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Financial Statements

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 2023.

In our opinion:

(a) the financial statements set out on pages 150 to 262 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 2023 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
Belita Ong (Appointed on 1 January 2024)

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	1,337,793	1,399,699
Lee Chee Koon	2,470,572	3,268,553
Anthony Lim Weng Kin	62,155	89,081
Kee Teck Koon	108,163	127,065
Chaly Mah Chee Kheong	130,367	151,547
Judy Hsu Chung Wei	6,882	23,401
David Su Tuong Sing	–	14,197
Helen Wong Siu Ming	–	19,298
Award of CLI Performance shares[1, 3] to be delivered after 2022[¶]		
Lee Chee Koon	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	0 to 736,332
Contingent award of CLI Performance shares[1, 5] to be delivered after 2025		
Lee Chee Koon (340,933 shares)	–	0 to 1,022,799
Contingent award of CLI Performance shares[1, 6] under Special Founders Performance share award to be delivered after 2025		
Lee Chee Koon (921,006 shares)	0 to 2,763,018	0 to 2,763,018
Award of CLI Restricted shares[2] to be delivered after 2022		
Lee Chee Koon	0 to 552,249[7]	184,083[8]
Award of CLI Restricted shares[2, 9] to be delivered after 2023		
Lee Chee Koon	–	54,549
Related Corporations		
CLI Treasury Limited		
S$400 million 3.33% Fixed Rate Senior Notes due 2027		
Miguel Ko	S$500,000	S$500,000
Lee Chee Koon	S$500,000	S$500,000
Kee Teck Koon	S$250,000	S$500,000
CapitaLand Treasury Limited		
S$800 million 2.90% Fixed Rate Senior Notes due 2032		
Kee Teck Koon	S$250,000	S$250,000

¶ During the year, 941,254 shares were released, of which 235,314 shares were settled in cash.

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
Seatrium Limited (formerly known as Sembcorp Marine Ltd)		
Ordinary shares		
Kee Teck Koon	58,932	–[10]
SIA Engineering Company Limited		
Ordinary shares		
Kee Teck Koon	5,000	5,000
Singapore Airlines Limited		
Ordinary shares		
Miguel Ko	117,500	80,000
S$600 million 3.16% Fixed Rate Notes due 2023		
Miguel Ko	S$500,000	–
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
S$630 million 3.13% Bond due 2026		
Miguel Ko	S$250,000	–
Singapore Technologies Engineering Ltd		
Ordinary shares		
Miguel Ko	70,500	70,500
Singapore Telecommunications Limited		
Ordinary shares		
Miguel Ko	34,715	34,715
Kee Teck Koon	10,490	10,490
Anthony Lim Weng Kin	940	940
Tan Sri Abdul Farid bin Alias	40,000	40,000
StarHub Ltd		
Ordinary shares		
Miguel Ko	66,600	66,600

DIRECTORS' INTEREST IN SHARES OR DEBENTURES (continued)

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 the Company's 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. The release will be made partly in the form of shares and partly in the form of cash.

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. The release will be made partly in the form of shares and partly in the form of cash.

5 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 300% of the baseline award. The ERCC of the Company has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors. The release will be made partly in the form of shares and partly in the form of cash.

6 This is a long-term share-based award which will vest after the end of a five-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.

7 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.

8 Being the unvested two-thirds of the 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.

9 Two different vesting periods: (1) time-based awards with 100% vesting on 1 March 2024 for selected senior management as part of their remuneration package; and (2) time-based awards which will vest equally over three years starting from 1 March 2024 for selected senior management new hires.

10 Ceased to be a related corporation of the Company with effect from 28 February 2023.

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 2024.

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. (formerly known as CapitaLand Limited) which comprise the Performance Share Plan (CL PSP) and Restricted Share Plan (CL RSP).

Pursuant to the strategic restructuring in 2021, the Executive Resource and Compensation Committee (ERCC) of CapitaLand Group Pte. Ltd. had approved the following in relation to the unvested share award payout of CL Share Plans as at 17 September 2021.

SHARE PLANS - PERFORMANCE SHARE PLANS AND RESTRICTED SHARE PLANS (continued)

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

(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

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, Mr Anthony Lim Weng Kin and Ms Belita Ong.

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 ten 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 Plan (CLI PSP)

Under the CLI PSP, 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 300% 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 delivered in a combination of 75% in ordinary shares and 25% in their equivalent cash value, at no cost.

SHARE PLANS - PERFORMANCE SHARE PLANS AND RESTRICTED SHARE PLANS (continued)

Share Plans of the Company (continued)

(a) Awards under the CLI Performance Share Plan (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 300% of baseline award
2. Group's relative total shareholder return ranking against a peer group of selected companies	
3. Group's return on equity	
4. Group's carbon emissions intensity reduction performance	

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

	Balance as at 1 January 2023		<—— Movements during the year ——>			Balance as at 31 December 2023	
			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
2021	59	17,589,005	–	(7,667,275)*	(949,287)	52	8,972,443
2022	62	3,304,723	–	–	(132,538)	56	3,172,185
2023	–	–	3,713,431	–	(65,013)	76	3,648,418
		20,893,728	3,713,431	(7,667,275)	(1,146,838)		15,793,046^

* 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 CLI PSP comprised 13,829,649 (2022: 16,645,394) shares granted to employees of the Group and 1,963,397 (2022: 4,248,334) shares granted to employees of 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 (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 2023		Movements during the year	Balance as at 31 December 2023	
			Lapsed/ Cancelled		
Year of award	No. of holders	No. of shares	No. of shares	No. of holders	No. of shares
2021	109	14,251,125	(1,126,430)	102	13,124,695
2022	4	407,366	–	4	407,366
		14,658,491	(1,126,430)		13,532,061^

^ The number of shares comprised in contingent awards granted under the Special PSP award comprised 11,771,509 (2022: 12,391,413) shares granted to employees of the Group and 1,760,552 (2022: 2,267,078) shares granted to employees of related corporations.

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

Under the CLI RSP, 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.

Time-based RSP awards were granted in 2023 to selected senior management as part of their remuneration package. The shares were granted pursuant to the CLI RSP and shall vest over one, two or three years, subject to service conditions. Participants will receive fully paid shares, their equivalent cash value or combinations thereof, at no cost.

There is no grant of performance-based RSP awards in 2023 to employees. Instead, the awards have been incorporated into the annual performance bonus where a part of the bonus declared is delivered in the form of deferred shares. Such deferred shares will be granted to eligible employees after the end of the financial year under review pursuant to the CLI RSP. One-third of the award will vest immediately and the remaining two-thirds of the award will vest over the following two years in equal annual tranches, subject to service conditions. Participants can receive fully paid shares, their equivalent cash value or combinations thereof, at no cost.

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

	Balance as at 1 January 2023		Movements during the year			Balance as at 31 December 2023	
			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	1,110	8,615,632	–	(2,128,322)	(2,481,855)	1,010	4,005,455
2023	–	–	810,086	(178,928)	–	5	631,158
		8,615,632	810,086^	(2,307,250)	(2,481,855)		4,636,613#

+ The number of shares released during the year was 2,307,250, of which 408,004 were cash-settled.
^ Comprised 631,158 (2022: 8,969,551) shares granted to employees of the Group, nil (2022: 10,896) shares granted to employees of related corporations and 178,928 (2022: 68,235) shares granted to non-executive directors.
# The number of shares comprised in contingent awards granted under CLI RSP comprised 3,875,101 (2022: 6,950,531) shares to be equity-settled and 761,512 (2022: 1,665,101) shares to be cash-settled.

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 1967 and the Listing Manual of the SGX-ST. The Audit Committee shall also be guided by the Code of Corporate Governance and the Guidebook for Audit Committee in Singapore, 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;
- 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.

AUDIT COMMITTEE (continued)

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 five times in 2023. 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.

As part of ongoing good corporate governance, the Company conducted a Request for Proposal for the appointment of external auditors for the financial year ending 31 December 2024 (FY 2024), whereby the Audit Committee evaluated competitive proposals from several reputable audit firms. After due evaluation, the Audit Committee recommended to the Board of Directors that Deloitte & Touche LLP be appointed as auditors of the Company for FY 2024 in place of the retiring auditors, KPMG LLP. The Board of Directors approved the recommendation and will be proposing the appointment of Deloitte & Touche LLP as auditors of the Company at the forthcoming Annual General Meeting.

DIRECTORS' STATEMENT

AUDITORS

The retiring auditors, KPMG LLP, will not be seeking re-appointment at the forthcoming Annual General Meeting. Deloitte & Touche LLP has expressed its willingness to accept appointment as the auditors.

On behalf of the board of directors:

Miguel Ko
Director

Lee Chee Koon
Director

15 March 2024

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 2023, 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 material accounting policies and other explanatory information, as set out on pages 150 to 262.

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 2023 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 serviced residences, shopping malls, offices, 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 $13.6 billion (2022: $14.7 billion) as at 31 December 2023.

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.

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 2024

BALANCE SHEETS

As at 31 December 2023

	Note	The Group 31 Dec 2023 $'M	The Group 31 Dec 2022 $'M	The Company 31 Dec 2023 $'M	The Company 31 Dec 2022 $'M
Non-current assets					
Property, plant and equipment	3	1,312	1,225	129	13
Intangible assets	4	1,177	1,142	*	*
Investment properties	5	13,572	14,706	–	–
Subsidiaries	6	–	–	10,946	11,168
Associates	7	10,231	10,417	–	–
Joint ventures	8	2,812	2,735	–	–
Deferred tax assets	9	72	63	*	–
Other non-current assets	10	510	401	–	–
		29,686	30,689	11,075	11,181
Current assets					
Development properties for sale	11	197	243	–	–
Trade and other receivables	12	939	1,025	819	700
Other current assets	10	39	70	–	–
Assets held for sale	13	812	415	–	–
Cash and cash equivalents	14	2,460	2,668	19	22
		4,447	4,421	838	722
Less: current liabilities					
Trade and other payables	15	1,455	2,093	124	221
Short term borrowings	16	1,014	1,208	9	12
Current portion of debt securities	17	238	160	–	–
Current tax payable		583	583	*	2
Liabilities held for sale	13	254	118	–	–
		3,544	4,162	133	235
Net current assets		903	259	705	487
Less: non-current liabilities					
Long term borrowings	16	9,514	9,880	89	1
Debt securities	17	1,824	1,342	–	–
Deferred tax liabilities	9	508	543	–	–
Other non-current liabilities	18	506	254	812	812
		12,352	12,019	901	813
Net assets		18,237	18,929	10,879	10,855
Representing:					
Share capital	20	10,760	10,760	10,760	10,760
Revenue reserve		9,420	10,267	445	385
Other reserves	21	(6,219)	(5,894)	(326)	(290)
Equity attributable to owners of the Company		13,961	15,133	10,879	10,855
Perpetual securities	22	396	396	–	–
Non-controlling interests	6	3,880	3,400	–	–
Total equity		18,237	18,929	10,879	10,855

* Less than $1 million

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

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2023

	Note	The Group 2023 $'M	The Group 2022 $'M
Revenue	24	2,784	2,876
Cost of sales		(1,524)	(1,586)
Gross profit		1,260	1,290
Other operating income	25(a)	219	665
Administrative expenses		(498)	(490)
Other operating expenses		(292)	(176)
Profit from operations		689	1,289
Finance costs	25(d)	(488)	(432)
Share of results (net of tax) of:			
– associates		206	425
– joint ventures		67	106
		273	531
Profit before tax	25	474	1,388
Tax expense	26	(141)	(318)
Profit for the year		333	1,070
Attributable to:			
Owners of the Company		181	861
Non-controlling interests		152	209
Profit for the year		333	1,070
Basic earnings per share (cents)	27(a)	3.5	16.8
Diluted earnings per share (cents)	27(b)	3.5	16.5

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	Note	The Group 2023 $'M	The Group 2022 $'M
Profit for the year		333	1,070
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		(243)	(721)
Recognition of foreign exchange differences on disposal or liquidation of foreign operations in profit or loss		40	(6)
Effective portion of change in fair value of cash flow hedges		(66)	166
Recognition of hedging reserve in profit or loss		(18)	(33)
Share of other comprehensive income of associates and joint ventures		(167)	(544)
		(454)	(1,138)
Items that will not be reclassified subsequently to profit or loss			
Change in fair value of equity investments at fair value through other comprehensive income		(7)	(6)
Share of other comprehensive income of associates and joint ventures		(7)	(3)
Total other comprehensive income	23	(468)	(1,147)
Total comprehensive income		(135)	(77)
Attributable to:			
Owners of the Company		(256)	(64)
Non-controlling interests		121	(13)
Total comprehensive income		(135)	(77)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

	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 2023	10,760	10,267	(315)	(4,759)	127	27	6	(980)	15,133	396	3,400	18,929
Total comprehensive income												
Profit for the year	–	181	–	–	–	–	–	–	181	–	152	333
Other comprehensive income												
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	–	–	–	–	–	–	–	(208)	(208)	–	(35)	(243)
Recognition of foreign exchange differences on disposal or liquidation of foreign operations in profit or loss	–	–	–	–	–	–	–	26	26	–	14	40
Effective portion of change in fair value of cash flow hedges	–	–	–	–	(70)	–	–	–	(70)	–	4	(66)
Recognition of hedging reserve in profit or loss	–	–	–	–	(5)	–	–	–	(5)	–	(13)	(18)
Share of other comprehensive income of associates and joint ventures	–	–	–	–	(30)	(7)	–	(136)	(173)	–	(1)	(174)
Change in fair value of equity investment at fair value through other comprehensive income	–	–	–	–	–	(7)	–	–	(7)	–	–	(7)
Total other comprehensive income, net of tax	–	–	–	–	(105)	(14)	–	(318)	(437)	–	(31)	(468)
Total comprehensive income	–	181	–	–	(105)	(14)	–	(318)	(256)	–	121	(135)

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 2023

	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	–	–	27	(21)	–	–	–	–	6	–	–	6
Purchase of treasury shares	–	–	(64)	–	–	–	–	–	(64)	–	–	(64)
Contributions from non-controlling interests (net)	–	–	–	–	–	–	–	–	–	–	334	334
Dividends paid/payable	–	(927)	–	–	–	–	–	–	(927)	–	(158)	(1,085)
Distribution attributable to perpetual securities	–	(4)	–	–	–	–	–	–	(4)	13	(9)	–
Distribution paid to perpetual securities	–	–	–	–	–	–	–	–	–	(13)	–	(13)
Reclassification of other capital reserve	–	(3)	–	3	–	–	–	–	–	–	–	–
Share-based payments	–	–	–	32	–	–	–	–	32	–	–	32
Total contributions by and distributions to owners	–	(934)	(37)	14	–	–	–	–	(957)	–	167	(790)
Changes in ownership interests in subsidiaries and other capital transactions												
Changes in ownership interests in subsidiaries with a change in control	–	–	–	–	–	–	–	–	–	–	(32)	(32)
Changes in ownership interests in subsidiaries with no change in control	–	(50)	–	–	(3)	–	(6)	109	50	–	231	281
Share of reserves of associates and joint ventures	–	(9)	–	8	–	–	–	–	(1)	–	–	(1)
Others	–	(35)	–	23	–	–	–	4	(8)	–	(7)	(15)
Total changes in ownership interests in subsidiaries and other capital transactions	–	(94)	–	31	(3)	–	(6)	113	41	–	192	233
Total transactions with owners	–	(1,028)	(37)	45	(3)	–	(6)	113	(916)	–	359	(557)
At 31 December 2023	10,760	9,420	(352)	(4,714)	19	13	–	(1,185)	13,961	396	3,880	18,237

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 2023

	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 2023

	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 CASH FLOWS

Year ended 31 December 2023

	Note	2023 $'M	2022 $'M
Cash flows from operating activities			
Profit after tax		333	1,070
Adjustments for:			
(Write-back of)/Allowance for:			
– impairment loss on receivables		(4)	25
– impairment loss on interest in joint ventures	25	1	*
Amortisation of intangible assets	25	19	15
Depreciation of property, plant and equipment and right-of-use assets		123	131
Distribution income	25	(6)	(35)
Finance costs	25	488	432
Gain on disposal/redemption of available-for-sale financial assets	25	(10)	–
Gain on disposal of investment properties	25	(23)	(14)
Gain on right-of-use assets lease remeasurement/modification		–	(4)
Interest income	25	(62)	(53)
Loss on disposal and write off of property, plant and equipment	25	1	2
Mark-to-market loss/(gain) on derivative instruments	25	18	(34)
Net fair value loss/(gain) from investment properties	25	257	(250)
Net change in fair value of financial assets designated as fair value through profit or loss	25	8	21
Gain from change of ownership interests in subsidiaries, associates and joint ventures	25	(40)	(210)
Share of results of associates and joint ventures		(273)	(531)
Share-based expenses		55	68
Tax expense	26	141	318
		693	(119)
Operating profit before working capital changes		1,026	951
Changes in working capital:			
Development properties for sale		1	4
Trade and other receivables		(76)	(74)
Trade and other payables		(137)	31
Loans to credit customers		(16)	–
Loans from bank		9	–
Restricted bank deposits		29	18
		(190)	(21)
Cash generated from operations		836	930
Taxation paid		(154)	(195)
Net cash generated from operating activities		682	735

* Less than $1 million

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Note	2023 $'M	2022 $'M
Cash flows from investing activities			
Acquisition of/development expenditure in investment properties		(725)	(999)
Acquisition of subsidiaries, net of cash acquired	29(b)	(47)	(242)
Deposits received for disposal/(placed for acquisition) of investment properties		1	(10)
Disposal of subsidiaries, net of cash disposed of	29(d)	378	723
Dividends received from associates and joint ventures and other investments		413	348
Interest income received		54	46
Investments in associates, joint ventures and other investments		(344)	(86)
Proceeds from disposal of/(investment in) investment properties, property, plant and equipment and other financial assets		68	(60)
Purchase of intangible assets		(23)	(126)
Settlement of hedging instruments		38	24
Net cash used in investing activities		(187)	(382)
Cash flows from financing activities			
Contributions from non-controlling interests		334	189
Dividends paid to non-controlling interests		(158)	(173)
Distributions to perpetual securities holders		(13)	(13)
Dividends paid to shareholders		(615)	(772)
Amount paid to former shareholders of subsidiaries		–	(153)
Interest expense paid		(481)	(418)
(Repayment of loans)/loans from associates and joint ventures		(34)	1
Purchase of treasury shares		(64)	(133)
Payment for acquisition of ownership interests in subsidiaries with no change in control		(14)	–
Payment for issue expenses for private placement and issuance of share capital		–	(2)
Proceeds from bank borrowings		4,625	3,490
Proceeds from issuance of debt securities		849	977
Repayments of lease liabilities		(61)	(69)
Repayments of bank borrowings		(4,791)	(3,662)
Repayments of debt securities		(263)	(619)
Proceeds from/(repayment of) loans from related companies		56	(13)
Increase in bank deposits pledged for bank facilities		(7)	–
Net cash used in financing activities		(637)	(1,370)
Net decrease in cash and cash equivalents		(142)	(1,017)
Cash and cash equivalents at beginning of the year		2,624	3,815
Effect of exchange rate changes on cash balances held in foreign currencies		(38)	(145)
Cash and cash equivalents reclassified to assets held for sale	13	(5)	(29)
Cash and cash equivalents at end of the year	14	2,439	2,624

Significant non-cash transaction

In May 2023, the Company completed a distribution *in specie* of 291,982,358 stapled securities in CapitaLand Ascott Trust (CLAS) to its shareholders based on 0.057013 CLAS unit per ordinary share. Based on the closing market price of CLAS units on 11 May 2023 of $1.07, the distribution *in specie* amounted to $312 million.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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 2024.

1 DOMICILE AND ACTIVITIES

CapitaLand Investment Limited (the Company or CLI) 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, commercial 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 MATERIAL 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 about the future including climate-related risks and opportunities, 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 and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to accounting estimates are recognised prospectively.

2 MATERIAL 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.

In addition, the Group adopted the Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 *Disclosure of Accounting Policies* from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant' accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in note 2 in certain instances.

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.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

(a) Business combinations and property acquisitions (continued)

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.

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.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

(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.

Associates and joint ventures are accounted for using the equity method (collectively referred to as "equity-accounted investees") and are recognised initially at cost, which 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 2.9. 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) 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.

(e) 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
For the financial year ended 31 December 2023

2 MATERIAL 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 2.7) 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.

2 MATERIAL 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

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 2.9.

(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 eighteen 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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

2 MATERIAL 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 proceeds and the carrying amount of the property.

Transfers to, or from, investment properties are made where there is a change in intent and use of the investment properties.

2.7 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.

2 **MATERIAL ACCOUNTING POLICIES** (continued)

2.7 **Financial instruments** (continued)

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

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***

The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income (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.

(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" or "other operating expenses".

(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.

2 **MATERIAL ACCOUNTING POLICIES** (continued)

2.7 **Financial instruments** (continued)

(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.

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) cash flow hedge; or (b) net investment hedge. The Group has not designated any hedge as a fair value 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.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.7 Financial instruments (continued)

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

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.

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.

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.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.7 Financial instruments (continued)

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

Hedges directly affected by interest rate benchmark reform

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

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.

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.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.7 Financial instruments (continued)

(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) Financial guarantees

The Group accounts for financial guarantee contracts as financial liabilities. Financial guarantees are financial instruments issued by the Group that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with SFRS(I) 9 *Financial Instruments* and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 *Revenue from Contract with Customers*.

Expected credit losses (ECLs) are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Liabilities arising from financial guarantees are included within "borrowings".

(i) 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 guarantees. 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.

Loss allowance for financial guarantee contracts are recognised as a financial liability to the extent that they exceed the initial carrying amount of the financial guarantee contracts less the cumulated income recognised.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.7 Financial instruments (continued)

(i) Impairment of financial assets (continued)

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.

2.8 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.

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.

2.9 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.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.9 Impairment of non-financial assets (continued)

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.

2.10 Employee benefits

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.

2.11 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.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.12 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 lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the 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.

(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 it 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.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.12 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".

2.13 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, commercial 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.

2.14 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.

2.15 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.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.15 Tax (continued)

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.

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.

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.

Global minimum top-up tax

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of SFRS(I) 1-12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

2.16 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, and for the effects of all dilutive potential ordinary shares, which comprise share plans granted to employees.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.17 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.

3 PROPERTY, PLANT AND EQUIPMENT

	The Group		The Company	
	2023 $'M	2022 $'M	2023 $'M	2022 $'M
Property, plant and equipment owned	943	923	32	*
Right-of-use assets classified within property, plant and equipment	369	302	97	13
	1,312	1,225	129	13

* Less than $1 million

Property, plant and equipment owned

	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							
Cost							
At 1 January 2022		648	88	11	429	4	1,180
Additions		1	1	*	20	6	28
Disposals/written off		–	(6)	*	(11)	*	(17)
Reclassification from other categories of assets	(b)	322	*	*	5	–	327
Reclassifications		1	–	–	1	(2)	–
Translation differences		(57)	(7)	(1)	(30)	–	(95)
At 31 December 2022		915	76	10	414	8	1,423
At 1 January 2023		915	76	10	414	8	1,423
Additions		10	34	*	29	22	95
Disposals/written off		(1)	(4)	*	(26)	–	(31)
Reclassification to other categories of assets	(b)	(11)	(8)	–	(4)	(1)	(24)
Reclassifications		12	–	(1)	(11)	–	–
Translation differences		1	–	–	2	–	3
At 31 December 2023		926	98	9	404	29	1,466

* Less than $1 million

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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 2022		98	46	11	328	–	483
Depreciation for the year	25(c)(ii)	18	9	*	37	–	64
Disposals/written off		–	(6)	*	(10)	–	(16)
Translation differences		(1)	(3)	(1)	(26)	–	(31)
At 31 December 2022		115	46	10	329	–	500
At 1 January 2023		115	46	10	329	–	500
Depreciation for the year	25(c)(ii)	23	8	*	32	–	63
Disposals/written off		–	(4)	*	(23)	–	(27)
Reclassifications to other categories of assets		(11)	(4)	–	(4)	–	(19)
Reclassifications		10	–	(1)	(9)	–	–
Translation differences		2	*	*	4	–	6
At 31 December 2023		139	46	9	329	–	523
Carrying amounts							
At 1 January 2022		550	42	–	101	4	697
At 31 December 2022		800	30	–	85	8	923
At 31 December 2023		787	52	*	75	29	943

* Less than $1 million

(a) As at 31 December 2023, the carrying amounts of land and buildings comprise freehold land and buildings of $458 million (2022: $462 million) and leasehold land and buildings of $329 million (2022: $338 million).

(b) The classification of lodging properties as property, plant and equipment or investment property is based on the level of ancillary services and the length of stay, amongst other factors. During the year, the Group evaluated and reclassified a lodging property in Ireland (2022: property in Singapore) from investment properties (note 5) with the plan to renovate, rebrand and operate it as a full facility hotel. The Group also reclassified three lodging properties in Singapore and Australia to assets held for sale (note 13).

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

Property, plant and equipment owned *(continued)*

	Plant, machinery and improvement $'M	Furniture, fittings and equipment $'M	Total $'M
The Company			
Cost			
At 1 January 2022 and 31 December 2022	*	*	*
At 1 January 2023	*	*	*
Additions	28	4	32
At 31 December 2023	28	4	32
Accumulated depreciation			
At 1 January 2022 and 31 December 2022	*	*	*
At 1 January 2023	*	*	*
Depreciation for the year	*	*	*
At 31 December 2023	*	*	*
Carrying amounts			
At 1 January 2022 and 31 December 2022	*	*	*
At 31 December 2023	28	4	32

* Less than $1 million

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 2022		541
Additions		61
Expiry/termination of leases		(82)
Translation differences		(37)
At 31 December 2022		483
At 1 January 2023		483
Additions		129
Expiry/termination of leases		(5)
Translation differences		(1)
At 31 December 2023		606
Accumulated depreciation		
At 1 January 2022		171
Depreciation for the year	25(c)(ii)	67
Expiry/termination of leases		(45)
Translation differences		(12)
At 31 December 2022		181
At 1 January 2023		181
Depreciation for the year	25(c)(ii)	60
Expiry/termination of leases		(5)
Translation differences		1
At 31 December 2023		237
Carrying amounts		
At 1 January 2022^		370
At 31 December 2022^		302
At 31 December 2023^		369

	Buildings $'M
The Company	
Cost	
At 1 January 2022 and 31 December 2022	24
At 1 January 2023	24
Additions for the year	97
At 31 December 2023	121
Accumulated depreciation	
At 1 January 2022	3
Depreciation for the year	8
At 31 December 2022	11
At 1 January 2023	11
Depreciation for the year	13
At 31 December 2023	24
Carrying amounts	
At 1 January 2022	21
At 31 December 2022	13
At 31 December 2023	97

^ Right-of-use assets include motor vehicles with carrying amounts less than $1 million as at 31 December 2022 and 31 December 2023.

4 INTANGIBLE ASSETS

	Note	Goodwill $'M	Management contracts[@] $'M	Others^ $'M	Total $'M
The Group					
Cost					
At 1 January 2022		746	317	253	1,316
Additions		–	25	101	126
Acquisition of subsidiary	29(b),30	49	8	–	57
Written off		–	–	(4)	(4)
Reclassification from/(to) other categories of assets		–	3	(2)	1
Translation differences		(15)	(6)	(7)	(28)
At 31 December 2022		780	347	341	1,468
At 1 January 2023		780	347	341	1,468
Additions		–	–	23	23
Acquisition of subsidiary	29(b),30	15	18	–	33
Written off		(14)	–	(60)	(74)
Reclassification to other categories of assets		–	–	(1)	(1)
Translation differences		(1)	–	(2)	(3)
At 31 December 2023		780	365	301	1,446
Accumulated amortisation and impairment loss					
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
At 1 January 2023		202	1	123	326
Amortisation for the year	25(c)(ii)	–	2	17	19
Written off		(14)	–	(60)	(74)
Translation differences		(1)	–	(1)	(2)
At 31 December 2023		187	3	79	269
Carrying amounts					
At 1 January 2022		533	317	140	990
At 31 December 2022		578	346	218	1,142
At 31 December 2023		593	362	222	1,177

[@] Includes franchise agreements from the lodging platform.
^ Others comprise trademarks, software and licences and club memberships. The additions for 2022 mainly relate to the purchase of trademark of a lodging platform.

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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 2023 %	Terminal growth rates 2022 %	Discount rates 2023 %	Discount rates 2022 %	Carrying Value 2023 $'M	Carrying Value 2022 $'M
The Ascott Limited (Ascott)	1.1	0.5	6.9	6.3	417	417
Synergy Global Housing	2.4	2.0	11.0	12.0	5	5
TAUZIA Hotel Management (TAUZIA)	3.1	3.0	11.5	15.5	10	10
QSA Group Pty Ltd (QSA Group)	1.7	1.7	9.5	12.0	48	48
Oakwood Worldwide (Asia) Pte. Ltd. (Oakwood)	2.4	2.0	10.0	12.5	49	49
Quest Apartment Hotels (NZ) Limited (Quest NZ)	2.0	–	13.0	–	15	–
Ascendas-Singbridge (ASB)	1.0	1.0	6.9	6.3	49	49
As at 31 December					593	578

Ascott, Synergy Global Housing, TAUZIA, QSA Group, Oakwood and Quest NZ

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. 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 $15 million was recorded on the acquisition of Quest NZ in August 2023.

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 ten years. Cash flows beyond the third year are extrapolated using the estimated terminal growth rate of 1.0% (2022: 1.0%). The discount rate of 6.9% (2022: 6.3%) 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.

4 INTANGIBLE ASSETS (continued)

(b) Impairment test for management contracts

These mainly relate to the management contracts entered into between subsidiary companies and CapitaLand Ascendas REIT and CapitaLand 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 6.0% to 8.0% (2022: 8.0% to 9.3%) and growth rates of 1.0% (2022: 1.0%) covering a ten-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.

5 INVESTMENT PROPERTIES

	Note	The Group 2023 $'M	2022 $'M
At 1 January		14,706	16,249
Acquisition of subsidiaries	29(b)	–	220
Disposal of subsidiaries	29(d)	(181)	(1,646)
Additions		506	1,273
Disposals		(110)	(36)
Reclassification to assets held for sale	13	(731)	(352)
Reclassification from development properties for sale		36	–
Reclassification to property, plant and equipment		(69)	(327)
Changes in fair value	25(a), 25(c)(iii)	(257)	250
Translation differences		(328)	(925)
At 31 December		13,572	14,706

(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, occupancy rate and gross development costs.

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.

5 INVESTMENT PROPERTIES (continued)

Due to the uncertain future impact that the geopolitical events and macroeconomic factors such as global inflationary pressures and rising interest rates might have on the real estate market, the carrying amounts of the investment properties were current as at 31 December 2023 only. Values for certain properties may change more rapidly and significantly than during normal market conditions.

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

	Retail $'M	Office $'M	Integrated development $'M	Lodging $'M	Business park, industrial, logistics and data centre $'M	Total $'M
The Group						
31 December 2023						
Singapore	–	–	–	848	194	1,042
China (includes Hong Kong)	321	745	531	287	1,109	2,993
Others*	1,410	46	–	7,727	354	9,537
	1,731	791	531	8,862	1,657	13,572
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

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

(c) As at 31 December 2023, investment properties valued at $611 million (2022: $1,053 million) were under development.

(d) As at 31 December 2023, certain investment properties with carrying value of approximately $7,008 million (2022: $8,166 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:

	2023 $'M	2022 $'M
Lease rentals receivable:		
Less than 1 year	319	316
Between 1 and 5 years	455	479
More than 5 years	255	295
	1,029	1,090

(f) Contingent rents, representing income based on sales turnover achieved by tenants, amounted to $13 million for the year ended 31 December 2023 (2022: $13 million).

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5 INVESTMENT PROPERTIES (continued)

(g) As at 31 December 2023, the right-of-use of the land and buildings that are classified within investment properties had a carrying amount of $303 million (2022: $305 million).

(h) As at 31 December 2023, the investment properties that are freehold and leasehold were valued at $7,577 million (2022: $8,043 million) and $5,995 million (2022: $6,663 million) respectively.

6 SUBSIDIARIES

	The Company 2023 $'M	The Company 2022 $'M
(a) Unquoted shares, at cost	6,920	6,918
Less:		
Allowance for impairment loss	(277)	(45)
	6,643	6,873
Add:		
Amounts due from subsidiaries, at amortised cost:		
Loan accounts		
– interest free	4,303	4,295
	10,946	11,168

(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 2023 $'M	The Company 2022 $'M
At 1 January	(45)	(37)
Allowance during the year	(232)	(8)
At 31 December	(277)	(45)

During the year ended 31 December 2023, the Company carried out a review of the recoverable amount of its investment in subsidiaries and recognised an impairment loss of $232 million (2022: $8 million) in respect of its investment in subsidiaries. The impairment loss for the year was mainly in relation to a subsidiary whose net assets declined considerably as of the reporting date following dividends payment to the Company, in preparation of its liquidation.

(iii) 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.

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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 2023 %	Effective interest 2022 %
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.	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% (2022: 15.2%) interest indirectly held through CapitaLand Business Services Pte. Ltd..

(c) The Group manages the following listed real estate investment trusts/business trusts (REITs):
- CapitaLand Ascendas REIT (CLAR)
- CapitaLand Ascott Trust (CLAS)
- CapitaLand China Trust (CLCT)
- CapitaLand India Trust (CLINT)
- CapitaLand Integrated Commercial Trust (CICT)
- CapitaLand Malaysia Trust (CLMT)

collectively referred to as CLI REITs.

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 CLMT and CLAS (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 and CapitaLand Ascott Business Trust.

The activities of the Consolidated REITs are managed by the Group's wholly-owned subsidiaries, namely CapitaLand Malaysia REIT Management Sdn Bhd and CapitaLand Ascott Trust Management Limited and CapitaLand 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 to variable returns.

6 SUBSIDIARIES (continued)

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

Name of Subsidiary	Principal place of business	Effective interest held by NCI 2023 %	Effective interest held by NCI 2022 %
CapitaLand Ascott Trust (CLAS)[1]	Asia Pacific, Europe and the United States of America	71.7	62.5

[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 $'M	Other subsidiaries with individually immaterial NCI $'M	Total $'M
31 December 2023			
Revenue	745		
Profit after tax	230		
Other comprehensive income	46		
Total comprehensive income	276		
Attributable to NCI:			
– Profit	164	(12)	152
– Total comprehensive income	197	(76)	121
Current assets	857		
Non-current assets	7,873		
Current liabilities	(941)		
Non-current liabilities	(2,960)		
Net assets	4,829		
Net assets attributable to NCI	3,596	284	3,880
Cash flows from:			
– Operating activities	301		
– Investing activities	(297)		
– Financing activities[1]	64		
Net increase in cash and cash equivalents	68		

[1] Includes dividends paid to NCI.

6 SUBSIDIARIES (continued)

	CLAS $'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.

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 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 2023 $'M	The Group 2022 $'M
(a)	Investment in associates		10,218	10,404
	Add:			
	Amounts due from associates, at amortised cost:	(i)		
	Loan accounts- interest free		13	13
	Loan accounts- interest bearing	b(i)	–	*
			10,231	10,417

* 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 2023 $'M	The Group 2022 $'M	The Company 2023 $'M	The Company 2022 $'M
(b)	Amounts due from associates:					
	Current accounts (unsecured)					
	– interest free (trade)		164	170	*	–
	– interest free (non-trade)		36	32	–	–
	Presented in trade and other receivables	12	200	202	*	–
	Non-current loans (unsecured)					
	– interest free		4	4	–	–
	– interest bearing	i	172	70	–	–
	Presented in other non-current assets	10	176	74	–	–

* Less than $1 million

(i) The effective interest rates for interest-bearing amounts due from associates ranged from 4.20% to 5.50% (2022: 2.70% to 5.50%) per annum as at 31 December 2023.

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

		Note	The Group 2023 $'M	The Group 2022 $'M	The Company 2023 $'M	The Company 2022 $'M
(c)	Amounts due to associates:					
	Current accounts (mainly non-trade and unsecured)					
	– interest free		9	9	1	1
	Presented in trade and other payables	15	9	9	1	1

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 2023 %	Effective interest 2022 %
CapitaLand Integrated Commercial Trust (CICT)[1]	Singapore-based REIT which invests in shopping malls and commercial properties in Singapore, Australia and Europe	Singapore	23.1	22.9
CapitaLand Ascendas REIT (CLAR)[2]	Singapore-based REIT which invests in industrial properties and business parks in Singapore, Australia, the United States of America, Europe and the United Kingdom	Singapore	17.5	18.2

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

Management assessed the extent of the Group's control over CICT and CLAR, taking into consideration that the REITs are managed by wholly-owned subsidiaries of the Group, the Group's effective stake in the respective REITs and the returns (both marginal and absolute returns) generated from its investment in and management of both REITs. 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.

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7 ASSOCIATES (continued)

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.

	CICT $'M	CLAR $'M	Other individually immaterial associates $'M	Total $'M
31 December 2023				
Revenue[1]	1,560	1,480		
Profit after tax	869	178		
Other comprehensive income	(74)	(67)		
Total comprehensive income	795	111		
Attributable to:				
– NCI	6	–		
– Associate's shareholders	789	111		
	795	111		

[1] Relates to rental and related income from investment properties.

	CICT $'M	CLAR $'M	Other individually immaterial associates $'M	Total $'M
Current assets	195	377		
Non-current assets	24,545	17,893		
Current liabilities	(1,454)	(1,603)		
Non-current liabilities	(8,884)	(6,446)		
Net assets	14,402	10,221		
Attributable to:				
– NCI	202	299		
– Associate's shareholders	14,200	9,922		
Carrying amount of interest in associate at beginning of the year	3,217	2,339		
Group's share of:				
– Profit	201	34	(29)	206
– Other comprehensive income	(17)	(12)	(106)	(135)
– Total comprehensive income	184	22	(135)	71
Dividends received during the year	(163)	(119)		
Additions during the year	43	17		
Translation and other adjustments	(5)	(11)		
Carrying amount of interest in associate at end of the year	3,276	2,248	4,707	10,231
Fair value of effective ownership interest (if listed)^	3,170	2,329		

^ Based on the quoted market price as at 31 December 2023.

7 ASSOCIATES (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] Relates to rental and related income from investment properties.

	CICT $'M	CLAR $'M	Other individually immaterial associates $'M	Total $'M
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 as at 31 December 2022.

8 JOINT VENTURES

	Note	The Group 2023 $'M	The Group 2022 $'M
(a) Investment in joint ventures		2,441	2,350
Less:			
Allowance for impairment loss	(i)	(9)	(8)
		2,432	2,342
Add:			
Amounts due from joint ventures, at amortised cost:			
Loan accounts	(ii)		
– interest free		377	390
– interest bearing		16	16
		393	406
Less:			
Allowance for impairment loss on receivables	32	(13)	(13)
		380	393
		2,812	2,735

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

		The Group 2023 $'M	The Group 2022 $'M
At 1 January		(8)	(8)
Allowance during the year	25(c)(iii)	(1)	*
Translation differences		*	–
At 31 December		(9)	(8)

* Less than $1 million

(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 2023, the effective interest rates for the interest-bearing loans to joint ventures ranged from 4.25% to 6.50% (2022: 4.25% to 6.50%) per annum.

(iv) As at 31 December 2023, shareholder loans due from joint ventures include an amount of approximately $211 million (2022: $214 million), the repayment of which is subordinated to that of the external borrowings of these joint ventures.

8 JOINT VENTURES (continued)

	Note	The Group 2023 $'M	The Group 2022 $'M	The Company 2023 $'M	The Company 2022 $'M
(b) Amounts due from joint ventures:					
Current accounts (unsecured)					
– interest free (trade)		47	48	*	–
– interest free (non-trade)		203	244	*	–
– interest bearing (mainly non-trade)		4	5	–	–
		254	297	*	–
Less:					
Allowance for impairment loss on receivables	32	(28)	(28)	–	–
Presented in trade and other receivables	12	226	269	*	–
Non-current accounts (unsecured)					
– interest free (non-trade)		19	–	–	–
Presented in other non-current assets	10	19	–	–	–

* Less than $1 million

(i) As at 31 December 2023, the effective interest rate for interest-bearing amounts due from joint ventures is 1.80% (2022: 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.

	Note	The Group 2023 $'M	The Group 2022 $'M
(c) Amounts due to joint ventures:			
Current accounts (unsecured)			
– interest free (mainly non-trade)		30	51
– interest bearing (non-trade)		49	51
Presented in trade and other payables	15	79	102

As at 31 December 2023, the effective interest rate for interest-bearing amounts due to joint ventures range from 3.00% to 5.25% (2022: 3.70% to 5.25%) 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 2023 %	Effective interest 2022 %
Orchard Turn Holding Pte Ltd (OTH)[1]	Owner of an integrated development in Singapore	Singapore	50.0	50.0
CapitaLand Shanghai Malls[2,3]	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 CapitaLand Shanghai Malls comprised two joint ventures namely, Ever Bliss International Limited and Full Grace Enterprises Limited which is each 50% held through the Group's wholly-owned subsidiary, CapitaLand Mall Asia Limited. The Group accounts for its 50% stake as joint ventures while the remaining effective stakes of 15% to 23% are held through its associates, CapitaLand Mall China Income Fund I and CapitaLand Mall China Income Fund II.

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 $'M	CapitaLand Shanghai Malls $'M	Other individually immaterial joint ventures $'M	Total $'M
31 December 2023				
Revenue[1]	263	118		
Profit/(Loss) after tax[2]	207	(118)		
Other comprehensive income	(22)	(44)		
Total comprehensive income	185	(162)		
[1] Relates to rental and related income from investment properties.				
[2] Includes:				
– depreciation and amortisation	(3)	*		
– interest income	6	6		
– interest expense	(54)	(69)		
– tax (expense)/income	(24)	8		
Current assets[3]	165	242		
Non-current assets	3,392	2,504		
Current liabilities[4]	(72)	(69)		
Non-current liabilities[5]	(1,657)	(1,192)		
Net assets	1,828	1,485		
[3] Includes cash and cash equivalents	159	142		
[4] Includes current financial liabilities (excluding trade and other payables and provisions)	(21)	(5)		
[5] Includes non-current financial liabilities (excluding trade and other payables and provisions)	(1,657)	(1,110)		
Carrying amount of interest in joint venture at beginning of the year	882	604		
Group's share of:				
– Profit/(Loss)	104	(59)	22	67
– Other comprehensive income	(11)	(22)	(6)	(39)
– Total comprehensive income	93	(81)	16	28
Dividends received during the year	(60)	–		
Translation and other adjustments	–	(8)		
	915	515		
Shareholders loans	–	228		
Carrying amount of interest in joint venture at end of the year	915	743	1,154	2,812

* Less than $1 million

8 JOINT VENTURES (continued)

	OTH $'M	CapitaLand Shanghai Malls $'M	Other individually immaterial joint ventures $'M	Total $'M
31 December 2022				
Revenue[1]	255	125		
Profit/(Loss) after tax[2]	150	(22)		
Other comprehensive income	40	(208)		
Total comprehensive income	190	(230)		
[1] Relates to rental and related income from investment properties.				
[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		
	882	604		
Shareholder loans	–	231		
Carrying amount of interest in joint venture at end of the year	882	835	1,018	2,735

* Less than $1 million

(e) As at 31 December 2023, the Group's share of the capital commitments of the joint ventures is $415 million (2022: $501 million).

9 DEFERRED TAX

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

	At 1/1/2023 $'M	Recognised in profit or loss $'M	Acquisition/ Disposal of subsidiaries $'M	Transferred to liabilities held for sale $'M	Translation differences $'M	At 31/12/2023 $'M
The Group		(Note 26)		(Note 13)		
Deferred tax liabilities						
Accelerated tax depreciation	8	2	–	–	*	10
Accrued income and interest receivable	6	*	–	–	*	6
Fair value adjustments arising from a business combination	90	–	5	–	(4)	91
Fair value changes of investment properties	338	(23)	–	(14)	(7)	294
Unremitted earnings	69	6	–	–	(1)	74
Right-of-use assets	–	178	–	–	*	178
Others	32	2	–	–	*	34
Total	543	165	5	(14)	(12)	687
Deferred tax assets						
Unutilised tax losses	(11)	2	–	–	*	(9)
Provisions and expenses	(43)	1	–	–	1	(41)
Deferred income	(1)	(1)	–	–	1	(1)
Lease liabilities	–	(193)	–	–	*	(193)
Others	(8)	1	–	–	*	(7)
Total	(63)	(190)	–	–	2	(251)

	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		(Note 26)		(Note 13)		
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)

* Less than $1 million

9 DEFERRED TAX (continued)

	At 1/1/2023 $'M	Recognised in profit or loss $'M	At 31/12/2023 $'M
The Company			
Deferred tax liabilities			
Right-of-use assets	–	17	17
Total	–	17	17
Deferred tax assets			
Lease liabilities	–	(17)	(17)
Total	–	(17)	(17)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The following amounts, determined after appropriate offsetting, are shown on the balance sheets:

	The Group		
	Gross Amount $'M	Offset $'M	Net Amount $'M
31 December 2023			
Deferred tax liabilities	687	(179)	508
Deferred tax assets	(251)	179	(72)

	The Company		
	Gross Amount $'M	Offset $'M	Net Amount $'M
31 December 2023			
Deferred tax liabilities	17	(17)	–
Deferred tax assets	(17)	17	*

* Less than $1 million

There were no offset of deferred tax liabilities and assets as of 31 December 2022.

As at 31 December 2023, deferred tax liabilities amounting to $13 million (2022: $11 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.

9 DEFERRED TAX (continued)

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 2023 $'M	The Group 2022 $'M
Deductible temporary differences	48	42
Tax losses	1,089	1,124
Unutilised capital allowances	16	11
	1,153	1,177

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:

Expiry period	The Group 2023 $'M	The Group 2022 $'M
No expiry	676	659
Not later than 1 year	64	26
Between 1 and 5 years	371	431
After 5 years	42	61
	1,153	1,177

10 OTHER NON-CURRENT/CURRENT ASSETS

(a) Other non-current assets

	Note	The Group 2023 $'M	The Group 2022 $'M
Equity investments at FVTPL		103	114
Equity investments at FVOCI		48	67
Derivative financial instruments		89	114
Loans due from:			
– associates	7(b), (i)	176	74
– joint ventures (interest free)	8(b)	19	–
– investee (interest free)		18	18
Loans to credit customers	(ii)	16	–
Other receivables		32	6
Deposits		7	6
Prepayments		2	2
		510	401

(i) The effective interest rate for interest-bearing amounts due from associates ranged from 4.20% to 5.50% (2022: 4.30% to 5.50%) per annum as at 31 December 2023.

(ii) The effective interest rate for interest-bearing loans to credit customers ranged from 6.13% to 13.36% (2022: nil) per annum as at 31 December 2023.

10 OTHER NON-CURRENT/CURRENT ASSETS (continued)

(b) Other current assets

	The Group 2023 $'M	The Group 2022 $'M
Derivative financial instruments	39	70

11 DEVELOPMENT PROPERTIES FOR SALE

	The Group 2023 $'M	The Group 2022 $'M
Completed development properties, at cost	213	260
Allowance for foreseeable losses	(16)	(17)
Total development properties for sale	197	243

(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 2023 $'M	The Group 2022 $'M
At 1 January	(17)	(18)
Translation differences	1	1
At 31 December	(16)	(17)

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12 TRADE AND OTHER RECEIVABLES

	Note	The Group 2023 $'M	The Group 2022 $'M	The Company 2023 $'M	The Company 2022 $'M
Trade receivables		251	286	*	*
Less:					
Allowance for impairment loss on receivables	32	(39)	(51)	–	–
		212	235	*	*
Deposits		18	20	*	*
Other receivables	(a)	159	174	2	4
Less:					
Allowance for impairment loss on receivables	32	(16)	(16)	–	–
		143	158	2	4
Tax recoverable		13	13	–	–
Amounts due from:					
– associates	7(b)	200	202	*	–
– joint ventures	8(b)	226	269	*	–
– non-controlling interests		1	–	–	–
– related corporations					
current accounts					
– interest free (trade)	(b)	71	73	9	8
– subsidiaries					
current accounts					
– interest free (trade)	(b)	–	–	78	45
– interest free (non-trade)	(b)	–	–	46	41
loans (unsecured)					
– interest bearing		–	–	700	616
less:					
– allowance for impairment loss on receivables		–	–	(16)	(16)
		–	–	808	686
Loans and receivables		884	970	819	698
Prepayments		55	55	*	2
		939	1,025	819	700

* Less than $1 million

(a) Other receivables include consideration receivable of $22 million (2022: $42 million) from the divestment of associates.

(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.

13 ASSETS/LIABILITIES HELD FOR SALE

	Note	The Group 2023 $'M	The Group 2022 $'M
Property, plant and equipment		75	–
Investment properties	5, 31(d)(i)	731	352
Other non-current assets		–	11
Trade and other receivables		1	23
Cash and cash equivalents		5	29
		812	415
Trade and other payables		5	53
Borrowings	16(e)	234	21
Current tax payable		–	4
Deferred tax liabilities	9	14	40
Other non-current liabilities		1	–
		254	118

Details of assets and liabilities held for sale are as follows:

2023

(a) On 6 November 2023, the Group's subsidiary, CLAS announced the divestment of two hotel properties, Courtyard by Marriott Sydney-North Ryde and Novotel Sydney Parramatta to an unrelated third party, for a total consideration of AUD109 million (S$96 million). Accordingly, the assets comprising mainly property, plant and equipment were reclassified to assets held for sale as at 31 December 2023. The divestment of Courtyard by Marriott Sydney-North Ryde was subsequently completed in January 2024, while divestment of Novotel Sydney Parramatta is expected to be completed in 3Q 2024.

(b) On 18 December 2023, CLAS announced the divestment of three hotels in Osaka, Japan, namely Hotel WBF Honmachi, Hotel WBF Kitasemba East and Hotel WBF Kitasemba West to an unrelated third party, for a total consideration of JPY10.7 billion (S$100 million). Accordingly, the assets comprising mainly investment properties were reclassified to assets held for sale as at 31 December 2023. The divestment of the three properties was completed in March 2024.

(c) On 12 December 2023, a wholly-owned subsidiary of the Group entered into a sale and purchase agreement to divest its 95% stake in the company which hold the property Capital Square Beijing to an external investor. Post divestment, the Group continues to hold the remaining 5% stake in the company. Accordingly, all assets and liabilities held by the company were reclassified to assets held for sale and liabilities held for sale respectively as at 31 December 2023. The divestment of Capital Square Beijing was completed in January 2024.

(d) Pursuant to the planned divestment of a logistics centre in Osaka, Japan, to a core logistics Japan fund, the investment property was reclassified to assets held for sale as at 31 December 2023. The divestment was completed in January 2024 and the Group continues to hold a 2.7% stake in the property through its investment in the fund.

(e) Pursuant to the planned divestment of Citadines Mount Sophia Singapore, the assets comprising mainly investment property were reclassified to assets held for sale as at 31 December 2023. The divestment was completed on 1 March 2024.

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13 ASSETS/LIABILITIES HELD FOR SALE (continued)

2022

(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% shareholdings 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 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 2023 $'M	The Group 2022 $'M	The Company 2023 $'M	The Company 2022 $'M
Fixed deposits		1,128	1,260	–	–
Cash at banks and in hand		1,332	1,408	19	22
Cash and cash equivalents	20	2,460	2,668	19	22
Restricted bank deposits	(a)	(21)	(44)		
Cash and cash equivalents in the statement of cash flows		2,439	2,624		

(a) These are deposits placed in escrow account for bank balances of certain subsidiaries pledged in relation to banking facilities and 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, Euro and US Dollars. As at 31 December 2023, the effective interest rates for cash and cash equivalents denominated in these currencies ranged from 0% to 5.74% (2022: 0% to 4.47%) per annum.

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

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15 TRADE AND OTHER PAYABLES

	Note	The Group 2023 $'M	The Group 2022 $'M	The Company 2023 $'M	The Company 2022 $'M
Trade payables		102	151	4	2
Accruals	(a)	667	648	28	24
Accrued development expenditure		44	74	–	–
Other payables	(b)	299	741	1	1
Rental and other deposits		72	78	–	*
Derivative financial instruments		3	4	–	–
Liability for employee benefits	19	47	46	2	4
Amounts due to:					
– subsidiaries					
current accounts (unsecured)					
– interest free (trade)		–	–	–	9
loans (unsecured)					
– interest free		–	–	13	12
– associates	7(c)	9	9	1	1
– joint ventures	8(c)	79	102	–	*
– non-controlling interests (unsecured)					
– interest free		4	3	–	–
– interest bearing		1	1	–	–
– related corporations					
current accounts (unsecured)					
– interest free (trade)		128	236	75	168
		1,455	2,093	124	221

* Less than $1 million

(a) As at 31 December 2023, accruals included accrued operating expenses of $400 million (2022: $378 million), accrued interest payable of $70 million (2022: $56 million) as well as accrued expenditure for tax and administrative expenses which are individually immaterial.

(b) As at 31 December 2022, other payables included a loan payable to an external shareholder of $233 million and deferred purchase consideration for acquisition of an investment amounting to $226 million. During the year, the loan to external shareholder was fully repaid and $184 million of the deferred purchase consideration was reclassified to non-current payables, based on the expected settlement date (see note 18 (c)).

16 BORROWINGS

	Note	The Group 2023 $'M	The Group 2022 $'M	The Company 2023 $'M	The Company 2022 $'M
Bank borrowings					
– secured		2,742	3,810	–	–
– unsecured		7,058	6,619	–	–
	32(d)	9,800	10,429	–	–
Lease liabilities	32(d), (d)	728	659	98	13
		10,528	11,088	98	13
Repayable:					
Not later than 1 year		1,014	1,208	9	12
Between 1 and 5 years		7,970	8,312	46	1
After 5 years		1,544	1,568	43	–
After 1 year		9,514	9,880	89	1
		10,528	11,088	98	13

(a) The Group's borrowings are denominated mainly in Singapore Dollars, Chinese Renminbi, Japanese Yen and US Dollars. As at 31 December 2023, the effective interest rates for bank borrowings denominated in these currencies ranged from 0.59% to 7.90% (2022: 0.44% to 6.52%) per annum.

(b) As at 31 December 2023, $1,980 million (2022: $2,127 million) of the Group's borrowings are sustainability-linked loans which are drawn down as part of the Group's sustainable financing.

Under the conditions of these loan agreements, loan margins vary accordingly to the achievements of the Group's sustainability performance targets that are benchmarked against Environmental, Social and Governance indicators, Global Real Estate Sustainability Benchmark rating or green building certifications.

(c) 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.

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

16 BORROWINGS (continued)

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

				Non-cash changes				
	Note	At 1/1/2023 $'M	Financing cashflows* $'M	Acquisition of subsidiaries $'M	Disposal of subsidiaries@ $'M	Foreign exchange movement $'M	Others $'M	At 31/12/2023 $'M
Bank borrowings		10,429	(166)	–	(329)	(147)	13^	9,800
Debt securities	17	1,502	586	–	–	(25)	(1)	2,062
Lease liabilities		659	(61)	–	–	(6)	136	728
Loans from related corporations		70	56	–	–	–	–	126

				Non-cash changes				
	Note	At 1/1/2022 $'M	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		771	(69)	–	–	(34)	(9)	659
Loans from related corporations		83	(13)	–	–	–	–	70

* Cashflows from financing activities presented in the consolidated statement of cash flows include interest expense paid of $481 million (2022: $418 million) which are included under accruals, amounts 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 borrowings of $234 million (2022: $21 million) under liabilities held for sale (note 13).

^ Includes bank borrowings of $9 million (2022: nil) under Operating cashflows.

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17 DEBT SECURITIES

	Note	The Group 2023 $'M	The Group 2022 $'M
Secured notes and bonds		219	187
Unsecured notes and bonds		1,843	1,315
	16(e), 32(d)	2,062	1,502
Repayable:			
Not later than 1 year		238	160
Between 1 and 5 years		1,247	1,173
After 5 years		577	169
After 1 Year		1,824	1,342
		2,062	1,502

(a) As at 31 December 2023, the effective interest rates for debt securities ranged from 0.55% to 4.41% (2022: 0.58% to 4.07%) per annum.

(b) Notes and bonds

The Group's notes and bonds are mainly issued by CLAS, CLMT and the Group's treasury vehicle, 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 described below, the remaining notes and bonds issued were unsecured.

As at 31 December 2023, the secured notes and bonds amounting to $219 million (2022: $187 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.

Sustainability-linked notes

As at 31 December 2023, $353 million (2022: $368 million) of the Group's debt securities were sustainability-linked notes issued by CLAS, as part of the Group's sustainable financing.

Under the conditions of these notes, interest rates vary accordingly to the achievements of CLAS' sustainability performance targets that are benchmarked against Environmental, Social and Governance indicators, or green building certifications.

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18 OTHER NON-CURRENT LIABILITIES

	Note	The Group 2023 $'M	The Group 2022 $'M	The Company 2023 $'M	The Company 2022 $'M
Amounts due to (unsecured):					
– associates (interest free)	(a)	9	9	–	–
– joint ventures (interest free)	(a)	–	7	–	–
– non-controlling interests (interest free)	(a)	29	30	–	–
Loans from related corporations (unsecured):					
– interest free		126	70	–	–
Loans from subsidiaries (unsecured):					
– interest free		–	–	486	486
– interest bearing	(b)	–	–	325	325
Liability for employee benefits	19	16	16	1	1
Derivative financial instruments		21	9	–	–
Security deposits and other non-current payables	(c)	289	102	–	–
Deferred income		16	11	–	–
		506	254	812	812

(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 2023, the effective interest rate for the loans from a subsidiary is 3.89% (2022: 2.40%) per annum.

(c) Other non-current payables included deferred purchase consideration for acquisition of investment amounting to $184 million (see note 15 (b)).

19 EMPLOYEE BENEFITS

	Note	The Group 2023 $'M	The Group 2022 $'M	The Company 2023 $'M	The Company 2022 $'M
Liability for short term accumulating compensated absences		19	15	1	1
Liability for staff incentive	(a)	18	15	–	–
Liability for cash-settled share-based payments		26	32	2	4
		63	62	3	5
Current	15	47	46	2	4
Non-current	18	16	16	1	1
		63	62	3	5

(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.

19 EMPLOYEE BENEFITS (continued)

(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.

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.

Movements in the Group's number of shares outstanding under CL RSP which has been converted to cash-settled awards are summarised below:

	2023 ('000)	2022 ('000)
At 1 January	9,403	19,364
Released	(5,608)	(9,252)
Lapsed/Cancelled	(392)	(709)
At 31 December	3,403	9,403

19 EMPLOYEE BENEFITS (continued)

(b) Equity compensation benefits (continued)

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 ten years commencing on 1 September 2021.

The Executive Resource and Compensation Committee (ERCC) of the Company has instituted a set of share ownership guidelines for members of senior management who receive shares under the CLI PSP and CLI RSP. 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.

The details of awards in the Company shares 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 2023 No. of shares
CLI PSP 2021	47,836,104	(15,315,939)	(3,195,058)	29,325,107
CLI RSP 2021	9,858,768	(2,375,485)	(2,846,670)	4,636,613

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.

19 EMPLOYEE BENEFITS (continued)

(b) Equity compensation benefits (continued)

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

i) CLI Performance Share Plans *(continued)*

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

	2023 ('000)	2022 ('000)
At 1 January	20,894	25,777
Granted	3,713	3,344
Released	(7,667)	(7,649)
Lapsed/Cancelled	(1,147)	(578)
At 31 December@	15,793	20,894

@ Comprised 13,829,649 (2022: 16,645,394) shares granted to employees of the Group and 1,963,397 (2022: 4,248,334) shares granted to employees of related corporations.

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	2023	2022
Weighted average fair value of shares and assumptions		
Weighted average fair value at measurement date	$3.44	$4.07
Grant date	14 April 2023	4 May 2022
Share price at grant date	$3.71	$4.12
Expected volatility of Company's share price (assuming the average volatility of 780-Day closing unit price from the six CLI REITs)	27.10%	26.46%
Expected dividend yield over the vesting period	3.31% to 3.59%	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	2.86% to 3.62%	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 related corporations 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:

	2023 ('000)	2022 ('000)
At 1 January	14,658	14,594
Granted	–	407
Lapsed/Cancelled	(1,126)	(343)
At 31 December@	13,532	14,658

@ Comprised 11,771,509 (2022: 12,391,413) shares granted to employees of the Group and 1,760,552 (2022: 2,267,078) shares granted to employees of related corporations.

As at 31 December 2023, the number of shares granted under the Special PSP award are as follows:

	Final number of shares has not been determined (baseline award) 2023 ('000)	2022 ('000)
Equity-settled	13,160	14,286
Cash-settled	372	372
	13,532	14,658

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
Weighted average fair value of shares and assumptions	
Weighted average fair value at measurement date	\$3.52 to \$3.90
Grant date	4 January 2022, 4 May 2022 and 1 June 2022
Share price at grant date	\$3.66 to \$4.12
Expected volatility of Company's share price (assuming the average volatility of 1040-Day/780-Day closing unit price from the six CLI REITs)	24.67% to 26.46%
Expected dividend yield over the vesting period	3.61% 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	1.11% to 2.51%
Net asset value per share	\$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.

There is no grant of performance-based RSP awards in 2023 to employees. Instead, the awards have been incorporated into the annual performance bonus where a part of the bonus declared is delivered in the form of deferred shares. Such deferred shares will be granted to eligible employees after the end of the financial year under review pursuant to the CLI RSP.

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

	2023 ('000)	2022 ('000)
At 1 January	8,616	–
Granted	810	9,049
Released	(2,307)	(68)
Lapsed/Cancelled	(2,482)	(365)
At 31 December[@]	4,637	8,616

[@] Comprised 4,634,257 (2022: 8,610,920) shares granted to employees of the Group and 2,356 (2022: 4,712) shares granted to employees of related corporations.

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	2023	2022
Weighted average fair value of shares and assumptions		
Weighted average fair value at measurement date	\$3.38	\$3.84
Grant date	14 April 2023 and 1 June 2023	4 May 2022
Share price at grant date	\$3.31 to \$3.71	\$4.12
Expected dividend yield over the vesting period	3.31% to 3.73%	3.66% to 4.22%

As at 31 December 2023, the number of shares granted are as follows:

	Final number of shares determined but not released		Final number of shares has not been determined (baseline award)	
	2023 ('000)	2022 ('000)	2023 ('000)	2022 ('000)
Equity-settled	3,875	–	–	6,951
Cash-settled	762	–	–	1,665
	4,637	–	–	8,616

20 **SHARE CAPITAL**

	2023 No. of shares ('000)	2022 No. of shares ('000)
Issued and fully paid, with no par value		
At 1 January, including treasury shares	5,203,196	5,203,196
Less: Treasury shares	(102,775)	(89,031)
At 31 December, excluding treasury shares	5,100,421	5,114,165

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)

	Note	2023 $'M	2022 $'M
Borrowings and debt securities		12,590	12,590
Cash and cash equivalents	14	(2,460)	(2,668)
Net debt		10,130	9,922
Total equity		18,237	18,929
Net debt-to-equity ratio		0.56	0.52

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. 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 (2022: 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 (REIT) management. In addition, the consolidated REITs (namely, CLAS and CLMT) are subject to aggregate leverage limits. 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	
	2023 $'M	2022 $'M	2023 $'M	2022 $'M
Reserve for own shares	(352)	(315)	(352)	(315)
Equity compensation reserve	61	50	25	22
Capital reserve	(4,775)	(4,809)	1	3
Hedging reserve	19	127	–	–
Fair value reserve	13	27	–	–
Asset revaluation reserve	–	6	–	–
Foreign currency translation reserve	(1,185)	(980)	–	–
	(6,219)	(5,894)	(326)	(290)

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)).

21 OTHER RESERVES (continued)

The capital reserve comprises mainly the reserves set aside by certain subsidiaries in compliance with the relevant regulations in the PRC, the Group's share of associates' and joint ventures' capital reserve and reserves on consolidation amounting to -$5,569 million (2022: -$5,598 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, Malaysian Ringgit, Euro, Sterling Pound and Japanese Yen.

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 CLAS, but junior to the claims of all other present and future creditors of 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: 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 2023 $'M	The Group 2022 $'M
Revenue from contracts with customers	904	845
Rental of investment properties:		
– Retail, office, business park, industrial, logistics and data centre properties rental and related income	441	525
– Lodging properties rental and related income	1,408	1,495
Others	31	11
	2,784	2,876

Disaggregation of revenue from contracts with customers:

	The Group 2023 $'M	The Group 2022 $'M
Primary segment		
Fee income		
– Fee income-related business	855	776
– Real estate investment business	33	41
– Corporate and others	14	19
	902	836
Development properties for sale		
– Real estate investment business	2	9
	904	845
Secondary segment		
Singapore	515	496
China[1]	184	183
Other developed markets[2]	123	98
Other emerging markets[3]	82	68
	904	845

1 includes Hong Kong
2 includes the UK, France, Germany, Spain, Belgium, Ireland, Japan, South Korea, the USA, Australia, and New Zealand but excludes Singapore and Hong Kong
3 excludes China

	The Group 2023 $'M	The Group 2022 $'M
Timing of revenue recognition		
Products transferred at a point in time	22	48
Products and services transferred over time	882	797
	904	845

25 PROFIT BEFORE TAX

Profit before tax includes the following:

	Note	The Group 2023 $'M	The Group 2022 $'M
(a) Other operating income			
Interest income from:			
– deposits and notes		52	47
– associates and joint ventures		9	4
– investee companies and others		1	2
		62	53
Distribution income		6	35
Foreign exchange gain		*	–
Gain from change of ownership interests in subsidiaries, associates and joint ventures		40	210
Mark-to-market gain on derivative instruments		–	34
Gain on disposal of investment properties		23	14
Net fair value gain from investment properties	5	–	250
Gain on disposal/redemption of available-for-sale financial assets		10	–
Other income from pre-termination of contracts		9	6
Forfeiture of security deposits		2	2
Government grants		1	4
Others		66	57
		219	665
(b) Staff costs			
Wages and salaries		642	594
Contributions to defined contribution plans		73	69
Share-based expenses:			
– equity-settled		38	47
– cash-settled		17	21
Increase in liability for short term accumulating compensated absences		2	1
Staff benefits, training/development costs and others		78	68
		850	800
Recognised in:			
Cost of sales		638	597
Administrative expenses		212	203
		850	800

* Less than $1 million

25 PROFIT BEFORE TAX (continued)

	Note	The Group 2023 $'M	The Group 2022 $'M
(c)(i) Cost of sales include:			
Operating expenses of investment properties that generated rental income		679	602
Lease expenses (short-term lease)		188	362
Lease expenses (variable lease payments not included in the measurement of lease liabilities)		20	12
(c)(ii) Administrative expenses include:			
(Write back)/Net allowance for impairment loss on trade receivables		(6)	13
Amortisation of intangible assets	4	19	15
Auditors' remuneration:			
– auditors of the Company and other firms affiliated with KPMG International Limited		8	9
– other auditors		1	1
Non-audit fees:			
– auditors of the Company and other firms affiliated with KPMG International Limited		1	1
– other auditors		1	1
Depreciation of property, plant and equipment	3	63	64
Depreciation of right-of-use assets	3	60	67
Write back of listing and restructuring expenses		(2)	(23)
(c)(iii) Other operating expenses include:			
Allowance for impairment loss on non-trade receivables		2	12
Impairment loss on interest in joint ventures	8(i)	1	*
Foreign exchange loss		–	132
Loss on disposal and write off of property, plant and equipment		1	2
Mark-to-market loss on derivative instruments		18	–
Net fair value loss from investment properties	5	257	–
Net change in fair value of financial assets designated as fair value through profit or loss		8	21
(d) Finance costs			
Interest costs paid and payable:			
– on bank loans and overdrafts		498	356
– on debt securities		61	49
– lease liabilities		24	30
– derivatives		(113)	(21)
– others		27	28
Total finance costs		497	442
Less:			
Borrowing costs capitalised in investment properties		(9)	(10)
		488	432

* Less than $1 million

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26 TAX EXPENSE

	The Group 2023 $'M	The Group 2022 $'M
Current tax expense		
– Based on current year's results	160	201
– Over provision in respect of prior years	(32)	(9)
– Group relief	*	(2)
	128	190
Deferred tax expense		
– Origination and reversal of temporary differences	(16)	89
– (Over)/under provision in respect of prior years	(9)	4
	(25)	93
Land appreciation tax		
– Current year	*	1
Withholding tax		
– Current year	25	25
– Under provision in respect of prior years	13	9
	38	34
	141	318
Reconciliation of effective tax rate		
Profit before tax	474	1,388
Less: Share of results of associates and joint ventures	(273)	(531)
Profit before share of results of associates and joint ventures and tax	201	857
Income tax using Singapore tax rate of 17% (2022: 17%)	34	146
Adjustments:		
Expenses not deductible for tax purposes	228	172
Income not subject to tax	(180)	(147)
Effect of unrecognised tax losses	19	44
Effect of changes in other deductible temporary differences	(24)	(14)
Effect of different tax rates in foreign jurisdictions	36	64
Effect of taxable distributions from REITs	32	30
Land appreciation tax	*	1
Withholding taxes	25	25
(Over)/under provision in respect of prior years	(28)	4
Group relief	*	(2)
Others	(1)	(5)
	141	318

* Less than $1 million

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. In April 2023, CMMTIL has reached an amicable settlement with the Tax Authority with a withholding tax payment of $4.5 million without any penalties.

26 TAX EXPENSE (continued)

Global minimum tax under Pillar Two

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 140 jurisdictions to introduce a global minimum tax rate of 15%. In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a set of model rules, followed by detailed commentary and administrative guidance in 2022 and 2023, that are expected to be used by individual jurisdictions that signed the agreement to amend their local tax laws.

In 2023, various jurisdictions in which the Group operates in have started the process of enacting tax legislations to implement the Pillar Two model rules. Management is closely monitoring the progress of the legislative process in each jurisdiction that the Group operates in, and has engaged tax consultants to assist the Group in calculating the impact of the top-up tax arising from the enacted/substantively enacted legislation.

However, due to the complex nature of the legislations and calculations to determine the adjustments required for Pillar Two, the Group did not have sufficient information to reasonably determine the potential quantitative impact as at the reporting date. As at 31 December 2023, the Group did not have subsidiaries with significant operations in countries where the statutory tax rate is less than 15%. Accordingly, any top-up tax is not expected to have a significant impact to the Group.

27 EARNINGS PER SHARE

(a) Basic earnings per share

	The Group 2023 $'M	The Group 2022 $'M
Basic earnings per share is based on:		
Net profit attributable to owners of the Company	181	861

	2023 No. of shares ('000)	2022 No. of shares ('000)
Weighted average number of ordinary shares in issue during the year	5,116,425	5,129,261

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 2023 $'M	The Group 2022 $'M
Diluted earnings per share is based on:		
Net profit attributable to owners of the Company	181	861

	2023 No. of shares ('000)	2022 No. of shares ('000)
Weighted average number of ordinary shares in issue during the year	5,116,425	5,129,261
Adjustments for potential dilutive ordinary shares under:		
– CLI Performance Share Plan	59,177	67,058
– CLI Restricted Share Plan	4,395	11,262
	63,572	78,320
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	5,179,997	5,207,581

28 DIVIDENDS

In respect of the financial year ended 31 December 2023, the Board of Directors of the Company has proposed a tax-exempt ordinary dividend of 12.0 cents per share which would amount to a payout of approximately $612 million based on the number of issued shares (excluding treasury shares) as at 31 December 2023. The tax-exempt dividend is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

For the financial year ended 31 December 2022, a tax-exempt ordinary dividend of 12.0 cents per share and a special distribution *in specie* of 0.057013 unit in CLAS per ordinary share were approved at the Annual General Meeting held on 25 April 2023. Based on the closing market price of $1.07 per CLAS unit on 11 May 2023, the cash equivalent rate of the distribution per share is $0.06100391. The said dividends of $927 million were paid and settled in May 2023.

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:

2023 Name of subsidiary	Date acquired	Effective interest acquired
Quest Apartment Hotels (NZ) Limited	August 2023	100%

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%

The acquisition in 2023 of Quest Apartment Hotels (NZ) Limited was accounted for as a business combination. The acquisitions in 2022 were accounted for as acquisition of assets except for Oakwood which was accounted for as a business combination (note 30).

(b) Effects of acquisitions

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

The Group	Note	2023 $'M	2022 $'M
Intangible assets	4	18	8
Investment properties	5	–	220
Trade and other receivables		1	22
Cash and cash equivalents		1	13
Trade and other payables		(1)	(35)
Borrowings	16(e)	–	(4)
Deferred tax liabilities	9	(5)	–
Other non-current liabilities		–	(2)
Net assets acquired		14	222
Goodwill arising from acquisition	4	15	49
Total purchase consideration		29	271
Deferred purchase consideration and other adjustments		–	(55)
Deferred purchase consideration paid in relation to prior year's acquisition of subsidiaries		19	39
Cash of subsidiaries acquired		(1)	(13)
Cash outflow on acquisition of subsidiaries		47	242

Acquisition-related costs

Acquisition-related costs of $1 million (2022: $3 million) relating to stamp duties and legal, due diligence and tax advisory service fees were included in the administrative expenses.

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

(c) Disposal of subsidiaries

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

2023 Name of subsidiary	Date disposed	Effective interest disposed
Zillion Alpha Holdings Pte Ltd	March 2023	80%
Ascendas IT Park (Pune) Private Limited	May 2023	55%
AIGP2 Chennai 1 Pte Ltd	August 2023	50%

The disposed subsidiaries incurred a net loss of $2 million from 1 January 2023 to the respective dates of disposal.

2022 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 a net profit of $7 million from 1 January 2022 to the respective dates of disposal.

(d) Effects of disposals

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

The Group	Note	2023 $'M	2022 $'M
Investment properties	5	181	1,646
Trade and other receivables		8	13
Assets held for sale		434	–
Cash and cash equivalents		11	28
Trade and other payables		(107)	(68)
Other current liabilities		–	(7)
Borrowings		(95)	(707)
Liabilities held for sale		(137)	–
Other non-current liabilities		–	(42)
Non-controlling interests		(32)	(230)
Equity interest retained as joint venture		(13)	(3)
Net assets disposed of		250	630
Realisation of reserves		29	(7)
Gain on disposal of subsidiaries		52	207
Sale consideration		331	830
Deferred proceeds and other adjustments		(57)	(79)
Shareholder's loan taken over by buyer		66	–
Deferred proceeds received in relation to prior year's disposal of a subsidiary		49	–
Cash of subsidiaries disposed		(11)	(28)
Cash inflow on disposal of subsidiaries		378	723

30 BUSINESS COMBINATIONS

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.

2023

Acquisition of Quest Apartment Hotels (NZ) Limited

On 31 August 2023, the Group acquired 100% of the shares and voting interests in Quest Apartment Hotels (NZ) Limited and its subsidiaries (QNZ) from unrelated parties. Following the acquisition, QNZ became a wholly-owned subsidiary of the Group.

QNZ is the master franchisor for Quest brand in New Zealand since 2000. The acquisition of QNZ complements the Group's lodging platform, generating asset-light, fee-related earnings (FRE), through management and franchising businesses.

From the date of acquisition to 31 December 2023, QNZ contributed revenue of $3 million and net profit of $1 million to the Group's results. If the acquisition had occurred on 1 January 2023, management estimates that the contribution to the Group's revenue and net profits from QNZ would have been $10 million and $3 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 2023.

Goodwill of $15 million (see note 4) 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 QNZ and the fair value of the assets acquired and liabilities assumed.

	2023 $'M
Intangible assets	18
Other current assets	1
Cash and cash equivalents	1
Current liabilities	(1)
Deferred tax liabilities	(5)
Total identifiable net assets	14
Goodwill on acquisition	15
Total purchase consideration	29
Less: cash and cash equivalents in subsidiary acquired	(1)
Net cash outflow on acquisition	28

Total acquisition-related costs of $1 million related to legal, due diligence and tax advisory fees were included in administrative expenses in the current year.

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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 franchise agreements 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 from the agreements, 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. The fair values of these assets and liabilities are determined to approximate the carrying amounts since they are short term in nature.

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 a 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; and

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 (see note 4) 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.

30 BUSINESS COMBINATIONS (continued)

2022 (continued)

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

	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 2022.

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. The fair values of these assets and liabilities are determined to approximate the carrying amounts since they are short term in nature.

NOTES TO THE FINANCIAL STATEMENTS
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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.

(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.

31 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(a) Determination of fair value (continued)

(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 (based on an evaluation of the historical volatility of the Group's and peer group's share price), 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.

		Carrying amount					Fair value			
	Note	Fair value – hedging instruments $'M	FVOCI $'M	FVTPL $'M	Amortised Cost $'M	Total $'M	Level 1 $'M	Level 2 $'M	Level 3 $'M	Total $'M
The Group										
31 December 2023										
Financial assets measured at fair value										
Equity investments at FVOCI	10(a)	–	48	–	–	48	48	–	–	48
Equity investments at FVTPL	10(a)	–	–	103	–	103	3	–	100	103
Derivative financial assets:										
– Interest rate swaps and cross currency swaps	10(a)	89	–	–	–	89	–	89	–	89
– Interest rate swaps, forward foreign exchange contracts and cross currency swaps	10(b)	39	–	–	–	39	–	39	–	39
		128	48	103	–	279				
Financial assets not measured at fair value										
Other non-current assets		–	–	–	73	73				
Loans due from associates	7	–	–	–	189	189				
Loans due from joint ventures	8	–	–	–	399	399				
Trade and other receivables#	12	–	–	–	871	871				
Cash and cash equivalents	14	–	–	–	2,460	2,460				
		–	–	–	3,992	3,992				

Excludes tax recoverable and prepayments.

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 2023										
Financial liabilities measured at fair value										
Derivative financial instruments:										
– Forward foreign exchange contracts	15	(3)	–	–	–	(3)	–	(3)	–	(3)
– Interest rate swaps and cross currency swaps	18	(21)	–	–	–	(21)	–	(21)	–	(21)
		(24)	–	–	–	(24)				
Financial liabilities not measured at fair value										
Other non-current liabilities#		–	–	–	(444)	(444)	–	–	(431)	(431)
Bank borrowings^	16	–	–	–	(9,800)	(9,800)	–	(9,779)	–	(9,779)
Debt securities	17	–	–	–	(2,062)	(2,062)	–	(2,085)	–	(2,085)
Trade and other payables#		–	–	–	(1,326)	(1,326)				
		–	–	–	(13,632)	(13,632)				

\# 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 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	–	–	–	957	957				
Cash and cash equivalents	14	–	–	–	2,668	2,668				
		–	–	–	4,135	4,135				

\# Excludes tax recoverable and prepayments.

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.

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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 Company										
31 December 2023										
Financial assets not measured at fair value										
Other non-current assets		–	–	–	4,303	4,303				
Trade and other receivables	12	–	–	–	819	819				
Cash and cash equivalents	14	–	–	–	19	19				
		–	–	–	5,141	5,141				
Financial liabilities not measured at fair value										
Other non-current liabilities#		–	–	–	(811)	(811)				
Trade and other payables#		–	–	–	(122)	(122)				
		–	–	–	(933)	(933)				
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)				

Excludes liability for employee benefits.

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.

The Group	Note	Fair value Level 3 $'M
31 December 2023		
Non-financial assets measured at fair value		
Investment properties	5	13,572
Assets held for sale – investment properties	13	731
		14,303
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

(d) Level 3 fair value measurement

(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:

The Group	Equity investments at FVTPL $'M	Assets held for sale – investment properties $'M
2023		
At 1 January 2023	111	352
Additions	14	731
Disposals	(17)	(352)
Changes in fair value recognised in profit or loss	(8)	–
At 31 December 2023	100	731
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

Movements for investment properties are set out in note 5.

31 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(d) Level 3 fair value measurement (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	Retail	Office	Integrated development	Business park, industrial, logistics and data centre	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.
	2023						
	- Singapore	–	–	–	6.0%	–	
	- China	5.0%	4.3%	4.5% to 5.5%	6.0% to 7.0%	–	
	- Others	6.3% to 7.0%	–	–	6.3% to 8.8%	4.8% to 6.0%	
	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%	

31 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(d) Level 3 fair value measurement (continued)

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

Valuation methods	Key unobservable inputs	Retail	Office	Integrated development	Business park, industrial, logistics and data centre	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.
	2023						
	– Singapore	–	–	–	7.8%	5.6% to 6.4%	
	– China	9.0%	7.0% to 7.8%	8.8% to 9.3%	8.5% to 10.0%	6.8% to 7.8%	
	– Others	–	4.3%	–	–	3.2% to 15.5%	
	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%	
	Terminal yield rate						
	2023						
	– Singapore	–	–	–	6.3%	3.5% to 4.3%	
	– China	5.3%	4.5%	5.0% to 6.0%	6.3% to 7.3%	5.0% to 6.3%	
	– Others	–	4.6%	–	–	3.0% to 11.0%	
	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%	
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.
	2023	–	–	–	617	144	
	2022	–	483	–	85 to 786	131 to 134	
	Estimated cost to completion ($ million)						
	2023	–	–	–	63	97	
	2022	–	8	–	33 to 101	40 to 107	

31 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(d) Level 3 fair value measurement (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: 5.1% to 7.3% (2022: 6.3% to 6.5%) – Terminal yield rate: 4.6% to 5.8% (2022: 3.2% to 3.9%)	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 7.0% (2022: 2.7% to 6.5%) – Terminal yield rate: 3.0% to 6.0% (2022: 3.0% to 4.9%)	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: 3.8x (2022: 1.7x to 5.8x) – Volatility of comparable companies: 38% (2022: 42%)	The estimated fair value increases with higher revenue multiple and varies inversely against lower volatility.
Equity investment in funds in South-East Asia at FVTPL	Discounted cash flow method	– Discount rate: 3.5% to 9.5% (2022: Nil) – Terminal yield rate: 3.0% to 7.0% (2022: Nil)	The estimated fair value increases with lower discount rate and terminal yield rate.

(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 mostly 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, foreign exchange 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. The Board has established a Risk Committee to strengthen its risk management processes and framework. The Risk Committee is assisted by an independent unit called the 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. A group-wide Risk and Control Self-Assessment (RCSA) is conducted annually by all business units to identify key material risks (including financial risks), mitigating measures and any opportunities to leverage on.

(b) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates 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. 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 cross currency swaps to minimise its exposure to interest rate volatility and classifies these interest rate swaps and cross currency swaps as cash flow hedge.

As at 31 December 2023, the Group has interest rate swaps classified as cash flow hedges with notional contractual amount of $3,702 million (2022: $4,289 million) and for which the Group pays fixed interest rates and receives variable rates equal to the Singapore Overnight Rate Average (SORA), US Secured Overnight Financing Rate (SOFR), Tokyo Overnight Average Rate (TONA), Australia Bank Bill Swap Bid Rate (BBSY), Australia Bank Bill Swap Rate (BBSW), Euro Interbank Offered Rate (EURIBOR) and Sterling Overnight Index Average (SONIA) on the notional amount.

As at 31 December 2023, the Group has cross currency swaps classified as cash flow hedges with notional contractual amount of $682 million (2022: $256 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 and Japanese Yen and Singapore Dollars on the notional amount.

NOTES TO THE FINANCIAL STATEMENTS
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32 FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk (continued)

(i) Interest rate risk (continued)

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.

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.

The net carrying amount of interest rate swaps as at 31 December 2023 was $18 million (2022: $114 million) comprising derivative assets of $39 million (2022: $114 million) and derivative liabilities of $21 million (2022: $Nil).

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 $44 million (2022: $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 was undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). As at 31 December 2022, the Group had the following exposure to SGD swap offer rates (SGD SOR) and USD London interbank offered rates (USD LIBOR) on its financial instruments that had been replaced or reformed as part of the market-wide initiatives during the year.

	SGD SOR Carrying amount $'M	USD LIBOR Carrying amount $'M
The Group		
31 December 2022		
Borrowings	1,747	892
Derivative assets – interest rate swaps	(19)	(22)
Total	1,728	870

As at 31 December 2023, the Group has completed the transition of all its financial liabilities and financial instruments to alternative risk-free rates, where required.

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 the United States of America, Europe, Australia and Japan. The carrying amount of these US Dollars, Euro, Sterling Pound, Australian Dollars and Japanese Yen denominated borrowings as at 31 December 2023 was $647 million (2022: $593 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 2023 was net assets of $86 million (2022: $57 million), comprising derivative assets of $89 million (2022: $70 million) and derivative liabilities of $3 million (2022: $13 million).

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)

(ii) Foreign currency risk (continued)

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 2023								
Equity securities	111	16	-	-	9	15	-	-
Trade and other receivables	434	1,468	230	527	207	293	431	23
Cash and cash equivalents	1,273	161	97	374	162	171	77	38
Bank borrowings and debt securities	(6,395)	(2,325)	(282)	(875)	(1,123)	(382)	(522)	(626)
Trade and other payables	(825)	(377)	(64)	(555)	(54)	(91)	(32)	(65)
Gross currency exposure	(5,402)	(1,057)	(19)	(529)	(799)	6	(46)	(630)
Adjustments for:								
Net financial liabilities denominated in the respective entities' functional currencies	5,035	1,193	232	642	573	187	52	634
Bank borrowings and debt securities designated for net investment hedge	-	-	18	-	211	278	140	-
Cross currency swaps/foreign exchange forward contracts	-	(66)	-	-	104	(179)	-	-
Net currency exposure	(367)	70	231	113	89	292	146	4

32 FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk (continued)

(ii) Foreign currency risk (continued)

	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	664	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)	(2,025)	(280)	(772)	(608)	26	(11)	(464)
Adjustments for:								
Net financial liabilities denominated in the respective entities' functional currencies	4,926	2,015	346	904	414	211	106	583
Bank borrowings and debt securities designated for net investment hedge	–	–	69	–	283	206	35	–
Cross currency swaps/foreign exchange forward contracts	–	70	–	–	–	(173)	–	–
Net currency exposure	(272)	60	135	132	89	270	130	119

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 $29 million (2022: $33 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.

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32 FINANCIAL RISK MANAGEMENT (continued)

(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 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 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 reporting 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 and other receivables

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 and other receivables and contract assets.

In measuring the expected credit losses, trade and other receivables 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 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.

(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.

32 FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

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

	Trade receivables $'M	Other receivables $'M	Amounts due from related corportions (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 2023	51	16	*	*	28	13
Allowance utilised	(6)	–	–	–	–	–
Allowance during the year	4	*	–	–	1	–
Reversal of allowance during the year	(10)	*	*	*	–	–
Translation differences	*	*	–	*	(1)	*
At 31 December 2023	39	16	*	*	28	13
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

* Less than $1 million

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

	Loans/Amounts due from subsidiaries 2023 $'M	Loans/Amounts due from subsidiaries 2022 $'M
The Company		
At 1 January and 31 December	16	16

Cash and cash equivalents are subject to immaterial credit loss.

(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 2023 $'M	Other financial assets 2023 $'M	Trade receivables 2022 $'M	Other financial assets 2022 $'M
The Group	(Note 12)		(Note 12)	
Fee income-related business	88	493	88	405
Real estate investment business	123	764	147	791
Corporate and others	1	42	–	32
	212	1,299	235	1,228

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For the financial year ended 31 December 2023

32 FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

(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 *Financial Instruments* as at 31 December 2023 are set out in the provision matrix as follows:

	Current (Not past due) $'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					
2023					
Expected loss rate	1.2%	3.6%	9.5%	82.9%	
Trade receivables	161	28	21	41	251
Loss allowance	(2)	(1)	(2)	(34)	(39)
Expected loss rate	–	–	–	0.4%	
Amounts due from associates (current)	132	23	12	33	200
Loss allowance	–	–	–	(*)	(*)
Expected loss rate	5.8%	0.9%	0.8%	30.9%	
Amounts due from joint ventures (current)	191	4	4	55	254
Loss allowance	(11)	(*)	(*)	(17)	(28)
Expected loss rate	–	–	–	–	
Amounts due from associates (non-current)	189	–	–	–	189
Expected loss rate	3.3%	–	–	–	
Amounts due from joint ventures (non-current)	412	–	–	–	412
Loss allowance	(13)	–	–	–	(13)
Expected loss rate	–	–	–	0.01%	
Amounts due from related corporations (current)	12	9	8	42	71
Loss allowance	–	–	–	(*)	(*)
Expected loss rate	–	–	–	–	
Amounts due from investee	18	–	–	–	18

* Less than $1 million

32 FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

	Current (Not past due) $'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)
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

* Less than $1 million

No aging analysis of other loans and receivables are presented as the majority of outstanding balances as at 31 December 2023 and 31 December 2022 are current (not past due).

The Company's ageing analysis of amounts due from related corporations and subsidiaries are not presented as the outstanding balances as at 31 December 2023 and 31 December 2022 are current.

32 FINANCIAL RISK MANAGEMENT (continued)

(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.

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 2023, the Group has approximately $6.4 billion (2022: $6 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.

32 FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

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:

	Note	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 2023						
Financial liabilities, at amortised cost						
Bank borrowings	16	(9,800)	(11,146)	(1,506)	(8,414)	(1,226)
Debt securities	17	(2,062)	(2,349)	(300)	(1,442)	(607)
Lease liabilities	16	(728)	(958)	(95)	(325)	(538)
Trade and other payables#		(1,598)	(1,602)	(1,145)	(454)	(3)
		(14,188)	(16,055)	(3,046)	(10,635)	(2,374)
31 December 2023						
Derivative financial assets/(liabilities), at fair value						
Interest rate swaps (net-settled)						
– assets		39	97	33	63	1
– liabilities		(21)	(22)	4	(26)	*
Forward foreign exchange contracts (net-settled)						
– assets		4	4	4	–	–
– liabilities		(1)	(1)	(1)	–	–
Forward foreign exchange contracts (gross-settled)		9				
– outflow			(286)	(286)	–	–
– inflow			295	295	–	–
Forward foreign exchange contracts (gross-settled)		(1)				
– outflow			(178)	(178)	–	–
– inflow			177	177	–	–
Cross currency swaps (gross-settled)		76				
– outflow			(695)	(124)	(566)	(5)
– inflow			800	153	646	1
Cross currency swaps (gross-settled)		(1)				
– outflow			(120)	(4)	(116)	–
– inflow			119	4	115	–
		104	190	77	116	(3)
		(14,084)	(15,865)	(2,969)	(10,519)	(2,377)

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

32 FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

	Note	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	16	(10,429)	(11,731)	(1,573)	(8,869)	(1,289)
Debt securities	17	(1,502)	(1,666)	(204)	(1,270)	(192)
Lease liabilities	16	(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)

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

The interest payments on the Group's sustainability-linked loans and notes take into consideration the Group's expectation of its ability to meet the sustainability-linked performance targets and may change if the Group expects that it can no longer meet these targets.

32 FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

	Carrying amount $'M	Contractual cash flows: Total $'M	Contractual cash flows: Not later than 1 year $'M	Contractual cash flows: Between 1 and 5 years $'M	Contractual cash flows: After 5 years $'M
The Company					
31 December 2023					
Financial liabilities, at amortised cost					
Lease liabilities	(98)	(121)	(14)	(62)	(45)
Trade and other payables*	(933)	(969)	(122)	(825)	(22)
	(1,031)	(1,090)	(136)	(887)	(67)
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)	–

* Excludes liability for employee benefits.

32 FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

At 31 December 2023, the Group held the following instruments to hedge exposures to changes in foreign currency and interest rates:

	Carrying amount: Contractual notional amount $'M	Carrying amount: Assets/ (Liabilities) $'M	Carrying amount: Financial statement line item	Changes in fair value used for calculating hedge ineffectiveness: Hedging instrument $'M	Changes in fair value used for calculating hedge ineffectiveness: Hedged item $'M	Changes in fair value used for calculating hedge ineffectiveness: Hedge ineffectiveness recognised in profit or loss $'M	Weighted average hedge forex rate/ interest rate (%)	Maturity date
The Group								
31 December 2023								
Cashflow hedges								
Foreign exchange risk								
- Cross currency swaps to hedge foreign currency borrowings	326	7	Derivative financial instruments	6	(6)	–	USD: SGD1.350 JPY: SGD0.0108	April 2024 to November 2029
- Forward contracts to hedge foreign currency receivable	356	8	Derivative financial instruments	(1)	2	1	KRW: SGD0.001 USD: SGD1.357	February 2024 to October 2024
Interest rate risk								
- Interest rate swaps to hedge floating rate borrowings	3,702	18	Derivative financial instruments	(37)	37	–	2.362%	February 2024 to June 2028
Net investment hedges								
Foreign exchange risk								
- Borrowings to hedge net investments in foreign operations	–	(647)	Borrowings	7	(7)	–	JPY: SGD0.0093 EUR: SGD1.465 GBP: SGD1.677 AUD: SGD0.902	April 2024 to April 2028
- Forward contracts to hedge net investments in foreign operations	458	3	Derivative financial instruments	(5)	5	–	USD: SGD1.350 RMB: SGD0.186 JPY: SGD0.0093 EUR: SGD1.448 MYR: SGD0.289	January 2024 to September 2024
- Cross currency swaps to hedge net investments in foreign operations	687	68	Derivative financial instruments	36	(36)	–	JPY: SGD0.0100 EUR: SGD1.491	March 2024 to September 2028

32 FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

	Carrying amount: Contractual notional amount $'M	Carrying amount: Assets/ (Liabilities) $'M	Carrying amount: Financial statement line item	Changes in fair value used for calculating hedge ineffectiveness: Hedging instrument $'M	Changes in fair value used for calculating hedge ineffectiveness: Hedged item $'M	Changes in fair value used for calculating hedge ineffectiveness: 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 EUR: SGD1.504 GBP: SGD1.753 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 RMB: SGD0.194 JPY: SGD0.0102 EUR: SGD1.430 GBP: SGD1.626 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 EUR: SGD1.545	April 2023 to May 2026

* 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.

	2023 $'M	2022 $'M
The Group		
At 1 January	110	(1)
Change in fair value:		
– Interest rate risk	(77)	147
– Foreign currency risk	7	(3)
Amount reclassified to profit or loss:		
– Interest rate risk	(5)	(33)
At 31 December	35	110

(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 mainly to leases with lease terms of 12 months or less or low value assets. Future minimum lease payments for the Group in non-cancellable operating leases are as follows:

	The Group 2023 $'M	The Group 2022 $'M
Lease payments payable:		
Not later than 1 year	30	58
Between 1 and 5 years	1	*
After 5 years	2	–
	33	58

* Less than $1 million

33 COMMITMENTS (continued)

(b) Commitments

	The Group 2023 $'M	The Group 2022 $'M
Commitments in respect of:		
– capital expenditure contracted but not provided for in the financial statements	80	17
– development expenditure contracted but not provided for in the financial statements	104	374
– capital contribution in associates, joint ventures and investee companies	1,135	940
– purchase of properties contracted but not provided for in the financial statements	67	107
– credit financing to external parties	223	–
	1,609	1,438

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

	The Group 2023 $'M	The Group 2022 $'M
Interest rate and forward start interest rate swaps	3,702	4,289
Forward foreign exchange contracts	821	523
Cross currency swaps	1,017	780
	5,540	5,592

The maturity profile of these financial instruments was:

	The Group 2023 $'M	The Group 2022 $'M
Not later than 1 year	2,400	3,366
Between 1 and 5 years	2,869	2,226
After 5 years	271	–
	5,540	5,592

34 FINANCIAL GUARANTEE CONTRACTS AND CONTINGENT LIABILITIES

The Group accounts for its financial guarantees as financial liabilities. 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 2023 $'M	The Group 2022 $'M	The Company 2023 $'M	The Company 2022 $'M
(a) Guarantees given to banks to secure banking facilities provided to:				
– subsidiaries	–	–	6,906	5,685
– joint ventures	5	4	–	–
	5	4	6,906	5,685

34 FINANCIAL GUARANTEE CONTRACTS AND CONTINGENT LIABILITIES (continued)

(b) Undertakings by the Group:

(i) As at 31 December 2023, two subsidiaries of the Group have pledged their shares in joint ventures for term loan and revolving facilities of $1,128 million (2022: $1,076 million) obtained by the joint ventures. As at 31 December 2023, the amount outstanding was $934 million (2022: $982 million).

(ii) As at 31 December 2023, a subsidiary of the Group has provided several undertakings on cost overrun, security margin and/or 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 $293 million (2022: $351 million) granted to joint ventures. As at 31 December 2023, the amount outstanding under the term loan and revolving construction facilities was $175 million (2022: $224 million).

(c) Government assistance

In response to the economic impacts of the COVID-19 pandemic, the governments of France and Japan introduced various financial support schemes, which provided guarantees for bank loans borrowed by the Group's subsidiaries amounting to $38 million issued by the respective banks in 2022. As at 31 December 2023, the loans borrowed by the subsidiaries in Japan has been fully repaid and the amount outstanding under the loan facility that was borrowed by a subsidiary in France was $26 million. Interest rates for the guaranteed loans were at 1.0% (2022: 0.2% to 1.1%) per annum.

The Group determined that the interest rates for an equivalent loan issued on an arm's length basis without the guarantee was at 5.1% (2022: 0.7% to 3.1%) per annum. There are no unfulfilled conditions or contingencies for the government assistance as at 31 December 2023.

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*.

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	
	2023 $'M	2022 $'M
Related corporations of ultimate holding company		
Management fee income	10	17
Purchase of goods and services	(9)	(6)
Purchase consideration for acquisition of investment	–	147
Investment in a joint venture[1]	41	23
Receivables included in trade and other receivables	2	14
Immediate holding company		
Management fee income	4	8
IT support services income	5	4
Others	5	7
Fellow subsidiaries under the immediate holding company		
Management fee income	26	30
IT support services income	8	8
Rental income	*	2
Administrative support services income	4	4
Management fee expenses	(3)	(4)
Rental expense	(3)	(3)
Investments in/(Return of investment from) joint ventures[1]	227	(48)
Others	10	14
Associates and joint ventures		
Management fee income	471	433
Rental expense	(15)	(10)
Fees from acquisition and divestment fees, accounting services fee, marketing income and others	129	174
Proceeds from sale of investments	251	556
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	17
Employer's contributions to defined contribution plans	*	*
Equity compensation benefits	17	20
	34	37

1 Investments include loans and/or capital contributions.
* Less than $1 million

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

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 (FRB) involves investment and asset management of listed and unlisted funds, lodging management and commercial management.

(ii) Real Estate Investment Business (REIB) 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
2023					
Revenue					
External revenue	883	1,887	14	–	2,784
Inter-segment revenue	187	43	404	(634)	–
Total revenue	**1,070**	**1,930**	**418**	**(634)**	**2,784**
Segment results					
Company and subsidiaries	401	399	31	–	831
Associates	–	206	–	–	206
Joint ventures	3	64	–	–	67
EBITDA	**404**	**669**	**31**	–	**1,104**
Depreciation and amortisation					(142)
Finance costs					(488)
Tax expense					(141)
Profit for the year					**333**
Segment assets	**2,532**	**30,380**	**7,864**	**(6,643)**	**34,133**
Segment liabilities	**601**	**8,126**	**7,169**	–	**15,896**
Other segment items:					
Interest income	3	25	34	–	62
Depreciation and amortisation	(15)	(106)	(21)	–	(142)
Write-back of impairment losses on assets	–	4	–	–	4
Fair value loss on investment properties	–	(257)	–	–	(257)
Share-based expenses	(30)	(8)	(17)	–	(55)
Net gains on disposal of investments and investment properties	–	73	–	–	73
Mark-to-market loss on derivative instruments	–	(18)	–	–	(18)
Associates	1	10,230	–	–	10,231
Joint ventures	14	2,798	–	–	2,812
Capital expenditure#	32	582	142	–	756

Capital expenditure consists of additions of property, plant and equipment, investment properties and intangible assets.

36 OPERATING SEGMENTS (continued)

Operating Segments (continued)

	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

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
2023					
External revenue	569	434	1,452[5]	329	2,784
EBITDA[4]	759	(306)	395	256	1,104
Non-current assets[3]	8,316	8,276	9,385[6]	2,735	28,712
Total assets	10,309	10,120	10,432	3,272	34,133
2022					
External revenue	557	466	1,536[5]	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

1 Includes the United Kingdom, France, Germany, Spain, Belgium, Ireland, Japan, South Korea, the 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 losses of $257 million in 2023 included in EBITDA (2022: gains of $250 million).
5 Includes revenue from the United States of America of $563 million (2022: $776 million), Australia of $321 million (2022: $293 million), France of $187 million (2022: $170 million), the United Kingdom of $108 million (2022: $99 million) and Japan of $155 million (2022: $92 million).
6 Includes non-current assets from the United States of America of $3,292 million (2022: $3,471 million), Japan of $1,536 million (2022: $1,555 million) and Australia of $1,525 million (2022: $1,575 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 2023:

- SFRS(I) 17: *Insurance Contracts*
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*
- Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to SFRS(I) 1-12: *International Tax Reform – Pillar Two Model Rules*

Other than disclosed below, the application of these amendments to accounting standards and interpretations does not have a material effect on the financial statements.

37 ADOPTION OF NEW ACCOUNTING STANDARDS (continued)

Financial guarantee contracts

On 1 January 2023, the Group changed its accounting policy with respect to the accounting of financial guarantee contracts. Prior to 1 January 2023, the Group had regarded financial guarantee contracts as insurance contracts under SFRS(I) 4 *Insurance Contracts*. SFRS(I) 17 *Insurance Contracts* replaces SFRS(I) 4 for annual periods beginning on or after 1 January 2023. On transition to SFRS(I) 17, the Group made an irrevocable election to apply SFRS(I) 9 *Financial Instruments*, on a contract-by-contract basis, to all financial guarantee contracts. This change in accounting policy was applied retrospectively. There was no impact on the statement of financial position and the opening accumulated profits as at 1 January 2022 as a result of the change as the carrying amount of the financial guarantee contracts at the date of transition was assessed to be nil.

Global minimum top-up tax

The Group has adopted Amendments to SFRS(I) 1- 12 *International Tax Reform – Pillar Two Model Rules* upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax that may arise from the jurisdictional adoption of the Pillar Two model rules published by OECD, and required new disclosures about the Pillar Two tax exposure.

The mandatory exception is effective immediately and applies retrospectively. However, because no new legislation to implement top-up tax was enacted or substantively enacted at 31 December 2022 in any jurisdiction in which the Group operates and no related deferred tax was recognised as that date, the retrospective application has no impact on the Group's consolidated financial statements.

Material accounting policy information

The Group adopted Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies* for the first time in 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments required the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in note 2 *Material Accounting Policies* (2022: *Significant Accounting Policies*) in certain instances in line with the amendments.

The Group has not early adopted the new standards, interpretations and amendments to standards (collectively, Changes) which are effective for annual periods beginning 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 9 January 2024, the Group's wholly-owned subsidiary, The Ascott Limited (TAL) and CapitaLand Wellness Fund (C-WELL), an associate of the Group, jointly acquired a freehold lodging property in Singapore. TAL and C-WELL each holds a 50% stake in the lodging property, which will be upgraded and rebranded as lyf Bugis Singapore (lyf Bugis). The renovation is expected to be completed by the second quarter of 2024.

(b) On 5 February 2024, the Group's subsidiary, CapitaLand Malaysia Trust (CLMT) entered into a conditional sale and purchase agreement to acquire three freehold ready-built factories located at the Nusajaya Tech Park in Iskandar Malaysia, Johor from Nusajaya Tech Park Sdn. Bhd. (Nusajaya) for a consideration of MYR27 million (S$8 million). CapitaLand Group Pte. Ltd., the immediate holding company of the company, holds a 60% stake in Nusajaya. This transaction, subject to fulfilment of conditions by the vendor, is expected to be completed by the fourth quarter of 2024.

(c) On 14 February 2024, CLI announced that it has established the CapitaLand Ascott Residence Asia Fund II (CLARA II), CLI's second private fund that focuses on serviced residence and coliving assets. With a target equity size of US$600 million (approximately S$800 million), CLARA II will invest in properties located in gateway cities in key developed Asia Pacific markets. Seed assets of CLARA II include a 50% stake in lyf Bugis and a 100% stake in lyf Shibuya Tokyo, Japan that the fund will acquire from the Group. CLI will hold a 20% sponsor stake in CLARA II while the remaining 80% will be held by third-party institutional investors. The acquisition of the two properties was completed in March 2024.