## Contents

We are pleased to submit this annual report to the members of the Company, together with the audited financial statements for the financial year ended 31 December 2022.

In our opinion:

(a) the financial statements set out on pages 158 to 266 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act 1967, Singapore Financial Reporting Standards (International) and International Financial Reporting Standards (IFRS); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

**DIRECTORS**

The directors in office at the date of this statement are as follows:

Miguel Ko
Lee Chee Koon
Anthony Lim Weng Kin
Chaly Mah Chee Kheong
Kee Teck Koon
Gabriel Lim Meng Liang
Judy Hsu Chung Wei
David Su Tuong Sing
Helen Wong Siu Ming
Tan Sri Abdul Farid bin Alias (Appointed on 1 January 2023)

**DIRECTORS' INTERESTS IN SHARES OR DEBENTURES**

According to the register of directors' shareholdings, particulars of interests of directors who held office at the end of the financial year (including those held by spouses and infant children) in shares or debentures of the Company, or of its related corporations, are as follows:





**DIRECTORS' INTEREST IN SHARES OR DEBENTURES** (CONTINUED)

| | Holdings in the name of the director, spouse and/or infant children | |
|---|---|---|
| | **At beginning of the year** | **At end of the year** |
| **CapitaLand Investment Limited (CLI)** | | |
| ***Ordinary shares*** | | |
| Miguel Ko | 1,303,679 | 1,337,793 |
| Lee Chee Koon | 1,540,196 | 2,470,572 |
| Anthony Lim Weng Kin | 51,145 | 62,155 |
| Kee Teck Koon | 100,647 | 108,163 |
| Chaly Mah Chee Kheong | 121,654 | 130,367 |
| Judy Hsu Chung Wei | – | 6,882 |
| ***Award of CLI Performance shares[1, 3] to be delivered after 2021*** | | |
| Lee Chee Koon | 930,376 | – |
| ***Award of CLI Performance shares[1, 3] to be delivered after 2022*** | | |
| Lee Chee Koon | 941,254 | 941,254 |
| ***Award of CLI Performance shares[1, 3] to be delivered after 2023*** | | |
| Lee Chee Koon | 1,116,813 | 1,116,813 |
| ***Contingent award of CLI Performance shares[1, 4] to be delivered after 2024*** | | |
| Lee Chee Koon (368,166 shares) | – | 0 to 736,332 |
| ***Contingent award of CLI Performance shares[1, 6] under Special Founder Performance share award to be delivered after 2025*** | | |
| Lee Chee Koon (921,006 shares) | 0 to 2,763,018 | 0 to 2,763,018 |
| ***Contingent award of CLI Restricted shares[2, 5] to be delivered after 2022*** | | |
| Lee Chee Koon (368,166 shares) | – | 0 to 552,249 |
| **Related Corporations** | | |
| **CLI Treasury Limited** | | |
| ***S$400 million 3.33% Fixed Rate Senior Notes due 2027*** | | |
| Miguel Ko | – | S$500,000 |
| Lee Chee Koon | – | S$500,000 |
| Kee Teck Koon | – | S$250,000 |
| **CapitaLand Treasury Limited** | | |
| ***S$800 million 2.90% Fixed Rate Senior Notes due 2032*** | | |
| Kee Teck Koon | S$250,000 | S$250,000 |
| **Fullerton India Credit Company Limited** | | |
| ***S$150 million 3.70% Senior Secured Notes due 2023*** | | |
| Kee Teck Koon | S$250,000 | S$250,000 |

**DIRECTORS' INTEREST IN SHARES OR DEBENTURES** (CONTINUED)

| | Holdings in the name of the director, spouse and/or infant children | |
|---|---|---|
| | At beginning of the year | At end of the year |
| **Related Corporations** (continued) | | |
| **Mapletree Treasury Services Limited** | | |
| ***S$300 million 3.4% Notes due 2026*** | | |
| Miguel Ko | S$500,000 | S$500,000 |
| ***S$700 million 3.95% Subordinated Perpetual Securities*** | | |
| Judy Hsu Chung Wei | S$500,000 | S$500,000 |
| **Sembcorp Marine Ltd** | | |
| ***Ordinary shares*** | | |
| Kee Teck Koon | 58,932 | 58,932 |
| **SIA Engineering Company Limited** | | |
| ***Ordinary shares*** | | |
| Kee Teck Koon | 5,000 | 5,000 |
| **Singapore Airlines Limited** | | |
| ***Ordinary shares*** | | |
| Miguel Ko | 117,500 | 117,500 |
| Judy Hsu Chung Wei | 7,000 | 7,000 |
| ***S$600 million 3.16% Fixed Rate Notes due 2023*** | | |
| Miguel Ko | S$500,000 | S$500,000 |
| Kee Teck Koon | S$750,000 | – |
| ***S$750 million 3.03% Bond due 2024*** | | |
| Miguel Ko | S$250,000 | S$250,000 |
| ***S$700 million 3.035% Fixed Rate Notes due 2025*** | | |
| Miguel Ko | S$250,000 | S$250,000 |
| Kee Teck Koon | S$250,000 | – |
| ***S$630 million 3.13% Bond due 2026*** | | |
| Miguel Ko | S$250,000 | S$250,000 |
| ***S$3.5 billion zero coupon Rights Mandatory Convertible Bonds due 2030*** | | |
| Judy Hsu Chung Wei | 10,000 | 10,000 |
| **Singapore Technologies Engineering Ltd** | | |
| ***Ordinary shares*** | | |
| Miguel Ko | 70,500 | 70,500 |



Directors' Statement

**DIRECTORS' INTEREST IN SHARES OR DEBENTURES** (CONTINUED)

| | Holdings in the name of the director, spouse and/or infant children | |
|---|---|---|
| | At beginning of the year | At end of the year |
| **Related Corporations** (continued) | | |
| **Singapore Telecommunications Limited** | | |
| ***Ordinary shares*** | | |
| Miguel Ko | 34,715 | 34,715 |
| Kee Teck Koon | 10,490 | 10,490 |
| Anthony Lim Weng Kin | 940 | 940 |
| Judy Hsu Chung Wei | 10,000 | 10,000 |
| **StarHub Ltd** | | |
| ***Ordinary shares*** | | |
| Miguel Ko | 66,600 | 66,600 |
| ***S$220 million 3.08% Fixed Rate Notes due 2022*** | | |
| Miguel Ko | S$250,000 | S$250,000 |

Footnotes:

1 Awards made pursuant to the CapitaLand Investment Performance Share Plan 2021 (CLI PSP 2021).

2 Awards made pursuant to the CapitaLand Investment Restricted Share Plan 2021 (CLI RSP 2021).

3 Following the completion of the strategic restructuring of the investment management business of CapitaLand Limited (CL) and as further described in CLI introductory document dated 17 July 2021, the awards granted under CL's CapitaLand Performance Share Plan 2010 and CapitaLand Performance Share Plan 2020 (collectively, the CL PSP Awards) to certain employees of CLI and CL group companies have been replaced with shares under the CLI PSP 2021, which will vest progressively over three years in accordance with the original vesting schedule of the CL PSP Awards.

4 The final number of shares to be released will depend on the achievement of pre-determined targets over a three-year performance period. No share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 200% of the baseline award. The Executive Resource and Compensation Committee (ERCC) of the Company has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors.

5 The final number of shares to be released will depend on the achievement of pre-determined targets at the end of a one-year performance period and the release will be over a vesting period of three years. Depending on the extent of the achievement of the pre-determined targets at the end of the performance period, the ERCC has the discretion to release the final number of shares ranging from between 0% to 150% of the baseline award. On the final vesting, an additional number of shares of a total value equal to the value of the accumulated dividends which are declared during each of the vesting periods and deemed foregone due to the vesting mechanism of the restricted share plan will also be released.

6 This is a long-term share-based award which will vest after the end of a 5-year performance period, subject to the achievement of the targets approved by the ERCC. The number of shares to be released as soon as practicable upon vesting will be determined based on, inter alia, the award multiplied by an achievement factor. If the minimum performance level is achieved, the achievement factor will be 0.2. If the performance level exceeds minimum but is below superior, the achievement factor will be adjusted accordingly within the range of 0.2 to 3.0. If the performance level is superior and above, the achievement factor will be 3.0. Conversely, if the performance level is below minimum, the achievement factor will be zero and no share will be released. In the event of early achievement of the targets within the first three years of the performance period, a maximum of 20% to 50% of the baseline award can be released after the third year, with any balance in excess of 50% of the baseline award to be released only after the fifth year. The ERCC has the absolute discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures or options of the Company or of related corporations either at the beginning or at the end of the financial year.

There was no change in any of the above-mentioned directors' interests in the Company between the end of the financial year and 21 January 2023.

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed under the Directors' Interests in Shares or Debentures and Share Plans sections of this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**SHARE PLANS – PERFORMANCE SHARE PLANS AND RESTRICTED SHARE PLANS**

**Share Plans of the CapitaLand Group Pte. Ltd.**

The Group's employees participate in the share-based incentive plans of the Company's immediate holding company, CapitaLand Group Pte. Ltd. which comprise the Performance Share Plan (CL PSP) and Restricted Share Plan (CL RSP).

Pursuant to the strategic restructuring in 2021, CL ERCC has approved the following in relation to the unvested share award payout of CL Share Plans as at 17 September 2021.

(a) The outstanding contingent CL PSP awards granted to the employees were replaced by awards under the CLI Share Plan on 1 October 2021 in accordance with a conversion ratio and released in accordance with the original vesting schedule. The number of awards to be granted have also been finalised at 200% of the baseline awards.

(b) The outstanding CL RSP awards were converted to cash-settled based awards with an implied value of S$4.102 per CL share. Contingent awards granted under the CL RSP have been finalised at 150% of the baseline awards based on the same implied value. The cash payment will be released to eligible employees according to the original vesting schedule of respective CL RSP awards.

**Share Plans of the Company (CLI)**

The ERCC of the Company has been designated as the Committee responsible for the administration of the Share Plans. The ERCC members at the date of this statement are Ms Judy Hsu Chung Wei (Chairman), Mr Miguel Ko and Anthony Lim Weng Kin.

The CLI Performance Share Plan 2021 (CLI PSP 2021) and CLI Restricted Share Plan 2021 (CLI RSP 2021) were approved by CapitaLand Group Pte. Ltd., the immediate holding company of CLI on 17 July 2021. The duration of each share plan is 10 years commencing on 1 September 2021.

The ERCC of the Company has instituted a set of share ownership guidelines for members of senior management who receive shares under the CLI Restricted Share Plans and CLI Performance Share Plans. Under these guidelines, members of senior management are required to retain a portion of the total number of CLI shares received under the aforementioned share-based plans, which will vary according to their respective job grade and salary.

The total number of new shares which may be allotted, issued and/or delivered pursuant to awards granted under the Share Plans on any date, when aggregated with existing shares (including treasury shares and cash equivalents) delivered and/or to be delivered, pursuant to the CLI Share Plans and all shares, options or awards granted under any other share schemes of the Company then in force, shall not exceed 8% of the total number of issued shares (excluding treasury shares) from time to time.

Details of awards granted under each CLI Share Plan are provided in the following sections:

**(a) Awards under the CLI Performance Share Plans (CLI PSP)**

Under the Performance Share Plans, the awards granted are conditional on performance targets set based on medium-term corporate objectives. Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the Company achieving prescribed performance target(s).

The ERCC grants an initial number of shares (baseline award) which are conditional on targets set for a performance period, currently prescribed to be a three-year performance period. A specified number of shares will only be released by the ERCC to the recipients at the end of the qualifying performance period, provided the threshold targets are achieved. The final number of shares to be released will depend on the achievement of pre-determined targets over a three-year performance period. No share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award can be delivered up to a maximum of 200% of the baseline award. The ERCC has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors. Recipients can receive fully paid shares, their equivalent cash value or combinations thereof, at no cost.





**SHARE PLANS – PERFORMANCE SHARE PLANS AND RESTRICTED SHARE PLANS** (CONTINUED)

**Share Plans of the Company (CLI)** (continued)

**(a) Awards under the CLI Performance Share Plans (CLI PSP)** (continued)

| Performance conditions | Final number of shares to be released |
|---|---|
| 1. Group's absolute total shareholder return measured as a multiple of cost of equity | 0% to 200% of baseline award |
| 2. Group's relative total shareholder return ranking against a peer group of selected companies | |
| 3. Average of Group's return on equity to be achieved in 2022 to 2024 for the grant made in 2022 | |
| 4. CapitaLand Group's carbon emissions intensity reduction performance | |

| | | | <-------- Movements during the year | --------> | | | |
|---|---|---|---|---|---|---|---|
| | Balance as at 1 January 2022 | | Granted | Released | Lapsed/ Cancelled | Balance as at 31 December 2022 | |
| Year of award | No. of holders | No. of shares | No. of shares | No. of shares | No. of shares | No. of holders | No. of shares |
| 2021 | 71 | 25,776,933 | – | (7,648,664)* | (539,264) | 59 | 17,589,005 |
| 2022 | – | – | 3,344,038 | – | (39,315) | 62 | 3,304,723 |
| | | 25,776,933 | 3,344,038 | (7,648,664) | (578,579) | | 20,893,728^ |

* The number of shares released comprised shares under CL PSP awards, which were converted to CLI shares under CLI PSP in October 2021.

^ The number of shares comprised in awards granted under the CapitaLand Investment Performance Share Plan 2021 comprised 16,645,394 (31 December 2021: 19,275,824) shares granted to the employees of the Group and 4,248,334 (31 December 2021: 6,501,109) shares granted to the employees of the related corporations.

**(b) Special CLI Founders Performance Share Plan Award (Special PSP)**

Pursuant to the CLI PSP, the Special PSP award granted to selected key executives of the Company and/or its group companies is conditional on a performance target based on longer term wealth creation objectives. Participants will receive a specified number of performance shares after the end of the performance period conditional on achievement of performance conditions.

The ERCC grants an initial number of shares (baseline award) which are conditional on the target of the Company's share price expressed as a multiple of the Group's net asset value per share (Price/NAV) set for a five-year performance period. A specified number of shares will only be released by the ERCC to the recipients at the end of the qualifying performance period, provided the pre-specified minimum target is achieved. No share will be released if the minimum target is not met at the end of the performance period. On the other hand, if the superior target is met, more shares than the baseline award can be delivered up to a maximum of 300% of the baseline award. In the event of early achievement of the targets within the first three years of the performance period, a maximum of 20% to 50% of the baseline award can be released after the third year, with any balance in excess of 50% of the baseline award to be released only after the fifth year. The ERCC has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors. Recipients can receive fully paid shares, their equivalent cash value or combinations thereof, at no cost.

As a hiring strategy, such one-time special contingent award may (at the discretion of the ERCC) also be extended to key executives joining the Company and/or its group companies on a date after 1 October 2021 but not later than 19 September 2022.

**SHARE PLANS – PERFORMANCE SHARE PLANS AND RESTRICTED SHARE PLANS** (CONTINUED)

**Share Plans of the Company (CLI)** (continued)

**(b) Special CLI Founders Performance Share Plan Award (Special PSP)** (continued)

Details of the movement in the awards of the Company during the year were as follows:

| | Balance as at 1 January 2022 | | <– Movements during the year –> | | Balance as at 31 December 2022 | |
|---|---|---|---|---|---|---|
| | | | Granted | Lapsed/ Cancelled | | |
| Year of award | No. of holders | No. of shares | No. of shares | No. of shares | No. of holders | No. of shares |
| 2021 | 112 | 14,594,336 | – | (343,211) | 109 | 14,251,125 |
| 2022 | – | – | 407,366 | – | 4 | 407,366 |
| | | 14,594,336 | 407,366 | (343,211) | | 14,658,491^ |

^ The number of shares comprised in contingent awards granted under the Special PSP award comprised 12,391,413 (31 December 2021: 12,327,258) shares granted to the employees of the Group and 2,267,078 (31 December 2021: 2,267,078) shares granted to the employees of the related corporations.

**(c) Awards under the CLI Restricted Share Plans (CLI RSP)**

Under the Restricted Share Plans, awards granted to eligible participants vest only after the satisfactory completion of time-based service conditions or where the award is performance-related, after a further period of service beyond the performance target completion date (performance-based restricted awards). In addition, the plans also enable grants of fully paid shares to be made to non-executive directors as part of their remuneration in respect of their office as such in lieu of cash.

The ERCC grants an initial number of shares (baseline award) which are conditional on targets set for a performance period, currently prescribed to be a one-year performance period. A specified number of shares will only be released by the ERCC to the recipients at the end of the qualifying performance period, provided the threshold targets are achieved. The final number of shares to be released will depend on the achievement of pre-determined targets at the end of a one-year performance period. No share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award can be delivered up to a maximum of 150% of the baseline award. The ERCC has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors. Once the final number of shares has been determined, it will be released over a vesting period of three years. Recipients can receive fully paid shares, their equivalent cash value or combinations thereof, at no cost.

For grants made in 2022, the performance conditions and number of shares to be released subject to the achievement of performance targets are as follows:

| Performance conditions | Final number of shares to be released |
|---|---|
| 1. Group’s operating earnings before interest and tax | 0% to 150% of baseline award |
| 2. Group’s operating return on equity | An additional number of shares of a total value equal to the value of the accumulated dividends declared during each of the vesting periods and deemed forgone due to the vesting mechanism, will also be released upon the final vesting |





**SHARE PLANS – PERFORMANCE SHARE PLANS AND RESTRICTED SHARE PLANS** (CONTINUED)

**Share Plans of the Company (CLI)** (continued)

**(c) Awards under the CLI Restricted Share Plans (CLI RSP)** (continued)

Details of the movement in the awards of the Company during the year were as follows:

| | Balance as at 1 January 2022 | | <——— Movements during the year ———> | | | Balance as at 31 December 2022 | |
|---|---|---|---|---|---|---|---|
| | | | Granted | Released+ | Lapsed/ Cancelled | | |
| Year of award | No. of holders | No. of shares | No. of shares | No. of shares | No. of shares | No. of holders | No. of shares |
| 2022 | – | – | 9,048,682^ | (68,235) | (364,815) | 1,110 | 8,615,632# |

+ The number of shares released during the year was equity-settled.

^ Comprised 8,969,551 (31 December 2021: nil) shares granted to employees of the Group, 10,896 (31 December 2021: nil) shares granted to employees of the related corporations and 68,235 (31 December 2021: nil) shares granted to non-executive directors.

# The number of shares comprised in contingent awards granted under CLI RSP comprised 6,950,531 (31 December 2021: nil) shares to be equity-settled and 1,665,101 (31 December 2021: nil) shares to be cash-settled. The final number of shares released could range from 0% to 150% of the baseline award.

**SHARE OPTIONS**

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options.

**AUDIT COMMITTEE**

The Audit Committee members at the date of this statement are Mr Chaly Mah Chee Kheong (Chairman), Mr David Su Tuong Sing, Ms Helen Wong Siu Ming and Tan Sri Abdul Farid bin Alias.

The Audit Committee shall discharge its duties in accordance with the Companies Act (Chapter 50) and the Listing Manual of the SGX-ST. The Audit Committee shall also be guided by the Code of Corporate Governance (2 May 2012) and the Guidebook for Audit Committee in Singapore (Second Edition), and any such codes or regulations as may be applicable from time to time.

The principal responsibility of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities. Areas of review by the Audit Committee include:

- the reliability and integrity of the financial statements;
- the impact of new, revised or proposed changes in accounting standards and policies or regulatory requirements on the financial statements;
- the compliance with laws and regulations, particularly those of the Act and the Listing Manual of the SGX-ST;
- the appropriateness of half-yearly and full year announcements and reports;

**AUDIT COMMITTEE** (CONTINUED)

- in conjunction with the assessment by the Risk Committee, assesses the adequacy and effectiveness of the internal control (including financial, operational, compliance and information technology controls) and risk management systems established by management to manage risks;
- the adequacy and effectiveness of internal and external audits;
- the appointment and re-appointment of external auditors and the level of auditors' remuneration;
- the nature and extent of non-audit services and their impact on independence and objectivity of the external auditors;
- interested person transactions;
- review the whistle-blowing reports and the policy and processes for the detection, independent investigation and follow-up action relating to possible improprieties in financial reporting or other matters, if any;
- the processes put in place to manage any material conflicts of interest within the Group; and
- all conflicts of interest matters referred to it.

The Audit Committee also reviews the policy and arrangements by which employees of the Company and any other persons may, in confidence, report suspected fraud or irregularity or suspected infringement of any laws or regulations or rules or, raise concerns about possible improprieties in matters of financial reporting or other matters, with a view to ensuring that arrangements are in place for such concerns to be raised and independently investigated and for appropriate follow-up action to be taken. Where the Audit Committee becomes aware of any improprieties, the Audit Committee shall discuss such matter with the external auditors and, at an appropriate time, report the matter to the Board. Where appropriate, the Audit Committee shall also commission internal investigations into such matters. Pursuant to this, the Audit Committee has introduced a whistle blowing policy where employees or any person may raise improprieties to the Audit Committee Chairman in good faith, with the confidence that employees or any person making such reports will be treated fairly and be protected from reprisal.

The Audit Committee met four times in 2022. Specific functions performed during the year included reviewing the scope of work and strategies of both the internal and external auditors, and the results arising therefrom, including their evaluation of the system of internal controls. The Audit Committee also reviewed the assistance given by the Company's officers to the auditors. The financial statements of the Group and the Company were reviewed by the Audit Committee prior to the submission to the Board of Directors of the Company for adoption. The Audit Committee also met with the internal and external auditors, without the presence of management, to discuss any issues of concern with them.

The Audit Committee has, in accordance with Chapter 9 of the Listing Manual of the SGX-ST, reviewed the requirements for approval and disclosure of interested person transactions, reviewed the procedures set by the Group and the Company to identify and report and where necessary, seek approval for interested person transactions and, with the assistance of the internal auditors, reviewed interested person transactions.

The Audit Committee also undertook half-yearly reviews of all non-audit services provided by KPMG LLP and its member firms and was satisfied that they did not affect their independence as external auditors of the Company.

The Audit Committee has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.





**AUDITORS**

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

On behalf of the board of directors:

**Miguel Ko**
Director

**Lee Chee Koon**
Director

15 March 2023

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

*Opinion*

We have audited the financial statements of CapitaLand Investment Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2022, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 158 to 266.

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

*Basis for opinion*

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Valuation of investment properties**
(Refer to Notes 5 and 31 to the financial statements)

**Risk:**

The Group owns a portfolio of investment properties comprising shopping malls, offices, serviced residences, integrated development projects and business parks, industrial and logistics properties, located primarily in Singapore, China and Europe. Investment properties represent the single largest category of assets on the consolidated balance sheet at $14.7 billion as at 31 December 2022.

These investment properties are stated at their fair values based on independent external valuations.

The valuation process involves significant judgement in determining the appropriate valuation methodologies to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied and a small change in the assumptions can have a significant impact to the valuation.



Independent Auditors' Report
To the Members of CapitaLand Investment Limited

**Our response:**

We assessed the Group's processes for the selection of the external valuers, the determination of the scope of work of the valuers, and the review and acceptance of the valuations reported by the external valuers.

We evaluated the qualifications and competence of the external valuers. We also read the terms of engagement of the valuers with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work.

We considered the valuation methodologies used against those applied by other valuers for similar property types. We also considered other alternative valuation methods. We tested the integrity of inputs of the projected cash flows used in the valuations to supporting leases and other documents. We challenged the key assumptions used in the valuations, which included capitalisation, discount and terminal yield rates by comparing them against available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the valuers.

We also considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.

*Other information*

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of management and directors for the financial statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, SFRS(I)s and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

*Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.





**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

The engagement partner on the audit resulting in this independent auditors' report is Lim Pang Yew, Victor.

**KPMG LLP**
*Public Accountants and*
*Chartered Accountants*

**Singapore**
15 March 2023

# Balance Sheets

As at 31 December 2022

| | Note | The Group 31 Dec 2022 $'M | The Group 31 Dec 2021 $'M | The Company 31 Dec 2022 $'M | The Company 31 Dec 2021 $'M |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Property, plant and equipment | 3 | 1,225 | 1,067 | 13 | 21 |
| Intangible assets | 4 | 1,142 | 990 | * | * |
| Investment properties | 5 | 14,706 | 16,249 | – | – |
| Subsidiaries | 6 | – | – | 11,168 | 11,159 |
| Associates | 7 | 10,417 | 10,466 | – | – |
| Joint ventures | 8 | 2,735 | 2,782 | – | – |
| Deferred tax assets | 9 | 63 | 58 | – | – |
| Other non-current assets | 10 | 401 | 212 | – | 3 |
| | | 30,689 | 31,824 | 11,181 | 11,183 |
| **Current assets** | | | | | |
| Development properties for sale | 11 | 243 | 268 | – | – |
| Trade and other receivables | 12 | 1,025 | 1,661 | 700 | 243 |
| Other current assets | 10 | 70 | 14 | – | – |
| Assets held for sale | 13 | 415 | 2 | – | – |
| Cash and cash equivalents | 14 | 2,668 | 3,877 | 22 | 362 |
| | | 4,421 | 5,822 | 722 | 605 |
| **Less: current liabilities** | | | | | |
| Trade and other payables | 15 | 2,093 | 2,128 | 221 | 269 |
| Short term borrowings | 16 | 1,208 | 1,941 | 12 | 11 |
| Current portion of debt securities | 17 | 160 | 608 | – | – |
| Current tax payable | | 583 | 939 | 2 | 1 |
| Liabilities held for sale | 13 | 118 | – | – | – |
| | | 4,162 | 5,616 | 235 | 281 |
| **Net current assets** | | 259 | 206 | 487 | 324 |
| **Less: non-current liabilities** | | | | | |
| Long term borrowings | 16 | 9,880 | 10,428 | 1 | 12 |
| Debt securities | 17 | 1,342 | 571 | – | – |
| Deferred tax liabilities | 9 | 543 | 538 | – | – |
| Other non-current liabilities | 18 | 254 | 392 | 812 | 819 |
| | | 12,019 | 11,929 | 813 | 831 |
| **Net assets** | | 18,929 | 20,101 | 10,855 | 10,676 |
| Representing: | | | | | |
| Share capital | 20 | 10,760 | 10,760 | 10,760 | 10,760 |
| Revenue reserve | | 10,267 | 10,165 | 385 | 105 |
| Other reserves | 21 | (5,894) | (4,881) | (290) | (189) |
| **Equity attributable to owners of the Company** | | 15,133 | 16,044 | 10,855 | 10,676 |
| Perpetual securities | 22 | 396 | 396 | – | – |
| Non-controlling interests | 6 | 3,400 | 3,661 | – | – |
| **Total equity** | | 18,929 | 20,101 | 10,855 | 10,676 |

* Less than $1 million

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



# Consolidated Income Statement

Year ended 31 December 2022

| | Note | The Group 2022 $'M | The Group 2021 $'M |
|---|---|---|---|
| **Revenue** | 24 | 2,876 | 2,293 |
| Cost of sales | | (1,586) | (1,235) |
| **Gross profit** | | 1,290 | 1,058 |
| Other operating income | 25(a) | 665 | 888 |
| Administrative expenses | | (490) | (763) |
| Other operating expenses | | (176) | (92) |
| **Profit from operations** | | 1,289 | 1,091 |
| Finance costs | 25(d) | (432) | (353) |
| **Share of results (net of tax) of:** | | | |
| – associates | | 425 | 1,008 |
| – joint ventures | | 106 | 210 |
| | | 531 | 1,218 |
| **Profit before tax** | 25 | 1,388 | 1,956 |
| Tax expense | 26 | (318) | (396) |
| **Profit for the year** | | 1,070 | 1,560 |
| **Attributable to:** | | | |
| Owners of the Company | | 861 | 1,349 |
| Non-controlling interests | | 209 | 211 |
| **Profit for the year** | | 1,070 | 1,560 |
| **Basic earnings per share (cents)** | 27 | 16.8 | 38.3 |
| **Diluted earnings per share (cents)** | 27 | 16.5 | 37.6 |

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

# Consolidated Statement of Comprehensive Income

Year ended 31 December 2022

| | Note | The Group 2022 $'M | The Group 2021 $'M |
|---|---|---|---|
| Profit for the year | | 1,070 | 1,560 |
| **Other comprehensive income:** | | | |
| ***Items that are/may be reclassified subsequently to profit or loss*** | | | |
| Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations | | (721) | 71 |
| Recognition of foreign exchange differences on disposal or liquidation of foreign operations in profit or loss | | (6) | (19) |
| Effective portion of change in fair value of cash flow hedges | | 166 | 56 |
| Recognition of hedging reserve in profit or loss | | (33) | 2 |
| Share of other comprehensive income of associates and joint ventures | | (547) | 244 |
| | | (1,141) | 354 |
| ***Item that will not be reclassified subsequently to profit or loss*** | | | |
| Change in fair value of equity investments at fair value through other comprehensive income | | (6) | (15) |
| Total other comprehensive income | 23 | (1,147) | 339 |
| Total comprehensive income | | (77) | 1,899 |
| **Attributable to:** | | | |
| Owners of the Company | | (64) | 1,672 |
| Non-controlling interests | | (13) | 227 |
| Total comprehensive income | | (77) | 1,899 |

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



# Consolidated Statement of Changes in Equity

Year ended 31 December 2022

| | Share capital $'M | Revenue reserve $'M | Reserve for own shares $'M | Capital reserve# $'M | Hedging reserve $'M | Fair value reserve $'M | Asset revaluation reserve $'M | Foreign currency translation reserve $'M | Total $'M | Perpetual securities $'M | Non-controlling interests $'M | Total equity $'M |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **At 1 January 2022** | 10,760 | 10,165 | (208) | (4,770) | (16) | 36 | 6 | 71 | 16,044 | 396 | 3,661 | 20,101 |
| **Total comprehensive income** | | | | | | | | | | | | |
| Profit for the year | – | 861 | – | – | – | – | – | – | 861 | – | 209 | 1,070 |
| **Other comprehensive income** | | | | | | | | | | | | |
| Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations | – | – | – | – | – | – | – | (484) | (484) | – | (237) | (721) |
| Recognition of foreign exchange differences on disposal or liquidation of foreign operations in profit or loss | – | – | – | – | – | – | – | (6) | (6) | – | – | (6) |
| Effective portion of change in fair value of cash flow hedges | – | – | – | – | 144 | – | – | – | 144 | – | 22 | 166 |
| Recognition of hedging reserve in profit or loss | – | – | – | – | (33) | – | – | – | (33) | – | – | (33) |
| Share of other comprehensive income of associates and joint ventures | – | – | – | – | 32 | (3) | – | (569) | (540) | – | (7) | (547) |
| Change in fair value of equity investment at fair value through other comprehensive income | – | – | – | – | – | (6) | – | – | (6) | – | – | (6) |
| **Total other comprehensive income, net of tax** | – | – | – | – | 143 | (9) | – | (1,059) | (925) | – | (222) | (1,147) |
| **Total comprehensive income** | – | 861 | – | – | 143 | (9) | – | (1,059) | (64) | – | (13) | (77) |

# Includes equity compensation reserve and other capital reserves.

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

# Consolidated Statement of Changes in Equity

Year ended 31 December 2022

| | Share capital $'M | Revenue reserve $'M | Reserve for own shares $'M | Capital reserve# $'M | Hedging reserve $'M | Fair value reserve $'M | Asset revaluation reserve $'M | Foreign currency translation reserve $'M | Total $'M | Perpetual securities $'M | Non-controlling interests $'M | Total equity $'M |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Transactions with owners, recorded directly in equity** | | | | | | | | | | | | |
| **Contributions by and distributions to owners** | | | | | | | | | | | | |
| Issue of new shares | – | – | 26 | (18) | – | – | – | – | 8 | – | – | 8 |
| Purchase of treasury shares | – | – | (133) | – | – | – | – | – | (133) | – | – | (133) |
| Contributions from non-controlling interests (net) | – | – | – | – | – | – | – | – | – | – | 189 | 189 |
| Dividends paid/payable | – | (772) | – | – | – | – | – | – | (772) | – | (173) | (945) |
| Distribution attributable to perpetual securities | – | (5) | – | – | – | – | – | – | (5) | 13 | (8) | – |
| Distribution paid to perpetual securities | – | – | – | – | – | – | – | – | – | (13) | – | (13) |
| Reclassification of other capital reserve | – | (3) | – | 3 | – | – | – | – | – | – | – | – |
| Share-based payments | – | – | – | 42 | – | – | – | – | 42 | – | – | 42 |
| **Total contributions by and distributions to owners** | – | (780) | (107) | 27 | – | – | – | – | (860) | – | 8 | (852) |
| **Changes in ownership interests in subsidiaries and other capital transactions** | | | | | | | | | | | | |
| Changes in ownership interests in subsidiaries with a change in control | – | – | – | – | – | – | – | – | – | – | (230) | (230) |
| Changes in ownership interests in subsidiaries with no change in control | – | 7 | – | – | – | – | – | 7 | 14 | – | (14) | – |
| Share of reserves of associates and joint ventures | – | (7) | – | 7 | – | – | – | 1 | 1 | – | – | 1 |
| Others | – | 21 | – | (23) | – | – | – | – | (2) | – | (12) | (14) |
| **Total changes in ownership interests in subsidiaries and other capital transactions** | – | 21 | – | (16) | – | – | – | 8 | 13 | – | (256) | (243) |
| **Total transactions with owners** | – | (759) | (107) | 11 | – | – | – | 8 | (847) | – | (248) | (1,095) |
| **At 31 December 2022** | 10,760 | 10,267 | (315) | (4,759) | 127 | 27 | 6 | (980) | 15,133 | 396 | 3,400 | 18,929 |

# Includes equity compensation reserve and other capital reserves.

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

# Consolidated Statement of Changes in Equity

Year ended 31 December 2022

| | Share capital $'M | Revenue reserve $'M | Reserve for own shares $'M | Capital reserve# $'M | Hedging reserve $'M | Fair value reserve $'M | Asset revaluation reserve $'M | Foreign currency translation reserve $'M | Total $'M | Perpetual securities $'M | Non-controlling interests $'M | Total equity $'M |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **At 1 January 2021** | 7,926 | 8,916 | – | (4,756) | (110) | 52 | 6 | (159) | 11,875 | 396 | 3,463 | 15,734 |
| **Total comprehensive income** | | | | | | | | | | | | |
| Profit for the year | – | 1,349 | – | – | – | – | – | – | 1,349 | – | 211 | 1,560 |
| **Other comprehensive income** | | | | | | | | | | | | |
| Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations | – | – | – | – | – | – | – | 65 | 65 | – | 6 | 71 |
| Recognition of foreign exchange differences on disposal or liquidation of foreign operations in profit or loss | – | – | – | – | – | – | – | (19) | (19) | – | – | (19) |
| Effective portion of change in fair value of cash flow hedges | – | – | – | – | 49 | – | – | – | 49 | – | 7 | 56 |
| Recognition of hedging reserve in profit or loss | – | – | – | – | 1 | – | – | – | 1 | – | 1 | 2 |
| Share of other comprehensive income of associates and joint ventures | – | – | – | – | 61 | (1) | – | 182 | 242 | – | 2 | 244 |
| Change in fair value of equity investment at fair value through other comprehensive income | – | – | – | – | – | (15) | – | – | (15) | – | – | (15) |
| **Total other comprehensive income, net of tax** | – | – | – | – | 111 | (16) | – | 228 | 323 | – | 16 | 339 |
| **Total comprehensive income** | – | 1,349 | – | – | 111 | (16) | – | 228 | 1,672 | – | 227 | 1,899 |

# Includes equity compensation reserve and other capital reserves.

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

# Consolidated Statement of Changes in Equity

Year ended 31 December 2022

| | Share capital $'M | Revenue reserve $'M | Reserve for own shares $'M | Capital reserve# $'M | Hedging reserve $'M | Fair value reserve $'M | Asset revaluation reserve $'M | Foreign Currency translation reserve $'M | Total $'M | Perpetual securities $'M | Non-controlling interests $'M | Total equity $'M |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Transactions with owners, recorded directly in equity** | | | | | | | | | | | | |
| **Contributions by and distributions to owners** | | | | | | | | | | | | |
| Issue of new shares | 2,870 | – | – | – | – | – | – | – | 2,870 | – | – | 2,870 |
| Purchase of treasury shares | – | – | (208) | – | – | – | – | – | (208) | – | – | (208) |
| Contributions from non-controlling interests (net) | – | – | – | – | – | – | – | – | – | – | 218 | 218 |
| Dividends paid/payable | – | (4) | – | – | – | – | – | – | (4) | – | (103) | (107) |
| Distribution attributable to perpetual securities | – | (5) | – | – | – | – | – | – | (5) | 13 | (8) | – |
| Distribution paid to perpetual securities | – | – | – | – | – | – | – | – | – | (13) | – | (13) |
| Reclassification of other capital reserve | – | 38 | – | (38) | – | – | – | – | – | – | – | – |
| Share-based payments | – | – | – | 31 | – | – | – | – | 31 | – | 5 | 36 |
| **Total contributions by and distributions to owners** | 2,870 | 29 | (208) | (7) | – | – | – | – | 2,684 | – | 112 | 2,796 |
| **Changes in ownership interests in subsidiaries and other capital transactions** | | | | | | | | | | | | |
| Changes in ownership interests in subsidiaries with a change in control | – | 20 | – | (21) | (17) | – | – | (2) | (20) | – | (145) | (165) |
| Changes in ownership interests in subsidiaries with no change in control | – | (76) | – | – | – | – | – | 4 | (72) | – | 5 | (67) |
| Share of reserves of associates and joint ventures | – | (49) | – | 9 | – | – | – | – | (40) | – | – | (40) |
| Others | (36) | (24) | – | 5 | – | – | – | – | (55) | – | (1) | (56) |
| **Total changes in ownership interests in subsidiaries and other capital transactions** | (36) | (129) | – | (7) | (17) | – | – | 2 | (187) | – | (141) | (328) |
| **Total transactions with owners** | 2,834 | (100) | (208) | (14) | (17) | – | – | 2 | 2,497 | – | (29) | 2,468 |
| **At 31 December 2021** | 10,760 | 10,165 | (208) | (4,770) | (16) | 36 | 6 | 71 | 16,044 | 396 | 3,661 | 20,101 |

# Includes equity compensation reserve and other capital reserves.

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



# Consolidated Statement of Cash Flows

Year ended 31 December 2022

| | Note | 2022 $'M | 2021 $'M |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit after tax | | 1,070 | 1,560 |
| Adjustments for: | | | |
| Allowance for/(Write-back of): | | | |
| – impairment loss on receivables | | 25 | (64) |
| – impairment on intangible assets | 25 | – | 15 |
| Amortisation of intangible assets | 4 | 15 | 27 |
| Depreciation of property, plant and equipment and right-of-use assets | | 131 | 133 |
| Distribution income | 25 | (35) | (5) |
| Finance costs | 25 | 432 | 353 |
| Gain on disposal of equity investment fair value through profit or loss | 25 | – | (24) |
| Gain on disposal of investment properties | 25 | (14) | (205) |
| Income from income support guarantee | | – | (15) |
| Interest income | 25 | (53) | (29) |
| Loss on disposal and write-off of property, plant and equipment | 25 | 2 | 3 |
| (Gain)/Loss on right-of-use assets lease remeasurement/ modification | | (4) | 2 |
| Mark-to-market gain on derivative instruments | | (34) | – |
| Net fair value gain from investment properties | 25 | (250) | (255) |
| Net change in fair value of financial assets designated at fair value through profit or loss | 25 | 21 | 18 |
| Net gain from change of ownership interests in subsidiaries, associates and joint ventures | 25 | (210) | (131) |
| Share of results of associates and joint ventures | | (531) | (1,218) |
| Share-based expenses | | 68 | 58 |
| Tax expense | | 318 | 396 |
| | | (119) | (941) |
| **Operating profit before working capital changes** | | 951 | 619 |
| Changes in working capital: | | | |
| Trade and other receivables | | (74) | (7) |
| Development properties for sale | | 4 | (42) |
| Trade and other payables | | 31 | 307 |
| Restricted bank deposits | | 18 | (3) |
| | | (21) | 255 |
| Cash generated from operations | | 930 | 874 |
| Taxation paid | | (195) | (207) |
| **Net cash generated from operating activities** | | 735 | 667 |

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

# Consolidated Statement of Cash Flows

Year ended 31 December 2022

| | Note | 2022 $'M | 2021 $'M |
|---|---|---|---|
| **Cash flows from investing activities** | | | |
| Acquisition of/Development expenditure on investment properties | | (999) | (1,241) |
| Acquisition of subsidiaries, net of cash acquired | 29(b) | (242) | (1,390) |
| Deposits placed for acquisition of investment properties | | (10) | (1) |
| Deposits returned for disposal of a subsidiary | | – | (9) |
| Disposal of subsidiaries, net of cash disposed of | 29(d) | 723 | 573 |
| Dividends received from associates and joint ventures | | 348 | 1,980 |
| Interest income received | | 46 | 31 |
| Investments in associates, joint ventures and other investments | | (86) | (261) |
| (Investments in)/Proceeds from disposal of other financial assets | | (45) | 226 |
| Proceeds from disposal of investment properties | | 15 | 1,354 |
| Proceeds from disposal of assets held for sale | | – | 49 |
| Purchase of intangible assets and property, plant and equipment | | (156) | (42) |
| Settlement of hedging instruments | | 24 | (1) |
| **Net cash (used in)/generated from investing activities** | | (382) | 1,268 |
| **Cash flows from financing activities** | | | |
| Contributions from non-controlling interests | | 189 | 218 |
| Dividends paid to non-controlling interests | | (173) | (103) |
| Distributions to perpetual securities holders | | (13) | (13) |
| Dividends paid to shareholders | | (772) | (1) |
| Amount paid to former shareholders of subsidiaries | | (153) | – |
| Interest expense paid | | (418) | (342) |
| Loans from associates and joint ventures | | 1 | 1,260 |
| Purchase of treasury shares | | (133) | (208) |
| Payment for acquisition of ownership interests in subsidiaries with no change in control | | – | (40) |
| Payment for issue expenses for private placement and issuance of share capital | | (2) | (38) |
| Proceeds from bank borrowings | | 3,490 | 5,979 |
| Proceeds from issuance of debt securities | | 977 | 139 |
| Repayments of lease liabilities | | (69) | (64) |
| Repayments of bank borrowings | | (3,662) | (1,807) |
| Repayments of debt securities | | (619) | (220) |
| Repayment of loans from related companies | | (13) | (4,537) |
| **Net cash (used in)/generated from financing activities** | | (1,370) | 223 |
| **Net (decrease)/increase in cash and cash equivalents** | | (1,017) | 2,158 |
| Cash and cash equivalents at beginning of the year | | 3,815 | 1,678 |
| Effect of exchange rate changes on cash balances held in foreign currencies | | (145) | (21) |
| Cash and cash equivalents reclassified to assets held for sale | | (29) | – |
| **Cash and cash equivalents at end of the year** | 14 | 2,624 | 3,815 |

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



# Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 15 March 2023.

## 1 DOMICILE AND ACTIVITIES

CapitaLand Investment Limited (the Company) is incorporated in the Republic of Singapore and has its registered office at 168 Robinson Road, #30-01, Capital Tower, Singapore 068912.

The Company's immediate and ultimate holding companies are CapitaLand Group Pte. Ltd. and Temasek Holdings (Private) Limited respectively. Both companies are incorporated in the Republic of Singapore.

The principal activities of the Company are those relating to investment holding and provision of consultancy services as well as being the corporate headquarters which gives direction, provides management support services and integrates the activities of its subsidiaries.

The principal activities of the significant entities included in these consolidated financial statements are investment advisory and management, lodging management, property management, and investment holding including investment in real estate assets and related financial products.

The consolidated financial statements relate to the Company and its subsidiaries (the Group) and the Group's interests in associates and joint ventures.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

**(a) Statement of compliance**

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS). SFRS(I) are issued by the Accounting Standards Council and comprise standards and interpretations that are equivalent to IFRS as issued by the International Accounting Standard Board (IASB). All references to SFRS(I) and IFRS are subsequently referred to as SFRS(I) in these financial statements unless otherwise stated.

**(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

**(c) Functional and presentation currency**

These financial statements are presented in Singapore Dollars, which is the Company's functional currency. All financial information presented in Singapore Dollars have been rounded to the nearest million, unless otherwise stated.

**(d) Use of estimates and judgements**

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.1 **Basis of preparation** (continued)

(d) **Use of estimates and judgements** (continued)

Information about critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

| | | |
|---|---|---|
| Note 6 | – | consolidation; whether the Group has control over the investee |
| Note 9 | – | recognition of deferred tax assets |
| Note 2.2 (a), 30 | – | accounting for acquisitions as business combinations or asset acquisitions |

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

| | | |
|---|---|---|
| Note 4 | – | measurement of recoverable amounts of goodwill |
| Note 5, 31 | – | determination of fair value of investment properties |
| Note 30 | – | determination of fair value of assets, liabilities and contingent liabilities acquired in business combinations |
| Note 31 | – | determination of fair value of financial instruments |

The accounting policies set out below have been applied consistently by the Group entities to all periods presented in these financial statements, except as explained in note 37 which address changes in accounting policies.

2.2 **Basis of consolidation**

(a) **Business combinations and property acquisitions**

The 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 Group. In determining whether a particular set of activities and assets or acquisition of a property is a business, the 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 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.

Goodwill arising from business combinations are measured as described in note 2.5(a).

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.





2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.2 **Basis of consolidation** (continued)

(a) **Business combinations and property acquisitions** (continued)

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Non-controlling interests 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 non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition date fair value, unless another measurement basis is required by SFRS(I). If the business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at each acquisition date and any changes are taken to profit or loss.

When acquisition of an asset or a group of assets does not constitute a business combination, it is treated as property acquisition. In such cases, the individual identifiable assets acquired and liabilities assumed are recognised. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition. Such a transaction does not give rise to goodwill.

(b) **Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as transactions with owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset at fair value through other comprehensive income asset depending on the level of influence retained.

(c) **Associates and joint ventures**

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. Joint ventures are entities over whose activities the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.2 **Basis of consolidation** (continued)

(c) **Associates and joint ventures** (continued)

Associates and joint ventures are accounted for using the equity method (collectively referred to as "equity-accounted investees") and are recognised initially at cost. The cost of the investments includes transaction costs. The Group's investments in equity-accounted investees include goodwill identified on acquisition, net of any accumulated impairment losses. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operation or has made payments on behalf of the investee.

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2.11. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(d) **Joint operations**

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

(e) **Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(f) **Acquisition under common control**

Business combinations arising from transfers of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously and no adjustments are made to reflect the fair values or recognised any new assets or liabilities, including no goodwill is recognised as a result of the combination. The components of equity of the acquired entities are added to the same components within the Group equity. Any difference between the consideration paid for the acquisition and share capital of the acquiree is recognised directly to equity as reserve on consolidation.



Notes to the Financial Statements

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.3 **Foreign currencies**

***Foreign currency transactions***

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the functional currency).

Transactions in foreign currencies are translated to the respective functional currencies of the Group's entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting date are translated to the functional currency at the exchange rate prevailing at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising from translation are recognised in profit or loss, except for differences arising from the translation of monetary items that in substance form part of the Group's net investment in a foreign operation, financial assets fair value through other comprehensive income and financial liabilities designated as hedges of net investment in a foreign operation (note 2.8) or qualifying cash flow hedges to the extent such hedges are effective, which are recognised in other comprehensive income.

***Foreign operations***

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisitions, are translated to Singapore Dollars at exchange rates prevailing at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore Dollars at exchange rates prevailing at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is transferred to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or a joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is transferred to profit or loss.

***Net investment in a foreign operation***

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income and are presented in the translation reserve in equity.

Notes to the Financial Statements

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

### 2.4 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Certain of the Group's property, plant and equipment acquired through interests in subsidiaries, are accounted for as acquisition of assets (note 2.2(a)).

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset if it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and its cost can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use. Freehold land has unlimited useful life and therefore is not depreciated. Depreciation on property, plant and equipment is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment as follows:

| | |
|---|---|
| Leasehold land and buildings | 30 to 99 years |
| Plant, machinery and improvements | 1 to 10 years |
| Motor vehicles | 5 years |
| Furniture, fittings and equipment | 1 to 10 years |

Assets under construction are stated at cost and are not depreciated. Expenditure relating to assets under construction (including borrowing costs) are capitalised when incurred. Depreciation will commence when the development is completed and ready for use.

The assets' residual values, useful lives and depreciation methods are reviewed at each reporting date, and adjusted if appropriate.

### 2.5 Intangible assets

**(a) Goodwill**

For business combinations, the Group measures goodwill as at acquisition date based on the fair value of the consideration transferred (including the fair value of any pre-existing equity interest in the acquiree) and the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the amount is negative, a gain on bargain purchase is recognised in profit or loss. Goodwill is subsequently measured at cost less accumulated impairment losses.

Goodwill arising from the acquisition of subsidiaries is included in intangible assets. Goodwill arising from the acquisition of associates and joint ventures is presented together with interests in associates and joint ventures.

Goodwill is tested annually for impairment as described in note 2.11.

**(b) Other intangible assets**

Other intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. These are amortised in profit or loss on a straight-line basis over their estimated useful lives of one to ten years, from the date on which the assets are available for use.

Other intangible assets with indefinite useful lives are not amortised and are measured at cost less accumulated impairment losses.



2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

### 2.6 Investment properties and investment properties under development

Investment properties are properties held either to earn rental or for capital appreciation or both. Investment properties under development are properties being constructed or developed for future use as investment properties. Certain of the Group's investment properties acquired through interests in subsidiaries, are accounted for as acquisition of assets (note 2.2(a)).

Investment properties and investment properties under development are initially recognised at cost, including transaction costs, and subsequently at fair value with any change therein recognised in profit or loss. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. The fair value is determined based on internal valuation or independent professional valuation. Independent valuation is also carried out on occurrence of acquisition.

When an investment property or investment property under development is disposed of, the resulting gain or loss recognised in profit or loss is the difference between the net disposal proceed and the carrying amount of the property.

Transfers to, or from, investment properties are made where there is a change in intent and use, evidenced by:

- development with a view to sell, for a transfer from investment properties to development properties for sale;
- commencement of leasing activities for a transfer from development properties for sale to investment properties;
- commencement of owner-occupation, for a transfer from investment properties to property, plant and equipment; and
- end of owner-occupation, for a transfer from property, plant and equipment to investment properties.

### 2.7 Non-current assets and liabilities held for sale

Non-current assets and liabilities, that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the applicable SFRS(I). Thereafter, the assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment classified as held for sale are not amortised or depreciated. In addition, equity accounting of associates and joint ventures ceases once the investments are classified as held for sale.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.8 **Financial instruments**

(a) **Non-derivative financial assets**

***Classification and measurement***

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

- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVTPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

***At initial recognition***

A financial asset is recognised if the Group becomes a party to the contractual provisions of the financial asset.

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

***At subsequent measurement***

*(i)* ***Financial assets at amortised cost***

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method.

*(ii)* ***Financial assets at FVOCI***

Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in other comprehensive income (OCI) and accumulated in fair value reserve, except for the recognition of impairment, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other operating income and expenses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

The Group has elected to recognise changes in fair value of equity securities not held for trading in OCI as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of equity investments classified as FVOCI are presented as "fair value gains/losses" in OCI. Dividends from equity investments are recognised in profit or loss as dividend income. On disposal of an equity investment, any difference between the carrying amount and sales proceed amount would be recognised in OCI and transferred to revenue reserve along with the amount previously recognised in OCI relating to that asset.





2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.8 **Financial instruments** (continued)

(a) **Non-derivative financial assets** (continued)

***At subsequent measurement*** *(continued)*

*(iii)* ***Financial assets at FVTPL***

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

(b) **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

(c) **Non-derivative financial liabilities**

The Group initially recognises debt securities issued on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the acquisition date. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

A financial liability is classified as fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

The Group classifies non-derivative financial liabilities under the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method. Other financial liabilities comprise loans, borrowings, debt securities and trade and other payables.

(d) **Derecognition**

Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or transfers substantially all the risks and rewards of the assets. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

***Interest rate benchmark reform***

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. No immediate gain or loss is recognised. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis of determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the changes.

Notes to the Financial Statements

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.8 **Financial instruments** (continued)

(d) **Derecognition** (continued)

***Interest rate benchmark reform*** *(continued)*

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modification to the additional changes.

(e) **Offsetting**

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(f) **Derivative financial instruments and hedge accounting**

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates each hedge as either: (a) fair value hedge; (b) cash flow hedge; or (c) net investment hedge.

On initial designation of the derivative as the hedging instrument, the Group formally documents the economic relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

***Cash flow hedges***

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

Where the hedged forecast transaction subsequently results in the recognition of a non-financial item, such as inventory, the amounts recognised as OCI is included in the initial cost of the non-financial item.



2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.8 **Financial instruments** (continued)

(f) **Derivative financial instruments and hedge accounting** (continued)

***Cash flow hedges*** *(continued)*

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

***Fair value hedges***

The firm commitment of contracts entered into with various customers denominated in foreign currencies are designated as the hedged item. The Group uses foreign currency forwards to hedge its exposure to foreign currency risk arising from these contracts. Under the Group's policy, the critical terms of the forward exchange contracts must align with the hedged items. The Group designates the spot component of forward contracts as the hedging instrument. The fair value changes on the hedged item resulting from currency risk are recognised in profit or loss. The fair value changes on the spot of the currency forwards designated as fair value hedges are recognised in profit or loss within the same line item as the fair value changes from the hedged item. The fair value changes on the ineffective portion of currency forwards are recognised in profit or loss and presented separately in "other operating income or expenses".

***Net investment hedge***

The Group designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss on disposal of the foreign operation.

***Separable embedded derivatives***

Changes in the fair value of separated embedded derivatives are recognised immediately in profit or loss.

***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.

***Hedges directly affected by interest rate benchmark reform***

<u>Phase 1 amendments: Prior to interest rate benchmark reform – when there is uncertainty arising from interest rate benchmark reform</u>

A hedging relationship is directly affected by the uncertainties arising from the interbank offered rates (IBOR) reform with respect to the hedged risk and the timing and amount of the interest rate benchmark-based cash flows of the hedged item and hedge instruments. For the purpose of evaluating whether the hedging relationship is expected to be highly effective (i.e. prospective effectiveness assessment), the Group assumes that the benchmark interest rate on which the cash flows are based is not altered as a result of IBOR reform.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.8 **Financial instruments** (continued)

(f) **Derivative financial instruments and hedge accounting** (continued)

***Hedges directly affected by interest rate benchmark reform*** *(continued)*

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of interest rate benchmark reform for the purpose of assessing whether the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. In determining whether a previously designated forecast transaction in a discontinued cash flow hedge is still expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

The Group will cease to apply the amendments to its effectiveness assessment of the hedging relationship at the earlier of, when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the hedged risk and the timing and the amount of the interest rate benchmark-based cash flows of the hedged item and hedging instrument; and when the hedging relationship is discontinued.

Phase 2 amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from interest rate benchmark reform

When the basis for determining the contractual cash flows of the hedged item or the hedging instrument changes as a result of interest rate benchmark reform and therefore there is no longer uncertainty arising about the cashflows of the hedged item or the hedging instrument, the Group amends the hedge documentation of that hedging relationship to reflect the change(s) required by interest rate benchmark reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

For this purpose, the hedge designation is amended only to make one or more of the following changes:

- designating an alternative benchmark rate as the hedged risk;
- updating the description of hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
- updating the description of the hedged instrument.

The Group amends the description of the hedging instrument only if the following conditions are met:

- it makes a change required by interest rate benchmark reform by changing the basis for determining the contractual cash flows of the hedging instrument or using another approach that is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
- the original hedging instrument is not derecognised.

The Group amends the formal hedge documentation by the end of the reporting period during which a change required by interest rate benchmark reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.



Notes to the Financial Statements

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.8 **Financial instruments** (continued)

(f) **Derivative financial instruments and hedge accounting** (continued)

***Hedges directly affected by interest rate benchmark reform*** *(continued)*

If changes are made in addition to those changes required by interest rate benchmark reform described above, then the Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in discontinuation of the hedge accounting relationship, then the Group amends the formal hedge documentation for changes required by interest rate benchmark reform as mentioned above.

When the interest rate benchmark on which the hedged future cashflows had been based is changed as required by interest rate benchmark reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognised in OCI for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

(g) **Sustainability-linked loans**

The Group borrows loans with contractual cash flows based on the Group meeting several sustainability performance targets. The Group has determined that the variability in cash flows linked to the Group's sustainability performance targets is a non-financial variable specific to the parties to the contract, and therefore, in accordance with the Group's accounting policy, the feature fails the definition of a derivative. Accordingly, the feature is not separated. Instead, it is included in the calculation of the effective interest of the loans.

(h) **Perpetual securities**

The perpetual securities do not have a maturity date and distribution payment is optional at the discretion of the Group. As the Group does not have a contractual obligation to repay the principal nor make any distributions, perpetual securities are classified as a separate class of equity.

Any distributions made are directly debited from total equity. Incremental costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

(i) **Financial guarantees**

Financial guarantee contracts are classified as financial liabilities unless the Group has previously asserted explicitly that it regards such contracts as insurance contracts and accounted for them as such.

***Financial guarantees classified as financial liabilities***

Such financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount of loss allowance. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to profit or loss.

***Financial guarantees classified as insurance contracts***

Provision is recognised based on the Group's estimates of the ultimate cost of settling all claims incurred but unpaid at the end of the reporting period.

The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

Notes to the Financial Statements

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.8 **Financial instruments** (continued)

**(j) Impairment of financial assets**

The Group assesses on a forward looking basis the ECL associated with its financial assets carried at amortised cost and FVOCI, contract assets and financial guarantee classified as insurance contracts. For trade receivables, lease receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group applies the general approach of 12-month ECL at initial recognition for all other financial assets and financial guarantee contracts.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

***Presentation of allowance for ECLs in the balance sheet***

Loss allowance 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 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 Group's procedures for recovery of amounts due.

2.9 **Share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

***Repurchase, disposal and reissue of share capital (treasury shares)***

Where share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in reserve for own shares account. Where treasury shares are subsequently reissued, sold or cancelled, the consideration received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.



2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.9 **Share capital** (continued)

***Distribution of non-cash assets to owners of the Company***

The Company measures a liability to distribute non-cash assets as a dividend or capital return to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Company recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

2.10 **Development properties for sale**

Development properties are measured at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the property. The write-down to net realisable value is presented as allowance for foreseeable losses.

The cost of development properties comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure.

When the development properties for sale are being transferred to investment property, any difference between the fair value of the property and its previous carrying amount at the date of transfer is recognised in profit or loss.

2.11 **Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets, other than investment properties, development properties for sale and stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified, an impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. 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 is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGU that are expected to benefit from the synergies of the combination.

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate or a joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate or a joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate or a joint venture may be impaired.

Notes to the Financial Statements

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

**2.12 Employee benefits**

All short-term employee benefits, including accumulated compensated absences, are measured on an undiscounted basis and are recognised in the period in which the employees render their services.

The Group's obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value.

A provision is recognised for the amount expected to be paid under cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

***Defined contribution plans***

Contributions to post-employment benefits under defined contribution plans are recognised as an expense in profit or loss in the period during which the related services are rendered by employees.

***Share-based payments***

For equity-settled share-based payment transactions, the fair value of the services received is recognised as an expense with a corresponding increase in equity over the vesting period during which the employees become unconditionally entitled to the equity instrument. The fair value of the services received is determined by reference to the fair value of the equity instrument granted at the grant date. At each reporting date, the number of equity instruments that are expected to be vested are estimated. The impact on the revision of original estimates is recognised as an expense and as a corresponding adjustment to equity over the remaining vesting period, unless the revision to original estimates is due to market conditions. No adjustment is made if the revision or actual outcome differs from the original estimate due to market conditions. The Group recognises the effect of modification that increase the total fair value of the share-based payment arrangement. The incremental fair value granted is included in the measurement of the amount recognised for services received over the period from modification date until the date when the modified equity-settled share-based payments transactions vest.

For cash-settled share-based payment transactions, the fair value of the goods or services received is recognised as an expense with a corresponding increase in liability. The fair value of the services received is determined by reference to the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

**2.13 Provision**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for onerous contract is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under the contract and an allocation of other costs directly related to fulfilling the contact. Before a provision is established, the Group recognises any impairment loss on the assets associated with the contract.



2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

**2.14 Leases**

***(i) As a lessee***

At commencement or on modification of a contract that contains a lease component, the 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 Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use assets and a lease liability at the lease commitment date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the leases liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end if the lease term or the cost of the right-of-use assets reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property carried at fair value in accordance with note 2.6.

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.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

The Group presents the right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" and lease liabilities in "borrowings" in the balance sheet.

***Short-term leases and leases of low-value assets***

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including office equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

***(ii) As a lessor***

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group leases out its investment property, including own property and right-of-use assets. The Group has classified these leases as operating leases.

Notes to the Financial Statements

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

**2.14 Leases** (continued)

***(ii) As a lessor*** *(continued)*

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group recognises lease payments received from investment property under operating leases as rental income on a straight-line basis over the lease term as part of "revenue". Rental income from sub-leased property is recognised as "other income".

**2.15 Revenue recognition**

***Rental income***

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

***Fee income***

Fee income from provision of fund and asset management, property management, lodging management and administrative and support service is recognised as the services are provided.

The Group also earns performance fees from the provision of fund management services. Performance fees are for performance obligations fulfilled over time and for which consideration is variable. The fees for each applicable fund are determined in accordance with the relevant agreement which stipulates out-performance of a benchmark over a given period. Performance fee revenue is recognised to the extent that it is highly probable that the amount of variable consideration recognised will not be significantly reversed when the uncertainty is resolved.

***Development properties for sale***

The Group develops and sells residential projects to customers through fixed-price contracts. Revenue is recognised when the control over the residential project has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the residential project over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

For certain contracts where the Group does not have enforceable right to payment, revenue is recognised only when the completed residential project is delivered to the customers and the customers have accepted it in accordance with the sales contract.

Revenue is measured at the transaction price agreed under the contract. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

For costs incurred in fulfilling the contract, the Group will capitalise these as contract costs assets only if (a) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

**2.15 Revenue recognition** (continued)

***Development properties for sale*** *(continued)*

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

**2.16 Government grants**

Government grants related to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as "other operating income" on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as "other operating income" on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

**2.17 Finance income and finance costs**

The Group's finance income and finance costs mainly comprise interest income and interest expense. Interest income or expense is recognised in profit or loss using the effective interest rate method. Interest expense that is directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale, is capitalised.

**2.18 Tax**

Income tax expense comprises current and deferred tax expense, as well as land appreciation tax in China. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Temporary differences in relation to a right-of-use asset and lease liability for a specific lease are presented as net for the purpose of recognising deferred tax.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The 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 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.

Land appreciation tax in China relates to the tax on gains arising from the transfer of land use right and the buildings that are constructed on the land. Land appreciation tax is levied at 30% to 60% on gain from sale of landed properties with reference to the percentage of appreciated value over the deductible expenditure.

### 2.19 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to owners of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share plans granted to employees.

### 2.20 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the CLI Leadership Council (the Council) that makes strategic resource allocation decisions. The Council comprises the Group Chief Executive Officer (CEO), CEOs of the business units and key management officers of the corporate office.

### 2.21 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re-presented as if operation had been discontinued from the start of the comparative year.



Notes to the Financial Statements

## 3 PROPERTY, PLANT AND EQUIPMENT

| | The Group 2022 $'M | The Group 2021 $'M | The Company 2022 $'M | The Company 2021 $'M |
|---|---|---|---|---|
| Property, plant and equipment owned | 923 | 697 | * | * |
| Right-of-use assets classified within property, plant and equipment | 302 | 370 | 13 | 21 |
| | 1,225 | 1,067 | 13 | 21 |

* Less than $1 million

***Property, plant and equipment owned***

| | Land and buildings $'M | Plant, machinery and improvements $'M | Motor vehicles $'M | Furniture, fittings and equipment $'M | Assets under construction $'M | Total $'M |
|---|---|---|---|---|---|---|
| **The Group** | | | | | | |
| **Cost** | | | | | | |
| At 1 January 2021 | 637 | 108 | 12 | 437 | 8 | 1,202 |
| Translation differences | 6 | (1) | * | (10) | 1 | (4) |
| Additions | 1 | 1 | – | 17 | 4 | 23 |
| Disposal of subsidiaries | – | (2) | – | (1) | – | (3) |
| Disposals/Written off | – | (4) | (1) | (25) | * | (30) |
| Reclassification to other categories of assets | – | – | – | (6) | (2) | (8) |
| Reclassifications | 4 | (14) | – | 17 | (7) | – |
| At 31 December 2021 | 648 | 88 | 11 | 429 | 4 | 1,180 |
| | | | | | | |
| At 1 January 2022 | 648 | 88 | 11 | 429 | 4 | 1,180 |
| Translation differences | (57) | (7) | (1) | (30) | – | (95) |
| Additions | 1 | 1 | * | 20 | 6 | 28 |
| Disposals/Written off | – | (6) | * | (11) | * | (17) |
| Reclassification from other categories of assets | 322 | * | * | 5 | – | 327 |
| Reclassifications | 1 | – | – | 1 | (2) | – |
| At 31 December 2022 | 915 | 76 | 10 | 414 | 8 | 1,423 |

* Less than $1 million

3 **PROPERTY, PLANT AND EQUIPMENT** (CONTINUED)

***Property, plant and equipment owned*** *(continued)*

| | Note | Land and buildings $'M | Plant, machinery and improvements $'M | Motor vehicles $'M | Furniture, fittings and equipment $'M | Assets under construction $'M | Total $'M |
|---|---|---|---|---|---|---|---|
| **The Group** | | | | | | | |
| **Accumulated depreciation and impairment loss** | | | | | | | |
| At 1 January 2021 | | 82 | 48 | 12 | 313 | – | 455 |
| Translation differences | | * | * | * | (7) | – | (7) |
| Depreciation for the year | 25(c)(ii) | 16 | 12 | * | 42 | – | 70 |
| Disposal of subsidiaries | | – | (2) | – | – | – | (2) |
| Disposals/Written off | | – | (4) | (1) | (22) | – | (27) |
| Reclassification to other categories of assets | | – | – | – | (6) | – | (6) |
| Reclassifications | | – | (8) | – | 8 | – | – |
| At 31 December 2021 | | 98 | 46 | 11 | 328 | – | 483 |
| At 1 January 2022 | | 98 | 46 | 11 | 328 | – | 483 |
| Translation differences | | (1) | (3) | (1) | (26) | – | (31) |
| Depreciation for the year | 25(c)(ii) | 18 | 9 | * | 37 | – | 64 |
| Disposals/Written off | | – | (6) | * | (10) | – | (16) |
| At 31 December 2022 | | 115 | 46 | 10 | 329 | – | 500 |
| **Carrying amounts** | | | | | | | |
| At 1 January 2021 | | 555 | 60 | – | 124 | 8 | 747 |
| At 31 December 2021 | | 550 | 42 | – | 101 | 4 | 697 |
| At 31 December 2022 | | 800 | 30 | – | 85 | 8 | 923 |

* Less than $1 million

As at 31 December 2022, the carrying amounts of land and buildings comprise freehold land and buildings of $462 million (2021: $530 million) and leasehold land and buildings of $338 million (2021: $20 million).

As at 31 December 2022, certain property, plant and equipment with carrying value totalling approximately $15 million (2021: $19 million) were mortgaged to banks to secure credit facilities for the Group (note 16).

(a) The classification of lodging properties as property, plant and equipment or investment property is based on the level of ancillary services, length of stay, amongst other factors. During the year, the Group evaluated and reclassified a hotel property operated under management contract in Singapore to property, plant and equipment based on the fair value obtained from independent professional valuation as at 31 December 2021. The Group plans to rebrand and renovate the property, and operate it as a full facility hotel.





3 **PROPERTY, PLANT AND EQUIPMENT** (CONTINUED)

***Right-of-use assets classified within property, plant and equipment***

| | Note | Buildings $'M |
|---|---|---|
| **The Group** | | |
| **Cost** | | |
| At 1 January 2021 | | 467 |
| Translation differences | | (2) |
| Additions | | 83 |
| Expiry/Termination of leases | | (7) |
| At 31 December 2021 | | 541 |
| At 1 January 2022 | | 541 |
| Translation differences | | (37) |
| Additions | | 61 |
| Expiry/Termination of leases | | (82) |
| At 31 December 2022 | | 483 |
| **Accumulated depreciation** | | |
| At 1 January 2021 | | 118 |
| Translation differences | | (4) |
| Depreciation for the year | 25(c)(ii) | 63 |
| Expiry/Termination of leases | | (6) |
| At 31 December 2021 | | 171 |
| At 1 January 2022 | | 171 |
| Translation differences | | (12) |
| Depreciation for the year | 25(c)(ii) | 67 |
| Expiry/Termination of leases | | (45) |
| At 31 December 2022 | | 181 |
| **Carrying amounts** | | |
| At 1 January 2021^ | | 349 |
| At 31 December 2021^ | | 370 |
| At 31 December 2022^ | | 302 |

| | Buildings $'M |
|---|---|
| **The Company** | |
| **Cost** | |
| At 1 January 2021 | – |
| Additions | 24 |
| At 31 December 2021 | 24 |
| At 1 January 2022 and 31 December 2022 | 24 |
| **Accumulated depreciation** | |
| At 1 January 2021 | – |
| Depreciation for the year | 3 |
| At 31 December 2021 | 3 |
| At 1 January 2022 | 3 |
| Depreciation for the year | 8 |
| At 31 December 2022 | 11 |
| **Carrying amounts** | |
| At 1 January 2021 | – |
| At 31 December 2021 | 21 |
| At 31 December 2022 | 13 |

^ Right-of-use assets include motor vehicles with carrying amount less than $1 million as at 31 December 2022 and 31 December 2021

4 **INTANGIBLE ASSETS**

| | Note | Goodwill $'M | Management contracts $'M | Others^ $'M | Total $'M |
|---|---|---|---|---|---|
| **The Group** | | | | | |
| **Cost** | | | | | |
| At 1 January 2021 | | 749 | 317 | 216 | 1,282 |
| Additions | | – | – | 19 | 19 |
| Written off | | – | – | (1) | (1) |
| Reclassification from other categories of assets | | – | – | 18 | 18 |
| Translation differences | | (3) | * | 1 | (2) |
| At 31 December 2021 | | 746 | 317 | 253 | 1,316 |
| At 1 January 2022 | | 746 | 317 | 253 | 1,316 |
| Additions | | – | 25 | 101 | 126 |
| Acquisition of subsidiary | 29(b) | 49 | 8 | – | 57 |
| Written off | | – | – | (4) | (4) |
| Reclassification from other categories of assets | | – | 3 | (2) | 1 |
| Translation differences | | (15) | (6) | (7) | (28) |
| At 31 December 2022 | | 780 | 347 | 341 | 1,468 |
| **Accumulated amortisation and impairment loss** | | | | | |
| At 1 January 2021 | | 212 | – | 64 | 276 |
| Amortisation for the year | 25(c)(ii) | – | – | 27 | 27 |
| Impairment for the year | 25(c)(iii) | – | – | 15 | 15 |
| Written off | | – | – | (1) | (1) |
| Reclassification from other categories of assets | | – | – | 8 | 8 |
| Translation differences | | 1 | – | * | 1 |
| At 31 December 2021 | | 213 | – | 113 | 326 |
| At 1 January 2022 | | 213 | – | 113 | 326 |
| Amortisation for the year | 25(c)(ii) | – | 1 | 14 | 15 |
| Written off | | – | – | (4) | (4) |
| Translation differences | | (11) | – | – | (11) |
| At 31 December 2022 | | 202 | 1 | 123 | 326 |
| **Carrying amounts** | | | | | |
| At 1 January 2021 | | 537 | 317 | 152 | 1,006 |
| At 31 December 2021 | | 533 | 317 | 140 | 990 |
| At 31 December 2022 | | 578 | 346 | 218 | 1,142 |

^ Others comprise trademarks, software and licences and club memberships. The additions for the year mainly relate to the purchase of trademark of a lodging platform.
* Less than $1 million



Notes to the Financial Statements

4 **INTANGIBLE ASSETS** (CONTINUED)

**(a) Impairment test for goodwill**

The key assumptions used in the estimation of the recoverable amount are set below:

| | Key assumptions: Terminal growth rates 2022 % | Terminal growth rates 2021 % | Discount rates 2022 % | Discount rates 2021 % | Carrying Value 2022 $'M | Carrying Value 2021 $'M |
|---|---|---|---|---|---|---|
| The Ascott Limited (Ascott) | 0.5 | 0.2 | 6.3 | 5.6 | 417 | 417 |
| Synergy Global Housing | 2.0 | 2.0 | 12.0 | 10.0 | 5 | 5 |
| TAUZIA Hotel Management (TAUZIA) | 3.0 | 2.0 | 15.5 | 13.5 | 10 | 9 |
| QSA Group Pty Ltd (QSA Group) | 1.7 | 2.5 | 12.0 | 11.0 | 48 | 53 |
| Oakwood Worldwide (Asia) Pte. Ltd. (Oakwood) | 2.0 | – | 12.5 | – | 49 | – |
| Ascendas-Singbridge (ASB) | 1.0 | 1.0 | 6.3 | 4.4 | 49 | 49 |
| As at 31 December | | | | | 578 | 533 |

**Ascott, Synergy Global Housing, TAUZIA, QSA Group and Oakwood**

The recoverable amounts of the CGUs are determined based on value in use calculations. The value in use calculation is a discounted cash flow model using cash flow projections based on the most recent forecasts approved by management covering three to ten years. The discounted cash flow models also took into account the probability of changes to cashflow projection, taking into consideration the COVID-19 pandemic. Cash flows beyond these periods are extrapolated using the estimated terminal growth rates stated in the table above. The discount rates applied are the weighted average cost of capital from the relevant business segments. The key assumptions are those relating to expected changes in average rental, occupancy rates, direct costs and market volatility affecting weighted average cost of capital. The terminal growth rates used for each CGU are based on management's expectation of the long-term average growth rates of the respective industry and countries in which the CGUs operate. Management has assessed that the recoverable amount to be higher than its carrying amount.

As disclosed in note 30, goodwill of $49 million was recorded on the acquisition of Oakwood in July 2022.

**ASB**

The recoverable amount of the CGU is determined based on value in use calculations. The value in use calculation is a discounted cash flow model using cash flow projections based on the most recent forecasts approved by management covering 10 years. Cash flows beyond the third year are extrapolated using the estimated terminal growth rate of 1.0% (2021: 1.0%). The discount rate of 6.3% (2021: 4.4%) is applied using the weighted average cost of capital from the relevant business segment. Management has assessed that the recoverable amount to be higher than its carrying amount.

**(b) Impairment test for management contracts**

These mainly relate to the management contracts entered into between subsidiary companies and CapitaLand Ascendas REIT (CLAR, formerly known as Ascendas Real Estate Investment Trust) and CapitaLand India Trust (formerly known as Ascendas India Trust). These contracts are deemed to have indefinite useful lives and are measured at cost less accumulated impairment losses.

The recoverable amount of the CGU is determined based on value in use calculations. Cash flow projections are based on forecast using discount rates of 8.0% to 9.3% (2021: 5.9% to 8.4%) and growth rates of 1.0% (2021: 1.0%) covering a 10-year period and beyond. The forecast is reviewed, updated and approved by management on an annual basis. The Group has assessed and determined that no impairment in the value of management contracts has arisen.

Notes to the Financial Statements

4 **INTANGIBLE ASSETS** (CONTINUED)

(c) In 2021, an impairment loss of $15 million was recognised in respect of certain software applications. Management has assessed and fully impaired the carrying amounts of these software applications as they are expected to be phased out and replaced due to the implementation of new software applications. The impairment losses were recognised in other operating expenses in the consolidated income statement.

5 **INVESTMENT PROPERTIES**

| | Note | The Group 2022 $'M | 2021 $'M |
|---|---|---|---|
| At 1 January | | 16,249 | 15,852 |
| Acquisition of subsidiaries | 29(b) | 220 | 1,118 |
| Disposal of subsidiaries | 29(d) | (1,646) | (1,015) |
| Additions | | 1,273 | 1,237 |
| Disposals | | (36) | (1,182) |
| Reclassification to assets held for sale | | (351) | (2) |
| Reclassification to development properties for sale | | – | (18) |
| Reclassification to property, plant and equipment | | (327) | – |
| Changes in fair value | 25(a) | 250 | 255 |
| Translation differences | | (926) | 4 |
| At 31 December | | 14,706 | 16,249 |

(a) Investment properties, which include those in the course of development, are stated at fair value based on independent professional valuations. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation rate, terminal yield rate, discount rate, comparable market price and occupancy rate.

The carrying amounts of the investment properties at reporting dates were based on valuations performed by the independent external valuers. The valuers had considered valuation techniques including the direct comparison method, capitalisation approach, discounted cash flows and residual method in arriving at the open market value as at the reporting date.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. In the residual method of valuation, the total gross development costs and developer's profit are deducted from the gross development value to arrive at the residual value of land. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation. Details of valuation methods and key assumptions used to estimate the fair values of investment properties are set out in note 31.

Due to the uncertain future impact that the COVID-19 pandemic, geopolitical events in Ukraine and global inflationary pressures might have on the real estate market, the carrying amounts of the investment properties were current as at 31 December 2022 only. Values for certain properties may change more rapidly and significantly than during normal market conditions.

5 **INVESTMENT PROPERTIES** (CONTINUED)

(b) The Group's investment properties which are classified under Level 3 in the fair value hierarchy are analysed below:

| | Shopping mall $'M | Office $'M | Integrated development $'M | Lodging $'M | Business park, industrial and logistics $'M | Total $'M |
|---|---|---|---|---|---|---|
| **The Group** | | | | | | |
| **31 December 2022** | | | | | | |
| Singapore | – | – | – | 912 | 204 | 1,116 |
| China (includes Hong Kong) | 441 | 1,214 | 561 | 330 | 1,278 | 3,824 |
| Others* | 1,307 | 51 | 141 | 7,637 | 630 | 9,766 |
| | 1,748 | 1,265 | 702 | 8,879 | 2,112 | 14,706 |
| **31 December 2021** | | | | | | |
| Singapore | – | 1,100 | – | 1,146 | 207 | 2,453 |
| China (includes Hong Kong) | 481 | 900 | 614 | 376 | 1,420 | 3,791 |
| Others* | 1,537 | 366 | – | 7,432 | 670 | 10,005 |
| | 2,018 | 2,366 | 614 | 8,954 | 2,297 | 16,249 |

* Others include countries in Asia (excluding Singapore and China), Europe, United Kingdom, United States of America and Australia.

(c) As at 31 December 2022, investment properties valued at $1,053 million (2021: $710 million) were under development.

(d) As at 31 December 2022, certain investment properties with carrying value of approximately $8,166 million (2021: $9,291 million) were mortgaged to banks to secure credit facilities (notes 16 and 17).

(e) Investment properties of the Group are held mainly for use by tenants under operating leases. Minimum lease payments receivable under non-cancellable operating leases of investment properties and not recognised in the financial statements are as follows:

| | 2022 $'M | 2021 $'M |
|---|---|---|
| Lease rentals receivable: | | |
| Less than one year | 316 | 503 |
| One to two years | 203 | 357 |
| Two to three years | 135 | 287 |
| Three to four years | 83 | 256 |
| Four to five years | 58 | 230 |
| More than five years | 295 | 882 |
| | 1,090 | 2,515 |

(f) Contingent rents, representing income based on sales turnover achieved by tenants, amounted to $13 million for the year ended 31 December 2022 (2021: $8 million).

(g) As at 31 December 2022, the right-of-use of the land and buildings that are classified within investment properties has a carrying amount of $305 million (2021: $347 million).

(h) As at 31 December 2022, the investment properties that are freehold and leasehold are valued at $8,043 million (2021: $7,594 million) and $6,663 million (2021: $8,655 million) respectively.

6 **SUBSIDIARIES**

| | | The Company 2022 $'M | The Company 2021 $'M |
|---|---|---|---|
| (a) | Unquoted shares, at cost | 6,918 | 6,718 |
| | Less: | | |
| | Allowance for impairment loss | (45) | (37) |
| | | 6,873 | 6,681 |
| | Add: | | |
| | Amounts due from subsidiaries, at amortised cost: | | |
| | Loan accounts | | |
| | – interest free | 4,295 | 4,478 |
| | | 11,168 | 11,159 |

(i) Loans due from subsidiaries are unsecured and not expected to be repaid within the next twelve months.

(ii) Movements in allowance for impairment loss were as follows:

| | The Company 2022 $'M | The Company 2021 $'M |
|---|---|---|
| At 1 January | (37) | (8) |
| Allowance during the year | (8) | (29) |
| At 31 December | (45) | (37) |

(iii) During the year ended 31 December 2022, the Company carried out a review of the recoverable amount of its investment in subsidiaries and recognised an impairment loss of $8 million (2021: $29 million) in respect of its investment in subsidiaries.

The recoverable amounts of the relevant subsidiaries were estimated based on the net assets of the subsidiaries as at the reporting date and approximates their fair values. The fair value measurement is categorised as Level 3 in the fair value hierarchy.

(iv) The Company's exposure to credit risk on the amounts due from subsidiaries is disclosed in note 32.



Notes to the Financial Statements

6 **SUBSIDIARIES** (CONTINUED)

(b) The significant subsidiaries directly and indirectly held by the Company, which are incorporated and conducting business in the Republic of Singapore, are as set out below:

| Name of Company | Effective interest 2022 % | Effective interest 2021 % |
|---|---|---|
| CapitaLand Business Services Pte Ltd | 100 | 100 |
| CLI India Pte Ltd | 100 | 100 |
| CLI International Pte Ltd | 100 | 100 |
| CapitaLand Mall Asia Limited[1] | 100 | 100 |
| CLI FM Pte Ltd | 100 | 100 |
| CLI PE Pte. Ltd. (formerly known as CLI FM Two Pte. Ltd.) | 100 | 100 |
| CLI Singapore Pte Ltd | 100 | 100 |
| CLI Treasury Limited | 100 | 100 |
| The Ascott Limited | 100 | 100 |

All the above subsidiaries are audited by KPMG LLP Singapore.

1 Includes 15.2% (2021: 15.2%) interest indirectly held through CapitaLand Business Services Pte Ltd.

(c) Determining whether the Group has control over the REITs it manages requires management judgement. In exercising its judgement, management considers the proportion of its ownership interest and voting rights, the REIT managers' decision making authority over the REITs as well as the Group's overall exposure to variable returns, both from the REIT managers' remuneration and their interests in the REITs.

The Group assesses that it controls CapitaLand Malaysia Trust (CLMT) and CapitaLand Ascott Trust (CLAS, formerly known as Ascott Residence Trust) (collectively referred to as consolidated REITs), although the Group owns less than half of the ownership interest and voting power of the consolidated REITs. CLAS is a stapled group comprising CapitaLand Ascott Real Estate Investment Trust (formerly known as Ascott Real Estate Investment Trust) and CapitaLand Ascott Business Trust (formerly known as Ascott Business Trust).

The activities of the consolidated REITs are managed by the Group's wholly-owned subsidiaries, namely CapitaLand Malaysia Mall REIT Management Sdn Bhd and CapitaLand Ascott Trust Management Limited (formerly known as Ascott Residence Trust Management Limited) and CapitaLand Ascott Business Trust Management Pte. Ltd. (formerly known as Ascott Business Trust Management Pte. Ltd.) (collectively referred to as REIT Managers). REIT Managers have decision-making authority over the consolidated REITs, subject to oversight by the trustee of the respective consolidated REITs. The Group's overall exposure to variable returns, both from the REIT Managers' remuneration and the interests in the consolidated REITs, is significant and any decisions made by the REIT Managers affect the Group's overall exposure.

Notes to the Financial Statements

6 **SUBSIDIARIES** (CONTINUED)

(d) The following subsidiary of the Group has material non-controlling interests (NCI):

| Name of Entity | Principal place of business | Effective interest held by NCI 2022 % | Effective interest held by NCI 2021 % |
|---|---|---|---|
| CapitaLand Ascott Trust[1] | Asia Pacific, Europe and United States of America | 62.5 | 61.0 |

1 Indirectly held through The Ascott Limited. Audited by KPMG LLP Singapore.

The following table summarises the financial information of CLAS, based on its consolidated financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The information is before inter-company eliminations with other entities in the Group.

| | CLAS Group $'M | Other subsidiaries with individually immaterial NCI $'M | Total $'M |
|---|---|---|---|
| **31 December 2022** | | | |
| Revenue | 621 | | |
| Profit after tax | 226 | | |
| Other comprehensive income | (161) | | |
| Total comprehensive income | 65 | | |
| Attributable to NCI: | | | |
| – Profit | 142 | 67 | 209 |
| – Total comprehensive income | 40 | (53) | (13) |
| Current assets | 502 | | |
| Non-current assets | 7,522 | | |
| Current liabilities | (671) | | |
| Non-current liabilities | (2,908) | | |
| Net assets | 4,445 | | |
| Net assets attributable to NCI | 2,957 | 443 | 3,400 |
| Cash flows from: | | | |
| – Operating activities | 282 | | |
| – Investing activities | (309) | | |
| – Financing activities[1] | 71 | | |
| Net increase in cash and cash equivalents | 44 | | |

1 Includes dividends paid to NCI.

6 **SUBSIDIARIES** (CONTINUED)

| | CLAS Group $'M | Other subsidiaries with individually immaterial NCI $'M | Total $'M |
|---|---|---|---|
| **31 December 2021** | | | |
| Revenue | 394 | | |
| Profit after tax | 310 | | |
| Other comprehensive income | 13 | | |
| Total comprehensive income | 323 | | |
| Attributable to NCI: | | | |
| – Profit | 189 | 22 | 211 |
| – Total comprehensive income | 198 | 29 | 227 |
| Current assets | 464 | | |
| Non-current assets | 7,270 | | |
| Current liabilities | (972) | | |
| Non-current liabilities | (2,394) | | |
| Net assets | 4,368 | | |
| Net assets attributable to NCI | 2,852 | 809 | 3,661 |
| Cash flows from: | | | |
| – Operating activities | 146 | | |
| – Investing activities | (539) | | |
| – Financing activities[1] | 259 | | |
| Net decrease in cash and cash equivalents | (134) | | |

1 Includes dividends paid to NCI.

CLAS is regulated by the Monetary Authority of Singapore and is supervised by the Singapore Exchange Securities Trading Limited for compliance with the Singapore Listing Rules. Under the regulatory framework, transactions between the Group and CLAS are either subject to review by CLAS's trustee and significant transactions must be approved by a majority of votes by the holders of units in CLAS at a meeting of unitholders.

7 **ASSOCIATES**

| | | Note | The Group 2022 $'M | The Group 2021 $'M |
|---|---|---|---|---|
| (a) | Investment in associates | | 10,404 | 10,465 |
| | Add: | | | |
| | Amounts due from associates, at amortised cost: | (i) | | |
| | Loan accounts- interest free | | 13 | – |
| | Loan accounts- interest bearing | | * | 1 |
| | | | 10,417 | 10,466 |

* Less than $1 million

(i) These are shareholder loans provided to associates which are unsecured and not expected to be repaid within the next twelve months.

| | | Note | The Group 2022 $'M | The Group 2021 $'M |
|---|---|---|---|---|
| (b) | Amounts due from associates: | | | |
| | Current accounts (unsecured) | | | |
| | – interest free (trade) | | 170 | 224 |
| | – interest free (non-trade) | | 32 | 25 |
| | – interest bearing (non-trade) | | – | 17 |
| | Presented in trade and other receivables | 12 | 202 | 266 |
| | Non-current loans (unsecured) | | | |
| | – interest free | | 4 | – |
| | – interest bearing | | 70 | 3 |
| | Presented in other non-current assets | 10 | 74 | 3 |

(i) The effective interest rates for interest-bearing amounts due from associates ranged from 2.70% to 5.50% (2021: 2.70% to 5.50%) per annum as at 31 December 2022.

(ii) The Group's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in note 32.

| | | Note | The Group 2022 $'M | The Group 2021 $'M | The Company 2022 $'M | The Company 2021 $'M |
|---|---|---|---|---|---|---|
| (c) | Amounts due to associates: | | | | | |
| | Current accounts (mainly non-trade and unsecured) | | | | | |
| | – interest free | | 9 | 7 | 1 | – |
| | – interest bearing | | – | 5 | – | – |
| | Presented in trade and other payables | 15 | 9 | 12 | 1 | – |

(i) The effective interest rates for amounts due to associates ranged from 5.25% to 8.00% per annum in 2021.





7 **ASSOCIATES** (CONTINUED)

(d) The following are the material associates of the Group:

| Name of Company | Nature of relationship with the Group | Principal place of business | Effective interest 2022 % | Effective interest 2021 % |
|---|---|---|---|---|
| CapitaLand Integrated Commercial Trust (CICT)[1] | Singapore-based REIT which invests in shopping malls and commercial properties in Singapore, Australia and Europe | Singapore | 22.9 | 22.6 |
| CapitaLand Ascendas Real Estate Investment Trust[2] | Singapore-based REIT which invests in industrial properties and business park in Singapore, Australia, United States of America, Europe and United Kingdom | Singapore | 18.2 | 18.1 |

1 Audited by KPMG LLP Singapore.
2 Audited by Ernst & Young LLP Singapore.

Management assessed the extent of its control over CICT and CLAR, taking into consideration that the REITs are managed by the wholly-owned subsidiaries of the Group, the Group's effective stake in the relevant trusts and the returns (both marginal and absolute returns) generated from its investment in and management of both trusts. Management concluded that the Group does not have sufficient control over CICT and CLAR and therefore accounts for its investment in CICT and CLAR as associates.

The following summarises the financial information of the Group's material associates based on their respective consolidated financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also includes summarised aggregate financial information for the Group's interest in other individually immaterial associates, based on the amounts reported in the Group's consolidated financial statements.

**7 ASSOCIATES** (CONTINUED)

(d) The following are the material associates of the Group (continued):

| | CICT $'M | CLAR $'M | Other individually immaterial associates $'M | Total $'M |
|---|---|---|---|---|
| **31 December 2022** | | | | |
| Revenue[1] | 1,442 | 1,353 | | |
| Profit after tax | 726 | 760 | | |
| Other comprehensive income | (6) | (129) | | |
| Total comprehensive income | 720 | 631 | | |
| Attributable to: | | | | |
| – NCI | 3 | – | | |
| – Associate's shareholders | 717 | 631 | | |
| | 720 | 631 | | |
| [1] Includes: | | | | |
| – Rental and related income from investment properties | 1,442 | 1,353 | | |
| Current assets | 329 | 363 | | |
| Non-current assets | 24,338 | 17,513 | | |
| Current liabilities | (1,605) | (1,302) | | |
| Non-current liabilities | (8,782) | (6,308) | | |
| Net assets | 14,280 | 10,266 | | |
| Attributable to: | | | | |
| – NCI | 206 | 299 | | |
| – Associate's shareholders | 14,074 | 9,967 | | |
| Carrying amount of interest in associate at beginning of the year | 3,082 | 2,333 | | |
| Group's share of: | | | | |
| – Profit | 165 | 136 | 124 | 425 |
| – Other comprehensive income | 1 | (26) | (373) | (398) |
| – Total comprehensive income | 166 | 110 | (249) | 27 |
| Dividends received during the year | (84) | (117) | | |
| Additions during the year | 54 | 22 | | |
| Translation and other adjustments | (1) | (9) | | |
| Carrying amount of interest in associate at end of the year | 3,217 | 2,339 | 4,861 | 10,417 |
| Fair value of effective ownership interest (if listed)^ | 3,095 | 2,091 | | |

^ Based on the quoted market price at 31 December 2022.



Notes to the Financial Statements

**7 ASSOCIATES** (CONTINUED)

(d) The following are the material associates of the Group (continued):

| | CICT $'M | CapitaLand Mall China Funds $'M | CLAR $'M | Other individually immaterial associates $'M | Total $'M |
|---|---|---|---|---|---|
| **31 December 2021** | | | | | |
| Revenue[1] | 1,305 | 395 | 1,227 | | |
| Profit after tax | 1,083 | 19 | 957 | | |
| Other comprehensive income | 20 | 176 | (1) | | |
| Total comprehensive income | 1,103 | 195 | 956 | | |
| Attributable to: | | | | | |
| – NCI | (1) | 10 | – | | |
| – Associate's shareholders | 1,104 | 185 | 956 | | |
| | 1,103 | 195 | 956 | | |
| [1] Includes: | | | | | |
| – Rental and related income from investment properties | 1,305 | 395 | 1,227 | | |
| Current assets | 762 | 429 | 456 | | |
| Non-current assets | 21,980 | 6,787 | 17,275 | | |
| Current liabilities | (1,259) | (417) | (1,771) | | |
| Non-current liabilities | (7,787) | (2,801) | (5,682) | | |
| Net assets | 13,696 | 3,998 | 10,278 | | |
| Attributable to: | | | | | |
| – NCI | 28 | 226 | 299 | | |
| – Associate's shareholders | 13,668 | 3,772 | 9,979 | | |
| Carrying amount of interest in associate at beginning of the year | 2,984 | 1,653 | 2,126 | | |
| Group's share of: | | | | | |
| – Profit | 247 | 9 | 172 | 580 | 1,008 |
| – Other comprehensive income | (2) | 74 | 2 | 103 | 177 |
| – Total comprehensive income | 245 | 83 | 174 | 683 | 1,185 |
| Dividends received during the year | (182) | (76) | (68) | | |
| Additions during the year | 21 | – | 102 | | |
| Translation and other adjustments | 14 | 7 | (1) | | |
| Carrying amount of interest in associate at end of the year | 3,082 | 1,667 | 2,333 | 3,384 | 10,466 |
| Fair value of effective ownership interest (if listed)^ | 3,042 | N/A | 2,235 | | |

^ Based on the quoted market price at 31 December 2021.

8 **JOINT VENTURES**

| | | Note | The Group 2022 $'M | The Group 2021 $'M |
|---|---|---|---|---|
| (a) | Investment in joint ventures | | 2,350 | 2,368 |
| | Less: | | | |
| | Allowance for impairment loss | (i) | (8) | (8) |
| | | | 2,342 | 2,360 |
| | Add: | | | |
| | Amounts due from joint ventures, at amortised cost: | | | |
| | Loan accounts | (ii) | | |
| | – interest free | | 390 | 419 |
| | – interest bearing | | 16 | 17 |
| | Less: | | | |
| | Allowance for impairment loss on receivables | 32 | (13) | (14) |
| | | | 393 | 422 |
| | | | 2,735 | 2,782 |

(i) Movements in allowance for impairment loss were as follows:

| | The Group 2022 $'M | The Group 2021 $'M |
|---|---|---|
| At 1 January | (8) | (10) |
| Utilised during the year | – | 1 |
| Translation differences | – | 1 |
| At 31 December | (8) | (8) |

(ii) These are shareholder loans provided to joint ventures which are unsecured and not expected to be repaid within the next twelve months.

(iii) As at 31 December 2022, the effective interest rates for the interest-bearing loans to joint ventures ranged from 4.25% to 6.50% (2021: 4.25% to 6.50%) per annum.

(iv) As at 31 December 2022, shareholder loans due from joint ventures include an amount of approximately $214 million (2021: $232 million), the repayment of which is subordinated to that of the external borrowings of certain joint ventures.

| | | Note | The Group 2022 $'M | The Group 2021 $'M |
|---|---|---|---|---|
| (b) | Amounts due from joint ventures: | | | |
| | Current accounts (unsecured) | | | |
| | – interest free (trade) | | 48 | 58 |
| | – interest free (non-trade) | | 244 | 149 |
| | – interest bearing (mainly non-trade) | | 5 | 7 |
| | | | 297 | 214 |
| | Less: | | | |
| | Allowance for impairment loss on receivables | 32 | (28) | (21) |
| | Presented in trade and other receivables | 12 | 269 | 193 |

(i) As at 31 December 2022, the effective interest rate for interest-bearing amounts due from joint ventures is 1.80% (2021: 1.80%) per annum.

(ii) The Group's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in note 32.



Notes to the Financial Statements

8 **JOINT VENTURES** (CONTINUED)

| | | Note | The Group 2022 $'M | The Group 2021 $'M |
|---|---|---|---|---|
| (c) | Amounts due to joint ventures: | | | |
| | Current accounts (unsecured) | | | |
| | – interest free (mainly non-trade) | | 51 | 2 |
| | – interest bearing (non-trade) | | 51 | 51 |
| | Presented in trade and other payables | 15 | 102 | 53 |

(i) As at 31 December 2022, the effective interest rate for interest-bearing amounts due to joint ventures range from 3.70% to 5.25% (2021: 3.85%) per annum.

(d) The following are the material joint ventures of the Group:

| Name of Company | Nature of relationship with the Group | Principal place of business | Effective interest 2022 % | Effective interest 2021 % |
|---|---|---|---|---|
| Orchard Turn Holding Pte Ltd[1] (OTH) | Owner of an integrated development in Singapore | Singapore | 50.0 | 50.0 |
| CapitaLand Shanghai Malls[2,3,4] | Owner of two integrated developments in China | China | 65.0 to 73.0 | 65.0 to 73.0 |

1 Audited by KPMG LLP Singapore.
2 Audited by other member firms of KPMG International.
3 Considered to be a joint venture as the Group had joint control over the relevant activities of the trust with the joint venture partners.
4 CapitaLand Shanghai Malls comprised two joint ventures held through the Group's subsidiary, CapitaLand Mall Asia Limited, namely, Ever Bliss International Limited and Full Grace Enterprises Limited.

8 **JOINT VENTURES** (CONTINUED)

The following summarises the financial information of each of the Group's material joint ventures based on their respective consolidated financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also includes summarised financial information for the Group's interest in immaterial joint ventures, based on the amounts reported in the Group's consolidated financial statements.

| | OTH Group $'M | CapitaLand Shanghai Malls $'M | Other individually immaterial joint ventures $'M | Total $'M |
|---|---|---|---|---|
| **31 December 2022** | | | | |
| Revenue[1] | 255 | 263 | | |
| Profit after tax[2] | 150 | (22) | | |
| Other comprehensive income | 40 | (208) | | |
| Total comprehensive income | 190 | (230) | | |
| [1] Includes: | | | | |
| – rental and related income from investment properties | 255 | 263 | | |
| [2] Includes: | | | | |
| – depreciation and amortisation | (3) | * | | |
| – interest income | 2 | 7 | | |
| – interest expense | (38) | (45) | | |
| – tax expense | (27) | (16) | | |
| Current assets[3] | 189 | 340 | | |
| Non-current assets | 3,294 | 2,731 | | |
| Current liabilities[4] | (42) | (850) | | |
| Non-current liabilities[5] | (1,681) | (550) | | |
| Net assets | 1,760 | 1,671 | | |
| [3] Includes cash and cash equivalents | 184 | 94 | | |
| [4] Includes current financial liabilities (excluding trade and other payables and provisions) | (17) | (735) | | |
| [5] Includes non-current financial liabilities (excluding trade and other payables and provisions) | (1,681) | (432) | | |
| Carrying amount of interest in joint venture at beginning of the year | 846 | 716 | | |
| Group's share of: | | | | |
| – Profit/(loss) | 75 | (11) | 42 | 106 |
| – Other comprehensive income | 20 | (109) | (60) | (149) |
| – Total comprehensive income | 95 | (120) | (18) | (43) |
| Dividends received during the year | (59) | – | | |
| Translation and other adjustments | – | 8 | | |
| Carrying amount of interest in joint venture at end of the year | 882 | 604 | 1,249 | 2,735 |



Notes to the Financial Statements

8 **JOINT VENTURES** (CONTINUED)

| | OTH Group $'M | CapitaLand Shanghai Malls $'M | Other individually immaterial joint ventures $'M | Total $'M |
|---|---|---|---|---|
| **31 December 2021** | | | | |
| Revenue[1] | 226 | 253 | | |
| Profit after tax[2] | 271 | 21 | | |
| Other comprehensive income | 13 | 90 | | |
| Total comprehensive income | 284 | 111 | | |
| [1] Includes: | | | | |
| –rental and related income from investment properties | 226 | 253 | | |
| [2] Includes: | | | | |
| – depreciation and amortisation | (2) | (1) | | |
| – interest income | – | 8 | | |
| – interest expense | (30) | (44) | | |
| – tax expense | (24) | (24) | | |
| Current assets[3] | 168 | 343 | | |
| Non-current assets | 3,267 | 3,012 | | |
| Current liabilities[4] | (72) | (79) | | |
| Non-current liabilities[5] | (1,675) | (1,325) | | |
| Net assets | 1,688 | 1,951 | | |
| [3] Includes cash and cash equivalents | 167 | 229 | | |
| [4] Includes current financial liabilities (excluding trade and other payables and provisions) | (18) | (6) | | |
| [5] Includes non-current financial liabilities (excluding trade and other payables and provisions) | (1,675) | (1,141) | | |
| Carrying amount of interest in joint venture at beginning of the year | 750 | 660 | | |
| Group's share of: | | | | |
| – Profit | 135 | 11 | 64 | 210 |
| – Other comprehensive income | 7 | 43 | 17 | 67 |
| – Total comprehensive income | 142 | 54 | 81 | 277 |
| Dividends received during the year | (46) | – | | |
| Translation and other adjustments | – | 2 | | |
| Carrying amount of interest in joint venture at end of the year | 846 | 716 | 1,220 | 2,782 |

* Less than $1 million

(e) As at 31 December 2022, the Group's share of the capital commitments of the joint ventures is $501 million (2021: $472 million).

## 9 DEFERRED TAX

The movements in the deferred tax assets and liabilities were as follows:

| | At 1/1/2022 $'M | Recognised in profit or loss $'M | Acquisition/ Disposal of subsidiaries $'M | Transferred to liabilities held for sale $'M | Translation differences $'M | At 31/12/2022 $'M |
|---|---|---|---|---|---|---|
| **The Group** | | | | | | |
| **Deferred tax liabilities** | | | | | | |
| Accelerated tax depreciation | 15 | (6) | – | (1) | * | 8 |
| Accrued income and interest receivable | 4 | 2 | – | – | * | 6 |
| Fair value adjustments arising from a business combination | 101 | – | 1 | – | (12) | 90 |
| Fair value changes of investment properties | 341 | 85 | (30) | (39) | (19) | 338 |
| Unremitted earnings | 53 | 16 | – | – | * | 69 |
| Others | 24 | 9 | – | – | (1) | 32 |
| Total | 538 | 106 | (29) | (40) | (32) | 543 |
| **Deferred tax assets** | | | | | | |
| Unutilised tax losses | (4) | (8) | – | – | 1 | (11) |
| Provisions and expenses | (46) | (1) | – | – | 4 | (43) |
| Deferred income | * | (1) | – | – | * | (1) |
| Others | (8) | (3) | – | – | 3 | (8) |
| Total | (58) | (13) | – | – | 8 | (63) |

| | At 1/1/2021 $'M | Recognised in profit or loss $'M | Acquisition/ Disposal of subsidiaries $'M | Utilisation of tax losses $'M | Translation differences $'M | At 31/12/2021 $'M |
|---|---|---|---|---|---|---|
| **The Group** | | | | | | |
| **Deferred tax liabilities** | | | | | | |
| Accelerated tax depreciation | 22 | 1 | (8) | – | * | 15 |
| Accrued income and interest receivable | 4 | * | – | – | * | 4 |
| Fair value adjustments arising from a business combination | 98 | – | – | – | 3 | 101 |
| Fair value changes of investment properties | 303 | 23 | (3) | – | 18 | 341 |
| Unremitted earnings | 12 | 38 | 3 | – | * | 53 |
| Others | 25 | (3) | – | – | 2 | 24 |
| Total | 464 | 59 | (8) | – | 23 | 538 |
| **Deferred tax assets** | | | | | | |
| Unutilised tax losses | (4) | (6) | – | 6 | * | (4) |
| Provisions and expenses | (45) | * | – | – | (1) | (46) |
| Deferred income | (1) | 1 | – | – | * | * |
| Others | (8) | (1) | – | – | 1 | (8) |
| Total | (58) | (6) | – | 6 | * | (58) |

* Less than $1 million



Notes to the Financial Statements

## 9 DEFERRED TAX (CONTINUED)

There is no offset of deferred tax liabilities and assets as of the balance sheet dates.

As at 31 December 2022, deferred tax liabilities amounting to $11 million (2021: $2 million) had not been recognised for taxes that would be payable on the undistributed earnings of certain subsidiaries as these earnings would not be distributed in the foreseeable future.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The Group has not recognised deferred tax assets in respect of the following:

| | The Group | |
|---|---|---|
| | 2022 $'M | 2021 $'M |
| Deductible temporary differences | 42 | 13 |
| Tax losses | 1,124 | 967 |
| Unutilised capital allowances | 11 | 2 |
| | 1,177 | 982 |

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the subsidiaries of the Group can utilise the benefits.

Temporary differences would expire in the following periods:

| | The Group | |
|---|---|---|
| Expiry period | 2022 $'M | 2021 $'M |
| No expiry | 659 | 525 |
| Not later than 1 year | 26 | 21 |
| Between 1 and 5 years | 431 | 389 |
| After 5 years | 61 | 47 |
| | 1,177 | 982 |

## 10 OTHER NON-CURRENT/CURRENT ASSETS

(a) Other non-current assets

| | Note | The Group | | The Company | |
|---|---|---|---|---|---|
| | | 2022 $'M | 2021 $'M | 2022 $'M | 2021 $'M |
| Equity investments at FVTPL | | 114 | 107 | – | – |
| Equity investments at FVOCI | | 67 | 60 | – | – |
| Derivative financial instruments | | 114 | 22 | – | – |
| Loans due from: | | | | | |
| – subsidiaries | | – | – | – | 3 |
| – associates | 7(b), (i) | 74 | 3 | – | – |
| – investee – interest free | | 18 | – | – | – |
| Other receivables | | 6 | 15 | – | – |
| Deposits | | 6 | 4 | – | – |
| Prepayments | | 2 | 1 | – | – |
| | | 401 | 212 | – | 3 |

(i) The effective interest rate for interest-bearing amounts due from associates ranged from 4.30% to 5.50% per annum as at 31 December 2022 (2021: 5.50%).

Notes to the Financial Statements

**10 OTHER NON-CURRENT/CURRENT ASSETS** (CONTINUED)

(b) Other current assets

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 $'M | 2021 $'M | 2022 $'M | 2021 $'M |
| Derivative financial instruments | 70 | 14 | – | – |

**11 DEVELOPMENT PROPERTIES FOR SALE**

| | The Group | |
|---|---|---|
| | 2022 $'M | 2021 $'M |
| Completed development properties, at cost | 260 | 286 |
| Allowance for foreseeable losses | (17) | (18) |
| Total development properties for sale | 243 | 268 |

(a) The Group makes allowance for foreseeable losses by applying its experience in estimating the net realisable values of completed units and properties under development. References were made to comparable properties, timing of sale launches, location of property, management's expected net selling prices and estimated development expenditure. Market conditions may, however, change which may affect the future selling prices of the remaining unsold units of the development properties and accordingly, the carrying value of development properties for sale may have to be written down in future periods.

(b) Movements in allowance for foreseeable losses in respect of development properties for sale were as follows:

| | The Group | |
|---|---|---|
| | 2022 $'M | 2021 $'M |
| At 1 January | (18) | (17) |
| Translation differences | 1 | (1) |
| At 31 December | (17) | (18) |

**12 TRADE AND OTHER RECEIVABLES**

| | Note | The Group 2022 $'M | The Group 2021 $'M | The Company 2022 $'M | The Company 2021 $'M |
|---|---|---|---|---|---|
| Trade receivables | | 286 | 303 | * | – |
| Less: | | | | | |
| Allowance for impairment loss on receivables | 32 | (51) | (45) | – | – |
| | | 235 | 258 | – | – |
| Deposits | | 20 | 11 | * | – |
| Other receivables | (a) | 174 | 789 | 4 | 1 |
| Less: | | | | | |
| Allowance for impairment loss on receivables | 32 | (16) | (18) | – | – |
| | | 158 | 771 | 4 | 1 |
| Tax recoverable | | 13 | 16 | – | – |
| Amounts due from: | | | | | |
| – associates | 7(b) | 202 | 266 | – | – |
| – joint ventures | 8(b) | 269 | 193 | – | – |
| – subsidiaries | | | | | |
| Current accounts (unsecured) | | | | | |
| – interest free (trade) | (b) | – | – | 45 | 58 |
| – interest free (non-trade) | (b) | – | – | 41 | 176 |
| Loans (unsecured) | | | | | |
| – interest bearing | | – | – | 616 | – |
| Less: | | | | | |
| Allowance for impairment loss on receivables | | – | – | (16) | (16) |
| | | – | – | 686 | 218 |
| – related corporations | | | | | |
| Current accounts (unsecured) | | | | | |
| – interest free (trade) | | 73 | 95 | 8 | 24 |
| Loans and receivables | | 970 | 1,610 | 698 | 243 |
| Prepayments | | 55 | 51 | 2 | – |
| | | 1,025 | 1,661 | 700 | 243 |

* Less than $1 million

(a) Other receivables include consideration receivable of $42 million (2021: $689 million) from the divestment of associates. The amount had been substantially received in accordance with the agreement.

(b) Amounts due from related corporations and subsidiaries are unsecured and repayable on demand.

(c) The Group's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in note 32.

Notes to the Financial Statements

## 13 ASSETS/LIABILITIES HELD FOR SALE

| | Note | The Group 2022 $'M | The Group 2021 $'M |
|---|---|---|---|
| Investment properties | 31(d)(i) | 352 | 2 |
| Other non-current assets | | 11 | – |
| Trade and other receivables | | 23 | – |
| Cash and cash equivalents | | 29 | – |
| | | 415 | 2 |
| Trade and other payables | | 53 | – |
| Borrowings | | 21 | – |
| Current tax payable | | 4 | – |
| Deferred tax liabilities | | 40 | – |
| | | 118 | – |

Details of assets and liabilities held are as follows:

(a) On 29 December 2022, the Group announced that it has through its wholly-owned subsidiary, Ascendas India Development VII and its joint venture partner Maharashtra Industrial Development Corporation entered into separate agreements with CapitaLand India Trust (CLINT) to divest their respective 78.5% and 21.5% shareholding in Ascendas IT Park (Pune) (AIPP) to CLINT for approximately INR13.5 billion (S$222 million). AIPP owns International Tech Park Pune in Hinjawadi in India. Accordingly, all assets and liabilities held by the AIPP were reclassified to assets held for sale and liabilities held for sale respectively as at 31 December 2022.

(b) On 29 November 2022, the Group's subsidiary, Zircon Alpha Holdings Pte. Ltd., entered into a shareholder agreement with an external investor to invest in Zillion Alpha Holdings Pte. Ltd. (ZAH) and its subsidiaries. The investor has committed to contribute capital of RMB1.89 billion or 70% of the total capital commitment and the Group's stake in ZAH will dilute from 100% to 30%. ZAH holds two data centre development projects in China. Accordingly, all assets and liabilities held by ZAH were reclassified to assets held for sale and liabilities held for sale respectively as at 31 December 2022.

## 14 CASH AND CASH EQUIVALENTS

| | Note | The Group 2022 $'M | The Group 2021 $'M | The Company 2022 $'M | The Company 2021 $'M |
|---|---|---|---|---|---|
| Fixed deposits | | 1,260 | 443 | – | – |
| Cash at banks and in hand | | 1,408 | 3,434 | 22 | 362 |
| Cash and cash equivalents | | 2,668 | 3,877 | 22 | 362 |
| Restricted bank deposits | (a) | (44) | (62) | | |
| Cash and cash equivalents in the statement of cash flows | | 2,624 | 3,815 | | |

(a) These are deposits placed in escrow account for bank balances of certain subsidiaries pledged in relation to banking facilities and bank balances required to be maintained as security for outstanding CapitaVoucher, as well as bank balances relating to security deposits from tenants which can only be drawn down as rental payment upon tenants' default or refunded to tenants upon lease expiry.

(b) The Group's cash and cash equivalents are denominated mainly in Singapore Dollars, Chinese Renminbi, Japanese Yen and US Dollars. As at 31 December 2022, the effective interest rates for cash and cash equivalents denominated in these currencies ranged from 0% to 4.47% (2021: 0% to 2.03%) per annum.

The cash and cash equivalents are placed with banks and financial institutions which meet the appropriate credit criteria.

## 15 TRADE AND OTHER PAYABLES

| | Note | The Group 2022 $'M | The Group 2021 $'M | The Company 2022 $'M | The Company 2021 $'M |
|---|---|---|---|---|---|
| Trade payables | | 151 | 162 | 2 | * |
| Accruals | (a) | 648 | 586 | 24 | 17 |
| Accrued development expenditure | | 74 | 75 | – | – |
| Other payables | (b) | 741 | 737 | 1 | 4 |
| Rental and other deposits | | 78 | 91 | * | – |
| Derivative financial instruments | | 4 | 19 | – | – |
| Liability for employee benefits | 19 | 46 | 68 | 4 | 3 |
| Amounts due to: | | | | | |
| – subsidiaries | | | | | |
| Current accounts (unsecured) | | | | | |
| – interest free (trade) | | – | – | 9 | 5 |
| – interest bearing (non-trade) | | – | – | – | 43 |
| Loans (unsecured) | | | | | |
| – interest free | | – | – | 12 | – |
| – associates | 7 | 9 | 12 | 1 | – |
| – joint ventures | 8 | 102 | 53 | * | – |
| – non-controlling interests (unsecured) | | | | | |
| – interest free | | 3 | 1 | – | – |
| – interest bearing | | 1 | 1 | – | – |
| – related corporations | | | | | |
| Current accounts (unsecured) | | | | | |
| – interest free (trade) | | 236 | 323 | 168 | 197 |
| | | 2,093 | 2,128 | 221 | 269 |

* Less than $1 million

(a) As at 31 December 2022, accruals included accrued operating expenses of $378 million (2021: $359 million), accrued interest payable of $56 million (2021: $30 million) as well as accrued expenditure for tax and administrative expenses which are individually immaterial.

(b) Other payables included a loan payable to an external shareholder of $233 million (2021: nil) and deferred purchase consideration for acquisition of an investment of $226 million (2021: $229 million).

In 2021, there was a dividend payable to external shareholders of $153 million which has been settled during the year.

## 16 BORROWINGS

| | Note | The Group 2022 $'M | The Group 2021 $'M | The Company 2022 $'M | The Company 2021 $'M |
|---|---|---|---|---|---|
| Bank borrowings | | | | | |
| – secured | | 3,810 | 4,345 | – | – |
| – unsecured | | 6,619 | 7,253 | – | – |
| | | 10,429 | 11,598 | – | – |
| Lease liabilities | (c) | 659 | 771 | 13 | 23 |
| | | 11,088 | 12,369 | 13 | 23 |
| Repayable: | | | | | |
| Not later than 1 year | | 1,208 | 1,941 | 12 | 11 |
| Between 1 and 5 years | | 8,312 | 8,856 | 1 | 12 |
| After 5 years | | 1,568 | 1,572 | – | – |
| After 1 year | | 9,880 | 10,428 | 1 | 12 |
| | | 11,088 | 12,369 | 13 | 23 |

(a) The Group's borrowings are denominated mainly in Singapore Dollars, Chinese Renminbi, Japanese Yen and US Dollars. As at 31 December 2022, the effective interest rates for bank borrowings denominated in these currencies ranged from 0.44% to 6.52% (2021: 0.41% to 4.93%) per annum.

(b) Bank borrowings are secured by the following assets, details of which are disclosed in the respective notes to the financial statements:

(i) mortgages on the borrowing subsidiaries' property, plant and equipment, investment properties, trade and other receivables and shares of certain subsidiaries of the Group; and

(ii) assignment of all rights, titles and benefits with respect to the properties mortgaged.

(c) Lease liabilities relate to the leases of property, plant and equipment (note 3) and investment properties (note 5).



Notes to the Financial Statements

## 16 BORROWINGS (CONTINUED)

(d) The reconciliation of liabilities arising from financing activities were as follows:

| | Note | At 1/1/2022 $'M | Non-cash changes: Financing cashflows* $'M | Acquisition of subsidiaries $'M | Disposal of subsidiaries@ $'M | Foreign exchange movement $'M | Others $'M | At 31/12/2022 $'M |
|---|---|---|---|---|---|---|---|---|
| Bank borrowings | | 11,598 | (172) | 4 | (728) | (290) | 17 | 10,429 |
| Debt securities | 17 | 1,179 | 358 | – | – | (35) | – | 1,502 |
| Lease liabilities | 16 | 771 | (69) | – | – | (34) | (9) | 659 |
| Loans from related corporations | | 83 | (13) | – | – | – | – | 70 |

| | Note | At 1/1/2021 $'M | Non-cash changes: Financing cashflows* $'M | Acquisition of subsidiaries $'M | Disposal of subsidiaries $'M | Modification of lease liabilities $'M | Foreign exchange movement $'M | Others $'M | At 31/12/2021 $'M |
|---|---|---|---|---|---|---|---|---|---|
| Bank borrowings | | 6,433 | 4,172 | 1,401 | (348) | – | (68) | 8 | 11,598 |
| Debt securities | 17 | 1,285 | (81) | – | – | – | (25) | – | 1,179 |
| Lease liabilities | 16 | 748 | (64) | – | – | 27 | 1 | 59 | 771 |
| Net loans from related corporations | | 7,514 | (4,537) | – | – | – | – | (2,894)^ | 83 |

* Cashflows from financing activities presented in the consolidated statement of cash flows include interest expense paid of $418 million (2021: $342 million) which are included under accruals, amount due to associates, joint ventures, related corporations and non-controlling interests of note 15 – trade and other payables. There are no material non-cash changes associated with interest payables.

^ Includes capitalisation of $2,870 million shareholder loans against issuance of new shares.

@ Includes borrowings of $21 million (2021: nil) under liabilities held for sale.

## 17 DEBT SECURITIES

| | The Group 2022 $'M | The Group 2021 $'M |
|---|---|---|
| Secured notes and bonds | 187 | 171 |
| Unsecured notes and bonds | 1,315 | 1,008 |
| | 1,502 | 1,179 |
| Repayable: | | |
| Not later than 1 year | 160 | 608 |
| Between 1 and 5 years | 1,173 | 571 |
| After 5 years | 169 | – |
| | 1,502 | 1,179 |

(a) As at 31 December 2022, the effective interest rates for debt securities ranged from 0.58% to 4.07% (2021: 0.46% to 3.89%) per annum.

(b) Notes and bonds

The Group's notes and bonds are mainly issued by CLAS, CLMT and CLI Treasury Limited under their respective issuance programs. These notes and bonds were denominated mainly in Singapore Dollars, Malaysian Ringgit, Japanese Yen and Euro. Save for the secured notes and bonds below, the notes and bonds issued were unsecured.

As at 31 December 2022, the secured notes and bonds amounting to $187 million (2021: $171 million) were fully secured by deposits pledged and mortgages on the investment properties of the Group. Details on assets pledged are disclosed in the respective notes to the financial statements.

## 18 OTHER NON-CURRENT LIABILITIES

| | Note | The Group 2022 $'M | The Group 2021 $'M | The Company 2022 $'M | The Company 2021 $'M |
|---|---|---|---|---|---|
| Amounts due to (unsecured): | | | | | |
| – associates (interest free) | (a) | 9 | 6 | – | – |
| – joint ventures (interest free) | (a) | 7 | – | – | – |
| – non-controlling interests (interest free) | (a) | 30 | 23 | – | – |
| Loans from related corporations (unsecured) (interest free) | | 70 | 83 | – | – |
| Loans from a subsidiary (unsecured): | | | | | |
| – interest free | | – | – | 486 | 486 |
| – interest bearing | (b) | – | – | 325 | 325 |
| Liability for employee benefits | 19 | 16 | 29 | 1 | 8 |
| Derivative financial instruments | | 9 | 40 | – | – |
| Security deposits and other non-current payables | | 102 | 200 | – | – |
| Deferred income | | 11 | 11 | – | – |
| | | 254 | 392 | 812 | 819 |

(a) Amounts due to associates, joint ventures and non-controlling interests are non-trade and not expected to be repaid within the next twelve months.

(b) As at 31 December 2022, the effective interest rate for the loans from a subsidiary is 2.40% (2021: 2.66%) per annum.



Notes to the Financial Statements

## 19 EMPLOYEE BENEFITS

| | Note | The Group 2022 $'M | The Group 2021 $'M | The Company 2022 $'M | The Company 2021 $'M |
|---|---|---|---|---|---|
| Liability for short term accumulating compensated absences | | 15 | 15 | 1 | 1 |
| Liability for staff incentive | (a) | 15 | 34 | – | 1 |
| Liability for cash-settled share-based payments | | 32 | 48 | 4 | 9 |
| | | 62 | 97 | 5 | 11 |
| Current | 15 | 46 | 68 | 4 | 3 |
| Non-current | 18 | 16 | 29 | 1 | 8 |
| | | 62 | 97 | 5 | 11 |

**(a) Staff incentive**

This relates to staff incentive which is based on the achievement of the Group's financial performance and payable over a period of time.

**(b) Equity compensation benefits**

***1) Share Plans of the CapitaLand Group Pte. Ltd.***

The Group's employees participate in the share-based incentive plans of the Company's immediate holding company, CapitaLand Group Pte. Ltd. which comprise the Performance Share Plan (CL PSP) and Restricted Share Plan (CL RSP).

***i) CapitaLand Performance Share Plans***

This relates to compensation costs of the CL PSP reflecting the benefits accruing to the employees of the Group over the service period to which the performance criteria relate, prior to the listing of the Company.

The outstanding contingent CL PSP awards granted to the employees were replaced by awards under the CLI Share Plan on 1 October 2021 in accordance with a conversion ratio and released in accordance with the original vesting schedule. The number of awards to be granted have also been finalised at 200% of the baseline awards.

Movements in the Group's number of shares outstanding under CL PSP in 2021 were summarised below:

| | 2021 ('000) |
|---|---|
| At 1 January | 2,909 |
| Granted | 1,436 |
| Released | (395) |
| Lapsed | (630) |
| Cancelled and replaced with CLI Share Plans on 1 October 2021 | (3,320) |
| At 31 December | – |

19 **EMPLOYEE BENEFITS** (CONTINUED)

**(b) Equity compensation benefits** (continued)

***1) Share Plans of the CapitaLand Group Pte. Ltd.*** *(continued)*

***i) CapitaLand Performance Share Plans*** *(continued)*

The fair values of the shares under CapitaLand Performance Share Plans were determined using Monte Carlo simulation method which projects future share price assuming log normal distribution based on Geometric Brownian Motion Theory at measurement date. The fair values and assumptions are set out below:

| Year of award | 2021 |
|---|---|
| *Weighted average fair value of shares and assumptions* | |
| Weighted average fair value at measurement date | $3.79 |
| Grant date | 12 April 2021 |
| Share price at grant date | $3.77 |
| Expected volatility of Company's share price based on 36 months closing share price prior to grant date | 24.42% |
| Average volatility of companies in the peer group based on 36 months prior to grant date | 29.63% |
| Expected dividend yield over the vesting period | 2.95% to 4.26% |
| Risk-free interest rate equal to the implied yield on zero-coupon Singapore Government bond with a term equal to the length of vesting period | 0.70% |
| Initial total shareholder return (TSR) performance based on historical TSR performance of the Company and each company in the peer group | 27.86% |
| Average correlation of Company's TSR with those companies in the peer group | 57.26% |

***ii) CapitaLand Restricted Share Plans***

This relates to compensation costs of the CL RSP reflecting the benefits accruing to the employees of the Group over the service period to which the performance criteria relate, prior to the listing of the Company.

Following the listing of the Company, the outstanding RSP granted under the CL's RSP 2010 and RSP 2020 were converted to cash-settled awards on 1 October 2021 with an implied value of S$4.102 per CL share. Contingent awards granted under the CL RSP have been finalised at 150% of the baseline awards based on the same implied value. The cash payment will be released in accordance with the original vesting schedule of the respective CL RSP awards.

Due to the modification of the share plan, the incremental fair value granted is included in the measurement of the amount recognised for services received over the period from the grant date until the date when the RSP awards are vested and will be amortised to profit or loss accordingly over the remaining vesting period.





19 **EMPLOYEE BENEFITS** (CONTINUED)

**(b) Equity compensation benefits** (continued)

***1) Share Plans of the CapitaLand Group Pte. Ltd.*** *(continued)*

***ii) CapitaLand Restricted Share Plans*** *(continued)*

Movements in the Group's number of shares outstanding under CL RSP were summarised below:

| | 2022 ('000) | 2021 ('000) |
|---|---|---|
| At 1 January | 19,364 | 10,623 |
| Granted | – | 15,488 |
| Released@ | (9,252) | (5,492) |
| Lapsed/Cancelled | (709) | (1,255) |
| At 31 December | 9,403^ | 19,364^ |

^ Represents CL RSP converted to cash-settled. The cash payment will be released to eligible employees according to the original vesting schedule of respective CL RSP award.

@ The number of shares released during the year was 9,251,531 (2021: 5,492,402) of which 9,251,531 (2021: 1,452,770) were cash-settled.

The fair values of the shares granted to employees were determined using discounted cashflow method at the measurement date. The fair values and assumptions are set out below:

| Year of award | 2021 |
|---|---|
| *Weighted average fair value of shares and assumptions* | |
| Weighted average fair value at measurement date | $3.52 |
| Grant date | 12 April 2021 |
| Share price at grant date | $3.77 |
| Risk-free interest rate equal to the implied yield on zero-coupon Singapore Government bond with a term equal to the length of vesting period | 0.42% to 0.72% |

***2) Share Plans of the Company***

The CLI Performance Share Plan 2021 (CLI PSP 2021) and CLI Restricted Share Plan 2021 (CLI RSP 2021) were approved by CapitaLand Group Pte. Ltd. on 17 July 2021. The duration of each share plan is 10 years commencing on 1 September 2021.

The ERCC of the Company has instituted a set of share ownership guidelines for members of senior management who receive shares under the CLI RSP and CLI PSP. Under these guidelines, members of senior management are required to retain a portion of the total number of the Company shares received under the aforementioned share-based plans, which will vary according to their respective job grade and salary.

19 **EMPLOYEE BENEFITS** (CONTINUED)

(b) **Equity compensation benefits** (continued)

2) ***Share Plans of the Company*** *(continued)*

The details of awards in the Company since commencement of the Share Plans were as follows:

| | Aggregate shares | | | |
|---|---|---|---|---|
| | Granted No. of shares | Released No. of shares | Lapsed/ Cancelled No. of shares | Balance as at 31 December 2022 No. of shares |
| CLI PSP 2021 | 44,122,673 | (7,648,664) | (921,790) | 35,552,219^ |
| CLI RSP 2021 | 9,048,682 | (68,235) | (364,815) | 8,615,632# |

^ Comprised 29,036,807 (31 December 2021: 31,603,082) shares granted to the employees of the Group and 6,515,412 (31 December 2021: 8,768,187) shares granted to the employees of the related corporations.

# Comprised 8,610,920 (31 December 2021: nil) shares granted to the employees of the Group and 4,712 (31 December 2021: nil) shares granted to the employees of the related corporations.

The total number of new shares issued and/or to be issued pursuant to the Share Plans of the Company did not exceed 8% of the total number of shares (excluding treasury shares) in the capital of the Company.

i) ***CLI Performance Share Plans***

This relates to compensation costs of the Company's PSP 2021 reflecting the benefits accruing to the employees over the service period to which the performance criteria relate.

Following the listing of the Company, the Company grants share awards pursuant to the CLI Performance Share Plan 2021 (Replacement Awards) to certain employees of the Group and certain designated employees of CapitaLand Group Pte. Ltd. (collectively, Existing CapitaLand PSP Award Holders) in replacement of the awards previously granted to them pursuant to the CL PSP 2010 and the CL PSP 2020 (Existing CapitaLand PSP Awards). The Replacement Awards have been granted on 1 October 2021 and will be released progressively in accordance with the original vesting schedule of the Existing CapitaLand PSP Awards.

Movements in the number of shares outstanding under CLI PSP were summarised below:

| | 2022 ('000) | 2021 ('000) |
|---|---|---|
| At 1 January | 25,777 | – |
| Granted | 3,344 | 25,777^ |
| Released | (7,649) | – |
| Lapsed/Cancelled | (578) | – |
| At 31 December@ | 20,894 | 25,777 |

@ Comprised 16,645,394 (2021: 19,275,824) shares granted to the employees of the Group and 4,248,334 (2021: 6,501,109) shares granted to the employees of the related corporations.

^ All outstanding contingent CL PSP awards granted to the employees were finalised at 200% of the baseline awards and employees will receive in lieu of the Company's shares award under CLI Share Plan in accordance with a conversion ratio and released in accordance with the original vesting schedule.





19 **EMPLOYEE BENEFITS** (CONTINUED)

(b) **Equity compensation benefits** (continued)

2) ***Share Plans of the Company*** *(continued)*

i) ***CLI Performance Share Plans*** *(continued)*

The fair values of the shares under the Replacement Awards are determined using discounted cashflow method at the measurement date. The fair values and key assumptions are set out below:

| Year of award | 2021 |
|---|---|
| *Weighted average fair value of shares and assumptions* | |
| Weighted average fair value at measurement date | \$2.5803 to \$2.7796 |
| Grant date | 1 October 2021 |
| Share price at grant date | \$2.823 |
| Expected dividend yield over the vesting period | 3.54% to 3.90% |

The fair values of the shares are determined using Monte Carlo simulation method which projects future share price assuming log normal distribution based on Geometric Brownian Motion Theory at measurement date. The fair values and key assumptions are set out below:

| Year of award | 2022 |
|---|---|
| *Weighted average fair value of shares and assumptions* | |
| Weighted average fair value at measurement date | \$4.07 |
| Grant date | 4 May 2022 |
| Share price at grant date | \$4.12 |
| Expected volatility of Company's share price (assuming the average volatility of 780-Day closing unit price from 6 CLI REITs) | 26.46% |
| Expected dividend yield over the vesting period | 3.66% to 4.22% |
| Risk-free interest rate equal to the implied yield on zero-coupon Singapore Government bond with a term equal to the length of vesting period | 1.72% to 2.34% |

ii) ***Special CLI Founders Performance Share Plan Award (Special PSP) – Equity-settled/ Cash-settled***

This relates to the compensation costs of the Company's Special PSP granted under CLI PSP 2021 reflecting the benefits accruing to the employees over the service period to which the performance criteria relate.

Pursuant to the CLI PSP, the Special PSP award granted to selected key executives of the Company and/or its group companies is conditional on a performance target based on longer term wealth creation objectives. Participants will receive a specified number of performance shares after the end of the performance period conditional on achievement of performance conditions.

19 **EMPLOYEE BENEFITS** (CONTINUED)

(b) **Equity compensation benefits** (continued)

2) ***Share Plans of the Company*** *(continued)*

ii) ***Special CLI Founders Performance Share Plan Award (Special PSP) – Equity-settled/ Cash-settled*** *(continued)*

The ERCC grants an initial number of shares (baseline award) which are conditional on the target of the Company's share price expressed as a multiple of the Group's net asset value per share (Price/NAV) set for a five-year performance period. A specified number of shares will only be released by the ERCC to the recipients at the end of the qualifying performance period, provided the pre-specified minimum target is achieved. No share will be released if the minimum target is not met at the end of the performance period. On the other hand, if the superior target is met, more shares than the baseline award can be delivered up to a maximum of 300% of the baseline award. In the event of early achievement of the targets within the first three years of the performance period, a maximum of 20% to 50% of the baseline award can be released after the third year, with any balance in excess of 50% of the baseline award to be released only after the fifth year. The ERCC has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors. Recipients can receive fully paid shares, their equivalent cash value or combinations thereof, at no cost.

A one-time special contingent award was granted to selected key executives in the Company and CL group companies as at 1 October 2021. As a hiring strategy, such one-time special contingent award may (at the absolute discretion of the ERCC) also be extended to key executives joining the Company and/or its group companies on a date after 1 October 2021 but not later than 19 September 2022.

Movements in the number of shares outstanding under Special PSP were summarised below:

| | 2022 ('000) | 2021 ('000) |
|---|---|---|
| At 1 January | 14,594 | – |
| Granted | 407 | 14,594 |
| Lapsed/Cancelled | (343) | – |
| At 31 December@ | 14,658 | 14,594 |

@ Comprised 12,391,413 (31 December 2021: 12,327,258) shares granted to the employees of the Group and 2,267,078 (31 December 2021: 2,267,078) shares granted to the employees of the related corporations.

As at 31 December 2022, the number of shares granted under the Special PSP award are as follows:

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Equity-settled ('000) | Cash-Settled ('000) | Total ('000) | Equity-settled ('000) | Cash-Settled ('000) | Total ('000) |
| Final number of shares has not been determined (baseline award)^ | 14,286 | 372 | 14,658 | 14,222 | 372 | 14,594 |

^ Comprised 12,019,472 (31 December 2021: 11,955,317) shares granted to the employees of the Group and 2,267,078 (31 December 2021: 2,267,078) shares granted to the employees of the related corporations which are equity-settled and 371,941 (31 December 2021: 371,941) shares granted to the employees of the Group which are cash-settled.



Notes to the Financial Statements

19 **EMPLOYEE BENEFITS** (CONTINUED)

(b) **Equity compensation benefits** (continued)

2) ***Share Plans of the Company*** *(continued)*

ii) ***Special CLI Founders Performance Share Plan Award (Special PSP) – Equity-settled/ Cash-settled*** *(continued)*

The fair values of the shares are determined using Monte Carlo simulation method which projects future share price assuming log normal distribution based on Geometric Brownian Motion Theory at measurement date. The fair values and assumptions are set out below:

| Year of award | 2022 | 2021 |
|---|---|---|
| *Weighted average fair value of shares and assumptions* | | |
| Weighted average fair value at measurement date | \$3.52 to \$3.90 | \$2.00 to \$2.24 |
| Grant date | 4 January 2022, 4 May 2022 and 1 June 2022 | 1 October 2021 and 1 November 2021 |
| Share price at grant date | \$3.66 to \$4.12 | \$3.34 to \$3.46 |
| Expected volatility of Company's share price (assuming the average volatility of 1040-Day/780-Day closing unit price from 6 CLI REITs) | 24.67% to 26.46% | 26.41% to 26.43% |
| Expected dividend yield over the vesting period | 3.61% to 4.22% | 3.66% to 3.71% |
| Risk-free interest rate equal to the implied yield on zero-coupon Singapore Government bond with a term equal to the length of vesting period | 1.11% to 2.51% | 0.86% to 1.32% |
| Net asset value per share | \$2.82 to \$3.99 | \$2.82 to \$3.99 |

iii) ***CLI Restricted Share Plans – Equity-settled/Cash-settled***

This relates to compensation costs of the Company's RSP 2021 reflecting the benefits accruing to the employees over the service period to which the performance criteria relate.

Movements in the number of shares outstanding under CLI RSP were summarised below:

| | 2022 ('000) | 2021 ('000) |
|---|---|---|
| At 1 January | – | – |
| Granted | 9,049 | – |
| Released | (68) | – |
| Lapsed/Cancelled | (365) | – |
| At 31 December@ | 8,616 | – |

@ Comprised 8,610,920 (31 December 2021: nil) shares granted to the employees of the Group and 4,712 (31 December 2021: nil) shares granted to the employees of the related corporations.

Notes to the Financial Statements

19 **EMPLOYEE BENEFITS** (CONTINUED)

**(b) Equity compensation benefits** (continued)

***2) Share Plans of the Company*** *(continued)*

***iii) CLI Restricted Share Plans – Equity-settled/Cash-settled*** *(continued)*

The fair values of the shares granted to employees are determined using discounted cashflow method at the measurement date. The fair values and assumptions are set out below:

| **Year of award** | **2022** |
|---|---|
| *Weighted average fair value of shares and assumptions* | |
| Weighted average fair value at measurement date | $3.84 |
| Grant date | 4 May 2022 |
| Share price at grant date | $4.12 |
| Expected volatility of Company's share price (assuming the average volatility of 780-Day closing unit price from 6 CLI REITs) | 26.46% |
| Expected dividend yield over the vesting period | 3.94% |
| Risk-free interest rate equal to the implied yield on zero-coupon Singapore Government bond with a term equal to the length of vesting period | 1.72% to 2.34% |

As at 31 December 2022, the number of shares granted are as follows:

| | **2022** | | | **2021** | | |
|---|---|---|---|---|---|---|
| | **Equity-settled ('000)** | **Cash-Settled ('000)** | **Total ('000)** | **Equity-settled ('000)** | **Cash-Settled ('000)** | **Total ('000)** |
| Final number of shares has not been determined (baseline award) | 6,951 | 1,665 | 8,616 | – | – | – |

20 **SHARE CAPITAL**

| | **2022 No. of shares ('000)** | **2021 No. of shares ('000)** |
|---|---|---|
| **Issued and fully paid, with no par value** | | |
| At 1 January, including treasury shares | 5,203,196 | 2,807,623 |
| Add: Issue of new shares | – | 2,395,573 |
| Less: Treasury shares | (89,031) | (61,996) |
| At 31 December, excluding treasury shares | 5,114,165 | 5,141,200 |

**Capital management**

The Group's policy is to build a strong capital base so as to maintain investor, creditor and market confidence to sustain future development of the business. The Group monitors the return on capital, which the Group defines as total shareholders' equity, excluding non-controlling interests, perpetual securities and the level of dividends to ordinary shareholders.

The Group monitors its capital using a net debt-to-equity ratio, which is defined as net borrowings divided by total equity (including non-controlling interests and perpetual securities).

20 **SHARE CAPITAL** (CONTINUED)

**Capital management** (continued)

| | **2022 $'M** | **2021 $'M** |
|---|---|---|
| Borrowings and debt securities | 12,590 | 13,548 |
| Cash and cash equivalents | (2,668) | (3,877) |
| Net debt | 9,922 | 9,671 |
| Total equity | 18,929 | 20,101 |
| Net debt-to-equity ratio | 0.52 | 0.48 |

The Group seeks to strike a balance between the higher returns that might be possible with higher level of borrowings and the liquidity and security afforded by a sound capital position.

In addition, the Company has a share purchase mandate as approved by its shareholders which allows the Company greater flexibility over its share capital structure with a view to improving, inter alia, its return on equity. The shares which are purchased are held as treasury shares which the Company may transfer for the purposes of or pursuant to its employee share-based incentive schemes so as to enable the Company to take advantage of tax deductions under the current taxation regime. The use of treasury shares in lieu of issuing new shares would also mitigate the dilution impact on existing shareholders.

The Group's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the company belongs. Adjustments are made to the capital structure in light of changes in economic conditions, regulatory requirements and business strategies affecting the Company or the Group.

The Group's subsidiaries in The People's Republic of China (PRC) and India are subject to foreign exchange rules and regulations promulgated by the PRC and India government which may impact how the Group manages capital. In addition, seven of the Group's subsidiaries (2021: seven) are required to maintain certain minimum base capital and financial resources, or shareholders' funds as they are holders of Capital Markets Services licenses registered with the Monetary Authority of Singapore or the Securities Commission Malaysia to conduct the regulated activity of Real Estate Investment Trust management. In addition, the consolidated REITs are subject to the aggregate leverage limit as defined in the Property Funds Appendix of the Code of Investment Scheme. These subsidiaries have complied with the applicable capital requirements throughout the year.

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

21 **OTHER RESERVES**

| | **The Group** | | **The Company** | |
|---|---|---|---|---|
| | **2022 $'M** | **2021 $'M** | **2022 $'M** | **2021 $'M** |
| Reserve for own shares | (315) | (208) | (315) | (208) |
| Equity compensation reserve | 50 | 24 | 22 | 16 |
| Capital reserve | (4,809) | (4,794) | 3 | 3 |
| Hedging reserve | 127 | (16) | – | – |
| Fair value reserve | 27 | 36 | – | – |
| Asset revaluation reserve | 6 | 6 | – | – |
| Foreign currency translation reserve | (980) | 71 | – | – |
| | (5,894) | (4,881) | (290) | (189) |

Reserve for own shares comprises the purchase consideration for issued shares of the Company acquired and held as treasury shares.

The equity compensation reserve comprises the cumulative value of employee services received for shares under the share plans of the Company (note 19 (b)).

Notes to the Financial Statements

**21 OTHER RESERVES** (CONTINUED)

The capital reserve comprises mainly the reserves set aside by certain subsidiaries in compliance with the relevant regulations in the People's Republic of China, the Group's share of associates' and joint ventures' capital reserve and reserves on consolidation amounting to -$5,598 million (2021: -$5,590 million) which represents the difference between the consideration paid for the acquisition of interest in entities under common control as part of the internal restructuring of the Group in 2021 and the share capital of the acquirees.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments related to hedge transactions that have not yet affected profit or loss.

The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at FVOCI.

The asset revaluation reserve comprises the revaluation gain on a plant, property and equipment which was reclassified to investment properties.

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign entities, the effective portion of the hedging instrument which is used to hedge against the Group's net investment in foreign currencies as well as from the translation of foreign currency loans used to hedge or form part of the Group's net investments in foreign entities. The Group's foreign currency translation reserve arises mainly from Chinese Renminbi, US Dollar, Indian Rupee, Australian Dollar and Malaysian Ringgit.

**22 PERPETUAL SECURITIES**

The Group's perpetual securities comprise perpetual securities and perpetual notes issued by its subsidiary, CLAS ("the Issuer"). The perpetual securities comprise:

| Perpetual securities | Issue date | Principal amount $'M |
|---|---|---|
| **CLAS** | | |
| – Fixed rate perpetual securities with an initial distribution rate of 4.68% per annum | 30 June 2015 | 250 |
| – Fixed rate perpetual securities with an initial distribution rate of 3.88% per annum | 4 September 2019 | 150 |

The perpetual securities have no fixed redemption date and redemption is at the option of the issuer in accordance with the terms of issue of the securities. The distribution will be payable semi-annually at the discretion of the issuer and will be non-cumulative. These perpetual securities rank *pari passu* with the holders of preferred units (if any) and rank ahead of the stapled security holders of the CLAS, but junior to the claims of all other present and future creditors of the CLAS.

As the perpetual securities have no fixed maturity date and the payment of distributions is at the discretion of the Issuer, the Issuer is considered to have no contractual obligations to repay the principal or to pay any distributions, and the perpetual securities do not meet the definition for classification as a financial liability under SFRS(I) 1-32 *Financial Instruments: Disclosure and Presentation*, they are presented within equity, and distributions are treated as dividends.

**23 OTHER COMPREHENSIVE INCOME**

The Group's items of other comprehensive income do not have any related tax effect.

**24 REVENUE**

Revenue of the Group is analysed as follows:

| | The Group 2022 $'M | The Group 2021 $'M |
|---|---|---|
| Revenue from contracts with customers | 845 | 826 |
| Rental of investment properties: | | |
| – Retail, office, business park, industrial and logistics rental and related income | 525 | 568 |
| – Lodging properties rental and related income | 1,495 | 885 |
| Others | 11 | 14 |
| | 2,876 | 2,293 |

Disaggregation of revenue from contracts with customers:

| | The Group 2022 $'M | The Group 2021 $'M |
|---|---|---|
| **Primary segment** | | |
| Fee income | | |
| – Fee income-related business | 776 | 742 |
| – Real estate investment business | 41 | 15 |
| – Corporate and others | 19 | 60 |
| | 836 | 817 |
| Development properties for sale | | |
| – Real estate investment business | 9 | 9 |
| | 845 | 826 |
| **Secondary segment** | | |
| Singapore | 496 | 485 |
| China[1] | 183 | 207 |
| Other developed markets | 98 | 82 |
| Other emerging markets | 68 | 52 |
| | 845 | 826 |

1 includes Hong Kong

| | The Group 2022 $'M | The Group 2021 $'M |
|---|---|---|
| **Timing of revenue recognition** | | |
| Product transferred at a point in time | 48 | 66 |
| Products and services transferred over time | 797 | 760 |
| | 845 | 826 |

## 25 PROFIT BEFORE TAX

Profit before tax includes the following:

| | Note | The Group 2022 $'M | The Group 2021 $'M |
|---|---|---|---|
| **(a) Other operating income** | | | |
| Interest income from: | | | |
| – deposits and notes | | 47 | 20 |
| – related corporations | | – | 5 |
| – associates and joint ventures | | 4 | 1 |
| – investee companies and others | | 2 | 3 |
| | | 53 | 29 |
| Distribution income | | 35 | 5 |
| Foreign exchange gain | | – | 15 |
| Gain on disposal of equity investment designated as fair value through profit or loss | | – | 24 |
| Gain from change of ownership interests in subsidiaries, associates and joint ventures | | 210 | 131 |
| Mark-to-market gain on derivative instruments | | 34 | – |
| Gain on disposal of investment properties | | 14 | 205 |
| Net fair value gain from investment properties | 5 | 250 | 255 |
| Net writeback of impairment loss on non-trade receivables – related corporations | | – | 87 |
| Other income from pre-termination of contracts and income support | | 6 | 20 |
| Forfeiture of security deposits | | 2 | 12 |
| Government grants | (i) | 4 | 23 |
| Others | | 57 | 82 |
| | | 665 | 888 |

(i) The grants relate to the Job Support Scheme or equivalents in Singapore, Australia and Europe and property tax rebates extended by the Singapore government.

| | The Group 2022 $'M | The Group 2021 $'M |
|---|---|---|
| **(b) Staff costs** | | |
| Wages and salaries | 594 | 573 |
| Contributions to defined contribution plans | 69 | 59 |
| Share-based expenses: | | |
| – equity-settled | 47 | 36 |
| – cash-settled | 21 | 22 |
| Increase in liability for short term accumulating compensated absences | 1 | 4 |
| Staff benefits, training/development costs and others | 68 | 57 |
| | 800 | 751 |
| Less: | | |
| Staff costs capitalised in development properties for sale | – | (2) |
| | 800 | 749 |
| Recognised in: | | |
| Cost of sales | 597 | 555 |
| Administrative expenses | 203 | 194 |
| | 800 | 749 |





## 25 PROFIT BEFORE TAX (CONTINUED)

| | Note | The Group 2022 $'M | The Group 2021 $'M |
|---|---|---|---|
| **(c)(i) Cost of sales include:** | | | |
| Operating expenses of investment properties that generated rental income | | 602 | 499 |
| Lease expenses (short-term lease) | | 362 | 197 |
| Lease expenses (variable lease payments not included in the measurement of lease liabilities) | | 12 | 3 |
| **(c)(ii) Administrative expenses include:** | | | |
| Net allowance for impairment loss on trade receivables | | 13 | 18 |
| Amortisation of intangible assets | 4 | 15 | 27 |
| Auditors' remuneration: | | | |
| – auditors of the Company | | 3 | 2 |
| – other auditors | | 7 | 5 |
| Non-audit fees: | | | |
| – auditors of the Company | | * | 1 |
| – other auditors | | 2 | 2 |
| Depreciation of property, plant and equipment | 3 | 64 | 70 |
| Depreciation of right-of-use assets | 3 | 67 | 63 |
| (Write back) / Accrual of listing and restructuring expenses | | (23) | 186 |
| **(c)(iii) Other operating expenses include:** | | | |
| Allowance for impairment loss on non-trade receivables | | 12 | 6 |
| Foreign exchange loss | | 132 | – |
| Loss on disposal and write off of property, plant and equipment | | 2 | 3 |
| Impairment of intangible assets | 4 | – | 15 |
| Net change in fair value of financial assets designated as fair value through profit or loss | | 21 | 18 |
| **(d) Finance costs** | | | |
| Interest costs paid and payable: | | | |
| – on bank loans and overdrafts | | 356 | 147 |
| – on debt securities | | 49 | 41 |
| – related corporations | | – | 108 |
| Lease liabilities | | 30 | 29 |
| Others | | 7 | 33 |
| Total finance costs | | 442 | 358 |
| Less: | | | |
| Borrowing costs capitalised in investment properties | | (10) | (5) |
| | | 432 | 353 |

* Less than $1 million

Notes to the Financial Statements

## 26 TAX EXPENSE

| | The Group 2022 $'M | 2021 $'M |
|---|---|---|
| **Current tax expense** | | |
| – Based on current year's results | 201 | 256 |
| – (Over)/Under provision in respect of prior years | (9) | 32 |
| – Group relief | (2) | (1) |
| | 190 | 287 |
| **Deferred tax expense** | | |
| – Origination and reversal of temporary differences | 89 | 60 |
| – Under/(Over) provision in respect of prior years | 4 | (7) |
| | 93 | 53 |
| **Land appreciation tax** | | |
| – Current year | 1 | – |
| – Under/(Over) provision in respect of prior years | – | (1) |
| | 1 | (1) |
| **Withholding tax** | | |
| – Current year | 25 | 64 |
| – Under/(Over) provision in respect of prior years | 9 | (7) |
| | 34 | 57 |
| | 318 | 396 |

**Reconciliation of effective tax rate**

| | 2022 $'M | 2021 $'M |
|---|---|---|
| Profit before tax | 1,388 | 1,956 |
| Less: Share of results of associates and joint ventures | 531 | 1,218 |
| Profit before share of results of associates and joint ventures and tax | 857 | 738 |
| Income tax using Singapore tax rate of 17% (2021: 17%) | 146 | 125 |
| Adjustments: | | |
| Expenses not deductible for tax purposes | 172 | 293 |
| Income not subject to tax | (147) | (205) |
| Effect of unrecognised tax losses and other deductible temporary differences | 30 | 45 |
| Effect of different tax rates in foreign jurisdictions | 64 | 21 |
| Effect of taxable distributions from REITs | 30 | 43 |
| Land appreciation tax | 1 | (1) |
| Withholding taxes | 25 | 64 |
| Under provision in respect of prior years | 4 | 18 |
| Group relief | (2) | (1) |
| Others | (5) | (6) |
| | 318 | 396 |

In June 2021, the Group's subsidiary, CMMT Investments Limited (CMMTIL), was notified by the Inland Revenue Board of Malaysia (Tax Authority) that it had completed a tax audit review on CMMTIL, and found that certain interest payments made to CMMTIL's holding company outside of the relevant jurisdiction for the years of assessment 2011 to 2018 were subject to withholding tax and/or not permitted as expenses for tax deductions and that accordingly, CMMTIL was assessed to pay additional taxes and penalties amounting to approximately $40 million in total (Tax Claim). In this regard, the Tax Authority has issued notices of additional assessment for the Tax Claim.

## 26 TAX EXPENSE (CONTINUED)

CMMTIL has obtained a legal opinion from its tax and legal advisers in the relevant jurisdiction, that (a) CMMTIL should fall within an exemption order under the relevant taxation law applicable to it, which would exempt it from paying any withholding tax for the said years of assessment and that, accordingly, the subsidiary should not be denied a deduction on the interest expense incurred; and (b) as the income tax legislation in the relevant jurisdiction provides that the Tax Authority may make an assessment or additional assessment only within the preceding five years, any assessment with respect to the years of assessment 2015 and prior years would be time-barred. CMMTIL has filed an application for a judicial review and a stay order with respect to the Tax Claim.

In August 2021, CMMTIL has made a partial payment of approximately $1.4 million to the Tax Authority under an approved instalment plan. On 7 September 2021, the High Court granted CMMTIL leave for substantive judicial review at High Court, which includes a stay so that the disputed taxes need not be paid until the outcome of the judicial review. CMMTIL is in the midst of preparing for the judicial review, while seeking an amicable settlement solution with Tax Authority.

**Global minimum tax**

To address concerns about uneven profit distribution and tax contributions of large multinational corporations, various agreements have been reached at the global level, including an agreement by over 135 jurisdictions to introduce a global minimum tax rate of 15%. In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework, followed by detailed guidance released in March 2022, that is expected to be used by individual jurisdictions that signed the agreement to amend their local tax laws. Once changes to the tax laws in any jurisdiction in which the Group operates are enacted or substantively enacted, the Group may be liable to the top-up tax. As at 31 December 2022, the Group does not have subsidiaries which have significant operation in the country where the statutory tax rate is less than 15%.

As at 31 December 2022, none of the jurisdictions in which the Group operates had enacted or substantively enacted the tax legislation related to the top-up tax. Management is closely monitoring the progress of the legislative process in each jurisdiction the Group operates in. As at 31 December 2022, the Group did not have sufficient information to determine the potential quantitative impact.

## 27 EARNINGS PER SHARE

### (a) Basic earnings per share

| | The Group 2022 $'M | 2021 $'M |
|---|---|---|
| Basic earnings per share is based on: | | |
| Net profit attributable to owners of the Company | 861 | 1,349 |

| | 2022 No. of shares ('000) | 2021 No. of shares ('000) |
|---|---|---|
| Weighted average number of ordinary shares in issue during the year | 5,129,261 | 3,517,372 |

27 **EARNINGS PER SHARE** (CONTINUED)

**(b) Diluted earnings per share**

In calculating diluted earnings per share, the net profit attributable to owners of the Company and weighted average number of ordinary shares in issue during the year are adjusted for the effects of all potential dilutive ordinary shares:

| | The Group | |
|---|---|---|
| | 2022 $'M | 2021 $'M |
| Diluted earnings per share is based on: | | |
| Net profit attributable to owners of the Company | 861 | 1,349 |

| | 2022 No. of shares ('000) | 2021 No. of shares ('000) |
|---|---|---|
| Weighted average number of ordinary shares in issue during the year | 5,129,261 | 3,517,372 |
| Adjustments for potential dilutive ordinary shares under: | | |
| – CLI Performance Share Plan | 67,058 | 68,444 |
| – CLI Restricted Share Plan | 11,262 | – |
| | 78,320 | 68,444 |
| Weighted average number of ordinary shares used in the calculation of diluted earnings per share | 5,207,581 | 3,585,816 |

The weighted average number of shares as at 31 December 2021 is based on the weighted average number of ordinary shares outstanding during the year, including the estimated shares issued to effect the acquisition of interests in common control entities pursuant to the internal restructuring of the Group on the basis that the internal restructuring has been effected before the start of the earliest period presented or the dates of incorporation of common control entities, or the dates when common control is established, whichever is later.

Basic earnings per share computed based on the outstanding issued shares as at 31 December 2021 of 5,141 million was 26.2 cents.

28 **DIVIDENDS**

In respect of the financial year ended 31 December 2022, the Board of Directors of the Company has proposed dividends which comprised the following:

(a) a tax-exempt ordinary dividend of 12.0 cents per share which would amount to a payout of approximately $614 million; and

(b) a special distribution *in specie* of 292 million units in CLAS that the Group holds on the basis of 0.057 unit per ordinary share valued at 5.9 cents per share (Proposed Distribution) based on CLAS's share price at market close on 22 February 2023.

The tax-exempt dividend and Proposed Distribution are subject to shareholders' approval at the forthcoming Annual General Meeting of the Company. The actual dividend payment can only be determined on book closure date.

For the financial year ended 31 December 2021, a tax-exempt ordinary dividend of 12.0 cents per share and a special dividend of 3.0 cents per share were approved at the Annual General Meeting held on 29 April 2022. The said dividends of $772 million were paid in May 2022.



Notes to the Financial Statements

29 **ACQUISITION/DISPOSAL OF SUBSIDIARIES, NET OF CASH ACQUIRED/DISPOSED OF**

**(a) Acquisition of subsidiaries**

The list of significant subsidiaries acquired during the year is as follows:

| 2022 Name of subsidiary | Date acquired | Effective interest acquired |
|---|---|---|
| Zhonglongyun (Zhuozhou) Data Technology Co., Ltd. | April 2022 | 100% |
| Zhuozhou Malongda Fire Technology Co., Ltd. | April 2022 | 100% |
| Yuanying (Foshan) Warehousing Services Co., Ltd. | May 2022 | 100% |
| Oakwood Worldwide (Asia) Pte. Ltd. (Oakwood) | July 2022 | 100% |
| Zhonghanyun (Zhuozhou) Data Technology Co., Ltd. | October 2022 | 100% |

| 2021 Name of subsidiary | Date acquired | Effective interest acquired |
|---|---|---|
| DLSP-Ascendas Co., Ltd. | May 2021 | 50% |
| Shanghai Yiding Electronic Technology Co., Ltd. | September 2021 | 80% |
| Shanghai Minyun Technology Co., Ltd. | September 2021 | 80% |
| Raffles City China Income Ventures Limited | November 2021 | 45% |
| Senning Property Ltd. | November 2021 | 55% |

The acquisitions in 2022 were accounted for as acquisition of assets except for Oakwood which was accounted for as a business combination (note 30). The acquisitions in 2021 were accounted for as acquisition of assets.

**(b) Effects of acquisitions**

The cash flows and net assets of subsidiaries acquired are provided below:

| The Group | Note | 2022 $'M | 2021 $'M |
|---|---|---|---|
| Intangible assets | 4 | 8 | – |
| Investment properties | 5 | 220 | 1,118 |
| Associates | | – | 1,383 |
| Joint ventures | | – | 259 |
| Other non-current assets | | * | 1,203 |
| Trade and other receivables | | 22 | 722 |
| Cash and cash equivalents | | 13 | 234 |
| Trade and other payables | | (35) | (592) |
| Other current liabilities | | * | (331) |
| Borrowings and debt securities | | (4) | (1,401) |
| Deferred tax liabilities | | – | (24) |
| Other non-current liabilities | | (2) | (38) |
| | | 222 | 2,533 |
| Amounts previously accounted for as associates and joint venture, remeasured at fair value | | – | (755) |
| Net assets acquired | | 222 | 1,778 |
| Goodwill arising from acquisition | 4 | 49 | – |
| Gain on change of ownership interests in joint ventures | | – | (9) |
| Realisation of reserves previously accounted for as associates and a joint venture | | – | 84 |
| Total purchase consideration | | 271 | 1,853 |
| Deferred purchase consideration and other adjustments | | (55) | (229) |
| Deferred purchase consideration paid in relation to prior year's acquisition of subsidiaries | | 39 | – |
| Cash of subsidiaries acquired | | (13) | (234) |
| Cash outflow on acquisition of subsidiaries | | 242 | 1,390 |

* Less than $1 million

Notes to the Financial Statements

**29 ACQUISITION/DISPOSAL OF SUBSIDIARIES, NET OF CASH ACQUIRED/DISPOSED OF** (CONTINUED)

**(b) Effects of acquisitions** (continued)

***Acquisition-related costs***

Acquisition-related costs of $3 million (2021: $3 million) relating to stamp duties and legal, due diligence, tax advisory and financial advisory service fees were included in the administrative expenses and cost of investment properties respectively.

**(c) Disposal of subsidiaries**

The list of significant subsidiaries disposed during the year is as follows:

| **2022**<br>**Name of subsidiary** | **Date disposed** | **Effective interest disposed** |
|---|---|---|
| Southernwood Property Pte Ltd | April 2022 | 65% |
| CapitaLand Korea Private Real Estate Investment Trust No. 3 | September 2022 | 39.5% |
| Ascendas C62 Park (Shanghai) Co., Ltd. | October 2022 | 100% |
| Yuanying (Foshan) Warehousing Services Co., Ltd. | December 2022 | 100% |

The disposed subsidiaries contributed net profit of $7 million from 1 January 2022 to the date of disposal.

| **2021**<br>**Name of subsidiary** | **Date disposed** | **Effective interest disposed** |
|---|---|---|
| Shanghai Xinwei Real Estate Development Co. Ltd. | May 2021 | 40.6% |
| Ascendas Fusion 5 Pte. Ltd. | June 2021 | 75% |
| Ascendas Hangzhou Science & Technology Co., Ltd. | June 2021 | 60.2% |
| Ascendas Hangzhou Data Processing Co., Ltd. | June 2021 | 60.2% |

The disposed subsidiaries contributed net profit of $33 million from 1 January 2021 to the date of disposal.

**(d) Effects of disposals**

The cash flows and net assets of subsidiaries disposed of are provided below:

| **The Group** | **Note** | **2022 $'M** | **2021 $'M** |
|---|---|---|---|
| Property, plant and equipment | | * | 1 |
| Investment properties | 5 | 1,646 | 1,015 |
| Trade and other receivables | | 13 | 26 |
| Cash and cash equivalents | | 28 | 114 |
| Trade and other payables | | (68) | (37) |
| Other current liabilities | | (7) | – |
| Borrowings | | (707) | (348) |
| Other non-current liabilities | | (42) | (46) |
| Non-controlling interests | | (230) | (143) |
| Equity interest retained as joint venture | | (3) | – |
| Net assets disposed of | | 630 | 582 |
| Realisation of reserves | | (7) | (5) |
| Gain on disposal of subsidiaries | | 207 | 211 |
| Sale consideration | | 830 | 788 |
| Deferred proceeds and other adjustments | | (79) | (95) |
| Deposits received in prior year | | – | (6) |
| Cash of subsidiaries disposed | | (28) | (114) |
| Cash inflow on disposal of subsidiaries | | 723 | 573 |

* Less than $1 million

**30 BUSINESS COMBINATIONS**

The Group acquires subsidiaries/entities that own real estate which are not under common control. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. Typically, the Group assesses the acquisition as a purchase of business when the strategic management function and the associated processes were purchased along with the underlying properties.

**2022**

***Acquisition of Oakwood Worldwide (Asia) Pte. Ltd.***

On 22 July 2022, the Group acquired 100% of the shares and voting interests in Oakwood Worldwide (Asia) Pte. Ltd. and its subsidiaries (Oakwood) from a related party. Following the acquisition, Oakwood became wholly-owned subsidiary of the Group.

Oakwood is a premier global serviced apartment provider. The acquisition of Oakwood allows the Group to:

i) Accelerate the growth in lodging management and increases its global portfolio by about 15,000 units across 81 properties internationally;
ii) Drive operational and revenue synergies through expansion of the Group's lodging offerings and cement the Group's leading position in the lodging segment globally;
iii) Complement platform driven by asset-light FRE generation through management and franchising businesses;
iv) Add new markets including Cheongju in South Korea; Zhangjiakou and Qingdao in China; Dhaka in Bangladesh as well as Washington D.C. in the USA

From the date of acquisition to 31 December 2022, Oakwood contributed revenue of $7 million and net profit of $1 million to the Group's results. If the acquisition had occurred on 1 January 2022, management estimates that the contribution to the Group's revenue and net profits from Oakwood would have been $13 million and $2 million respectively. In determining this amount, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2022.

Goodwill of $49 million was attributed to the lodging management business acquired, which was recognised as a result of the difference between the fair value of the Group's interest in Oakwood and the fair value of the assets acquired and liabilities assumed.

| | **2022 $'M** |
|---|---|
| Intangible assets | 8 |
| Other current assets | 6 |
| Cash and cash equivalents | 12 |
| Current liabilities | (10) |
| Deferred tax liabilities | (1) |
| Total identifiable net assets | 15 |
| Goodwill on acquisition | 49 |
| Total purchase consideration | 64 |
| Less: cash and cash equivalents in subsidiary acquired | (12) |
| Net cash outflow on acquisition | 52 |

Total acquisition-related costs of $3 million related to stamp duties, legal, due diligence and tax advisory fees were included in administrative expenses in the current year.

Notes to the Financial Statements

**30 BUSINESS COMBINATIONS** (CONTINUED)

***Measurement of fair value***

The valuation techniques used for measuring the fair value of the material assets acquired and liabilities assumed were as follows:

| Assets acquired and liabilities assumed | Valuation technique |
|---|---|
| Intangible assets | Intangible assets mainly consist of management contracts for which independent valuation is conducted using the multi-period excess earnings method. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets. |
| Other current assets and liabilities | Other current assets and liabilities include trade and other receivables, cash and cash equivalents, trade and other payables, and other current liabilities.<br><br>The fair values of these assets and liabilities are determined to approximate the carrying amounts since they are short term in nature. |

**31 FAIR VALUE OF ASSETS AND LIABILITIES**

**(a) Determination of fair value**

The valuation methods and assumptions below are used to estimate the fair values of the Group's significant classes of assets and liabilities.

*(i) Derivatives*

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

*(ii) Non-derivative financial liabilities*

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted using the market rate of interest at the reporting date.

Fair value of quoted debt securities is determined based on quoted market prices.

*(iii) Other financial assets and liabilities*

The fair value of quoted securities is their quoted bid price at the reporting date. The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

Where other valuation techniques, such as discounted cash flow technique are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate for a similar instrument.



**31 FAIR VALUE OF ASSETS AND LIABILITIES** (CONTINUED)

**(a) Determination of fair value** (continued)

*(iv) Investment properties*

The Group's investment property portfolio is mostly valued by external and independent valuation companies on an annual basis. Independent valuation is also carried out on occurrence of acquisition of investment property. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion. The valuers have considered valuation techniques, mainly including capitalisation approach, discounted cash flows and residual method in arriving at the open market value as at the reporting date. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation rate, terminal yield rate and discount rate, estimated cost to completion and gross development value.

*(v) Assets held for sale*

The fair value of the Group's investment properties held for sale is either valued by an independent valuer or based on the agreed contractual selling price on a willing buyer willing seller basis. For investment properties held for sale valued by an independent valuer, the valuer has considered the discounted cash flow and income capitalisation approaches in arriving at the open market value as at the reporting date. In determining the fair value, the valuer used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties held for sale include market-corroborated capitalisation rate.

*(vi) Share-based payment transactions*

The fair values of employee performance share plan and restricted share plan are measured using valuation methodology described in note 19. Measurement inputs include the share price at grant date, expected volatility, expected correlation of the Group's return with those of peer group, expected dividends yield and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair values.

**(b) Fair value hierarchy**

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used. The different levels have been defined 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., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 **FAIR VALUE OF ASSETS AND LIABILITIES** (CONTINUED)

**(c) Accounting classification and fair values**

The table does not include fair value information of financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| | Note | Carrying amount: Fair value – hedging instruments $'M | Carrying amount: FVOCI $'M | Carrying amount: FVTPL $'M | Carrying amount: Amortised Cost $'M | Carrying amount: Total $'M | Fair value: Level 1 $'M | Fair value: Level 2 $'M | Fair value: Level 3 $'M | Fair value: Total $'M |
|---|---|---|---|---|---|---|---|---|---|---|
| **The Group** | | | | | | | | | | |
| **31 December 2022** | | | | | | | | | | |
| **Financial assets measured at fair value** | | | | | | | | | | |
| Equity investments at FVOCI | 10(a) | – | 67 | – | – | 67 | 55 | 12 | – | 67 |
| Equity investments at FVTPL | 10(a) | – | – | 114 | – | 114 | 3 | – | 111 | 114 |
| Derivative financial assets: | | | | | | | | | | |
| – Interest rate swaps, forward foreign exchange contracts and cross currency swaps | 10(a) | 114 | – | – | – | 114 | – | 114 | – | 114 |
| – Interest rate swaps and cross currency swaps | 10(b) | 70 | – | – | – | 70 | – | 70 | – | 70 |
| | | 184 | 67 | 114 | – | 365 | | | | |
| **Financial assets not measured at fair value** | | | | | | | | | | |
| Other non-current assets | | – | – | – | 30 | 30 | | | | |
| Loans due from associates | 7 | – | – | – | 87 | 87 | | | | |
| Loans due from joint ventures | 8(a) | – | – | – | 393 | 393 | | | | |
| Trade and other receivables | 12 | – | – | – | 970 | 970 | | | | |
| Cash and cash equivalents | 14 | – | – | – | 2,668 | 2,668 | | | | |
| | | – | – | – | 4,148 | 4,148 | | | | |





31 **FAIR VALUE OF ASSETS AND LIABILITIES** (CONTINUED)

**(c) Accounting classification and fair values** (continued)

| | Note | Carrying amount: Fair value – hedging instruments $'M | Carrying amount: FVOCI $'M | Carrying amount: FVTPL $'M | Carrying amount: Amortised Cost $'M | Carrying amount: Total $'M | Fair value: Level 1 $'M | Fair value: Level 2 $'M | Fair value: Level 3 $'M | Fair value: Total $'M |
|---|---|---|---|---|---|---|---|---|---|---|
| **The Group** | | | | | | | | | | |
| **31 December 2022** | | | | | | | | | | |
| **Financial liabilities measured at fair value** | | | | | | | | | | |
| Derivative financial instruments: | | | | | | | | | | |
| – Interest rate swaps, forward foreign exchange contracts and cross currency swaps | 15 | (4) | – | – | – | (4) | – | (4) | – | (4) |
| – Interest rate swaps, forward foreign exchange contracts and cross currency swaps | 18 | (9) | – | – | – | (9) | – | (9) | – | (9) |
| | | (13) | – | – | – | (13) | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | | | | |
| Other non-current liabilities# | | – | – | – | (218) | (218) | – | – | (211) | (211) |
| Bank borrowings^ | 16 | – | – | – | (10,429) | (10,429) | – | (10,391) | – | (10,391) |
| Debt securities | 17 | – | – | – | (1,502) | (1,502) | – | (1,481) | – | (1,481) |
| Trade and other payables# | | – | – | – | (1,971) | (1,971) | | | | |
| | | – | – | – | (14,120) | (14,120) | | | | |

# Excludes advanced billings, advanced payments received, liability for employee benefits, derivative liabilities and deferred income.
^ Excludes lease liability.

**31 FAIR VALUE OF ASSETS AND LIABILITIES** (CONTINUED)

**(c) Accounting classification and fair values** (continued)

| | Note | Carrying amount: Fair value – hedging instruments $'M | Carrying amount: FVOCI $'M | Carrying amount: FVTPL $'M | Carrying amount: Amortised Cost $'M | Carrying amount: Total $'M | Fair value: Level 1 $'M | Fair value: Level 2 $'M | Fair value: Level 3 $'M | Fair value: Total $'M |
|---|---|---|---|---|---|---|---|---|---|---|
| **The Group** | | | | | | | | | | |
| **31 December 2021** | | | | | | | | | | |
| **Financial assets measured at fair value** | | | | | | | | | | |
| Equity investments at FVOCI | 10(a) | – | 60 | – | – | 60 | 60 | – | – | 60 |
| Equity investments at FVTPL | 10(a) | – | – | 107 | – | 107 | 3 | – | 104 | 107 |
| Derivative financial assets: | | | | | | | | | | |
| – Interest rate swaps and cross currency swaps | 10(a) | 22 | – | – | – | 22 | – | 22 | – | 22 |
| – Interest rate swaps, forward foreign exchange contracts and cross currency swaps | 10(b) | 14 | – | – | – | 14 | – | 14 | – | 14 |
| | | 36 | 60 | 107 | – | 203 | | | | |
| **Financial assets not measured at fair value** | | | | | | | | | | |
| Other non-current assets | | – | – | – | 19 | 19 | | | | |
| Loans due from associates | 7 | – | – | – | 4 | 4 | | | | |
| Loans due from joint ventures | 8(a) | – | – | – | 422 | 422 | | | | |
| Trade and other receivables | 12 | – | – | – | 1,610 | 1,610 | | | | |
| Cash and cash equivalents | 14 | – | – | – | 3,877 | 3,877 | | | | |
| | | – | – | – | 5,932 | 5,932 | | | | |





**31 FAIR VALUE OF ASSETS AND LIABILITIES** (CONTINUED)

**(c) Accounting classification and fair values** (continued)

| | Note | Carrying amount: Fair value – hedging instruments $'M | Carrying amount: FVOCI $'M | Carrying amount: FVTPL $'M | Carrying amount: Amortised Cost $'M | Carrying amount: Total $'M | Fair value: Level 1 $'M | Fair value: Level 2 $'M | Fair value: Level 3 $'M | Fair value: Total $'M |
|---|---|---|---|---|---|---|---|---|---|---|
| **The Group** | | | | | | | | | | |
| **31 December 2021** | | | | | | | | | | |
| **Financial liabilities measured at fair value** | | | | | | | | | | |
| Derivative financial instruments: | | | | | | | | | | |
| – Interest rate swaps and forward foreign exchange contracts | 15 | (19) | – | – | – | (19) | – | (19) | – | (19) |
| – Interest rate swaps | 18 | (40) | – | – | – | (40) | – | (40) | – | (40) |
| | | (59) | – | – | – | (59) | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | | | | |
| Other non-current liabilities# | | – | – | – | (312) | (312) | – | – | (293) | (293) |
| Bank borrowings^ | 16 | – | – | – | (11,598) | (11,598) | – | (11,583) | – | (11,583) |
| Debt securities | 17 | – | – | – | (1,179) | (1,179) | – | (1,180) | – | (1,180) |
| Trade and other payables# | | – | – | – | (2,041) | (2,041) | | | | |
| | | – | – | – | (15,130) | (15,130) | | | | |

# Excludes liability for employee benefits, derivative liabilities and deferred income.
^ Excludes lease liability.

31 **FAIR VALUE OF ASSETS AND LIABILITIES** (CONTINUED)

(c) **Accounting classification and fair values** (continued)

| | Note | Carrying amount: Fair value – hedging instruments $'M | FVOCI $'M | FVTPL $'M | Amortised Cost $'M | Total $'M | Fair value: Level 1 $'M | Level 2 $'M | Level 3 $'M | Total $'M |
|---|---|---|---|---|---|---|---|---|---|---|
| **The Company** | | | | | | | | | | |
| **31 December 2022** | | | | | | | | | | |
| **Financial assets not measured at fair value** | | | | | | | | | | |
| Other non-current assets | | – | – | – | 4,295 | 4,295 | | | | |
| Trade and other receivables | 12 | – | – | – | 698 | 698 | | | | |
| Cash and cash equivalents | 14 | – | – | – | 22 | 22 | | | | |
| | | – | – | – | 5,015 | 5,015 | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | | | | |
| Other non-current liabilities# | | – | – | – | 811 | 811 | | | | |
| Trade and other payables# | | – | – | – | 217 | 217 | | | | |
| | | – | – | – | 1,028 | 1,028 | | | | |
| **31 December 2021** | | | | | | | | | | |
| **Financial assets not measured at fair value** | | | | | | | | | | |
| Other non-current assets | | – | – | – | 4,481 | 4,481 | | | | |
| Trade and other receivables | 12 | – | – | – | 243 | 243 | | | | |
| Cash and cash equivalents | 14 | – | – | – | 362 | 362 | | | | |
| | | – | – | – | 5,086 | 5,086 | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | | | | |
| Other non-current liabilities# | | – | – | – | 811 | 811 | | | | |
| Trade and other payables# | | – | – | – | 266 | 266 | | | | |
| | | – | – | – | 1,077 | 1,077 | | | | |

\# Excludes liability for employee benefits.



Notes to the Financial Statements

31 **FAIR VALUE OF ASSETS AND LIABILITIES** (CONTINUED)

(c) **Accounting classification and fair values** (continued)

The following table shows the carrying amounts and fair values of significant non-financial assets, including their levels in the fair value hierarchy.

| | Note | Fair value Level 3 $'M |
|---|---|---|
| **The Group** | | |
| **31 December 2022** | | |
| **Non-financial assets measured at fair value** | | |
| Investment properties | 5 | 14,706 |
| Assets held for sale – investment properties | 13 | 352 |
| | | 15,058 |
| **31 December 2021** | | |
| **Non-financial assets measured at fair value** | | |
| Investment properties | 5 | 16,249 |
| Assets held for sale – investment properties | 13 | 2 |
| | | 16,251 |

(d) **Level 3 fair value measurements**

(i) *Reconciliation of Level 3 fair value*

The movements of financial and non-financial assets classified under Level 3 and measured at fair value are presented as follows:

| | Equity investments at FVTPL $'M | Assets held for sale – investment properties $'M |
|---|---|---|
| **The Group** | | |
| **2022** | | |
| At 1 January 2022 | 104 | 2 |
| Additions | 31 | 351 |
| Disposals | – | (1) |
| Changes in fair value recognised in profit or loss | (20) | – |
| Translation differences | (4) | – |
| At 31 December 2022 | 111 | 352 |
| **2021** | | |
| At 1 January 2021 | 329 | 32 |
| Additions | 48 | 2 |
| Disposals | (242) | (32) |
| Changes in fair value recognised in profit or loss | (18) | – |
| Translation differences | (13) | – |
| At 31 December 2021 | 104 | 2 |

Movements for investment properties are set out in note 5.

31 **FAIR VALUE OF ASSETS AND LIABILITIES** (CONTINUED)

(c) **Accounting classification and fair values** (continued)

(ii) *Valuation techniques and significant unobservable inputs*

The following table shows the valuation techniques used in measuring significant Level 3 fair values, as well as the significant unobservable inputs used.

**Investment properties (including investment properties classified as assets held for sale)**

| Valuation methods | Key unobservable inputs | Shopping mall | Office | Integrated development | Business park, industrial and logistics | Lodging | Inter-relationship between key unobservable inputs and fair value measurement |
|---|---|---|---|---|---|---|---|
| **Capitalisation approach** | Capitalisation rate (net) | | | | | | The estimated fair value varies inversely against the capitalisation rate. |
| | 2022 | | | | | | |
| | – Singapore | – | – | – | 6.0% | – | |
| | – China | 5.0% | 4.3% | 4.8% to 6.0% | 6.0% to 7.0% | – | |
| | – Others | 6.8% to 7.0% | 4.4% | 6.5% | 7.5% to 8.5% | 4.3% to 5.8% | |
| | 2021 | | | | | | |
| | – Singapore | – | 4.3% | – | 6.0% | – | |
| | – China | 5.0% | 4.3% | 4.8% to 6.0% | 5.0% to 7.0% | – | |
| | – Others | 6.5% to 7.0% | 4.5% | 6.5% | 7.0% to 8.8% | 4.3% to 5.3% | |



Notes to the Financial Statements

31 **FAIR VALUE OF ASSETS AND LIABILITIES** (CONTINUED)

(c) **Accounting classification and fair values** (continued)

(ii) *Valuation techniques and significant unobservable inputs (continued)*

| Valuation methods | Key unobservable inputs | Shopping mall | Office | Integrated development | Business park, industrial and logistics | Lodging | Inter-relationship between key unobservable inputs and fair value measurement |
|---|---|---|---|---|---|---|---|
| **Discounted cash flow approach** | Discount rate | | | | | | The estimated fair value varies inversely against the discount rate and terminal yield rate. |
| | 2022 | | | | | | |
| | - Singapore | – | – | – | 7.8% | 4.8% to 6.4% | |
| | - China | 9.0% | 7.0% to 7.8% | 8.8% to 9.5% | 9.0% to 10.0% | 5.4% to 7.5% | |
| | - Others | – | 4.4% | – | 12.8% to 18.8% | 3.3% to 15.0% | |
| | 2021 | | | | | | |
| | - Singapore | – | 6.5% | – | 7.8% | 5.0% to 5.3% | |
| | - China | 9.0% | 7.3% to 7.8% | 8.8% to 9.5% | 8.3% to 10.0% | 5.3% to 5.8% | |
| | - Others | – | 4.3% | – | 12.8% to 18.8% | 3.3% to 10.5% | |
| | Terminal yield rate | | | | | | |
| | 2022 | | | | | | |
| | - Singapore | – | – | – | 6.3% | 3.3% to 4.9% | |
| | - China | 5.3% | 4.3% to 4.5% | 5.0% to 6.3% | 6.3% to 7.3% | 4.6% to 5.3% | |
| | - Others | – | 4.7% | – | 8.5% to 8.8% | 3.6% to 11.0% | |
| | 2021 | | | | | | |
| | - Singapore | – | 4.5% | – | 6.3% | 3.5% to 3.8% | |
| | - China | 5.5% | 4.3% to 4.5% | 5.5% to 6.3% | 5.3% to 7.3% | 3.5% to 4.7% | |
| | - Others | – | 4.6% | – | 8.8% | 3.6% to 8.2% | |
| **Residual value method** | Gross development value ($ million) | | | | | | The estimated fair value increases with higher gross development value and decreases with higher estimated cost to completion. |
| | 2022 | – | 483 | – | 85 to 786 | 131 to 134 | |
| | 2021 | – | – | – | 37 to 158 | 51 to 158 | |
| | Estimated cost to completion ($ million) | | | | | | |
| | 2022 | – | 8 | – | 33 to 101 | 40 to 107 | |
| | 2021 | – | – | – | 43 to 97 | 8 to 125 | |

**31 FAIR VALUE OF ASSETS AND LIABILITIES** (CONTINUED)

**(c) Accounting classification and fair values** (continued)

*(ii) Valuation techniques and significant unobservable inputs (continued)*

| Type | Valuation methods | Key unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurement |
|---|---|---|---|
| Equity investment in offices in Germany at FVTPL | Discounted cash flow method | – Discount rate: 6.3% to 6.5% (2021: 5.2% to 6.0%)<br>– Terminal yield rate: 3.2% to 3.9% (2021: 3.0% to 3.6%) | The estimated fair value increases with lower discount rate and terminal yield rate. |
| Equity investment in funds in Korea and Japan at FVTPL | Discounted cash flow method | – Discount rate: 2.7% to 6.5% (2021: 6.5%)<br>– Terminal yield rate: 3.0% to 4.9% (2021: 4.5%) | The estimated fair value increases with lower discount rate and terminal yield rate. |
| Equity investment in a lodging platform in China at FVTPL | Income approach | – Enterprise value/Revenue multiple of comparable companies: 1.7x to 5.8x (2021: 2.0x to 7.3x)<br>– Volatility of comparable companies: 42% (2021: 36% to 57%) | The estimated fair value increases with higher revenue multiple and varies inversely against lower volatility. |

*(iii) Valuation processes applied by the Group*

The significant non-financial asset of the Group categorised within Level 3 of the fair value hierarchy is investment properties. The fair values of investment properties are determined by external, independent property valuers, who have the appropriate and recognised professional qualifications and recent experience in the location and category of property being valued. The property valuers provide the fair values of the Group's investment property portfolio annually. The valuation and its financial impact are discussed with the management in accordance with the Group's reporting policies.

**32 FINANCIAL RISK MANAGEMENT**

**(a) Financial risk management objectives and policies**

The Group is exposed to market risk (including interest rate, foreign currency and price risks), credit risk and liquidity risk arising from its business. The Group's risk management approach seeks to minimise the potential material adverse effects from these exposures. The Group uses financial instruments such as interest rate swaps, interest rate forwards and cross currency swaps as well as foreign currency borrowings to hedge certain financial risk exposures.

The management has overall responsibility for the compliance and oversight of the Group's risk management framework which was based on CapitaLand Group's risk management framework. The Group has established the Risk Committee to strengthen its risk management processes and framework. The Risk Committee is assisted by an independent unit called the CapitaLand Group Risk Management ("GRM"), which generates an Integrated Risk Report on a regular basis that aims to report and update the Risk Committee of the Group's risk profile.





**32 FINANCIAL RISK MANAGEMENT** (CONTINUED)

**(b) Market risk**

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will have on the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

*(i) Interest rate risk*

The Group's exposure to market risk for changes in interest rate environment relates mainly to its investment in financial products and debt obligations.

The investments in financial products are short term in nature and they are not held for trading or speculative purposes. The financial products mainly comprise fixed deposits which yield better returns than cash at bank.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group strives to ensure that between 60% and 70% of its interest rate risk exposure is at a fixed rate. To minimise its exposure to interest rate volatility, the Group uses hedging instruments such as interest rate swaps and classifies these interest rate swaps as cash flow hedge. The Group also actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. The Group uses hedging instruments such as interest rate swaps and forwards to minimise its exposure to interest rate volatility and classifies these interest rate swaps as cash flow hedge.

As at 31 December 2022, the Group has interest rate swaps classified as cash flow hedges with notional contractual amount of $4,289 million (2021: $5,126 million) and for which the Group pays fixed interest rates and receives variable rates equal to the Singapore swap offer rates (SOR), Singapore Overnight Rate Average (SORA), USD Secured Overnight Financing Rate (SOFR), USD London interbank offered rates (LIBOR), Tokyo Overnight Average Rate (TONA), Australia bank bill swap bid rates (BBSY), Euro short term rate (ESTER) and Sterling Overnight Index Average (SONIA) on the notional amount.

As at 31 December 2022, the Group has cross currency swaps and forward exchange contracts classified as cash flow hedges with notional contractual amount of $256 million (2021: $262 million) and for which the Group pays fixed interest rates and receives variable rates equal to the swap rates for US Dollars and Singapore Dollars on the notional amount.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. If a hedging relationship is directly affected by uncertainty arising from interest rate benchmark reform, then the Group assumes for this purpose that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the critical terms method. When all critical terms match, the economic relationship is considered 100% effective.

Hedge ineffectiveness may occur due to changes in the critical terms of either the interest rate swaps or borrowings. Hedging relationships that are impacted by interest rate benchmark reform may experience ineffectiveness because of a timing mismatch between the hedged item and the hedging instrument regarding interest rate benchmark reform transition.

The net carrying amount of interest rate swaps as at 31 December 2022 was $114 million (2021: $54 million) comprising derivative assets of $114 million (2021: $5 million) and derivative liabilities of nil (2021: $59 million).

32 **FINANCIAL RISK MANAGEMENT** (CONTINUED)

**(b) Market risk** (continued)

*(i) Interest rate risk (continued)*

*Sensitivity analysis*

For variable rate financial liabilities, it is estimated that an increase of 100 basis point in interest rate at the reporting date would lead to a reduction in the Group's profit before tax (and revenue reserve) by approximately $47 million (2021: $47 million). A decrease in 100 basis point in interest rate would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant, and has not taken into account the effects of qualifying borrowing costs allowed for capitalisation, the associated tax effects and share of non-controlling interests.

*Managing interest rate benchmark reform and associated risk*

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 Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Group's main IBOR exposure as at 31 December 2022 was indexed to SGD SOR and USD LIBOR. These benchmark rates will lose representativeness or discontinue and be replaced with alternative interest rates benchmarks in various countries from 1 January 2022 to 1 July 2023. As at 31 December 2021, the exposure was indexed to SGD SOR, USD LIBOR, GBP LIBOR and JPY LIBOR.

Management monitors and manages the transition to alternative risk-free rates. Management evaluates whether the contracts which are referenced to IBORs will need to be amended as a result of IBOR reform and how to manage such communication with the counterparties.

*Non-derivative financial liabilities*

The Group's IBOR exposures to non-derivative financial liabilities as at 31 December 2022 included secured and unsecured bank loans indexed to SGD SOR and USD LIBOR. The Group is in communication with the counterparties to progressively transition non-derivative financial liabilities which are indexed to the affected interest rate benchmarks to alternative risk-free rates.

*Derivatives*

The Group holds interest rates swaps for risk management purposes that are designated in cash flow hedging relationships. The interest rate swaps have floating legs that are indexed to SGD SOR and USD LIBOR. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements. The Group has generally adhered to the ISDA 2020 IBOR Fallbacks Protocol to include new fallback clauses with the derivatives counterparties.

*Hedge accounting*

The Group has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by IBOR reform as at 31 December 2022. The Group's hedged items and hedging instruments continue to be indexed to IBOR benchmark rates which are SGD SOR and USD LIBOR. These benchmark rates are quoted each business day and the IBOR cash flows are exchanged with its counterparties as usual.

The Group's SGD SOR and USD LIBOR cash flow hedging relationships extend beyond the anticipated cessation dates for the respective rates. The Group continues to apply the amendments to SFRS(I) 9 issued in December 2020 (Phase 1) to those hedging relationships directly affected by IBOR reform.



Notes to the Financial Statements

32 **FINANCIAL RISK MANAGEMENT** (CONTINUED)

**(b) Market risk** (continued)

*(i) Interest rate risk (continued)*

*Hedge accounting (continued)*

The Group monitors the progress of transition from IBOR to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to alternative benchmark rate and the amount of such contracts that have include appropriate fallback clauses. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes fallback clauses that deals with the cessation of the existing IBOR.

The following table contains details of all the financial instruments that the Group holds as at 31 December 2022 which are referenced to SGD SOR and USD LIBOR and have not transitioned to the new benchmark rates (31 December 2021: referenced to SGD SOR, USD LIBOR, GBP LIBOR and JPY LIBOR).

| | SGD SOR Carrying amount $'M | USD LIBOR Carrying amount $'M | GBP LIBOR Carrying amount $'M | JPY LIBOR Carrying amount $'M |
|---|---|---|---|---|
| **The Group** | | | | |
| **31 December 2022** | | | | |
| Borrowings | 1,747 | 892 | – | – |
| Derivative assets – interest rate swaps | (19) | (22) | – | – |
| Total | 1,728 | 870 | – | – |
| **31 December 2021** | | | | |
| Borrowings | 2,453 | 2,344 | 39 | 164 |
| Derivative liabilities – interest rate swaps | 4 | 48 | * | * |
| Derivative assets – cross currency swaps | (9) | (4) | – | – |
| Total | 2,448 | 2,388 | 39 | 164 |

* Less than $1 million

As at 31 December 2022, $165 million (2021: $1,977 million) of these financial instruments are expected to mature before the existing benchmark rates discontinue or are replaced with the new benchmark rates.

**32 FINANCIAL RISK MANAGEMENT** (CONTINUED)

**(b) Market risk** (continued)

*(ii) Foreign currency risk*

The Group operates internationally and is exposed to various currencies, including Chinese Renminbi, Euro, Sterling Pound, Japanese Yen, Malaysian Ringgit, Australian Dollars and US Dollars.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which its property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

As at reporting date, the Group uses certain foreign currency denominated borrowings, which include bank loans and medium term notes, cross currency interest rate swaps to hedge against the currency risk arising from the Group's net investment in certain subsidiaries in United States of America, Europe, Australia and Japan. The carrying amount of these Euro, Sterling Pound, Australian Dollars and Japanese Yen denominated borrowings as at 31 December 2022 was $593 million (2021: $721 million).

The Group uses forward exchange contracts or foreign currency loans to hedge its foreign currency risk, where feasible. It generally enters into forward exchange contracts with maturities ranging between three months and one year which are rolled over at market rates at maturity or foreign currency loans which match the Group's highly probable transactions and investment in the foreign subsidiaries. The Group also enters into cross currency swaps to hedge the foreign exchange risk of its loans denominated in a foreign currency. The foreign exchange forwards and currency swaps are denominated in the same currency as the highly probable transactions, therefore the economic relationship is 100% effective.

Hedge ineffectiveness may occur due to:

- Changes in timing of the forecasted transaction from what was originally planned; and
- Changes in the credit risk of the derivative counterparty or the Group.

The net carrying amount of the forward exchange and cross currency swap contracts as at 31 December 2022 was net assets of $57 million (2021: $31 million), comprising derivative assets of $70 million (2021: $31 million) and derivative liabilities of $13 million (2021: nil).

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.





**32 FINANCIAL RISK MANAGEMENT** (CONTINUED)

**(b) Market risk** (continued)

*(iii) Foreign currency risk*

The Group's exposure to major foreign currencies was as follows:

| | Singapore Dollars $'M | US Dollars $'M | Australian Dollars $'M | Chinese Renminbi $'M | Japanese Yen $'M | Euro $'M | British Pound $'M | Malaysian Ringgit $'M |
|---|---|---|---|---|---|---|---|---|
| **The Group** | | | | | | | | |
| **31 December 2022** | | | | | | | | |
| Equity securities | 129 | 22 | – | – | 11 | 19 | – | – |
| Trade and other receivables | 376 | 146 | 200 | 389 | 201 | 295 | 356 | 29 |
| Cash and cash equivalents | 1,215 | 184 | 94 | 630 | 179 | 121 | 63 | 70 |
| Bank borrowings and debt securities | (6,168) | (2,685) | (504) | (924) | (937) | (323) | (407) | (499) |
| Trade and other payables | (750) | (210) | (70) | (867) | (62) | (86) | (23) | (64) |
| Gross currency exposure | (5,198) | (2,543) | (280) | (772) | (608) | 26 | (11) | (464) |
| Add: Net financial liabilities denominated in the respective entities' functional currencies | 4,926 | 2,015 | 346 | 904 | 414 | 211 | 106 | 583 |
| Add: Bank borrowings and debt securities designated for net investment hedge | – | – | 69 | – | 283 | 206 | 35 | – |
| Add: Cross currency swaps/foreign exchange forward contracts | – | 70 | – | – | – | (173) | – | – |
| Net currency exposure | 272 | (458) | 135 | 132 | 89 | 270 | 130 | 119 |
| **31 December 2021** | | | | | | | | |
| Equity securities | 89 | 40 | – | – | 12 | 26 | – | – |
| Trade and other receivables | 711 | 767 | 222 | 203 | 191 | 195 | 154 | 31 |
| Cash and cash equivalents | 2,102 | 308 | 58 | 810 | 320 | 84 | 44 | 59 |
| Bank borrowings and debt securities | (5,904) | (3,275) | (563) | (1,053) | (870) | (405) | (461) | (690) |
| Trade and other payables | (1,096) | (388) | (100) | (350) | (54) | (99) | (19) | (159) |
| Gross currency exposure | (4,098) | (2,548) | (383) | (390) | (401) | (199) | (282) | (759) |
| Add: Net financial liabilities denominated in the respective entities' functional currencies | 3,545 | 2,226 | 403 | 630 | 268 | 137 | 145 | 865 |
| Add: Bank borrowings and debt securities designated for net investment hedge | – | 49 | 90 | – | 241 | 303 | 39 | – |
| Add: Cross currency swaps/foreign exchange forward contracts | – | 124 | – | – | – | – | – | – |
| Net currency exposure | (553) | (149) | 110 | 240 | 108 | 241 | (98) | 106 |

## 32 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Market risk (continued)

*(iii) Foreign currency risk*

*Sensitivity analysis*

It is estimated that a five-percentage point strengthening in foreign currencies against the respective functional currencies of the Group would decrease the Group's profit before tax by approximately $7 million (2021: less than $1 million). A five-percentage point weakening in foreign currencies against the Singapore Dollar would have an equal but opposite effect. The Group's outstanding forward exchange contracts and cross currency swaps have been included in this calculation. The analysis assumed that all other variables, in particular interest rates, remain constant and does not take into account the translation related risk, associated tax effects and share of non-controlling interests.

### (c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For trade and other receivables, contract assets and financial assets at amortised cost, the Group has guidelines governing the process of granting credit as a service or product provider in its respective segments of business. Trade and other receivables and contract assets relate mainly to the Group's tenants from its office buildings, shopping malls, business parks and lodging properties. Financial assets at amortised cost relate mainly to amounts owing by related parties. Investments and financial transactions are restricted to counterparties that meet the appropriate credit criteria.

The principal risk to which the Group is exposed to in respect of financial guarantee contracts is credit risk in connection with the guarantee contracts they have issued. To mitigate the risk, management continually monitors the risk and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. Guarantees are only given for the benefit of its subsidiaries and related parties. The maximum exposure to credit risk in respect of these financial guarantees at the reporting date is disclosed in note 34.

The Group has a diversified portfolio of businesses and as at balance sheet date, there was no significant concentration of credit risk with any entity. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet, including derivative financial instruments as well as any irrevocable loan undertaking to associates and joint venture.

*(i) Trade receivables and contract assets*

The Group reviews the customers' credit risk taking into account the aging of the outstanding receivables, amount of security deposit available as well as any indication of credit default, and assess the amount of specific allowance for doubtful receivables required for each customer.

The Group also uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

In measuring the expected credit losses, trade receivables and contract assets are grouped based on similar credit risk characteristics and days past due. When determining the expected credit loss rates, the Group considers historical loss rates for customer grouped by industry sector and forward-looking macroeconomic factors like country's gross domestic product (GDP), which affect the ability of the customers to settle the receivables.

Trade and other receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.



Notes to the Financial Statements

## 32 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Credit risk (continued)

*(ii) Financial assets at amortised cost*

The Group assesses on a forward-looking basis the expected credit losses associated with financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(a) The movements in credit loss allowance are as follows:

| | Trade receivables $'M | Other receivables $'M | Amounts due from related corporations (current) $'M | Amounts due from associates (current) $'M | Amounts due from joint ventures (current) $'M | Amounts due from joint ventures (non-current) $'M |
|---|---|---|---|---|---|---|
| **The Group** | <——— | Note 12 | ———> | Note 7(b) | Note 8(b) | Note 8(a) |
| At 1 January 2022 | 45 | 18 | * | * | 21 | 14 |
| Allowance utilised | (5) | (1) | – | – | – | – |
| Allowance during the year | 21 | 1 | * | – | 10 | – |
| Reversal of allowance during the year | (8) | (2) | – | – | * | – |
| Translation differences | (2) | * | * | * | (3) | (1) |
| At 31 December 2022 | 51 | 16 | * | * | 28 | 13 |
| At 1 January 2021 | 29 | 18 | 84 | * | 25 | 15 |
| Allowance utilised | (2) | – | – | – | – | – |
| Allowance during the year | 22 | 1 | – | * | 1 | 1 |
| Reversal of allowance during the year | (4) | (2) | (84) | – | (4) | (1) |
| Translation differences | * | 1 | – | * | (1) | (1) |
| At 31 December 2021 | 45 | 18 | * | * | 21 | 14 |

* Less than $1 million

The movements in allowance for impairment loss on loans (note 6) and amounts due from subsidiaries (note 10 and 12) were as follows:

| | Loans/Amounts due from subsidiaries 2022 $'M | 2021 $'M |
|---|---|---|
| **The Company** | | |
| At 1 January | 16 | 16 |
| Allowance during the year | – | * |
| At 31 December | 16 | 16 |

* Less than $1 million

Cash and cash equivalents are subject to immaterial credit loss.

## 32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) The maximum exposure to credit risk for trade receivables and other financial assets excluding cash and cash equivalents (by business activities) at the reporting date was:

| | Trade receivables 2022 $'M | Other financial assets 2022 $'M | Trade receivables 2021 $'M | Other financial assets 2021 $'M |
|---|---|---|---|---|
| **The Group** | | | | |
| Fee income-related business | 88 | 405 | 81 | 333 |
| Real estate investments | 147 | 791 | 172 | 1,398 |
| Corporate and Others | – | 32 | 5 | 66 |
| | 235 | 1,228 | 258 | 1,797 |

(c) The credit quality of trade and other receivables is assessed based on credit policies established by management. The Group monitors customer credit risk by grouping trade and other receivables based on their characteristics. Trade and other receivables with high credit risk will be identified and monitored by the respective strategic business units. The Group's credit risk exposure in relation to trade and other receivables under SFRS(I) 9 as at 31 December 2022 are set out in the provision matrix as follows:

| | Current $'M | Past due: Within 30 days $'M | Past due: 30 to 90 days $'M | Past due: More than 90 days $'M | Total $'M |
|---|---|---|---|---|---|
| **The Group** | | | | | |
| **2022** | | | | | |
| Expected loss rate | 2.5% | 2.7% | 7.1% | 69.8% | |
| Trade receivables | 158 | 37 | 28 | 63 | 286 |
| Loss allowance | 4 | 1 | 2 | 44 | 51 |
| Trade receivables under deferment scheme | – | * | * | * | * |
| Expected loss rate | – | – | – | 0.3% | |
| Amounts due from associates (current) | 98 | 43 | 12 | 49 | 202 |
| Loss allowance | – | – | – | * | * |
| Expected loss rate | 6.7% | – | 0.1% | 36.2% | |
| Amounts due from joint ventures (current) | 164 | 83 | 3 | 47 | 297 |
| Loss allowance | 11 | * | * | 17 | 28 |
| Expected loss rate | – | – | – | – | |
| Amounts due from associates (non-current) | 74 | – | – | – | 74 |
| Expected loss rate | 3.2% | – | – | – | |
| Amounts due from joint ventures (non-current) | 406 | – | – | – | 406 |
| Loss allowance | 13 | – | – | – | 13 |
| Expected loss rate | 0.002% | – | – | 1.4% | |
| Amounts due from related corporations (current) | 26 | 9 | 4 | 34 | 73 |
| Loss allowance | * | – | – | * | * |
| Expected loss rate | – | – | – | – | |
| Amounts due from investee | 18 | – | – | – | 18 |





32 FINANCIAL RISK MANAGEMENT (CONTINUED)

| | Current $'M | Past due: Within 30 days $'M | Past due: 30 to 90 days $'M | Past due: More than 90 days $'M | Total $'M |
|---|---|---|---|---|---|
| **The Group** | | | | | |
| **2021** | | | | | |
| Expected loss rate | 1.6% | 6.3% | 10.7% | 66.1% | |
| Trade receivables | 187 | 32 | 28 | 56 | 303 |
| Loss allowance | 3 | 2 | 3 | 37 | 45 |
| Trade receivables under deferment scheme | * | * | * | * | 1 |
| Expected loss rate | – | – | – | 0.6% | |
| Amounts due from associates (current) | 202 | 26 | 22 | 16 | 266 |
| Loss allowance | – | – | – | * | * |
| Expected loss rate | 2.3% | – | – | 53.1% | |
| Amounts due from joint ventures (current) | 172 | 8 | 2 | 32 | 214 |
| Loss allowance | 4 | – | – | 17 | 21 |
| Expected loss rate | – | – | – | – | |
| Amounts due from associates (non-current) | 3 | – | – | – | 3 |
| Expected loss rate | 3.2% | – | – | – | |
| Amounts due from joint ventures (non-current) | 436 | – | – | – | 436 |
| Loss allowance | 14 | – | – | – | 14 |
| Expected loss rate | 0.8% | – | – | – | |
| Amounts due from related corporations (current) | 62 | 10 | 4 | 19 | 95 |
| Loss allowance | * | – | – | – | * |

* Less than $1 million

No aging analysis of contract assets and other receivables are presented as the majority of outstanding balances as at 31 December 2022 and 31 December 2021 are current.

The Company's ageing analysis of amounts due from related corporations and subsidiaries are not presented as the outstanding balances as at 31 December 2022 and 31 December 2021 are current.

**(d) Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash or cash convertible investments to meet its working capital requirement. In addition, the Group strives to maintain sufficient available banking facilities to meet working capital and funding needs.

32 **FINANCIAL RISK MANAGEMENT** (CONTINUED)

**(d) Liquidity risk** (continued)

As part of the Group's borrowing activities, the Group is exposed to the risk of potential and actual breaches of financial covenants in the Group's indebtedness which may also result in accelerated demands of payment or calls for events of default by lenders. This may restrict the Group's ability to obtain additional financing for capital expenditure, acquisitions or general corporate purposes and may cause the Group to be particularly vulnerable in any general economic downturn or instability in the global financial capital markets.

The Group has been actively managing its liquidity position amid the macroeconomic challenges. As at 31 December 2022, the Group has approximately $6 billion (2021: $7 billion) of total cash and available undrawn committed facilities held under the Group's treasury vehicles, which is sufficient to support the Group's funding requirements for the next 24 months.

The following are the expected contractual undiscounted cash flows of financial liabilities and derivative financial instruments, including interest payments and excluding the impact of netting agreements:

| | Carrying amount $'M | Contractual cash flows Total $'M | Not later than 1 year $'M | Between 1 and 5 years $'M | After 5 years $'M |
|---|---|---|---|---|---|
| **The Group** | | | | | |
| **31 December 2022** | | | | | |
| **Financial liabilities, at amortised cost** | | | | | |
| Bank borrowings | (10,429) | (11,731) | (1,573) | (8,869) | (1,289) |
| Debt securities | (1,502) | (1,666) | (204) | (1,270) | (192) |
| Lease liabilities | (659) | (826) | (81) | (312) | (433) |
| Trade and other payables# | (1,985) | (1,987) | (1,770) | (215) | (2) |
| | (14,575) | (16,210) | (3,628) | (10,666) | (1,916) |
| **Derivative financial assets/ (liabilities), at fair value** | | | | | |
| Interest rate swaps (net-settled) assets | 114 | 117 | 78 | 37 | 2 |
| Forward foreign exchange contracts (net-settled) | | | | | |
| – assets | 11 | 11 | 11 | – | – |
| – liabilities | (4) | (6) | (3) | (3) | – |
| Forward foreign exchange contracts (gross-settled) | (1) | | | | |
| – outflow | | (176) | (176) | – | – |
| – inflow | | 175 | 175 | – | – |
| Cross currency swaps (gross-settled) | 59 | | | | |
| – outflow | | (537) | (156) | (381) | – |
| – inflow | | 638 | 192 | 446 | – |
| Cross currency swaps (gross-settled) | (8) | | | | |
| – outflow | | (218) | (37) | (181) | – |
| – inflow | | 230 | 44 | 186 | – |
| | 171 | 234 | 128 | 104 | 2 |
| | (14,404) | (15,976) | (3,500) | (10,562) | (1,914) |



Notes to the Financial Statements

32 **FINANCIAL RISK MANAGEMENT** (CONTINUED)

**(d) Liquidity risk** (continued)

| | Carrying amount $'M | Contractual cash flows Total $'M | Not later than 1 year $'M | Between 1 and 5 years $'M | After 5 years $'M |
|---|---|---|---|---|---|
| **The Group** | | | | | |
| **31 December 2021** | | | | | |
| **Financial liabilities, at amortised cost** | | | | | |
| Bank borrowings | (11,598) | (12,454) | (2,088) | (9,105) | (1,261) |
| Debt securities | (1,179) | (1,233) | (641) | (592) | – |
| Lease liabilities | (771) | (1,008) | (95) | (334) | (579) |
| Trade and other payables# | (2,082) | (2,082) | (1,775) | (276) | (31) |
| | (15,630) | (16,777) | (4,599) | (10,307) | (1,871) |
| **Derivative financial assets/ (liabilities), at fair value** | | | | | |
| Interest rate swaps (net-settled) | | | | | |
| - assets | 5 | 5 | (3) | 8 | – |
| - liabilities | (59) | (68) | (53) | (15) | – |
| Forward foreign exchange contracts (net-settled) | | | | | |
| - assets | 3 | 3 | 3 | – | – |
| Cross currency swaps (gross-settled) | 28 | | | | |
| - outflow | | (700) | (322) | (378) | – |
| - inflow | | 738 | 340 | 398 | – |
| | (23) | (22) | (35) | 13 | – |
| | (15,653) | (16,799) | (4,634) | (10,294) | (1,871) |

\# Excludes advanced billings, advance payments received, accruals and other payables relating to staff cost, deferred income, derivative liabilities and liability for employee benefits.

| | Carrying amount $'M | Contractual cash flows Total $'M | Not later than 1 year $'M | Between 1 and 5 years $'M | After 5 years $'M |
|---|---|---|---|---|---|
| **The Company** | | | | | |
| **31 December 2022** | | | | | |
| **Financial liabilities, at amortised cost** | | | | | |
| Lease liabilities | (13) | (13) | (12) | (1) | – |
| Trade and other payables* | (1,028) | (1,040) | (223) | (817) | – |
| | (1,041) | (1,053) | (235) | (818) | – |
| **31 December 2021** | | | | | |
| **Financial liabilities, at amortised cost** | | | | | |
| Lease liabilities | (23) | (23) | (11) | (12) | – |
| Trade and other payables* | (1,077) | (1,101) | (276) | (339) | (486) |
| | (1,100) | (1,124) | (287) | (351) | (486) |

* Excludes liability for employee benefits.

## 32 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Liquidity risk (continued)

At 31 December 2022, the Group held the following instruments to hedge exposures to changes in foreign currency and interest rates:

| | Carrying amount | | | Changes in fair value used for calculating hedge ineffectiveness | | | | |
|---|---|---|---|---|---|---|---|---|
| | Contractual notional amount $'M | Assets/ (Liabilities) $'M | Financial statement line item | Hedging instrument $'M | Hedged item $'M | Hedge ineffectiveness recognised in profit or loss $'M | Weighted average hedge forex rate/ interest rate (%) | Maturity date |
| **The Group** | | | | | | | | |
| **31 December 2022** | | | | | | | | |
| **Cashflow hedges** | | | | | | | | |
| Foreign exchange risk | | | | | | | | |
| – Cross currency swaps to hedge foreign currency borrowings | 195 | 2 | Derivative financial instruments | 3 | (3) | – | USD: SGD1.371 | January 2022 to August 2025 |
| – Forward contracts to hedge foreign currency receivable | 61 | (3) | Derivative financial instruments | (3) | 3 | – | KRW: SGD0.001 | October 2024 |
| Interest rate risk | | | | | | | | |
| – Interest rate swaps to hedge floating rate borrowings | 4,289 | 114 | Derivative financial instruments | 145 | (145) | * | 1.339% | March 2023 to October 2027 |
| **Net investment hedges** | | | | | | | | |
| Foreign exchange risk | | | | | | | | |
| – Borrowings to hedge net investments in foreign operations | – | (593) | Borrowings | 16 | (16) | – | JPY: SGD0.01022<br>EUR: SGD1.504<br>GBP: SGD1.753<br>AUD: SGD0.903 | April 2023 to June 2025 |
| – Forward contracts to hedge net investments in foreign operations | 462 | 9 | Derivative financial instruments | 7 | (7) | – | USD: SGD1.371<br>RMB: SGD0.194<br>JPY: SGD0.0102<br>EUR: SGD1.430<br>GBP: SGD1.626<br>MYR: SGD0.302 | January 2023 to November 2023 |
| – Cross currency swaps to hedge net investments in foreign operations | 585 | 49 | Derivative financial instruments | 44 | (44) | – | JPY: SGD0.0102<br>EUR: SGD1.545 | April 2023 to May 2026 |





## 32 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Liquidity risk (continued)

| | Carrying amount | | | Changes in fair value used for calculating hedge ineffectiveness | | | | |
|---|---|---|---|---|---|---|---|---|
| | Contractual notional amount $'M | Assets/ (Liabilities) $'M | Financial statement line item | Hedging instrument $'M | Hedged item $'M | Hedge ineffectiveness recognised in profit or loss $'M | Weighted average hedge forex rate/ interest rate (%) | Maturity date |
| **The Group** | | | | | | | | |
| **31 December 2021** | | | | | | | | |
| **Cashflow hedges** | | | | | | | | |
| Foreign exchange risk | | | | | | | | |
| – Cross currency swaps to hedge foreign currency borrowings | 262 | 1 | Derivative financial instruments | 5 | (5) | – | USD: SGD1.347 | January 2022 to August 2025 |
| Interest rate risk | | | | | | | | |
| – Interest rate swaps to hedge floating rate borrowings | 5,126 | (54) | Derivative financial instruments | 51 | (51) | – | 1.305% | May 2022 to December 2024 |
| **Net investment hedges** | | | | | | | | |
| Foreign exchange risk | | | | | | | | |
| – Borrowings to hedge net investments in foreign operations | – | (721) | Borrowings | 25 | (25) | – | JPY: SGD0.0119<br>EUR: SGD1.534<br>GBP: SGD1.753<br>AUD: SGD0.99<br>KRW: SGD0.0009 | January 2022 to November 2024 |
| – Forward contracts to hedge net investments in foreign operations | 311 | 3 | Derivative financial instruments | (2) | 2 | – | USD: SGD1.353<br>RMB: SGD0.212<br>JPY: SGD0.0119<br>EUR: SGD1.538<br>GBP: SGD1.815<br>MYR: SGD0.325 | January 2022 to March 2022 |
| – Cross currency swaps to hedge net investments in foreign operations | 489 | 27 | Derivative financial instruments | 42 | (42) | – | JPY: SGD0.013<br>EUR: SGD1.531<br>KRW: SGD0.0009 | January 2022 to August 2025 |

* Less than $1 million

32 **FINANCIAL RISK MANAGEMENT** (CONTINUED)

**(d) Liquidity risk** (continued)

The following table provides a reconciliation by risk category of components of equity and analysis of other comprehensive income items (net of tax) resulting from cashflow hedge accounting.

| | 2022 $'M | 2021 $'M |
|---|---|---|
| **The Group** | | |
| At 1 January | (1) | (51) |
| Change in fair value: | | |
| – Interest rate risk | 147 | 49 |
| – Foreign currency risk | (3) | * |
| Amount reclassified to profit or loss: | | |
| – Interest rate risk | (33) | 1 |
| At 31 December | 110 | (1) |

* Less than $1 million

**(e) Offsetting financial assets and financial liabilities**

The Group's derivative transactions that are not transacted through an exchange, are governed by the ISDA Master Netting Agreements. In general, under such agreements, the amounts due on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount and settled between the counterparties. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and set off into a single net amount to be settled.

The above ISDA agreements do not meet the criteria for offsetting in the balance sheets as a right of set-off of recognised amounts is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

There is no offset of the Group and the Company's financial assets and financial liabilities as of the reporting dates.

33 **COMMITMENTS**

As at the reporting date, the Group had the following commitments:

(a) Operating lease

The Group's operating lease relates to leases with lease terms of 12 months or less or low value assets. Future minimum lease payments for the Group on non-cancellable operating leases are as follows:

| | The Group 2022 $'M | The Group 2021 $'M |
|---|---|---|
| Lease payments payable: | | |
| Not later than 1 year | 58 | 68 |
| Between 1 and 5 years | * | 1 |
| | 58 | 69 |

* Less than $1 million



Notes to the Financial Statements

33 **COMMITMENTS** (CONTINUED)

(b) Commitments

| | The Group 2022 $'M | The Group 2021 $'M |
|---|---|---|
| Commitments in respect of: | | |
| – capital expenditure contracted but not provided for in the financial statements | 17 | 12 |
| – development expenditure contracted but not provided for in the financial statements | 374 | 500 |
| – capital contribution in associates, joint ventures and investee companies | 940 | 944 |
| – purchase of land/properties contracted but not provided for in the financial statements | 107 | 92 |
| | 1,438 | 1,548 |

(c) As at the reporting date, the notional principal values of financial instruments were as follows:

| | The Group 2022 $'M | The Group 2021 $'M |
|---|---|---|
| Interest rate and forward start interest rate swaps | 4,289 | 5,126 |
| Forward foreign exchange contracts | 523 | 311 |
| Cross currency swaps | 780 | 751 |
| | 5,592 | 6,188 |

The maturity profile of these financial instruments was:

| | The Group 2022 $'M | The Group 2021 $'M |
|---|---|---|
| Not later than 1 year | 3,366 | 1,676 |
| Between 1 and 5 years | 2,226 | 4,512 |
| | 5,592 | 6,188 |

34 **FINANCIAL GUARANTEE CONTRACTS AND CONTINGENT LIABILITIES**

The Group accounts for its financial guarantees as insurance contracts. At the reporting date, the Group does not consider that it is probable that a claim will be made against the Group under the financial guarantee contracts. Accordingly, the Group does not expect any net cash outflows resulting from the financial guarantee contracts. The Group and the Company issue guarantees only for subsidiaries and joint ventures.

| | The Group 2022 $'M | The Group 2021 $'M | The Company 2022 $'M | The Company 2021 $'M |
|---|---|---|---|---|
| (a) Guarantees given to banks to secure banking facilities provided to: | | | | |
| – subsidiaries | – | – | 5,685 | 4,626 |
| – joint ventures | 4 | 5 | – | – |
| | 4 | 5 | 5,685 | 4,626 |

Notes to the Financial Statements

**34 FINANCIAL GUARANTEE CONTRACTS AND CONTINGENT LIABILITIES** (CONTINUED)

(b) Undertakings by the Group:

(i) As at 31 December 2022, two subsidiaries of the Group have pledged their shares in joint ventures for term loan and revolving facilities of $1,076 million (2021: $1,062 million) obtained by the joint ventures. As at 31 December 2022, the outstanding amount was $982 million (2021: $933 million).

(ii) As at 31 December 2022, a subsidiary of the Group has provided several undertakings on cost overrun, security margin and interest shortfall on several basis as well as project completion undertakings on a joint and several basis, in respect of term loan and revolving construction facilities amounting to $351 million (2021: $390 million) granted to joint ventures. As at 31 December 2022, the amounts outstanding under the term loan and revolving facilities is $224 million (2021: $197 million).

(iii) As at 31 December 2021, a subsidiary of the Group provided an indemnity for banker's guarantee issuance on a joint and several basis, in respect of term loan and revolving loan facilities amounting to $162 million granted to a joint venture. As at 31 December 2022, there was no financial guarantees arising from the term loan and revolving loan facilities as the facilities were refinanced during the year.

(c) Government assistance

In response to the economic impacts of the COVID-19 pandemic, the governments of the Japan, France and United States of America introduced various financial support schemes, which provided guarantees for bank loans borrowed by the Group's subsidiaries amounting to $38 million (2021: $46 million) issued by the respective banks during the year. The interest rates of the loans ranged from 0.21% to 1.11% (2021: 0.21% to 1.11%).

The Group determined that the interest rates for an equivalent loan issued on an arm's length basis without the guarantee would have ranged from 0.7% to 3.1% (2021: 0.5% to 1.2%). There are no unfulfilled conditions or contingencies for the government assistance as at 31 December 2022.

**35 SIGNIFICANT RELATED PARTY TRANSACTIONS**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the direct and indirect ability to control the party, jointly control or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or significant influence. Related parties may be individuals or other entities.

The Group considers the directors of the Company, Group CEO and key management officers of the corporate office as well as CEOs of the businesses to be key management personnel in accordance with SFRS(I) 1-24 *Related Party Disclosures*. Prior to the listing of the Company in September 2021, most of the key management personnel were directors or employees of the immediate holding company or related corporations and no consideration was paid to these companies for services rendered by the key management personnel, as the services provided by them to the Company and the Group were incidental to their responsibilities to the larger group.

**35 SIGNIFICANT RELATED PARTY TRANSACTIONS** (CONTINUED)

In addition to the related party information disclosed elsewhere in the financial statements, there were significant related party transactions which were carried out in the normal course of business on terms agreed between the parties as follows:

| | The Group | |
|---|---|---|
| | **2022 $'M** | **2021 $'M** |
| **Related corporations of ultimate holding company** | | |
| Management fee income | 17 | 7 |
| Utilities expenses | (1) | (1) |
| Telecommunication expenses | (5) | (5) |
| Purchase consideration for acquisition of investment | 147 | – |
| Capital contribution in a joint venture | 23 | – |
| Receivables included in trade and other receivables | 14 | 2 |
| **Immediate holding company** | | |
| Management fee income | 8 | 3 |
| IT support services income | 4 | 9 |
| Management fee expenses | – | (24) |
| Administrative support services expenses | – | (5) |
| Others | 7 | 4 |
| **Fellow subsidiaries under the immediate holding company** | | |
| Management fee income | 30 | 29 |
| IT support services income | 8 | 22 |
| Rental income | 2 | 6 |
| Administrative support services income | 4 | 4 |
| Management fee expenses | (4) | (42) |
| Rental expense | (3) | (3) |
| (Return of capital) / Capital contribution in joint ventures | (48) | 332 |
| Others | 14 | * |
| **Associates and joint ventures** | | |
| Management fee income | 433 | 435 |
| Rental expense | (10) | (3) |
| Fees from acquisition and divestment fees, accounting service fee, marketing income and others | 174 | 188 |
| Proceeds from sale of investment properties | – | 298 |
| Proceeds from sale of investments | 556 | 553 |
| **Key management personnel** | | |
| Purchase of fixed rate notes issued by a subsidiary | 2 | – |
| **Remuneration of key management personnel (KMP)** | | |
| Salary, bonus and other benefits | 17 | 8 |
| Employer's contributions to defined contribution plans | * | * |
| Equity compensation benefits | 20 | 5 |
| | 37 | 13# |

* Less than $1 million
\# Remuneration of KMP in 2021 excludes remuneration of certain KMP paid by the immediate holding company, CapitaLand Group Pte. Ltd., prior to the strategic restructuring of the Group.

Notes to the Financial Statements

**36 OPERATING SEGMENTS**

Management determines the operating segment based on the reports reviewed and used for strategic decision making and resources allocation. The Group organises its reporting structure into segments by business activities to more accurately reflect the way the Group manage its businesses.

For segment reporting purpose, the Group's primary segment is based on business activities. The Group's secondary segment is reported by geographical locations.

The Group's reportable operating segments are as follows:

(i) Fee Income-related Business involves investment and asset management of listed and unlisted funds, lodging management and project management.

(ii) Real Estate Investments Business involves investments in real estate assets and related financial products.

(iii) Corporate and Others.

Information regarding the operations of each reportable segment is included below. Management monitors the operating results of each of its primary segments for the purpose of making decisions on resource allocation and performance assessment. Performance is measured based on segment earnings before interest, tax, depreciation and amortisation (EBITDA). EBITDA is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments. Segment assets and liabilities are presented net of inter-segment balances. Inter-segment pricing is determined on arm's length basis.

In term of secondary segment, the Group presents its businesses based on geographical locations based on Singapore, China, other emerging markets and other developed markets.

**36 OPERATING SEGMENTS** (CONTINUED)

**Operating Segments**

| | Fee Income-related Business $'M | Real Estate Investment Business $'M | Corporate and Others $'M | Elimination $'M | Total $'M |
|---|---|---|---|---|---|
| **2022** | | | | | |
| **Revenue** | | | | | |
| External revenue | 788 | 2,069 | 19 | – | 2,876 |
| Inter-segment revenue | 167 | 41 | 246 | (454) | – |
| **Total revenue** | **955** | **2,110** | **265** | **(454)** | **2,876** |
| **Segment results** | | | | | |
| Company and subsidiaries | 403 | 991 | 41 | – | 1,435 |
| Associates | – | 425 | – | – | 425 |
| Joint ventures | 3 | 103 | – | – | 106 |
| **EBITDA** | **406** | **1,519** | **41** | **–** | **1,966** |
| Depreciation and amortisation | | | | | (146) |
| Finance costs | | | | | (432) |
| Tax expense | | | | | (318) |
| **Profit for the year** | | | | | **1,070** |
| **Segment assets** | **2,257** | **31,666** | **8,060** | **(6,873)** | **35,110** |
| **Segment liabilities** | **480** | **10,451** | **5,250** | **–** | **16,181** |
| **Other segment items:** | | | | | |
| Interest income | 3 | 20 | 30 | – | 53 |
| Depreciation and amortisation | (16) | (119) | (11) | – | (146) |
| Allowance for impairment losses on assets | (5) | (20) | – | – | (25) |
| Fair value gain on investment properties | – | 250 | – | – | 250 |
| Write back of listing and restructuring expenses | – | – | 23 | – | 23 |
| Share-based expenses | (31) | (13) | (24) | – | (68) |
| Net gains on disposal of investments and investment properties | – | 224 | – | – | 224 |
| Mark-to-market gain on derivative instruments | – | 34 | – | – | 34 |
| Associates | 169 | 10,248 | – | – | 10,417 |
| Joint ventures | 8 | 2,727 | – | – | 2,735 |
| Capital expenditure# | 178 | 1,353 | 6 | – | 1,537 |

* Less than $1 million

\# Capital expenditure consists of additions of property, plant and equipment, investment properties and intangible assets.

36 **OPERATING SEGMENTS** (CONTINUED)

**Operating Segments**

| | Fee Income-related Business $'M | Real Estate Investment Business $'M | Corporate and Others $'M | Elimination $'M | Total $'M |
|---|---|---|---|---|---|
| **2021** | | | | | |
| **Revenue** | | | | | |
| External revenue | 755 | 1,478 | 60 | – | 2,293 |
| Inter-segment revenue | 150 | 28 | 197 | (375) | – |
| **Total revenue** | **905** | **1,506** | **257** | **(375)** | **2,293** |
| **Segment results** | | | | | |
| Company and subsidiaries | 312 | 1,157 | (218) | – | 1,251 |
| Associates | – | 927 | 81 | – | 1,008 |
| Joint ventures | 3 | 146 | 61 | – | 210 |
| **EBITDA** | **315** | **2,230** | **(76)** | **–** | **2,469** |
| Depreciation and amortisation | | | | | (160) |
| Finance costs | | | | | (353) |
| Tax expense | | | | | (396) |
| **Profit for the year** | | | | | **1,560** |
| **Segment assets** | **1,864** | **33,984** | **8,479** | **(6,681)** | **37,646** |
| **Segment liabilities** | **444** | **11,731** | **5,370** | **–** | **17,545** |
| **Other segment items:** | | | | | |
| Interest income | 1 | 20 | 8 | – | 29 |
| Depreciation and amortisation | (16) | (116) | (28) | – | (160) |
| Reversal of/(Allowance for) impairment losses on assets | (9) | 73 | (15) | – | 49 |
| Fair value gain on investment properties | – | 255 | – | – | 255 |
| Accrual of listing and restructuring expenses | – | – | (186) | – | (186) |
| Share-based expenses | (27) | (8) | (23) | – | (58) |
| Net gains on disposal of investments and investment properties | – | 360 | – | – | 360 |
| Associates | * | 10,466 | – | – | 10,466 |
| Joint ventures | 7 | 2,775 | – | – | 2,782 |
| Capital expenditure# | 16 | 1,307 | 39 | – | 1,362 |

* Less than $1 million
\# Capital expenditure consists of additions of property, plant and equipment, investment properties and intangible assets.





36 **OPERATING SEGMENTS** (CONTINUED)

**Geographical Information**

| | Singapore $'M | China $'M | Other developed markets[1] $'M | Other emerging markets[2] $'M | Group $'M |
|---|---|---|---|---|---|
| **2022** | | | | | |
| External revenue | 557 | 466 | 1,536 | 317 | 2,876 |
| EBITDA[4] | 915 | 215 | 708 | 128 | 1,966 |
| Non-current assets[3] | 8,183 | 9,470 | 9,399[6] | 2,770 | 29,822 |
| Total assets | 10,032 | 11,248 | 10,311 | 3,519 | 35,110 |
| **2021** | | | | | |
| External revenue | 620 | 442 | 985[5] | 246 | 2,293 |
| EBITDA[4] | 803 | 699 | 896 | 71 | 2,469 |
| Non-current assets[3] | 9,276 | 9,736 | 9,087[6] | 3,033 | 31,132 |
| Total assets | 11,119 | 12,911 | 10,043 | 3,573 | 37,646 |

1 Includes United Kingdom, France, Germany, Spain, Belgium, Ireland, Japan, South Korea, United States of America, Australia and New Zealand.
2 Other emerging markets refers to Asia, but excludes Singapore, China, Hong Kong, Japan and South Korea.
3 Non-current assets comprised property, plant and equipment, intangible assets, investment properties, investment in associates and joint ventures.
4 Fair value gains of $250 million in 2022 included in EBITDA (2021: gains of $255 million).
5 Includes revenue from United States of America of $776 million (2021: $440 million), Australia of $293 million (2021: $196 million), France of $170 million (2021: $100 million), United Kingdom of $99 million (2021: $55 million) and Japan of $92 million (2021: $124 million).
6 Includes non-current assets from United States of America of $3,471 million (2021: $3,132 million), Japan of $1,555 million (2021: $1,600 million) and Australia of $1,575 million (2021: $1,620 million).

37 **ADOPTION OF NEW ACCOUNTING STANDARDS**

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2022:

- Amendment to SFRS(I) 16: *COVID-19 – Related Rent Concessions beyond 30 June 2021*
- Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*
- Amendments to SFRS(I) 1-16: *Property, Plant and Equipment – Proceeds before Intended Use*
- Annual Improvements to SFRS(I)s 2018-2020
- Amendments to SFRS(I) 1-37 *Provision, contingent liabilities and contingent assets*

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

The Group has not early adopted the new standards, interpretations and amendments to standards (collectively, Changes) which are effective for annual periods beginning on or on or after 1 January 2023, in preparing these consolidated financial statements. These Changes are not expected to have a significant impact on the Group's financial statements.

## 38 SUBSEQUENT EVENTS

(a) On 22 February 2023, CLI announced that it has established a China data centre development fund, CapitaLand China Data Centre Partners (CDCP). CDCP has committed to invest in two hyperscale data centre development projects in Greater Beijing, China and upon completion of the projects, it will add approximately $1 billion to CLI's funds under management. Total equity committed to CDCP is $530 million, with existing and new global institutional investors holding an 80% effective stake in CDCP and CLI holding the remaining 20%.

(b) On 23 February 2023, CLI announced that it has established the CapitaLand China Opportunistic Partners Programme (CCOP Programme), with a total of $1.1 billion equity committed to invest in special situation opportunities in China. CLI has secured $892 million from global institutional investors, which hold an 80% stake in the Programme and CLI holds the remaining 20% stake. The CCOP Programme comprises a $291 million single-asset fund and a $824 million programmatic joint venture.