within the City of Perth since 2020 includes Vibe Hotel Subiaco Perth (168 Keys), Quest Perth Ascot (112 keys), Double Tree by Hilton Perth (229 Keys), Parmelia Hilton Perth Extension (32 keys) and The Adnate Hotel Perth (250 Keys). A notable theme of the new supply is that due to Covid-19 restrictions, hotel openings were delayed until border and travel restrictions resumed.

The new supply pipeline is now limited to a few projects such as the Courtyard by Marriott Perth, Murdoch (150 Keys) and the Elizabeth Quay Hotel Development (190 keys) due for completion around Q2 and Q4 2024 respectively. Further new supply is muted by increased construction costs and the higher cost of debt.

HOTEL MARKET OUTLOOK

We expect 2024 to see a further strengthening of occupancy levels to the 77% range in Perth, with an increase in corporate, events, inbound/air crew and leisure segments. ADR is forecast to increase to around $234 in 2024 on the back of high occupancy levels, the higher quality stock in the market and recovered higher rate international demand.

In 2025, further strengthening of occupancy levels is expected to be supported by improvements in corporate, events, inbound and leisure segments, with Perth market anticipated to achieve an occupancy at 80%. ADR is forecast to increase to around $241 in 2025 on the back of recovered higher rate international demand.

We have forecast occupancy levels to continue their recovery path with an expectation of Perth achieving an occupancy level of just over 80% in 2026. ADR is forecast to increase by around 2.75% on the back of strong occupancy levels and fully recovered demand from international markets.

AUCKLAND, NEW ZEALAND HOTEL PROPERTY SECTOR

CBRE

AUCKLAND TOURISM MARKET

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

Before the outbreak of COVID-19, Auckland Airport's number of direct connections to international destinations had increased to 46, resulting in an increase in the number of flights to and from Auckland.

In 2020 and 2021, passenger numbers declined significantly and in 2021 domestic passengers were 51% below 2019 and international passengers around 94% below 2019 levels. This is a direct result of the government restrictions due to the COVID-19 outbreak. With international borders opening in 2022, there has been strong growth in arrivals and in 2023 arrivals were 16% below 2019 levels.

AUCKLAND HOTEL MARKET PERFORMANCE

Occupancy levels in Auckland have performed at generally strong levels in the low 80% range in the years leading up to 2020 declining slightly in 2018 and 2019 from previous highs as new supply entered the market and demand growth slowed.

A significant decline in occupancy was experienced from 2020 due to the border restrictions and nationwide lockdown resulting from the outbreak of COVID-19. More recently, occupancy rates have shown signs of recovery with a rate of 69.6% recorded in 2023. There has been a 18% increase in supply since 2019 and this is delaying the recovery in occupancy. Room demand in 2023 had recovered to 2019 levels.

Average Daily Rates also reduced from peak levels achieved in 2017, falling from $207 in 2017 to $199 in 2019 as hoteliers reacted to decreasing occupancy rates through this period as new supply entered the market.

The New Zealand Government took contracts over approximately 38% of hotel rooms in Auckland from mid-2020 to mid-2022 to use as isolation and quarantine facilities. The rates paid under these contracts were broadly in line with market rates achieved at the same time in 2019 before increasing in 2021 to include a pseudo sinking fund for refurbishments required post contract expiry.

As the contracts were phased out and more typical market conditions have returned, market ADRs have held relatively firm and in 2023, ADR's were on average 19% above the same period in 2019 indicating operators are charging higher rates despite low occupancy rates to counter the effects of inflation on their cost base. This high rate environment is common in most hotel markets across the world currently.

EXISTING AND FUTURE HOTEL SUPPLY

Based on CBRE's survey of Auckland hotels and serviced apartments there are a total of 106 properties across the city with some 13,032 rooms.

There was no material change in the number of rooms available in Auckland between the 2011 Rugby World Cup and 2017 however since 2018 a number of new hotels have opened following a period of strong market performance. As at December 2023, Auckland hotel room supply has increased by 24% since December 2017 and 18% since December 2019.

Prior to the COVID-19 outbreak there were as many as 3,685 new guest rooms planned or under construction in the Auckland market with expected opening dates between 2020 and 2023. Since the COVID-19 outbreak we have reconsidered the supply pipeline for Auckland and have taken a view that the majority of hotel developments that were planned but have not commenced construction are 'on hold' at this time with many unlikely to proceed for an extended period. Whereas, projects which are under construction will proceed, however completion dates for some of the hotels have been extended as construction processes have slowed and ongoing construction finance will become a challenge for some developers.

The new supply of hotels under construction will result in an increase of 15.5% on the current inventory as at December 2023.

Significant projects currently under construction in Auckland include:

- **Horizon Hotel –** 303 room 5 star hotel as part of the New Zealand International Convention Centre (NZICC) project. The hotel will be operated by SkyCity, who currently operate two other hotels in the precinct, and will have direct links to the convention centre and casino. After delays caused by the fire at the NZICC and the outbreak of COVID-19, SkyCity recently announced that the hotel will open in March 2024.
- **Hotel Indigo Auckland –** 225 room hotel within a mixed-use building that will include 26 residential apartments on the upper level at 51 Albert Street in Auckland's CBD. Completion is expected in mid-2024.
- **InterContinental Auckland –** 139 room hotel occupying the lower levels of One Queen Street with office tenancies on the upper levels and a rooftop bar through the significant upgrade and conversion of a former office building. The hotel is planned to open in February 2024.

HOTEL MARKET OUTLOOK

New Zealand's borders reopened in stages throughout 2022 to all countries however Chinese travellers were only permitted to travel from China to New Zealand from February 2023. As at December 2023, visitors from anywhere in the world are able to visit New Zealand.

Between 2024 and 2026, we are forecasting occupancy rates to incrementally increase to a stabilised level of approximately 80% by 2026 as new supply is gradually absorbed by recovering demand levels. Given the strong growth in ADR experienced since late 2022, we are forecasting ADR to grow by 2.25% p.a. from 2024 onwards. The opening of the New Zealand International Convention Centre in 2025 is expected to create a higher level of demand in the conference and incentive segment together with higher occupancy rates, particularly in peak periods, allowing for rate growth.

MALDIVES
HOTEL PROPERTY SECTOR

Colliers

TOURISM MARKET OVERVIEW

International visitor arrivals to the Maldives registered a compound annual growth rate (CAGR) of circa 8.7% during the period of 2008 to 2019. According to the Maldives' Ministry of Tourism (MOT) figures, international arrivals increased for four years consecutively to reach approximately 1.7 million visitor arrivals in 2019, following a strong performance in 2018. Due to the COVID-19 pandemic, which brought global tourism to a standstill, tourism to the Maldives declined by 67.4% yoy to circa 555,500 visitors in 2020.

2021 witnessed a steady return of tourists reaching 1.3 million for the year, as the Maldives was one of the first countries to re-open its borders to tourists. As border restrictions further eased internationally in 2022, tourist arrivals continued to climb to approximately 1.7 million for the year. Latest year-to-date September 2023 data, shows current tourist arrivals are at 1.36 million, 14.3% more than compared the same period in 2022. The Maldives is anticipating a steady recovery in tourism, with the prediction that 2024 will record over 2.0 million tourists.

EXISTING AND FUTURE SUPPLY

The supply of resorts in Maldives has been an upward trend over the years, recording 152 resorts and 35,527 beds by the end of 2019. However, 2020 had only 0.4% increase in room supply with the opening of Radisson Blu Resort Maldives (128-rooms) and Brennia Maldives (193-rooms). There were approximately 37,566 resort rooms that year, but only 21,446 (57%) were operational.

There were four resort openings in 2021, with three of them having more than 100 rooms. 2022 had nine resorts opened, with two resorts more than 200 rooms, namely Oblu Xperience Alafushi (268-rooms) and Avani Fares Maldives (200-rooms), which brought a total of 1,023 new rooms into the market. Amari Raaya Maldives (187-rooms), Joy Island Resort (150-rooms) and Jawakara Island Maldives (290-rooms) were among five resorts that opened in 2023, bringing a total of 798 new rooms. Five luxury resorts are expected to complete in 2025, and one resort in 2027, bringing the total capacity of beds to 45,715 in 2027.

HOTEL MARKET PERFORMANCE

2019 saw a slight decline of occupancy from 67.0% in 2018 to 65.6% due to supply outpacing demand as resorts re-opened. ADR, however, increased from US$533 to US$547 over the same period. The steady influx of demand enables hoteliers to maintain price confidence, which led to revenue per available room (RevPAR) to close up at US$359.

Maldives imposed travel restrictions during March – July in 2020 due to the COVID-19 pandemic. As such occupancy dropped to 32.9%. Nevertheless, the nation strategically promoted itself as inherently "socially distant" and "safe to travel" due to its widely spread-out hotel rooms and beach front F&B outlets, together with increased direct flights from high-demand source markets, have boosted tourism during the festive season in Q4 that year. As a result, ADR soared to circa US$861 in December alone.

In line with the opening of international travel, occupancy increased to 57.8% in 2021 and continued into 2022 to 63.2%. Pent-up demand pushed ADR to US$608.11 resulting in RevPAR increasing to US$384.17, 7% higher than 2019. Comparing 2023 figures to the same period last year, occupancy reduced to 62.5% and ADR at US$581.66 as flights to more competitive destinations returned and given China's slow outbound recovery. Consequently, RevPAR contracted by 5.8% to US$363.38 in 2023.

HOTEL MARKET OUTLOOK

Maldives remains to be a top resort destination in the region due to the government's strong efforts in marketing and positioning the country. The tourism industry has recovered to pre-pandemic levels this year and is looking forward to new records next year.

According to Maldives proposed state budget for 2024, it predicts that there will be more than 2 million tourist arrivals, 7.9% higher than 2023. February 2024 will see additional three Chinese carriers starting flights into the country, resulting in an increase of Chinese travellers. However, European tourists are expected to decline in the coming year due to economic slowdown. With the completion of the new airport terminal in Male by 2025, capacity of the airport will double and hopefully welcome 2.5 million tourists per annum by 2026.

TOKYO, JAPAN
HOTEL PROPERTY SECTOR

CUSHMAN & WAKEFIELD

TOKYO TOURISM MARKET

According to the Tokyo Metropolitan Government Bureau of Industrial and Labor Affairs, approximately 542.67million Japanese and approximately 3.31 million foreign tourists visited Tokyo in 2022, a decrease of 0.1% and 78.2%, respectively, compared to 2019. The number of Japanese tourists has recovered to the almost same level as before the new coronavirus pandemic.

In 2022, the total spend (tourism consumption) by Japanese visitors to Tokyo was approximately 4.62 trillion yen, down 3.2% compared to 2019, and tourism consumption by foreign visitors was approximately 0.41 trillion yen, down 67.6% compared to 2019.

With the decline in the number of foreign visitors, the amount spent by foreign visitors has also declined significantly, while the total amount spent by Japanese travellers recovered to nearly the level before the pandemic of the new coronavirus. The number of foreign visitors to Japan is expected to increase further in the future, affected by the recent weak yen.

EXISTING AND FUTURE SUPPLY

According to the Ministry of Health, Labour and Welfare, the number of existing accommodations such as hotels and ryokans and the number or guestrooms nationwide in Japan at the end of March 2023 is 50,321 properties and 1,770,752 rooms respectively. Over the last five years, the numbers have been increased by 2.6% and 11.0% respectively.

In Tokyo, the number of existing accommodations and the number or guestrooms at the end of March 2023 is 3,774 properties and 205,381 rooms respectively. Over the last five years, the numbers have been increased by 86.5% and 21.4% respectively.

Based on available data by industry journals, approximately 3,651 hotel rooms are planned or under construction for opening by 2025 in Tokyo. In addition to the above, there are a total of 2,287 hotel rooms scheduled to open in 2026 or later (including undecided and undisclosed hotels).

With the expectation of a full-fledged recovery in the tourism economy, an increasing number of businesses and investors are actively investing through new construction and rebranding in areas such as Tokyo, Osaka, and Kyoto, which have stable domestic and international demand as business and tourist hubs.

HOTEL MARKET PERFORMANCE

Based on the latest available figure from the Japan Tourism Agency, the total number of guest nights for the full year of 2023 in Japan totalled approximately 592.75 million, an increase of approximately 138.78 million compared to the last year. Compared to the previous year, the number of Japanese guest nights increased by 9.4%, and foreigner guest nights significantly increased by 582.2%, giving a total increase of 30.6%. Foreign guests accounted for 19.3% of the total, an increase of 15.6 points YoY.

With the removal of the cap on the number of visitors entering Japan in October 2022 and the start of the National Travel Assistance Program, demand has recovered significantly since the fourth quarter of 2022, with the number of overnight stays recovering to 99.5% of 2019 levels in 2023.

Tokyo experienced a more significant recovery in the number of overnight stays reaching approximately 97.3million, an increase of approximately18.3 million compared to 2019.

In Tokyo, business hotels registered occupancy of 77.9% in 2023, up 21.3 points from the last year, recovering to about 95.1% of 2019 levels.

According to the Real Capital Analytics, the 12-month moving average of hotel transaction volume in Japan reached JPY 678.4 billion for the 1Q of 2020, which was the highest figure recorded, but in 1Q of FY2021 it declined year-on-year by 56% to JPY 295.9 billion. In the latest 4Q of FY2023, it was JPY 575.2 billion, which is a 15% decline from the above-mentioned highest figure, however, the year-on-year change was an increase of 20%. A number of properties were hit by lender covenants due to the deteriorating hotel operating revenues as a result of Covid-19. However, many lenders showed a flexible response and there were no signs of a number of hotels being thrown up for sale in the property sales market. Currently, transaction values are increasing due to expectations of a further recovery in hotel operating revenues in the future, and the rising cap rates have shifted to a downtrend.

HOTEL MARKET OUTLOOK

In a New Tourism Nation Promotion Basic Plan approved by the Cabinet on March 31, 2023, the Japanese government aims to achieve 5 trillion yen in inbound travel expenditures at an early stage. It also states that strategic efforts will be made to achieve such goals as the number of foreign visitors to Japan exceeding the 2019 level and the unit spending amount of 200,000 yen/person for foreign visitors to Japan by 2025, when the Osaka-Kansai Expo will be held.

The Japanese real estate investment market continues to be buoyant following the COVID-19 pandemic. The impact of higher interest rates and stricter bank lending policies is intensifying in Europe and the U.S., and some foreign investors are believed to be cautious about their investments. Nevertheless, in Japan, banks' lending attitudes toward loans to the real estate sector have remained generally unchanged, and investors' willing to invest remains generally high. As for hotels, performance is improving due to a recovery in inbound tourism driven by the weak yen, in addition to domestic travel demand; going forward, investors focusing on value-add real estate, i.e., those with a high-risk tolerance, is expected to be active in this sector.

CAMBRIDGE, UNITED KINGDOM HOTEL PROPERTY SECTOR

Colliers

TOURISM MARKET

As a result of the "double event" of COVID-19 pandemic outbreak in March 2020 and the final confirmation of Brexit on 1 January 2021, the tourism market in the UK has experienced a seismic change in recent years.

The Office of National Statistics (ONS) reports that the number of tourist visits made to the UK from overseas fell by 82.9% down to 7 million in 2020 from a peak of 40.9 million visitors in 2019, with a decline of 84.9% in spending to £4.3 billion. In 2021, inbound visits were recorded at 6.4 million, 8.6% less than that compared to 2020, however, spending was £5.7 billion, £1.4 billion more in that period. The average spend per visit was £891 compared to £694 in 2019. America (14% and £6 billion in spending) ranked the first in the top five countries in tourist arrivals in 2022, as international travel returned with countries opening their borders and without the need for quarantine. France ranked second, followed by Ireland, Germany and Spain.

Year-to-date September 2023, tourist arrivals are recorded at 28.4 million with £23.6 billion in spending, which is 31% more tourist arrivals and 26% more in spending compared to 2022 in the same period. The UK is expecting to receive over 37.5 million overnight visitors with £30.9 billion worth of spending for the year.

EXISTING AND FUTURE SUPPLY

In Cambridge, the Holiday Inn Express Cambridge West Cambourne (144 rooms) opened its doors in 2022, joining the four new hotels that opened in 2021, bringing the total supply to approximately 4,282 rooms. The four new hotels that opened in 2021 included the Novotel Cambridge North (217 rooms), Hyatt Centric Cambridge (150 rooms), Turing Locke Cambridge (180 rooms), and Hilton Fellows House (163 rooms). The Hobson (56 rooms) is set to open in 2023. Beyond that, 10 new projects (1,093 rooms) are in the pipeline for the near future.

HOTEL MARKET PERFORMANCE

Cambridge is the main city of Cambridgeshire, a county in the East of England. According to data by Visit Britain, hotels in Cambridge and East of England recorded ADR of £67.07 and occupancy at 75% in 2019. Following the lockdown in 2020 for which data was unavailable, in 2021, ADR fell by 5.2% and occupancy by 16 percentage points compared to 2019. As lockdown restrictions further eased, domestic travel returned and supported hotels locally, which resulted in a recovery. 2022 saw a healthy expansion in ADR to £76.47 with occupancy bouncing back to 76% underpinned by pent-up demand. Latest YTD September 2023 data shows that ADR has increased further to £82.73 with occupancy at 80%, surpassing the performance of the past four years. Comparing that to the same period last year, ADR increased by a robust 8.4% and 2 percentage points for occupancy.

HOTEL MARKET OUTLOOK

The UK's hotel and tourism sector is on a strong path to recovery, underpinned by the surge of visitations from pent-up travel demand, particularly from the domestic market. Further, the recovery in flight capacity supported the influx of regional (European) tourism as well as long haul tourists from the United States, especially during the summer holiday season.

Higher interest rates, rising costs for goods, energy and staff wages, as well as a shortage of skilled workers are challenges that hoteliers continue to face. However, according to a study done by Deloitte, demand for premium hotel assets in UK remains robust. Divesture and acquisition activity increased by 24% and 58%, respectively, and opportunities ranging from entry to expansion in the market are coveted.

The appeal of Cambridge is the distinct nature of the world-renowned university. The university is responsible for 78% (£23 billion) of its city's economic impact, with research and commercial activities, including companies that came out from or closely related to it. It is heavily inclined towards biomedical, pharmaceutical, artificial intelligence and advanced manufacturing. As the university is back to teaching on-site, students, relatives visiting students, and corporates have returned to this beautiful and quaint city, reinforcing its tourism appeal.

MANCHESTER, UNITED KINGDOM HOTEL PROPERTY SECTOR

TOURISM MARKET

The Office of National Statistics (ONS) reports that the number of tourist visits made to the UK from overseas fell by 82.9% down to 7 million in 2020 from a peak of 40.9 million visitors in 2019, with a decline of 84.9% in spending to £4.3 billion. In 2021, inbound visits were recorded at 6.4 million, 8.6% less than that compared to 2020, however, spending was £5.7 billion, £1.4 billion more in that period. The average spend per visit was £891 in 2021 compared to £694 in 2019. In 2022, America ranked the first in the top five countries in tourist arrivals, as international travel returned with countries opening their borders and without the need for quarantine. France ranked second, followed by Ireland, Germany and Spain.

Year-to-date June 2023, tourist arrivals are recorded at 17.6 million with £13.5 billion in spending, which is 50% more tourist arrivals and 39% more in spending compared to 2022 in the same period. The UK is expecting to receive over 39.5 million overnight visitors with £34.1 billion worth of spending for 2024.

EXISTING AND FUTURE SUPPLY

Based on Top Hotel Projects (THP), UK had 431 hotel projects, equivalent to 61,232 rooms in different stages of development in 2023 with some to complete beyond 2025. Of these, 112 hotels will be five-star hotels and 319 four-stars hotels. London will see the bulk of these new hotels, followed by Manchester and Edinburgh to receive 23 new hotels each, amounting to 7,720 rooms.

Leonardo Hotel Manchester Piccadilly, Maldron Hotel and Clayton Hotel are among the seven hotels that opened its doors in 2022, joining the nine new hotels that opened in Manchester in 2021, adding an approximate of 2,749 rooms in total.

2023 and 2024 will see fourteen new hotels which includes Malmaison Manchester Deansgate (70-rooms), Forty-Seven (34-rooms), The Reach at Piccadilly, Manchester (215-rooms), Mollie's Manchester (130-rooms) and Treehouse Manchester (216-rooms). Beyond that, one of the notable openings will be the W Hotel (162-rooms) which is expected to open in the first quarter of 2027.

HOTEL MARKET PERFORMANCE

Manchester is the main city in Northwest England. According to data by Visit Britain's report, 2019 recorded ADR of £71.17 and occupancy at 76%. 2020 data was unavailable due to local lockdowns. In 2021, ADR fell by 15.1% as compared to 2019. Occupancy fell from 76% in 2019 to 53% in 2021. As lockdown restrictions eased, domestic travel returned and supported hotels locally, which resulted in a strong rebound in performance. 2022 therefore saw a healthy extension in ADR at £79.15 with occupancy bouncing back to 71%. At the end of 2023, ADR rose to £86.46 with occupancy at 76%, surpassing the past four years performance. Comparing that to the same period last year, ADR increased by robust 7.1% and 3 percentage points for occupancy.

HOTEL MARKET OUTLOOK

The UK's hotel and tourism sector showed signs of recovery, underpinned by the surge of visitations from pent-up travel demand. The recovery in flight capacity helped supported the influx of regional (European) tourism as well as long haul tourists from the United States, especially during the summer holiday season.

Manchester is consistently behind London as UK's second most visited city for overnight stays in both domestic and international markets. It frequently receives an influx of visitors due to soccer games related to its famous Premier football teams, Manchester United and Manchester City, as well as for leisure and commerce. Manchester is expecting major infrastructure projects such as the Co-Op Live Arena to be completed within the next year. This will positively impact hotel demand in the city.

Despite various headwinds such as higher interest rates, rising costs for goods, energy and staff wages, as well as a shortage of skilled workers, which affects hotelier's profit margin, 2023 saw five hotel transactions with Manchester Corn Exchange (144-rooms) being sold at the highest of £38.5 million (£0.3 million per key). This shows that the market is active, and Manchester is well positioned as an attractive tourist and investment destination.

MANCHESTER, UNITED KINGDOM RESIDENTIAL MARKET

Knight Frank

BUILD-TO-RENT MARKET

The UK Build-to-Rent (BTR) market has not been unaffected by the challenges in the macro-economic backdrop, including high inflation and cost of debt, but some of the more transitory pressures are easing. The UK's annual rate of inflation has stayed steady at 4% from December 2023 to January 2024, and markets currently expect between three and four cuts of 0.25% to the current bank rate of 5.25% over the next 12 months. However, other figures released in February 2024 suggest that this data should be handled carefully. Importantly, wage growth was 6.2% from October to December 2023, driving core inflation despite the headline inflation falling towards its 2% target.

Across 2023 there was £4.6 billion of investment into UK BTR, with £1.9 billion worth of transactions in Q4 and resulting in it being a record year. Single Family Housing transactions totaled £1.9 billion across the year, accounting for just over 40% all BTR investment over the course of the year, up from 7% in 2021. Unsurprisingly, given the push into SFH, the regions accounted for 77% of all investment into UK BTR last year, with London taking the remaining 23%. Increased transactional evidence through Q4 has given investors greater confidence on pricing metrics and yield positioning which will further facilitate investment. Capital values, meanwhile, have generally held firm thanks to ongoing strong rental growth.

EXISTING & FUTURE SUPPLY

The supply of rental homes is falling, with 41% fewer properties listed to let on Rightmove in December 2023 compared with the pre-pandemic (January 2017- December 2019) average. This is driven by lower churn as tenants seek to avoid high rent increases, and by buy-to-let landlords exiting the sector. This trend is reflected in the Manchester and Salford rental markets too, where rental listings are 23% down on the 2017-2019 average.

Despite the number of completed BTR homes in the UK tripling over the last five years to c.100k units, this only accounts for 1.8% of PRS households in the UK. The pipeline of 67k BTR units that are currently under construction still only brings the market penetration rate in the UK to 2.8%. The growing population of private renters is preventing the market penetration rate from increasing, even as BTR supply increases.

There are 68 completed BTR schemes in Manchester & Salford, which provide 16k BTR homes. This accounts for just 14.5% of PRS households in the local authorities. According to Experian, there are approximately 112k PRS households in Manchester & Salford local authorities. An additional 6,596 BTR units are under construction across 17 schemes. When combined, the complete and under construction BTR units in Manchester & Salford account for 20.4% of PRS households. This leaves more than 89k PRS households who are not provided for by existing or pipeline (under construction) BTR supply.

DEMAND DRIVERS

There is strong demand for BTR accommodation in Manchester. According to Experian, there are c. 112k PRS households across Manchester & Salford, accounting for 29% of the total. 67k (60%) of these PRS households fall within key demand groups for BTR demand: Experian MOSAIC Group A City Prosperity and Group O Rental Hubs.

According to the ONS (mid-year 2021 estimates) the population of Manchester & Salford is more than 832k people, 55% of which are aged under 35. A strong presence of young people is an indicator of BTR demand. The population of Manchester & Salford is expected to grow by 9% by 2041.

Households in Manchester have a median PRS household income of £53,200 per annum (pa), which equates to a maximum suggested rent of £1,777 per calendar month (pcm). The upper quartile PRS household income of £78,600 pa equates to up to £2,620 pcm on rent. These maximum suggested rents are based on the assumption that households will spend up to 40% of their gross income on rent at a good quality BTR scheme. The strong household income levels of PRS households in Manchester is an indicator of BTR demand, as it means there is a large pool of PRS households who have high enough incomes to afford to rent in a good quality BTR scheme.

Employment growth is a key driver of PRS and BTR demand. Manchester local authority is predicted to see 67k net additional jobs by 2032, largely driven by the growth in the "Professional, Scientific & Tech" sector. Oxford Economics predicts that Manchester will see 20.4% growth in employment over the next 20 years, which is considerably higher than the 7.8% predicted for the UK as a whole [(1)]. Manchester's strong employment market will continue to attract private renters to the city.

MARKET PERFORMANCE AND OUTLOOK

The imbalance between supply and demand for rental homes in the UK is putting upward pressure on rents. The Knight Frank BTR Rental Index has recorded 5.5% year-on-year (YoY) rental growth for BTR properties across the UK, as at November 2023. The five-year total growth (5 years to November 2023) for UK BTR is 28% compared with only 15% for the wider PRS. This demonstrates the potential for BTR assets to outperform the wider market when it comes to rental growth. As at Q4 2023, Manchester local authority has seen 14% YoY change in average asking rents, and 8.85% average annual change over the last five years [(2)]. The Knight Frank Rental Market Forecast (published in January 2024), predicts cumulative rental growth over the next five years of 17.6% for the UK [(3)].

(1) The latest projections were published by Oxford Economics in January 2024 and may be subject to change. Forecasted data begins from 2023.
(2) Rental indices are created based on average asking rents and are therefore influenced by the nature of stock on the market at any one time, and do not reflect pure price inflation. For example, an increase in average asking rents could be due to an increase in new build, high end stock and does not necessarily mean that other property types have seen an increase in rental pricing.
(3) Forecasts relate to average rents in the PRS. New build rents, such as those in the BTR sector, may not move at the same rate. Regional forecasts are based purely on dispersion in growth of income forecasts across the regions. Regional forecasts are provisional and may be subject to change.

MUNICH, GERMANY
HOTEL PROPERTY SECTOR

TOURISM MARKET

Year-to-date November 2023, Munich welcomed some 7.8 million visitors, up 23.7% compared to the same period last year. Munich is the second largest city after Berlin in terms of overnight stays. It attracts both leisure and business travellers as it's the most important business hub in southern Germany. 9 out of 40 DAX listed businesses are in the city and around 30% of the region's population have foreign citizenship. It is a highly diverse economic powerhouse with strong international ties.

Munich is also a popular city destination, with many places of interests and public events namely the Oktoberfest, which welcomed 7.2 million visitors in 2023, and trade fairs like MICE and Expo Real, which attracted approximately 2.5 million people each. Attractions include Marienplatz and the New Town Hall, BMW World, Cathedral Church of Our Lady, Nymphenburg Palace, and the Olympic Park.

Germany's tourism industry saw the first signs of recovery when Covid-19 restrictions ended in May 2021. Key performance indicators reflected positively for most German markets. According to a survey by TGM Global, in 2023, 67% of Germans had plans to travel domestically and 33% internationally. Many of those are also willing to spend more on their trips than compared to previous years. This helped supported hotel businesses locally.

EXISTING AND FUTURE SUPPLY

In 2022, the number of beds in Munich increased by 7.8% from 2021 to 92,240 operational beds with 458 hotels, this number was still 5% behind 2019. There are currently approximately 3,000 new rooms (18 hotels) in different stages of construction, entering the market in the near term. Of these new additions, roughly 25% of them are economy to midscale, another 25% are upper upscale and luxury, while the remaining are split into upper midscale and upscale classes. There is a slight shift with midscale hotels owning 48% of the market share, while upscale continue to own 40%. Some notable openings include Munich Marriott Hotel City West (398-rooms), Motel One Schillerstraße (282-rooms), JW Marriot at Karlsplatz (108-rooms), Rosewood Munich (132-rooms) and Mandarin Oriental Munch (70-rooms).

HOTEL MARKET PERFORMANCE

According to data from STR, 2023 showed higher figures for occupancy (64.5%), ADR (€114.86) and RevPAR (€74.08) than compared to the same period in 2022. As 2022 was still impacted by travel restrictions, comparing 2023 to 2019, occupancy was 10.8 percentage points lower. Nonetheless, travellers were willing to spend more, therefore ADR was able to achieve a growth of 17.2% compared to €97.92 in 2019.

Given that Munich has a strong demand for both leisure and business travel, domestically and internationally, it is able to command one of the highest ADR in all German cities.

HOTEL MARKET OUTLOOK

With headwinds such as supply and staffing issues, inflation and hike in energy prices caused by sanctions imposed on the war in Europe, the climate is uncertain and difficult. However, as tourism continues to improve, the positive occupancy rates and ADR creates an optimistic attitude.

In 2023, only circa €428.3 million was invested into German hotel assets, which was the lowest mid-year results for the last 10 years. In Q2 alone, only €128 million were transacted. This shows that the hotel investment market appears to be following overall market trend of owners holding on to their properties due to uncertain market environment, especially with regards to interest rates and purchase prices. Most of the investments in 2023 were into value-add and opportunistic assets. 34% of transactions were such deals. As hotels are currently delivering good performance with excellent occupancy rates, operators can charge higher room rates and therefore, recoup higher costs. Many operators are stable economically and are expanding.

Increased market activity is expected as there is a larger number of assets and portfolios available for sale as we enter 2024, both on and off-market, than compared to 2023. As Munich is one of Germany's strongest hotel markets, backed by robust domestic, international, leisure and corporate demands, and with the third additional runway at the airport in the making, Munich is well positioned to continue its upward momentum.

FLORENCE, ITALY HOTEL PROPERTY SECTOR

CUSHMAN & WAKEFIELD

FLORENCE TOURISM MARKET

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

Florence plays an important role in Italian fashion, and is ranked in the top 15 fashion capitals of the world by Global Language Monitor (September 2023); furthermore, it is a major national economic centre, as well as a tourist and industrial hub. It is the 4th richest Italian city.

According to the latest data available of the Istituto Nazionale di Statistica (ISTAT), in 2022 Florence recorded approximately 3.2 million visitor arrivals and 7.4 million room nights, with an average length stay of 2.3 days. In the three-year period from 2019 to 2022, CAGR for visitor arrivals was 3.0% while CAGR for room nights was -2.0%.

The nationality mix of room nights for 2023 highlights that USA, Australia and Canada were the main international markets followed by Brasil, China, Mexico, Japan and South Korea.

In 2019, the market was dominated by the international component which accounted for the 52% of the overall bednights, compared with 48% of the domestic demand. In 2022, the international component increased to 75% of total bednights.

LOCAL ECONOMY

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

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

EXISTING AND FUTURE SUPPLY

As at the end of 2022, there were 351 hotels and 13,841 rooms in Florence.

The market is mostly dominated by 4-star and 3- star properties which account for 55% and 27% of the overall number of rooms respectively.

In the three-year period from 2019 to 2022, the number of hotels and number of rooms had a CAGR of -3.0% and -2.0% respectively.

PIPELINE

There is also a strong pipeline of new supply with 13 hotels, due to enter the market from 2024.This new supply adds up to nearly 1,700 hotel rooms and 970 PBSA beds.

HOTEL MARKET PERFORMANCE

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

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

In the five year period from 2015 to 2019, ADR increased at a CAGR of 8.6%, resulting in an increase in RevPAR at a CAGR of 10.2% In 2019, Florence reached an occupancy level of 75.6%, an ADR of €181 and a RevPAR of €137.

The occupancy level slightly decreased between 2019 and 2020, increasing then between 2021 and 2022.

The ADR has increased by 19% between 2022 and 2023.

The RevPAR has constantly increased in the period between 2014 and 2023, except for the pandemic period.

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

Finally, analyzing Florence hotel performance (according to the latest available STR/AICA data), RevPAR for YTD September 2023 increased 15% compared with YTD September 2019, driven by a significant increase in ADR.

HOTEL MARKET OUTLOOK

The hotel trend performance in Italy in the first 11 months of 2023 showed positive results, with an increase of RevPAR at a CAGR of 10% compared to 2019. In particular, market occupancy level was at 70%, with an ADR of €249, resulting in a RevPAR of €174.

According to the latest available regional data (2022), an increase of around 8.3% of visitor arrivals and 6.9% of bednights has been registered in the accommodation facilities in Tuscany, compared to 2021.

Within the alternative asset classes, as of Q3 2023, the hospitality sector continued to grow on a quarterly basis, with an increase of 18% over the second quarter. In 2023, investment volume stood at €1.3 billion, a 2% decline on 2022.

Within the next few years, the hotel supply in Florence is expected to increase. Several future openings, within the 4 and 5-star segment, will be operated by international hotel chains for an overall supply increase of approximately 1,700 rooms.

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, 70

Chairman
Independent Non-Executive Director

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

Board committees:
- Nominating and Remuneration Committees (Chairman)

Present directorships in other listed companies:
- Nil

Present principal commitments:
- Thoughts Advisory Pte. Ltd. (Founder and Chief Executive Officer)

Other appointments:
- Singapore Institute of Directors (Fellow)

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

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

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

VINCENT YEO WEE ENG, 55

Chief Executive Officer
Executive Director

Date of 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:
- CDL Investments New Zealand Limited (Non-Executive Director)

Present principal commitments:
- Nil

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), 66

Lead Independent Non-Executive Director

Date of 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:
- Kenon Holdings Ltd. (Independent Non-Executive Director)
- Mewah International Inc. (Lead Independent Non-Executive Director)
- Tung Lok Restaurants (2000) Ltd (Independent Non-Executive Chairman)

Present principal commitments:
- Tower Capital Asia Pte. Ltd. (Independent Non-Executive Director)
- Business Circle Singapore Pte. Ltd. (Executive Director)

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

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 Master of Business Administration from McGill University and an honorary Doctorate of Commerce from James Cook University Australia, in honour of his contribution to education and the community.

KENNY KIM, 56

Independent Non-Executive Director

Date of appointment as Director:	25 January 2017

Board committees:
- Audit and Risk Committees (Member)

Present directorships in other listed companies:
- Pelikan International Corporation Berhad (Non-Executive Director)

Present principal commitments:
- Ikhlas Capital Singapore Pte. Ltd. (Founding Partner and Chief Executive Officer)
- Zezz FundQ Pte Ltd (Non-Executive Director)

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

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

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

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

BOARD OF DIRECTORS

CHEAH SUI LING, 52

Independent Non-Executive Director

Date of appointment as Director: 18 August 2017

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

Present directorships in other listed companies:
- Parkway Trust Management Limited, as Manager of Parkway Life REIT (Independent Non-executive Director and Chairman of Audit and Risk Committee)
- TeleChoice International Limited (Independent Non-executive Director and Chairman of Audit Committee)

Present principal commitments:
- Pathology Asia Holdings Pte. Ltd. (Independent Director and Chair of Audit Committee)
- ecoSPIRITS Pte. Ltd. (Executive Board Chair)
- Wavemaker Partners (Operating Partner)

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

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

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

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

KWEK EIK SHENG, 42

Non-Independent Non-Executive Director

Date of appointment as Director: 20 October 2022

Board committees:
- Nil

Present directorships in other listed companies:
- Millennium & Copthorne Hotels New Zealand Limited (Non-Executive Director)
- CDL Investments New Zealand Limited (Non-Executive Director)
- Grand Plaza Hotel Corporation (Non-Executive Chairman)

Present principal commitments:
- City Developments Limited (Group Chief Operating Officer)
- Millennium & Copthorne Hotels Limited (Executive Director)

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

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

Prior to joining CDL, he was with the Hong Leong Group of companies in Singapore, specialising in corporate finance roles from 2006 to 2008. Mr Kwek was appointed an Executive Director of CDL's principal subsidiary, Millennium & Copthorne Hotels Limited (M&C), previously listed on London Stock Exchange under the name "Millennium & Copthorne Hotels plc" in November 2019, having previously been appointed a Non-Executive Director of M&C from April 2008 to October 2019.

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

BOARD OF THE H-REIT MANAGER AND HBT TRUSTEE-MANAGER

CHAN SOON HEE, ERIC Chairman and Independent Non-Executive Director	**KENNY KIM** Independent Non-Executive Director
VINCENT YEO WEE ENG Chief Executive Officer and Executive Director	**CHEAH SUI LING** Independent Non-Executive Director
FOO SAY MUI (BILL) Lead Independent Non-Executive Director	**KWEK EIK SHENG** Non-Independent Non-Executive Director

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

FOO SAY MUI (BILL)
Chairman

KENNY KIM
Member

CHEAH SUI LING
Member

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

CHAN SOON HEE, ERIC
Chairman

FOO SAY MUI (BILL)
Member

CHEAH SUI LING
Member

KEY MANAGEMENT

VINCENT YEO

Chief Executive Officer

Mr Yeo is also the Executive Director of the H-REIT Manager and the HBT Trustee-Manager and his profile can be found under the "Board of Directors" section on page 44 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 long-term strategy while focusing on optimising revenue and investment returns.

Ms Gan brings more than 35 years of experience in the areas of financial management, strategy, 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 CDLHT, 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 and Ernst and Young, Singapore in various leadership roles, leading due diligence and acquisition audits, profit forecast reviews and the statutory audits of several public-listed companies and large multinational corporations. Ms Gan is a Chartered Accountant with the Institute of Singapore Chartered Accountants and a Fellow of Certified Public Accountants Australia and holds a Bachelor of Commerce from The Australian National University.

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 hospitality portfolio. He also leads and manages the company's ESG programme.

Mr Kitamura has 36 years of experience in hospitality and previously served as Senior Vice President of asset management for GIC Real Estate where he was responsible for the sovereign fund's Asia-Pacific hospitality portfolio comprising assets such as the Westin Tokyo, Shangri-La Sydney and Park Hyatt Melbourne, a portfolio of Oakwood serviced apartments in Japan and a retail portfolio in Sydney, Australia.

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

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

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

MANDY KOO

Head, Investments & Investor Relations

Ms Koo is responsible for sourcing, evaluating, structuring, negotiating and executing potential acquisitions with a view to enhance CDLHT's investment portfolio. Her role includes the analysis and execution of suitable divestment opportunities and operator selection exercises for CDLHT. Ms Koo leads the mobilisation of the new residential build-to-rent property in the UK and will oversee the asset management of the residential rental housing asset class. 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 19 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

Lobby

Orchard Hotel

442 Orchard Road, Singapore 238879

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

656
Guest Rooms

8,588
SQ M Land Area

S$515M
Valuation as at 31 Dec 2023

Hua Ting Restaurant

Deluxe Queen 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

Orchard Grand Ballroom can be convertible into three separate smaller ballrooms and comes equipped with two floor-to-ceiling LED walls

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

Other facilities: 25m outdoor pool, fitness studio and a destination mall adjoining the hotel - Claymore Connect

Car park facilities: 452 car park lots (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 2023:
S$515.0 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 2023 KEY FINANCIALS

Rental income: S$24.3 million

Net property income: S$22.9 million

Average occupancy rate: 78.1%

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

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

The hotel features a host of dining venues and conference facilities. The Grand Ballroom is one of the largest pillar-free ballrooms in Singapore that can seat up to 1,500 people theatre-style. It is also equipped with two floor-to-ceiling LED walls.

NOTABLE ACCOLADES

- BCA Green Mark Gold Plus
- TripAdvisor Travellers' Choice Award (2021 – 2023)
- The Michelin Guide Singapore (Michelin Selected Restaurant) (2019 – 2023) – Hua Ting Restaurant
- World Gourmet Summit (WGS) Awards Hall of Fame: Hua Ting Restaurant
- Singapore Tatler Singapore's Best Restaurants | Hua Ting Restaurant (2017 – 2023) | The Orchard Cafe (2020 – 2023)
- Hotel Security Award (2022 – 2023) (Honesty)
- SHA Excellent Service Award (2018 – 2023)
- SHA Sustainability Award (2023)
- bizSAFE Level 3 (2023)
- MakeMyTrip Customer Choice Award
- HACCP (Hazard Analysis and Critical Control Points) Certificate (2023)

SINGAPORE


Lobby

Grand Copthorne Waterfront Hotel

392 Havelock Road, Singapore 169663

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

573
Guest Rooms

10,860
SQ M Land Area

S$420M
Valuation as at 31 Dec 2023


Ballroom


Grand Deluxe King Room

PROPERTY DETAILS

Number of guest rooms: 549 rooms and 24 serviced apartment suites

Number of food & beverage outlets: Five outlets comprising Food Capital, SanSara, The Lobby Lounge, Riverside Terrace and Red House Seafood

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

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

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 2023: S$420.0 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 2023 KEY FINANCIALS

Rental income: S$16.7 million

Net property income: S$15.4 million

Average occupancy rate: 65.0%

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

The 573-room premier deluxe conference hotel offers lifestyle comfort and business enabling conveniences. The hotel has a riverside location in proximity to the business district as well as being across the road from Havelock MRT station. Incorporated in the hotel are 24 serviced apartment suites with high ceilings. With one of the largest and best-designed meeting facilities in Singapore, the hotel is a choice venue for many multinational organisations. Having undergone a complete renovation of its conference facilities and its bedrooms during the year, the hotel now boasts very contemporary facilities. The asset enhancement initiatives will strongly boost the prospects for the hotel as one of the pre-eminent conference hotels in Singapore.

In October 2023, the hotel launched a new F&B concept, SanSara, which offers authentic North Indian cuisine to complement the global cuisines on offer at Grand Copthorne Waterfront Hotel. In February 2024, the Tempo Bar & Grill was relaunched as The Lobby Lounge and outdoor alfresco area as the Riverside Terrace.

NOTABLE ACCOLADES

- BCA Green Mark Platinum
- Singapore Hotel Sustainability Award (2023 – 2024)
- TripAdvisor Traveler's Choice Award (2023)
- WELL Health-Safety Rating (HSR) (2023)
- 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)

SINGAPORE


Suite

M Hotel

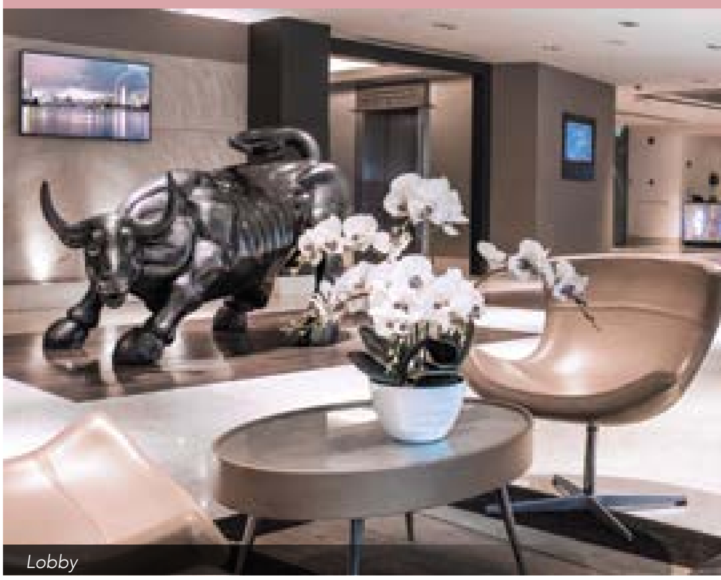
81 Anson Road, Singapore 079908

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$271M
Valuation as at 31 Dec 2023


Lobby


Banquet Suite

PROPERTY DETAILS

Number of guest rooms: 415

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

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

14 multi-function rooms equipped with complete meeting facilities

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

The Waterfloor features an outdoor swimming pool with jacuzzi 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 2023:
S$271.0 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 2023 KEY FINANCIALS

Rental income: S$12.6 million

Net property income: S$11.9 million

Average occupancy rate: 77.8%

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

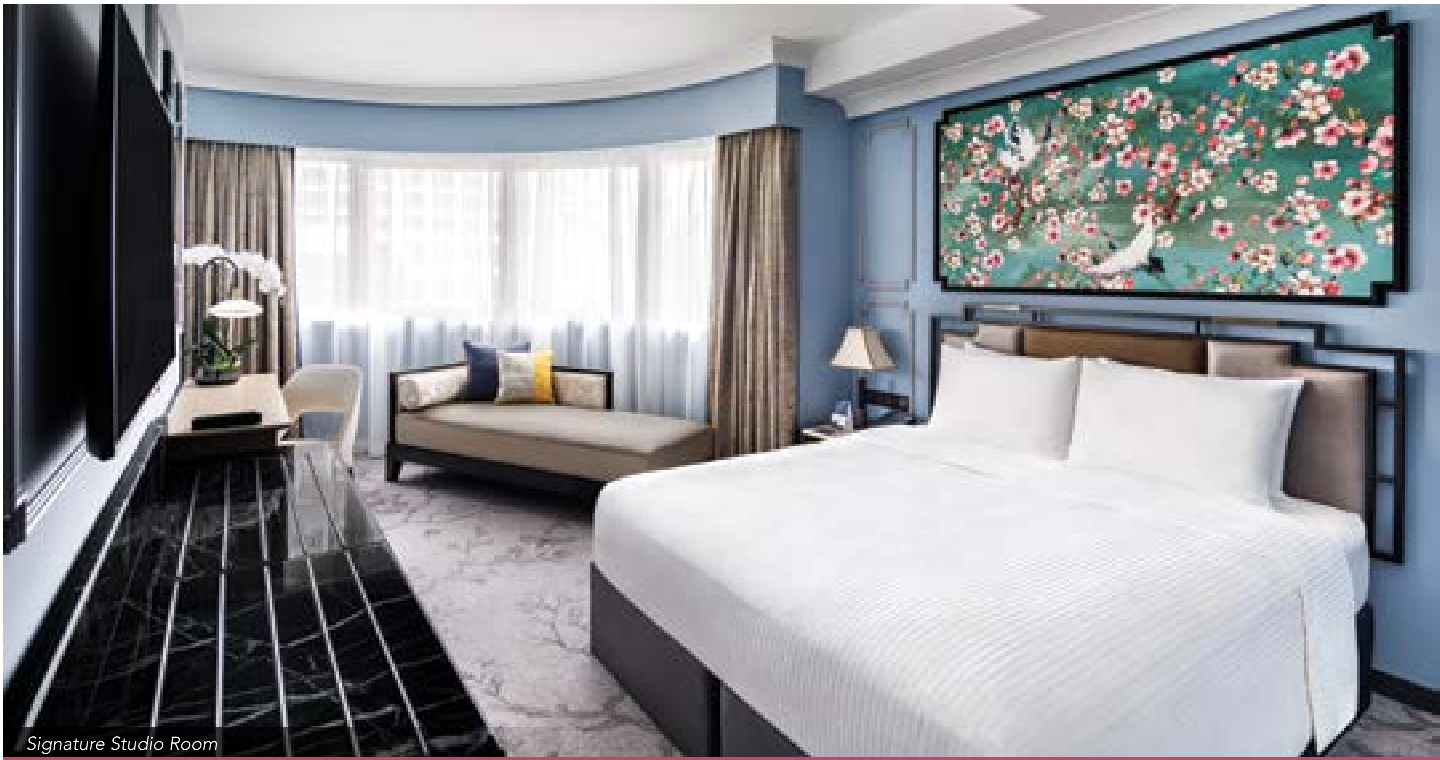
M Hotel, one of Singapore's premier business hotels, is strategically located in the heart of the financial district and close to government offices, the Integrated Resorts, Sentosa, Chinatown and Marina Bay. It is also located within walking distance to the Tanjong Pagar MRT station.

The hotel 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. Incorporated in the hotel are 32 fully furnished office suites with comprehensive secretarial support and meeting rooms.

NOTABLE ACCOLADES

- BCA Green Mark Gold Plus
- Singapore Hotel Sustainability Award (2023 – 2024)
- Best Business & MICE Hotel of the WORLDiary Collection of the year (2023 – 2024)
- WELL Health-Safety Rating (HSR)
- Hotel Security Awards (2023)
- SkillsFuture Employer Awards 2022 (Silver)
- Certificate of Commendation (COVID-19)

SINGAPORE



Signature Studio Room

Copthorne King's Hotel

403 Havelock Road, Singapore 169632

A superior business hotel that is in proximity to the Central Business District and Orchard Road shopping belt.

311
Guest Rooms

5,637
SQ M Land Area

S$146M
Valuation as at 31 Dec 2023

Lobby

Tien Court

PROPERTY DETAILS

Number of guest rooms: 311

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

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

Other facilities: Landscaped outdoor pool and jacuzzi, mini putting green, gymnasium, sauna and steam bath

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 2023: S$146.0 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 2023 KEY FINANCIALS

Rental income: S$9.1 million

Net property income: S$8.5 million

Average occupancy rate: 85.9%

Copthorne King's has 311 elegantly appointed rooms, accompanied with award-winning restaurants, fully equipped function rooms that can be configured to various meeting arrangements.

The hotel is conveniently located three minutes away from the Havelock MRT Station. It is also a five to eight minutes short walking distance to the entertainment precincts of Robertson Quay, Clarke Quay and Boat Quay while being in proximity to the Central Business District.

NOTABLE ACCOLADES

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

(1) The property was valued by Knight Frank 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 nestled in the heart of the Robertson Quay entertainment precinct and in proximity to the Central Business District.

360
Guest Rooms

2,932
SQ M Land Area

S$206M
Valuation as at 31 Dec 2023


Executive Loft


Lobby

PROPERTY DETAILS

Number of guest rooms: 360

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

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

Car park facilities: 30 car park lots

Land area: 2,932.1 sq m

Gross floor area: 8,258.9 sq m

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

Purchase price at 3 May 2011:
S$154.0 million

Valuation (1) as at 31 December 2023:
S$206.0 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 2023 KEY FINANCIALS

Rental income: S$9.1 million

Net property income: S$8.6 million

Average occupancy rate: 79.5%

Studio M Hotel is a unique and stylised lifestyle hotel in Singapore that seamlessly blends modern design with functionality. It is the first loft-inspired Singapore hotel that occupies a prime and vibrant location in the city, situated near both the Central Business District and Orchard Road. It is also within walking distance of the Havelock MRT station. The lifestyle hotel offers a great leisure getaway or business stay in the iconic entertainment precinct of Robertson Quay.

NOTABLE ACCOLADES

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

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

SINGAPORE


Away Suite

W Singapore – Sentosa Cove

21 Ocean Way, Singapore 098374

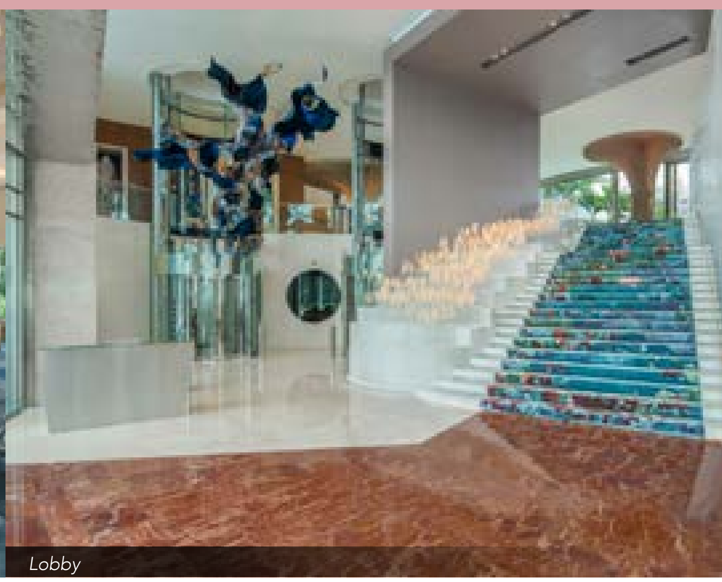
Located in Sentosa, a vibrant island resort for business and leisure, W Singapore – Sentosa Cove is a luxury lifestyle hotel under Marriott International. The hotel is an oasis of modern luxury for vivacious stay-cationers, sophisticated globetrotters and intrepid business travellers with an expansive view of the marina and seafront.

240
Guest Rooms

17,016
SQ M Land Area

S$354M
Valuation as at 31 Dec 2023


Ballroom


Lobby

PROPERTY DETAILS

Number of guest rooms: 240

Number of food & beverage outlets:
Four F&B outlets comprising SKIRT, the kitchen table, WOOBAR and WET Deck

Banquet/Conference/Meeting facilities:
Eight versatile meeting and event spaces covering more than 1,800 sq m

The ballroom of 720 sq m with a capacity of up to 480 guests banquet-style and 500 guests theatre-style, features an LED screen of 14 x 5 metres that can be split into two screens

Other facilities: AWAY Spa, a luxury spa facility with a decompression area, infrared therapy, 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 free-form outdoor pools, open 24-hours daily; and WIRED, a contemporary business centre

Car park facilities: 121 car park lots (1)

Land area: 17,016.0 sq m

Gross floor area: 25,374.3 sq m

Title: 99-year leasehold interest commencing from 31 October 2006

Purchase price at 16 July 2020:
S$324.0 million

Valuation (2) as at 31 December 2023:
S$354.0 million

HOTEL MANAGEMENT AGREEMENT DETAILS

Operator: Starwood Asia Pacific Hotels & Resorts Pte. Ltd., a 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 2023 KEY FINANCIALS

Rental income: S$58.7 million

Net property income: S$13.0 million

Average occupancy rate: 77.5%

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

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

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 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.

The lobby area of the hotel was augmented with a vibrant new W Lounge in August 2023 incorporating a new coffee and pastry counter. The transformation of the hotel's ballroom was completed in September 2023 with the addition of a massive 14m x 5m LED screen.

NOTABLE ACCOLADES

- Honeycombers Readers' Choice Awards 2023: Best Romantic Staycation in Singapore - Gold winner
- Honeykids Readers' Choice Awards 2023: Best Hotel for a Family Staycation - Silver Winner
- Travel + Leisure Luxury Awards Asia Pacific 2023 - 2nd Best Hotel Pool
- Harper's BAZAAR Spa Awards 2023: Best Drainage Massage
- TripAdvisor Travellers' Choice 2023 – SKIRT
- Singapore Food Agency's Farm-to-Table (FTT) Recognition (Base Tier)

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.

26	~7,187	S$110M
Tenants as at 31 Dec 2023	SQ M in NLA	Valuation as at 31 Dec 2023


Entrance

Facade

PROPERTY DETAILS

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

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

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

Purchase price at 19 July 2006: S$34.5 million

Valuation [1] as at 31 December 2023: S$110.0 million

FY 2023 KEY FINANCIALS

Rental income: S$7.6 million

Net property income: S$5.6 million

Total number of tenants as at 31 December 2023: 26

Committed occupancy rate as at 31 December 2023: 96.5%

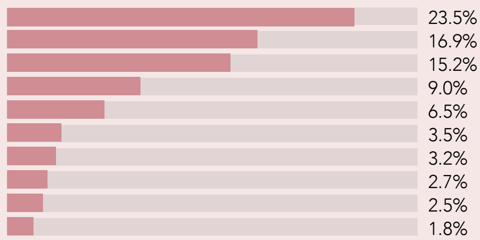
(1) The property was valued by Knight Frank Pte Ltd using a combination of the Capitalisation and Discounted Cash Flow approaches.

Claymore Connect is a family-friendly mall located within a short walking distance from Orchard MRT station. Its main entrance is along Claymore Road, with direct access to Orchard Hotel from the mall's mezzanine floor and Level 2.

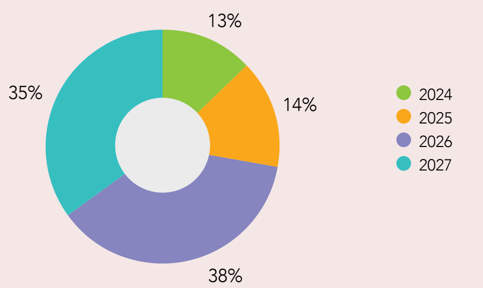
The mall caters to the captive residential population in the nearby precincts of Tanglin, Orchard and Claymore. Orchard Hotel guests also enjoy the convenience of the F&B outlets, beauty, wellness and lifestyle services at the mall.

Apart from the anchor tenant Cold Storage, Claymore Connect features tenants such as MapleBear Singapore - an early education centre, Line Pilates - Pilates studio dedicated to enhancing wellness and fitness and Wonderlit Education Centre - a creative enrichment space for young children.

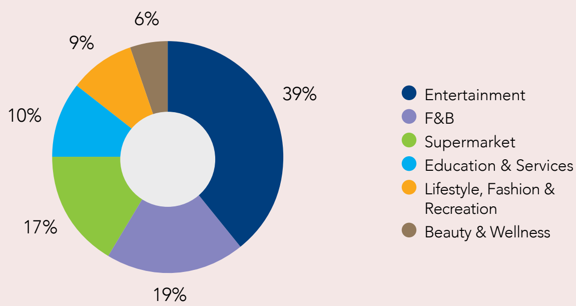
% CONTRIBUTION TO RENTAL INCOME OF TOP 10 TENANTS FOR FY 2023



LEASE EXPIRY ANALYSIS BY PASSING RENT AS AT MONTH OF EXPIRY



TENANT MIX BY RENTAL INCOME FOR FY 2023



AUSTRALIA

Beccaria Bar and Restaurant, Mercure Perth

Mercure & Ibis Perth

10 Irwin Street, Perth I 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	**757**	**A$45M**
Guest Rooms	SQ M Land Area	Valuation as at 31 Dec 2023

IBIS PERTH

192	**1,480**	**A$35M**
Guest Rooms	SQ M Land Area	Valuation as at 31 Dec 2023

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 with 6 separate function rooms accommodating up to 350 delegates	Three function rooms for up to 300 guests
Other facilities:	Large heated rooftop swimming pool and gym	Business centre
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 2023:	A$45.0 million	A$34.5 million

HOTEL MANAGEMENT AGREEMENT DETAILS

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

FY 2023 KEY FINANCIALS

Gross revenue:	S$11.2 million (2) (A$12.5 million)	S$9.1 million (2) (A$10.2 million)
Net property income:	S$1.9 million (2) (A$2.1 million)	S$2.3 million (2) (A$2.5 million)
Average occupancy rate:	66.6%	70.4%

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. This hotel has copious number of meeting rooms available with modern AV technology, accommodating up to 350 delegates. In 2023, Mercure Perth undertook a soft refurbishment of 123 West Tower rooms which includes new beds, carpets and curtains. New room furniture, light fittings and painting are expected to be completed by mid-2024.

Ibis Perth is located 300 metres from the prime Murray and Hay Street shopping precinct and a short walk to the Raine Square, Palace Cinema Complex and Yagan Square. The hotel also offers a full service breakfast restaurant, casual bar and bistro and function rooms catering for up to 300 guests.

(1) This property was valued by CBRE Valuations Pty Limited using a combination of the Capitalisation and Discounted Cash Flow approaches.
(2) Based on the average exchange rate of A$1.00 = S$0.8932.

NEW ZEALAND

Lobby

Grand Millennium Auckland

71-87, Mayoral Drive, Auckland 1010

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

453
Guest Rooms

5,910
SQ M Land Area

NZ$211M
Valuation as at 31 Dec 2023


Ember Restaurant


Front Desk

PROPERTY DETAILS

Number of guest rooms: 453

Number of food & beverage outlets:
Five outlets comprising Katsura Japanese Restaurant, Ember restaurant, sensory dining in the dark experience Dans le Noir?, Estelle's bar and the Aviary lobby bar

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

Other facilities: Full serviced business centre

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 2023:
NZ$211.0 million

MASTER LEASE DETAILS

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

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

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

FY 2023 KEY FINANCIALS

Rental income: S$7.3 million [(2)]
(NZ$8.8 million)

Net property income: S$7.3 million [(2)]
(NZ$8.8 million)

Average occupancy rate: 73.0%

The 453-room Grand Millennium Auckland is a prime 12-storey atrium-styled hotel located in New Zealand's main gateway city. The property is one of the largest hotels in the city comprising extensive conference facilities. It is 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 completed the refurbishment of the all-day dining restaurant and the lobby lounge in 2023. In March 2024, the hotel unveiled its ballroom transformation following an extensive makeover.

NOTABLE ACCOLADES

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

(1) The property was valued by CBRE Limited using a combination of the Capitalisation and Discounted Cash Flow approaches.
(2) Based on the average exchange rate of NZ$1.00 = S$0.8250.

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$57M
Valuation as at 31 Dec 2023

Lobby

Beach Villa

PROPERTY DETAILS

Number of villas:
79 Beachfront Villas, 34 InOcean Villas

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

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

Land area: 67,717 sq m

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

Purchase price at 31 January 2013:
US$71.0 million

Valuation (1) as at 31 December 2023:
US$57.0 million

MASTER LEASE DETAILS

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

Term of lease: 10 years from 1 February 2023

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

FY 2023 KEY FINANCIALS

Rental income: S$8.5 million (2)
(US$6.3 million)

Net property income: S$8.2 million (2)
(US$6.1 million)

Average occupancy rate: 62.2%

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.

NOTABLE ACCOLADES

- Travel Trade Maldives' Best Honeymoon Destination 2023
- TripAdvisor Traveller's Choice 2023
- EarthCheck Gold Certificate (2019 – 2023)
- Luxury Travel Guide Spa & Wellness Awards 2018

(1) The property was valued by Colliers International Consultancy & Valuation (Singapore) Pte Ltd using the Discounted Cash Flow approach.
(2) Based on the average exchange rate of US$1.00 = S$1.3425.

MALDIVES

Yuzu Restaurant & Yapa Sunset Bar

Raffles Maldives Meradhoo

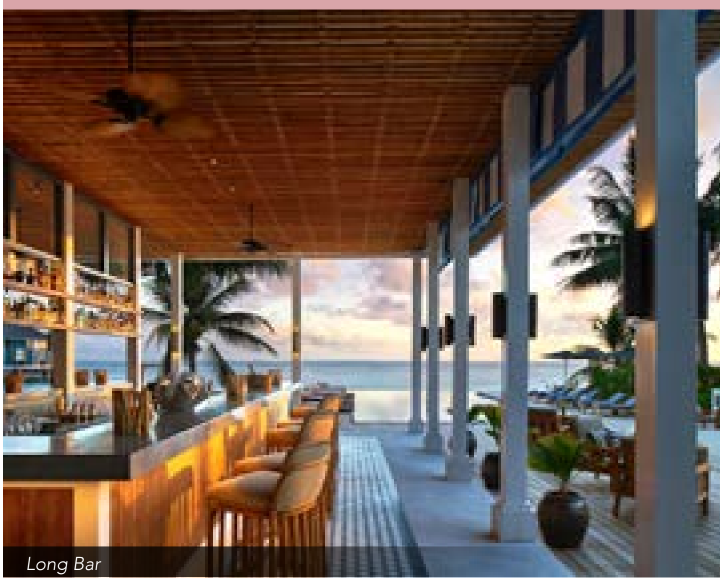
Meradhoo Island, Gaafu Alifu Atoll, Republic of Maldives

Tucked away at the southern edge of the Maldives archipelago, Raffles Maldives Meradhoo is the premier destination focusing 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$46M
Valuation as at 31 Dec 2023



Long Bar

Beach Residence

PROPERTY DETAILS

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

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

Other facilities:
PADI 5 Star dive and water sports centre, paddle tennis court and multipurpose ground, Raffles Spa, kids club, overwater fitness and yoga studio, two infinity edge pools, 24-hour butler service and resort boutique

Land area: 53,576 sq m

Title: 99 year leasehold interest commencing from 15 June 2006

Purchase price at 31 December 2013:
US$59.6 million

Valuation (1) as at 31 December 2023:
US$46.0 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 2023 KEY FINANCIALS

Gross hotel revenue: S$13.8 million (2)
(US$10.3 million)

Net property income: -S$1.0 million (2)
(-US$0.8 million)

Average occupancy rate: 45.9%


Raffles Maldives Meradhoo Whale Shark Encounter


Overwater Villa

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 resort boasts two healthy reefs, home to abundant exotic marine wildlife. The resort is accessible via a 90-minute direct seaplane flight from Malé and can also be reached via a 55-minute domestic flight from Malé International Airport to Kaadedhdhoo Airport, followed by a 15-minute speedboat journey. Private jets can land at Gan International Airport or Kooddoo Airport and connect to the resort via seaplane or speedboat.

The 38-villa luxury resort offers two distinct experiences, a private island with 22 beachfront villas (including the presidential villa - Raffles Royal Residence), and an overwater enclave with 16 villas. The one to two-bedroom villas range from approximately 220 to 300 sq m, each with its own private pool. The resort's 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 Raffles Royal Residence, features a spacious 1,250 sq m ultra-luxury villa comprising three bedrooms, a rooftop bar and a 40-metre private infinity pool.

NOTABLE ACCOLADES

- Green Globe Certified – Standard 1.7
- TripAdvisor Travellers' Choice 2021, 2022 & 2023
- World Luxury Hotels Awards – Maldives Luxury Island Resort (2020 Country Winner)
- Best New Hotels in the World 2019 by Town & Country Magazine
- Raffles Royal Residence – Most Outrageous Villa by Travel + Leisure Luxury Awards Asia Pacific

(1) The property was valued by Colliers International Consultancy & Valuation (Singapore) Pte Ltd using the Discounted Cash Flow approach.
(2) Based on the average exchange rate of US$1.00 = S$1.3425.

JAPAN


Hotel MyStays Asakusabashi


Hotel MyStays Kamata

Hotel MyStays Asakusabashi & MyStays Kamata

1-5-5 Asakusabashi, Taito-Ku, Tokyo 111-0053 I 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

¥4.6B Valuation as at 31 Dec 2023

KAMATA

116 Guest Rooms

497 SQ M Land Area

¥3.0B Valuation as at 31 Dec 2023


Modern Twin Room Sakura, Hotel MyStays Asakusabashi


Standard Double Room, Hotel MyStays Kamata

PROPERTY DETAILS

Hotel:	Hotel MyStays Asakusabashi	Hotel MyStays Kamata
Number of guest rooms:	139	116
Other facilities:	1 convenience store	N.A.
Car park facilities:	6 car park lots	6 car park lots
Land area:	564 sq m	497 sq m
Title:	Freehold	Freehold
Purchase price at 19 December 2014:	¥3.20 billion	¥2.60 billion
Valuation (1) as at 31 December 2023:	¥4.57 billion	¥3.02 billion

HOTEL MANAGEMENT AGREEMENT DETAILS

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

FY 2023 KEY FINANCIALS

Gross revenue:	S$4.7 million (2) (¥494.6 million)	S$3.4 million (2) (¥351.0 million)
Net property income:	S$2.3 million (2) (¥240.5 million)	S$1.6 million (2) (¥161.7 million)
Average occupancy rate:	86.8%	87.7%

Hotel MyStays Asakusabashi and Hotel MyStays Kamata are within close proximity to major transportation networks and tourist attractions.

Hotel MyStays Asakusabashi, perfect for both business and leisure travellers, stands in a vibrant area of central Tokyo, surrounded by traditional craft shops and ample casual dining. Conveniently located, it offers easy access to the cultural hubs of Asakusa and Akihabara, and is close to major transport links providing accessibility to Tokyo's attractions. The hotel features on-site conveniences like a ground-floor convenience store and a variety of nearby dining options, ensuring a comfortable stay in the heart of the city.

Hotel MyStays Kamata, conveniently located near Keikyu-Kamata Station and just a 10-minute train ride from Haneda Airport, offers guests easy access to Tokyo's key destinations like Shinagawa and Shibuya. Nestled amidst the lively arcade streets of Kamata, the hotel is surrounded by a vibrant array of dining options, shops, and local attractions. This bustling area, combined with the hotel's accessibility to major urban centers, makes it an ideal choice for both business travellers and tourists seeking to experience the unique culture and flavors of the city.

Both hotels provide complimentary laundry facilities which ensure a convenient stay for long-stay guests.

(1) The property was valued by Cushman & Wakefield K.K. using a combination of the Capitalisation and Discounted Cash Flow approaches.
(2) Based on the average exchange rate of S$1.00 = ¥104.17.

UNITED KINGDOM

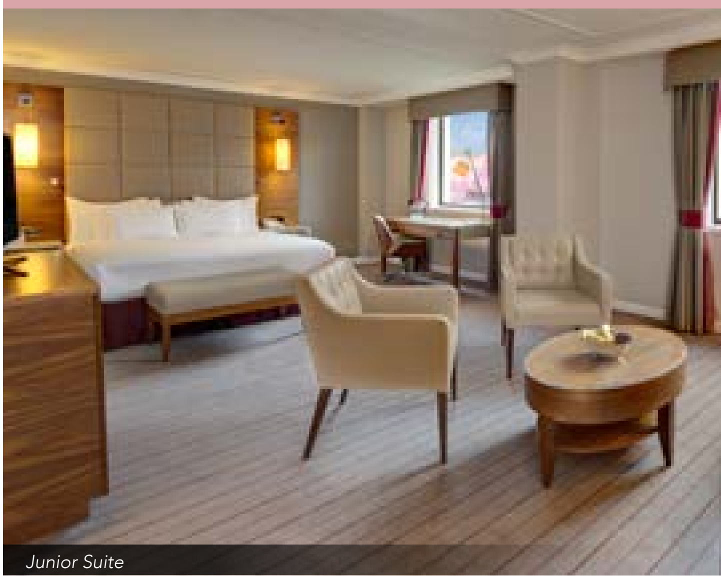
Executive Lounge

Hilton Cambridge City Centre

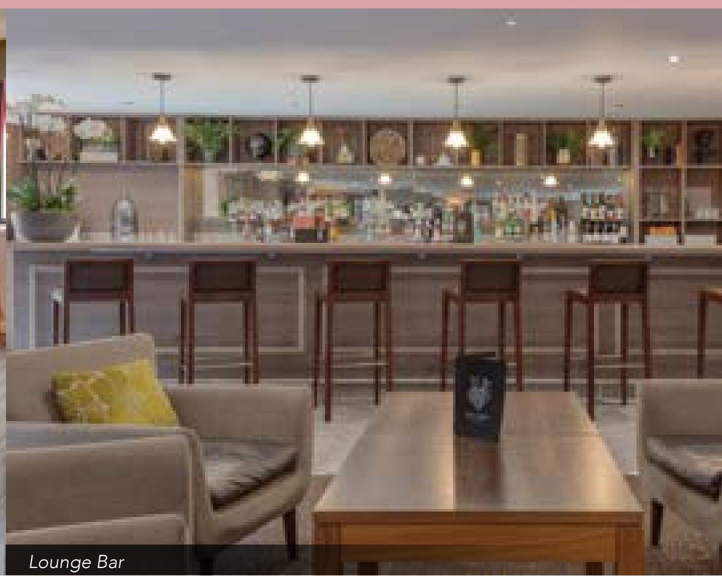
20 Downing Street, Cambridge CB2 3DT

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 Guest Rooms	~3,600 SQ M Land Area	£59M Valuation as at 31 Dec 2023



Junior Suite



Lounge Bar

PROPERTY DETAILS

Number of guest rooms: 198

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

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

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

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

Land area: ~3,600.0 sq m

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

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

Valuation (3) as at 31 December 2023: £58.5 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 2023 KEY FINANCIALS

Gross hotel revenue: S$19.7 million (4) (£11.8 million)

Net property income: S$6.2 million (4) (£3.7 million)

Average occupancy rate: 71.1%

Hilton Cambridge City Centre is an upper upscale hotel with 198 rooms, 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.

NOTABLE ACCOLADES

- TripAdvisor Certificate of Excellence (2015 – 2023)
- TripAdvisor GreenLeaders GreenPartner (2019 – 2023)
- Accreditation by the Meeting Industry Association (2017 – 2021)
- Cambridge BID Awards 2022 – Best Overall Customer Experience (Runner-up – Overnight Accommodation)
- Gold Accreditation for Overall Customer Experience in Cambridge BID Awards 2019
- Gold Accreditation for Bull & Bass Restaurant in Cambridge BID Awards 2018
- Hotels.com™ Certificate of Excellence (2017 – 2023)
- Booking.com Gold Certificate of Excellence (2017 – 2021)
- HolidayCheck Certificate of Excellence 2018
- Great Places to Work UK | 2020 (3rd place) | 2021 (1st place) | 2022 (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 Colliers International Consultancy & Valuation (Singapore) Pte Ltd using the Discounted Cash Flow approach.
(4) Based on the average exchange rate of £1.00 = S$1.6673.

UNITED KINGDOM

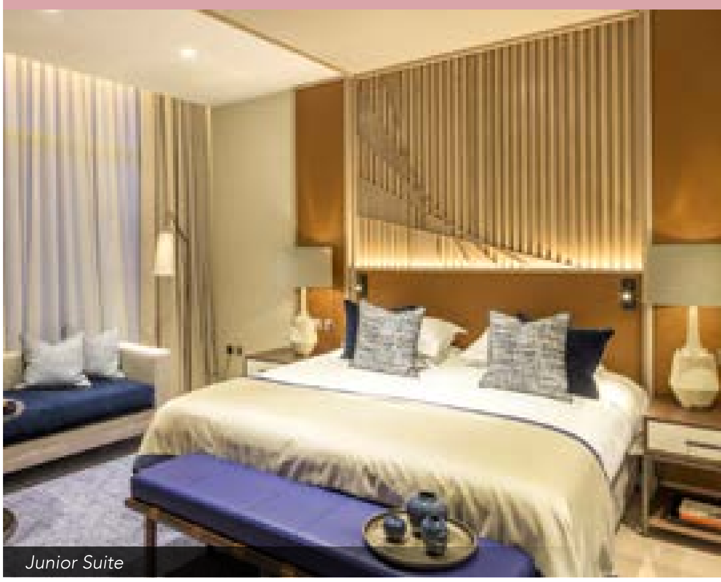
Lobby

The Lowry Hotel

50 Dearmans Place, Salford, Manchester M3 5LH

The iconic 5-star hotel is located in proximity to the heart of Manchester city centre and also within the vicinity of top office developments.

165	**~2,200**	**£46M**
Guest Rooms	SQ M Land Area	Valuation as at 31 Dec 2023



Junior Suite

The River Restaurant

PROPERTY DETAILS

Number of guest rooms: 165

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

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

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

Car park facilities: 88 car park lots

Land area: ~2,200.0 sq m

Title: 150-year leasehold interest commencing 18 March 1997

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

Valuation (2) as at 31 December 2023: £46.0 million

Operational Arrangement: Owner-operated, free of operator or brand

FY 2023 KEY FINANCIALS

Gross hotel revenue: S$21.4 million (3) (£12.8 million)

Net property income: S$4.8 million (3) (£2.9 million)

Average occupancy rate: 77.4%

The Lowry Hotel is an iconic 5-star luxury hotel which offers 165 rooms (Riverside Suites recently refurbished in 2023) 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.

NOTABLE ACCOLADES

- Most Loved Hotel at I Love Manchester Awards 2023
- Best use of Technology at The Cateys 2023
- The AA Rosette Award (2018 – 2022) – The River Restaurant (Two Rosettes)
- Manchester's Finest 2018 – Best Restaurant in Manchester
- Eat, Sleep and Drinks Awards 2017 – Best Hotel Restaurant in Manchester
- Best Bedroom CHS Awards 2017
- Good Spa Guide Bubble Rating of 5 Bubbles – RE:TREAT

(1) The purchase price of £52.5 million refers to the price of the property and excludes the adjustment for net working capital.
(2) The property was valued by Colliers International Consultancy & Valuation (Singapore) Pte Ltd using the Discounted Cash Flow approach.
(3) Based on the average exchange rate of £1.00 = S$1.6673.

UNITED KINGDOM

Salvation Bar

Hotel Brooklyn (to be rebranded to voco Manchester – City Centre around mid-2024)

57 & 59 Portland Street, Manchester M1 3HP

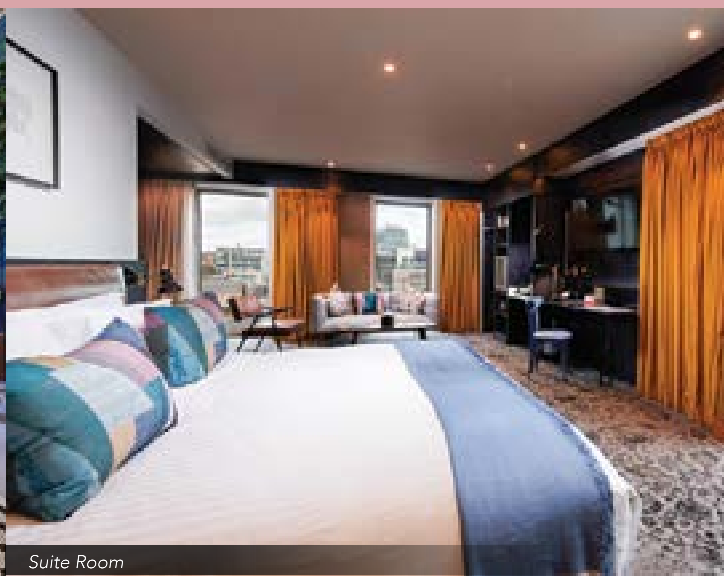
A 4-star upscale lifestyle hotel at the heart of Manchester city centre, providing guests convenient access to shopping, nightlife, attractions, and Manchester's commercial and business hubs.

189
Guest Rooms

~1,438
SQ M Land Area

£25M
Valuation as at 31 Dec 2023

Reception



Suite Room

PROPERTY DETAILS

Number of guest rooms: 189

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

Banquet/Conference/Meeting facilities:
Three meeting rooms (which can be combined and accommodate up to 175 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 2023:
£25.0 million

OCCUPATIONAL LEASE DETAILS

Occupational lessee: HLD (Manchester) Limited

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

Minimum rental income:
Fixed rent of £2.5 million [(4)]

FY 2023 KEY FINANCIALS

Gross hotel revenue: S$4.2 million [(5)]
(£2.5 million)

Net property income: S$4.2 million [(5)]
(£2.5 million)

Average occupancy rate: 85.4%

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 two-minute walk to Oxford Road train station and eight-minute walk to the Manchester Piccadilly, Manchester's main train station, and approximately 13.4 kilometres (20-minute drive) from the Manchester Airport.

During the year, the lessee for Hotel Brooklyn terminated existing arrangements with Bespoke Hotels which was managing the property and entered into an underlease with Kew Green. Kew Green has entered into a franchise agreement with IHG Hotels & Resorts to rebrand the hotel to voco Manchester - City Centre around mid-2024. The existing rental terms between H-REIT and the lessee remain the same.

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 & 2022) | Best City Hotel (2020 – 2022) | Best Hotel for Business (2022) | Best Hotel for Families (2022) | Best Hotel for Food (2022)
- 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 Colliers International Consultancy & Valuation (Singapore) Pte Ltd using the Discounted Cash Flow approach.
(3) The occupational lease has a term commencing on 7 May 2021 and expiring on 6 May 2081 with a break option exercisable by the occupational lessee on 15 January 2045 and then on every fifth anniversary from that date, by providing at least six months' prior notice to CDLHT.
(4) Pursuant to the occupational lease, the fixed rent applicable for 7 May 2023 to 6 May 2024 is £2.5 million. The fixed rent is subject to an annual upward-only rent review broadly based on inflation.
(5) Based on the average exchange rate of £1.00 = S$1.6673.

UNITED KINGDOM

Reception (Concept drawing – subject to change)

The Castings

9 Heyrod Street, Manchester M1 2DY

A freehold 352-unit residential build-to-rent property located in Piccadilly East, an up-and-coming neighbourhood situated close to the Manchester Piccadilly train station.

352
Apartments

~28,455
SQ M Gross Internal Area

£78M
Valuation as at 31 Dec 2023

Apartment - Living Room

Apartment - Bedroom

PROPERTY DETAILS

Number of apartments: 352

Amenity spaces: Internal and external common amenity spaces which will include a gym, yoga room, cinema room, resident lounge, games room, co-working and meeting spaces, a private dining room with kitchen and roof terrace

Other facilities:
352 bicycle parking spaces
Ground floor commercial retail spaces (~398 sq m)

Car park facilities: 20 car park lots

Gross internal area: ~ 28,455 sq m

Title: Freehold

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

Valuation (1) as at 31 December 2023:
£78.2 million

Target opening: Mid-2024

The Castings is currently under development under a forward-funding arrangement announced on 31 August 2021. On completion of the development in mid-2024, 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 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 Castings is minutes from the highly popular districts of Ancoats, The Northern Quarter and New Islington.

The Castings is located within two kilometres from the Manchester CBD and boasts convenient accessibility, being within a nine-minute walk to Manchester Piccadilly Station, which is the main train station in Manchester that has direct access to the airport and links Manchester to London and other major cities across the UK. The Manchester Piccadilly Station is served by the local Manchester Metrolink and bus lines, offering ease of travel to Spinningfields (a six-minute tram ride), the biggest commercial district in the city, Manchester Arndale shopping centre (a five-minute tram ride) and the Old Trafford football stadium (a 14-minute tram ride). In addition, The Castings is a 20-minute walk from The University of Manchester, which is a leading Russell Group university.

(1) The valuation of this investment property under development was carried out by Knight Frank LLP using the comparative and investment methods, of which the gross development value (assuming practical completion) was derived using the investment method. In determining the fair value of the investment property under development as at 31 December 2023, the total estimated outstanding capital expenditure and a 5% contingency was deducted from this gross development value.

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 Guest Rooms

~8,189 SQ M Land Area

€105M Valuation as at 31 Dec 2023


Garden SPA


Executive Room

PROPERTY DETAILS

Number of guest rooms: 337

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

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

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

Commercial components of the property has four retail and seven office tenants (committed occupancy rate as at 31 December 2023: 88.9%)

Car park facilities: 196 car park lots (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 2023: €104.8 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 2023 KEY FINANCIALS

Rental income: S$10.7 million (4) (€7.4 million)

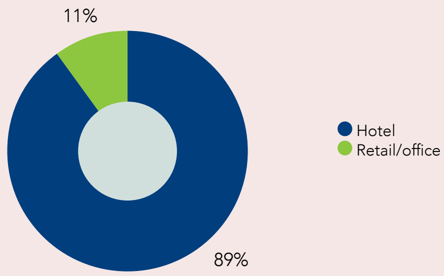
Net property income: S$9.5 million (4) (€6.5 million)

Average occupancy rate: 67.6%

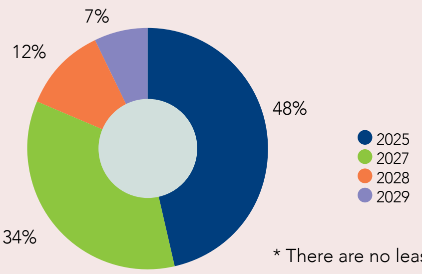
Pullman Hotel Munich is an upper upscale hotel with 337 rooms and a comprehensive suite of facilities, as well as secondary spaces currently let out to retail and office tenants.

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 opposite the hotel and runs at regular intervals, offering significant cost savings and ease of travel to the airport. 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.

PULLMAN HOTEL MUNICH FY 2023 GROSS REVENUE SPLIT



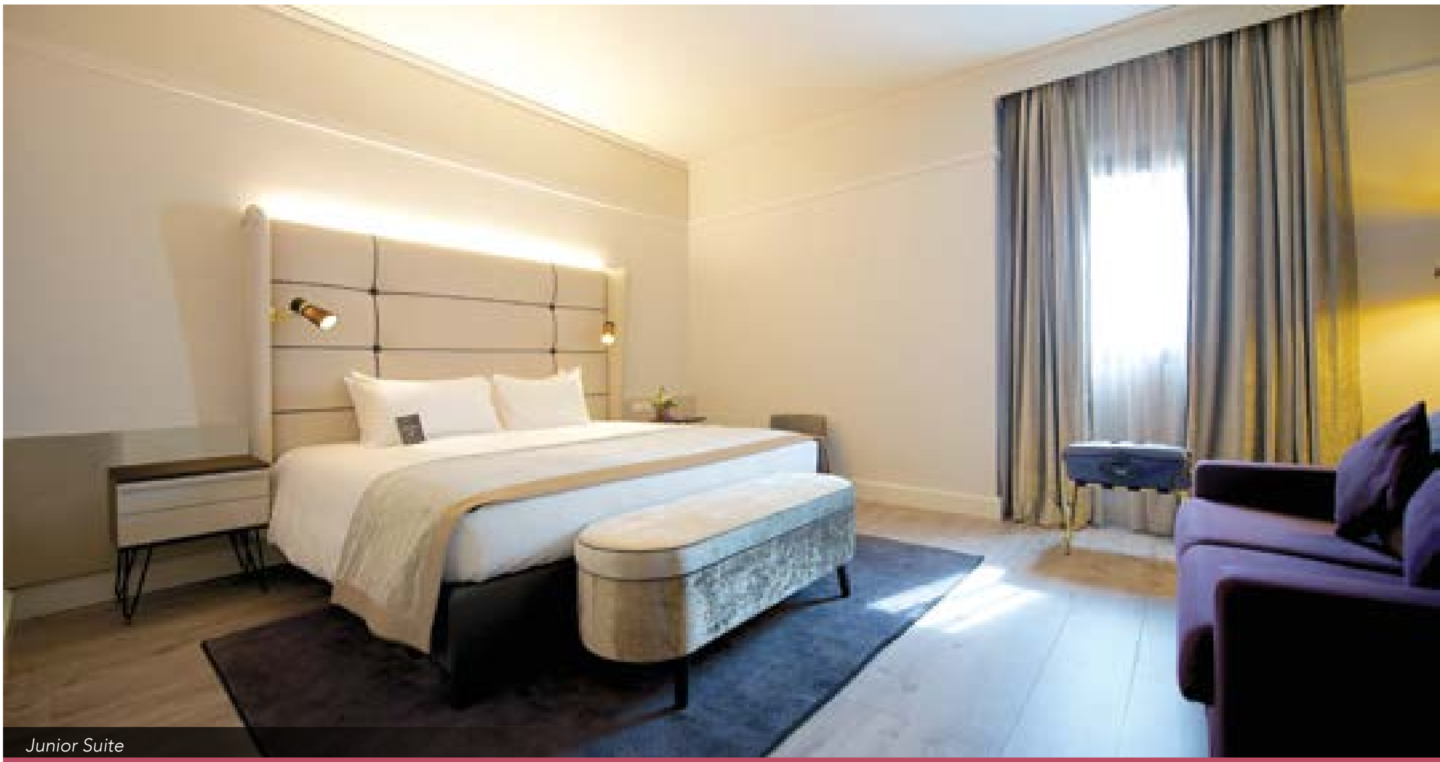
LEASE EXPIRY ANALYSIS BY PASSING RENTAL AS AT MONTH OF EXPIRY*



* There are no leases expiring in 2026

(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 Colliers International Property Consultants Limited using the Capitalisation and Discounted Cash Flow approaches.
(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; and (b) from 2021 to 2024, the annual base rent of the hotel was 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 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 €3.1 million per annum.
(4) Based on the average exchange rate of €1.00 = S$1.4522.

ITALY



Junior Suite

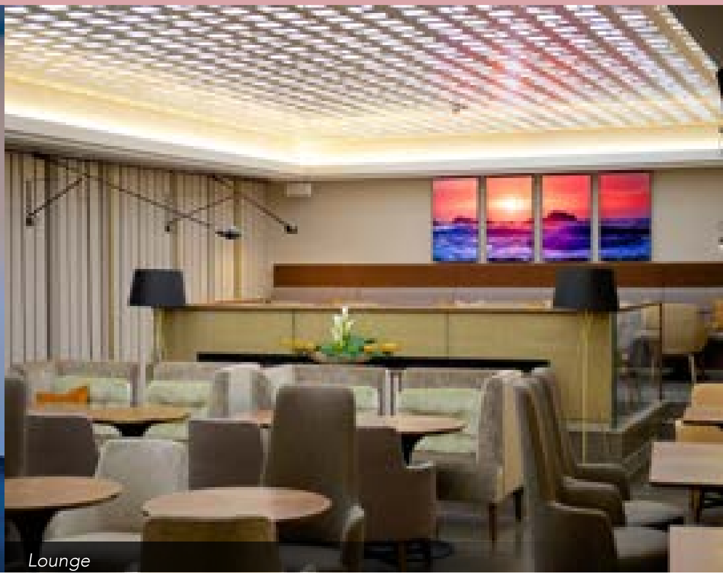
Hotel Cerretani Firenze – MGallery

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 Guest Rooms	**~1,350** SQ M Land Area	**€46M** Valuation as at 31 Dec 2023

Lobby



Lounge

PROPERTY DETAILS

Number of guest rooms: 86

Number of food & beverage outlets:
Two outlets comprising "Il Patio" Restaurant and "Il Michelangelo" Bar

Land area: ~1,350 sq m

Title: Freehold

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

Valuation (2) as at 31 December 2023:
€45.5 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 2023 KEY FINANCIALS

Rental income: S$5.6 million (4)
(€3.8 million)

Net property income: S$5.3 million (4)
(€3.7 million)

Average occupancy rate: 74.9%

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 eight-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.

NOTABLE ACCOLADES

- Green Key Certification – 2024
- TripAdvisor Traveller's Choice Awards 2022

(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 C&W (U.K.) LLP (Italian Branch) using the Discounted Cash Flow approach.
(3) Due to the COVID-19 pandemic, a temporary 5-year rent abatement agreement for Hotel Cerretani Firenze was signed in December 2020 ("**Temporary Arrangement**"). Pursuant to the Temporary Arrangement, from 2020 to 2024, the annual base rent level of the hotel has been reduced, starting with €0.2 million in 2020, stepping up annually to a base rent level of €0.9 million in 2024, before reverting to the original base rent level of €1.3 million per annum in 2025. Under FRS 116 / SFRS(I) 16 *Leases*, the rental income under this lease modification will be accounted for on a straight-line basis over the remaining lease tenure at €1.1 million per annum.
(4) Based on the average exchange rate of €1.00 = S$1.4522.

SUSTAINABILITY REPORT

SUSTAINABILITY REPORT

CONTENTS

SUSTAINABILITY REPORT

BOARD STATEMENT

Dear Stakeholders,

The Boards of Directors (the "**Boards**") are pleased to issue CDL Hospitality Trusts' ("**CDLHT**") Sustainability Report ("**Report**") for the financial year ended 31 December 2023 ("**FY 2023**"). This Report outlines CDLHT's vision and strategic imperatives regarding sustainability and related aspects such as climate change, resource conservation and human capital. It further details the progress made towards and performance against the targets set to achieve our sustainability ambitions. As one of Asia's leading hospitality trusts with approximately S$3.3 billion in assets under management as at 31 December 2023, we believe sustainability is vital to ensuring the longevity and success of our business and the planet. In this report, we highlight our sustainability goals, strategies, and progress across the key Environmental, Social, and Governance ("**ESG**") topics for FY 2023. Despite the continuously evolving and challenging landscape, CDLHT remains focused on its responsibility towards sustainability and will continue to evaluate its performance to ensure progress toward our long term goals. With this report, we present our efforts and commitments in our sustainability journey to our valued stakeholders.

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

CDLHT remains committed to improving our environmental and social impacts through focused initiatives, whilst managing overall business recovery. Building on our strong business activity in FY 2022, energy efficiency levels at our properties continue to improve through the implementation of various initiatives. CDLHT exercises environmental stewardship by spearheading an inventory of best practices to reduce natural resource consumption. We set and review reduction targets and continuously explore opportunities to reduce usage and improve efficiency, as we detail in this report. Our goal is to consistently propel our sustainability efforts forward, and this has been supported by active measures to improve our data collection and reporting. As part of our progressive approach to sustainability reporting, we have commenced reporting on two new material topics in our FY 2023 report. These are: Safe and Liveable Buildings, and Fair Labour and Human Rights.

Our business centres around people, and we are committed to establishing a secure environment for all stakeholders. Prioritising their health, safety, and overall well-being is fundamental to our approach. Additionally, we believe in positively impacting society through collaboration with stakeholders within each of our locations. Accordingly, our properties continue to partner with local charitable and social organisations to demonstrate responsible citizenship and positive community engagement.

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

Board of Directors
REIT Manager Board
Trustee-Manager Board

SUSTAINABILITY REPORT

ABOUT THIS REPORT

CDLHT presents its seventh Sustainability Report for FY 2023. The Report is intended to be read in tandem with the CDLHT Annual Report and makes references to sections within it. CDLHT commenced its internal review process in FY 2023 with the assistance of internal auditor Deloitte.

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

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

Reporting Period And Scope

CDLHT's portfolio comprises 19 operational properties that span numerous geographies. The FY 2023 [(1)] scope comprises 18 of these properties from which we showcase our sustainability strategies and performance.

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

Reporting Standards And Guidelines

This Report is compliant with the SGX Listing Rules 711A and 711B and has been prepared with reference to the Global Reporting Initiative ("**GRI**") Sustainability Reporting Standards. CDLHT applies the GRI Standards to its Sustainability Report as the internationally recognised disclosures are most relevant to its business and provide holistic and effective guidance on the management strategy, performance tracking and target-setting processes pertaining to CDLHT's material ESG topics. The GRI Content Index is available on page 121 of the Report. As part of our efforts to scale up the quality of our sustainability disclosures, we intend to begin reporting in accordance with the GRI Standards from FY 2024.

CDLHT has prepared this report in line with the Task Force on Climate-related Financial Disclosures ("**TCFD**") recommendations and has done so since FY 2022. CDLHT's TCFD Report also serves as disclosure against the Guidelines on Environmental Risk Management for Asset Managers issued by the Monetary Authority of Singapore ("**MAS**").

Below is a table outlining a high-level summary of CDLHT's short-, medium- and long-term sustainability targets.

Time Horizon	Description of Target
Short term: Year 2026	5% - 7% reduction in energy and 2% - 7% reduction in water consumption, with FY 2019 as the comparative baseline.
Medium term: Year 2035	Reduce portfolio's CO_2 emissions by 20% or more by 2035 with FY 2025 as the comparative baseline.
Long Term: Year 2050	Decarbonisation aligned with Science Based Targets initiative ("**SBTi**") to achieve Net Zero by 2050

Accessibility And Feedback

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

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

(1) Hotel Brooklyn in the United Kingdom was excluded from the scope for FY 2023 for our GHG emissions, resource usage, and employee headcounts as the occupational lease is a full repairing and insuring one where the lessor has limited access to data. In particular, the occupational lessee and hotel manager are two separate third parties.

OUR SUSTAINABILITY APPROACH

In alignment with our sustainability vision and mission, CDLHT's Sustainability Framework consists of five fundamental pillars. These pillars encapsulate the priorities of our stakeholders, influence our sustainability policies and initiatives, and enable us to generate significant impact across our material ESG (Environmental, Social, and Governance) factors.

VISION

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

MISSION

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

SUSTAINABILITY FRAMEWORK

VALUE
Responsible investment and sustainable value

ENVIRONMENT
Climate resilience and environmental stewardship

PEOPLE
Inclusiveness, safety, growth and diversity

COMMUNITIES
Engage local communities and advocate for positive impact

GOVERNANCE
Good governance and ethical business

The five pillars are represented via 19 material ESG factors, which each consist of a set of actions and initiatives, and where relevant, annual performance and targets. We regularly validate these material ESG factors through our sustainability governance structure and stakeholder engagement processes in order to ensure that CDLHT continuously maintains a robust, overall sustainability architecture for achieving our goals. The subsequent sections in this Report explain each of these items in depth.

Delivering Value And Best Practices

As part of our commitment to be a responsible investor and generate long-term value for our stakeholders, CDLHT champions ESG best practices throughout the portfolio through a diverse set of initiatives. By engaging in active asset management and building various ESG initiatives within the portfolio, we establish a practice inventory that consolidates and shares these positive actions for implementation across the entire group.

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

Action Across Properties

Portfolio hotels' efforts on energy include energy conservation measures such as reducing the operating hours of lighting, heavy machinery, pool pumps. It has been possible to reduce air conditioning use in some cases by installing air curtains, films and shades to help keep buildings cool, as well as using better sealing for windows. Some properties have also upgraded their equipment to become more energy efficient. For example, at Grand Copthorne Waterfront Hotel, the installation of more energy efficient electronically commutated fans and guestroom control units with occupancy sensors, improved equipment energy efficiency by at least 40%. Water conservation methods have included installation of water-saving shower heads and eco toilet flushing, along with monitoring of water use with smart meters. Some properties also engage in rainwater harvesting for use in gardening. To reduce waste, we have implemented various measures, including using filtered water instead of disposable water bottles, removing single-use plastics, recycling food waste, and an option for guests to skip daily housekeeping.

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

SUSTAINABILITY REPORT

Our Key Results And Targets

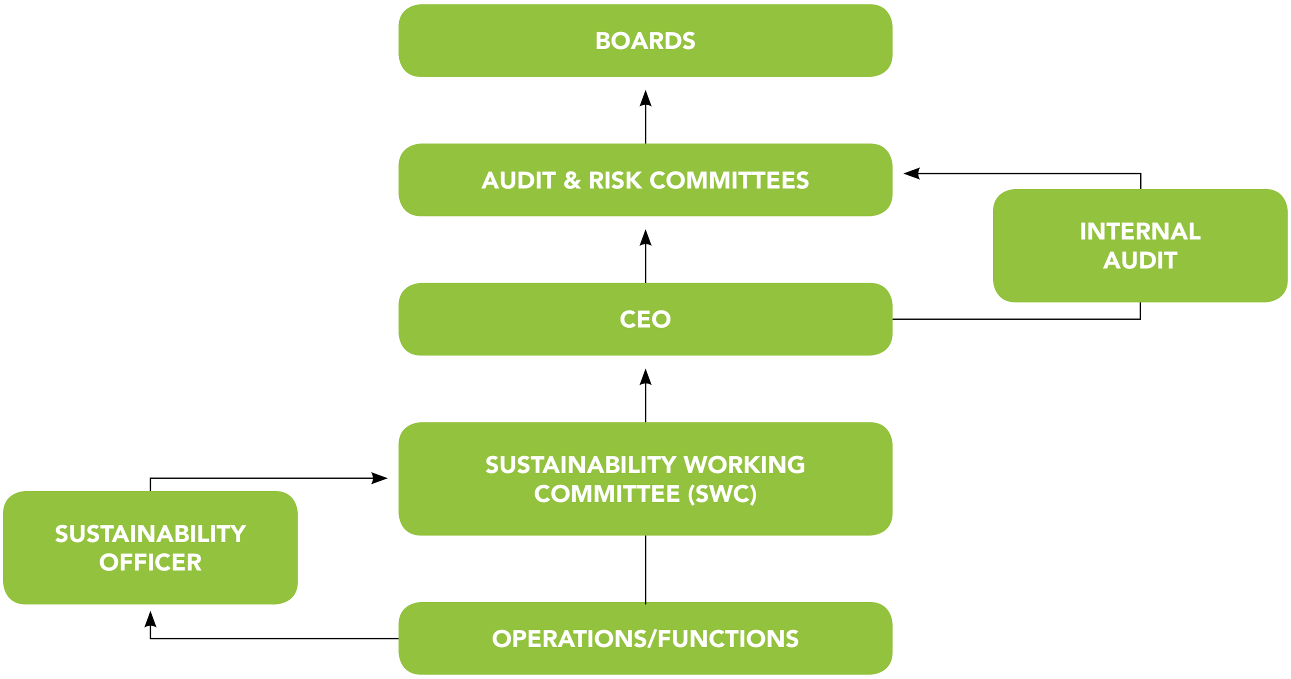
We are proud of our progress made on many of our material ESG factors. We have set a range of environmental targets relating to energy water and waste, as well as social targets relating to safety, corporate social responsibility, and training for our staff.

ESG Factors	Targets for FY 2023	Key results in FY 2023	Targets for FY 2024
Emissions	• Aim to be Net Zero by 2050	• Disclosed 4 categories of Scope 3 emissions	Disclose 4 more categories of Scope 3 emissions
Energy	• CDLHT aims to achieve an aggregate 5% - 7% reduction in energy consumption across our portfolio by 2026, with FY 2019 as the baseline. The baseline is 0.22 MWh/m^2 [(2)]	• Total energy consumption in FY 2023 is 5% higher than FY 2019 baseline. • The energy intensity is 12.5% lower than FY 2019 baseline	Maintain progress
Water	• CDLHT aims to achieve an aggregate 2% - 7% reduction in water consumption across our portfolio by 2026, with FY 2019 as the baseline. The baseline is 2.5 m^3/m^2 [(2)]	• Total water consumption in FY 2023 is 4.5% lower than FY 2019 baseline • The water intensity is 20.4% lower than FY 2019 baseline	Maintain progress
Waste	• We target to remove or partly remove single-use plastic bathroom amenities from operations for 50% of our hotel portfolio by FY 2023	• More than 50% of our properties have replaced single-use bathroom products with reusable pumps	We target to remove or partly remove single-use plastic bathroom amenities from operations for 85% of our hotel portfolio by FY 2024
Safety Management	• We aim to have zero incidents of fatality or permanent disability and strive to minimise any work-related injuries	• Zero incidents of fatality or permanent disability in FY 2023	Maintain target
Average Training Hours	• We target to achieve a minimum of 20 hours of training per employee across our portfolio in FY 2023	• We achieved an average of 32.84 hours of training hours per employee across our portfolios globally	Maintain target
Corporate Social Responsibility	• The target for the portfolio is to conduct at least 15 community/social events or projects in FY 2023	• Our properties participated in over 70 corporate and social responsibility activities	Maintain target

(2) Intensity comparison uses building GFA as the denominator to account for portfolio changes and is consistent with industry standard.

Sustainability Governance

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



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

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

Recognising the fast-growing importance of sustainability to our business operations, Board Sustainability Committees ("**BSCs**") of the Managers will be formed in FY 2024 to further enhance sustainability governance and better dedicate management capacity toward sustainability-related issues at CDLHT. The BSCs will take over the role of the ARCs within the sustainability governance structure, working with the SWC and reporting to the Boards.

To strengthen its sustainability and climate-related governance capabilities, CDLHT's Directors and senior management attended ESG workshops during FY 2023 to expand their knowledge and awareness of environmental issues impacting the portfolio. The monitoring of our sustainability performance continues to be supported by our portfolio-wide data capture and analysis software which is continuously being enhanced to enable CDLHT to collect data from each of its properties across an expanded array of metrics so as to better monitor and track individual property and portfolio performance to enhance sustainability performance.

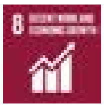
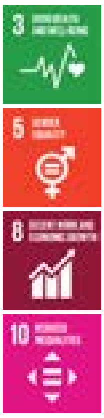
SUSTAINABILITY REPORT

Our Material ESG Factors

CDLHT's Material ESG Factors under our Core ESG Pillars were determined in consultation with our external ESG consultants, internal stakeholders, and approved by our Boards. CDLHT considers these material topics to be directly relevant to the continuity of our business.

We have reviewed our identified material topics for FY 2023 and renewed our commitments to the existing list of topics under our five core ESG pillars. In FY 2023, we have also expanded our reporting to include two new factors that we consider material in ensuring the sustainability of our operations, being the topics of Safe and Liveable Buildings, and Fair Labour and Human Rights.

Our sustainability framework aligns our ESG pillars, material ESG factors, and our commitments to the United Nations Sustainable Development Goals ("**SDGs**"). The following table details how each pillar and its material ESG factors demonstrates our respective efforts in making contributions towards the SDGs.

Core ESG Pillar	Our Material ESG Factors	SDGs	Overarching Ambitions
Responsible Investment and Sustainable Value	• Economic Performance • Responsible Investment		• Implement responsible investment practices • Create economic value for stakeholders and ensuring continual business growth
Good Governance and Ethical Business	• Board Diversity • Whistleblowing Policy • Anti-bribery and Code of Conduct • Compliance with Social and Environmental Regulations • Data Privacy and Protection • Ethical and Transparent Business • Safe and Liveable Buildings*		• Ensure fair, responsible, compliant, and transparent business conduct • Educate and raise awareness on issues of modern slavery and human trafficking • Facilitate supply chain stewardship with vendors, partners, managers, and tenants
Climate Resilience and Environmental Stewardship	• Climate Action and Resilience • Emissions Reduction • Energy Efficiency • Water Stewardship • Waste Reduction		• Understand and manage our climate opportunities and risks • Manage and minimise our carbon footprint and reduce our impact on the environment • Advocate, enable and enhance resource efficiencies in our portfolio
Enabling Inclusiveness, Safety, Growth and Diversity of Our People	• Diversity, Inclusion and Equal Opportunity • Employment and Employee Engagement • Fair Labour and Human Rights* • Health and Safety • Training and Development		• Advocate, enable and enhance fair labour practices and employee well-being • Promote safe and healthy workplaces for our people and customers • Engage with our people and support their growth and development
Engaging Local Communities and Advocate for Positive Impact	• Local Community Impact		• Advocate strategic partnerships to enhance sustainability • Promote positive community engagement

* Refers to new material topics reported in this FY 2023 sustainability report.

Stakeholder Engagement

CDLHT maintains proactive, regular communication and engagement with our various stakeholder groups. We address their key areas of concern, and keep them abreast of our initiatives and progress through proactive regular communication and engagement.

In FY 2023, we continued our dialogue with our internal stakeholders through various channels throughout the year. Feedback from internal stakeholders is gathered through quarterly board meetings, as well as dialogue with the operating and management teams of hotels across our portfolio. We maintain continuous engagement with external stakeholders, and target periodic engagement with our hotel suppliers and business partners though symposiums & tradeshows, periodic meetings, and vendor assessments. The table below summarises our engagement efforts in FY 2023.

Stakeholder Group	Engagement Approach	Key Topics
Board of Directors	• Board meetings (including ad-hoc briefings with external ESG consultants) • Email communication	• Economic performance • ESG performance & trends • Sustainability-linked financing opportunities • Risk management • Responsible Investment
Government and Regulators	• Ad-hoc briefings and consultations • Participation in surveys and focus groups	• Risk management • Social and environmental related legislation
Hotel Employees	Led by hotel operators: • Training and transition assistance programmes • Annual employment survey • Performance and career development reviews	• Career development opportunities • Training and development • Workplace safety and well-being, including pandemic readiness
Hotel Guests	• Customer satisfaction surveys • Social media • Feedback via General Manager	• Customer health and safety • Environmental responsibility
Master Lessees and Hotel Managers	• Regular management meetings and communication • Bilateral communication, one-on-one meetings, and site visits	• Workplace safety and well-being • Customer health and safety • Eco-efficiency of buildings • Sustainable operating standards & practices
Investors, Analysts and Media	• Release of financial results and announcements, press releases and other disclosures through SGXNet and CDLHT's website • Meetings and calls with analysts and media • Investor meetings, conferences and roadshows • Annual General Meetings • Annual reports and sustainability reports • Media releases and interviews • Responses to investors' sustainability surveys	• Business strategy and outlook • Corporate governance • Progress on ESG initiatives • Distribution and earnings • Market and operational performance • Regulatory compliance
Hotel Suppliers and Business Partners	Led by hotel operators: • Assessment of suppliers and vendors • Meetings with business partners	• Economic performance • Environmental factors • Due diligence process during selection

SUSTAINABILITY REPORT

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

CDLHT presents its FY 2023 TCFD recommendations-aligned report in the following section. The disclosures here are also made in accordance with MAS' Guidelines on Environmental Risk Management for Asset Managers, which have been in effect since June 2022 and aim to enhance the policies and actions of asset owners, as well as the disclosures surrounding them. MAS is currently in a public consultation process for Guidelines on Transition Planning (Asset Managers), which we expect will be finalised in FY 2024 and be applicable for CDLHT in the following 12 months thereafter. We express support for MAS' initiative and expect to apply the guidelines to improve the direction and clarity of our climate resilience, mitigation and adaptation measures.

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

Governance

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

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

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

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

Strategy

CDLHT identifies its material ESG topics, including those that pertain to our climate-related risks and opportunities, through a materiality assessment conducted on an annual basis. Our material topics identified two climate-related issues which we have included under the topics of Climate Action and Resilience and Emissions Reduction within our Climate Resilience and Environmental Stewardship pillar. We intend to further strengthen this identification process as we undertake a more stringent and robust annual material topic assessment and review, including for those on climate-related topics, in accordance with the GRI Standards from FY 2024 onwards.

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

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

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

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

High Moderated Low

OVERVIEW AND FINANCIAL REVIEW
MARKET REVIEW
LEADERSHIP STRUCTURE
PROPERTY PORTFOLIO
SUSTAINABILITY & GOVERNANCE
FINANCIAL STATEMENTS AND OTHER INFORMATION

SUSTAINABILITY REPORT

For FY 2023, we reassessed our climate scenario analysis results from FY 2022 and determined that they remain relevant for our climate-related strategy and risk management. We continuously assess the need for an updated climate scenario analysis and we will perform another analysis in the future as circumstances require it.

CDLHT is incorporating the prioritised climate-related risks and opportunities into our general decision-making process and investment strategy. Currently, we are exploring this via two differentiated approaches for the shorter term (by 2030), and in the longer term (by 2050).

As we adjust our operations in the transition to a low-carbon economy, immediate impacts on our investment strategies include an avoidance of locations with significant physical risk, or the implementation of building mitigation and adaptation measures at specific sites. We also consider low carbon and renewable energy features in the buildings when assessing potential acquisitions.

Through sustainable financing, the setting and meeting of intermediate sustainability goals and targets has allowed us to access credit facilities and reap interest savings for the business. Notably, approximately S$304.0 million in sustainability-linked term loans and bank facilities were secured in FY 2023. CDLHT will continue to pursue sustainability-linked financing to align with its steadfast commitment towards the environment and sustainable business practices.

In addition to the climate-related risks and opportunities detailed above, we continue to make progress developing our overarching strategy for achieving Net Zero emissions by 2050 to ensure we stay resilient to climate physical and transition risks posed to our assets. To measure our near-term performance and transition risk exposure, CDLHT benchmarked its recent FY 2022's GHG performance against the relevant decarbonisation/energy reduction pathways according to the Carbon Risk Real Estate Monitor (CRREM). The results showed that both CDLHT's existing portfolio GHG intensity and portfolio energy intensity remained well on track against the relevant benchmark.

This year, CDLHT established its baseline for Scope 3 Greenhouse Gas ("**GHG**") emissions, through disclosure of four material Scope 3 categories, for which we provide further details in the Emissions Reduction ESG topic below. As we aim to complete our collection of a full Scope 3 emissions inventory in FY 2024 and improve the overall data collection processes for all three GHG emissions types, we will solidify our decarbonisation strategy through analysis of emissions data and develop an emissions reduction trajectory following a science-based approach. We continue to update on our progress with each sustainability report.

Risk Management

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

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

In FY 2023, the Managers held a climate risk workshop with senior management where the significant climate-related risks applicable to CDLHT's portfolio were presented and discussed. These risks were further considered in the climate scenario analysis performed in FY 2022 and their findings were subsequently communicated to the Boards, where high-risk areas were further deliberated.

Metrics And Targets

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

Greenhouse Gas (GHG) Emissions (FY 2023)

We account for our consolidated GHG emissions data according to the operational control approach methodology under the Greenhouse Gas Protocol Standard as it is best aligned with our ability to exercise influence over emissions-related activities within our control.

CDLHT began tracking its Scope 1 and 2 GHG emissions from FY 2022 which is the year that will serve as our emissions baseline for future comparison purposes. In particular, we view Scope 1 and 2 GHG emissions as important metrics for understanding CDLHT's level of exposure to climate risk in terms of how they demonstrate a reliance on non-green sources of energy and products as the world undergoes a green transition. They also represent the emissions borne out of energy use, for which evidence has to be presented for our sustainability-linked loans.

Our Scope 1 emissions are based on the usage of Diesel, Liquefied Petroleum Gas (LPG), and Natural Gas, and the majority of Scope 1 emissions come from fuel usage. Our Scope 2 emissions come from the use of purchased electricity.

From FY 2023, CDLHT began disclosure of Scope 3 emissions in response to the growing demands and requirements from regulations, the market, and investors' requests for transparency regarding value chain emissions. We view Scope 3 emissions as important to understanding CDLHT's exposure to climate risk as it represents our level of interaction with downstream assets, suppliers, vendors, and other parties. We will explore setting Scope 3 targets after we have fully developed all material categories of our Scope 3 emissions inventory.

Our Scope 3 emissions for FY 2023 cover the four categories of Fuel- and Energy-Related Activities not included in Scope 1 or Scope 2 (Category 3), Waste Generated in Operations (Category 5), Business Travel (Category 6), and Downstream Leased Assets (Category 13) under the GHG Protocol Standard's Technical Guidance for Calculating Scope 3 Emissions, and have been accounted for under the same Standard. We intend to disclose on CDLHT's other material Scope 3 categories in FY 2024 to fully understand our total carbon inventory.

The breakdown of our Scope 1, 2, and 3 emissions are presented under the Emissions Reduction material topic of our Sustainability Report and summarised in the following table:

Scope 1 emissions (tCO_2e)	405
Scope 2 emissions (tCO_2e)	721
Scope 3 emissions (tCO_2e)	52,163
Total (tCO_2e)	53,289

Further information on our emissions breakdown may be found below under our material ESG topic of "Emissions Reduction".

CDLHT is in the process of strengthening analysis on our emissions to better inform our stakeholders of our decarbonisation strategy, such as identifying the emission hotspots to best tackle the most carbon-intensive categories within our Scope 1, 2 and 3 emissions and meet our Net Zero target by year 2050.

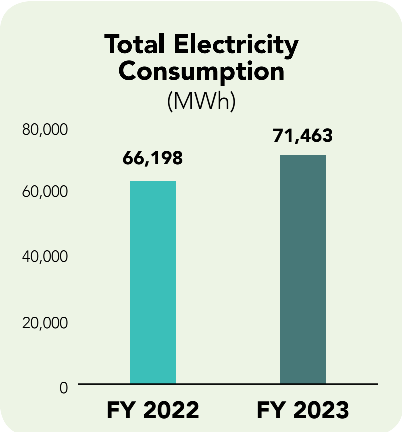
In FY 2024, CDLHT will explore setting targets according to the SBTi to ensure that our GHG emissions reduction goals and pathway are aligned with the Paris Agreement goals, demonstrating our commitment toward greening our business. Through target-setting under the SBTi, CDLHT will also explore deriving its short-, medium-, and long-term decarbonisation targets and use them to delineate our decarbonisation strategy.

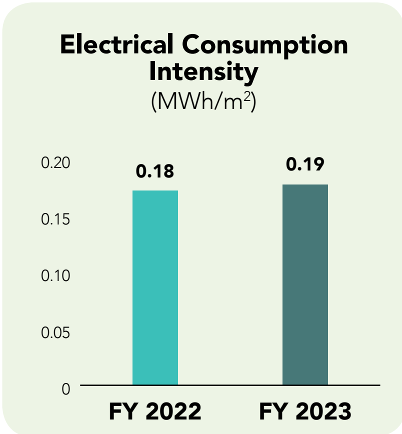
SUSTAINABILITY REPORT

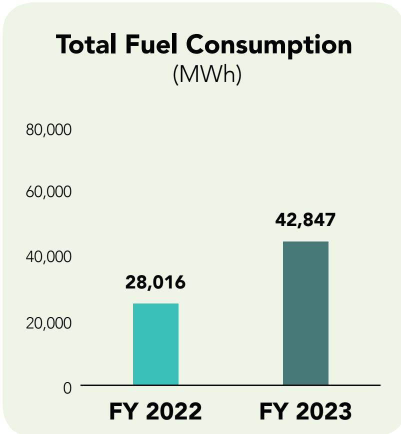
Resource Usage (FY 2023)

We also summarise our ESG metrics on other resource usage data, including the forms of energy consumption, water consumption and waste generated, which are used to track, assess, and monitor climate-related risks and opportunities, as follows:

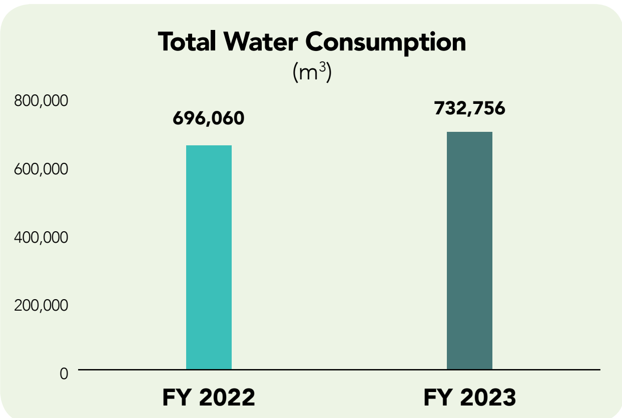
Energy Consumption [3]

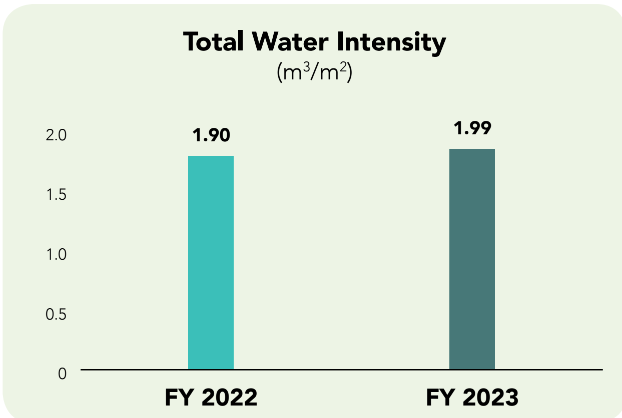


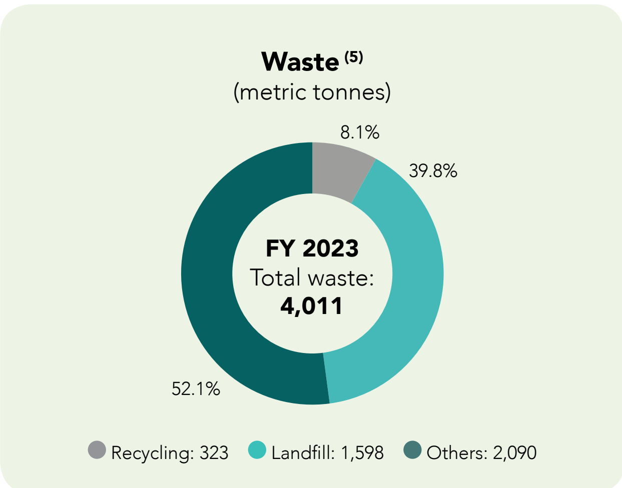




Water Consumption [4]







The individual targets set out for each category of resource usage are detailed in their respective sections within our ESG material topics below. As CDLHT continues to make progress on tracking and reporting its full GHG emissions footprint, we will also align the attainable and ambitious short-, medium- and long-term resource usage targets with those for decarbonisation, including being SBTi aligned in future years, with the view to achieve Net Zero by 2050.

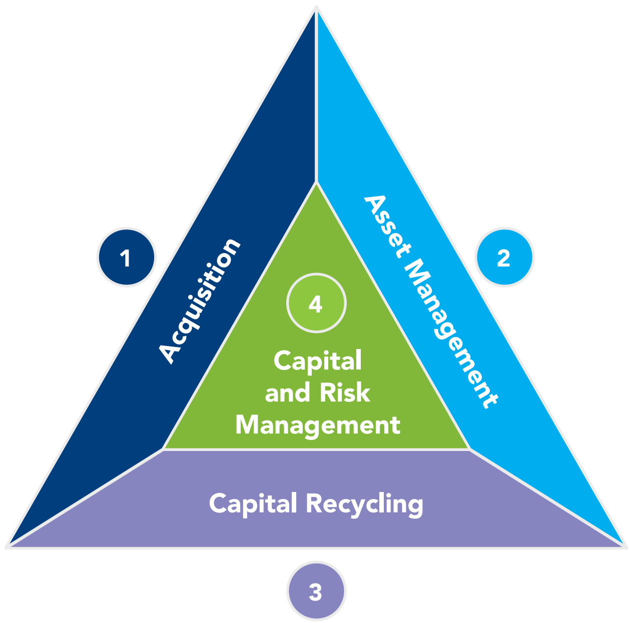
(3) Further information can be found under our material topic on Energy Efficiency.
(4) Further information can be found under our material topic on Water Stewardship.
(5) Further information can be found under our material topic on Waste.

RESPONSIBLE INVESTMENT AND SUSTAINABLE VALUE

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

Economic Performance

As one of the leading hospitality trusts, ensuring economic growth is paramount to the sustainability 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 2023's operations, revenues and costs are highlighted on pages 168 to 170, in our annual report. Our management aims to achieve these economic objectives through the following means:



1 Acquisition Growth Strategy

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

2 Asset Management Strategy

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

3 Capital Recycling Strategy

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

4 Capital and Risk Management Strategy

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

SUSTAINABILITY REPORT

Responsible Investment

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

Our Approach

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

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

Our Performance

In FY 2023, we completed the phase 1 installation of solar panels at Raffles Maldives Meradhoo and Angsana Velavaru, which generated 413 MWh in the same year, avoiding 144,000 litres of diesel or equivalent to 327 tonnes of CO_2. Studio M Hotel had seen through asset enhancement works with its air conditioning system upgraded, improving efficiency by 25%.

As we progress, both Maldives resorts will have their total solar system capacity further increased by 650 kWp in FY 2024. We are also exploring solar energy supplementation for our other portfolio properties, either via capital expenditure or partnership agreement. Further information can be found under our material topic on Energy Efficiency, Water Stewardship and Waste.

GOOD GOVERNANCE AND ETHICAL BUSINESS

Ensuring fair, responsible, compliant, and transparent business conduct stands as a cornerstone in cultivating trust and fostering loyalty amongst all stakeholders. CDLHT steadfastly upholds its dedication to corporate governance, ethical business practices and compliance to all pertinent, applicable regulations, thereby fortifying the foundation of CDLHT's enduring sustainability while safeguarding the diverse interests of our valued stakeholders, as well as reinforcing our position as a trusted partner and steward of value creation. Throughout FY 2023, the Managers have complied with the principles of corporate governance laid down by the MAS Code of Corporate Governance 2018 (Code), and also complied, substantially, with the provisions underlying the principles of the Code. In addition, the REIT Manager is a member of the Financial Industry Disputes Resolution Centre Ltd (FIDReC) and a member of REIT Association of Singapore (REITAS).

Ethical and Transparent Business

Zero cases of corruption, bribery and misconduct in FY 2023

Social and Environmental Compliance

Zero cases of non-compliance with social, environmental laws in FY 2023

Data Privacy and Protection

Zero data privacy and protection breaches in FY 2023

Board Diversity

Our Approach

In accordance with CDLHT's commitment to sustainable development, the Boards of the Managers recognise that a diverse Board of Directors is important. A diverse board will enhance the decision-making process of the Boards through a range of perspectives derived from the various skills, business experience, industry discipline, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service and other distinguishing qualities of the Directors.

Additionally, the selection of Directors will be based on merit against objective criteria that complements and expands the collective skills and experience of the Board as a whole. Careful consideration will be given to maintain the overall balance and effectiveness of diverse Boards.

The Nominating and Remuneration Committees of the Managers will periodically review the Board Diversity Policy, to assess the relevance and effectiveness of the diverse Boards. Through the findings, adjustments will be recommended to ensure the continued effectiveness of diverse Boards.

Our Performance

The Managers strive to maintain a board size of six members and have consistently maintained independence with at least two out of three or more members being independent over a 4-year period. The Directors should have the relevant expertise and experience that would complement those already on the Boards and for succession planning by FY 2025.

Presently, four out of the six of the Boards' members are independent, and one out of the six is below 50 years old. The Managers target to improve age diversity over a 4-year period by appointing younger directors aged 50 or below by FY 2025 to further complement the Board's diversity.

CDLHT currently has one female Board member in the Boards and will strive to increase its female representation to at least 25% by FY 2025.

Ethical And Transparent Business

At CDLHT, we are committed to upholding the highest level of integrity and ethical standards across all our business functions and operations. We commit to this through our robust corporate governance, responsible business practices, accountability, and transparent management systems that key towards preventing incidents of misconduct, corruption, and non-compliance throughout our organisational processes. By upholding these principles, we not only earn the trust of our stakeholders, but also within the wider community. This stands as the foundation of our success, ensuring that all our actions are guided by the principles of being ethical and transparent.

Our Approach

To uphold good corporate governance, we prioritise mandatory compliance training tailored to the specific business functions for all our employees. This ensures that every member of our team is equipped with the knowledge and skills necessary to navigate their roles with integrity and adherence to our principles. Additionally, our hotel employees are required to practise and uphold the highest level of integrity across all our operations.

We have adopted numerous policies to promote a robust risk management culture. This encompasses a range of considerations, including addressing various issues that targets ethical business practices, such as Anti-Bribery Policy, Anti-Corruption Compliance Guide, Business Hospitality and Gifts Policy and Whistleblowing Policy. We also have established policies on Corporate Communications, Global Data Protection and Related Party Transactions to further enhance our dedication to ethical business practices and accountability.

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

- Regularly screening the policies to ensure alignment with evolving laws and regulations, and implementing any updates.
- Reporting of any suspected violations to the established line manager.
- Maintaining oversight and monitoring of non-compliance issues.
- Documenting incidents through incident reports that will be filed with the Security department.

Our Performance

In FY 2023, we had zero cases of misconduct and non-compliance across the portfolio. Additionally, we did not observe any anti-competitive behaviours or violations of anti-trust or monopoly legislation. As a result, CDLHT did not incur any related fines or sanctions.

SUSTAINABILITY REPORT

Whistle Blowing Policy

Our Approach

The Managers have in place a comprehensive whistleblowing policy that sets out the procedure for employees, directors as well as third parties to raise any concerns on possible improprieties in confidence and good faith without any fear of reprisals. The whistleblowing policy is incorporated into all new employees' orientation training and is publicly accessible on CDLHT's website. Any concerns raised will be independently investigated and appropriate actions will be taken as necessary.

Moreover, all our hotels maintain an open-door policy through their human resource departments, providing employees with a safe and open channel to report any incidences of non-compliance or violations.

The Managers' ARCs maintain oversight and review of whistleblowing incidents at its scheduled meetings, to ensure continuous monitoring and accountability.

Our Performance

There were zero incidences of whistleblowing complaints received via CDLHT's whistleblowing channels in FY 2023.

Anti-bribery And Code of Conduct

Our Approach

CDLHT upholds a zero-tolerance stance against bribery, corruption, or fraud. The Managers are committed to conducting business with integrity and adherence to all relevant laws and regulations. To further strengthen this commitment, CDLHT has implemented comprehensive policies and guidelines to provide direction to all employees of the Managers, maintaining the highest standards of integrity in their work and business dealings. There is also an Internal Code of Business and Ethical Conduct, alongside a Business Hospitality and Gifts Policy, that outlines the proper protocols for handling gifts (monetary or in kind), entertainment or concessionary offerings.

Furthermore, all employees of the Managers undergo refresher training sessions periodically to re-acquaint themselves with anti-corruption policies and procedures.

Our Performance

The Managers strive to maintain zero incidences of corruption, bribery and misconduct. In FY 2023, there were no such incidences reported. We continuously conduct training sessions on relevant policies as part of the orientation for new hires, and keep our employees informed of any development to applicable policies and regulations.

Compliance With Social And Environmental Regulations

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

Our Approach

We vigilantly monitor changes to requirements through monthly interaction with our hotel operating partners in each country. This process allows us to ensure that each asset adheres to local and national regulations, and promotes responsible and lawful operations.

Our Performance

In FY 2023, CDLHT had zero incidences of non-compliance with social and environmental laws, and no significant fines and sanctions. CDLHT aims to maintain zero incidences of non-compliance with social and environmental laws and regulations, mitigating the risk of substantial fines and sanctions.

Data Privacy And Protection

Our Approach

The Managers have implemented a Data Protection Handbook in place to safeguard personal data processed, adhering to relevant legal requirements outlined in the Personal Data Protection Act and the Securities and Futures Act in Singapore. Furthermore, all lessees and hotel managers diligently comply with local data and privacy laws within their respective jurisdictions.

Our Performance

In FY 2023, there were no complaints received by the Data Protection Officer on data privacy breaches. The portfolio properties will continue to maintain its best practices in data protection measures, both within our operations in Singapore and overseas.

Safe and Liveable Buildings

At CDLHT, we understand that developing infrastructure that positively influences our occupants, is a crucial step towards creating a liveable city. We are committed to delivering high standards of building safety and ensuring the comfort of our guests, visitors and tenants. Liveable buildings also directly contribute to the quality and service reputation at our hotel assets, and quality of spaces and tenant satisfaction at our commercial assets. Our buildings are equipped with amenities that provide universal and family-friendly accessibility to our building facilities.

Our Approach

The Manager ensures that buildings comply with their respective regulations and best practices on building safety, accessibility, and liveability. For our assets in Singapore, the Managers ensure that the buildings comply with BCA's Code on Accessibility in the built environment and where requirements are not met, to retrofit the buildings as expediently as practical.

Building inspections are also periodically carried out to ensure our properties meet safety standards and provide a safe living environment for our occupants. Guest satisfaction surveys are carried out to understand how we can improve our buildings to better serve the guests' and tenants' needs, continuously seeking improvement with respect to the feedback.

Our Performance

There was zero incidence of non-compliance or statutory lapses recorded in FY 2023. CDLHT pledges to maintain these stringent standards, guaranteeing that all development and asset enhancement efforts prioritise safety and comfort for guests and tenants.

CLIMATE RESILIENCE AND ENVIRONMENTAL STEWARDSHIP

CDLHT recognises the importance of addressing climate change and mitigating affiliated risks to ensure alignment to best practice within the industry.

As a key player in the hospitality industry, we actively engage in activities and initiatives aimed at reducing our environmental impact. We do so through our efforts to conserve natural resources by reducing our energy and water consumption, lowering our direct and indirect carbon emissions, and minimising waste generation across our portfolio of properties. We strive to lead by example and aim to create positive change within the hospitality industry and contribute to a more sustainable future.

Climate Action And Resilience
Second year of TCFD disclosure, ahead of SGX requirements.
Emissions Reduction
Reporting on Scope 3 emissions from FY 2023
Energy
Energy intensity is 12.5% lower compared to FY 2019
Water
Water intensity is 20.4% lower compared to FY 2019
Waste
Achieved target to remove or partially remove single-use plastics from 50% of our hotel portfolio in 2023

Climate Action and Resilience

Climate change poses both physical and transition risks to CDLHT's global assets and operations, underscoring the importance of our commitment to climate action and its respective impact on our business strategies and engagement with stakeholders. As our hotel operations traverse multiple continents, it is critical for us to take stock of regional factors including climate risks at each hotel asset's geography. These include changing energy costs in the world's transition to a low-carbon economy, and physical risks of flooding and other natural disasters. By proactively identifying and addressing these challenges, we enhance the sustainability and resilience of our business, ensuring that they remain aligned with evolving climate realities.

Our Approach

CDLHT has adopted the recommendations of the TCFD as a guiding framework for our climate-related disclosures and how we approach climate resilience as a company with a global presence.

FY 2023 marks our second year of alignment with TCFD recommended disclosures and presenting CDLHT's financially material climate-related risks and opportunities accordingly. In particular, the Strategy and Resilience pillars of disclosure outline our key policies and actions towards ensuring a climate-resilient portfolio. We are steadfast in our commitment towards strengthening our capabilities and experience in this area and remain dedicated to reporting on our progress in future years.

Climate-related Risk Management

Climate-related risks may be viewed as either physical risks or transition risks. Physical risks are associated with the direct impacts of climate change, and include chronic risks that occur over a longer time period, such as rising sea levels, as well as acute risks that refer to hazards such as wildfires, heat waves or floods. Transition risks are related to economic costs that may arise out of a transition toward lower-carbon economies, which encompass increased costs of carbon-intensive energy sources due to rising carbon tax, or increased compliance costs due to the need for green certification of buildings. Notably, some of these risks present themselves as opportunities for CDLHT to capitalise on and gain a competitive edge through effective climate strategy.

We continue to refine our climate risk management policies and systems, recognising the value they provide in business decision-making. We remain committed to minimising our exposure to material climate risks by integrating climate-related factors into our investment policy and conducting relevant analysis as part of investment and divestment strategy. For further details, please refer to the Risk Management disclosures under our TCFD Report above.

SUSTAINABILITY REPORT

Scenario Analysis

By conducting a scenario analysis against different global decarbonisation pathways, we have gained valuable insights into the effectiveness of our actions in enhancing CDLHT's climate resilience. Our scenarios are science-based and informed by the Network for Greening the Financial System's ("**NGFS**"). For further details, please refer to the Strategy disclosures within our TCFD Report above.

Emissions Reduction

The hospitality industry remains a significant contributor to global GHG emissions. According to research done by the Sustainable Hospitality Alliance in 2022, the hotel sector accounts for around 1% of global carbon emissions, with this amount expected to increase over time. Recognising the substantial risks posed to our business operations due to climate change, we remain committed to reducing our global emissions, thereby ensuring the sustainability of our business and contributing to climate change mitigation efforts.

Our Approach

In line with the Singapore Hotel Sustainability Roadmap's targets, CDLHT began tracking and reporting on its Scope 1 and 2 GHG emissions in FY 2022. In FY 2023, we have achieved a more comprehensive understanding of our emissions baseline as we disclosed four categories of our Scope 3 emissions, and aim to disclose our other material Scope 3 categories next year.

We recognise the growing importance of GHG emissions reporting as a metric that our investors and other stakeholders are interested in, and seek to continuously improve the underlying collection and reporting processes of emissions to build on the robustness of our disclosures.

Leveraging on our more extensive GHG emissions inventory, we will conduct analysis on the data collected to identify carbon hotspots within our value chain. This will also be used to shape our emissions reduction strategy moving forward.

Our Performance

GHG Emissions for FY 2023 (in metric tCO_2e)

Scope 1	405
Scope 2	721
Scope 3 Category 3 Fuel-and energy-related activities not included in Scope 1 or Scope 2	8,245
Scope 3 Category 5 Waste generated in operations	845
Scope 3 Category 6 Business travel	189
Scope 3 Category 13 Downstream leased assets	42,884
Scope 3 total	52,163

In FY 2023, we reassessed the governance of operational processes and policies over our portfolio properties and deemed that CDLHT holds operational control, according to the GHG Protocol Standard definition, over The Lowry Hotel only. Accordingly, we have reclassified the remainder of our Scope 1 and 2 emissions, originally from the other hotel properties, into Scope 3 Category 13 Downstream Leased Assets emissions. Our Scope 1 and 2 emissions in FY 2023 pertain to the use of town gas and electricity, respectively, at The Lowry Hotel only.

Our emission factors are sourced from the United Kingdom's Department of Environment, Food & Rural Affairs (DEFRA), the International Energy Agency (IEA), and the United States' Energy Information Administration (EIA).

Our emissions arising from energy use include the use of fuel across the 18 portfolio properties across the different geographies. Diesel and LPG usage is mainly from properties in the Maldives, while natural gas is the main form of fuel used at the remaining properties.

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

Our Targets

We aim to work towards reducing our emissions through various energy efficiency measures, with a target of achieving Net Zero by 2050. To help us achieve this goal, we intend to derive near, medium, and long term emissions reduction targets by undertaking a target-setting exercise aligned with SBTi in FY 2024. For more details, please refer to the Metrics and Targets disclosures within our TCFD Report above. We will also consider decarbonisation strategies for identified emission-intensive hotspots.

Our reporting baseline for Scope 1 and Scope 2 emissions will be FY 2022. We will explore setting Scope 3 emissions targets, including those aligned with the SBTi, after we fully derive all material categories of our Scope 3 emissions, which we aim to complete in FY 2024.

Energy Efficiency

We are dedicated to reducing energy consumption throughout our entire portfolio by implementing a range of energy efficiency initiatives. Concurrently, we actively monitor consumption patterns to pinpoint areas for further improvement, enabling us to make the relevant strategic decisions for reducing our overall energy consumption. This proactive approach not only contributes to our environmental stewardship but also demonstrates our commitment to operational excellence and resource optimisation.

Our Approach

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

Operational Controls To Curb Energy Consumption

Our hotels primarily adhere to the environmental policies and energy management systems established by their respective brand systems. These systems monitor energy consumption practices, guide the implementation of energy-saving measures, and enhance awareness of energy consumption.

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

CDLHT has established a centralised data management platform that efficiently collects, organises and monitors ESG data from all of our properties. This allows for the real-time monitoring of ESG metrics such as energy consumption, waste management, carbon emissions and employee diversity. This data is meticulously analysed to identify areas for improvement and inform decision-making at both the individual property and portfolio levels.

Action Across Hotels

- **All Singapore hotels, Hilton Cambridge City Centre, The Lowry Hotel and Pullman Hotel Munich** use Building/Energy Management Systems to manage and control their Air-Conditioning and Mechanical Ventilation operations. This enables the hotels to effectively manage temperatures at optimal efficiency. With actively managed set points, the hotels were able to improve its energy efficiency by approximately 10%.
- **W Singapore – Sentosa Cove**, continues to uphold a commitment to their "2025 Sustainability and Social Impact Goals" aimed at reducing the operational carbon footprint through advancements in energy efficiency and stringent energy consumption monitoring. Utilising industry best practice and the appropriate BMS controls, the hotel is able to delineate areas to optimise 5% - 10% energy usage through alterations to its chillers and Heating, Ventilating and Air Conditioning system.
- After the implementation of solar energy systems at **Angsana Velavaru** and **Raffles Maldives Meradhoo**, both resorts have adjusted their operations to utilise energy-intensive equipment during daylight hours, thereby optimising the solar energy generated.
- **All of our properties** conduct regular maintenance and cleaning of critical Air-Conditioning and Mechanical Ventilation Systems to ensure they function optimally. More importantly, in applicable areas, energy consumption is reduced in non-essential zones, limiting supply to equipment like lighting, escalators, and air-conditioning to curb energy wastage.

Solar panels at Angsana Velavaru

SUSTAINABILITY REPORT

Retrofitting And Technological Advancements to Boost Energy Efficiency

To facilitate energy efficiency, CDLHT employs technological advancements by retrofitting our operational assets and equipment. For example, upgrading of halogen lights to LED saw lighting energy efficiency improved by 85%.

To continuously improve utility consumption, some of our portfolio assets have also been equipped with sensor lights to detect motion and halt energy use during non-occupancy. Heavy machinery such as escalators are also fitted with motion sensors and power-saving inverters to reduce electricity usage and extend the life of parts.

Action Across Hotels

- More than 80% of our property portfolio by value has completed the transition to LED lighting. Some of these LED lights also include motion sensors, enabling additional energy savings when areas are unoccupied. Efforts to replace remaining lighting with LED technology are ongoing and continue to be implemented incrementally.
- **Grand Copthorne Waterfront Hotel** completed its room refurbishment works with all rooms fitted with Smart Room Technology to efficiently manage power, lighting, and air-conditioning. This system monitors the occupancy status of the room and adjusts energy consumption accordingly. The hotel upgraded the public areas Air Handling Units to electronically commutated fans, improving energy efficiency by at least 40%.
- **Studio M Hotel** completed its air-conditioning and mechanical ventilation upgrading and have seen a 25% improvement in total system efficiency.
- Our **Hilton Cambridge City Centre** hotel continues to implement Hilton's award-winning LightStay platform, which enables the tracking, management, reporting and improvement of environmental and social impacts across its global portfolio of hotels. This aids in improving the energy efficiency and resource consumption by Hilton Hotels. At this property, LightStay has resulted in the implementation of motion lighting sensors in the gym and toilets, low-energy monitors for hotel computers and 95% conversion to LED lighting.
- **Both the Maldives resorts** completed their Phase 1 installation of solar panels, which generated 413 MWh of solar power since operation in 2023, avoiding 144,000 litres of diesel consumption, equivalent to 327 tonnes of CO_2. In FY 2024, the resorts will commence Phase 2 solar panels installation that will see the system capacity increase by a further 650 kWp.

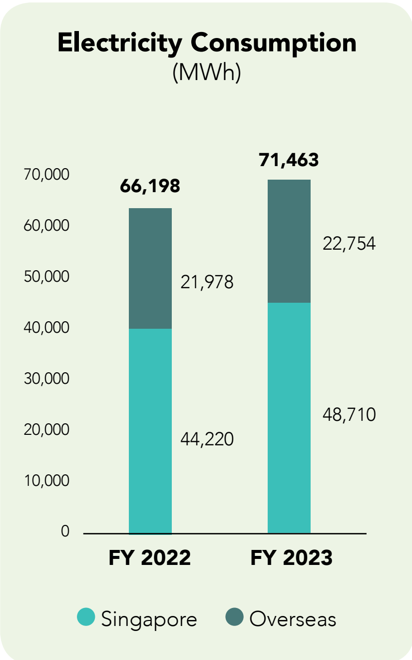
Awards And Certifications

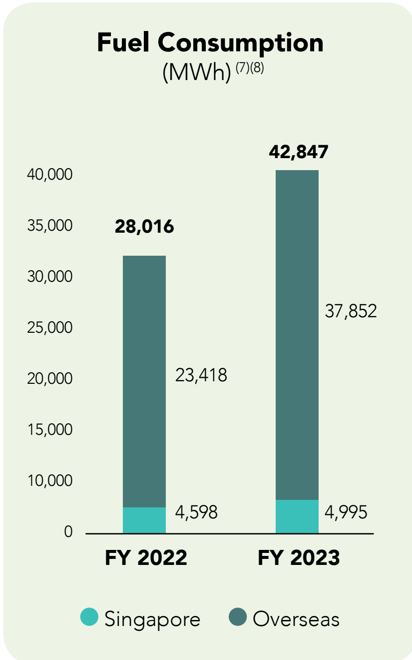
We view accreditation of our Sustainability initiatives as recognition of our efforts as a hospitality industry leader.

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

Our Performance

We experienced an increase in our overall electricity consumption in FY 2023, attributable to the increase in travel following the further normalisation of travel across many jurisdictions. As business operations have stabilised post-pandemic, our properties generally operated at higher capacities compared to previous years. While there has been an increase in overall electricity consumption due to an increase in overall business activities globally, CDLHT will continue to look for new areas of improvement and opportunities to implement technologies to achieve our targets in reducing our overall consumption.





Our Targets

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

(6) Electrical consumption intensity is defined as the electricity consumption (MWh) divided by the Gross Floor Area (m^2).
(7) Diesel volume data was converted into energy units based on the following: 1 litre of diesel = 38 Megajoules.
LPG volume data was converted into energy units based on the following: 1 m^3 of LPG = 94.6 Megajoules.
(8) For FY 2022, we have restated the metric for fuel consumption, from Megajoules to Megawatt hour, as it reflects a standardised metric relating to our energy consumption.

SUSTAINABILITY REPORT

Water Stewardship

Responsible water use is integral to our properties' operations. CDLHT prioritises efficient water usage practices through the implementation of robust water management and conservation initiatives to spearhead water preservation efforts and bolster the overall sustainability of our operations.

Our Approach

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

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

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

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

Action Across Hotels

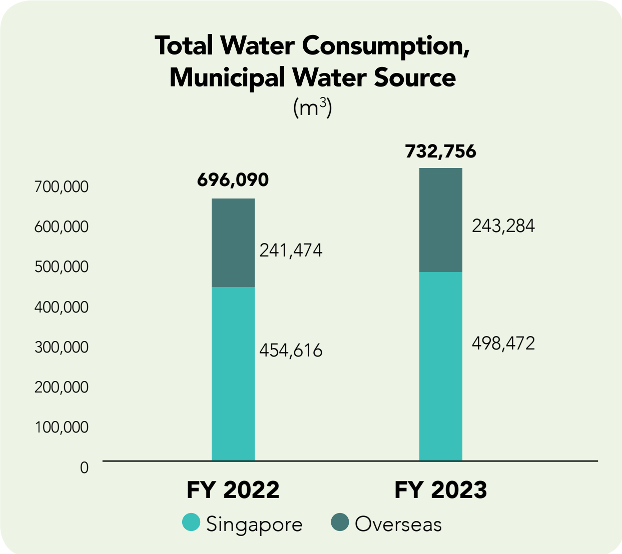
- **80% of our hotels** are fitted with water-saving shower heads that reduce consumption while maintaining water pressure as well as eco flush systems for most of the toilets.
- **Grand Copthorne Waterfront Hotel and Copthorne King's Hotel** upgraded its public restrooms which are fitted with water consumption restrictors. By using sensor-controlled taps, the hotel is able to reduce water wastage.
- Whenever possible, **Orchard Hotel, Copthorne King's Hotel and M Hotel in Singapore** each utilise just one cooling tower, instead of the industry standard of two, as a means of conserving water across their operations.
- **W Singapore – Sentosa Cove** operates under Marriott International's conservation initiatives targeting hotel operations including low-flow toilets and showerheads, smart irrigation controllers, laundry water reuse systems, and high-efficiency irrigation spray nozzles. Recycled water is also used for landscaping and flushing.
- **Majority of the hotels** have introduced the option for guest to skip daily housekeeping, reducing excessive water use and its associated carbon footprint.

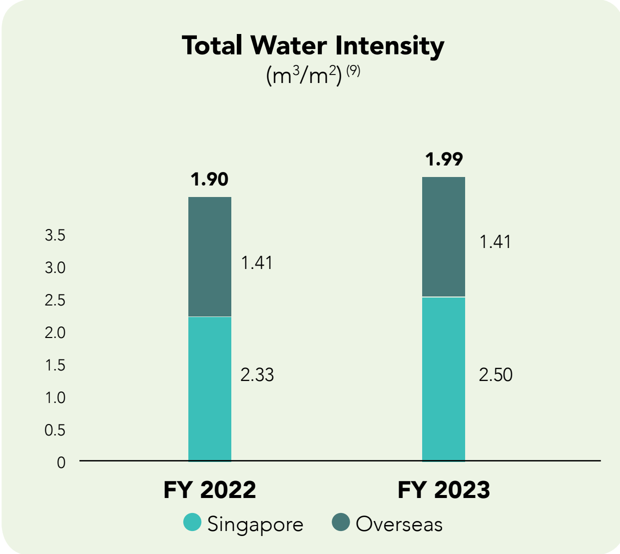
Recycling Water

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

Our Performance

In FY 2023, we experienced an increase in overall water consumption and water intensity across the entire portfolio, mostly attributed to increased business activity as market recovery accelerated globally. CDLHT strives to manage its water consumption responsibly and to reach its long-term targets.





Our Targets

We aim to achieve an aggregated 2% to 7% reduction in water consumption (or corresponding intensity) by 2026, with FY 2019 as our comparative baseline. In 2019, CDLHT consumed 767,480 m^3 of water across all operations. This year we achieved a 4.5% reduction in water consumption compared to the FY 2019 baseline. We will continue working towards achieving our aggregated target by 2026.

Waste

The effective management of waste has become an increasingly pressing concern for governments and organisations worldwide. Within the hospitality industry, the issue of waste, particularly food waste, holds significant relevance. Failure to address this issue may result in compounding environmental and financial risks for businesses. CDLHT recognises the role it can play as a stakeholder in the hospitality sector to implement proactive measures to mitigate waste generation, optimise resource utilisation, and foster a culture of sustainability.

Our Approach

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

Waste Reduction

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

Action Across Hotels

- **Grand Copthorne Waterfront Hotel, Copthorne King's Hotel, Orchard Hotel, M Hotel, Studio M Hotel, Hilton Cambridge City Centre, The Lowry Hotel and Pullman Hotel Munich** have on site food digesters. Food digesters convert 100% of food waste into water, reducing the amount of waste that either goes to landfill or incineration.
- **All hotels** have replaced or are in the process of removing single-use plastic bathroom amenities by installing shampoo and soap dispensers as alternatives to individual bottles, reducing plastic waste.
- **More than 50% of our hotels** removed single-use plastics in F&B operations.

Waste Segregation And Recycling

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

Recognising the role of awareness campaigns in combatting wasteful practices, our hotels engage in food waste reduction and recycling programmes for paper, glassware, and plastic, promoting a sense of purposeful contribution and environmentally friendly habits amongst our staff. This involves an interdepartmental collaboration across our Housekeeping, Food & Beverages, and Engineering departments.

(9) Total water consumption intensity is defined as the total water consumption (m^3) divided by the Gross Floor Area (m^2).

SUSTAINABILITY REPORT

Action Across Hotels

- **W Singapore – Sentosa Cove** recycles and reuses wet waste for landscaping purposes after composting and is enrolled in the Food Waste Recycling Programme at Sentosa Cove Village.
- **Raffles Maldives Meradhoo** has been operating a biogas plant since August 2022, converting food waste into gas for use in the kitchen. Additionally, the hotel also utilises recycled materials from the hotel and island's generated waste to operate its organic garden.
- **Angsana Velavaru** started operating a food composter in the third-quarter of 2022, generating a daily average of 80kg of compost for use throughout the resort. The hotel has also implemented a Reduce, Reuse and Recycle policy to advocate for waste reduction, including reusable glass bottles and dispensers and onsite. The hotel also invests in biodegradable items including garbage bags and cling film to reduce plastic footprint.
- **Hilton Cambridge City Centre** implemented its #RefuseTheStraw initiative, curbing single-use straws on its premises by shifting towards biodegradable straws. The use of biodegradable straws is aimed at protecting our oceans and ultimately reducing plastic use and pollution.
- **Hilton Cambridge City Centre** and **W Singapore – Sentosa Cove** have implemented a Self-Bottling System to replace guest drinking plastic water bottles with recyclable glass water bottles.
- **Hilton Cambridge City Centre** displays the carbon footprint of food and drinks on the menus of the Restaurant, Lounge Bar, and Room Service.

Our Performance

CDLHT is in the process of expanding its formal waste data collection systems across each of the hotels to better capture, track, and reduce waste generated at each of our properties. As such, waste generation numbers continue to increase significantly due to a larger portion of our portfolio being scoped in over time.

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

Waste by Type and Disposal Method for FY 2023

Disposal Method	In Singapore	Overseas	All Properties
	Total Weight of Non-Hazardous Waste	Total Weight of Non-Hazardous Waste	Total Weight of Non-Hazardous Waste
		(Metric Tonnes)	
Recycling	181.98	140.64	322.62
Landfill	1,225.51	372.28	1,597.79
Others	1,809.34	281.04	2,090.31
Total waste	**3,216.83**	**793.96**	**4,010.79**

Our Targets

We have exceeded our previous target of removing or partly removing single-use plastics bathroom amenities from operations for 50% of our hotel portfolio in FY 2023, and aim to remove 85% of the same by FY 2024. We continue to monitor and manage food waste through food management systems to manage buffet food waste at our W Singapore – Sentosa Cove and an eco-digester at both Raffles Maldives Meradhoo and Angsana Velavaru.

ENABLING INCLUSIVENESS, SAFETY, GROWTH AND DIVERSITY OF OUR PEOPLE

The foundation of our success lies in our dedicated workforce. CDLHT's portfolio of hotels is committed to maintaining a safe and engaging working environment for our employees.

To address the above, our hotels in Singapore have implemented the following:

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

CDLHT is committed to upholding the strength of our data collection and internal control systems and hence have implemented internal controls to effectively reduce data discrepancies in the future.

Employment And Employee Engagement

CDLHT is steadfast in our commitment to maintain fair employment standards and competitive remuneration for our employees, grounded on merit and compliance, based on relevant regulations in the jurisdictions we operate in.

Employment and Employee Engagement
Our hotels employed more than 2,500 staff in FY 2023

Health and Safety
Zero fatalities from work-related injuries in FY 2023

Diversity Inclusion & Equal Opportunity
41% permanent staff were female in FY 2023

Training and Development
32 hours of training on average across portfolios

Our Approach

At CDLHT, we emphasise the importance of continuous employee engagement from induction of new joiners to maintaining ongoing communication with our seasoned staff. Our HR policies, implemented at both the Managers and portfolio property level, maintain processes and channels that are dedicated to addressing the needs of our employees. Continuous staff training and development, an integral aspect of employee engagement, is discussed further in our "Training and Development" subtopic below.

Employee Well-being

The Managers gather employee feedback via staff dialogues to gain a comprehensive understanding of key areas of concern within CDLHT. Upon the commencement of an employee at CDLHT, meetings are conducted to facilitate the employee's integration into their role and new environment. Additionally, at the end of an employee's tenure with us, an exit interview is conducted to obtain feedback and address any areas of concern.

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

The Managers' staff are automatically enrolled to Hong Leong Group Sports & Recreation Club where the committee organises sporting competitions, shopping tours, movie nights and other interest group events to foster team bonding. Our Sponsor group also provides employees of the Managers and hotel staff with benefits at F&B outlets and discounted hospitality accommodation owned by the Sponsor.

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

Our Performance

In FY 2023, the hotels employed a total of 2,586 staff with a mix of 59% male and 41% female. 1,037 employees left us, of whom 61% were male and 39% were female, while 1,025 newly joined, of whom 55% were male and 45% were female. As a result, our total rates of new hire employment and turnover were both at 40%.

SUSTAINABILITY REPORT

New Employee Hires and Turnover
(FY 2023)

For FY 2023	All Properties		
	Male	Female	Total
Employee Count	1,530	1,056	2,586
Number of New Employee Hires	562	463	1,025
Rate of New Employee Hires	36.7%	43.8%	39.6%
Number of Employee Turnover	631	406	1,037
Rate of Employee Turnover	41.2%	38.4%	40.1%

New Employee Hires and Turnover
(FY 2022)

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

We aim to continuously work with the hotel managers to minimise staff turnover rate and retain talent within our portfolio.

Health And Safety

CDLHT remains committed to diligently adhering to and enforcing workplace health and safety standards to ensure our portfolio of hotels can continue to safely operate. We prioritise employees' safety and wellbeing so our hotels' employees can continue to provide quality service to guests. We work closely with each of our hotels through rigorous safety protocols to ensure that they can continuously and safely operate at all times.

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 hotel employees and guests. As the asset owner, CDLHT is in regular communication with the hotel operators on compliance and incidents of work-related injuries. In cases of work-related injuries, each hotel operator lodges a report of the injury to review and assess the affiliated hazards aimed at limiting its future occurrence.

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 and certified accreditation.

Conducting OH&S Risk Assessments

Workplace risk assessments are carried out to identify potential hazards, determining employees, jobs or equipment that are of high risk. Our portfolio of hotels conducts risk assessments for routine and non-routine work activities to prevent affiliated hazards. Furthermore, some of our hotels, such as Orchard Hotel in Singapore, perform risk assessments on newly introduced equipment to identify potential hazards that employees might encounter during operation.

Accreditation

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

Our Performance

We are pleased to report that we had zero fatalities resulting from work-related injuries in FY 2023.

Work-Related Injuries for FY 2023

Type Of Work-Related Injury	All Properties
Number of Fatalities as a result of Work-Related Injury	0
Number of High-Consequence Work-Related Injury (excluding fatalities) (10)	25
Number of Recordable Work-Related Injury (11)	31
Total Work-Related Injury	56
Number of Hours Worked	9,186,895

Our Targets

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

(10) This category includes: Number of dangerous occurrences, incidents exceeding three days of medical leave, incidents of hospitalisation, occupational disease, and/or permanent disabilities.
(11) This category includes: Number of incidents that required less than three days of medical leave, reportable incidents, and/or temporary disabilities.

Diversity, Inclusion And Equal Opportunity

As a global business with operations across numerous countries, we strive to foster diversity and inclusion in the workplace with the aim of cultivating a fair and equitable working environment. This commitment is reflected in our diversity policies, training, and dedication to respecting the diverse backgrounds of individuals within our organisation. We believe in the inclusion of all individuals regardless of their backgrounds to establish ourselves as fair and equal employers. By upholding these principles, CDLHT endeavours to drive positive change and foster a workplace environment where every individual can thrive and contribute to our collective success.

Our Approach

The Boards have adopted a Board Diversity Policy which is available on CDLHT's corporate website, setting out its policy and framework for promoting diversity on the Boards. The Boards recognise that a diverse Board of Directors is an important element which will better support the CDLHT's achievement of its strategic objectives for sustainable development by enhancing the decision-making process of the Boards, to avoid group think and foster constructive debate. Board Diversity enhances our overall business governance through the more diverse 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.

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

Action Across Hotels

- **Hilton Cambridge City Centre** has been established as the first Lesbian, Gay, Bisexual, Transgender, Queer, and Others ("**LGBTQ+**")-led hotel in Cambridge. All employees have undergone a Diversity, Inclusion and Unconscious Bias training, conducted by the hotel's General Manager.
- In FY 2023, **Ibis Perth** had all staff attend "WATCH" (We Act Together for Children) training, a program designed to provide individuals with the knowledge and skills needed to recognise and respond effectively to signs of child abuse and neglect in the hospitality industry.
- **Angsana Velavaru** collaborated with the Ministry of Tourism of the Maldives to promote tourism awareness and provide career guidance at Nilandhoo School. The collaborative effort involved a joint presentation attended by 90 students and 12 teachers, focusing on various career opportunities within the tourism industry. This initiative aimed to inspire and educate students about potential career paths and opportunities in the vibrant tourism sector of Maldives.

Our Performance

In FY 2023, 60% of our total permanent staff were male and 40% were female, while 53% of our total temporary staff were male and 47% were female. The majority of our properties' employees are aged between 30 and 50 years or are under 30, at 32% and 53% respectively, attributable to the nature of our industry. We continuously strive to implement diversity and inclusion across our workforce as it enables a more holistic, productive, and sustainable work culture.

Diversity and Inclusion Data for FY 2023

Number Of Employees	All Properties		
	Male	Female	Total
Permanent Staff	1,329	875	2,204
Temporary Staff	201	181	382

Number Of Employees	All Properties
Aged <30 years	822
Aged between 30 – 50 years	1,364
Aged >50 years	400

Diversity and Inclusion Data for FY 2022

Number Of Employees	All Properties		
	Male	Female	Total
Permanent Staff	1,055	746	1,801
Temporary Staff	140	143	283

Number Of Employees	All Properties
Aged <30 years	612
Aged between 30 – 50 years	1,136
Aged >50 years	336

Our Targets

We remain committed to reflecting diversity across our workforce and hiring processes. We strive to encourage the diversity of our employees across management roles through continuous talent identification and development efforts, whilst honing our hiring plan to attract and retain a diversified workforce.

SUSTAINABILITY REPORT

Training And Development

We place great importance on the continuous training and development of our employees to nurture a resilient, competitive, and upskilled workforce. We also recognise that constantly evolving societal norms and expectations may bring new work demands and job skills. In response, we encourage our hotels to expand their training offerings for the hotel employees and encourage them with training opportunities beyond what is mandatory to refresh and upgrade their skills, which supports the continuous development of their career aspirations and contributes value to the business.

Our Approach

CDLHT recognises the pivotal role that employee development and job design play in employee satisfaction. Respectively, our hotel's HR policies reflect the emphasis we encourage in each area to ensure that their employees remain engaged and enjoy cross-functional opportunities.

Continuous Training, Development And Upskilling

At the Managers, biannual performance reviews are conducted to provide feedback to employees and evaluate their achievements, goals, and career trajectory. We conduct an informal mid-year discussion and a formal year-end performance appraisal. Key Performance Indicators are established, updated, communicated and pegged to individual roles prior to performance assessments to encourage continuous growth.

Our hotels are committed to nurturing talent and fostering a culture of continuous learning and development. Our Sponsor group, Hilton, Marriott and Accor have a structured talent development strategy involving forecasting of hiring needs and actively developing new pools of talent to meet current and future demands. By identifying key roles and competencies, our hotels proactively groom and prepare employees for leadership positions, ensuring a smooth transition and continuity within the organisation.

They also offer graduate apprenticeship program for recent graduates or entry-level employees to obtain valuable hands-on experience and mentorship. Through structured learning modules and on-the-job training, participants gain practical skills and insights into their chosen field while contributing meaningfully.

The relevant HR department within the hotels provides general orientation as well as mandatory training courses to all those on-boarded. The respective HR departments undergo a training needs analysis to identify skill gaps and gauge employee interest when tailoring skill training programmes for dissemination. Once confirmed, HR encourages Heads of Departments ("**HODs**") across the hotels to nominate relevant staff for specified training. These specialised training courses, including leadership training, are conducted by HODs, the internal training department or external providers. Our hotels also actively collaborate with educational institutions to develop or deliver joint training programs tailored to the specific needs of the staff. These partnerships facilitate knowledge exchange, industry insights, and access to professional training resources. By leveraging the expertise of academic partners, the hotels ensure the employees receive relevant and high-quality training that aligns with industry best practices and emerging trends.

Job Redesign

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

Our Performance

This year we achieved an average of 32.84 hours of training per employee across our portfolios.

Average Training Hours (FY 2023)

Number Of Employees	All Properties		
	Male	Female	Total
Total number of employees (head count or FTE)	1,329	875	2,204
Total number of training hours provided to employees	46,060	26,322	72,382
Average training hours per employee	34.645	30.08	32.84

Average Training Hours (FY 2022)

Number Of Employees	All Properties		
	Male	Female	Total
Total number of employees (head count or FTE)	1,055	746	1,801
Total number of training hours provided to employees	37,154	21,474	58,628
Average training hours per employee	35.22	28.79	32.55

Our Targets

Last year, CDLHT set a target to achieve a minimum of 20 hours of training per employee across all our portfolios in FY 2023. CDLHT has achieved its target for FY 2023.

NEW MATERIAL TOPIC
Fair Labour and Human Rights

CDLHT is committed to responsible business practices throughout our operations and relationship with suppliers and hotel employees. Our commitment to enabling the safety and growth of our people includes upholding and supporting human rights. We recognise and understand the profound impact our operations can have on the lives of individuals and communities, both within and beyond our organisational boundaries. We place firm emphasis towards ensuring fair practices towards our employees as well as tackling unjust workplace practices.

Our suppliers also play a vital role in our operations. As such we believe it is important that we work with our suppliers to prevent any unfair labour practices and/or violation of human rights.

Our Approach
CDLHT complies with all applicable employment laws and ethical hiring practices. We have put in place HR policies to provide a safe and healthy work environment for all our employees, including but not limited to policies in compliance with applicable laws in each jurisdiction of employment.

Our suppliers are only appointed after a rigorous screening process and reputable suppliers will be appointed. This supports our commitment towards protecting labour and human rights across the stakeholders and counterparties we work with.

Our Performance
In FY 2023, we had zero cases of forced or labour violations throughout our operations and suppliers.

ENGAGING LOCAL COMMUNITIES AND ADVOCATING FOR POSITIVE IMPACT
Local Community Impact
Beyond their roles as commercial enterprises, our portfolio properties actively engage and support the diverse communities in which they operate. CDLHT views community involvement as integral to fostering goodwill and garnering support in the various localities where we do business. We strive to make positive contributions to society and uphold our responsibility as good corporate citizens.

Our Performance
The local community remains one of our top priorities, and throughout FY 2023, our properties participated in over 70 corporate and social responsibility activities. This included volunteering and donation drives and information sessions in our properties' local communities, where our key focus areas were education, health, and environmental awareness.


Sustainable Christmas Market


Community Chest Trees of Hope

Sustainable Christmas Market
This carbon-neutral event is organised by Peace of Art SG and features environmentally focused workshops as well as a bazaar, consisting of more than 80 vendors, for sustainably-made products and eco-friendly food. The Managers' staff and their families participated in the workshops, making Christmas gifts out of sustainable material. More than S$280,000 was raised and the proceeds went towards supporting vulnerable children and the youth community.

Community Chest Trees of Hope
In tandem with celebrating 40 years of fund-raising and supporting those in need by Community Chest, a community project Trees of Hope was curated in partnership with Mediacorp to raise funds to empower children with special needs and youth at-risk, adults with disabilities, persons with mental health conditions and families and seniors in need of support. The Manager's staff and colleagues from Millennium & Copthorne Hotels participated in this event, assembling a piece of art, named 'Trees of Hope', as a symbolic representation of collaboration within the community to support those in need. Over the entire programme, The Community Chest raised over S$16.7 million.

Island Initiatives
Aligning with CDLHT's priority of contributing to the local communities and the environment, Angsana Velavaru participated in various clean up initiatives across Maldives throughout the year. In total, they collected over 1,200kg worth of trash by cleaning up beaches in Maeenbodhoo, Rinbudhoo and Meedhoo and participated in an underwater clean up during World Environment Day.

Additionally, they celebrated Earth Hour by turning off non-essential electric lights saving 53kWh of electricity in an hour and spread environmental awareness through talks and awareness programs for guests and students.

SUSTAINABILITY REPORT

Action Across Hotels

- **W Singapore – Sentosa Cove Singapore**

  Throughout the year, staff volunteered at Singapore-based non-profit organisations Community Chest Fu Dai, Willing Hearts and Food from the Heart, to provide support in areas such as packing items and food preparation. Additionally, they also contributed to Food from the Heart's donation drives and the 2023 Toy Buffet, a charity festival for young beneficiaries.

  Donations also went to Club Rainbow, which supports children with chronic illnesses and low-income families, and Road to Give – an annual charity run and the Community Chest donation drive.

- **Copthorne King's Hotel and M Hotel**

  To support communities across various walks and beneficiary groups, staff members from Copthorne King's Hotel and M Hotel participated in the Hong Leong Foundation annual charity event (a wellness workout programme with the elderly), the Assisi Hospice Fun Day 2023 to raise funds to support patients with terminal illnesses and their families, the Community Chest Heartstrings walk to support communities in need and the Run for Hope.

  Copthorne King's Hotel also participated in the Community Chest 40th Anniversary Charity TV Show Community Project: Trees of Hope and GAC Singapore Tree Planting Day.

- **Hilton Cambridge City Centre**

  The hotel's donations over the year included raising funds for various charity organisations, donating over 100kg of clothes, shoes and toys to Emmaus charity, providing support to homeless people, collecting food items for the Food Bank, and toiletries for Clean the World Charity.

  They also collaborated with local charity partner, Spectrum, to provide a safe space for children with autism and volunteered at Cambridge's Papworth Trust to help at the local community centre.

- **Angsana Velavaru**

  Angsana Velavaru participated in various environmental and social initiatives throughout the year. This included education-related initiatives including conducting camps and classes and providing stationary packages and environmental initiatives from beach clean-ups and awareness programs.

- **Raffles Maldives Meradhoo**

  Raffles Maldives Meradhoo collaborated with various partners to support and celebrate various beneficiaries within the community – staff partnered with the local school of Nadela to celebrate their teachers during Teachers Day, invited doctors from the nearby island Hospital for an awareness exchange and staff diabetes screening during World Diabetes Day and celebrated women within the company during Women's Day on 8th March.

  They also participated in multiple reef cleanings throughout the year to further reef conservation in the Maldives, mobilised volunteers in partnership with a local NGO Parley for Ocean and also participated in a friendly football match with local schools.

Our Targets
The target for the portfolio is to conduct at least 15 community/social events or projects in FY 2024.

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CORPORATE GOVERNANCE

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

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

- Using its best endeavours to ensure that the business of H-REIT is carried on and conducted in a proper and efficient manner and to conduct all transactions with or for H-REIT at arm's length and on normal commercial terms.

- Ensuring that H-REIT complies with the relevant applicable laws and regulations, including the applicable provisions of the Securities and Futures Act 2001 ("**SFA**"), the Listing Rules issued by Singapore Exchange Securities Trading Limited ("**Listing Manual of SGX-ST**"), the Code on Collective Investment Schemes (including the Property Funds Appendix), the conditions set out in the Capital Markets Services ("**CMS**") Licence for REIT Management issued by the Monetary Authority of Singapore ("**MAS**"), the H-REIT Trust Deed, the tax rulings issued by the Inland Revenue Authority of Singapore on the taxation of H-REIT and the holders of the Stapled Securities of CDLHT ("**Stapled Security Holders**") and all relevant contracts.

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

HBT acts as the master lessee of Raffles Maldives Meradhoo, a resort in the Maldives, W Singapore – Sentosa Cove, Hotel MyStays Asakusabashi and Hotel MyStays Kamata in Japan as well as Ibis Perth and Mercure Perth, all of which are owned by H-REIT. In addition to its function as a master lessee, HBT undertakes certain hospitality and hospitality-related and other accommodation development projects, acquisitions and investments which may not be suitable for H-REIT. HBT is the owner of Hilton Cambridge City Centre, a purpose-built upper upscale hotel located in Cambridge, United Kingdom which is managed by the Hilton Hotels and Resorts, and The Lowry Hotel, a purpose-built 5-star luxury hotel located in Manchester, United Kingdom. HBT also has a land purchase agreement and a development funding agreement for The Castings (residential build-to-rent under development) in the United Kingdom which is expected to be completed by mid-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 Managers 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 Managers are remunerated by the Managers 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 the financial year ended 31 December 2023 ("**FY 2023**"), 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 (for the benefit of unitholders). The Managers' Boards are also responsible for setting strategic business objectives and direction as well as the risk management of H-REIT and HBT, and to ensure that necessary financial, operational and human resources are in place for the Managers to meet their objectives. All Board members of the H-REIT Manager and the HBT Trustee-Manager participate in matters relating to corporate governance including setting corporate values and ethical standards, business operations and risk management, desired organisational culture, financial performance, engaging key stakeholder groups and the nomination and review of performance of Directors and key management personnel ("**KMPs**"). A Code of Business and Ethical Conduct duly approved by the Managers' Boards is in place.

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

Directors' Objective Discharge of Duties and Declaration of Interests

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

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

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

The Committees established by the Boards, together with their respective composition are set out under the corporate directory section in this Annual Report 2023 ("**Annual Report**").

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

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

Further information on the activities of the Audit & Risk Committees ("**ARCs**") and Nominating & Remuneration Committees ("**NRCs**") can be found in the sections on Principles 4 to 10 in this report.

CORPORATE GOVERNANCE

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

Meetings of the Boards, ARCs and NRCs of the Managers were held regularly. Five Board Meetings, four ARC Meetings and two NRC Meetings were held in 2023.

A meeting of the Non-Executive Directors ("**NEDs**") of the H-REIT Manager Board and the HBT Trustee-Manager Board, chaired by the lead independent Director ("**Lead ID**") was also held in 2023 to discuss matters without the presence of management and feedback was provided to the Board after the NEDs 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 2023, 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 Boards and/or the Committees.

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

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

Directors' Attendance at the General Meetings and Meetings of Boards, the Committees and NEDs in 2023

	General Meetings[1]	Boards	ARCs	NRCs	NEDs
Number of meetings held in 2023	1	5	4	2	1
Name of Directors	**Number of meetings attended in 2023**				
Chan Soon Hee, Eric	1/1	5/5	N. A.	2/2	1/1
Vincent Yeo Wee Eng	1/1	5/5	N. A.	N. A.	N.A.
Foo Say Mui (Bill)	1/1	5/5	4/4	2/2	1/1
Kim Kenny	1/1	4/5	4/4	N. A.	1/1
Cheah Sui Ling	1/1	5/5	4/4	2/2	1/1
Kwek Eik Sheng	1/1	5/5	N. A.	N. A.	1/1

Note:

(1) All Directors, including Mr Chan Soon Hee, Eric (Chairman of the Boards and NRCs) and Dr Foo Say Mui (Bill) (Chairman of the ARCs) were in attendance at the Annual General Meetings ("**AGMs**") in 2023, together with the KMPs and the external auditors of CDLHT. The AGMs were held via electronic means.

CORPORATE GOVERNANCE

Complete, Adequate and Timely Information

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

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

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 KMPs. The contact details of the head of internal audit are also provided to the ARCs.

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

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

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

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

The H-REIT Manager Board and the HBT Trustee-Manager Board have in place an internal guide wherein certain key matters are specifically reserved for approval by the H-REIT Manager Board and the HBT Trustee-Manager Board respectively, and these include decisions over the strategic direction and policies and financial objectives which have or may have material impact on the profitability or performance of H-REIT and HBT and decisions on material capital expenditure and undertakings of 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.

CORPORATE GOVERNANCE

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, the Listing Manual of SGX-ST and the CG Code. The Company Secretaries, where relevant, will co-ordinate with such Director to endeavour completion of the LED Programme within one year from his or her date of appointment subject to SID's training schedule and the Director's availability.

Mr Kwek Eik Sheng, who was appointed a Director in October 2022, has completed all the modules of the mandatory training provided by SID including the Sustainability E-Training for Directors programme conducted by Institute of Singapore Chartered Accountants within a year from his date of appointment.

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 2023 and they were also briefed during the Boards and Committees meetings on the recent regulatory changes such as accounting, the CG Code and related listing rules revisions. In addition to the training courses/programmes and briefing updates, Directors are also at liberty to approach Management should they require any further information or clarification concerning the Managers' operations.

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

Board Independence

The Boards of the H-REIT Manager and the HBT Trustee-Manager currently comprise six members each. All members of the Boards, except for Mr Vincent Yeo Wee Eng, the CEO, are NEDs. Of the five NEDs, the NRCs have recommended and the Boards have determined four of them, namely Mr Chan Soon Hee, Eric, Dr Foo Say Mui, (Bill), Mr Kenny Kim and Ms Cheah Sui Ling, being more than half on the Boards, to be Independent Directors ("**IDs**"), thus providing for a strong and independent element on the Boards capable of exercising objective judgement on corporate affairs of the H-REIT and its subsidiaries ("**H-REIT Group**") and the HBT and its subsidiaries ("**HBT Group**").

CORPORATE GOVERNANCE

The NRCs determine on an annual basis (or as and when circumstances require) whether a Director is independent, based on the rules, guidelines and/or circumstances on director independence as set out in the Listing Manual of SGX-ST, the CG Code and the accompanying Practice Guidance, the Securities and Futures (Licencing and Conduct of Business) Regulations ("**SFR**") and the Business Trusts Regulations. A Director is considered independent if he or she is independent in conduct, character and judgment and:

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

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

(c) is not a substantial shareholder of the Managers or a substantial Stapled Security Holder of CDLHT;

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

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

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

For purposes of determination of independence, the IDs have provided confirmation that they are not related to the Managers or substantial Stapled Security Holders of CDLHT or their related corporations and the substantial shareholders of the Managers or their officers that could interfere, or be reasonably perceived to interfere, with their judgement in the best interests of CDLHT. Each member of the NRCs and the Boards recused himself or herself from the NRCs' and the Boards' deliberations respectively on his or her own independence. The following Directors' independence were assessed by the NRCs and the Boards:

(a) Mr Chan Soon Hee, Eric

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. Mr Chan was previously the Lead Independent Director, Chairman of the Audit and Risk, Remuneration and Board Sustainability Committees; and a member of the Board and Nominating committees of City Developments Limited ("**CDL**") which holds an indirect controlling stake in the stapled securities of CDLHT, until his resignation on 22 June 2018. The Managers are wholly-owned subsidiaries of CDL.

The NRCs and Boards of the Managers had considered Mr Chan to be independent and capable of exercising business judgement in the best interests of H-REIT and HBT, and approved the re-designation of Mr Chan from Non-Independent and Non-Executive Chairman to Independent Non-Executive Chairman with effect from 1 January 2021.

The Boards also considered the conduct of Mr Chan in the discharge of his duties and responsibilities as a Director and are of the view that the past relationship set out above did not impair his ability to act with independent judgment in the discharge of his duties and responsibilities as a Director. Save for the relationship stated above, Mr Chan does not have any other relationships and is not faced with any of the circumstances identified in the CG Code, SFR, Business Trusts Regulations and Listing Manual of SGX-ST, or any other relationships which may affect his independent judgment. The Boards are therefore of the view that Mr Chan has exercised independent judgment in the discharge of his duties and responsibilities. Based on the above, the Boards determined that Mr Chan is an ID for FY 2023.

CORPORATE GOVERNANCE

(b) Dr Foo Say Mui (Bill)

Dr Foo is not faced with any of the circumstances identified in the CG Code, SFR, Business Trusts Regulations and Listing Manual of SGX-ST and does not have any other relationships which may affect his independent judgment. The Boards also considered the conduct of Dr Foo in the discharge of his duties and responsibilities as a Director. The Boards are of the view that Dr Foo has exercised independent judgment in the discharge of his duties and responsibilities. Based on the above, the Boards determined that Dr Foo is an ID for FY 2023.

(c) Mr Kenny Kim

Mr Kenny Kim is not faced with any of the circumstances identified in the CG Code, SFR, Business Trusts Regulations and Listing Manual of SGX-ST and does not have any other relationships which may affect his independent judgment. The Boards also considered the conduct of Mr Kim in the discharge of his duties and responsibilities as a Director. The Boards are of the view that Mr Kim has exercised independent judgment in the discharge of his duties and responsibilities. Based on the above, the Boards determined that Mr Kim is an ID for FY 2023.

(d) Ms Cheah Sui Ling

Ms Cheah Sui Ling is not faced with any of the circumstances identified in the CG Code, SFR, Business Trusts Regulations and Listing Manual of SGX-ST and does not have any other relationships which may affect her independent judgment. The Boards also considered the conduct of Ms Cheah in the discharge of her duties and responsibilities as a Director. The Boards are of the view that Ms Cheah has exercised independent judgment in the discharge of her duties and responsibilities. Based on the above, the Boards determined that Ms Cheah is an ID for FY 2023.

Taking into consideration the guidelines for independence set out in Provision 2.1 of the CG Code and the Business Trusts Regulations, the NRCs and the Boards have determined that Mr Kwek Eik Sheng is considered non-independent by virtue of his employment as Group Chief Operating Officer of CDL and an Executive Director of Millennium & Copthorne Hotels Limited (the "**Sponsor**"), both being substantial Stapled Security Holders of CDLHT.

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

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

The NRCs had considered the core competencies of the Directors based on the skills and experience of each Director and are of the view that the Boards have the critical skills and expertise needed in the strategic direction and planning of the business of H-REIT and HBT. The NRCs are satisfied that there is a good balance of expertise on the Boards, with experience in real estate and hotel-related businesses, hotel and funds management, corporate finance, business leadership and management, strategic planning, marketing, accounting or finance, risk management and sustainability. H-REIT and HBT own assets in various regions such as Asia, Oceania and Europe including the United Kingdom. The CEO, who is also an Executive Director of the H-REIT Manager Board and the HBT Trustee-Manager Board, together with the NEDs collectively have prior work experience in these regions.

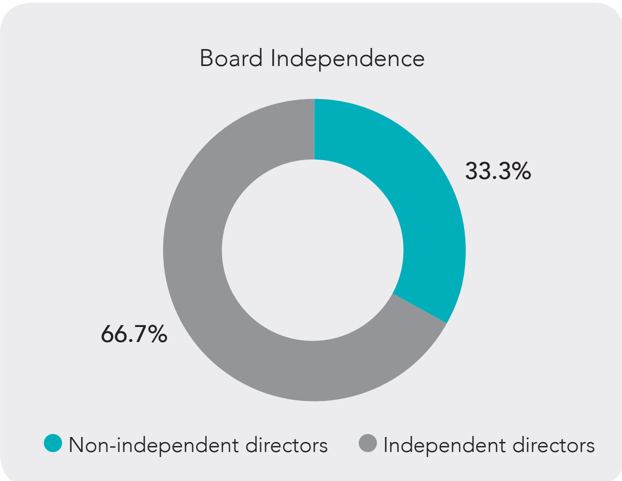
The Boards will continue to review opportunities to refresh the Boards with a view to expanding the skills, experience and diversity of the Boards as a whole. The Boards also agreed that there was no need to set a specific target for ethnicity or nationality so long as the candidates provide distinguishing qualities that complement and expand the skills and experience of the Boards as a whole. Further information on the individual Directors' background, experience and skills can be found in the "Board of Directors" section in this Annual Report.

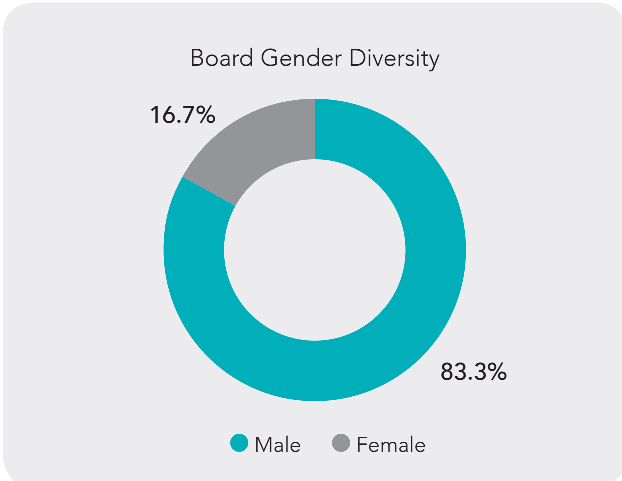
CORPORATE GOVERNANCE

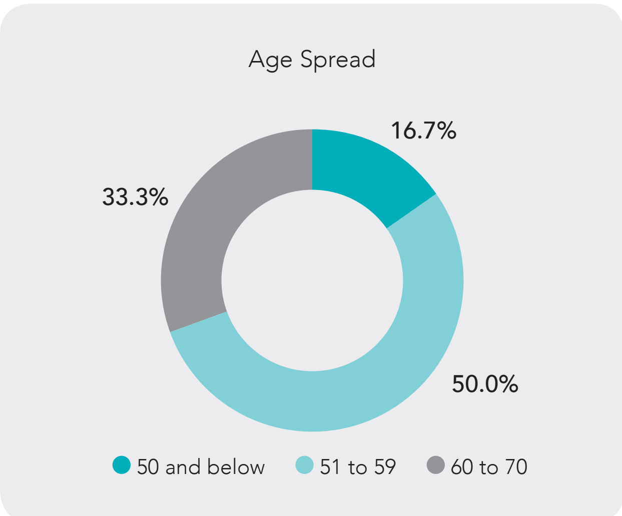
Having considered the scope and nature of the operations of the H-REIT Group and the HBT Group, the Boards are satisfied that the current composition mix and size of the Boards provide for diversity and allow for informed and constructive discussion and effective decision-making at the meetings of Boards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

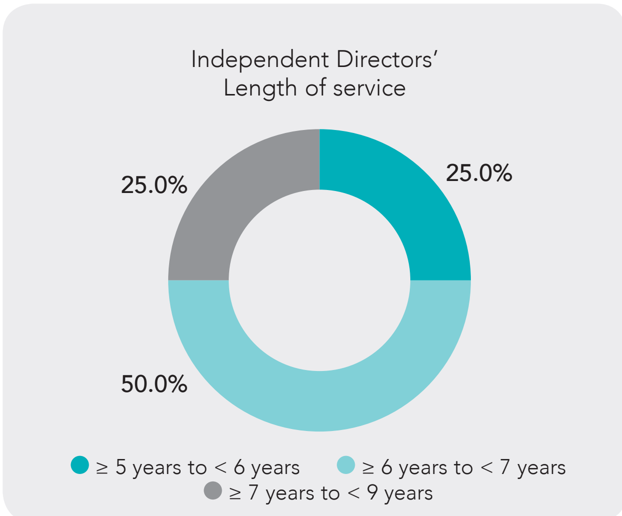
So long as the H-REIT Units remain stapled to HBT Units, in order to avoid any conflict between H-REIT and HBT and to act in the best interest of CDLHT, each of the Directors of the H-REIT Manager Board is also a Director of the HBT Trustee-Manager Board, and vice versa. Further, in line with the SFR, under circumstances where unitholders of H-REIT are not given the right to appoint directors, at least half of the H-REIT Manager Board would have to be IDs. Similarly, the HBT Trustee-Manager Board would also be required to comply with the provision under Regulation 12 of the Business Trusts Regulations that at least a majority of the Directors of the board of the trustee-manager of a business trust to comprise Directors who are independent from management and business relationships with the trustee-manager. Majority of the H-REIT Manager Board and the HBT Trustee-Manager Board comprise IDs. The statement on the Composition of the Board of Directors of the HBT Trustee-Manager pursuant to Regulation 12 of the Business Trusts Regulations can be found on page 155 of this Annual Report.

Boards Composition in terms of independence, diversity, age spread and IDs' length of service as at 31 December 2023









CORPORATE GOVERNANCE

Diversity Targets and Progress in FY 2023

Targets	Progress
Size: Maintain a board size of six with two out of three or more members being independent over a 4-year period. Appoint directors with relevant expertise and experience that would complement those already on the Boards and for succession planning by FY 2025.	Currently, there are six members in the Boards with two out of three members being independent.
Skills and Experience: Broaden the skillset of directors on the Board by appointing directors with the relevant expertise and experience that would complement those already on the Board and which would help drive CDLHT's strategy.	There were no changes to the Boards and Committees in FY 2023. The Boards currently consist of members who are experienced in real estate and hotel-related businesses, hotel and funds management, corporate finance, business leadership and management, strategic planning, marketing, accounting or finance, risk management and sustainability. Other than identifying these aforementioned skills in the search for new directors, the Boards will however continue to review opportunities to refresh the Boards with a view to expanding their skills set in CDLHT's business activities.
Age: Improve age diversity over a 4-year period by appointing younger directors (50 years and below) by FY 2025	Currently, there is one out of six members in the age group of 50 years or below.
Gender: Improve gender diversity over a 4-year period by achieving at least 25% female representation by FY 2025	The female representation on the Boards is currently 16.7%. The Boards will strive to increase its female representation to 25% by FY 2025. In this regard, the NRCs will try to ensure that: (a) if external search consultants are used to search for candidates for Board appointments, the brief will include a requirement to present female candidates; (b) when seeking to identify a new Director for appointment to the Boards, the NRCs will request for female candidates to be fielded for consideration; and (c) at least one female Director be appointed to the NRCs. Ms Cheah Sui Ling is a member of the NRCs.

In connection with the appointment of new Director(s), the Boards of the H-REIT Manager and the HBT Trustee-Manager will consider all aspects of diversity based on targets and timelines set for promoting and achieving diversity on the Boards to arrive at an optimal balanced composition of the Boards.

Non-Executive Directors' Participation

NEDs of the H-REIT Manager and the HBT Trustee-Manager are encouraged to participate actively at Board meetings in the development of H-REIT's and HBT's strategic plans and direction, in the review and monitoring of Management's performance through periodic reports from the Management and have unrestricted access to the Management. They also sit on various Committees established by the Boards of the H-REIT Manager and the HBT Trustee-Manager to provide unbiased and independent views, constructive input and the necessary review and monitoring of performance of H-REIT, HBT and the Management. The Lead ID may call for meetings of NEDs or IDs from time to time, when appropriate, without the presence of the Management and provide feedback to the Chairman after such meetings. The H-REIT Manager and HBT Trustee-Manager held respective meetings of the NEDs, chaired by the Lead ID in October 2023 (without the presence of Management and the CEO).

CORPORATE GOVERNANCE

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 Stapled Security Holders, he plays a pivotal role in fostering constructive dialogue between Stapled Security Holders, the Boards of the H-REIT Manager and the HBT Trustee-Manager and Management.

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

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

Lead Independent Director

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

The Lead ID is available to the Stapled Security Holders should they have concerns and for which contact through the normal channels of the Chairman or the Management has failed to resolve or is inappropriate. No query or request on any matter which requires the Lead ID's attention was received from the Stapled Security Holders in 2023.

Board Membership
Principle 4

Nominating and Remuneration Committee Composition, Roles and Responsibilities

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

The NRCs' role and responsibilities as set out in its written terms of reference approved by the Boards, include the following:

(a) review the structure, size and composition of the Boards and Committees;
(b) review the succession plans for the Chairman of the Board, CEO and KMPs;
(c) review the appointments and resignations of Directors and relevant KMPs, including the CEO and the CFO;
(d) determine the Directors' independence annually;
(e) evaluate the performance of the Boards, Committees and Directors;
(f) review the Directors' induction, orientation, training and continuous professional development programmes; and
(g) review the remuneration framework and policies of the Managers and specific remuneration packages of Directors and KMPs.

During the review for FY 2023, the NRCs conducted a self-assessment of their own effectiveness in the discharge of their role and responsibilities, which was facilitated through the use of a self-assessment checklist ("**NRC Self-Assessment Checklist**"). The NRC Self-Assessment Checklist covered, *inter alia*, the responsibilities of the NRCs under the terms of reference and considered also the contributions of NRC members to the deliberation and decision-making process at the meetings of NRCs.

CORPORATE GOVERNANCE

Based on the self-assessment, the NRCs are of the view that they have fulfilled their responsibilities and discharged their duties as set out in the terms of reference.

Succession Planning

The Boards believe in carrying out succession planning for itself, the Board Chairman, CEO and the KMPs to ensure continuity of leadership. Board renewal is a continuous process and in this regard, the NRCs review annually the composition of the Boards and Committees, which include size and mix and recommend to the Boards the selection and appointment of new Directors, whether in addition to the existing Board members or as replacement of retiring Board members, with a view to identifying any gaps in the Boards' skillsets taking into account the Group's strategy and business operations. The Boards will be able to function smoothly notwithstanding any resignation or retirement of any Director given the present number of members and mix of competencies on the Boards. A Director who has served as a director for a continuous period of nine years will retire from the Board.

In addition to the above, the NRCs also take charge of the succession planning of the CEO and KMPs, in particular the appointment and/or replacement of the CEO and KMPs. A review of career development and succession planning for the CEO and KMPs was conducted by the NRCs annually.

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 should establish guidelines on the maximum number of directorships and principal commitments for each Director of the H-REIT Manager and HBT Trustee-Manager may hold in order to address competing time commitments faced by directors serving on multiple boards.

The NRCs and the Boards had set the maximum number of listed company board representations which each Director of the H-REIT Manager and HBT Trustee-Manager may hold at six. The NRCs may review this guideline from time to time and will also consider the circumstances of individual Directors or potential candidates with multiple listed company directorships above the recommended number to determine their capacity to participate and contribute effectively to the Boards.

Based on an annual analysis of directorships held by the Directors as well as each Director's confirmation as to whether he/she has any issue with competing time commitments which may impact his/her ability to provide sufficient time and attention to his/her duties as a Director on the respective Boards, the NRCs were satisfied that all Directors are able to carry out and have been adequately carrying out their duties as a Director of the Managers. The NRCs of the H-REIT Manager and HBT Trustee-Manager further noted that, excluding the directorships held in the H-REIT Manager Board and HBT Trustee-Manager Board and the number of listed company board representations currently held by the Directors did not exceed five.

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

The NRC of the Managers have formalised guidelines for Boards and Committees appointments which include taking into consideration:

(a) the current Boards and Committees 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. An external search may also include candidates who may be suggested by SID, the Council for Board Diversity and any other relevant organisations.

CORPORATE GOVERNANCE

The NRCs may also consider the use of external search firms and the Board Appointment Service of SID, 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, skillsets and experience (if any) as directors of listed companies. The NRCs consider relevant skills such as hospitality related, other accommodation, tax, risk management and legal to contribute to the collective skills of the respective Boards. All appointment of Directors is subject to the approval of the MAS.

Key Information on Directors

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

Board Development

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

Board Performance
Principle 5

Boards Evaluation Process and Individual Director Evaluation Process

The H-REIT Manager Board and HBT Trustee-Manager Board have in place formal processes to assess the effectiveness of each Board as a whole, the various Committees and the contribution by each Director towards the effectiveness of the Boards and the Committees, where applicable. For FY 2023, no external facilitator has been used. The Boards may consider appointing independent external facilitators to assist in the evaluation process of the Boards, Committees and individual Directors, as and when required.

The performance of each Board was assessed on an annual basis through feedback from individual Directors on areas relating to the Boards' role on strategy and performance, the Boards' process and governance (including oversight on internal controls and risk management) and effectiveness of the Board Chairman. A consolidated report is prepared and reviewed/evaluated by the NRCs. The NRCs' 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.

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

The annual evaluation for the Chairman of the Boards and the individual Director's performance comprises three parts:

(a) self-evaluation completed by each Director which comprised criteria such as abilities and competencies, objectivity and participation at meetings;

(b) review of background information concerning the Director including his/her attendance records at the Boards and Committees meetings; and

(c) NRCs' evaluation based on certain assessment parameters,

CORPORATE GOVERNANCE

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 to avoid any conflict of interests. The NRCs are of the view that for FY 2023, each Director has objectively discharged his or her duties and responsibilities at all times in the interests of the Managers and CDLHT.

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 including fees, salaries, allowances, bonuses and benefits-in-kind for the Directors and KMPs and includes termination terms which are applicable to the Executive Director and KMPs.

In 2023, Aon Human Capital Solutions, an external human resource consultant was engaged to provide benchmarking for all levels of employees of the Managers. The consultant is independent and not related to the Managers, their controlling shareholder, their related corporations or any of their Directors.

Level and Mix of Remuneration
Principle 7

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

The NRCs ensure that the remuneration of NEDs is appropriate to their level of contribution taking into account factors such as effort and time spent, and their responsibilities. The Directors' fees are paid by the H-REIT Manager and the FY 2023 fees structure of IDs and NEDs, including Board Committee fees, are set out in the Directors' fees table under Principle 8.

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

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

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

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

Under the Managers' remuneration policy, the remuneration packages for employees, including the CEO who is an Executive Director, comprises a fixed base component (in the form of a base salary) and a variable component which includes the short-term incentives of 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.

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

The KPIs used to determine remuneration and performance of the CEO and KMPs include (but not limited to):

- Financials include targets relating to the total distribution income against budget; total distribution per stapled security; gearing ratio; valuation change; and one year and three year total unitholder return;

- Operations include targets relating to the asset enhancement, capital expenditure management and lease management; treasury, refinancing and fund raising; compliance, corporate governance and risk management; and environmental, social and governance ("**ESG**");

- Strategic Projects include targets relating to asset acquisition, earnings growth from acquisition and asset disposal; and

- People include targets relating to staff retention and bench strength of the H-REIT Manager team.

The KPIs are set and chosen because they support how the Managers achieve their strategic objectives. The framework enable staff to understand how they contribute to the Managers' overall strategic goals. The H-REIT Manager Board, at the recommendation of the H-REIT Manager NRC, reviews and approves the evaluation of the CEO and KMPs annually. Currently, the remuneration of the Directors, KMPs and employees are paid in cash only and no compensation is payable to any Director, KMP or employee of the H-REIT Manager in the form of options in stapled securities or pursuant to any bonus or profit-sharing plan or any other profit-linked agreement or arrangement, under their service contracts.

Although there is currently no share scheme or other forms of long-term incentive schemes in place, the Managers continue to execute the long-term growth and value creation strategies of CDLHT. Accordingly, the Boards and the NRCs of the Managers are of the view that the level and structure of remuneration for the KMPs take into account the long-term interests and risk management of CDLHT.

Disclosure on Remuneration
Principle 8

For FY 2023, 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 have been approved by the shareholder of the H-REIT Manager. No Director is involved in deciding his or her own remuneration. The Directors of the HBT Trustee-Manager Board did not receive any Directors' fees for FY 2023.

The structure of the fees payable to Directors of the H-REIT Manager for FY 2023 is as follows:

Appointment	Per Annum (S$)
Board of Directors - Chairman's Fee - Base Fee	 90,000* 60,000
Audit & Risk Committee - ARC Chairman's Fee - ARC Member's Fee	 70,000# 40,000
Nominating & Remuneration Committee - NRC Chairman's Fee - NRC Member's Fee	 10,000# 5,000
Lead Independent Director's Fee	10,000

* Inclusive of Base Fee
\# Inclusive of member's fee

CORPORATE GOVERNANCE

A breakdown of the aggregate Directors' Fees receivable by each Director for FY 2023 is appended below:

Director	Role	Board Fees (S$)
Chan Soon Hee, Eric	Chairman and Independent Non-Executive Director Chairman of NRC	100,000
Foo Say Mui (Bill)	Lead Independent Director Chairman of ARC Member of NRC	145,000
Vincent Yeo Wee Eng	Executive Director	60,000
Kenny Kim	Independent Non-Executive Director Member of ARC	100,000
Cheah Sui Ling	Independent Non-Executive Director Member of ARC Member of NRC	105,000
Kwek Eik Sheng	Non-Independent Non-Executive Director	60,000

Level and Mix of Remuneration of the CEO and other KMPs

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 KMPs 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 assets of the Managers; and

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

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

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

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

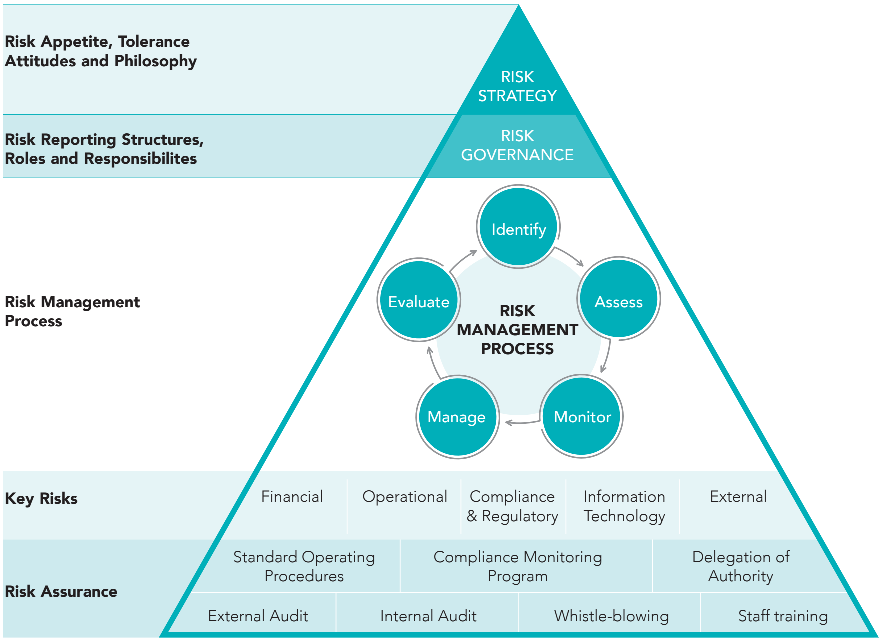
<u>Accountability and Audit</u>
<u>Principle 9</u>

Risk Management and Internal Controls

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

CORPORATE GOVERNANCE

Oversight of Risk Management



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

An organisational risk management framework has been established by the Managers to formalise and document the internal processes, many of which are already currently in place, to enable key business risks affecting H-REIT and HBT to be identified, assessed, monitored, managed and evaluated. The key risks identified include but are not limited to the following:

- External risk
  As part of its active asset management strategy, the Managers continue to closely monitor economic and geopolitical developments across the markets that CDLHT operates in. As the global tourism and travel industry recovers, Management monitors the macro environment and reviews the hotels' business operations on an on-going basis.

- Financial risk
  Financial market risks and capital adequacy are closely monitored by the Managers and are reported to the Boards on a quarterly basis. At the portfolio level, this includes active management of CDLHT's debt maturity profile, operating cash flows and availability of funding facilities to meet its capital, re-financing and operating needs. CDLHT also hedges its portfolio exposure to interest rate volatility risks through interest rate derivatives and fixed rate borrowings. For more information, please refer to Note 25 on page 249 of this Annual Report.

- Operational risk
  The H-REIT Manager and HBT Trustee-Manager have put in place standard operating procedures ("**SOPs**") to manage the risks associated with the day-to-day operations of CDLHT. To stay relevant and effective, these SOPs are reviewed periodically. The Management provides monthly reports covering H-REIT Group's and HBT Group's financial performance to all Directors. Apart from the periodic updates provided by the Management, any member of the H-REIT Manager Board or HBT Trustee-Manager Board may at any time seek further information from and discuss the respective operations and performance with the Management.

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

CORPORATE GOVERNANCE

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

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

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

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

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

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

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

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

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

Internal Controls

Having regard to the risks to which the business is exposed, the likelihood of such risks occurring and the costs of mitigating such risks, H-REIT's 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's and HBT's internal controls structure includes:

- an external audit programme;
- an internal audit programme;
- a risk management framework established for the identification, evaluation, management and monitoring of its key risks;
- the establishment and review from time to time of policies and procedures which govern and allow for the monitoring of financial, operational and compliance controls; and
- a whistle blowing programme.

The Management provides monthly reports covering H-REIT Group's and HBT Group's financial performance to all Directors. Apart from the periodic updates provided by the Management, any member of the H-REIT Manager Board or HBT Trustee-Manager Board may at any time seek further information from and discuss the respective operations and performance with the Management. Each Board also receives a separate quarterly representation on the financial information and controls, that nothing has come to Management's attention which may render the financial statements to be false or misleading in any material respect.

CORPORATE GOVERNANCE

Based on the internal controls framework established, the independent annual review conducted by an external consultant, work performed by the internal and external auditors, quarterly regulatory and compliance reviews of CDLHT 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's 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 2023 are adequate and effective to address in all material respects the financial, operational, compliance and information technology risks within the current scope of H-REIT's 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 and 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 their written terms of reference approved and adopted by the respective Boards.

Powers and Duties of the ARCs

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

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

- to monitor the integrity of the financial statements of H-REIT Group, HBT Group and the Stapled Group, in particular, the application and consistency of accounting standards used at company and group levels;
- to assess and challenge, if necessary, the correctness, completeness and consistency of financial information in the financial statements of H-REIT Group, HBT Group and the Stapled Group and any announcements relating to the financial performance of H-REIT Group, HBT Group and the Stapled Group, before submission to the Boards for approval or before they are made public;
- to review the assurance provided by the CEO and the CFO that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the H-REIT Group's, the HBT Group's and the Stapled Group's operations and financial position; and (b) the adequacy and effectiveness of the risk management and internal controls systems;
- to review the adequacy, effectiveness, independence, scope and results of the internal audit function;
- to review the scope and results of the external audit, and the adequacy, effectiveness, independence and objectivity of the external auditors;
- to approve, on behalf of the Boards, the remuneration and terms of engagement of the external auditors;
- to review and make recommendation to the Boards on the appointment, re-appointment or removal of the external auditors;

CORPORATE GOVERNANCE

- to review all Interested Party Transactions and/or Related Party Transactions entered into from time to time and ensure compliance with the relevant provisions of the Listing Manual of SGX-ST, the Property Funds Appendix and the relevant accounting standards;
- To ensure that the H-REIT Group, the HBT Group and the Stapled Group are in compliance with the applicable laws and regulations;
- to oversee the establishment and operation of the whistle-blowing processes; and
- to have oversight on CDLHT's compliance with disclosure requirements relating to sustainability matters specifically consider the ESG framework, review best practices as well as CDLHT's policies, practices and performance on its material ESG factors which are significant and contribute to CDLHT's performance and business activities. Further information on CDLHT's sustainability practices is set out in the Sustainability Report on pages 90 to 123 of this Annual Report.

Financial Matters

In the review of the financial statements for FY 2023, the ARCs 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 ARCs:

Significant Matters	How the ARCs reviewed these matters and what decisions were made
Valuation of investment properties and investment property under development	The H-REIT Manager ARC and the HBT Trustee-Manager ARC considered the approach and methodology applied to the valuation model in assessing the valuation of the investment properties and investment property under development. The ARCs noted that: ● there was appropriate use of third party valuation expertise; ● sufficient robust challenge was given to management by the external auditors; ● material judgemental assumptions that were used in the valuations were within reasonable parameters; and ● conclusions have been appropriately drawn. The valuation of the investment properties and investment property under development was an area of focus by the external auditors. The external auditors have included this item as a key audit matter in their audit report for the financial year ended 31 December 2023. Refer to page 164 of this Annual Report.
Valuation of property, plant and equipment	The H-REIT Manager ARC and the HBT Trustee-Manager ARC considered the approach and methodology applied to the valuation model in assessing the valuation of the property, plant and equipment. The ARCs noted that: ● there was appropriate use of third party valuation expertise; ● sufficient robust challenge was given to management by the external auditors; ● material judgemental assumptions that were used in the valuations were within reasonable parameters; and ● conclusions have been appropriately drawn. The valuation of property, plant and equipment was an area of focus by the external auditors. The external auditors have included this item as a key audit matter in their audit report for the financial year ended 31 December 2023. Refer to pages 164 and 165 of this Annual Report.

During the financial year under review, the ARCs 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 Stapled Security Holders. The ARCs have been kept abreast on changes to the accounting standards and issues which have direct impact on the H-REIT Group's, the HBT Group's and the Stapled Group's financial statements by the CFO and the external auditors during FY 2023.

CORPORATE GOVERNANCE

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

In performing its duties, the ARCs 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**") which covered, *inter alia*, the responsibilities of the ARCs under their terms of reference.

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

External Auditors

The ARCs had evaluated the performance of the external auditors for FY 2023. The ARCs also reviewed the responses furnished by KPMG LLP ("**KPMG**") based on the sample questionnaire set out in the Guidebook for Audit Committees In Singapore produced by the Audit Committee Guidance Committee.

Taking cognisance that the external auditors should be free from any business or other relationships with the H-REIT Group, HBT Group and the Stapled Group that could materially interfere with their ability to act with integrity and objectivity, the ARCs had, in 2023, undertaken a review of the independence of KPMG and gave careful consideration to the H-REIT Group's, the HBT Group's and the Stapled Group's relationships with them during 2023 including the processes, policies and safeguards adopted by the H-REIT Group, the HBT Group and the Stapled Group. The ARCs also considered the nature of the provision of the non-audit services in 2023 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 2023, 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 2024, 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 2024 Annual General Meetings ("**2024 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 archairman@cdlht.com and postal correspondence channel are available on CDLHT's website and clearly communicates to employees the existence of a whistle-blowing policy. The whistle blowing policy and procedural arrangements are reviewed by the ARCs from time to time.

Internal Audit

Internal Audit ("**IA**") plays an important role in monitoring an effective system of internal controls. The IA function of the Singapore hotels' operations, which are managed by Millennium & Copthorne International Limited, is performed by the internal audit team of CDL, parent company of the Managers, who reports directly to the ARCs. Deloitte & Touche Enterprise Risk Services Pte Ltd ("**Deloitte**"), staffed with professionals with relevant qualifications and experience, has been appointed mainly for the IA work on CDLHT's hospitality properties which are not managed by the Sponsor group, retail property and the Managers. Deloitte reports directly to the ARCs.

The internal auditors have adopted 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 half-yearly basis.

The ARCs review the activities of the internal auditors on a half-yearly 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 their role and responsibilities effectively. As part of the IA function is outsourced to Deloitte, 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 Deloitte at ARC meetings.

The ARCs met with the internal auditors separately without the presence of Management in January 2024.

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.

The last Annual General Meetings ("**2023 AGMs**") of H-REIT and HBT were held on 21 April 2023 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 2023 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 2023 AGMs, addressing of substantial and relevant questions prior to or at the 2023 AGMs and voting by appointing the chairman of the meeting as proxy at the 2023 AGMs), were released via SGXNet and make available on the website of CDLHT. The voting results of the 2023 AGMs were released on day of the meetings via SGXNet and the minutes of 2023 AGMs were released via SGXNet within one month from 2023 AGMs. All the Directors including the chairmen of the ARCs and NRCs as well as the external auditors had attended 2023 AGMs via electronic means and would endeavour to be present at the 2024 AGMs.

The forthcoming 2024 AGMs will be held, in a wholly physical mode, at M Hotel Singapore on 26 April 2024. There will be no option for Stapled Security Holders to participate virtually.

CORPORATE GOVERNANCE

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

The proxy forms must be deposited at such place or places specified in the notice convening the general meetings not less than forty-eight (48) hours before the time set for the general meetings. Separate resolutions on each substantial issue are put to vote at the general meetings. Detailed information on each item in the agenda of the general meetings is in the explanatory notes to the notice of the general meetings.

At general meetings, Stapled Security Holders are given the opportunity to communicate their views and are encouraged to ask the H-REIT Manager Board and the HBT Trustee-Manager Board and the Management questions regarding matters affecting H-REIT and HBT. Stapled Security Holders can submit questions in advance of the general meetings and substantial and relevant questions will be addressed prior to or at the general meetings.

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.

Distribution Policy

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

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 year and full year financial results of the H-REIT Group, the HBT Group and the Stapled Group. The Unaudited half year results of the H-REIT Group, the HBT Group and the Stapled Group were released to Stapled Security Holders within 45 days of the end of the six-month period whilst unaudited full year results of the H-REIT Group, HBT Group and the Stapled Group are released within 60 days from the financial year ended 31 December 2023. In presenting the 2023 full year and half-yearly results of the H-REIT Group, the HBT Group and the Stapled Group as well as operational updates for first and third quarters, the H-REIT Manager Board and HBT Trustee-Manager Board aimed to provide the Stapled Security Holders with a balanced and understandable assessment of the performance and financial position of the H-REIT Group, the HBT Group and the Stapled Group, with a commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which CDLHT operates.

CORPORATE GOVERNANCE

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

All Stapled Security Holders receive the annual report of CDLHT, the HBT Trustee-Manager's financial statements and Notice of general meetings. Stapled Security Holders, stakeholders and investors can access information on CDLHT at its website at www.cdlht.com which provides, *inter alia*, corporate announcements, press releases and the latest financial results as disclosed by CDLHT on SGXNet.

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

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 the Boards, employees, Trustee, master lessees, hotel managers, hotel guests, tenants, suppliers, government/regulators, investors and local communities are ongoing to better understand and manage their expectations.

The Managers are committed to sustainability issues and more details can be found on CDLHT's Sustainability Report found on pages 90 to 123 of this Annual Report.

The rights of one of CDLHT's key trade creditors, the lending banks, are protected. The Managers ensure that the gearing ratio is well below the regulatory limits and that the loan covenants are complied with.

ADDITIONAL INFORMATION

Rationale for Choice of H-REIT Manager

The H-REIT Manager comprises staff with experience and competencies such as hospitality, investment, investor relations, asset management, capital markets and finance. This enables the H-REIT Manager to discharge its duties in an effective manner. The H-REIT Manager's Board of Directors has a majority of Independent Directors and each Director has expertise which contributes to the sound governance of the H-REIT Manager and CDLHT.

Provision for Removal of H-REIT Manager

Under certain circumstances as provided for in the H-REIT Trust Deed, the H-REIT Manager may be removed by notice in writing given by the H-REIT Trustee, including by a resolution passed by a simple majority of H-REIT Unitholders present and voting (with no H-REIT Unitholders being disenfranchised) at a general meeting duly convened and held in accordance with the provisions of the H-REIT Trust Deed.

CORPORATE GOVERNANCE

Availability of H-REIT and HBT Trust Deeds

Copies of the H-REIT and HBT Trust Deeds are available for inspection at the registered offices of the Managers during business hours. Prior appointment is appreciated. A nominal charge will be applied for photocopies of the Trust Deeds.

Dealing with Conflicts of Interest

The Managers have established the following procedures to manage conflicts of interest involving CDLHT:

(i) In respect of matters which a Director and his or her associates have an interest, direct or indirect, the interested Director will inform the Boards as soon as he or she becomes aware of the matter and abstain from voting. The quorum will comprise a majority without the interested Director's vote;

(ii) In respect of matters in which the Sponsor and/or its subsidiaries have an interest, direct or indirect, any director appointed to represent their interests will abstain from voting on such matters. The quorum will comprise a majority of the IDs and will exclude the director representing the Sponsor's interests; and

(iii) At least two thirds of the Boards shall comprise IDs, as disclosed on page 47 of this Annual Report.

In FY 2023, there are no material contracts entered into by CDLHT or any of its subsidiaries that involve the interests of any Director, the CEO or any controlling Stapled Security Holders save as disclosed in this Annual Report.

Dealing with Interested Person Transactions

With regards to Interested Person Transactions ("**IPTs**"), the Managers are guided by the following principles:

(i) IPTs will be undertaken on an arm's length basis with normal commercial terms;

(ii) IPTs must not be prejudicial to the interests of CDLHT and its minority Stapled Security Holders; and

(iii) IPTs are compliant with applicable SGX Listing Rules and other regulatory guidelines as prescribed from time to time.

For IPTs concerning H-REIT which are entered or to be entered by the H-REIT Trustee (acting in its capacity as trustee of H-REIT), the H-REIT Trustee is required to consider the terms of the IPTs to satisfy itself that such transactions are conducted as per the principles stated above.

Furthermore, the H-REIT Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into an IPT. If the H-REIT Trustee is to sign any IPT contract, the Trustee will review the contract to ensure that it complies with the requirements relating to IPTs as well as guidelines (amended from time to time) prescribed by the MAS and the SGX-ST to apply to real estate investment trusts.

The Managers maintain master registers of all IPTs and related party transactions entered into by CDLHT. Furthermore, the ARCs will periodically review the master registers to ensure IPTs are in compliance with the Managers' internal controls systems, the SGX Listing Manual and the Property Funds Appendix.

Please refer to page 278 for more details about IPTs in FY 2023.

Anti-Corruption, Anti-Bribery and Code of Conduct and Ethics

The H-REIT Manager Board, HBT Trustee-Manager Board and Management are committed to conducting business with integrity and consistent with the highest standards of business ethics, and in compliance with all applicable laws and regulatory requirements. There is no tolerance for bribery or corruption. To mitigate reputational risk, the Managers have established various policies and guidelines to guide employees of the Managers, such as the receipt of corporate gifts, entertainment or concessionary offerings in order to avoid any misperception of impropriety. The Managers also uphold the anti-corruption and anti-bribery clauses found in contractual agreements when dealing with business partners.

CORPORATE GOVERNANCE

The Managers have also adopted an internal code of business and ethical conduct which sets out the business principles and practices with respect to matters which may have ethical implications. The code provides a communicable and understandable framework for employees of the Managers to observe principles such as honesty, integrity, responsibility and accountability at all levels of the organisation and in the conduct of business in their relationships with suppliers and amongst employees, including situations where there are potential conflicts of interests.

New employees of the Managers are made aware of the importance of business ethics as part of their orientation and on a periodic basis, employees of the Managers undergo refresher training. Employees of the Managers also provide an annual self-attestation to affirm their fit and proper status. The various anti-corruption policies and the internal code of business and ethical conduct are made available to all employees in the Managers' intranet.

Confidential Information

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

Internal Code on Dealings in Securities

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

A pre-trading approval process is in place for Directors and the CEO of the Managers who intend to trade in CDLHT's stapled securities. Dealings by each Director and the Chief Executive Officer in CDLHT's stapled securities are disclosed in accordance with the applicable SGX listing rules and the SFA. In FY 2023, based on the information available to the Managers, save as disclosed in accordance with such requirements, there were no dealings by the Directors in CDLHT's stapled securities.

STATEMENT OF POLICIES AND PRACTICES OF HBT

Apart from the corporate governance practices disclosed above, the HBT Trustee-Manager has prepared a statement of policies and practices in relation to the management and governance of HBT (as described in section 87(1) of the Business Trusts Act 2004 in respect of FY 2023, which is set out on pages 150 to 155 of this Annual Report.

ADDITIONAL DISCLOSURE ON FEES PAYABLE TO THE REIT MANAGER

Pursuant to the Clauses 14.1, 14.2 and 14.7 of the H-REIT Trust Deed, the H-REIT Manager is entitled to receive fees payable out of the deposited property of H-REIT.

The methodology for the computation and payment of fees, with reference to the aforesaid Trust Deed clauses, is disclosed on pages 188 to 190 of this Annual Report. The various fees earned by the H-REIT Manager and their rationale are further elaborated as follows:

CORPORATE GOVERNANCE

Management Fee

The base fee covers the H-REIT Manager's operational, compliance, reporting and administrative costs for developing and executing strategies and business plans for H-REIT and represents fair compensation to the H-REIT Manager for discharging its core responsibilities and duties. It is based on a percentage of the value of H-REIT's deposited properties and is an appropriate metric because as H-REIT grows in size and complexity, the Manager's responsibilities will grow correspondingly.

The performance fee payable to the H-REIT Manager is based on a percentage of the H-REIT Group's net property income. The fee methodology is transparent and reflective of the alignment of interest between the H-REIT Manager and Stapled Security Holders in growing higher property income over the long term through proactive management which includes working with lessees/ hotel managers to drive revenues and cost efficiencies at the property level, carrying out asset enhancement, repositioning or rebranding initiatives, operator selection exercises and negotiation of commercial lease terms or management contract terms. Accordingly, the H-REIT Board is of the view that the performance fee will incentivise the H-REIT Manager to take a holistic and balanced approach towards seeking growth opportunities and encourage the H-REIT Manager to act in the interests of Stapled Security Holders to enhance the net property income and consequently the long-term value of assets.

Acquisition fee & Divestment fee

The acquisition fee and divestment fee payable to the H-REIT Manager serve as a form of compensation for the time, effort and resources spent in sourcing, evaluating, conducting due diligence and executing potential opportunities to acquire new properties or in rebalancing and unlocking the underlying value of existing properties by divestments respectively.

The H-REIT Manager provides these services over and above the provision of ongoing management services with the aim of generating long-term value for Stapled Security Holders. The acquisition fee is higher than the divestment fee because the time and efforts undertaken in terms of sourcing, evaluating and conducting due diligence, and fund raising for an acquisition, are higher as compared to a divestment.

Development Management fee

The development management fee payable is to compensate the H-REIT Manager for its time, costs and effort in facilitating the undertaking of development projects[1], on behalf of H-REIT, when an attractive opportunity arises which is beneficial to Stapled Security Holders as development projects can potentially provide significant returns and contribute to improving the net asset value of H-REIT's portfolio, and provide growing distributions to Stapled Security Holders.

The development management fee is higher than the acquisition fee because unlike outright acquisitions of completed income-producing properties, the process of property development is more complex as it requires a longer gestation period and involves the management and supervision of significant construction activity. The gestation period (i.e. from the time taken between identification of development opportunities and the confirmation of a deal) may take up to a year and sometimes longer. From confirmation of a deal to the completion of the construction of the development project, the development management process may typically take 12 to 36 months depending on the size, complexity and location of the project. In contrast, the time frame for outright acquisitions may be as short as three to six months from the initial inspection until the completion of the acquisition.

In addition, development management usually involves more extensive liaisons with external parties such as architects, engineers, designers, contractors and the relevant authorities. The services rendered for a development project is significantly more than the services rendered for an acquisition.

[1] "Development Project" means a project involving the development or re-development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by H-REIT, provided always that, paragraph 5 of Appendix 6 of the Code on Collective Investment Schemes issued by the MAS (the "**Property Funds Appendix**") shall be complied with for the purposes of such development, including major development, re-development, refurbishment, retrofitting, addition and alteration and renovation works.

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

CDL Hospitality Business Trust ("**HBT**") was activated on 31 December 2013 by M&C Business Trust Management Limited, as the trustee-manager of HBT (the "**HBT Trustee-Manager**"), to be the master lessee of Raffles Maldives Meradhoo, a property which was acquired by a wholly-owned subsidiary of CDL Hospitality Real Estate Investment Trust ("**H-REIT**") and which was leased to a wholly-owned subsidiary of HBT. Since then, HBT has proceeded to act as the master lessee of Hotel MyStays Asakusabashi and Hotel MyStays Kamata, Japan and on 1 October 2015, acquired Hilton Cambridge City Centre, United Kingdom. On 4 May 2017, HBT added The Lowry Hotel to its portfolio and operates it as an owner-operator. On 16 July 2020, H-REIT completed the acquisition of W Singapore - Sentosa Cove and a wholly-owned subsidiary of HBT is the master lessee and business owner of W Singapore - Sentosa Cove. On 30 April 2021, wholly-owned subsidiaries of HBT have acquired business assets of Ibis Perth and Mercure Perth (the "**Perth Hotels**") as well as entered into separate leases with subsidiaries of H-REIT, to act as lessor of the Perth Hotels.

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

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

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

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

- treat the HBT Unitholders who hold units of HBT ("**HBT Units**") in the same class fairly and equally and HBT Unitholders who hold HBT Units in different classes (if any) fairly;
- ensure that all payments out of the trust property of HBT (the "**HBT Trust Property**") are made in accordance with the Business Trusts Act 2004 (the "**BTA**"), the HBT Trust Deed and the Stapling Deed;
- report to Monetary Authority of Singapore ("**MAS**") any contravention of the BTA or Business Trusts Regulations by any other person that:
    - o relates to HBT; and
    - o has had, has or is likely to have, a material adverse effect on the interests of all the HBT Unitholders, or any class of HBT Unitholders, as a whole,

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

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 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 ("**Stapled Security Holders**") of CDL Hospitality Trusts ("**CDLHT**").

Waivers, subject to certain conditions, were obtained from the MAS to permit HBT to (i) provide the documents referred to under Sections 33(2)(a) and 78(1) of the BTA to Stapled Security Holders electronically; and (ii) give notice of any declaration of distribution of profits, income or other payments or returns (the "**Notice**") from the trust property of HBT to Stapled Security Holders electronically, in lieu of publication of the Notice in one or more newspapers circulating in Singapore as required under Section 33(2)(b) of the BTA. Please refer to the announcements in relation to the aforementioned exemptions issued on 1 and 11 March 2024 for further details.

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

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

The HBT Trustee-Manager has also adopted a set of corporate governance practices as set out on pages 124 to 149 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 four independent directors who do not have management or business relationships with the HBT Trustee-Manager and are independent from the substantial shareholder of the HBT Trustee-Manager. The independent directors form the majority of the HBT Trustee-Manager Board. This allows the HBT Trustee-Manager Board to examine independently and objectively, any potential issue of conflicts of interest arising between the HBT Trustee-Manager in its own capacity and the HBT Unitholders as a whole.

- 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.

- 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.

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.

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, the BTA and Business Trusts Regulations as well as such other guidelines as may from time to time be prescribed to apply to business trusts.

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

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

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

Fees and expenses charged to HBT are appropriate and in accordance with the HBT Trust Deed

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

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

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

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

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

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

The HBT Trustee-Manager is also entitled to a divestment fee at the rate of 0.5% of the sale price of any divestment directly or indirectly by HBT (pro-rated if applicable to the proportion of HBT's interest). The divestment fee is payable to the HBT Trustee-Manager in the form of cash and/or Stapled Securities as the HBT Trustee-Manager may elect, and in such proportion and for such period as may be determined by the HBT Trustee-Manager.

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

The table below sets out the fees earned by the HBT Trustee-Manager for the financial year ended 31 December 2023.

Fee	Amount (S$'000)	% in Cash	% in Units
Management Fee	1,188	20	80
Trustee Fee	305	100	0

For the financial year ended 31 December 2023, 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 2023 and any out-of-pocket expenses incurred were funded by HBT's working capital.

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

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.

Compliance of the HBT Trustee-Manager Board

Under regulation 12(1) of the Business Trusts Regulations, the HBT Trustee-Manager Board is required to comprise:

- at least a majority of the directors who are independent from management and business relationships with the HBT Trustee-Manager;
- at least one-third of the directors who are independent from management and business relationships with the HBT Trustee-Manager and from every substantial shareholder of the HBT Trustee-Manager; and
- at least a majority of the directors who are independent from any single substantial shareholder of the HBT Trustee-Manager.

None of the HBT Trustee-Manager Directors would, by definition under the Business Trusts Regulations, be independent from a substantial shareholder of the HBT Trustee-Manager as the HBT Trustee-Manager is wholly-owned by the H-REIT Manager. As H-REIT and HBT are stapled, the directors of the Managers are the same to avoid any differences or deadlock in the operation of CDLHT. The MAS has, subject to certain conditions, granted an exemption to the HBT Trustee-Manager from the requirement under Regulation 12(1) of the Business Trusts Regulations which deals with the independence of the HBT Trustee-Manager Directors.

The HBT Trustee-Manager Board consists of six directors, four of whom are independent directors for the purposes of the Business Trusts Regulations. In accordance with Rule 12(8) of the Business Trusts Regulations, the HBT Trustee-Manager Board and the board of M&C REIT Management Limited, Manager of H-REIT, has determined that the following directors are independent from management and business relationships with the HBT Trustee-Manager and from the substantial shareholder of the HBT Trustee-Manager:

Mr Chan Soon Hee, Eric;
Dr Foo Say Mui (Bill);
Mr Kenny Kim; and
Ms Cheah Sui Ling.

Mr Vincent Yeo Wee Eng, the Chief Executive Officer of the H-REIT Manager and the HBT Trustee-Manager; and Mr Kwek Eik Sheng, an Executive Director of the Sponsor, are considered non-independent directors.

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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**") (the "**Trustee-Manager**") and its subsidiaries (collectively, the "**HBT Group**"), are pleased to present this report to the unitholders together with the audited financial statements for the financial year ended 31 December 2023.

DIRECTORS

The directors of the Trustee-Manager in office at the date of this report are as follows:

Chan Soon Hee, Eric	(Chairman)
Vincent Yeo Wee Eng	(Chief Executive Officer)
Foo Say Mui (Bill)	
Kenny Kim	
Cheah Sui Ling	
Kwek Eik Sheng	

DIRECTORS' INTEREST IN UNITS OR DEBENTURES

According to the register kept by the Trustee-Manager for the purposes of Sections 13 and 76 of the Business Trusts Act 2004 of Singapore (the "**BTA**"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children below 18 years of age) in units of HBT are as follows:

	Holdings at beginning of the year	**Holdings at end of the year**
Vincent Yeo Wee Eng	138,000	138,000
Kwek Eik Sheng	695,638	695,638

Except as disclosed in this report, 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 2024.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE UNITS AND DEBENTURES

Neither at the end of, nor at any time during the financial year, was the Trustee-Manager a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Trustee-Manager to acquire benefits by means of the acquisition of units in or debentures of HBT.

DIRECTORS' CONTRACTUAL BENEFITS

During the financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Trustee-Manager, on behalf of HBT or a related corporation with the director, or with a firm of which such director is a member or with a company in which such director has a substantial financial interest.

OPTIONS

During the financial year, there were:

(i) no options granted by the Trustee-Manager to any person to take up unissued units in HBT; and

(ii) no units issued by virtue of any exercise of option to take up unissued units of HBT.

As at the end of the financial year, there were no unissued units of HBT under options.

REPORT OF THE TRUSTEE-MANAGER OF CDL HOSPITALITY BUSINESS TRUST

AUDIT AND RISK COMMITTEE

The members of the Audit and Risk Committee at the date of this statement are:

- Foo Say Mui (Bill) (Chairman), Independent, non-executive director
- Kenny Kim, Independent, non-executive director
- Cheah Sui Ling, Independent, non-executive director

The Audit and Risk Committee performs the functions specified in Section 201B of the Companies Act 1967, Regulation 13(6) of the Business Trusts Regulations 2005, the Listing Manual of Singapore Exchange Securities Trading Limited (the "**SGX Listing Manual**") and the Code of Corporate Governance.

The Audit and Risk Committee has held four meetings since the last report of the Trustee-Manager. In performing its functions, the Audit and Risk Committee met with HBT's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the HBT's internal accounting control system.

The Audit and Risk Committee also reviewed the following:

- assistance provided by HBT's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of HBT prior to their submission to the directors of the Trustee-Manager for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit and Risk Committee has full access to the Trustee-Manager 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 the HBT Group, we have complied with Rules 712 and 715 of the SGX Listing Manual.

AUDITORS

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

STATEMENT BY THE TRUSTEE-MANAGER

In our opinion:

(a) the consolidated financial statements of the HBT Group set out on pages 168 to 275 are drawn up so as to give a true and fair view of the state of affairs of the HBT Group as at 31 December 2023 and the financial performance, movements in unitholders' funds and cash flows of the HBT Group for the year ended on that date in accordance with the provisions of the BTA and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the HBT Group will be able to pay its debts as and when they fall due.

REPORT OF THE TRUSTEE-MANAGER OF CDL HOSPITALITY BUSINESS TRUST

In accordance with Section 86(2) of the BTA, the directors of the Trustee-Manager further certify that:

- fees or charges paid or payable out of the trust property of the HBT Group to the Trustee-Manager are in accordance with HBT's trust deed dated 12 June 2006 (as amended);

- interested person transactions are not detrimental to the interests of all the unitholders as a whole based on the circumstances at the time of the transaction; and

- the Board of Directors is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the HBT Group or on the interests of all the unitholders as a whole.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

For and on behalf of the Board of Directors of the Trustee-Manager,
M&C Business Trust Management Limited

Chan Soon Hee, Eric
Director

Vincent Yeo Wee Eng
Director

26 March 2024

STATEMENT BY THE CHIEF EXECUTIVE OFFICER OF THE TRUSTEE-MANAGER

In accordance with Section 86 of the BTA, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of HBT Group or on the interests of all the unitholders of HBT as a whole.

Vincent Yeo Wee Eng
Chief Executive Officer

26 March 2024

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 168 to 275, in accordance with the limitations imposed on the investment and borrowing powers set out in the H-REIT Trust Deed.

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

Chan Kim Lim
Director

26 March 2024

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 168 to 275, comprising the statement of financial position, statement of total return, statement of movements in unitholders' funds, portfolio statement and statement of cash flows of the H-REIT Group; the statement of financial position, statement of total return, statement of movements in unitholders' funds, distribution statement, portfolio statement and statement of cash flows of the Stapled Group; and notes to the financial statements, are drawn up so as to present fairly, in all material respects, the financial positions and portfolio holdings of the H-REIT Group and the Stapled Group as at 31 December 2023 and the financial performance, movements in unitholders' funds and cash flows of the H-REIT Group and the financial performance, movements in unitholders' funds, distributable income and cash flows of the Stapled Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants and the provisions of H-REIT's trust deed between DBS Trustee Limited (the "**H-REIT Trustee**") and the H-REIT Manager dated 8 June 2006 (as amended) and the stapling deed of CDL Hospitality Trusts between the H-REIT Trustee, the H-REIT Manager and M&C Business Trust Management Limited (the Trustee-Manager of HBT) dated 12 June 2006 (as amended). At the date of this statement, there are reasonable grounds to believe that the H-REIT Group and the Stapled Group will be able to meet their respective financial obligations as and when they materialise.

For and on behalf of the H-REIT Manager,
M&C REIT Management Limited

Vincent Yeo Wee Eng
Director

26 March 2024

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 CONSOLIDATED 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 2023, 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 material accounting policy information;

(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 2023, 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 material accounting policy information; and

(iii) the consolidated financial statements of CDL Hospitality Trusts, which comprise the statement of financial position and portfolio statement as at 31 December 2023, 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 material accounting policy information;

as set out on pages 168 to 275. CDL Hospitality Trusts, which comprises the HBT Group and the H-REIT Group, is hereinafter referred to as the "**Stapled Group**".

In our opinion:

(a) the accompanying consolidated financial statements of the HBT Group are properly drawn up in accordance with the provisions of the Business Trusts Act 2004 of Singapore (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") so as to give a true and fair view of the financial position of the HBT Group as at 31 December 2023 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 2023 and the financial performance, movements in unitholders' funds and cash flows of the H-REIT Group and the financial performance, movements in unitholders' funds, distributable income and cash flows of the Stapled Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice ("**RAP**") 7 *Reporting Framework for Investment Funds* issued by the Institute of Singapore Chartered Accountants ("**ISCA**").

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the consolidated financial statements'* section of our report. We are independent of the HBT Group, the H-REIT Group and the Stapled Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("**ACRA Code**") together with the ethical requirements that are relevant to our audit of the consolidated 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 consolidated financial statements)

The key audit matter

As at 31 December 2023, the Stapled Group, the H-REIT Group and the HBT Group own properties which are classified as investment properties and/or investment property under development with a total carrying value of $2.4 billion, $2.8 billion and $131.4 million respectively. Investment properties and investment property under development represent significant asset items on the statements of financial position.

The accounting policy of the Stapled Group, the H-REIT Group and the HBT Group is to state investment properties and investment property under development at fair value based on independent external valuations. The valuation process involves significant judgement in determining the valuation method to be used and in estimating the underlying assumptions to be applied. The valuations are sensitive to the key assumptions applied and a change in assumptions could have a significant impact to the valuation.

Our response

We assessed the qualifications and objectivity of the external valuers. We held discussions with the valuers to understand their valuation methods, assumptions and basis used. We considered the valuation methodologies used against those applied for similar property types by other valuers. We evaluated the reasonableness of the key assumptions used in the valuations which included a comparison of the assumptions against historical rates and available industry data, taking into consideration comparability and market factors.

Our findings

The valuers are members of recognised professional bodies for valuers. The valuation methodology and key assumptions used by the valuers are in line with generally accepted market practices and comparable to available industry data.

Valuation of property, plant and equipment
(Refer to Note 6 to the consolidated financial statements)

The key audit matter

As at 31 December 2023, 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 $814.6 million, $71.8 million and $288.4 million respectively. Property, plant and equipment represent a significant asset item on the statements of financial position.

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

Our response

We assessed the qualifications and objectivity of the external valuers. We held discussions with the valuers to understand their valuation methods, assumptions and basis used. We considered the valuation methodologies used against those applied for similar property types by other valuers. We evaluated the reasonableness of the key assumptions used in the valuations which included a comparison of the assumptions against historical rates and available industry data, taking into consideration comparability and market factors.

INDEPENDENT AUDITORS' REPORT

Our findings

The valuers are members of recognised professional bodies for valuers. The valuation methodology and key assumptions used by the valuers are in line with generally accepted market practices and comparable to available industry data.

Other information

M&C Business Trust Management Limited, the Trustee-Manager of HBT (the "**HBT Trustee-Manager**") and M&C REIT Management Limited, the Manager of H-REIT (the "**H-REIT Manager**") are responsible for the other information. The other information is defined as all information in the annual report other than the financial statements and our auditors' reports thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the HBT Trustee-Manager for the consolidated financial statements

The HBT Trustee-Manager is responsible for the preparation of consolidated financial statements of the HBT Group that gives a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets that are part of the trust property of the registered business trust are safeguarded against loss from unauthorised use or disposition; and transactions by the HBT Trustee-Manager entered into on behalf of or purported to be entered into on behalf of the registered business trust are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The HBT Trustee-Manager's responsibilities include overseeing the HBT Group's financial reporting process.

Responsibilities of the H-REIT Manager for the consolidated financial statements

The H-REIT Manager is responsible for the preparation and fair presentation of the consolidated financial statements of the H-REIT Group and the Stapled Group in accordance with the recommendations of RAP 7 issued by ISCA, and for such internal controls as the H-REIT Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

INDEPENDENT AUDITORS' REPORT

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 consolidated 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
26 March 2024

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Note	HBT Group		H-REIT Group		Stapled Group	
		2023	2022	2023	2022	2023	2022
		$'000	$'000	$'000	$'000	$'000	$'000
Non-current assets							
Investment properties	4	–	–	2,750,215	2,631,976	2,232,899	2,104,672
Investment property under development	5	131,423	59,660	–	–	131,423	59,660
Property, plant and equipment	6	288,444	284,416	71,814	67,399	814,611	783,250
Finance lease receivables	7	–	–	4,345	1,327	4,345	1,327
Deferred tax assets	13	721	426	751	737	1,472	1,162
Financial derivative assets	11	–	–	8,300	26,336	8,300	26,336
Other receivables	8	529	529	145,801	87,078	677	677
		421,117	345,031	2,981,226	2,814,853	3,193,727	2,977,084
Current assets							
Inventories		2,451	2,391	–	–	2,451	2,391
Finance lease receivables	7	–	–	800	476	800	476
Trade and other receivables	8	23,705	22,410	45,997	41,163	27,446	26,228
Financial derivative assets	11	–	–	6,210	83	6,210	83
Cash and cash equivalents	9	14,798	25,549	57,202	71,379	72,000	96,928
		40,954	50,350	110,209	113,101	108,907	126,106
Total assets		462,071	395,381	3,091,435	2,927,954	3,302,634	3,103,190
Non-current liabilities							
Loans and borrowings	10	352,768	300,170	834,679	868,969	941,683	972,439
Financial derivative liabilities	11	–	–	1,476	–	1,476	–
Other payables	12	74	77	11,665	11,606	11,739	11,683
Deferred tax liabilities	13	23,886	17,155	16,429	7,959	43,151	25,878
		376,728	317,402	864,249	888,534	998,049	1,010,000
Current liabilities							
Loans and borrowings	10	8,896	8,010	348,173	239,390	348,313	239,484
Trade and other payables	12	67,221	59,831	45,088	35,144	60,260	49,848
Financial derivative liabilities	11	–	–	30	163	30	163
Provision for taxation		2,870	3,127	6,850	7,424	9,720	10,551
		78,987	70,968	400,141	282,121	418,323	300,046
Total liabilities		455,715	388,370	1,264,390	1,170,655	1,416,372	1,310,046
Net assets		6,356	7,011	1,827,045	1,757,299	1,886,262	1,793,144
Represented by:							
Unitholders' funds		6,356	7,011	1,819,229	1,750,373	1,878,446	1,786,218
Non-controlling interests	14	–	–	7,816	6,926	7,816	6,926
		6,356	7,011	1,827,045	1,757,299	1,886,262	1,793,144
Units/Stapled Securities in issue ('000)	15	1,245,832	1,237,020	1,245,832	1,237,020	1,245,832	1,237,020
Net asset value per Unit/ Stapled Security ($)	16	0.0051	0.0056	1.45	1.41	1.50	1.44

The accompanying notes form an integral part of these consolidated 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 2023

	Note	HBT Group 2023 $'000	HBT Group 2022 $'000	H-REIT Group 2023 $'000	H-REIT Group 2022 $'000	Stapled Group 2023 $'000	Stapled Group 2022 $'000
Revenue	17	141,985	129,170	144,712	129,584	257,556	229,356
Property expenses							
Operations and maintenance expenses		(30,280)	(28,760)	–	–	(30,280)	(28,760)
Employee benefit expenses		(45,214)	(40,432)	–	–	(45,214)	(40,432)
Rental expenses		(17,310)	(17,152)	–	–	(59)	(104)
Property tax		(1,374)	(1,650)	(6,931)	(4,429)	(8,305)	(6,079)
Other property expenses		(28,446)	(23,439)	(9,118)	(6,823)	(35,394)	(30,262)
		(122,624)	(111,433)	(16,049)	(11,252)	(119,252)	(105,637)
Net property income		19,361	17,737	128,663	118,332	138,304	123,719
H-REIT Manager's management fee	18	–	–	(12,639)	(11,702)	(12,639)	(11,702)
H-REIT Trustee's fee		–	–	(409)	(375)	(409)	(375)
HBT Trustee-Manager's management fee	18	(1,188)	(1,015)	–	–	(1,188)	(1,015)
HBT Trustee-Manager's trustee fee		(305)	(272)	–	–	(305)	(272)
Valuation fee		(53)	(42)	(208)	(149)	(261)	(191)
Depreciation	20	(16,471)	(16,771)	(1,877)	(1,487)	(21,931)	(20,984)
Other expenses		(2,024)	(889)	(3,302)	(4,199)	(5,269)	(5,086)
Finance income		86	8,133	7,188	43,177	849	40,644
Finance costs		(16,531)	(8,856)	(58,023)	(38,912)	(63,310)	(45,080)
Net finance (costs)/income	19	(16,445)	(723)	(50,835)	4,265	(62,461)	(4,436)
Net (loss)/income before fair value adjustment		(17,125)	(1,975)	59,393	104,685	33,841	79,658
Reversal of revaluation deficit/ (Revaluation deficit) on property, plant and equipment		3,158	(3,667)	–	409	943	13,250
Net fair value gain on investment properties and investment property under development		6,735	6,374	80,787	142,788	106,972	130,262
(Loss)/Profit/Total return for the year before tax	20	(7,232)	732	140,180	247,882	141,756	223,170
Tax expense	21	(4,779)	(3,958)	(10,949)	(4,022)	(17,791)	(7,778)
(Loss)/Total return for the year	22	(12,011)	(3,226)	129,231	243,860	123,965	215,392
(Loss)/Total return attributable to:							
Unitholders		(12,011)	(3,226)	128,478	243,743	123,212	215,275
Non-controlling interests	14	–	–	753	117	753	117
		(12,011)	(3,226)	129,231	243,860	123,965	215,392
Earnings per Stapled Security (cents)	23						
Basic						9.91	17.43
Diluted						9.84	17.35

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

STATEMENT OF COMPREHENSIVE INCOME OF THE HBT GROUP

Year ended 31 December 2023

	HBT Group	
	2023	**2022**
	$'000	**$'000**
Loss for the year	(12,011)	(3,226)
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Revaluation surplus/(deficit) on property, plant and equipment	9,251	(7,679)
Tax effect on revaluation of property, plant and equipment	(3,144)	(3,376)
	6,107	(11,055)
Items that are or may be reclassified subsequently to profit or loss:		
Translation differences relating to financial statements of foreign subsidiaries	4,867	(11,978)
Exchange differences on monetary items forming part of net investment in foreign operations	2,867	(10,245)
Exchange differences on hedge of net investments in foreign operations	(1,623)	7,835
	6,111	(14,388)
Other comprehensive income for the year, net of tax	12,218	(25,443)
Total comprehensive income for the year	207	(28,669)

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2023

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 2023	108,643	(121)	5,819	(7,699)	(99,631)	7,011
Operations						
- Decrease in net assets resulting from operations	–	–	–	–	(12,011)	(12,011)
Revaluation reserve						
- Revaluation surplus on property, plant and equipment	–	–	9,251	–	–	9,251
- Tax effect on revaluation of property, plant and equipment	–	–	(3,144)	–	–	(3,144)
Foreign currency translation reserve						
- Translation differences relating to financial statements of foreign subsidiaries	–	–	–	4,867	–	4,867
- Exchange differences on monetary items forming part of net investment in foreign operations	–	–	–	2,867	–	2,867
- Exchange differences on hedge of net investments in foreign operations	–	–	–	(1,623)	–	(1,623)
Other comprehensive income	–	–	6,107	6,111	–	12,218
Total comprehensive income	–	–	6,107	6,111	(12,011)	207
Transactions with owners, recorded directly in equity						
- Distributions to holders of Stapled Securities	(1,105)	–	–	–	(707)	(1,812)
- Units/Stapled Securities issued and to be issued as payment of HBT Trustee-Manager's management fee	950	–	–	–	–	950
Total transactions with owners	(155)	–	–	–	(707)	(862)
At 31 December 2023	108,488	(121)	11,926	(1,588)	(112,349)	6,356

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2023

H-REIT GROUP

	Attributable to Stapled Security Holders $'000	Non-controlling interests $'000	Total $'000
At 1 January 2023	1,750,373	6,926	1,757,299
Operations			
- Increase in net assets resulting from operations	128,478	753	129,231
Revaluation reserve			
- Revaluation surplus on property, plant and equipment	10,407	–	10,407
- Tax effect on revaluation of property, plant and equipment	(1,820)	–	(1,820)
Foreign currency translation reserve			
- Translation differences relating to financial statements of foreign subsidiaries	(7,370)	137	(7,233)
- Exchange differences on monetary items forming part of net investment in foreign operations	546	–	546
- Exchange differences on hedge of net investments in foreign operations	2,378	–	2,378
Other comprehensive income	4,141	137	4,278
Total comprehensive income	132,619	890	133,509
Transactions with owners, recorded directly in equity			
- Distributions to holders of Stapled Securities	(73,874)	–	(73,874)
- Units/Stapled Securities issued and to be issued as payment of H-REIT Manager's management fee	10,111	–	10,111
Total transactions with owners	(63,763)	–	(63,763)
At 31 December 2023	1,819,229	7,816	1,827,045

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2023

STAPLED GROUP

	Attributable to Stapled Security Holders $'000	Non-controlling interests $'000	Total $'000
At 1 January 2023	1,786,218	6,926	1,793,144
Operations			
- Increase in net assets resulting from operations	123,212	753	123,965
Revaluation reserve			
- Revaluation surplus on property, plant and equipment	40,152	–	40,152
- Tax effect on revaluation of property, plant and equipment	(4,964)	–	(4,964)
Foreign currency translation reserve			
- Translation differences relating to financial statements of foreign subsidiaries	(2,921)	137	(2,784)
- Exchange differences on monetary items forming part of net investment in foreign operations	3,413	–	3,413
- Exchange differences on hedge of net investments in foreign operations	(2,039)	–	(2,039)
Other comprehensive income	33,641	137	33,778
Total comprehensive income	156,853	890	157,743
Transactions with owners, recorded directly in equity			
- Distributions to holders of Stapled Securities	(75,686)	–	(75,686)
- Units/Stapled Securities issued and to be issued as payment of H-REIT Manager's management fee	10,111	–	10,111
- Units/Stapled Securities issued and to be issued as payment of HBT Trustee-Manager's management fee	950	–	950
Total transactions with owners	(64,625)	–	(64,625)
At 31 December 2023	1,878,446	7,816	1,886,262

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2023

HBT GROUP

	Units in issue and to be issued $'000	Issue expenses $'000	Revaluation reserve $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Total $'000
At 1 January 2022	111,947	(121)	16,874	6,689	(96,405)	38,984
Operations						
- Decrease in net assets resulting from operations	–	–	–	–	(3,226)	(3,226)
Revaluation reserve						
- Revaluation deficit on property, plant and equipment	–	–	(7,679)	–	–	(7,679)
- Tax effect on revaluation of property, plant and equipment	–	–	(3,376)	–	–	(3,376)
Foreign currency translation reserve						
- Translation differences relating to financial statements of foreign subsidiaries	–	–	–	(11,978)	–	(11,978)
- Exchange differences on monetary items forming part of net investment in foreign operations	–	–	–	(10,245)	–	(10,245)
- Exchange differences on hedge of net investments in foreign operations	–	–	–	7,835	–	7,835
Other comprehensive income	–	–	(11,055)	(14,388)	–	(25,443)
Total comprehensive income	–	–	(11,055)	(14,388)	(3,226)	(28,669)
Transactions with owners, recorded directly in equity						
- Distributions to holders of Stapled Securities	(4,116)	–	–	–	–	(4,116)
- Units/Stapled Securities issued and to be issued as payment of HBT Trustee-Manager's management fee	812	–	–	–	–	812
Total transactions with owners	(3,304)	–	–	–	–	(3,304)
At 31 December 2022	108,643	(121)	5,819	(7,699)	(99,631)	7,011

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2023

H-REIT GROUP

	Attributable to Stapled Security Holders $'000	Non-controlling interests $'000	Total $'000
At 1 January 2022	1,573,852	7,292	1,581,144
Operations			
- Increase in net assets resulting from operations	243,743	117	243,860
Revaluation reserve			
- Revaluation surplus on property, plant and equipment	6,029	–	6,029
- Tax effect on revaluation of property, plant and equipment	(1,124)	–	(1,124)
Foreign currency translation reserve			
- Translation differences relating to financial statements of foreign subsidiaries	(26,709)	(483)	(27,192)
- Exchange differences on monetary items forming part of net investment in foreign operations	(6,436)	–	(6,436)
- Exchange differences on hedge of net investments in foreign operations	10,427	–	10,427
Other comprehensive income	(17,813)	(483)	(18,296)
Total comprehensive income	225,930	(366)	225,564
Transactions with owners, recorded directly in equity			
- Distributions to holders of Stapled Securities	(58,771)	–	(58,771)
- Units/Stapled Securities issued and to be issued as payment of H-REIT Manager's management fee	9,362	–	9,362
Total transactions with owners	(49,409)	–	(49,409)
At 31 December 2022	1,750,373	6,926	1,757,299

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2023

STAPLED GROUP

	Attributable to Stapled Security Holders $'000	Non-controlling interests $'000	Total $'000
At 1 January 2022	1,635,334	7,292	1,642,626
Operations			
- Increase in net assets resulting from operations	215,275	117	215,392
Revaluation reserve			
- Revaluation surplus on property, plant and equipment	19,300	–	19,300
- Tax effect on revaluation of property, plant and equipment	(4,500)	–	(4,500)
Foreign currency translation reserve			
- Translation differences relating to financial statements of foreign subsidiaries	(39,467)	(483)	(39,950)
- Exchange differences on monetary items forming part of net investment in foreign operations	(16,681)	–	(16,681)
- Exchange differences on hedge of net investments in foreign operations	29,670	–	29,670
Other comprehensive income	(11,678)	(483)	(12,161)
Total comprehensive income	203,597	(366)	203,231
Transactions with owners, recorded directly in equity			
- Distributions to holders of Stapled Securities	(62,887)	–	(62,887)
- Units/Stapled Securities issued and to be issued as payment of H-REIT Manager's management fee	9,362	–	9,362
- Units/Stapled Securities issued and to be issued as payment of HBT Trustee-Manager's management fee	812	–	812
Total transactions with owners	(52,713)	–	(52,713)
At 31 December 2022	1,786,218	6,926	1,793,144

The 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 the 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 consolidated financial statements.

DISTRIBUTION STATEMENT

Year ended 31 December 2023

	Note	Stapled Group 2023 $'000	Stapled Group 2022 $'000
Amount available for distribution to holders of Stapled Securities at the beginning of the year		43,413	36,587
Total return of H-REIT	22	141,424	223,185
Loss of HBT	22	(3,658)	(24,660)
Net tax adjustments (Note A)		(73,032)	(128,146)
		64,734	70,379
Less: Amount retained for working capital		(6,473)	(7,038)
Add: Capital distribution		12,709	6,372
Amount available for distribution to holders of Stapled Securities		114,383	106,300
Distribution to holders of Stapled Securities:			
Distribution of 3.06 cents per Stapled Security for the period from 1/7/2021 to 31/12/2021		–	(37,677)
Distribution of 2.04 cents per Stapled Security for the period from 1/1/2022 to 30/6/2022		–	(25,210)
Distribution of 3.59 cents per Stapled Security for the period from 1/7/2022 to 31/12/2022		(44,452)	–
Distribution of 2.51 cents per Stapled Security for the period from 1/1/2023 to 30/6/2023		(31,234)	–
		(75,686)	(62,887)
Amount available for distribution to holders of Stapled Securities at the end of the year		38,697	43,413
Distribution per Stapled Security (DPS) (cents) (1)		5.70	5.63
Note A – Net tax adjustments comprise:			
Non-tax deductible/(chargeable) items:			
- Amortisation of transaction costs		1,993	2,050
- Fair value loss/(gain) on financial derivatives		13,333	(40,196)
- Financial expense arising from accretion of non-current rental deposits measured at amortised cost		271	261
- Foreign exchange gain		(1,728)	(2,958)
- Impairment loss on investment in subsidiaries (net)		6,592	42,686
- H-REIT Manager's management fee paid/payable in Stapled Securities		10,111	9,362
- H-REIT Trustee's fee		409	375
- HBT Trustee-Manager's management fee paid/payable in Stapled Securities		950	812
- HBT Trustee-Manager's trustee fee		305	272
- Net fair value gain on investment properties		(121,223)	(146,809)
- Other items		15,955	5,999
Net tax adjustments		(73,032)	(128,146)

Distributions of the Stapled Group represent 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 consolidated financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2023

H-REIT GROUP

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value at 31/12/2023 [1] $'000	Carrying value at 31/12/2022 [1] $'000	Percentage of total net assets at 31/12/2023 %	Percentage of total net assets at 31/12/2022 %
Investment properties									
Singapore									
Orchard Hotel	Freehold [2]	75 years	58 years	442 Orchard Road	Hotel	515,000	478,000	28.2	27.2
Claymore Connect	Freehold [2]	75 years	58 years	442 Orchard Road	Retail	110,000	100,000	6.0	5.7
Grand Copthorne Waterfront Hotel	Freehold [2]	75 years	58 years	392 Havelock Road	Hotel	420,000	377,000	23.0	21.5
M Hotel	Freehold [2]	75 years	58 years	81 Anson Road	Hotel	271,000	259,000	14.8	14.7
Copthorne King's Hotel	Leasehold	99 years from 1 February 1968	43 years	403 Havelock Road	Hotel	146,000	129,000	8.0	7.3
Studio M Hotel	Leasehold	99 years from 26 February 2007	82 years	3 Nanson Road	Hotel	206,000	187,500	11.3	10.7
W Singapore – Sentosa Cove	Leasehold	99 years from 31 October 2006	82 years	21 Ocean Way	Hotel	396,227	390,349	21.7	22.2
Balance carried forward						2,064,227	1,920,849	113.0	109.3

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

PORTFOLIO STATEMENTS

As at 31 December 2023

H-REIT GROUP (CONT'D)

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value at 31/12/2023 (1) $'000	Carrying value at 31/12/2022 (1) $'000	Percentage of total net assets at 31/12/2023 %	Percentage of total net assets at 31/12/2022 %
Balance brought forward						2,064,227	1,920,849	113.0	109.3
Germany									
Pullman Hotel Munich	Freehold	–	–	Theodor-Dombart-Strasse 4, Munich	Hotel	152,935	149,337	8.4	8.5
Italy									
Hotel Cerretani Firenze – MGallery	Freehold	–	–	Via De Cerretani 68, Florence	Hotel	66,398	57,415	3.6	3.3
New Zealand									
Grand Millennium Auckland	Freehold	–	–	71 – 87 Mayoral Drive, Auckland	Hotel	176,248	199,304	9.6	11.3
Australia									
Ibis Perth	Freehold	–	–	334 Murray Street, Perth	Hotel	26,571	27,470	1.5	1.6
Mercure Perth	Freehold	–	–	10 Irwin Street, Perth	Hotel	35,578	39,568	1.9	2.3
Maldives									
Angsana Velavaru	Leasehold	99 years from 26 August 1997	73 years	South Nilandhe Atoll	Resort	89,769	94,807	4.9	5.4
Raffles Maldives Meradhoo	Leasehold	99 years from 15 June 2006	81 years	Gaafu Alifu Atoll	Resort	58,940	69,917	3.2	3.9
United Kingdom									
Hotel Brooklyn	Leasehold	197 years from 7 May 2021	194 years	57 & 59 Portland Street, Manchester	Hotel	79,549	73,309 (3)	4.4	4.2
Investment properties						2,750,215	2,631,976	150.5	149.8

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

PORTFOLIO STATEMENTS

As at 31 December 2023

H-REIT GROUP (CONT'D)

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value at 31/12/2023 (1) $'000	Carrying value at 31/12/2022 (1) $'000	Percentage of total net assets at 31/12/2023 %	Percentage of total net assets at 31/12/2022 %
Property, plant and equipment									
Japan									
Hotel MyStays Asakusabashi	Freehold	–	–	1-5-5 Asakusabashi, Taito-ku, Tokyo, Japan	Hotel	42,501	39,164	2.3	2.2
Hotel MyStays Kamata	Freehold	–	–	5-46-5 Kamata, Ota-ku, Tokyo, Japan	Hotel	28,086	27,830	1.5	1.6
Other plant and equipment	–	–	–	–	–	1,227	405	0.1	0.0
Property, plant and equipment						71,814	67,399	3.9	3.8
Investment properties and property, plant and equipment						2,822,029	2,699,375	154.4	153.6
Other assets and liabilities (net)						(994,984)	(942,076)	(54.4)	(53.6)
Net assets of the H-REIT Group						1,827,045	1,757,299	100.0	100.0

(1) The carrying values include right-of-use assets recognised on leases of land.
(2) H-REIT's interest in the freehold land is restricted to the remaining term of each respective lease.
(3) The acquisition of Hotel Brooklyn was completed on 22 February 2022 (Note 29).

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

PORTFOLIO STATEMENTS
As at 31 December 2023

STAPLED GROUP

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value at 31/12/2023 (1) $'000	Carrying value at 31/12/2022 (1) $'000	Percentage of total net assets at 31/12/2023 %	Percentage of total net assets at 31/12/2022 %
Investment properties and investment property under development									
Singapore									
Orchard Hotel	Freehold (2)	75 years	58 years	442 Orchard Road	Hotel	515,000	478,000	27.3	26.7
Claymore Connect	Freehold (2)	75 years	58 years	442 Orchard Road	Retail	110,000	100,000	5.8	5.6
Grand Copthorne Waterfront Hotel	Freehold (2)	75 years	58 years	392 Havelock Road	Hotel	420,000	377,000	22.3	21.0
M Hotel	Freehold (2)	75 years	58 years	81 Anson Road	Hotel	271,000	259,000	14.4	14.4
Copthorne King's Hotel	Leasehold	99 years from 1 February 1968	43 years	403 Havelock Road	Hotel	146,000	129,000	7.7	7.2
Studio M Hotel	Leasehold	99 years from 26 February 2007	82 years	3 Nanson Road	Hotel	206,000	187,500	10.9	10.5
Balance carried forward						1,668,000	1,530,500	88.4	85.4

PORTFOLIO STATEMENTS

As at 31 December 2023

STAPLED GROUP (CONT'D)

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value at 31/12/2023 [1] $'000	Carrying value at 31/12/2022 [1] $'000	Percentage of total net assets at 31/12/2023 %	Percentage of total net assets at 31/12/2022 %
Balance brought forward						1,668,000	1,530,500	88.4	85.4
Germany									
Pullman Hotel Munich	Freehold	–	–	Theodor-Dombart-Strasse 4, Munich	Hotel	152,935	149,337	8.1	8.3
Italy									
Hotel Cerretani Firenze – MGallery	Freehold	–	–	Via De Cerretani 68, Florence	Hotel	66,398	57,415	3.5	3.2
New Zealand									
Grand Millennium Auckland	Freehold	–	–	71 – 87 Mayoral Drive, Auckland	Hotel	176,248	199,304	9.3	11.1
Maldives									
Angsana Velavaru	Leasehold	99 years from 26 August 1997	73 years	South Nilandhe Atoll	Resort	89,769	94,807	4.8	5.3
United Kingdom									
Hotel Brooklyn	Leasehold	197 years from 7 May 2021	194 years	57 & 59 Portland Street, Manchester	Hotel	79,549	73,309 [3]	4.2	4.2
Investment properties						2,232,899	2,104,672	118.3	117.5
United Kingdom									
Residential build-to-rent ("**BTR**") (under development)	Freehold	–	–	Heyrod Street, Manchester	–	131,423	59,660	7.0	3.3
Investment property under development						131,423	59,660	7.0	3.3

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

PORTFOLIO STATEMENTS

As at 31 December 2023

STAPLED GROUP (CONT'D)

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value at 31/12/2023 (1) $'000	Carrying value at 31/12/2022 (1) $'000	Percentage of total net assets at 31/12/2023 %	Percentage of total net assets at 31/12/2022 %
Property, plant and equipment									
Singapore									
W Singapore – Sentosa Cove	Leasehold	99 years from 31 October 2006	82 years	21 Ocean Way	Hotel	409,248	393,352	21.7	21.9
Australia									
Ibis Perth	Freehold	–	–	334 Murray Street, Perth	Hotel	31,074	28,652	1.6	1.6
Mercure Perth	Freehold	–	–	10 Irwin Street, Perth	Hotel	40,532	40,932	2.1	2.3
Maldives									
Raffles Maldives Meradhoo	Leasehold	99 years from 15 June 2006	81 years	Gaafu Alifu Atoll	Resort	69,528	74,627	3.7	4.2
Japan									
Hotel MyStays Asakusabashi	Freehold	–	–	1-5-5 Asakusabashi, Taito-ku, Tokyo, Japan	Hotel	42,501	39,164	2.3	2.2
Hotel MyStays Kamata	Freehold	–	–	5-46-5 Kamata, Ota-ku, Tokyo, Japan	Hotel	28,086	27,830	1.5	1.6
United Kingdom									
Hilton Cambridge City Centre	Leasehold	125 years from 25 December 1990	92 years	Downing Street, Cambridge	Hotel	107,486	97,855	5.7	5.5
The Lowry Hotel	Leasehold	150 years from 18 March 1997	123 years	Manchester	Hotel	84,744	80,230	4.5	4.5
Other plant and equipment	–	–	–	–	–	1,412	608	0.1	0.0
Property, plant and equipment						814,611	783,250	43.2	43.8
Investment properties, investment property under development and property, plant and equipment						3,178,933	2,947,582	168.5	164.6
Other assets and liabilities (net)						(1,292,671)	(1,154,438)	(68.5)	(64.6)
Net assets of the Stapled Group						1,886,262	1,793,144	100.0	100.0

(1) The carrying values include right-of-use assets recognised on leases of land and buildings.
(2) H-REIT's interest in the freehold land is restricted to the remaining term of each respective lease.
(3) The acquisition of Hotel Brooklyn was completed on 22 February 2022 (Note 29).

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

PORTFOLIO STATEMENTS

As at 31 December 2023

The carrying values of the investment properties and investment property under development are as follows:

	H-REIT Group		Stapled Group	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Investment properties and investment property under development				
Orchard Hotel	515,000	478,000	515,000	478,000
Grand Copthorne Waterfront Hotel	420,000	377,000	420,000	377,000
M Hotel	271,000	259,000	271,000	259,000
Copthorne King's Hotel	146,000	129,000	146,000	129,000
W Singapore – Sentosa Cove	396,227	390,349	–	–
Studio M Hotel	206,000	187,500	206,000	187,500
Claymore Connect	110,000	100,000	110,000	100,000
Grand Millennium Auckland	176,248	199,304	176,248	199,304
Ibis Perth	26,571	27,470	–	–
Mercure Perth	35,578	39,568	–	–
Angsana Velavaru	89,769	94,807	89,769	94,807
Raffles Maldives Meradhoo	58,940	69,917	–	–
Pullman Hotel Munich	152,935	149,337	152,935	149,337
Hotel Cerretani Firenze – MGallery	66,398	57,415	66,398	57,415
Residential BTR (under development)	–	–	131,423	59,660
Hotel Brooklyn	79,549	73,309	79,549	73,309
	2,750,215	2,631,976	2,364,322	2,164,332

The carrying values of property, plant and equipment by property are set out below:

	H-REIT Group		Stapled Group	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Property, plant and equipment				
W Singapore – Sentosa Cove	–	–	409,248	393,352
Ibis Perth	–	–	31,074	28,652
Mercure Perth	–	–	40,532	40,932
Raffles Maldives Meradhoo	–	–	69,528	74,627
Hotel MyStays Asakusabashi	42,501	39,164	42,501	39,164
Hotel MyStays Kamata	28,086	27,830	28,086	27,830
Hilton Cambridge City Centre	–	–	107,486	97,855
The Lowry Hotel	–	–	84,744	80,230
Other plant and equipment	1,227	405	1,412	608
	71,814	67,399	814,611	783,250

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

PORTFOLIO STATEMENTS

As at 31 December 2023

As at 31 December 2023 and 31 December 2022, 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 2023 and 31 December 2022, W Singapore – Sentosa Cove, Raffles Maldives Meradhoo, the Japan Properties and the Australia Properties are leased by the H-REIT Group to the HBT Group.

The terms of the lease are as follows:

Singapore

The leases for Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel and Copthorne King's Hotel contain an initial term of 20 years from 19 July 2006 with an option to renew for another 20 years. The lease for Studio M Hotel contains an initial term of 20 years from 3 May 2011 with an option to renew up to a total term of 70 years. The lease for W Singapore – Sentosa Cove contains a term of 20 years. The leases for Claymore Connect generally contain an initial term of 1 to 3 years.

New Zealand

The lease for Grand Millennium Auckland contains a term of 3 years from 7 September 2019 with an option to extend for a 3-year period, which has been renewed for a term of 3 years from 7 September 2022.

Australia

The leases for the Australia properties contain a term of 10 years from 1 May 2021.

Maldives

The lease for Angsana Velavaru contains a term of 10 years from 1 February 2013. A new lease agreement has been entered into for a term of 10 years commencing 1 February 2023. Raffles Maldives Meradhoo is leased to CDL HBT Oceanic Maldives Private Limited, an indirect subsidiary of HBT, for a term of 10 years from 31 December 2013 with an option to renew for another 10 years, which has been renewed for a term of 10 years from 31 December 2023.

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 2023.

Germany

The lease for Pullman Hotel Munich contains a term of 20 years from 14 July 2017. The leases for the office and retail components generally contain an initial term of 1 to 5 years.

Italy

The lease for Hotel Cerretani Firenze – MGallery contains a term of 20 years from 27 November 2018.

United Kingdom

The lease for Hotel Brooklyn contains a term of 60 years from 7 May 2021 with an option for lessee to terminate the lease on 15 January 2045 and every 5-year interval thereafter.

Subsequent renewals are renegotiated with the lessees.

STATEMENTS OF CASH FLOWS

Year ended 31 December 2023

	Note	HBT Group 2023 $'000	HBT Group 2022 $'000	H-REIT Group 2023 $'000	H-REIT Group 2022 $'000	Stapled Group 2023 $'000	Stapled Group 2022 $'000
Cash flows from operating activities							
(Loss)/Profit/Total return for the year before tax		(7,232)	732	140,180	247,882	141,756	223,170
Adjustments for:							
H-REIT Manager's and HBT Trustee-Manager's fees paid/payable in Stapled Securities		950	812	10,111	9,362	11,061	10,174
Depreciation of property, plant and equipment	6	16,471	16,771	1,877	1,487	21,931	20,984
Loss/(Gain) on disposal of property, plant and equipment		–	21	–	–	(13)	21
Write-off of property, plant and equipment		410	–	–	56	410	67
Impairment loss on trade and other receivables		93	127	2,333	–	255	127
(Reversal of revaluation deficit)/Revaluation deficit on property, plant and equipment		(3,158)	3,667	–	(409)	(943)	(13,250)
Net fair value gain on investment properties and investment property under development		(6,735)	(6,374)	(80,787)	(142,788)	(106,972)	(130,262)
Net finance costs/(income)		16,445	723	50,835	(4,265)	62,461	4,436
Operating income before working capital changes		17,244	16,479	124,549	111,325	129,946	115,467
Changes in:							
- Inventories		(83)	(44)	–	–	(83)	(44)
- Trade and other receivables		(1,651)	(1,075)	(10,590)	(13,791)	(4,523)	(3,030)
- Trade and other payables		6,853	12,319	8,399	5,250	5,772	7,357
Cash generated from operations		22,363	27,679	122,358	102,784	131,112	119,750
Tax (paid)/refund		(2,449)	562	(4,896)	(3,902)	(7,345)	(3,341)
Net cash generated from operating activities		19,914	28,241	117,462	98,882	123,767	116,409
Cash flows from investing activities							
Loan to related entity		–	–	(50,205)	(18,527)	–	–
Acquisition of property, net of cash acquired	29	–	–	–	(43,122)	–	(43,122)
Additions to property, plant and equipment		(3,238)	(4,644)	(1,621)	(363)	(13,934)	(8,285)
Proceeds from disposal of property, plant and equipment		–	66	–	–	13	66
Additions to ROU assets		–	–	–	(13,752)	–	(13,752)
Capital expenditure on investment properties and investment property under development		(58,000)	(30,326)	(27,784)	(8,420)	(74,875)	(33,846)
Receipt of finance lease receivables		–	–	561	395	561	395
Interest received		86	44	847	280	933	323
Net cash used in investing activities		(61,152)	(34,860)	(78,202)	(83,509)	(87,302)	(98,221)

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

STATEMENTS OF CASH FLOWS

Year ended 31 December 2023

	Note	HBT Group 2023 $'000	HBT Group 2022 $'000	H-REIT Group 2023 $'000	H-REIT Group 2022 $'000	Stapled Group 2023 $'000	Stapled Group 2022 $'000
Cash flows from financing activities							
Loan from related entity		50,205	18,527	–	–	–	–
Proceeds from bank loans		–	92,264	417,638	372,549	417,638	464,813
Repayment of bank loans		–	(92,264)	(352,349)	(329,582)	(352,349)	(421,846)
Payment of transaction costs related to bank loans		(15)	(568)	(1,796)	(2,726)	(1,811)	(3,294)
Payment of lease liabilities		(7,978)	(4,963)	(718)	(948)	(853)	(1,100)
Finance costs paid		(10,102)	(7,557)	(41,734)	(26,814)	(47,917)	(30,089)
Distributions to holders of Stapled Securities		(1,812)	(4,116)	(73,874)	(58,771)	(75,686)	(62,887)
Movement in restricted cash		–	–	(538)	2,473	(538)	2,473
Net cash generated from/(used in) financing activities		30,298	1,323	(53,371)	(43,819)	(61,516)	(51,930)
Net decrease in cash and cash equivalents		(10,940)	(5,296)	(14,111)	(28,446)	(25,051)	(33,742)
Cash and cash equivalents at beginning of the year		25,549	32,327	69,751	102,799	95,300	135,126
Effect of exchange rate changes on cash and cash equivalents		189	(1,482)	(455)	(4,602)	(266)	(6,084)
Cash and cash equivalents at end of the year	9	14,798	25,549	55,185	69,751	69,983	95,300

Significant non-cash transactions

There were the following non-cash transactions:

(i) 8,091,477 (2022: 6,392,689) Stapled Securities amounting to $9.6 million (2022: $7.6 million) were issued to the H-REIT Manager as satisfaction of the management fee (2022: management fee and acquisition fee) payable in Stapled Securities.

(ii) 720,643 (2022: 615,154) Stapled Securities amounting to $0.9 million (2022: $0.7 million) were issued to the HBT Trustee-Manager as satisfaction of the management fee payable in Stapled Securities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

These notes form an integral part of the consolidated financial statements.

The consolidated financial statements were authorised for issue by the HBT Trustee-Manager, the H-REIT Manager and the H-REIT Trustee on 26 March 2024.

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 CONSOLIDATED 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 2023 and 31 December 2022, 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 the 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 CONSOLIDATED 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 2023 and 31 December 2022, 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 the 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 CONSOLIDATED 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 consolidated 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 consolidated financial statements of the H-REIT Group and the Stapled Group are prepared in accordance with the Statement of Recommended Accounting Practice ("**RAP**") 7 *Reporting Framework for Investment Funds* revised and 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 consolidated financial statements have been prepared on the historical cost basis except as described below.

2.3 Functional and presentation currency

The consolidated 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 consolidated 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Measurement of fair values

A number of the Stapled Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The H-REIT Manager and the HBT Trustee-Manager have an established control framework with respect to the measurement of fair values. This includes a team that regularly reviews significant unobservable inputs and reports directly to the Chief Financial Officer, who has overall responsibility for all significant fair value measurements.

The H-REIT Manager and the HBT Trustee-Manager regularly review significant unobservable inputs and valuation adjustments included in the fair value measurements. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the H-REIT Manager and the HBT Trustee-Manager assess the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS / SFRS(I), including the level in the fair value hierarchy the resulting fair value estimate should be classified.

When measuring the fair value of an asset or a liability, the H-REIT Manager and the HBT Trustee-Manager use market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: unobservable inputs for the assets or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

Transfers between levels of the fair value hierarchy are recognised as of the end of the financial year during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 4 – Valuation of investment properties
- Note 5 – Valuation of investment property under development
- Note 6 – Valuation of property, plant and equipment
- Note 25 – Valuation of financial instruments

2.5 Change in material accounting policies

New accounting standards and amendments

The Stapled Group has applied the following FRSs / SFRS(I)s and amendments to FRSs / SFRS(I)s for the first time for the annual period beginning on 1 January 2023:

- FRS 117 / SFRS(I) 17: *Insurance Contracts*
- Amendments to FRS 12 / SFRS(I) 1-12: *Deferred tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to FRS 12 / SFRS(I) 1-12: *International Tax Reform – Pillar Two Model Rules*
- Amendments to FRS 1 / SFRS(I) 1-1 and FRS / SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to FRS 8 / SFRS(I) 1-8: *Definition of Accounting Estimates*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONT'D)

2.5 Change in material accounting policies (cont'd)

New accounting standards and amendments (cont'd)

Other than the below, the application of these amendments to accounting standards and interpretations does not have a material effect on these financial statements.

Amendments to FRS 12 / SFRS(I) 1-12: Deferred tax related to assets and liabilities arising from a single transaction

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences - e.g. leases and decommissioning liabilities.

For leases, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Stapled Group previously accounted for deferred tax on leases by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Stapled Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of FRS 12 / SFRS(I) 1-12. There was also no impact on the opening unitholders' funds as at 1 January 2022 as a result of the change. The key impact for the Stapled Group relates to the disclosure of the deferred tax assets and labilities recognised (see Note 13).

Amendments to FRS 12: International Tax Reform – Pillar Two Model Rules

The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax that may arise from the jurisdictional adoption of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ('OECD'), and require new disclosures about the Pillar Two tax exposure.

The mandatory exception is effective immediately and applies retrospectively. However, the amendments have no impact on the Stapled Group as the Stapled Group's consolidated revenue is less than EUR 750 million per annum and it is not in scope of the Pillar Two model rules.

Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies

The Stapled Group adopted this for the first time in 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the consolidated financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The H-REIT Manager and the HBT Trustee-Manager reviewed the accounting policies and made updates to the information disclosed in Note 3 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments. The amendments did not result in any changes to the accounting policies themselves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES

The material 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 consolidated 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 statements 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 CONSOLIDATED FINANCIAL STATEMENTS

3 MATERIAL 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 statements 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, the H-REIT Group's and the Stapled Group's net investment in a foreign operation to the extent that the hedge is effective are recognised in other comprehensive income ("**OCI**") or unitholders' funds (as the case may be) directly.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised directly in OCI or unitholders' funds (as the case may be). However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss or the statements of total return (as the case may be) as part of the gain or loss on disposal. When only part of the interest in a subsidiary that includes a foreign operation is disposed of while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised directly in the foreign currency translation reserve in OCI or unitholders' funds (as the case may be).

(iii) Hedge of net investment in foreign operation

The HBT Group, the 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, the 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 statements of total return (as the case may be). When the hedged net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to profit or loss or the statements of total return (as the case may be) as part of the profit or loss on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment

(i) Recognition and measurement

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent to recognition, freehold land, leasehold land and buildings are measured at fair value less accumulated depreciation and accumulated impairment losses while other assets are measured at cost less accumulated depreciation and accumulated impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any surplus arising on the revaluation is recognised in OCI or unitholders' funds (as the case may be), except to the extent that the surplus reverses a previous revaluation deficit on the same asset recognised in profit or loss or the statements of total return (as the case may be), in which case the credit to that extent is recognised in profit or loss or the statements of total return (as the case may be). Any deficit on revaluation is recognised in profit or loss or the statements of total return (as the case may be) except to the extent that it reverses a previous revaluation surplus on the same asset, in which case the debit to that extent is recognised in OCI or unitholders' funds (as the case may be).

When an item of property, plant and equipment is sold or retired, its cost and accumulated depreciation are removed from the statements of financial position. The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss or the statements of total return (as the case may be). The revaluation surplus included in equity or unitholders' funds (as the case may be) in respect of an item of property, plant and equipment measured using revaluation model, is transferred directly to accumulated profits/losses or unitholders' funds (as the case may be).

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Stapled Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss or the statements of total return (as the case may be) as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss or the statements 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment (cont'd)

(iii) Depreciation (cont'd)

The estimated useful lives for the current and comparative years are as follows:

• Leasehold land	Remaining useful lives of land leases of 81 years to 124 years (2022: 82 years to 125 years)
• Buildings	31 years to 50 years
• Plant and machinery	10 years to 12 years
• Furniture and fixtures	7 years
• Motor vehicles and boats	5 years
• Office equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

3.4 Investment properties and investment property under development

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property under development is property being constructed or developed for future use as investment property. Investment properties and investment property under development are measured at cost on initial recognition and subsequently at fair value with any changes therein recognised in profit or loss or the statements of total return (as the case may be).

The cost of a purchased property comprises its purchase price and any directly attributable expenditure including transaction costs. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Fair value is determined in accordance with the HBT Trust Deed and the H-REIT Trust Deed which requires the investment properties and investment property under development to be valued by independent registered valuers in the following events:

- at least once a year in accordance with the Property Funds Appendix of CIS Code issued by MAS; and
- where the HBT Trustee-Manager and the H-REIT Manager proposes to issue new units for subscription or to redeem existing units unless the investment properties have been valued not more than 6 months ago.

When an investment property is disposed of, the resulting gain or loss recognised in profit or loss or the statements 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 statements 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

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 accounts 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 properties or property, plant and equipment. The accounting policies for investment properties 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.

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 properties 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.5 Leases (cont'd)

(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 3.7(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'.

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 as measured at: amortised cost; fair value through other comprehensive income ("**FVOCI**") – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

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.

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.

The Stapled Group has financial assets that have a held-to-collect business model. The objective of the business model is to collect the amounts due from the Stapled Group's receivables and where applicable to earn contractual interest income on the amounts collected.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Non-derivative financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss or the statements of total return (as the case may be).

(iii) Derecognition

Financial assets

The Stapled Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire, or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Stapled Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Stapled Group enters into transactions whereby it transfers assets recognised in its statements of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Stapled Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Stapled Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss or the statements of total return (as the case may be).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(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 statements 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 statements 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 statements of total return (as the case may be).

The Stapled Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Stapled Group documents the risk management objective and strategy for undertaking the hedge. The Stapled Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Net investment hedges

The Stapled Group designates certain non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

When a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of foreign exchange gains and losses for a non-derivative financial liability is recognised in OCI and presented in the translation reserve within unitholders' funds. Any ineffective portion of foreign exchange gains and losses on the non-derivative financial liability is recognised immediately in profit or loss or the statements of total return (as the case may be). The amount recognised in the foreign currency translation reserve is fully or partially reclassified to profit or loss or the statements of total return (as the case may be) as a reclassification adjustment on disposal or partial disposal of the foreign operation, respectively.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss or the statements of total return (as the case may be).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.7 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.

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 debtor 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.7 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

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.

(ii) Non-financial assets

The carrying amounts of the Stapled Group's non-financial assets, other than investment properties, investment property under development, deferred tax assets and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit ("**CGU**") exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss or the statements 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.7 Impairment (cont'd)

(ii) Non-financial assets (cont'd)

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.

3.8 Unitholders' funds

Unitholders' funds of the Stapled Group comprise unitholders' funds of the HBT Group and the H-REIT Group. Unitholders' funds are classified as equity.

Issue expenses relate to expenses incurred in connection with the issue of Stapled Securities. The expenses are deducted directly against the unitholders' funds.

3.9 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 comprises mainly room, food and beverage and other hotel related services income. Room revenue is recognised when performance obligations are satisfied over the period of stay. Food and beverage revenue and other hotel related services are recognised at a point in time when performance obligations are satisfied by rendering the relevant goods and services to the customers.

3.10 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 statements of total return (as the case may be). Interest expenses are recognised as they accrue, 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 CONSOLIDATED FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.11 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss or the statements of total return (as the case may be) except to the extent that it relates to a business combination, or items recognised directly in OCI or unitholders' funds.

The Stapled Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 / SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflect uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

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 at the time of the transaction (i) affects neither accounting nor taxable profit or loss; and (ii) does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries to the extent that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Stapled Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Stapled Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Stapled Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Stapled Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.11 Tax (cont'd)

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.

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.

3.12 Earnings per Stapled Security

The Stapled Group presents basic and diluted earnings per Stapled Security. Basic earnings per Stapled Security is calculated by dividing the total return attributable to Stapled Security Holders by the weighted average number of Stapled Securities outstanding during the year. Diluted earnings per Stapled Security is determined by adjusting the total return attributable to Stapled Security Holders and the weighted average number of Stapled Securities outstanding, adjusted for the effects of all dilutive potential Stapled Securities.

3.13 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 CONSOLIDATED FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.14 New accounting standards and interpretations not adopted

A number of new accounting standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. However, the Stapled Group has not early adopted the new or amended accounting standards in preparing these financial statements.

Effective for annual periods beginning after 1 January 2024

- Amendments to FRS 1 / SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current* and *Non-current Liabilities with Covenants*
- Amendments to FRS 7 / SFRS(I) 1-7 and FRS 107 / SFRS(I) 7: *Supplier Finance Arrangements*
- Amendments to FRS 116 / SFRS(I) 16: *Lease Liability in a Sale and Leaseback*

Effective for annual periods beginning after 1 January 2025

- Amendments to FRS 21 / SFRS (I) 1-21: *Lack of Exchangeability*

The Stapled Group is in the process of assessing the potential impact of the amendments to accounting standards on its financial statements.

4 INVESTMENT PROPERTIES

	HBT Group		H-REIT Group		Stapled Group	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January	–	–	2,631,976	2,419,305	2,104,672	1,921,748
Acquisition of property, including acquisition costs	–	–	–	80,859	–	80,859
Capital expenditure	–	–	32,363	6,469	23,226	3,203
Fair value changes (unrealised)	–	–	80,787	142,788	98,343	123,036
Straight-line rental adjustments	–	–	3,427	6,599	3,361	3,774
Additions of right-of-use assets	–	–	–	13,752	–	6,876
Adjustment to right-of-use assets	–	–	1,770	8,960	1,770	6,560
Translation differences	–	–	(108)	(46,756)	1,527	(41,384)
At 31 December	–	–	2,750,215	2,631,976	2,232,899	2,104,672

The straight-line rental adjustments represent the effect of recognising rental income on a straight-line basis over the lease term of the investment properties.

Security

At 31 December 2023, an investment property of the H-REIT Group and the Stapled Group with a carrying amount of $152.9 million (2022: $149.3 million) is pledged as security to secure a bank loan (Note 10).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value

The carrying amounts of the investment properties as at 31 December 2023 were based on independent valuations undertaken by Knight Frank Pte Ltd for the Singapore properties, CBRE Valuations Pty Limited for the Australia properties, CBRE Limited for the New Zealand property, C&W (U.K.) LLP (Italian Branch) for the Italy property, Colliers International Consultancy & Valuation (Singapore) Pte Ltd for the Maldives and United Kingdom properties, Colliers International Property Consultants Limited for the Germany property, as at that date. The carrying amounts of the investment properties as at 31 December 2022 were based on independent valuations undertaken by CBRE Pte. Ltd. for the Singapore and Maldives properties, Jones Lang LaSalle Incorporated for the New Zealand property, Cushman & Wakefield (Valuations) Pty Ltd for the Australia properties, CBRE GmbH for the Germany property, CBRE Valuation S.p.A. for the Italy property and Cushman & Wakefield Debenham Tie Leung Limited for the United Kingdom property, as at that date. The independent valuers have appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

The valuations were based on the discounted cash flow and capitalisation methods, where appropriate. The valuation methods used in determining the fair value involve certain estimates including those relating to discount rate, terminal yield and capitalisation rate. The specific risks inherent in each of the properties are taken into consideration in arriving at the property valuation. In relying on the valuation reports, the H-REIT Manager has exercised its judgement and is satisfied that the valuation methods and estimates used are reflective of market conditions prevailing at the end of the reporting date.

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	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Fair value of investment properties (based on valuation reports)	2,634,477	2,518,928	2,181,036	2,055,666
Add: Carrying amount of lease liabilities	115,738	113,048	51,863	49,006
Carrying amount of investment properties	2,750,215	2,631,976	2,232,899	2,104,672

NOTES TO THE CONSOLIDATED 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	2023	2022
Singapore	Discounted cash flow and capitalisation methods	Hotel		
		Discount rate	6.00% - 7.50%	5.75% - 6.50%
		Terminal yield	3.75% - 5.00%	3.75% - 4.50%
		Capitalisation rate	3.50% - 4.75%	3.50% - 4.25%
		Retail		
		Discount rate	7.00%	7.00%
		Terminal yield	5.00%	5.25%
		Capitalisation rate	4.75%	5.00%
New Zealand	Discounted cash flow and capitalisation methods	Discount rate	9.50%	8.25%
		Terminal yield	7.50%	6.25%
		Capitalisation rate	7.25%	6.25%
Germany	Discounted cash flow and capitalisation methods (2022: Discounted cash flow method)	Hotel		
		Discount rate	7.75%	7.00% - 8.50%
		Terminal yield	5.75%	5.00% - 6.50%
		Retail		
		Discount rate	N.A.	5.25%
		Terminal yield	N.A.	4.65%
		Capitalisation rate	6.55%	N.A.
Australia	Discounted cash flow and capitalisation methods	Discount rate	8.25%	8.75%
		Terminal yield	6.50%	6.50%
		Capitalisation rate	6.25%	6.50%
Maldives	Discounted cash flow method (2022: Discounted cash flow and capitalisation methods)	Discount rate	11.00% - 11.75%	11.25% - 11.75%
		Terminal yield	9.00% - 9.75%	8.25% - 8.75%
		Capitalisation rate	N.A.	8.00% - 8.50%
Italy	Discounted cash flow method	Discount rate	7.50%	6.17% - 7.17%
		Terminal yield	5.50%	4.25% - 5.25%
United Kingdom	Discounted cash flow method (2022: Capitalisation method)	Discount rate	9.00%	N.A.
		Terminal yield	7.00%	N.A.
		Capitalisation rate	N.A.	7.00%

N.A. – Not applicable

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

Inter-relationship between key unobservable inputs and fair value measurement

The significant unobservable inputs used in the fair value measurement of investment properties are discount rate, terminal yield and capitalisation rate. An increase in discount rate, terminal yield and capitalisation rate in isolation would result in a lower fair value.

5 INVESTMENT PROPERTY UNDER DEVELOPMENT

	HBT Group		H-REIT Group		Stapled Group	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January	59,660	27,661	–	–	59,660	27,661
Development costs and interest capitalised	62,491 (1)	30,326 (1)	–	–	60,597 (2)	29,474 (2)
Fair value changes (unrealised)	6,735	6,374	–	–	8,629	7,226
Translation differences	2,537	(4,701)	–	–	2,537	(4,701)
At 31 December	131,423	59,660	–	–	131,423	59,660

(1) Included capitalised interest cost of $3,741,000 (2022: $1,637,000).
(2) Included capitalised interest cost of $1,847,000 (2022: $785,000).

Measurement of fair value

The carrying amount of the investment property under development as at 31 December 2023 was based on an independent valuation undertaken by Knight Frank LLP, as at that date. The carrying amount of the investment property under development as at 31 December 2022 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 independent valuation for this investment property under development was carried out using the comparative and investment methods, of which the gross development value (assuming practical completion) was derived using the investment method. In determining the fair value of the investment property under development as at 31 December 2023, the total estimated outstanding capital expenditure and a 5% (2022: 5%) contingency was deducted from this gross development value. The specific risks inherent in the property are taken into consideration in arriving at the property valuation. In relying on the valuation report, the HBT Trustee-Manager has exercised its judgement and is satisfied that the valuation method and estimates used are reflective of market conditions prevailing at the end of the reporting date.

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 INVESTMENT PROPERTY UNDER DEVELOPMENT (CONT'D)

Measurement of fair value (cont'd)

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	2023	2022
United Kingdom	Comparative and investment methods (2022: Gross development investment value)	Residential and Car Parking		
		Capitalisation rate	4.70%	4.20%
		Retail		
		Capitalisation rate	9.00%	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 is capitalisation rate. An increase in capitalisation rate in isolation would result in a lower fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 PROPERTY, PLANT AND EQUIPMENT

	At valuation		At cost					
	Leasehold land $'000	Buildings $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and fixtures $'000	Office equipment $'000	Capital work-in-progress $'000	Total $'000
HBT Group								
At valuation/cost								
At 1 January 2022	107,394	204,095	4,504	279	38,162	1,066	448	355,948
Additions	–	–	–	–	77	–	4,573	4,650
Transfers	–	–	233	–	4,100	62	(4,395)	–
Disposal	–	–	–	(156)	–	(20)	–	(176)
Written-off	–	(372)	–	(123)	–	–	–	(495)
Addition of right-of-use assets	–	225	–	–	–	–	–	225
Adjustment to right-of-use assets	–	(1,407)	–	–	–	–	–	(1,407)
Translation differences	(7,986)	(14,727)	(490)	–	(4,271)	(111)	(57)	(27,642)
Reversal of revaluation deficit/(Revaluation deficit) recognised in statement of profit or loss	471	(4,138)	–	–	–	–	–	(3,667)
Revaluation surplus/(deficit) recognised in OCI	1,127	(8,806)	–	–	–	–	–	(7,679)
Elimination of accumulated depreciation on revaluation	(3,568)	(8,328)	–	–	–	–	–	(11,896)
At 31 December 2022	97,438	166,542	4,247	–	38,068	997	569	307,861
At 1 January 2023	97,438	166,542	4,247	–	38,068	997	569	307,861
Additions	–	–	1,076	–	2,095	5	62	3,238
Transfers	–	–	–	–	142	–	(142)	–
Written-off	–	–	–	–	–	–	(410)	(410)
Addition of right-of-use assets	–	–	–	126	–	–	–	126
Adjustment to right-of-use assets	–	3	–	–	–	–	–	3
Translation differences	1,764	2,697	151	–	1,290	32	15	5,949
Reversal of revaluation deficit recognised in statement of profit or loss	1,907	1,251	–	–	–	–	–	3,158
Revaluation surplus recognised in OCI	3,089	6,162	–	–	–	–	–	9,251
Elimination of accumulated depreciation on revaluation	(3,502)	(9,041)	–	–	–	–	–	(12,543)
At 31 December 2023	100,696	167,614	5,474	126	41,595	1,034	94	316,633

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At valuation		At cost					
	Leasehold land	Buildings	Plant and machinery	Motor vehicles	Furniture and fixtures	Office equipment	Capital work-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
HBT Group (cont'd)								
Accumulated depreciation								
At 1 January 2022	–	–	2,121	127	18,641	775	–	21,664
Depreciation	3,568	8,700	431	65	3,849	158	–	16,771
Disposal	–	–	–	(69)	–	(14)	–	(83)
Written-off	–	(372)	–	(123)	–	–	–	(495)
Translation differences	–	–	(246)	–	(2,182)	(88)	–	(2,516)
Elimination of accumulated depreciation on revaluation	(3,568)	(8,328)	–	–	–	–	–	(11,896)
At 31 December 2022	–	–	2,306	–	20,308	831	–	23,445
At 1 January 2023	–	–	2,306	–	20,308	831	–	23,445
Depreciation	3,502	9,041	504	42	3,297	85	–	16,471
Translation differences	–	–	81	–	707	28	–	816
Elimination of accumulated depreciation on revaluation	(3,502)	(9,041)	–	–	–	–	–	(12,543)
At 31 December 2023	–	–	2,891	42	24,312	944	–	28,189
Carrying amounts								
At 31 December 2022	97,438	166,542	1,941	–	17,760	166	569	284,416
At 31 December 2023	100,696	167,614	2,583	84	17,283	90	94	288,444

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At valuation		At cost			
	Freehold land $'000	Buildings $'000	Plant and machinery $'000	Motor vehicles and boats $'000	Furniture and fixtures $'000	Total $'000
H-REIT Group						
At valuation/cost						
At 1 January 2022	48,894	20,931	6,438	1,564	878	78,705
Additions	–	–	10	354	–	364
Written-off	–	–	–	(244)	–	(244)
Translation differences	(7,079)	(3,070)	(912)	(13)	(124)	(11,198)
Revaluation surplus recognised in unitholders' funds	3,365	2,664	–	–	–	6,029
Reversal of revaluation deficit recognised in statement of total return	–	409	–	–	–	409
Elimination of accumulated depreciation on revaluation	–	(712)	–	–	–	(712)
At 31 December 2022	45,180	20,222	5,536	1,661	754	73,353
At 1 January 2023	45,180	20,222	5,536	1,661	754	73,353
Additions	–	–	13	1,350	258	1,621
Translation differences	(3,883)	(1,717)	(449)	(46)	(69)	(6,164)
Revaluation surplus recognised in unitholders' funds	7,132	3,275	–	–	–	10,407
Elimination of accumulated depreciation on revaluation	–	(745)	–	–	–	(745)
At 31 December 2023	48,429	21,035	5,100	2,965	943	78,472
Accumulated depreciation						
At 1 January 2022	–	–	4,350	1,344	380	6,074
Depreciation	–	712	568	112	95	1,487
Written-off	–	–	–	(188)	–	(188)
Translation differences	–	–	(642)	(7)	(58)	(707)
Elimination of accumulated depreciation on revaluation	–	(712)	–	–	–	(712)
At 31 December 2022	–	–	4,276	1,261	417	5,954
At 1 January 2023	–	–	4,276	1,261	417	5,954
Depreciation	–	745	515	504	113	1,877
Translation differences	–	–	(363)	(28)	(37)	(428)
Elimination of accumulated depreciation on revaluation	–	(745)	–	–	–	(745)
At 31 December 2023	–	–	4,428	1,737	493	6,658
Carrying amounts						
At 31 December 2022	45,180	20,222	1,260	400	337	67,399
At 31 December 2023	48,429	21,035	672	1,228	450	71,814

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At valuation			At cost					
	Freehold land	Leasehold land	Buildings	Plant and machinery	Furniture and fixtures	Motor vehicles and boats	Office equipment	Capital work-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Stapled Group									
At valuation/cost									
At 1 January 2022	71,539	319,178	334,050	50,873	50,500	2,081	5,628	981	834,830
Additions	–	–	961	621	580	454	659	5,025	8,300
Disposal	–	–	–	–	–	(156)	(20)	–	(176)
Written-off	–	–	(372)	(14)	–	(367)	–	–	(753)
Transfers	–	–	–	253	4,407	–	62	(4,722)	–
Addition of right-of-use assets	–	6,876	225	–	–	–	–	–	7,101
Adjustment to right-of-use assets	–	2,400	–	–	–	–	–	–	2,400
Revaluation surplus recognised in unitholders' funds	4,632	393	14,275	–	–	–	–	–	19,300
(Revaluation deficit)/ Reversal of revaluation deficit recognised in statement of total return/profit or loss	(96)	7,488	5,858	–	–	–	–	–	13,250
Translation differences	(8,772)	(8,032)	(17,853)	(2,760)	(4,438)	(16)	(144)	(56)	(42,071)
Elimination of accumulated depreciation on revaluation	–	(3,977)	(6,484)	–	–	–	–	–	(10,461)
At 31 December 2022	67,303	324,326	330,660	48,973	51,049	1,996	6,185	1,228	831,720
At 1 January 2023	67,303	324,326	330,660	48,973	51,049	1,996	6,185	1,228	831,720
Additions	–	–	953	1,581	2,942	1,015	1,002	6,555	14,048
Disposal	–	–	–	–	–	–	(50)	–	(50)
Written-off	–	–	–	–	–	–	–	(410)	(410)
Transfers	–	–	–	17	303	–	14	(334)	–
Addition of right-of-use assets	–	–	–	–	–	126	–	–	126
Adjustment to right-of-use assets	–	–	3	–	–	–	–	–	3
Revaluation surplus recognised in unitholders' funds	9,537	5,141	25,474	–	–	–	–	–	40,152
Reversal of revaluation deficit/(Revaluation deficit) recognised in statement of total return/profit or loss	–	5,259	(4,316)	–	–	–	–	–	943
Translation differences	(4,080)	1,883	284	(564)	1,172	(47)	(23)	14	(1,361)
Elimination of accumulated depreciation on revaluation	–	(3,869)	(8,155)	–	–	–	–	–	(12,024)
At 31 December 2023	72,760	332,740	344,903	50,007	55,466	3,090	7,128	7,053	873,147

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At valuation			At cost					
	Freehold land	Leasehold land	Buildings	Plant and machinery	Furniture and fixtures	Motor vehicles and boats	Office equipment	Capital work-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Stapled Group (cont'd)									
Accumulated depreciation									
At 1 January 2022	–	–	–	13,514	23,482	1,707	3,426	–	42,129
Depreciation	–	3,977	6,856	3,959	5,126	181	885	–	20,984
Disposal	–	–	–	–	–	(69)	(14)	–	(83)
Written-off	–	–	(372)	(3)	–	(311)	–	–	(686)
Translation differences	–	–	–	(1,028)	(2,269)	(8)	(108)	–	(3,413)
Elimination of accumulated depreciation on revaluation	–	(3,977)	(6,484)	–	–	–	–	–	(10,461)
At 31 December 2022	–	–	–	16,442	26,339	1,500	4,189	–	48,470
At 1 January 2023	–	–	–	16,442	26,339	1,500	4,189	–	48,470
Depreciation	–	3,869	8,155	4,217	4,627	308	755	–	21,931
Disposal	–	–	–	–	–	–	(50)	–	(50)
Translation differences	–	–	–	(363)	610	(28)	(10)	–	209
Elimination of accumulated depreciation on revaluation	–	(3,869)	(8,155)	–	–	–	–	–	(12,024)
At 31 December 2023	–	–	–	20,296	31,576	1,780	4,884	–	58,536
Carrying amounts									
At 31 December 2022	67,303	324,326	330,660	32,531	24,710	496	1,996	1,228	783,250
At 31 December 2023	72,760	332,740	344,903	29,711	23,890	1,310	2,244	7,053	814,611

The depreciation expense is included in "depreciation" in profit or loss or the statements of total return (as the case may be).

NOTES TO THE CONSOLIDATED 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	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
Freehold land						
Cost	–	–	28,595	31,117	49,401	52,129
Accumulated impairment losses	–	–	–	–	(90)	(91)
Carrying value	–	–	28,595	31,117	49,311	52,038
Leasehold land						
Cost	124,845	122,874	–	–	365,430	363,149
Accumulated depreciation and impairment losses	(28,446)	(26,074)	–	–	(26,665)	(28,152)
Carrying value	96,399	96,800	–	–	338,765	334,997
Buildings						
Cost	189,290	186,422	22,506	24,488	393,343	393,304
Accumulated depreciation and impairment losses	(29,191)	(21,048)	(5,850)	(5,660)	(81,226)	(74,008)
Carrying value	160,099	165,374	16,656	18,828	312,117	319,296

Measurement of fair value

The carrying amounts of the properties as at 31 December 2023 were based on independent valuations undertaken by Cushman & Wakefield K.K. for the Japan properties, Colliers International Consultancy & Valuation (Singapore) Pte Ltd for the Maldives and United Kingdom properties, Knight Frank Pte Ltd for the Singapore property and CBRE Valuations Pty Limited for the Australia properties, as at that date. The carrying amounts of the properties as at 31 December 2022 were based on independent valuations undertaken by JLL Morii Valuation & Advisory K.K. for the Japan properties, CBRE Hotels Limited for the United Kingdom properties, CBRE Pte. Ltd. for the Maldives and Singapore properties and Cushman & Wakefield (Valuations) Pty Ltd for the Australia properties, as at that date. 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 the 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.

NOTES TO THE CONSOLIDATED 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	2023	2022
Singapore	Discounted cash flow and capitalisation methods	Discount rate	6.00%	5.75%
		Terminal yield	3.75%	3.75%
		Capitalisation rate	3.50%	3.50%
Japan	Discounted cash flow and capitalisation methods	Discount rate	4.10% - 4.40%	4.10% - 4.40%
		Terminal yield	4.40% - 4.70%	4.40% - 4.70%
		Capitalisation rate	4.30% - 4.60%	4.30% - 4.60%
United Kingdom	Discounted cash flow method	Discount rate	9.00% - 9.25%	8.50%
		Terminal yield	7.00% - 7.25%	6.50%
Maldives	Discounted cash flow method (2022: Discounted cash flow and capitalisation methods)	Discount rate	10.75%	11.25%
		Terminal yield	8.75%	8.25%
		Capitalisation rate	N.A.	8.00%
Australia	Discounted cash flow and capitalisation methods	Discount rate	8.50%	8.75%
		Terminal yield	6.75%	7.00%
		Capitalisation rate	6.50%	6.75%

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 FINANCE LEASE RECEIVABLES

	HBT Group		H-REIT Group		Stapled Group	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
Finance lease receivables:						
- related corporation	–	–	5,145	1,803	5,145	1,803
Non-current	–	–	4,345	1,327	4,345	1,327
Current	–	–	800	476	800	476
	–	–	5,145	1,803	5,145	1,803

Finance lease receivables relate to sub-lease of a property to a related corporation. There is no impairment loss arising from the receivables as the ECL is negligible.

8 TRADE AND OTHER RECEIVABLES

	HBT Group		H-REIT Group		Stapled Group	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
Trade receivables:						
- related corporations	–	–	6,935	7,213	6,935	7,213
- related entities	–	–	28,645	27,504	–	–
- third parties	4,276	5,987	5,103	3,195	9,379	9,182
	4,276	5,987	40,683	37,912	16,314	16,395
Impairment loss	(106)	(131)	(9,887)	(7,953)	(199)	(302)
Net trade receivables	4,170	5,856	30,796	29,959	16,115	16,093
Other receivables:						
- related corporations	–	–	10	20	10	20
- related entities	16,465	13,780	152,593	90,773	–	–
- third parties	1,093	688	2,859	2,348	3,952	3,036
	17,558	14,468	155,462	93,141	3,962	3,056
Rental deposits	559	558	149	149	708	707
	22,287	20,882	186,407	123,249	20,785	19,856
Prepayments	1,947	2,057	5,391	4,992	7,338	7,049
	24,234	22,939	191,798	128,241	28,123	26,905
Non-current	529	529	145,801	87,078	677	677
Current	23,705	22,410	45,997	41,163	27,446	26,228
	24,234	22,939	191,798	128,241	28,123	26,905

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).

The H-REIT Group's properties, except Claymore Connect, are leased to 14 (2022: 14) master lessees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 TRADE AND OTHER RECEIVABLES (CONT'D)

Other receivables from related corporations are unsecured, interest-free and repayable on demand.

Other receivables from related entities comprise mainly loans amounting to $145,652,000 (2022: $86,929,000) which are unsecured, bear interest at rates ranging from 5.00% to 6.80% (2022: 4.24% to 4.70%) and repayment is neither planned nor likely to occur in foreseeable future. The remaining receivables from related entities are unsecured, interest free and repayable on demand.

The exposure of the HBT Group, the H-REIT Group and the 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	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
Cash at bank and in hand	14,798	22,621	46,392	30,378	61,190	52,999
Fixed deposits with financial institutions	–	2,928	10,810	41,001	10,810	43,929
Cash and cash equivalents in the statements of financial position	14,798	25,549	57,202	71,379	72,000	96,928
Restricted cash	–	–	(2,017)	(1,628)	(2,017)	(1,628)
Cash and cash equivalents in the statements of cash flows	14,798	25,549	55,185	69,751	69,983	95,300

10 LOANS AND BORROWINGS

	HBT Group		H-REIT Group		Stapled Group	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
At amortised cost:						
Non-current						
Secured TMK bond	–	–	28,582	30,947	28,582	30,947
Secured bank loan	–	–	64,170	62,931	64,170	62,931
Unsecured bank loans	90,326	87,274	622,003	660,871	712,329	748,145
Lease liabilities	116,790	125,967	119,924	114,220	136,602	130,416
Loan from related entity	145,652	86,929	–	–	–	–
	352,768	300,170	834,679	868,969	941,683	972,439
Current						
Unsecured bank loans	–	–	347,213	238,753	347,213	238,753
Lease liabilities	8,896	8,010	960	637	1,100	731
	8,896	8,010	348,173	239,390	348,313	239,484
	361,664	308,180	1,182,852	1,108,359	1,289,996	1,211,923

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 LOANS AND BORROWINGS (CONT'D)

Secured TMK bond

The TMK bond included in the H-REIT Group relates to a 5-year Japanese Yen denominated bond of $28.8 million (JPY3.1 billion) (2022: $31.4 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 $64.2 million (€44.0 million) (2022: $63.0 million (€44.0 million)) drawn down by H-REIT's indirectly-owned subsidiary, NKS Hospitality I B.V. ("**NKS**").

As at the reporting date, an investment property, Pullman Hotel Munich, with a carrying value of $152.9 million (€104.8 million) (2022: $149.3 million (€104.3 million)), and certain bank accounts in NKS, together with the Stapled Group's shares in NKS, representing a 94.9% equity interest in NKS, are pledged as security for bank facilities granted to NKS.

Unsecured bank loans

As at the end of the financial year, the Stapled Group has the following facilities and term loans:

Facilities partially drawn down or available for utilisation

(i) $450.0 million committed bilateral multi-currency unsecured revolving credit facilities for a 3-year term (2022: $400.0 million comprises $50.0 million for a 1.5-year term, $200.0 million for a 3-year term and another $150.0 million for a 3-year term). As at the reporting date, $236.4 million (2022: $224.6 million) has been drawn down under these facilities and $213.6 million (2022: $175.4 million) of the facilities remained unutilised.

(ii) $101.2 million (£60.2 million) (2022: $98.0 million (£60.2 million)) committed unsecured term loan, with a maximum repayment period of three years. As at the reporting date, $78.5 million (£46.7 million) (2022: $21.4 million (£13.2 million)) has been drawn down under this facility and $22.7 million (£13.5 million) (2022: $76.6 million (£47.0 million)) of the facility remained unutilised.

(iii) $400.0 million (2022: $400.0 million) uncommitted multi-currency unsecured bridge loan facilities, with a maximum repayment period of one year. As at the reporting date, no amount (2022: $37.5 million (£23.1 million)) has been drawn down under these facilities and $400.0 million (2022: $362.5 million) of the facilities remained unutilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 LOANS AND BORROWINGS (CONT'D)

Unsecured bank loans (cont'd)

Term loans fully drawn down

(i) $70.0 million (2022: $190.0 million) fixed rate term loan;

(ii) $203.6 million (2022: $83.6 million) floating rate term loans (swap $60.0 million (2022: nil) to fixed rate with an interest rate swap (Note 11));

(iii) $86.0 million (US$65.0 million) (2022: $87.5 million (US$65.0 million)) floating rate term loan (swap to fixed rate with an interest rate swap (Note 11));

(iv) $90.2 million (2022: $90.2 million) floating rate term loan (swap to fixed rate with a cross-currency interest rate swap (Note 11));

(v) $52.9 million (US$40.0 million) (2022: $53.8 million (US$40.0 million)) floating rate term loan (swap to fixed rate with a cross-currency interest rate swap (Note 11));

(vi) $30.4 million (JPY3.3 billion) (2022: $33.1 million (JPY3.3 billion)) fixed rate term loan;

(vii) $84.0 million (£50.0 million) (2022: $81.3 million (£50.0 million)) floating rate term loan;

(viii) $90.8 million (£54.0 million) (2022: $87.8 million (£54.0 million)) floating rate term loan; and

(ix) $40.5 million (£24.1 million) (2022: nil) floating rate term loan (swap to fixed rate with an interest rate swap (Note 11)).

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 5.00% to 6.80% (2022: 4.24% to 4.70%) and is repayable on demand. On 31 December 2023, the related entity has confirmed that it will not demand for repayment within 12 months of the next financial year.

Unsecured medium term notes

H-REIT's wholly-owned subsidiary, CDLHT MTN Pte. Ltd., has in place a $1.0 billion (2022: $1.0 billion) Multi-currency Medium Term Note Programme. As at 31 December 2023 and 31 December 2022, there were no outstanding notes.

NOTES TO THE CONSOLIDATED 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 2023				
HBT Group				
Unsecured bank loan				
GBP	7.52	2026	90,752	90,326
Loan from related entity				
SGD	5.00	*	2,297	2,297
GBP	5.00 to 6.70	*	123,430	123,430
USD	6.80	*	19,925	19,925
Lease liabilities				
SGD	1.79 to 4.83	2025 to 2040	49,846	39,166
USD	5.05	2033	39,705	31,260
GBP	3.99 to 4.04	2115 to 2147	71,557	16,609
AUD	2.45 to 2.74	2031	42,483	38,651
			439,995	361,664
H-REIT Group				
Secured TMK bond				
JPY	0.71	2025	28,830	28,582
Secured bank loan				
EUR	1.72	2025	64,209	64,170
Unsecured bank loans				
SGD	2.33 to 5.01	2024 to 2028	510,000	507,999
USD	0.58 to 6.80	2024	196,493	196,154
JPY	1.39	2025	30,411	30,331
GBP	2.61 to 6.47	2024 to 2028	232,746	231,726
EUR	5.33	2024	3,006	3,006
Lease liabilities				
SGD	3.41 to 5.44	2028 to 2105	169,481	60,373
USD	5.42 to 5.75	2096 to 2105	86,775	22,977
GBP	3.00	2218	218,924	37,534
			1,540,875	1,182,852
Stapled Group				
Secured TMK bond				
JPY	0.71	2025	28,830	28,582
Secured bank loan				
EUR	1.72	2025	64,209	64,170
Unsecured bank loans				
SGD	2.33 to 5.01	2024 to 2028	510,000	507,999
USD	0.58 to 6.80	2024	196,493	196,154
JPY	1.39	2025	30,411	30,331
GBP	2.61 to 7.52	2024 to 2028	323,499	322,052
EUR	5.33	2024	3,006	3,006
Lease liabilities				
SGD	1.79 to 5.44	2025 to 2105	169,699	60,583
USD	5.42 to 5.75	2096 to 2105	86,775	22,977
GBP	3.00 to 4.04	2115 to 2218	290,480	54,142
			1,703,402	1,289,996

* The loan from related entity is repayable on demand.

NOTES TO THE CONSOLIDATED 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 2022				
HBT Group				
Unsecured bank loan				
GBP	5.46	2026	87,831	87,274
Loan from related entity				
SGD	4.24	*	3,511	3,511
GBP	4.24 to 4.70	*	64,361	64,361
USD	4.69	*	19,057	19,057
Lease liabilities				
SGD	1.79 to 3.59	2025 to 2040	52,842	40,940
USD	5.05	2033	44,405	34,166
GBP	3.99 to 4.04	2115 to 2147	69,908	16,085
AUD	2.45 to 2.74	2031	50,629	42,786
			392,544	308,180
H-REIT Group				
Secured TMK bond				
JPY	0.71	2025	31,372	30,947
Secured bank loan				
EUR	1.72	2025	62,999	62,931
Unsecured bank loans				
SGD	2.33 to 4.32	2023 to 2026	495,840	493,588
USD	0.58 to 5.52	2024	198,086	197,814
JPY	1.39	2025	33,092	32,964
GBP	2.47 to 4.70	2023 to 2025	173,141	172,308
EUR	3.09	2024	2,950	2,950
Lease liabilities				
SGD	3.12 to 3.41	2026 to 2105	167,490	57,152
USD	1.64 to 5.75	2023 to 2105	92,247	23,106
GBP	3.00	2218	202,826	34,599
			1,460,043	1,108,359
Stapled Group				
Secured TMK bond				
JPY	0.71	2025	31,372	30,947
Secured bank loan				
EUR	1.72	2025	62,999	62,931
Unsecured bank loans				
SGD	2.33 to 4.32	2023 to 2026	495,840	493,588
USD	0.58 to 5.52	2024	198,086	197,814
JPY	1.39	2025	33,092	32,964
GBP	2.47 to 5.46	2023 to 2026	260,972	259,582
EUR	3.09	2024	2,950	2,950
Lease liabilities				
SGD	1.79 to 3.59	2025 to 2105	167,704	57,357
USD	1.64 to 5.75	2023 to 2105	92,247	23,106
GBP	3.00 to 4.04	2115 to 2218	272,733	50,684
			1,617,995	1,211,923

* The loan from related entity is repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	HBT Group			H-REIT Group			Stapled Group		
	Loans and borrowings $'000	Lease liabilities $'000	Interest payables $'000	Loans and borrowings $'000	Lease liabilities $'000	Interest payables $'000	Loans and borrowings $'000	Lease liabilities $'000	Interest payables $'000
Balance at 1 January 2023	174,203	133,977	355	993,502	114,857	3,186	1,080,776	131,147	3,541
Changes from financing cash flows									
Loan from related entity	50,205	–	–	–	–	–	–	–	–
Proceeds from bank loans	–	–	–	417,638	–	–	417,638	–	–
Repayment of bank loans	–	–	–	(352,349)	–	–	(352,349)	–	–
Payment of transaction costs related to borrowings	(15)	–	–	(1,796)	–	–	(1,811)	–	–
Payment of lease liabilities	–	(7,978)	–	–	(718)	–	–	(853)	–
Finance costs paid	–	(4,589)	(5,513)	–	(4,255)	(37,479)	–	(4,926)	(42,991)
Total changes from financing cash flows	50,190	(12,567)	(5,513)	63,493	(4,973)	(37,479)	63,478	(5,779)	(42,991)
Effect of changes in foreign exchange rates	5,802	(442)	18	2,949	1,072	60	5,870	1,606	77
Other changes									
Liability-related									
Addition of lease liabilities	–	126	–	–	5,407	–	–	5,533	–
Remeasurement of lease liabilities	–	3	–	–	1,770	–	–	1,773	–
Derecognition of lease liabilities	–	–	–	–	(1,504)	–	–	(1,504)	–
Amortisation of transaction costs	146	–	–	2,024	–	–	2,170	–	–
Interest expense capitalised	3,741	–	–	–	–	–	–	–	1,847
Interest expense	1,896	4,589	6,168	–	4,255	38,140	–	4,926	42,461
Total liability-related other changes	5,783	4,718	6,168	2,024	9,928	38,140	2,170	10,728	44,308
Balance at 31 December 2023	235,978	125,686	1,028	1,061,968	120,884	3,907	1,152,294	137,702	4,935

NOTES TO THE CONSOLIDATED 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	Lease liabilities	Interest payables	Loans and borrowings	Lease liabilities	Interest payables	Loans and borrowings	Lease liabilities	Interest payables
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2022	170,824	145,595	192	1,000,591	74,323	1,862	1,098,719	92,453	2,054
Changes from financing cash flows									
Loan from related entity	18,527	–	–	–	–	–	–	–	–
Proceeds from bank loans	92,264	–	–	372,549	–	–	464,813	–	–
Repayment of bank loans	(92,264)	–	–	(329,582)	–	–	(421,846)	–	–
Payment of transaction costs related to borrowings	(568)	–	–	(2,726)	–	–	(3,294)	–	–
Payment of lease liabilities	–	(4,963)	–	–	(948)	–	–	(1,100)	–
Finance costs paid	–	(4,965)	(2,592)	–	(3,812)	(23,002)	–	(4,495)	(25,594)
Total changes from financing cash flows	17,959	(9,928)	(2,592)	40,241	(4,760)	(23,002)	39,673	(5,595)	(25,594)
Effect of changes in foreign exchange rates	(17,308)	(5,473)	(45)	(49,420)	(4,483)	(150)	(59,858)	(6,396)	(195)
Other changes									
Liability-related									
Acquisition of subsidiary	–	–	–	–	37,005	–	–	37,005	–
Addition of lease liabilities	–	225	–	–	–	–	–	225	–
Remeasurement of lease liabilities	–	(1,407)	–	–	8,960	–	–	8,960	–
Amortisation of transaction costs	152	–	–	2,090	–	–	2,242	–	–
Interest expense capitalised	1,515	–	122	–	–	–	–	–	785
Interest expense	1,061	4,965	2,678	–	3,812	24,476	–	4,495	26,491
Total liability-related other changes	2,728	3,783	2,800	2,090	49,777	24,476	2,242	50,685	27,276
Balance at 31 December 2022	174,203	133,977	355	993,502	114,857	3,186	1,080,776	131,147	3,541

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 LOANS AND BORROWINGS (CONT'D)

Re-measurement of lease liabilities

Financial year ended 31 December 2023

During the financial year:

(i) the lease payments for a leased building of the HBT Group have been revised; and

(ii) the lease payments for a leasehold land of the H-REIT Group have been revised.

There were no other changes to the original terms and conditions of leases. The HBT Group, the H-REIT Group and the Stapled Group accounted these leases as lease modification that is not accounted for as a separate lease. The difference between the carrying amount of lease liabilities before the modification and the carrying amount of the modified lease liabilities of:

(i) a $3,000 increase for the HBT Group and the Stapled Group has been recognised as an adjustment to the ROU assets in property, plant and equipment; and

(ii) a $1,770,000 increase for the H-REIT Group and the Stapled Group has been recognised as an adjustment to the ROU assets in investment properties.

Financial year ended 31 December 2022

During the financial year:

(i) the lease payments with related entity for a leased building of the HBT Group had been revised; and

(ii) the lease tenor and lease payments for leasehold lands of the H-REIT Group had been extended and revised respectively.

There were no other changes to the original terms and conditions of leases. The HBT Group, the H-REIT Group and the Stapled Group accounted these leases as lease modification that is not accounted for as a separate lease. The difference between the carrying amount of lease liabilities before the modification and the carrying amount of the modified lease liabilities of:

(i) a $1,407,000 decrease for the HBT Group had been recognised as an adjustment to the ROU assets in property, plant and equipment; and

(ii) a $8,960,000 increase for the H-REIT Group and the Stapled Group had been recognised as an adjustment to the ROU assets in investment properties and/or property, plant and equipment (as the case may be).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 FINANCIAL DERIVATIVES

	HBT Group		H-REIT Group		Stapled Group	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
Non-current assets						
Cross-currency interest rate swaps	–	–	–	9,362	–	9,362
Interest rate swaps	–	–	8,300	16,974	8,300	16,974
	–	–	8,300	26,336	8,300	26,336
Current assets						
Cross-currency interest rate swap	–	–	2,773	–	2,773	–
Interest rate swap	–	–	3,432	–	3,432	–
Forward exchange contracts	–	–	5	83	5	83
	–	–	6,210	83	6,210	83
Non-current liabilities						
Cross-currency interest rate swap	–	–	817	–	817	–
Interest rate swaps	–	–	659	–	659	–
	–	–	1,476	–	1,476	–
Current liabilities						
Forward exchange contracts	–	–	30	163	30	163

<u>Forward exchange contracts</u>

The H-REIT Group uses forward foreign exchange contracts to manage its exposure to foreign currencies.

As at 31 December 2023, the H-REIT Group and the Stapled Group have forward exchange contracts with a total notional amounts of $5.8 million (2022: $6.1 million) respectively.

<u>Cross-currency interest rate swaps</u>

The H-REIT Group uses cross-currency interest rate swaps to manage its exposure to foreign currency risk and interest rate risk associated with movements in foreign exchange rates and interest rates.

As at 31 December 2023, the H-REIT Group and the Stapled Group have cross-currency interest rate swaps with notional amounts of:

(i) $90.2 million (2022: $90.2 million) to swap $90.2 million (2022: $90.2 million) at floating rate to €64.0 million (2022: €64.0 million) at fixed rate; and

(ii) $52.9 million (US$40.0 million) (2022: $53.8 million (US$40.0 million)) to swap US$40.0 million (2022: US$40.0 million) at floating rate to €35.5 million (2022: €35.5 million) at fixed rate.

<u>Interest rate swaps</u>

The H-REIT Group uses interest rate swaps to manage its exposure to interest rate risk.

As at 31 December 2023, the H-REIT Group and the Stapled Group have interest rate swaps with notional amounts of:

(i) $86.0 million (US$65.0 million) (2022: $87.5 million (US$65.0 million)) to swap floating rate to fixed rate;

(ii) $122.1 million (£72.6 million) (2022: $57.2 million (£35.2 million)) to swap floating rate to fixed rate; and

(iii) $60.0 million (2022: Nil) to swap floating rate to fixed rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 TRADE AND OTHER PAYABLES

	HBT Group		H-REIT Group		Stapled Group	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
Trade payables:						
- related corporations	–	–	503	1,277	503	1,277
- the H-REIT Manager	–	–	176	218	176	218
- related entities	28,645	27,504	–	–	–	–
- third parties	5,044	7,115	5,363	990	10,407	8,105
	33,689	34,619	6,042	2,485	11,086	9,600
Other payables:						
- related corporations	–	25	81	138	81	163
- the H-REIT Manager	20	19	201	36	221	55
- the HBT Trustee-Manager	373	134	–	–	373	134
- related entities	6,941	3,844	16,465	13,780	–	–
- third parties	8,318	5,602	1,278	1,934	9,596	7,536
	15,652	9,624	18,025	15,888	10,271	7,888
Accruals	13,198	14,552	16,483	13,450	29,683	28,003
Rental deposits						
- related corporations	–	–	9,237	8,947	9,237	8,947
- third parties	5	–	2,547	2,320	2,552	2,320
Interest payable	1,028	355	3,907	3,186	4,935	3,541
Deferred income	3,723	758	512	474	4,235	1,232
	67,295	59,908	56,753	46,750	71,999	61,531
Non-current	74	77	11,665	11,606	11,739	11,683
Current	67,221	59,831	45,088	35,144	60,260	49,848
	67,295	59,908	56,753	46,750	71,999	61,531

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 $72,000 (2022: $65,000) and $1,254,000 (2022: $1,146,000) respectively; and
- amounts payable to related corporations of nil (2022: $3,853,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 TRADE AND OTHER PAYABLES (CONT'D)

For the HBT Group, deferred income relates primarily to advance consideration received from customers of hotel business. Deferred income is a contract liability under SFRS(I) 15. Deferred income is recognised as revenue when the HBT Group fulfils its performance obligation under the contract with the customer. Changes in the deferred income during the year are as follows:

	HBT Group 2023 $'000	HBT Group 2022 $'000
Revenue recognised that was included in deferred income at the beginning of the year	(758)	(934)
Increase due to cash received, excluding amounts recognised as revenue during the year	3,723	758

13 DEFERRED TAX

Recognised deferred tax assets and liabilities

Movement in deferred tax balances (prior to offsetting of balances) during the year are as follows:

	Balance as at 1/1/2022 $'000	Recognised in profit or loss (Note 21) $'000	Recognised in other comprehensive income $'000	Exchange differences $'000	Balance as at 31/12/2022 $'000	Recognised in profit or loss (Note 21) $'000	Recognised in other comprehensive income $'000	Exchange differences $'000	Balance as at 31/12/2023 $'000
HBT Group									
Deferred tax assets									
Tax losses carried forward	(1,599)	872	–	98	(629)	(1,316)	–	(17)	(1,962)
Lease liabilities	–	–	–	–	–	(6,658)	–	–	(6,658)
	(1,599)	872	–	98	(629)	(7,974)	–	(17)	(8,620)
Deferred tax liabilities									
Investment property under development	–	–	–	–	–	4,672	–	37	4,709
Property, plant and equipment (includes right-of-use assets)	15,375	422	3,376	(1,815)	17,358	5,974	3,144	600	27,076
	15,375	422	3,376	(1,815)	17,358	10,646	3,144	637	31,785
	13,776	1,294	3,376	(1,717)	16,729	2,672	3,144	620	23,165

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 DEFERRED TAX (CONT'D)

Recognised deferred tax assets and liabilities (cont'd)

	Balance as at 1/1/2022 $'000	Recognised in statement of total return (Note 21) $'000	Recognised in statement of unitholders' funds $'000	Exchange differences $'000	Balance as at 31/12/2022 $'000	Recognised in statement of total return (Note 21) $'000	Recognised in statement of unitholders' funds $'000	Exchange differences $'000	Balance as at 31/12/2023 $'000
H-REIT Group									
Deferred tax assets									
Tax losses carried forward	(789)	–	–	52	(737)	–	–	(14)	(751)
Deferred tax liabilities									
Investment properties	4,737	785	–	(374)	5,148	6,917	–	(40)	12,025
Property, plant and equipment	1,966	–	1,124	(279)	2,811	–	1,820	(227)	4,404
	6,703	785	1,124	(653)	7,959	6,917	1,820	(267)	16,429
	5,914	785	1,124	(601)	7,222	6,917	1,820	(281)	15,678
Stapled Group									
Deferred tax assets									
Tax losses carried forward	(2,388)	872	–	151	(1,365)	(1,316)	–	(32)	(2,713)
Lease liabilities	–	–	–	–	–	(36)	–	–	(36)
	(2,388)	872	–	151	(1,365)	(1,352)	–	(32)	(2,749)
Deferred tax liabilities									
Investment property under development	–	–	–	–	–	4,672	–	37	4,709
Property, plant and equipment (includes right-of-use assets)	23,108	1,005	4,500	(2,532)	26,081	8,332	4,964	342	39,719
	23,108	1,005	4,500	(2,532)	26,081	13,004	4,964	379	44,428
	20,720	1,877	4,500	(2,381)	24,716	11,652	4,964	347	41,679

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 DEFERRED TAX (CONT'D)

Recognised deferred tax assets and liabilities (cont'd)

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	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax assets	721	426	751	737	1,472	1,162
Deferred tax liabilities	(23,886)	(17,155)	(16,429)	(7,959)	(43,151)	(25,878)
	(23,165)	(16,729)	(15,678)	(7,222)	(41,679)	(24,716)

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 2023, the H-REIT Group and the Stapled Group have not recognised deferred tax liabilities of $26.1 million (2022: $23.6 million) relating to temporary differences on the initial recognition of assets and liabilities of the subsidiaries acquired.

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	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
Tax losses	35,779	33,021	22,884	20,328	58,663	53,349

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 $58,244,000 (2022: $53,013,000) will expire between 2024 to 2028 (2022: 2023 to 2027). 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	
			2023	2022
			%	%
CDLHT CFM III B.V.	Netherlands	Italy	5.0	5.0
NKS Hospitality I B.V.	Netherlands	Germany	5.1	5.1
Munich Furniture B.V.	Netherlands	Germany	5.1	5.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 NON-CONTROLLING INTERESTS (CONT'D)

The following summarised financial information for the above subsidiaries is prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Stapled Group's accounting policies.

	H-REIT Group and Stapled Group			
	CDLHT CFM III B.V. $'000	NKS Hospitality I B.V. $'000	Munich Furniture B.V. $'000	Total $'000
2023				
Revenue	5,576	9,671	1,007	16,254
Profit and total comprehensive income	9,408	5,099	434	14,941
Attributable to NCI:				
- Profit and total comprehensive income	471	260	22	753
Non-current assets	65,674	148,356	3,736	217,766
Current assets	6,977	14,307	3,322	24,606
Non-current liabilities	(16,631)	(64,171)	–	(80,802)
Current liabilities	(1,857)	(4,448)	(957)	(7,262)
Net assets	54,163	94,044	6,101	154,308
Net assets attributable to NCI	2,708	4,797	311	7,816
Cash flows from operating activities	172	311	(6)	
Cash flows from investing activities	(40)	(10)	(4)	
Cash flows from financing activities	–	(56)	–	
Net increase/(decrease) in cash and cash equivalents	132	245	(10)	
2022				
Revenue	3,385	8,015	1,010	12,410
(Loss)/Profit and total comprehensive income	(73)	1,983	391	2,301
Attributable to NCI:				
- (Loss)/Profit and total comprehensive income	(4)	101	20	117
Non-current assets	56,705	144,234	4,276	205,215
Current assets	3,969	7,554	2,687	14,210
Non-current liabilities	(15,578)	(62,931)	–	(78,509)
Current liabilities	(1,228)	(2,305)	(712)	(4,245)
Net assets	43,868	86,552	6,251	136,671
Net assets attributable to NCI	2,193	4,414	319	6,926
Cash flows from operating activities	84	236	17	
Cash flows from investing activities	(7)	(40)	(4)	
Cash flows from financing activities	–	(55)	–	
Net increase in cash and cash equivalents	77	141	13	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 UNITS/STAPLED SECURITIES IN ISSUE AND TO BE ISSUED

Units/Stapled Securities in issue and to be issued for the HBT Group, the H-REIT Group and the Stapled Group are as follows:

	2023 '000	2022 '000
Units/Stapled Securities in issue:		
At 1 January	1,237,020	1,230,012
Creation of Units/Stapled Securities:		
- H-REIT Manager's management fees paid in Stapled Securities	8,091	6,393
- HBT Trustee-Manager's management fees paid in Stapled Securities	721	615
At 31 December	1,245,832	1,237,020
Units/Stapled Securities to be issued:		
H-REIT Manager's management fees payable in Stapled Securities	5,429	4,453
HBT Trustee-Manager's management fees payable in Stapled Securities	463	332
At 31 December	5,892	4,785
Units/Stapled Securities, in issue and to be issued	1,251,724	1,241,805

Financial year ended 31 December 2023

(i) During the financial year, the following Stapled Securities were issued:

- 8,091,477 Stapled Securities at unit prices ranging from $1.0507 to $1.2283 per Stapled Security, amounting to $9,619,000, were issued as satisfaction of the H-REIT Manager's management fees payable in Stapled Securities; and

- 720,643 Stapled Securities at unit prices ranging from $1.0507 to $1.2283 per Stapled Security, amounting to $850,000, were issued as satisfaction of the HBT Trustee-Manager's management fees payable in Stapled Securities.

(ii) 5,429,281 Stapled Securities at a unit price of $1.0981 per Stapled Security, amounting to $5,962,000, will be issued subsequent to year end as satisfaction of the H-REIT Manager's base fee for the period from 1 October 2023 to 31 December 2023 and performance fee for the financial year ended 31 December 2023.

(iii) 462,861 Stapled Securities at a unit price of $1.0981 per Stapled Security, amounting to $508,000, will be issued subsequent to year end as satisfaction of the HBT Trustee-Manager's base fee for the period from 1 October 2023 to 31 December 2023 and performance fee for the financial year ended 31 December 2023.

Financial year ended 31 December 2022

(i) During the financial year, the following Stapled Securities were issued:

- 6,392,689 Stapled Securities at unit prices ranging from $1.1431 to $1.2956 per Stapled Security, amounting to $7,640,000, were issued as satisfaction of the H-REIT Manager's management fees payable in Stapled Securities; and

- 615,154 Stapled Securities at unit prices ranging from $1.1431 to $1.2956 per Stapled Security, amounting to $738,000, were issued as satisfaction of the HBT Trustee-Manager's management fees payable in Stapled Securities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 UNITS/STAPLED SECURITIES IN ISSUE AND TO BE ISSUED (CONT'D)

Financial year ended 31 December 2022 (cont'd)

(ii) 4,453,213 Stapled Securities at a unit price of $1.2283 per Stapled Security, amounting to $5,470,000, were issued subsequent to year end as satisfaction of the H-REIT Manager's base fee for the period from 1 October 2022 to 31 December 2022 and performance fee for the financial year ended 31 December 2022.

(iii) 332,028 Stapled Securities at a unit price of $1.2283 per Stapled Security, amounting to $408,000, were issued subsequent to year end as satisfaction of the HBT Trustee-Manager's base fee for the period from 1 October 2022 to 31 December 2022 and performance fee for the financial year ended 31 December 2022.

Capital management

The Boards of the H-REIT Manager and the HBT Trustee-Manager have a policy to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of unitholders' funds. The Boards monitor the yield of the property portfolio, which is defined as net property income from the property divided by the latest valuation for the property. The Boards also monitor the level of distributions made to holders of Stapled Securities.

The Boards seek to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

H-REIT is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code issued by the MAS. The CIS Code stipulates that the total borrowings and deferred payments (together the "**Aggregate Leverage**") of a property fund should not exceed 45.0% or up to a maximum of 50% if the property fund has a minimum adjusted interest coverage ratio of 2.5 times.

The Aggregate Leverage of H-REIT as at 31 December 2023 was 36.7% (2022: 35.5%) of the H-REIT Group's Deposited Property which were within the limit described in the CIS code.

The HBT Group, the H-REIT Group and the Stapled Group are in compliance with the borrowing limit requirements imposed by the relevant Trust Deeds for the financial year ended 31 December 2023 and 31 December 2022. 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

		HBT Group		H-REIT Group		Stapled Group	
	Note	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Net asset value per Unit/ Stapled Security is based on:							
Net assets attributable to holders of Stapled Securities		6,356	7,011	1,819,229	1,750,373	1,878,446	1,786,218
Total issued and to be issued Units/Stapled Securities at 31 December	15	1,251,724	1,241,805	1,251,724	1,241,805	1,251,724	1,241,805

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 REVENUE

	HBT Group		H-REIT Group		Stapled Group	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from contract with customers:						
- Hotel revenue	141,985	129,170	–	–	141,985	129,170
Rental income						
- Fixed rent	–	–	71,761	65,292	59,872	39,643
- Variable rent	–	–	72,951	64,292	55,699	60,543
	141,985	129,170	144,712	129,584	257,556	229,356

Hotel revenue

Hotel revenue comprise mainly room and food and beverage and other hotel related services income. Hotel revenue is disaggregated by primary geographical markets in Singapore, Maldives, Japan, United Kingdom and Australia, which are the reportable segments of the HBT Group.

Rental revenue

Rental revenue for the H-REIT Group includes rental income from the HBT Group and related corporations of the H-REIT Manager of $29,141,000 (2022: $29,398,000) and $79,052,000 (2022: $70,711,000), 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	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
H-REIT Manager's management fee						
- Base fee	–	–	6,993	6,562	6,993	6,562
- Performance fee	–	–	5,646	5,140	5,646	5,140
	–	–	12,639	11,702	12,639	11,702
HBT Trustee-Manager's management fee						
- Base fee	762	680	–	–	762	680
- Performance fee	426	335	–	–	426	335
	1,188	1,015	–	–	1,188	1,015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 MANAGEMENT FEES (CONT'D)

H-REIT Manager's management fee

Included in the H-REIT Manager's fees is an aggregate of 9,067,545 (2022: 7,567,151) Stapled Securities, amounting to approximately $10,111,000 (2022: $9,362,000), 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 $1.0507 to $1.2132 (2022: $1.2002 to $1.2956) per Stapled Security.

HBT Trustee-Manager's management fee

Included in the HBT Trustee-Manager's fees is an aggregate of 851,476 (2022: 655,495) Stapled Securities, amounting to approximately $950,000 (2022: $812,000), that have been or will be issued to the HBT Trustee-Manager as satisfaction of the HBT Trustee-Manager's management fees payable in Stapled Securities, at unit prices ranging from $1.0507 to $1.2132 (2022: $1.2002 to $1.2956) per Stapled Security.

19 FINANCE INCOME AND FINANCE COSTS

	HBT Group		H-REIT Group		Stapled Group	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
Finance income						
Interest income under the effective interest method on:						
- cash and cash equivalents	86	44	613	342	698	386
- finance lease receivables	–	–	151	62	151	62
- loan to related entity	–	–	5,637	2,577	–	–
	86	44	6,401	2,981	849	448
Fair value gains on financial derivatives designated at FVTPL	–	–	–	40,196	–	40,196
Net foreign exchange gain	–	8,089	787	–	–	–
	86	8,133	7,188	43,177	849	40,644
Finance costs						
Financial liabilities measured at amortised cost:						
- interest expense on:						
- loans and borrowings	(6,168)	(2,678)	(38,140)	(24,476)	(42,461)	(26,491)
- lease liabilities	(4,589)	(4,965)	(4,255)	(3,812)	(4,926)	(4,495)
- loan from related entity	(1,896)	(1,061)	–	–	–	–
- amortisation of transaction costs on loans and borrowings	(146)	(152)	(2,024)	(2,090)	(2,170)	(2,242)
- financial expense arising from accretion of non-current rental deposits	–	–	(271)	(261)	(271)	(261)
	(12,799)	(8,856)	(44,690)	(30,639)	(49,828)	(33,489)
Fair value losses on financial derivatives designated at FVTPL	–	–	(13,333)	–	(13,333)	–
Net foreign exchange losses	(3,732)	–	–	(8,273)	(149)	(11,591)
	(16,531)	(8,856)	(58,023)	(38,912)	(63,310)	(45,080)
Net finance (costs)/income	(16,445)	(723)	(50,835)	4,265	(62,461)	(4,436)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 (LOSS)/PROFIT/TOTAL RETURN BEFORE TAX

(Loss)/Profit/Total return before tax is arrived at after charging/(crediting) the following items:

	HBT Group		H-REIT Group		Stapled Group	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
Audit fees paid to:						
- auditors of HBT/H-REIT	154	189	416	370	570	559
- other auditors	431	420	306	257	737	677
Non-audit fees paid to:						
- auditors of HBT/H-REIT	158	21	181	131	339	152
- other auditors	149	145	81	98	230	243
Employee benefit expenses						
- salaries, bonuses and other costs	42,481	38,903	–	–	42,481	38,903
- contributions to defined contribution plans	3,013	2,141	–	–	3,013	2,141
	45,494	41,044	–	–	45,494	41,044
Less: Government grants received	(280)	(612)	–	–	(280)	(612)
	45,214	40,432	–	–	45,214	40,432
Impairment loss on trade and other receivables	93	127	2,333	–	255	127
(Reversal of revaluation deficit)/ Revaluation deficit on property, plant and equipment	(3,158)	3,667	–	(409)	(943)	(13,250)
Depreciation of property, plant and equipment	16,471	16,771	1,877	1,487	21,931	20,984
Write-off of property, plant and equipment	410	–	–	56	410	67
Cost of inventories	14,327	14,105	–	–	14,327	14,105
Operating expenses arising from rental of investment properties	–	–	15,770	10,964	8,287	6,539

Employee benefit expenses above include staff-related costs reimbursed to hotel managers of the respective hotels. For 2022, the expenses are set-off by government grants received, which consist of subsidies provided by the respective local governments as wage support during the period of uncertainty arising from the COVID-19 pandemic.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 TAX EXPENSE

	HBT Group		H-REIT Group		Stapled Group	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
Current tax expense						
Current year	2,095	2,231	3,511	1,890	5,606	4,121
(Over)/Under provision in prior years	(383)	289	(812)	167	(1,195)	456
	1,712	2,520	2,699	2,057	4,411	4,577
Withholding tax	395	144	1,333	1,180	1,728	1,324
Deferred tax expense						
Origination and reversal of temporary differences (Note 13)	2,672	1,294	6,917	785	11,652	1,877
Tax expense	4,779	3,958	10,949	4,022	17,791	7,778
Reconciliation of effective tax rate						
(Loss)/Profit/Total return for the year before tax	(7,232)	732	140,180	247,882	141,756	223,170
Tax calculated using Singapore tax rate of 17%	(1,230)	124	23,831	42,140	24,099	37,939
Effect of tax in a foreign jurisdiction	1,303	(843)	4,308	2,363	5,611	1,520
Non-tax deductible items	4,837	4,672	10,430	4,031	17,796	8,703
Non-taxable items	(1,638)	(3,190)	(16,217)	(35,982)	(19,819)	(34,847)
Tax exempt income	(17)	(17)	(800)	(1,290)	(817)	(1,307)
Tax transparency	–	–	(9,645)	(9,902)	(9,645)	(9,902)
Current year tax losses for which no deferred tax asset was recognised	1,885	1,485	443	530	2,328	2,015
Change in unrecognised temporary difference	(373)	1,294	(1,922)	785	(2,295)	1,877
Withholding tax expense	395	144	1,333	1,180	1,728	1,324
(Over)/Under provision in prior years	(383)	289	(812)	167	(1,195)	456
	4,779	3,958	10,949	4,022	17,791	7,778

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 LOSS/TOTAL RETURN FOR THE YEAR

	HBT Group		H-REIT Group		Stapled Group	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
Comprises loss/total return of:						
- H-REIT	–	–	141,424	223,185	141,424	223,185
- Other H-REIT Group entities*	–	–	(12,193)	20,675	(12,193)	20,675
- HBT	(3,658)	(24,660)	–	–	(3,658)	(24,660)
- Other HBT Group entities*	(8,353)	21,434	–	–	(8,353)	21,434
- Stapled Group's consolidation adjustments	–	–	–	–	6,745	(25,242)
	(12,011)	(3,226)	129,231	243,860	123,965	215,392

* including consolidation adjustments

23 EARNINGS PER STAPLED SECURITY

Earnings per Stapled Security is based on:

	Stapled Group	
	2023	2022
	$'000	$'000
Total return for the year attributable to holders of Stapled Securities	123,212	215,275

	Number of Stapled Securities	
	2023	2022
	'000	'000
Weighted average number of Stapled Securities used in arriving at basic earnings per Stapled Security:		
- outstanding during the year	1,243,802	1,235,311
- to be issued as payment of H-REIT Manager's and/or HBT Trustee-Manager's management fees payable in Stapled Securities	7	7
	1,243,809	1,235,318
Weighted average number of Stapled Securities used in arriving at diluted earnings per Stapled Security:		
- weighted average number of Stapled Securities (basic)	1,243,809	1,235,318
- effect of H-REIT Manager's and/or HBT Trustee-Manager's management fees paid/payable in Stapled Securities	7,915	6,487
	1,251,724	1,241,805

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 EARNINGS PER STAPLED SECURITY (CONT'D)

	Stapled Group	
	2023	**2022**
Earnings per Stapled Security (cents)		
Basic	9.91	17.43
Diluted	9.84	17.35

24 OPERATING SEGMENTS

In 2023, the HBT Group, the H-REIT Group and the Stapled Group have 5, 8 and 8 (2022: 5, 8 and 8) reportable segments, respectively, as described below. All the segments relate to properties operated as hotels, resorts and/or a residential BTR (under development). Each segment is managed separately because of the differences in operating and regulatory environment. The Board of Directors ("**BOD**") of the HBT Trustee-Manager and the H-REIT Manager review the internal management reports for the segments at least quarterly.

The number of properties included in each reportable segment is set out below:

	Number of properties					
	HBT Group		**H-REIT Group**		**Stapled Group**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Reportable segment						
Singapore	1	1	6	6	6	6
New Zealand	–	–	1	1	1	1
Australia	2	2	2	2	2	2
Germany	–	–	1	1	1	1
Italy	–	–	1	1	1	1
Maldives	1	1	2	2	2	2
Japan	2	2	2	2	2	2
United Kingdom (UK)	3	3	1	1	4	4

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 believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within the same industry.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Singapore $'000	Australia $'000	Maldives $'000	Japan $'000	UK $'000	Total $'000
HBT Group						
2023						
Hotel revenue – external	58,719	20,241	13,823	8,117	41,085	141,985
Reportable segment net property income/(loss)	3,516	4,750	(159)	266	10,988	19,361
Depreciation of property, plant and equipment	(2,368)	(4,192)	(2,832)	–	(7,079)	(16,471)
Fair value gain on investment property under development					6,735	6,735
Reversal of revaluation deficit on property, plant and equipment					3,158	3,158
Unallocated items:						
- HBT Trustee-Manager's management fee						(1,188)
- HBT Trustee-Manager's trustee fee						(305)
- Valuation fees						(53)
- Other expenses						(2,024)
- Finance income						86
- Finance costs						(16,531)
- Tax expense						(4,779)
Loss for the year						(12,011)
Other material non-cash items						
(Impairment loss)/Reversal of impairment loss on trade receivables	(6)	–	(118)	–	31	(93)
Reportable segment assets						
Capital expenditure:						
- Property, plant and equipment	–	–	–	–	3,238	3,238
- Investment property under development	–	–	–	–	62,491	62,491
Non-current assets^	37,279	31,003	27,931	–	323,654	419,867

^ Excluding deferred tax assets and other receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Singapore $'000	Australia $'000	Maldives $'000	Japan $'000	UK $'000	Total $'000
HBT Group						
2022						
Hotel revenue – external	53,052	17,532	14,906	4,558	39,122	129,170
Reportable segment net property income	3,761	2,287	1,591	54	10,044	17,737
Depreciation of property, plant and equipment	(2,406)	(4,505)	(2,900)	–	(6,960)	(16,771)
Fair value gain on investment property under development	–	–	–	–	6,374	6,374
Revaluation deficit on property, plant and equipment	–	–	–	–	(3,667)	(3,667)
Unallocated items:						
- HBT Trustee-Manager's management fee						(1,015)
- HBT Trustee-Manager's trustee fee						(272)
- Valuation fee						(42)
- Other expenses						(889)
- Finance income						8,133
- Finance costs						(8,856)
- Tax expense						(3,958)
Loss for the year						(3,226)
Other material non-cash items						
Impairment loss on trade receivables	(9)	–	–	–	(118)	(127)
Reportable segment assets						
Capital expenditure:						
- Property, plant and equipment	–	–	–	–	4,650	4,650
- Investment property under development	–	–	–	–	30,326	30,326
Non-current assets^	39,518	35,579	31,235	–	237,744	344,076

^ Excluding deferred tax assets and other receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Singapore	New Zealand	Australia	Germany	Maldives	Japan	Italy	UK	Total reportable segments	Others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
H-REIT Group											
2023											
Rental revenue	87,559	7,251	5,481	10,678	12,551	3,874	5,576	4,165	137,135	7,577	144,712
Reportable segment net property income	79,778	7,251	4,281	9,459	9,157	3,595	5,344	4,165	123,030	5,633	128,663
Depreciation of property, plant and equipment	–	–	–	–	(510)	(1,367)	–	–	(1,877)	–	(1,877)
Net fair value gain/(loss) on investment properties	121,223	(25,441)	(5,203)	(1,479)	(16,681)	–	6,367	2,001	80,787	–	80,787
Unallocated items:											
- H-REIT Manager's management fee											(12,639)
- H-REIT Trustee's fee											(409)
- Valuation fees											(208)
- Other expenses											(3,302)
- Finance income											7,188
- Finance costs											(58,023)
- Tax expense											(10,949)
Total return for the year											129,231
Other material non-cash items											
Impairment loss on trade receivables	(162)	–	–	–	(2,171)	–	–	–	(2,333)	–	(2,333)
Reportable segment assets											
Capital expenditure on investment properties and property, plant and equipment	22,155	5,091	876	274	4,530	271	787	–	33,984	–	33,984
Non-current assets^	1,954,228	176,248	62,148	152,935	149,936	70,587	66,398	79,549	2,712,029	110,000	2,822,029

^ Excluding deferred tax assets, financial derivative assets, finance lease receivables and other receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Singapore $'000	New Zealand $'000	Australia $'000	Germany $'000	Maldives $'000	Japan $'000	Italy $'000	UK $'000	Total reportable segments $'000	Others $'000	Total $'000
H-REIT Group											
2022											
Rental revenue	76,526	10,483	7,587	9,025	11,951	1,387	3,385	3,502	123,846	5,738	129,584
Reportable segment net property income	71,966	10,483	5,929	7,395	10,814	1,100	3,203	3,502	114,392	3,940	118,332
Depreciation of property, plant and equipment	–	–	–	–	(128)	(1,359)	–	–	(1,487)	–	(1,487)
Net fair value gain/ (loss) on investment properties	146,809	3,934	(2,549)	(3,385)	(112)	–	(1,655)	(254)	142,788	–	142,788
Reversal of revaluation deficit on property, plant and equipment	–	–	–	–	–	409	–	–	409	–	409
Unallocated items:											
- H-REIT Manager's management fee											(11,702)
- H-REIT Trustee's fee											(375)
- Valuation fee											(149)
- Other expenses											(4,199)
- Finance income											43,177
- Finance costs											(38,912)
- Tax expense											(4,022)
Total return for the year											243,860
Reportable segment assets											
Capital expenditure on investment properties and property, plant and equipment	574	274	443	867	4,515	10	150	–	6,833	–	6,833
Non-current assets^	1,820,849	199,304	67,037	149,337	165,130	66,994	57,415	73,309	2,599,375	100,000	2,699,375

^ Excluding deferred tax assets, financial derivative assets, finance lease receivables and other receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Singapore $'000	New Zealand $'000	Australia $'000	Germany $'000	Maldives $'000	Japan $'000	Italy $'000	UK $'000	Total reportable segments $'000	Others $'000	Total $'000
Stapled Group											
2023											
Rental revenue	71,801	7,251	–	10,678	8,523	–	5,576	4,165	107,994	7,577	115,571
Hotel revenue	58,719	–	20,241	–	13,823	8,117	–	41,085	141,985	–	141,985
Revenue – external	130,520	7,251	20,241	10,678	22,346	8,117	5,576	45,250	249,979	7,577	257,556
Reportable segment net property income	80,294	7,251	4,168	9,459	7,140	3,862	5,344	15,153	132,671	5,633	138,304
Depreciation of property, plant and equipment	(7,818)	–	(1,993)	–	(3,674)	(1,367)	–	(7,079)	(21,931)	–	(21,931)
Net fair value gain/(loss) of investment properties and investment property under development	122,094	(25,441)	–	(1,479)	(5,199)	–	6,367	10,630	106,972	–	106,972
Reversal of revaluation deficit/(Revaluation deficit) on property, plant and equipment	780	–	1,383	–	(4,378)	–	–	3,158	943	–	943
Unallocated items:											
- H-REIT Manager's management fee											(12,639)
- H-REIT Trustee's fee											(409)
- HBT Trustee-Manager's management fee											(1,188)
- HBT Trustee-Manager's trustee fee											(305)
- Valuation fees											(261)
- Other expenses											(5,269)
- Finance income											849
- Finance costs											(63,310)
- Tax expense											(17,791)
Total return for the year											123,965
Other material non-cash items											
(Impairment loss)/Reversal of impairment loss on trade receivables	(168)	–	–	–	(118)	–	–	31	(255)	–	(255)
Reportable segment assets											
Capital expenditure:											
- Investment properties and property, plant and equipment	22,155	5,091	876	274	4,582	271	787	3,238	37,274	–	37,274
- Investment property under development	–	–	–	–	–	–	–	60,597	60,597	–	60,597
Non-current assets^	1,967,433	176,248	71,605	152,935	160,524	70,587	66,398	403,203	3,068,933	110,000	3,178,933

^ Excluding deferred tax assets, financial derivative assets, finance lease receivables and other receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Singapore	New Zealand	Australia	Germany	Maldives	Japan	Italy	UK	Total reportable segments	Others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Stapled Group											
2022											
Rental revenue	60,228	10,483	–	9,025	7,825	–	3,385	3,502	94,448	5,738	100,186
Hotel revenue	53,052	–	17,532	–	14,906	4,558	–	39,122	129,170	–	129,170
Revenue – external	113,280	10,483	17,532	9,025	22,731	4,558	3,385	42,624	223,618	5,738	229,356
Reportable segment net property income	72,728	10,483	2,990	7,395	8,280	1,154	3,203	13,546	119,779	3,940	123,719
Depreciation of property, plant and equipment	(7,371)	–	(2,026)	–	(3,268)	(1,359)	–	(6,960)	(20,984)	–	(20,984)
Net fair value gain/(loss) of investment properties and investment property under development	123,943	3,934	–	(3,385)	453	–	(1,655)	6,972	130,262	–	130,262
Reversal of revaluation deficit/(Revaluation deficit) on property, plant and equipment	9,652	–	796	–	6,060	409	–	(3,667)	13,250	–	13,250
Unallocated items:											
- H-REIT Manager's management fee											(11,702)
- H-REIT Trustee's fee											(375)
- HBT Trustee-Manager's management fee											(1,015)
- HBT Trustee-Manager's trustee fee											(272)
- Valuation fee											(191)
- Other expenses											(5,086)
- Finance income											40,644
- Finance costs											(45,080)
- Tax expense											(7,778)
Total return for the year											215,392
Other material non-cash items											
Impairment loss on trade and other receivables	(9)	–	–	–	–	–	–	(118)	(127)	–	(127)
Reportable segment assets											
Capital expenditure:											
- Investment properties and property, plant and equipment	594	274	443	867	4,515	10	150	4,650	11,503	–	11,503
- Investment property under development	–	–	–	–	–	–	–	29,474	29,474	–	29,474
Non-current assets^	1,824,055	199,304	69,584	149,337	169,840	66,994	57,415	311,053	2,847,582	100,000	2,947,582

^ Excluding deferred tax assets, financial derivative assets, finance lease receivables and other receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 OPERATING SEGMENTS (CONT'D)

Major customers

The H-REIT Group's properties, except Claymore Connect, are leased to 14 (2022: 14) master lessees. Such master lessees include subsidiaries of Millennium & Copthorne Hotels Limited, a related corporation, which accounted for $79,052,000 (2022: $70,711,000) or 54.6% (2022: 54.6%) of the revenue of the H-REIT Group, and subsidiaries of a third party which accounted for approximately $15,122,000 (2022: $11,476,000) or 10.4% (2022: 8.9%) of the revenue of the H-REIT Group.

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 Committees of the H-REIT Manager and the HBT Trustee-Manager assist the H-REIT Manager's and the 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 Committees of the H-REIT Manager and the HBT Trustee-Manager assist the H-REIT Manager's and the 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 Committees oversee how management monitors compliance with the Stapled Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Stapled Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(i) Credit risk

Credit risk is the risk of financial loss resulting from the failure of a customer or counterparty to a financial instrument to settle its financial and contractual obligations to the Stapled Group, as and when they fall due.

The carrying value of financial assets in the 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 2023 and 31 December 2022, 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.

Exposure to credit risk

Expected credit loss assessment for individual lessees and customers

The Stapled Group uses an allowance matrix to measure the ECLs of trade receivables.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments (geographic region) based on actual credit loss experience over the past four years. These rates are adjusted by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Stapled Group's view of economic conditions over the expected lives of the receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(i) Credit risk (cont'd)

Trade and other receivables (cont'd)

Exposure to credit risk (cont'd)

Expected credit loss assessment for individual lessees and customers (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2023 and 31 December 2022:

	2023		2022	
	Gross carrying amount $'000	Impairment loss allowance $'000	Gross carrying amount $'000	Impairment loss allowance $'000
HBT Group				
Not past due	2,861	–	4,669	–
Past due 31 – 60 days	273	–	1,062	–
Past due 61 – 90 days	138	–	125	–
Past due over 90 days	1,004	(106)	131	(131)
	4,276	(106)	5,987	(131)
Not credit-impaired	4,276	(106)	5,987	(131)
	4,276	(106)	5,987	(131)
H-REIT Group				
Not past due	30,225	–	27,952	–
Past due 31 – 60 days	32	–	1,949	–
Past due 61 – 90 days	164	–	2	–
Past due over 90 days	10,262	(9,887)	8,009	(7,953)
	40,683	(9,887)	37,912	(7,953)
Credit-impaired	9,793	(9,793)	22,509	(7,782)
Not credit-impaired	30,890	(94)	15,403	(171)
	40,683	(9,887)	37,912	(7,953)
Stapled Group				
Not past due	14,236	–	14,803	–
Past due 31 – 60 days	305	–	1,107	–
Past due 61 – 90 days	302	–	127	–
Past due over 90 days	1,471	(199)	358	(302)
	16,314	(199)	16,395	(302)
Not credit-impaired	16,314	(199)	16,395	(302)
	16,314	(199)	16,395	(302)

NOTES TO THE CONSOLIDATED 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	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January	131	4	7,953	8,005	302	175
Impairment loss recognised	93	127	2,333	–	255	127
Amounts utilised	(122)	–	(240)	–	(362)	–
Translation differences	4	–	(159)	(52)	4	–
At 31 December	106	131	9,887	7,953	199	302

The Stapled Group establishes allowances for impairment that represents its estimate of the expected credit loss and specific loss component in respect of trade and other receivables.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Stapled Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and cash equivalents

Cash and fixed deposits are placed with financial institutions which are regulated. Investments and transactions are allowed only with counterparties who have sound credit ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Stapled Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

Derivatives

Derivatives are only entered into with banks and financial institution counterparties with sound credit ratings. Details of the derivatives held by the H-REIT Group and the Stapled Group are set out in Note 11.

(ii) Liquidity risk

Liquidity risk is the risk that the Stapled Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The HBT Trustee-Manager and the 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 reporting date, the H-REIT Group maintains several lines of credit (Note 10).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(ii) Liquidity risk (cont'd)

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	Cash flows Between 1 to 5 years $'000	Cash flows More than 5 years $'000
HBT Group					
2023					
Non-derivative financial liabilities					
Unsecured bank loan	90,326	(111,159)	(6,961)	(104,198)	–
Loan from related entity	145,652	(145,652)	(145,652)	–	–
Lease liabilities	125,686	(203,591)	(13,186)	(54,089)	(136,316)
Trade and other payables^	63,572	(63,572)	(63,572)	–	–
	425,236	(523,974)	(229,371)	(158,287)	(136,316)
2022					
Non-derivative financial liabilities					
Unsecured bank loan	87,274	(106,679)	(4,794)	(101,885)	–
Loan from related entity	86,929	(86,929)	(86,929)	–	–
Lease liabilities	133,977	(217,784)	(12,899)	(55,487)	(149,398)
Trade and other payables^	59,150	(59,150)	(59,150)	–	–
	367,330	(470,542)	(163,772)	(157,372)	(149,398)
H-REIT Group					
2023					
Non-derivative financial liabilities					
Secured TMK bond	28,582	(29,380)	(320)	(29,060)	–
Secured bank loan	64,170	(65,601)	(1,104)	(64,497)	–
Unsecured bank loans	969,216	(1,071,393)	(386,528)	(684,865)	–
Lease liabilities	120,884	(475,181)	(5,325)	(21,916)	(447,940)
Trade and other payables^	56,241	(56,392)	(45,650)	(9,780)	(962)
	1,239,093	(1,697,947)	(438,927)	(810,118)	(448,902)
2022					
Non-derivative financial liabilities					
Secured TMK bond	30,947	(31,978)	(223)	(31,755)	–
Secured bank loan	62,931	(65,449)	(1,084)	(64,365)	–
Unsecured bank loans	899,624	(957,974)	(264,108)	(693,866)	–
Lease liabilities	114,857	(462,563)	(4,730)	(18,180)	(439,653)
Trade and other payables^	46,276	(46,700)	(35,600)	(1,938)	(9,162)
	1,154,635	(1,564,664)	(305,745)	(810,104)	(448,815)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(ii) Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Cash flows: Within 1 year $'000	Cash flows: Between 1 to 5 years $'000	Cash flows: More than 5 years $'000
Stapled Group					
2023					
Non-derivative financial liabilities					
Secured TMK bond	28,582	(29,380)	(320)	(29,060)	–
Secured bank loan	64,170	(65,601)	(1,104)	(64,497)	–
Unsecured bank loans	1,059,542	(1,182,553)	(393,490)	(789,063)	–
Lease liabilities	137,702	(546,955)	(6,136)	(24,704)	(516,115)
Trade and other payables^	67,764	(67,916)	(57,174)	(9,780)	(962)
	1,357,760	(1,892,405)	(458,224)	(917,104)	(517,077)
2022					
Non-derivative financial liabilities					
Secured TMK bond	30,947	(31,978)	(223)	(31,755)	–
Secured bank loan	62,931	(65,449)	(1,084)	(64,365)	–
Unsecured bank loans	986,898	(1,064,653)	(268,902)	(795,751)	–
Lease liabilities	131,147	(532,685)	(5,473)	(20,924)	(506,288)
Trade and other payables^	60,299	(60,723)	(49,623)	(1,938)	(9,162)
	1,272,222	(1,755,488)	(325,305)	(914,733)	(515,450)

^ 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 the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

Interest rate risk (cont'd)

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.

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("**IBORs**") with alternative nearly risk-free rates (referred to as "**IBOR reform**"). The Stapled Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Stapled Group's main IBOR exposure is the US Dollar LIBOR ("**USD-LIBOR**"). The alternative reference rate is the Secured Overnight Financing Rate ("**SOFR**").

In 2022, the Stapled Group monitored and managed the transition from IBOR to new benchmark rate. In 2023, the Stapled Group has amended its financial instruments with contractual terms indexed to USD-LIBOR to incorporate the new benchmark rate (i.e. SOFR).

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	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
Fixed rate instruments						
Financial assets	2,778	6,268	28,732	55,099	31,510	61,367
Financial liabilities	(203,590)	(217,784)	(668,631)	(780,027)	(740,405)	(850,148)
Effect of interest rate swaps	–	–	(268,082)	(144,676)	(268,082)	(144,676)
Effect of cross-currency interest rate swaps	–	–	(143,180)	(144,064)	(143,180)	(144,064)
	(200,812)	(211,516)	(1,051,161)	(1,013,668)	(1,120,157)	(1,077,521)
Variable rate instruments						
Financial liabilities	(236,405)	(174,760)	(872,246)	(680,016)	(862,998)	(767,847)
Effect of interest rate swaps	–	–	268,082	144,676	268,082	144,676
Effect of cross-currency interest rate swaps	–	–	143,180	144,064	143,180	144,064
	(236,405)	(174,760)	(460,984)	(391,276)	(451,736)	(479,107)

Fair value sensitivity analysis for fixed rate instruments

The Stapled Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the financial year would not affect total return.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

Interest rate risk (cont'd)

A change of 100 basis points (bp) in interest rate at the end of the financial year would increase/(decrease) profit or loss (before any tax effects) of the HBT Group and total return (before any tax effects) of the H-REIT Group and the Stapled Group, by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Profit or loss	
	100 bp increase 2023 $'000	100 bp decrease 2023 $'000	100 bp increase 2022 $'000	100 bp decrease 2022 $'000
HBT Group				
Variable rate instruments				
Loans and borrowings	(2,364)	2,364	(878)	878

	Total return		Total return	
	100 bp increase 2023 $'000	100 bp decrease 2023 $'000	100 bp increase 2022 $'000	100 bp decrease 2022 $'000
H-REIT Group				
Variable rate instruments				
Loans and borrowings	(8,722)	8,722	(6,800)	6,800
Interest rate swaps	2,681	(2,681)	1,447	(1,447)
Cross-currency interest rate swaps	1,432	(1,432)	1,441	(1,441)
Cash flow sensitivity (net)	(4,609)	4,609	(3,912)	3,912
Stapled Group				
Variable rate instruments				
Loans and borrowings	(9,630)	9,630	(7,678)	7,678
Interest rate swaps	2,681	(2,681)	1,447	(1,447)
Cross-currency interest rate swaps	1,432	(1,432)	1,441	(1,441)
Cash flow sensitivity (net)	(5,517)	5,517	(4,790)	4,790

Foreign currency risk

The Stapled Group has exposure to foreign currency risk as a result of its operations in several countries. The currencies giving rise to this risk are Australian Dollar, New Zealand Dollar, Euro, United States Dollar, Japanese Yen and Sterling Pound.

In order to manage the foreign currency risk, the H-REIT Manager and the HBT Trustee-Manager adopts foreign currency risk management strategies that may include:

- entering into forward exchange contracts to hedge the foreign currency income from the overseas assets as a natural hedge;
- the use of certain foreign currency denominated borrowings to match the capital values of the overseas assets as a natural hedge, whenever possible; and
- the use of certain foreign currency denominated borrowings to hedge against the currency risk arising from the Stapled Group's net investments in certain subsidiaries in Australia, Germany, Japan, Maldives and United Kingdom. These borrowings are designated as net investment hedges.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

Foreign currency risk (cont'd)

Hedge accounting – Net investment hedges

At the end of the financial year, the HBT Group, the H-REIT Group and the Stapled Group have designated certain of their bank loans, with carrying amounts of $50.4 million (2022: $48.8 million), $140.7 million (2022: $158.1 million) and $282.7 million (2022: $291.5 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	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
Net foreign exchange gain	5,113	6,736	7,272	4,895	17,209	19,249

To assess hedge effectiveness, the HBT Group, the H-REIT Group and the Stapled Group determine the economic relationship between the hedge instrument and the hedge item by comparing changes in the carrying amount of debt that is attributable to a change in the spot rate with changes in the investment in the foreign operation due to movement in the spot rate (the offset method). The HBT Group, the H-REIT Group and the Stapled Group's policy is to hedge the net investment only to the extent of debt principal.

During the financial year, the HBT Group, the H-REIT Group and the Stapled Group have recognised net foreign exchange differences in OCI or unitholders' funds (as the case may be) in respect of bank loans which were used as hedges for net investments in Japan, Maldives and United Kingdom:

	HBT Group		H-REIT Group		Stapled Group	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
Net foreign exchange (loss)/gain	(1,623)	7,835	2,378	10,427	(2,039)	29,670

The exposure of the HBT Group, the H-REIT Group and the Stapled Group to foreign currencies is as follows based on notional amounts:

	United States Dollar		Japanese Yen		Sterling Pound	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
HBT Group						
Trade and other receivables	8	8	24	26	4,872	4,559
Cash and cash equivalents	–	–	–	–	465	4,211
Trade and other payables	–	–	–	–	(5,843)	(355)
Bank loans	–	–	–	–	(90,752)	(87,831)
Loan from related entity	(19,925)	(19,057)	–	–	(123,430)	(64,362)
Net exposure	(19,917)	(19,049)	24	26	(214,688)	(143,778)

NOTES TO THE CONSOLIDATED 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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
H-REIT Group												
Trade and other receivables	8,040	7,783	6,516	4,001	13,479	587	76,460	71,416	–	–	124,669	65,593
Cash and cash equivalents	2,965	5,120	1,459	8,327	18	79	72	181	2,689	14	2,614	2,804
Trade and other payables	(642)	(650)	(287)	(292)	(112)	(90)	(1,410)	(1,500)	(30)	–	(940)	(60)
Bank loans	–	–	–	–	(3,006)	(2,950)	(196,493)	(198,086)	(30,411)	(33,092)	(232,746)	(173,141)
Net statements of financial position exposure	10,363	12,253	7,688	12,036	10,379	(2,374)	(121,371)	(127,989)	(27,752)	(33,078)	(106,403)	(104,804)
Foreign currency forward contract	(1,084)	(1,951)	(1,306)	(651)	–	–	–	(854)	–	–	(334)	(2,600)
Cross-currency interest rate swaps	–	–	–	–	(52,940)	(53,824)	52,940	53,824	–	–	–	–
Net exposure	9,279	10,302	6,382	11,385	(42,561)	(56,198)	(68,431)	(75,019)	(27,752)	(33,078)	(106,737)	(107,404)
Stapled Group												
Trade and other receivables	8,040	7,783	6,516	4,001	13,479	587	56,543	52,367	24	26	6,111	5,790
Cash and cash equivalents	2,965	5,120	1,459	8,327	18	79	72	181	2,689	14	3,079	7,015
Trade and other payables	(642)	(650)	(287)	(292)	(112)	(90)	(1,410)	(1,500)	(30)	–	(6,783)	(415)
Bank loans	–	–	–	–	(3,006)	(2,950)	(196,493)	(198,086)	(30,411)	(33,092)	(323,498)	(260,972)
Net statements of financial position exposure	10,363	12,253	7,688	12,036	10,379	(2,374)	(141,288)	(147,038)	(27,728)	(33,052)	(321,091)	(248,582)
Foreign currency forward contract	(1,084)	(1,951)	(1,306)	(651)	–	–	–	(854)	–	–	(334)	(2,600)
Cross-currency interest rate swaps	–	–	–	–	(52,940)	(53,824)	52,940	53,824	–	–	–	–
Net exposure	9,279	10,302	6,382	11,385	(42,561)	(56,198)	(88,348)	(94,068)	(27,728)	(33,052)	(321,425)	(251,182)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

Foreign currency risk (cont'd)

Sensitivity analysis

A 10% strengthening of the Singapore dollar against the following currencies at the end of the financial year would increase/(decrease) profit or loss and other comprehensive income (before any tax effects) of the HBT Group and total return and unitholders' funds (before any tax effects) of the H-REIT Group and the Stapled Group, by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	HBT Group		H-REIT Group		Stapled Group	
	Profit or loss $'000	Other comprehensive income $'000	Total return $'000	Unitholders' funds $'000	Total return $'000	Unitholders' funds $'000
2023						
Australian Dollar	–	–	(928)	–	(928)	–
New Zealand Dollar	–	–	(638)	–	(638)	–
Euro	–	–	4,256	–	4,256	–
United States Dollar	1,992	–	(1,760)	8,603	232	8,603
Japanese Yen	(2)	–	(266)	3,041	(268)	3,041
Sterling Pound	16,427	5,042	10,674	3,879	14,063	18,080
2022						
Australian Dollar	–	–	(1,030)	–	(1,030)	–
New Zealand Dollar	–	–	(1,138)	–	(1,138)	–
Euro	–	–	5,620	–	5,620	–
United States Dollar	1,905	–	(1,244)	8,746	661	8,746
Japanese Yen	(3)	–	(1)	3,309	(4)	3,309
Sterling Pound	9,498	4,880	10,740	–	16,484	8,634

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 CONSOLIDATED FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iv) Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are detailed below. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount			Fair value			
	Note	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
HBT Group								
2023								
Financial assets not measured at fair value								
Trade and other receivables [(1)]	8	22,287	–	22,287				
Cash and cash equivalents	9	14,798	–	14,798				
		37,085	–	37,085				
Financial liabilities not measured at fair value								
Unsecured bank loan	10	–	(90,326)	(90,326)	–	(90,326)	–	(90,326)
Loan from related entity	10	–	(145,652)	(145,652)				
Trade and other payables [(2)]	12	–	(63,567)	(63,567)				
Rental deposits		–	(5)	(5)	–	–	(5)	(5)
		–	(299,550)	(299,550)				
HBT Group								
2022								
Financial assets not measured at fair value								
Trade and other receivables [(1)]	8	20,882	–	20,882				
Cash and cash equivalents	9	25,549	–	25,549				
		46,431	–	46,431				
Financial liabilities not measured at fair value								
Unsecured bank loan	10	–	(87,274)	(87,274)	–	(87,274)	–	(87,274)
Loan from related entity	10	–	(86,929)	(86,929)				
Trade and other payables [(2)]	12	–	(59,150)	(59,150)				
		–	(233,353)	(233,353)				

(1) Excluding prepayments
(2) Excluding deferred income

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iv) Accounting classifications and fair values (cont'd)

		Carrying amount				Fair value			
	Note	Amortised cost	Fair value – hedging instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
H-REIT Group									
2023									
Financial assets not measured at fair value									
Finance lease receivables	7	5,145	–	–	5,145				
Trade and other receivables [1]	8	186,407	–	–	186,407				
Cash and cash equivalents	9	57,202	–	–	57,202				
		248,754	–	–	248,754				
Financial assets measured at fair value									
Financial derivative assets	11	–	14,510	–	14,510	–	14,510	–	14,510
Financial liabilities measured at fair value									
Financial derivative liabilities	11	–	(1,506)	–	(1,506)	–	(1,506)	–	(1,506)
Financial liabilities not measured at fair value									
Secured TMK bond	10	–	–	(28,582)	(28,582)	–	(28,335)	–	(28,335)
Secured bank loan	10	–	–	(64,170)	(64,170)	–	(62,457)	–	(62,457)
Unsecured bank loans	10	–	–	(969,216)	(969,216)	–	(966,959)	–	(966,959)
Trade and other payables [2]		–	–	(44,457)	(44,457)				
Rental deposits		–	–	(11,784)	(11,784)	–	–	(11,243)	(11,243)
		–	–	(1,118,209)	(1,118,209)				

(1) Excluding prepayments
(2) Excluding deferred income

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iv) Accounting classifications and fair values (cont'd)

		Carrying amount				Fair value			
	Note	Amortised cost $'000	Fair value – hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
H-REIT Group									
2022									
Financial assets not measured at fair value									
Finance lease receivables	7	1,803	–	–	1,803				
Trade and other receivables [1]	8	123,249	–	–	123,249				
Cash and cash equivalents	9	71,379	–	–	71,379				
		196,431	–	–	196,431				
Financial assets measured at fair value									
Financial derivative assets	11	–	26,419	–	26,419	–	26,419	–	26,419
Financial liabilities measured at fair value									
Financial derivative liabilities	11	–	(163)	–	(163)	–	(163)	–	(163)
Financial liabilities not measured at fair value									
Secured TMK bond	10	–	–	(30,947)	(30,947)	–	(30,388)	–	(30,388)
Secured bank loan	10	–	–	(62,931)	(62,931)	–	(58,922)	–	(58,922)
Unsecured bank loans	10	–	–	(899,624)	(899,624)	–	(889,719)	–	(889,719)
Trade and other payables [2]		–	–	(35,009)	(35,009)				
Rental deposits		–	–	(11,267)	(11,267)	–	–	(10,890)	(10,890)
		–	–	(1,039,778)	(1,039,778)				

(1) Excluding prepayments
(2) Excluding deferred income

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iv) Accounting classifications and fair values (cont'd)

	Note	Carrying amount				Fair value			
		Amortised cost	Fair value – hedging instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Stapled Group									
2023									
Financial assets not measured at fair value									
Finance lease receivables	7	5,145	–	–	5,145				
Trade and other receivables [1]	8	20,785	–	–	20,785				
Cash and cash equivalents	9	72,000	–	–	72,000				
		97,930	–	–	97,930				
Financial assets measured at fair value									
Financial derivative assets	11	–	14,510	–	14,510	–	14,510	–	14,510
Financial liabilities measured at fair value									
Financial derivative liabilities	11	–	(1,506)	–	(1,506)	–	(1,506)	–	(1,506)
Financial liabilities not measured at fair value									
Secured TMK bond	10	–	–	(28,582)	(28,582)	–	(28,335)	–	(28,335)
Secured bank loan	10	–	–	(64,170)	(64,170)	–	(62,457)	–	(62,457)
Unsecured bank loans	10	–	–	(1,059,542)	(1,059,542)	–	(1,057,285)	–	(1,057,285)
Trade and other payables [2]		–	–	(55,975)	(55,975)				
Rental deposits		–	–	(11,789)	(11,789)	–	–	(11,248)	(11,248)
		–	–	(1,220,058)	(1,220,058)				

(1) Excluding prepayments
(2) Excluding deferred income

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 FINANCIAL INSTRUMENTS (CONT'D)

(iv) Accounting classifications and fair values (cont'd)

		Carrying amount				Fair value			
	Note	Amortised cost $'000	Fair value – hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Stapled Group									
2022									
Financial assets not measured at fair value									
Finance lease receivables	7	1,803	–	–	1,803				
Trade and other receivables (1)	8	19,856	–	–	19,856				
Cash and cash equivalents	9	96,928	–	–	96,928				
		118,587	–	–	118,587				
Financial assets measured at fair value									
Financial derivative assets	11	–	26,419	–	26,419	–	26,419	–	26,419
Financial liabilities measured at fair value									
Financial derivative liabilities	11	–	(163)	–	(163)	–	(163)	–	(163)
Financial liabilities not measured at fair value									
Secured TMK bond	10	–	–	(30,947)	(30,947)	–	(30,388)	–	(30,388)
Secured bank loan	10	–	–	(62,931)	(62,931)	–	(58,922)	–	(58,922)
Unsecured bank loans	10	–	–	(986,898)	(986,898)	–	(976,993)	–	(976,993)
Trade and other payables (2)		–	–	(49,032)	(49,032)				
Rental deposits		–	–	(11,267)	(11,267)	–	–	(10,890)	(10,890)
		–	–	(1,141,075)	(1,141,075)				

(1) Excluding prepayments
(2) Excluding deferred income

NOTES TO THE CONSOLIDATED 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	
		2023	2022	2023	2022	2023	2022
		$'000	$'000	$'000	$'000	$'000	$'000
(a)	Capital expenditure contracted but not provided for	13,432	70,098	9,842	10,701	23,274	80,799

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. The development is expected to be completed in 2024 with a development sum of $110.2 million (£65.6 million) as at 31 December 2023 (2022: $118.4 million (£63.8 million)).

(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% (2022: 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 $7,177,000 (2022: $6,313,000) 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 statements of total return (as the case may be). No variable lease payments being recorded for the years ended 31 December 2022 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 COMMITMENTS (CONT'D)

(d) H-REIT holds a leasehold building, with a remaining 99 years lease granted by Sentosa Development Corporation commencing on 31 October 2006. Lease payment under this lease is variable, being a percentage of gross revenue and subject to a minimum value.

Lease liabilities and a corresponding ROU asset were recognised in the financial statements based on present value of the minimum lease payments. The variable lease payments not included in the measurement of the lease liabilities are recognised in profit or loss or statements of total return (as the case may be). For the year ended 31 December 2023, the Stapled Group recorded variable lease payments of $1,523,000 (2022: $1,183,000).

(e) The Stapled Group has entered into several agreements in 2020, including:

- a development and sale agreement to acquire a brand new lifestyle hotel from a related corporation for a purchase price equal to the lower of the fixed price of $475.0 million or 110% of the vendor's actual development cost. The transaction is expected to be completed in 2026.
- 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 2026.

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 the H-REIT Trustee's fee have been paid or are payable to the H-REIT Manager and the H-REIT Trustee respectively.

As at the reporting date, the H-REIT Manager and the master lessees of Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel, Studio M Hotel and Grand Millennium Auckland are indirect wholly-owned subsidiaries of a substantial holder of the Stapled Securities in the Stapled Group.

During the financial year, other than the transactions disclosed elsewhere in the financial statements, there were the following related party transactions:

	HBT Group		H-REIT Group		Stapled Group	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
Related corporations of the H-REIT Manager and the HBT Trustee-Manager						
Acquisition fee paid/payable	–	–	–	414	–	414
Rental income received/ receivable	–	–	79,214	70,983	79,214	70,983
Rental expense paid/payable	81	96	864	742	945	838
Shared service expenses paid/ payable	163	135	560	261	723	396
Corporate secretarial services fee paid/payable	57	62	103	109	160	171
Asset management fees	113	–	–	–	113	–
Advisory fee paid/payable	62	65	–	–	62	65

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 FINANCIAL RATIOS

	H-REIT Group		Stapled Group	
	2023	2022	2023	2022
	%	%	%	%
Expenses to weighted average net assets (1)				
- including performance component of H-REIT Manager's management fees (2)	0.94	1.02	1.13	1.13
- excluding performance component of H-REIT Manager's management fees (2)	0.62	0.70	0.79	0.80
Portfolio turnover rate (3)	–	2.58	–	2.51

(1) The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the H-REIT Group and the Stapled Group, excluding property expenses, interest expense and income tax expense of each entity, where applicable.

(2) Excluding acquisition fee and costs associated with the acquisition of a property.

(3) The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the H-REIT Group and the Stapled Group expressed as a percentage of daily average net asset value.

29 ACQUISITION

H-REIT Group

Acquisition of property

For the financial year ended 31 December 2022

On 22 February 2022, the H-REIT Group entered into a share purchase agreement to acquire 100% of the shares and voting interest in Roundapple Hotel Partners III Limited (renamed to CDL HREIT Investments (II) Property Limited) which owns Hotel Brooklyn in Manchester, United Kingdom, for a total consideration of $41.0 million (£22.4 million). The acquisition was accounted for as an acquisition of assets.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	$'000
Investment property	78,764
Other receivables	286
Other payables	(1,039)
Lease liabilities	(37,005)
Total identifiable net assets	41,006

Consideration transferred

	$'000
Cash paid	41,006

Effect of the acquisition on cash flows

Total consideration for 100% equity interest acquired	41,006
Add: Acquisition-related costs	2,341
Less: Acquisition-related costs not yet paid	(225)
Net cash outflow on acquisition	43,122

NOTES TO THE CONSOLIDATED 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 197 years (2022: 2 to 197 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					
2023					
At 1 January	39,791	82,057	28	–	121,876
Addition of ROU assets	–	–	–	126	126
Adjustment to ROU assets	–	3	–	–	3
Depreciation charge	(2,926)	(6,567)	(9)	(42)	(9,544)
Translation differences	(189)	(151)	–	–	(340)
At 31 December	36,676	75,342	19	84	112,121
2022					
At 1 January	43,971	93,863	37	41	137,912
Addition of ROU assets	–	225	–	–	225
Adjustment to ROU assets	–	(1,407)	–	–	(1,407)
Depreciation charge	(2,997)	(6,897)	(9)	(41)	(9,944)
Translation differences	(1,183)	(3,727)	–	–	(4,910)
At 31 December	39,791	82,057	28	–	121,876

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 LEASES (CONT'D)

(i) Leases as lessee (cont'd)

Right-of-use assets (cont'd)

	Building $'000
H-REIT Group	
2023	
At 1 January	6
Depreciation charge	(6)
At 31 December	–
2022	
At 1 January	21
Depreciation charge	(15)
At 31 December	6

	Leasehold land $'000	Building $'000	Office equipment $'000	Motor vehicles $'000	Total $'000
Stapled Group					
2023					
At 1 January	80,280	7,170	28	–	87,478
Addition of ROU assets	–	–	–	126	126
Adjustment to ROU assets	–	3	–	–	3
Depreciation charge	(1,042)	(140)	(9)	(42)	(1,233)
Revaluation surplus recognised in unitholders' funds	2,051	–	–	–	2,051
Reversal of revaluation deficit recognised in statement of total return	2,572	–	–	–	2,572
Translation differences	(69)	232	–	–	163
At 31 December	83,792	7,265	19	84	91,160
2022					
At 1 January	76,891	7,945	37	41	84,914
Addition of ROU assets	6,876	225	–	–	7,101
Adjustment to ROU assets	2,400	–	–	–	2,400
Depreciation charge	(1,297)	(166)	(9)	(41)	(1,513)
Revaluation deficit recognised in unitholders' funds	(735)	–	–	–	(735)
Revaluation deficit recognised in statement of total return	(2,635)	–	–	–	(2,635)
Translation differences	(1,220)	(834)	–	–	(2,054)
At 31 December	80,280	7,170	28	–	87,478

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 LEASES (CONT'D)

(i) Leases as lessee (cont'd)

Amounts recognised in profit or loss or the statements of total return (as the case may be)

	HBT Group		H-REIT Group		Stapled Group	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
Interest on lease liabilities	4,589	4,965	4,255	3,812	4,926	4,495
Expenses relating to short term leases	–	–	466	546	466	546

Amounts recognised in statements of cash flows

	HBT Group		H-REIT Group		Stapled Group	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
Payment of lease liabilities	(7,978)	(4,963)	(718)	(948)	(853)	(1,100)
Finance costs paid	(4,589)	(4,965)	(4,255)	(3,812)	(4,926)	(4,495)
Total cash outflow for leases	(12,567)	(9,928)	(4,973)	(4,760)	(5,779)	(5,595)

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 $64.4 million (2022: $28.8 million).

Variable lease payments

HBT's subsidiary, AKO GK, leases the Japan hotel properties from CDLHT Hanei Tokutei Mokuteki Kaisha, subsidiary of H-REIT for 1-year periods, renewable on an annual basis. Monthly lease payments under these leases are variable, equal to the gross operating profit of the hotel properties in the preceding month, subject to certain adjustments. Lease liabilities are not recognised in respect of these leases as the variable monthly lease payments are not subject to a minimum value.

(ii) Leases as lessor

The H-REIT Group and the Stapled Group lease out their investment properties consisting of hotels, resorts, a retail property and a leased property. All leases are classified as operating leases from a lessor perspective with the exception of a sub-lease which has been classified as a finance sub-lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 LEASES (CONT'D)

(ii) Leases as lessor (cont'd)

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 $151,000 (2022: $62,000).

The following table sets out a maturity analysis of finance lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	2023 $'000	2022 $'000
H-REIT Group and Stapled Group		
Within 1 year	1,056	524
1 to 2 years	1,120	524
2 to 3 years	1,184	524
3 to 4 years	1,248	331
4 to 5 years	1,287	–
Total undiscounted finance lease receivables	5,895	1,903
Unearned finance income	(750)	(100)
Net investment in the lease	5,145	1,803

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 $3,874,000 (2022: $1,387,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 LEASES (CONT'D)

(ii) Leases as lessor (cont'd)

Operating lease (cont'd)

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	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Within 1 year	70	97	68,311	63,229	56,006	54,468
1 to 2 years	–	76	69,788	65,767	56,962	56,348
2 to 3 years	–	–	54,634	67,789	41,808	57,840
3 to 4 years	–	–	38,705	53,733	25,879	43,784
4 to 5 years	–	–	38,300	38,185	25,474	28,236
More than 5 years	–	–	264,113	281,431	192,025	241,203
	70	173	533,851	570,134	398,154	481,879

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.

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 2023 %	2022 %
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

NOTES TO THE CONSOLIDATED 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 2023 %	2022 %
Subsidiaries of H-REIT (cont'd)			
(2) CDLHT Hanei Two Pte. Ltd.	Singapore	100	100
(2) CDLHT Two Pte. Ltd.	Singapore	100	100
(2) CDLHT Munich One Pte. Ltd.	Singapore	100	100
(2) CDLHT Munich Two Pte. Ltd.	Singapore	100	100
(2) CDLHT CFM One Pte. Ltd.	Singapore	100	100
(2) CDLHT CFM Two Pte. Ltd.	Singapore	100	100
(3) CDL HREIT Investments (II) Limited	England and Wales	100	100
Subsidiaries of CDLHT Sunshine Limited			
(1) Sun 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 Two Investments Limited			
(1) Sun Trust Two	–	–	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
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

NOTES TO THE CONSOLIDATED 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 2023 %	2022 %
Subsidiaries of CDLHT Munich One Pte. Ltd.			
[(1)] NKS Hospitality I B.V.	Netherlands	94.9	94.9
[(1)] Munich Furniture B.V.	Netherlands	94.9	94.9
Subsidiary of CDLHT CFM One Pte. Ltd.			
[(1)] CDLHT CFM III B.V.	Netherlands	95.0	95.0
Subsidiary of CDLHT CFM III B.V.			
[(1)] CDLHT CFM III SRL	Italy	95.0	95.0
Subsidiary of CDLHT CFM III SRL			
[(1)] NKS Hospitality III SRL	Italy	95.0	95.0
Subsidiary of CDL HREIT Investments (II) Limited			
[(3)] CDL HREIT Investments (II) Property Limited	England and Wales	100	100

Name of subsidiaries	Place of incorporation	Effective equity interest held by the HBT Group and the Stapled Group 2023 %	2022 %
Subsidiaries of HBT			
[(2)] CDL HBT Oceanic Holdings Pte. Ltd.	Singapore	100	100
[(2)] CDL HBT Hanei Pte. Ltd.	Singapore	100	100
[(2)] CDL HBT Cambridge City Pte. Ltd.	Singapore	100	100
[(2)] Gemini Two Pte. Ltd.	Singapore	100	100
[(2)] CDL HBT Sun Pte. Ltd.	Singapore	100	100
[(2)] CDL HBT Investments (I) Pte. Ltd.	Singapore	100	100
Subsidiary of CDL HBT Oceanic Holdings Pte. Ltd.			
[(1)] CDL HBT Oceanic Ltd	British Virgin Islands	100	100
Subsidiary of CDL HBT Oceanic Ltd			
[(1)] CDL HBT Oceanic Two Ltd	British Virgin Islands	100	100
Subsidiary of CDL HBT Oceanic Two Ltd			
[(3)] CDL HBT Oceanic Maldives Private Limited	Maldives	100	100

NOTES TO THE CONSOLIDATED 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 2023 %	2022 %
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	100
(3) CDL HBT Sun Four Pty Ltd	Australia	100	100
Subsidiary of CDL HBT Investments (I) Pte. Ltd.			
(4) CDL HBT Investments (I) Limited	England and Wales	100	100
Subsidiaries of CDL HBT Investments (I) Limited			
(4) CDL HBT Investments (I) Property Limited	England and Wales	100	100
(4) CDL HBT Investments (I) Operations Limited	England and Wales	100	100

(1) Not required to be audited under the laws of the country of incorporation/constitution.
(2) Audited by KPMG LLP, Singapore.
(3) Audited by other member firms of KPMG International.
(4) Audited by BDO LLP, United Kingdom.

32 SUBSEQUENT EVENTS

Subsequent to the reporting date, there were the following events:

(i) the HBT Trustee-Manager and the H-REIT Manager declared a distribution of 3.19 cents per Stapled Security to Stapled Security Holders in respect of the period from 1 July 2023 to 31 December 2023.

(ii) 1,315,941 Stapled Securities, amounting to $1,445,000, were issued as satisfaction of the H-REIT Manager's base fee for the period from 1 October 2023 to 31 December 2023.

(iii) 152,260 Stapled Securities, amounting to $167,000, were issued as satisfaction of the HBT Trustee-Manager's base fee for the period from 1 October 2023 to 31 December 2023.

STATISTICS OF STAPLED SECURITY HOLDINGS

As at 1 March 2024

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: 1,247,300,037 Stapled Securities

Size of Stapled Security Holdings	No. of Stapled Security Holders	%	No. of Stapled Securities	%
1 - 99	2,405	8.90	116,587	0.01
100 - 1,000	12,225	45.24	4,570,510	0.37
1,001 - 10,000	8,370	30.97	38,414,024	3.08
10,001 - 1,000,000	3,983	14.74	166,872,944	13.38
1,000,001 and above	40	0.15	1,037,325,972	83.16
	27,023	**100.00**	**1,247,300,037**	**100.00**

TWENTY LARGEST STAPLED SECURITY HOLDERS

No.	Name	No. of Stapled Securities	%*
1.	CITIBANK NOMINEES SINGAPORE PTE LTD	198,305,954	15.90
2.	HOSPITALITY HOLDINGS PTE LTD	169,650,000	13.60
3.	DBS NOMINEES (PRIVATE) LIMITED	137,132,808	10.99
4.	M&C REIT MANAGEMENT LIMITED	112,951,357	9.06
5.	HSBC (SINGAPORE) NOMINEES PTE LTD	75,976,757	6.09
6.	RAFFLES NOMINEES (PTE.) LIMITED	69,089,783	5.54
7.	REPUBLIC HOTELS & RESORTS LIMITED	62,790,000	5.03
8.	DBSN SERVICES PTE. LTD.	56,372,153	4.52
9.	HONG LEONG INVESTMENT HOLDINGS PTE LTD	26,825,566	2.15
10.	HONG LEONG HOLDINGS LTD	23,657,208	1.90
11.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	9,576,787	0.77
12.	PHILLIP SECURITIES PTE LTD	7,232,244	0.58
13.	GUAN HONG PLANTATION PTE LTD	6,908,745	0.55
14.	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	6,074,939	0.49
15.	HONG REALTY (PRIVATE) LIMITED	5,478,787	0.44
16.	MILLENNIUM SECURITIES PTE LTD	4,800,000	0.38
17.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	4,655,907	0.37
18.	IFAST FINANCIAL PTE. LTD.	4,015,101	0.32
19.	OCBC SECURITIES PRIVATE LIMITED	3,979,954	0.32
20.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	3,924,994	0.31
	TOTAL	**989,399,044**	**79.31**

*The percentage of Stapled Securities is based on the total number of issued Stapled Securities as at 1 March 2024.

SUBSCRIPTION OF STAPLED SECURITIES IN CDL HOSPITALITY TRUSTS

As at 31 December 2023, 1,245,831,836 Stapled Securities were issued. On 30 January 2024, 1,315,941 Stapled Securities and 152,260 Stapled Securities were issued to the H-REIT Manager and the HBT Trustee-Manager as payment of 80.0 percent of base management fees for the period from 1 October 2023 to 31 December 2023 respectively.

STATISTICS OF STAPLED SECURITY HOLDINGS

As at 1 March 2024

H-REIT MANAGER'S DIRECTORS' AND HBT TRUSTEE-MANAGER'S DIRECTORS' STAPLED SECURITY HOLDINGS

As shown in the Register of Directors' Stapled Security Holdings as at 1 March 2024, the interests of each Director in the Stapled Securities in CDLHT are as follows:

Name of Director	Holdings
Chan Soon Hee, Eric	NIL
Vincent Yeo Wee Eng	138,000
Foo Say Mui (Bill)	NIL
Kim Kenny	NIL
Cheah Sui Ling	NIL
Kwek Eik Sheng	695,638

SUBSTANTIAL STAPLED SECURITY HOLDERS

As at 1 March 2024

Name	Direct Interest	Deemed Interest	Total Holdings	%*
Hospitality Holdings Pte. Ltd.	169,650,000	–	169,650,000	13.60
M&C REIT Management Limited	112,951,357	3,073,874 (1)	116,025,231	9.30
Republic Hotels & Resorts Limited	62,790,000	–	62,790,000	5.03
ATOS Holding GmbH	–	169,650,000 (2)	169,650,000	13.60
M&C Hotel Investments Pte. Ltd.	–	178,815,231 (3)	178,815,231	14.34
M&C Hospitality International Limited	–	178,815,231 (3)	178,815,231	14.34
M&C Singapore Holdings (UK) Limited	–	178,815,231 (3)	178,815,231	14.34
Millennium & Copthorne Hotels Limited	–	348,465,231 (4)	348,465,231	27.94
Agapier Investments Limited	–	348,465,231 (4)	348,465,231	27.94
Singapura Developments (Private) Limited	–	348,465,231 (4)	348,465,231	27.94
City Developments Limited	108,177	348,465,231 (4)	348,573,408	27.95
Hong Leong Investment Holdings Pte. Ltd.	26,825,566	396,558,100 (5)	423,383,666	33.94
Davos Investment Holdings Private Limited	–	423,383,666 (6)	423,383,666	33.94
Kwek Holdings Pte Ltd	–	423,383,666 (6)	423,383,666	33.94

*The percentage of Stapled Securities is based on the total number of issued Stapled Securities as at 1 March 2024

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 3,073,874 Stapled Securities held by a company in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the Stapled Securities thereof.

(2) ATOS Holding GmbH is deemed under Section 4 of the SFA, to have an interest in the 169,650,000 Stapled Securities held by a company in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the Stapled Securities thereof.

(3) M&C Hotel Investments Pte. Ltd., M&C Hospitality International Limited and M&C Singapore Holdings (UK) Limited are deemed under Section 4 of the SFA, to have an interest in the 178,815,231 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 348,465,231 Stapled Securities held by companies in which they are entitled to exercise or control the exercise of not less than 20% of the votes attached to the Stapled Securities thereof.

(5) Hong Leong Investment Holdings Pte. Ltd. is deemed under Section 4 of the SFA, to have an interest in the 396,558,100 Stapled Securities held by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the Stapled Securities thereof.

(6) Davos Investment Holdings Private Limited and Kwek Holdings Pte Ltd are deemed under Section 4 of the SFA, to have an interest in the 423,383,666 Stapled Securities held by companies in which they are entitled to exercise or control the exercise of not less than 20% of the votes attached to the Stapled Securities thereof.

FREE FLOAT

Based on information made available to the H-REIT Manager and the HBT Trustee-Manager as at 1 March 2024, no less than 65.84% 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 2023 ("**FY2023**") (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")			
City Developments Limited and its Subsidiaries			
- 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$824,153	Not Applicable (3)
- Rental expense in relation to units #02-01/02/03/04/05/06C at Waterfront Plaza (2)		S$5,607,923	Not Applicable (3)
- Shared services agreement in relation to the co-sharing of Mechanical and Electrical equipment as well as the centralisation of certain maintenance and services contracts between Orchard Hotel Singapore and Claymore Connect		S$335,392	Not Applicable (3)
- Provision of Corporate Secretarial Services		S$112,217	Not Applicable (3)
CDL Hospitality Business Trust ("HBT")			
Subsidiaries/associate of City Developments Limited			
- Shared services agreement for revenue management between W Singapore - Sentosa Cove, The St. Regis Singapore and JW Marriott Singapore South Beach	City Developments Limited is a controlling unitholder of HBT. Its subsidiaries/associate are interested persons being associates of the controlling unitholder.	S$194,522	Not Applicable (3)
- Provision of Corporate Secretarial Services		S$58,590 (4)	Not Applicable (3)
Total:		**S$7,132,797**	**–**

Notes:

(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 value is below S$100,000, the H-REIT Manager and the HBT Trustee-Manager have taken a view to aggregate and disclose the transaction as one transaction with the same interested person, being subsidiaries/associates of the controlling unitholder.

Except as disclosed above, there were no other interested person/party transactions (excluding transactions of less than $100,000 each and/or transactions collectively described as "**Exempted Agreements**") entered into in FY2023.

GLOSSARY PAGE

2023 AGMs	2023 Annual General Meetings
2024 AGMs	2024 Annual General Meetings
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 2004
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 2023
ARCs	Audit and Risk Committees
ARC Self-Assessment Checklist	A self-assessment checklist which the ARC used to conduct an assessment of its effectiveness for the financial year under review, adapted from the self-assessment checklist for audit committees set out in the ACGC Guidebook
BCA	Building & Construction Authority
BMS	Building Management Systems
Boards	HBT Board and the H-REIT Board
BOD or Board	Board of Directors
BSCs	Board Sustainability Committees
BTR or UK BTR	Build-to-Rent
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)
Companies Act	Companies Act 1967
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

GLOSSARY PAGE

CSR	Corporate Social Responsibility
Deloitte	Deloitte & Touche Enterprise Risk Services Pte Ltd
DPS	Distribution per Stapled Security
DRP	Distribution Reinvestment Plan
ECL	Expected Credit Loss
EMS	Energy Management Systems
ESG	Environmental, Social and Governance
Exempted Agreements	Interested Person/Party Transactions of less than $100,000 each
F&B	Food and Beverage
FRS	Singapore Financial Reporting Standards
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
FY 2023	Financial Year Ended 31 December 2023
Germany Hotel	Pullman Hotel Munich
GFA	Gross Floor Area
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
HACCP	Hazard Analysis Critical Control Point
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

GLOSSARY PAGE

IA	Internal Audit
IATA	International Air Transport Association
IBORs	Interbank offered rates
IBOR reform	The replacement of some interbank offered rates with alternative nearly risk-free rates
IDs	Independent Directors
Instruments	Offers, agreements or options
IPO	Initial Public Offering
IPO Hotels	Portfolio hotels at IPO consisting of Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel and Copthorne King's Hotel
IPTs	Interested Person Transactions
IR	Investor Relations
IRAS	Inland Revenue Authority of Singapore
ISCA	Institute of Singapore Chartered Accountants
ISSB	International Sustainability Standards Board
IT	Information technology
Japan Hotels	Portfolio hotels located in Japan consisting of Hotel MyStays Asakusabashi and Hotel MyStays Kamata
Kew Green	Kew Green Group Limited
KMPs	Key Management Personnel
KPIs	Key Performance Indicators
KPMG	KPMG LLP
LED	Listed Entity Director
Lead ID	Lead Independent Director
Listing Manual of SGX-ST	Listing rules issued by Singapore Exchange Securities Trading Limited
M&C	Millennium and Copthorne Hotels Limited
Maldives Resorts	Portfolio resorts located in the Maldives consisting of Angsana Velavaru and Raffles Maldives Meradhoo
Managers	The H-REIT Manager and the HBT Trustee-Manager
Managers' Boards	Board of the H-REIT Manager and Board of the HBT Trustee-Manager
MAS	Monetary Authority of Singapore
Meetings	Annual General Meetings
MICE	Meetings, Incentives, Conventions and Exhibitions
NCI	Non-Controlling Interest
NEDs	Non-Executive Directors
NGFS	Network for Greening the Financial System
NKS	NKS Hospitality I B.V.
N.M	Not Meaningful
NPI	Net Property Income
NRC(s)	Nominating and Remuneration Committee(s)
NRC Self-Assessment Checklist	Checklist to facilitate self-assessment of NRC's effectiveness in the discharge of its role and responsibilities

GLOSSARY PAGE

NZ Hotel	Grand Millennium Auckland
NZICC	New Zealand International Convention Centre
OCI	Other Comprehensive Income
OH&S	Occupational Health and Safety
OPHL	Orchard Parade Holdings Limited
Perth Hotels	Portfolio hotels located in Perth consisting of Mercure Perth and Ibis Perth
Property Funds Appendix	Appendix 6 of the Code on Collective Investment Schemes
PUB	Public Utilities Board
RAP	Statement of Recommended Accounting Practice
Report	CDL Hospitality Trusts' Sustainability Report
Restructured Term	Term from March 2020 to December 2024 in relation to the temporary rent abatement agreements for Pullman Hotel Munich and Hotel Cerretani Firenze
RevPAR	Revenue per Available Room
RHRL	Republic Hotels & Resorts Limited
ROU	Right-Of-Use
SBTi	Science Based Targets initiative
SDGs	United Nations Sustainable Development Goals
SFA	Securities and Futures Act 2001
SFR	Securities and Futures (Licencing and Conduct of Business) Regulations
SFRS(I) or SFRS(I)s	Singapore Financial Reporting Standards (International)
SGX	Singapore Exchange Limited
SGX-ST	Singapore Exchange Securities Trading Limited
SGX Listing Manual	Listing Manual of Singapore Exchange Securities Trading Limited
SHN	Stay-Home-Notice
SID	Singapore Institute of Directors
Sponsor	Millennium & Copthorne Hotels Limited
sq m	square meters
SSAs	Singapore Standards on Auditing
Stapled Group	Stapled group comprising the H-REIT Group and the HBT Group
Stapled Security(ies)	Stapled Unit(s) of H-REIT and HBT
Stapled Security Holders	Holders of Stapled Securities of CDLHT
Stapling Deed	The stapling deed dated 12 June 2006
STB	Singapore Tourism Board
SOFR	Secured Overnight Financing Rate
SOPs	Standard Operating Procedures
SWC	Sustainability Working Committee
TAFPEP	Tripartite Alliance for Fair and Progressive Employment Practices
TCFD	Task Force on Climate-related Financial Disclosures
Temporary Arrangement	Temporary rent abatement agreements for Pullman Hotel Munich and Hotel Cerretani Firenze
TMK	Tokutei Mokuteki Kaisha

GLOSSARY PAGE

UK Hotels	Portfolio hotels located in the United Kingdom namely Hilton Cambridge City Centre, The Lowry Hotel (Manchester), and Hotel Brooklyn (Manchester)
USD-LIBOR	US Dollar LIBOR
W Hotel	W Singapore – Sentosa Cove
WALE	Weighted average lease expiry
YOY or yoy	Year-on-Year

NOTICE OF ANNUAL GENERAL MEETINGS

CDL HOSPITALITY TRUSTS

A stapled group comprising:
CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST
(a real estate investment trust constituted on 8 June 2006 under the laws of the Republic of Singapore)

CDL HOSPITALITY BUSINESS TRUST
(a business trust constituted on 12 June 2006 under the laws of the Republic of Singapore)

NOTICE OF ANNUAL GENERAL MEETINGS

NOTICE IS HEREBY GIVEN that the Annual General Meetings ("**Meetings**") of the unitholders of CDL Hospitality Real Estate Investment Trust ("**H-REIT**") and CDL Hospitality Business Trust ("**HBT**") will be convened and held at M Hotel Singapore, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908 on Friday, 26 April 2024 at 2.30 p.m. for the following business:

(A) AS ORDINARY BUSINESS

1. To receive 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 together with the HBT Trustee-Manager, the "**Managers**") and the Audited Financial Statements of HBT, H-REIT and CDL Hospitality Trusts ("**CDLHT**") for the year ended 31 December 2023 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

(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.

(Ordinary Resolution 3)

(Please see Explanatory Note below)

OVERVIEW AND FINANCIAL REVIEW
MARKET REVIEW
LEADERSHIP STRUCTURE
PROPERTY PORTFOLIO
SUSTAINABILITY & GOVERNANCE
FINANCIAL STATEMENTS AND OTHER INFORMATION

NOTICE OF ANNUAL GENERAL MEETINGS

AS OTHER BUSINESS

To transact such other business as may be transacted at the Meetings.

BY ORDER OF THE BOARD
M&C REIT Management Limited
(as manager of CDL Hospitality Real Estate Investment Trust)

Enid Ling Peek Fong
Soo Lai Sun
Company Secretaries

Singapore
27 March 2024

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
27 March 2024

NOTICE OF ANNUAL GENERAL MEETINGS

Important Notice:

1. *Format of Meetings*

The Meetings will be held in a wholly physical format at M Hotel Singapore, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908 on Friday, 26 April 2024 at 2.30 p.m. Stapled Security Holders, including Central Provident Fund ("**CPF**")/ Supplementary Retirement Scheme ("**SRS**") investors, and (where applicable) duly appointed proxies and representatives will be able to ask questions and vote at the Meetings by attending the Meetings in person. There will be no option for Stapled Security Holders to participate virtually.

Printed copies of this Notice and the accompanying Proxy Form and the Notification & Request Form are sent by post to Stapled Security Holders. These documents will also be published on CDLHT's website at https://investor.cdlht.com/agm-egm.html and the SGX-ST website at https://www.sgx.com/securities/company-announcements.

2. *Access to Documents*

The Annual Report for the financial year ended 31 December 2023 and Audited Financial Statements of the HBT Trustee-Manager have been published and may be accessed at CDLHT's website at https://investor.cdlht.com/ar.html.

The above documents may also be accessed on the SGX website at https://www.sgx.com/securities/company-announcements. Stapled Security Holders may request for printed copies of these documents in the following manner:

(a) by completing and submitting the Notification & Request Form sent to them by post to the Stapled Security Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

(b) by completing and submitting the Notification & Request Form via email to Stapled Security Registrar at CDLHT@boardroomlimited.com

in either case, by no later than 5.00 p.m. on Thursday, 4 April 2024.

3. *Submission of Questions*

Stapled Security Holders (including CPF and SRS investors) may submit substantial and relevant questions related to the resolutions to be tabled for approval at the Meetings, in advance of the Meetings, in the following manner:

(a) via email to the Managers, at agm2024@cdlht.com; or

(b) by post to CDL Hospitality Trusts, 390 Havelock Road, #02-06 King's Centre, Singapore 169662.

When submitting questions, Stapled Security Holders should provide the following details for authentication: (a) their full name; (b) their NRIC/Passport Number; (c) their address; (d) number of Stapled Securities held; and (e) the manner in which the Stapled Securities are held (e.g., via CDP, CPF or SRS and/or scrip based).

All questions must reach the Managers by **5.00 p.m. on Friday, 12 April 2024**.

The Managers will address substantial and relevant questions (which are related to the Annual Report and other agenda items set out in the Notice of Meetings) received from Stapled Security Holders in advance of the Meetings by publishing the Managers' responses to such questions on CDLHT's website at https://investor.cdlht.com/agm-egm.html and on SGX-ST website at https://www.sgx.com/securities/company-announcements before trading hours on Monday, 22 April 2024.

Stapled Security Holders, including CPF and SRS investors, and (where applicable) duly appointed proxies and representatives can also ask substantial and relevant questions related to the resolutions to be tabled for approval at the Meetings, at the Meetings themselves.

NOTICE OF ANNUAL GENERAL MEETINGS

4. *Appointment of Proxy(ies)*

(a) A Stapled Security Holder who is not a relevant intermediary (as defined below) is entitled to appoint not more than two proxies. Where such Stapled Security Holder's proxy form appoints more than one proxy, the proportion of the stapled security holding concerned to be represented by each proxy shall be specified in the proxy form.

(b) A Stapled Security Holder who is a relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different stapled security or stapled securities held by such Stapled Security Holder. Where such Stapled Security Holder's proxy form appoints more than two proxies, the number and class of stapled securities in relation to which each proxy has been appointed shall be specified in the proxy form.

"**relevant intermediary**" means:

(i) a banking corporation licensed under the Banking Act 1970 of Singapore, or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Stapled Securities in that capacity;

(ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore, and who holds Stapled Securities in that capacity; or

(iii) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953 of Singapore, in respect of Stapled Securities purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Stapled Securities in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

A proxy need not be a Stapled Security Holder. A Stapled Security Holder may choose to appoint the Chairman of the Meetings as his/her/its proxy.

The proxy form must be submitted to the Managers in the following manner:

(a) if submitted by post, be deposited at the office of the Stapled Security Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

(b) if submitted electronically, via email to the Stapled Security Registrar at CDLHT@boardroomlimited.com,

in either case, by 2.30 p.m. on Wednesday, 24 April 2024, being not less than 48 hours before the time for holding the Meetings.

A Stapled Security Holder who wishes to submit a proxy form by post or via email can either use the printed copy of the proxy form which is sent to him/her/it by post or download a copy of the proxy form from CDLHT's website or the SGX-ST website, and 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.

Completion and return of the proxy form shall not preclude a Stapled Security Holder from attending and voting at the Meetings. Any appointment of a proxy or proxies shall be deemed to be revoked if a Stapled Security Holder attends the Meetings in person, and in such event, the H-REIT Manager and the HBT Trustee-Manager reserve the right to refuse to admit any person or persons appointed under the proxy form, to the Meetings.

CPF and SRS investors:

(a) may vote at the Meetings if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

(b) may appoint the Chairman of the Meetings as proxy to vote on their behalf at the Meetings, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on Friday, 12 April 2024.

NOTICE OF ANNUAL GENERAL MEETINGS

Explanatory Note on Ordinary Resolution 3:

The Ordinary Resolution 3 above, if passed, will empower the H-REIT Manager and the HBT Trustee-Manager from the date of the Meetings until the date of the next Annual General Meetings of H-REIT and HBT, to issue Stapled Securities and to make or grant Instruments (such as securities, warrants or debentures) convertible into Stapled Securities and issue Stapled Securities pursuant to such Instruments, up to a number not exceeding 50% of the total number of issued Stapled Securities (excluding treasury H-REIT Units and treasury HBT Units, if any) of which up to 20% of the total number of issued Stapled Securities (excluding treasury H-REIT Units and treasury HBT Units, if any) may be issued other than on a *pro rata* basis to Stapled Security Holders.

The Ordinary Resolution 3 above, if passed, will also empower the H-REIT Manager and the HBT Trustee-Manager from the date of the Meetings until the date of the next Annual General Meetings of H-REIT and HBT, to issue Stapled Securities as either full or partial payment of fees which the H-REIT Manager and the HBT Trustee-Manager are entitled to receive for their own accounts pursuant to the H-REIT Trust Deed and the HBT Trust Deed respectively.

For determining the aggregate number of Stapled Securities that may be issued, the percentage of issued Stapled Securities will be calculated based on the issued Stapled Securities at the time the Ordinary Resolution 3 above is passed, after adjusting for new Stapled Securities arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Stapled Securities.

Fund raising by issuance of new Stapled Securities may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Stapled Security Holders is required under the Listing Manual of SGX-ST and the H-REIT Trust Deed and the HBT Trust Deed or any applicable laws and regulations in such instances, the H-REIT Manager and the HBT Trustee-Manager will then obtain the approval of Stapled Security Holders accordingly.

PERSONAL DATA PRIVACY:

By (i) submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meetings and/or any adjournment thereof, or (ii) submitting any questions prior to the Meetings in accordance with this Notice, a Stapled Security Holder consents to the collection, use and disclosure of the Stapled Security Holder's personal data by the H-REIT Manager and the HBT Trustee-Manager (or their agents or service providers) for the following purposes:

(a) processing and administration by the H-REIT Manager and the HBT Trustee-Manager (or their agents or service providers) of proxies and representatives appointed for the Meetings (including any adjournment thereof);

(b) preparation and compilation of the attendance lists, minutes and other documents relating to the Meetings (including any adjournment thereof);

(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,

and warrants that where the Stapled Security Holder discloses the personal data of the Stapled Security Holder's proxy(ies) and/or representative(s) to the H-REIT Manager or the HBT Trustee-Manager (or their agents), the Stapled Security Holder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the H-REIT Manager and the HBT Trustee-Manager (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the abovementioned purposes.

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CDL HOSPITALITY TRUSTS
A stapled group comprising:

CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST
(a real estate investment trust constituted on 8 June 2006 under the laws of the Republic of Singapore)

CDL HOSPITALITY BUSINESS TRUST
(a business trust constituted on 12 June 2006 under the laws of the Republic of Singapore)

PROXY FORM
ANNUAL GENERAL MEETINGS

IMPORTANT

1. The Annual General Meetings (the "**Meetings**") are being convened, and will be held at M Hotel Singapore, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908 on Friday, 26 April 2024 at 2.30 p.m. There will be no option for Stapled Security Holders to participate virtually.
2. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of proxy/proxies.
3. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by Central Provident Fund ("**CPF**") and Supplementary Retirement Scheme ("**SRS**") investors. CPF and SRS investors (a) may vote at the Meetings if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or (b) may appoint the Chairman of the Meetings as proxy to vote on their behalf at the Meetings, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 12 April 2024.
4. By submitting a form appointing a proxy/proxies, the Stapled Security Holder accepts and agrees to the personal data privacy terms set out in the Notice of Meetings dated 27 March 2024.

I/We ______________________________ (name)

with NRIC/Passport/Company Registration No. ______________________________

of ______________________________ (Address)
being a holder/s of units in CDL Hospitality Real Estate Investment Trust ("**H-REIT**") and CDL Hospitality Business Trust ("**HBT**") (collectively, "**Stapled Securities**"), hereby appoint:

Name	Address	NRIC / Passport Number	Proportion of Stapled Security Holdings	
			Number	%

and/or (delete as appropriate)

Name	Address	NRIC / Passport Number	Proportion of Stapled Security Holdings	
			Number	%

as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the Meetings of H-REIT and HBT to be held at M Hotel Singapore, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908 on Friday, 26 April 2024 at 2.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against or abstain from voting on the resolutions to be proposed at the Meetings as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

No.	Resolution	No. of votes For [(1)]	No. of votes Against [(1)]	No. of votes Abstain [(2)]
ORDINARY BUSINESS				
1.	Receipt 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 2023 and the Auditors' Report thereon.			
2.	Re-appointment of KPMG LLP as the Independent Auditors and authorisation of the H-REIT Manager and the HBT Trustee-Manager to fix their remuneration.			
SPECIAL BUSINESS				
3.	Authority to issue Stapled Securities and to make or grant convertible instruments.			

Dated this ________ day of ______________ 2024

Total number of Stapled Securities held

____
Signature(s) of Stapled Security Holder(s) or
Common Seal of Corporate Stapled Security Holder(s)

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM OVERLEAF

(1) Voting on all resolutions will be conducted by poll. If you wish your proxy/proxies to cast all your votes "For" or "Against", please indicate with an 'X' within the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution.
(2) If you wish your proxy/proxies to abstain from voting on a resolution, please indicate with an 'X' within the "Abstain" box provided in respect of that resolution.

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Notes:

1. Please insert the total number of Stapled Securities held by you. If you have Stapled Securities entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of Stapled Securities. If you have Stapled Securities registered in your name in the Register of Stapled Security Holders of CDLHT, you should insert that number of Stapled Securities. If you have Stapled Securities entered against your name in the said Depository Register and registered in your name in the Register of Stapled Security Holders of CDLHT, you should insert the aggregate number of Stapled Securities. If no number is inserted, this form of proxy will be deemed to relate to all the Stapled Securities held by you.

2. (a) A Stapled Security Holder who is not a relevant intermediary is entitled to appoint not more than two proxies. Where such Stapled Security Holder's proxy form appoints more than one proxy, the proportion of the stapled security holding concerned to be represented by each proxy shall be specified in the proxy form.

   (b) A Stapled Security Holder who is a relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different stapled security or stapled securities held by such Stapled Security Holder. Where such Stapled Security Holder's proxy form appoints more than two proxies, the number and class of stapled securities in relation to which each proxy has been appointed shall be specified in the proxy form.

   "**relevant intermediary**" means:

   (i) a banking corporation licensed under the Banking Act 1970 of Singapore, or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Stapled Securities in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore, and who holds Stapled Securities in that capacity; or

   (iii) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953 of Singapore, in respect of Stapled Securities purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Stapled Securities in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. A proxy need not be a Stapled Security Holder.

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4. The proxy form must be submitted to the H-REIT Manager and HBT Trustee-Manager in the following manner:

   (i) if submitted by post, be deposited at the office of the Stapled Security Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

   (ii) if submitted electronically, via email to the Stapled Security Registrar at CDLHT@boardroomlimited.com,

   in either case, by 2.30 p.m. on 24 April 2024, being not less than 48 hours before the time for holding the Meetings. A Stapled Security Holder who wishes to submit a proxy form by post or via email can either use the printed copy of the proxy form which is sent to him/her/it by post or download a copy of the proxy form from CDLHT's website or the SGX-ST website, and 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.

5. Completion and return of this proxy form shall not preclude a Stapled Security Holder from attending and voting at the Meetings. Any appointment of a proxy or proxies shall be deemed to be revoked if a Stapled Security Holder attends the Meetings in person, and in such event, the H-REIT Manager and HBT Trustee-Manager reserve the right to refuse to admit any person or persons appointed under this proxy form to the Meetings.

6. The proxy form must be signed by the appointor or his attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where a proxy form is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the H-REIT Manager and the HBT Trustee-Manager) be lodged with the proxy form; failing which the proxy form may be treated as invalid.

8. The H-REIT Manager and the HBT Trustee-Manager shall be entitled to reject a proxy form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the proxy form (including any related attachment). In addition, in the case of a Stapled Security Holder whose stapled securities entered into the Depository Register, the H-REIT Manager and the HBT Trustee-Manager may reject any form of proxy lodged if the Stapled Security Holder, being the appointor, is not shown to have Stapled Securities entered against his/her name in the Depository Register as at 48 hours before the time appointed for holding the Meetings, as certified by The Central Depository (Pte) Limited to the H-REIT Manager and the HBT Trustee-Manager.

9. All Stapled Security Holders will be bound by the outcome of the Meetings regardless of whether they have attended or voted at the Meetings.

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CDL Hospitality Trusts
(a Stapled Group comprising CDL Hospitality Real Estate Investment Trust
and CDL Hospitality Business Trust)

c/o The Stapled Security Registrar
Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

CORPORATE DIRECTORY

CDL HOSPITALITY TRUSTS

A Stapled Group comprising H-REIT, a real estate investment trust, and HBT, a business trust

MANAGER OF H-REIT

M&C REIT Management Limited
(Co. Reg. No. 200607091Z)

Registered Address:
9 Raffles Place
#12-01 Republic Plaza
Singapore 048619
Telephone: (65) 6877 8228
Facsimile: (65) 6225 4959

Office Address:
390 Havelock Road
#02-06 King's Centre
Singapore 169662
Telephone: (65) 6664 8888
Facsimile: (65) 6732 2868
Email: enquiries@cdlht.com
Website: www.cdlht.com

TRUSTEE-MANAGER OF HBT

M&C Business Trust Management Limited
(Co. Reg. No. 200607118H)

Registered Address:
9 Raffles Place
#12-01 Republic Plaza
Singapore 048619
Telephone: (65) 6877 8228
Facsimile: (65) 6225 4959

Office Address:
390 Havelock Road
#02-06 King's Centre
Singapore 169662
Telephone: (65) 6664 8888
Facsimile: (65) 6732 2868
Email: enquiries@cdlht.com
Website: www.cdlht.com

DIRECTORS OF THE MANAGER OF H-REIT AND THE TRUSTEE-MANAGER OF HBT

Chan Soon Hee, Eric
Chairman and Independent Non-Executive Director

Vincent Yeo Wee Eng
Chief Executive Officer and Executive Director

Foo Say Mui (Bill)
Lead Independent Non-Executive Director

Kenny Kim
Independent Non-Executive Director

Cheah Sui Ling
Independent Non-Executive Director

Kwek Eik Sheng
Non-Independent Non-Executive Director

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

Foo Say Mui (Bill) (Chairman)
Kenny Kim
Cheah Sui Ling

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

Chan Soon Hee, Eric (Chairman)
Foo Say Mui (Bill)
Cheah Sui Ling

TRUSTEE OF H-REIT

DBS Trustee Limited
12 Marina Boulevard
Level 44 DBS Asia Central
Marina Bay Financial Centre Tower 3
Singapore 018982
Telephone: (65) 6878 8888
Facsimile: (65) 6878 3977

AUDITORS

KPMG LLP
Public Accountants and Chartered Accountants
12 Marina View
#15-01 Asia Square Tower 2
Singapore 018961

(Partner-in-charge: Karen Lee Shu Pei, appointment commenced from the audit of the financial statements for the year ended 31 December 2021)

STAPLED SECURITY REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
1 Harbourfront Avenue
Keppel Bay Tower #14-07
Singapore 098632
Telephone: (65) 6536 5355
Facsimile: (65) 6536 1360

LEGAL ADVISER

Allen & Gledhill LLP
One Marina Boulevard #28-00
Singapore 018989
Telephone: (65) 6890 7188
Facsimile: (65) 6327 3800

COMPANY SECRETARIES OF THE MANAGER OF H-REIT AND THE TRUSTEE-MANAGER OF HBT

Enid Ling Peek Fong
Soo Lai Sun

CDL HOSPITALITY TRUSTS

M&C REIT Management Limited
(As Manager of CDL Hospitality Real Estate Investment Trust)
and
M&C Business Trust Management Limited
(As Trustee-Manager of CDL Hospitality Business Trust)

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