Issuer Filing Information

GLP Pte. Ltd.

ISSUER FILING INFORMATION

Type of Information:	Issuer Filing Information
Date of Submission	June 29, 2023
Issuer Name:	GLP Pte. Ltd.
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Matters related to Financial Instruments Exchange Market, etc.:	Not Applicable.
Address of Website for Announcement:	https://www.jpx.co.jp/english/equities/products/tpbm/announcement/detail/41.html

Notes to Investors:

1. TOKYO PRO-BOND Market is a market for professional investors, etc. (*tokutei toushika tou*), as defined in Article 2, Paragraph 3, Item 2 (b) (2) of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "FIEA"). Bonds listed on the market ("Listed Bonds") may involve high investment risk. Investors should be aware of the listing eligibility and timely disclosure requirements that apply to issuers of Listed Bonds on the TOKYO PRO-BOND Market and associated risks such as the fluctuation of market prices and shall bear responsibility for their investments. Prospective investors should make investment decisions only after having carefully considered the contents of this Issuer Filing Information.

2. Where this Issuer Filing Information contains (a) any false statement on important matters, or (b) lacks information on: (i) important matters that should be announced or (ii) a material fact that is necessary to avoid misleading content, a person who, at the time of announcement of this Issuer Filing Information, is an officer (meaning an officer stipulated in Article 21, Paragraph 1 of the FIEA (meaning a director of the board (*torishimari-yaku*), accounting advisor (*kaikei-sanyo*), company auditor (*kansa-yaku*) or executive officer (*shikkou-yaku*), or a person equivalent to any of these) of the issuer that announced this Issuer Filing Information shall be liable to compensate persons who acquired the securities for any damage or loss arising from the false statement or lack of information in accordance with Article 22 of the FIEA applied mutatis mutandis in Article 27-34 of the FIEA). However, this shall not apply to cases where the person who acquired the securities was aware of the existence of the false statement or the lack of information at the time of subscription for acquisition of the securities. Additionally, the officer shall not be required to assume the

liability prescribed above, where he/she proves that he /she was not aware of, and was unable to obtain knowledge of, even with reasonable care, the existence of the false statement or the lack of information.

3. The regulatory framework for TOKYO PRO-BOND Market is different in fundamental aspects from the regulatory framework applicable to other exchange markets in Japan. Investors should be aware of the rules and regulations of the TOKYO PRO-BOND Market, which are available on the Tokyo Stock Exchange Inc. (Tokyo Stock Exchange") website.

4. Tokyo Stock Exchange does not express opinions or issue guarantees etc. regarding the content of the Issuer Filing Information (including, but not limited to, whether the Issuer Filing Information contains (a) a false statement or (b) lacks information on: (i) important matters that should be announced or (ii) a material fact that is necessary to avoid misleading content) and shall not be liable for any damage or loss.

5. This Issuer Filing Information shall constitute and form the Issuer Filing Information (as defined in Article 27-32, Paragraph 1 of the FIEA) that consists of information prescribed in Article 7, Paragraph 2, Item 1 of the Cabinet Office Ordinance on Providing and Publication of Information on Securities, etc.

6. All prospective investors who consider purchasing the Bonds of GLP Pte. Ltd. (the "Issuer") issued under the Program Information dated November 24, 2020 (as amended and/or supplemented, the "Program Information") (the "Bonds") should read the Program Information and relevant Specified Securities Information before making an investment decision. Among other things, all prospective investors should be aware that the Bonds are subject to certain selling restriction as set forth in the Program Information and the relevant Specified Securities Information.

PART I. CORPORATE INFORMATION

I. OUTLINE OF COMPANY

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

This document contains the audited consolidated financial statements of the Issuer and its subsidiaries taken as a whole (the "Group") for the financial years ended 31 December 2020, 2021 and 2022 (the "Financial Statements"). The Group's consolidated financial statements for the financial years ended 31 December 2020, 2021 and 2022 have been audited by KPMG LLP and prepared and presented in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

Unless the context otherwise requires, financial information in this document is presented on a consolidated basis.

Selected financial data from the Financial Statements are set out in the section entitled "Selected Consolidated Financial Information" of this document. Such selected financial data should be read together with the relevant notes to the Financial Statements, where applicable, which are included in this document.

Market data, industry forecasts and industry statistics in this document have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although the Issuer believes this information to be reliable, it has not been independently verified by the Issuer or its respective directors and advisors, and none of the Issuer nor its respective directors and advisors makes any representation as to the accuracy or completeness of that information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. Due to possibly inconsistent collection methods and other problems, such statistics herein may be inaccurate. Investors should not unduly rely on such market data, industry forecasts and industry statistics.

In this document, all references to "US$" and "U.S. dollars" are to United States dollars, the official currency of the United States of America (the "United States" or "U.S."), all references to "RMB" or "Renminbi" are to Renminbi, the official currency of the PRC, all references to "¥", "Yen" or "JPY" are to Japanese Yen, the official currency of Japan, all references to "BRL" are to Brazilian Real, the official currency of Brazil, all references to "Singapore dollars" and "S$" are to Singapore dollars, the official currency of the Republic of Singapore, all references to "Indian Rupees" or "Rs." are to Indian Rupees, the official currency of India and all references to "€" or "Euro" are to the official currency introduced at the third state of the Economic and Monetary Union pursuant to the Treaty on European Union.

The Group's Financial Statements are published in U.S. dollars.

References to the People's Republic of China ("PRC" or "China") for the statistical purposes of this document, except where the context otherwise requires, do not include the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC or Taiwan. "PRC government" or "State" means the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local governments) and instrumentalities thereof, or, where the context requires, any of them.

Totals presented in this document may not total correctly because of rounding of numbers.

Assets under management" ("AUM") are defined as the total value of assets managed ("invested AUM") and uncalled capital commitments grossed up at target loan-to-value ratio ("investment capacity") and include AUM of real estate funds, balance sheet assets, strategic joint ventures and private equity funds.

VALUATIONS, PROPERTY VALUES AND GROSS FLOOR AREA/GROSS LEASABLE AREA

Valuations of the Group's interests in properties are included in this document. These valuations reflect the market value of the properties at the date of valuation, being generally the estimated amount at which an asset would be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. The methodologies used by the Issuer and each of the independent valuers (the "Independent Valuers") of the Group's property interests may differ, and are based on assumptions by the Issuer and the Independent Valuers of facts particular to that property.

Where valuations are performed by Independent Valuers, valuation reports generally provide that the Independent Valuers have relied on information provided by the entity owning the relevant property (which may not be the Issuer's subsidiary or an entity over which the Group has control), and that they do not take responsibility for the accuracy of the information.

A parcel of land in land reserve is not reflected as part of the Group's assets unless and until the relevant PRC subsidiary and/or a joint venture acquires the relevant parcel. For more information about the definition of "land reserve", see "Description of the Group – Portfolio Summary".

There can be no assurance that valuations and property values reflect accurately the value of the Group's property interests and that the Group's property interests will be realised at such values. See "Risk Factors – Risks Relating to the Group's Business and Operations – The valuations of the Group's properties and investments contain assumptions that may not materialise and may fluctuate from time to time".

The gross floor area ("GFA") (in the case of the China Portfolio, the Japan Portfolio and the India Portfolio) and the gross leasable area ("GLA") (in the case of the Brazil Portfolio, the Europe Portfolio, the Vietnam Portfolio and the US Portfolio of the Group's property interests are included in this document. The Issuer determines GFA generally by reference to the built-up area of the property, excluding car park space, and determines GLA generally by reference to the total leasable rent area. For properties under development, the GFA or GLA (as the case may be) is based on the Issuer's estimation by reference to, among other things, construction plans, which may change. The GFA or GLA (as the case may be) of the Group's properties under development, in certain cases, is subject to final verification by survey and regulatory approval. For properties being repositioned, the GFA or GLA (as the case may be) is based on the current built-up area reflected in the title certificates or leasable area (as the case may be) as determined by the Issuer. For land held for future development and land reserve, the GFA or GLA (as the case may be) is assumed using certain planning parameters of the land, such as plot ratio and building coverage ratio. Unless otherwise expressly stated, the calculation of GFA or GLA (as the case may be) and the information derived from GFA or GLA amounts (e.g. weighted average contracted rental rate) set forth in this document are based on 100.0 per cent. of the GFA or GLA (as the case may be) of the properties owned by the Issuer's subsidiaries, associates and joint ventures, and not just the Group's attributable interest in those properties. For more information about the GFA or GLA of properties held by the Issuer's subsidiaries, associates and joint ventures, see "Description of the Group – Portfolio Summary".

Various operation ratios of the Group's property interests with regard to completed properties are also included in this document:

- "Stabilised properties" means properties that have either (i) a lease ratio of at least 90 per cent., or (ii) been completed for at least one year from the completion date.
- "Lease ratio" means the total floor area contracted to be leased of the stabilised properties divided by the total net leasable area of the stabilised properties.
- "Average lease ratio" means the total floor area contracted to be leased of the stabilised properties over the relevant period divided by the total floor area available for lease of the stabilised properties over the same period.
- "WALE" means the weighted average lease expiry, or the average lease term remaining to expiry across the portfolio, weighted by leased space.

CLASSIFICATION OF PROPERTIES

Prospective investors should note that the approach which the Issuer uses for classifying a property's development status may differ from that of independent valuers. The Issuer classifies the status of a property based on its internal definition of actual development start date and the estimated completion date and the commercial or business intention with which the property is or will be placed, whilst certain independent valuers may value and classify the status of a property based on its actual physical status/condition as at the date of valuation. As an example to illustrate this difference, if the Issuer had commenced construction on a site but then suspended construction because of adverse changes in the global economic outlook, the Issuer would treat the property as "Land held for future development", while certain independent valuers may treat the property as "Property under development".

Prospective investors should also note that any information derived from a particular category of properties such as the GFA or GLA (as the case may be) of the Group's completed and pre-stabilised portfolio in a particular city as a percentage of the total GFA or GLA (as the case may be) is calculated and presented based on the Issuer's classification of properties. Similarly, all derived information, such as the lease ratio, average lease ratio, weighted average lease term and weighted average contracted rental rate, are calculated and presented in the same way.

Notwithstanding the differences in the classification of properties, the total valuation of the Group's properties is not affected although the value of properties comprising a particular sub-category may be different because of the differences in classification described above.

FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this document, including, without limitation, those regarding the respective financial positions of the Issuer and the Group, their business strategy, plans and objectives of management for future operations (including their respective development plans and objectives relating to their businesses), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer and the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer's and the Group's present and future business strategies and the environment in which the Issuer and the Group will operate in the future. Factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors". These forward-looking statements speak only as of the date of this document. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in their respective expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

I-1 Trends of Key Management Indicators, etc.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth the selected consolidated financial information of the Group as at and for the periods indicated.

The selected audited consolidated financial information of the Group as of and for the financial years ended 31 December 2020, 2021 and 2022 have been derived from the Financial Statements included in this document which have been audited by KPMG LLP, and should be read together with the Financial Statements and the notes thereto.

The Group's financial statements are reported in U.S. dollars. The Group's consolidated financial statements for the financial years ended 31 December 2020, 2021 and 2022 contained in this document have been prepared and presented in accordance with SFRS(I).

SELECTED CONSOLIDATED INCOME STATEMENT INFORMATION

	For the year ended 31 December		
	2020	**2021**	**2022**
	US$ (in thousands)		
Revenue	1,698,324	1,634,188	1,910,673
Other income	204,501	365,528	(7,937)
Property-related expenses	(283,989)	(376,094)	(459,438)
Cost of goods and other financial services cost	(125,743)	(3,881)	(172,504)
Other expenses	(502,137)	(1,852,726)	(946,550)
	990,956	(232,985)	324,244
Share of results (net of tax expense) of associates and joint ventures	405,189	1,077,921	154,086
Profit from operating activities after share of results of associates and joint ventures	1,396,145	844,936	478,330
Net finance costs	(327,807)	(450,564)	(781,401)
Non-operating income	459,595	910,302	715,848
Profit before changes in fair value of subsidiaries' investment properties	1,527,933	1,304,674	412,777
Changes in fair value of investment properties	655,775	1,359,752	890,418
Profit before tax	2,183,708	2,664,426	1,303,195
Tax expense	(583,966)	(978,389)	(769,175)
Profit for the year/period	1,599,742	1,686,037	534,020
Profit attributable to:			
Owners of the Company	940,585	784,735	100,630
Non-controlling interests	659,157	901,302	433,390
Profit for the year/period	1,599,742	1,686,037	534,020

SELECTED STATEMENT OF FINANCIAL POSITION INFORMATION

	As at 31 December		
	2020	2021	2022
		US$ (in thousands)	
Non-current assets			
Investment properties	22,438,429	16,619,297	15,308,591
Associates and joint ventures	6,144,569	8,246,560	8,079,060
Deferred tax assets	46,293	54,963	85,457
Property, plant and equipment	389,223	861,294	1,471,970
Intangible assets	520,014	526,338	1,983,408
Financial derivative assets	–	–	694
Other investments	2,598,787	2,834,067	2,863,794
Other non-current assets	1,386,137	1,178,527	3,436,701
	33,523,452	30,321,046	33,229,675
Current assets			
Trade and other receivables	3,888,041	6,555,442	8,585,065
Cash and cash equivalents	1,421,617	2,045,215	2,589,267
Asset classified as held for sale	1,571,031	5,812,352	6,644,094
	6,880,689	14,413,009	17,818,426
Total assets	**40,404,141**	**44,734,055**	**51,048,101**
Equity attributable to owners of the Company			
Share capital	5,538,589	5,538,589	5,538,589
Capital securities	–	1,144,039	1,130,103
Reserves	6,393,949	7,199,373	5,528,297
	11,932,538	13,882,001	12,196,989
Non-controlling interests	9,672,120	10,430,633	12,511,775
Total equity	**21,604,658**	**24,312,634**	**24,708,764**
Non-current liabilities			
Loans and borrowings	9,857,947	10,250,605	10,167,137
Financial derivative liabilities	6,048	4,359	–
Deferred tax liabilities	2,486,269	1,817,642	1,574,451
Other non-current liabilities	553,159	862,773	2,546,465
	12,903,423	12,935,379	14,288,053
Current liabilities			
Loans and borrowings	3,485,880	1,505,134	3,776,817
Financial derivative liabilities	–	–	–
Trade and other payables	1,950,264	3,232,641	3,563,266
Deferred tax liabilities	–	–	14,064
Current tax payable	130,415	192,217	461,324
Liabilities classified as held for sale	329,501	2,556,050	4,235,813
	5,896,060	7,486,042	12,051,284
Total liabilities	**18,799,483**	**20,421,421**	**26,339,337**
Total equity and liabilities	**40,404,141**	**44,734,055**	**51,048,101**

SELECTED CONSOLIDATED STATEMENT OF CASH FLOWS INFORMATION

	For the year ended 31 December		
	2020	**2021**	**2022**
	US$ (in thousands)		
Net cash from operating activities	677,083	865,763	(296,660)
Net cash used in investing activities	(2,757,221)	(2,625,653)	(2,116,328)
Net cash from financing activities	2,462,753	2,538,999	3,561,015
Net (decrease)/increase in cash and cash equivalents	382,615	779,099	1,148,027
Cash and cash equivalents at beginning of year/period	1,054,908	1,482,927	2,017,762
Effects of exchange rate changes on cash balances held in foreign currencies	45,404	7,194	(42,927)
Cash and cash equivalents at end of year/period	1,482,927	2,017,762	2,484,617
Cash and cash equivalent of subsidiaries reclassified as assets held for sale	(61,310)	(251,458)	(638,245)
Restricted cash deposits	–	27,453	104,650
Cash and cash equivalents in the statement of financial position	1,421,617	2,045,215	2,589,267

CAPITALISATION AND INDEBTEDNESS

The table below sets out the capitalisation and indebtedness of the Group as at 31 December 2022. The information set out in this table has been extracted from and should be read in conjunction with the Group's unaudited consolidated financial statements appearing elsewhere in this document:

	As at 31 December 2022
	US$ (in thousands)
Loans and borrowings	
Non-current	10,167,137
Current	3,776,817
Total loans and borrowings	**13,943,954**
Equity attributable to owners of the Issuer	
Share capital	5,538,589
Capital securities	1,130,103
Reserves	5,528,297
	12,196,989
Total capitalisation(1)	**26,140,943**

Note:

(1) "Total capitalisation" is defined as long-term borrowings and equity attributable to owners of the Issuer.

Except as disclosed in this document, there has been no material change in the Group's consolidated capitalisation and indebtedness since 31 December 2022.

I-2 Contents of Business

SUMMARY

The Issuer is the holding company of the Group, which is a leading global business builder, investor, developer and operator of logistics, data centres, renewable energy and related technologies. As of 31 December 2022, the Issuer owns, manages and leases an extensive network of approximately 2,900 completed properties across China, Japan, Brazil, Europe, India, Vietnam and the U.S., with a combined GFA and GLA of approximately 59.8 million square metres. The Group also has interests in an additional 23.7 million square metres of land held for future development, under development or under land reserve.

The Issuer was listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 18 October 2010. On 30 November 2017, the shareholders of the Issuer approved the privatisation of the Issuer (the "Privatisation") and on 22 January 2018, GLP Bidco Limited (formerly known as Nesta Investment Limited) and GLP Holdings L.P. became the Issuer's immediate holding company and ultimate holding company, respectively, and the Issuer was delisted from the Main Board of the SGX-ST.

The Group's activities are intertwined and, combined with the Group's size and scale, creates "Network Effect" synergies and recycles capital for the best possible returns and provides the best solutions for its customers, allowing customers to seamlessly expand and optimise their distribution network in convenient warehouse locations.

In the third quarter of 2022, the Group completed the internal restructuring of the fund management platform under GLP Capital Partners Limited ("GLP Capital Partners" or "GCP"), a newly established subsidiary of the Group incorporated in the Cayman Islands. The Group, under the GCP brand, manages US$125 billion of total AUM across real assets and private equity around the world as of 31 December 2022. GCP is one of the largest fund management platforms in the world and continues to be an important source of growth and vehicle for capital recycling for the Group.

The Group's Strengths

The Group believes that it has the following competitive strengths as a leading global business builder, investor, developer and operator of logistics, data centres, renewable energy and related technologies. These strengths drive its success and differentiate it from its peers:

- **Disciplined investor** with proven track record of growing organically and via acquisitions
- **GLP Capital Partners**, a global fund manager with a **track record of raising capital** and strong, long-term relationships with capital partners
- Prudent financial management and **strong balance sheet**
- Rental and fund management **provides high margins and recurring, growing income**
- **Strong corporate governance framework**, experienced management team, strong shareholder base and commitment to ESG
- **Diverse talent pool** with an entrepreneurial culture

The Group builds business and scales dedicated operating platforms in new economy sectors which are supported by global macroeconomic and secular trends, including the sustained growth of globalised commerce, widespread adoption of e-commerce, increased demand from data storage/processing and worldwide focus on sustainable energy, which the Group believes will continue to benefit from the development and growth of the global economy. The Group's track record of success in logistics real estate has helped it to establish and grow other platforms, including in data centres and renewable energy, which, combined with its global platform, provides a runway for sustained growth as the Group creates value for its customers and investors. Capitalising on its strong local expertise and track record in Asia, Europe and the

Americas, the Group plans to accelerate its market leadership and growth trajectory by continuing to take a disciplined and data driven approach.

The Group's Strategy

The Group has a four-pillar strategy backed by secular trends driving the new economy. Together with the Group's fund management platform, the Group focuses on logistics, data centres and renewable energy which are supported by global macroeconomic trends, including the sustained growth of globalised commerce, widespread adoption of e-commerce, increased demand for data storage/processing and worldwide focus on sustainable energy. The Group's strategic pillars:

	Logistics	Internet Data Centres	Renewable Energy	Fund Management
Description	• Core pillar of the business relates to the investment, development, and operation of logistics real estate and technologies globally	• Fully integrated platform in China which owns, develops, operates, manages and leases • Significant potential from the development and portfolio aggregation in Japan, UK, Brazil	• Leverages network and leadership position in key markets to pursue renewable energy development • Aims to build out the use of clean energy in logistics and transportation	• GLP Capital Partners, a leading global alternative asset manager specialising in real assets and private equity investing • Partners with leading global investors including sovereign wealth funds, pension funds, property and insurance companies
Highlights	• Network of >3,000 properties with a GFA of 83mn sqm1	• ~1.4 GW of effective capacity across 20 projects in China upon completion • Large scale projects in development in Brazil, Japan and the UK expected to contribute ~800MW upon completion	• ~700MW of installed solar capacity across 106 properties globally	• ~US$125bn of AUM across real assets and private equity

The Group's advantage in these areas is grounded in its ability to recognise new economy sectors and trends early in their growth cycle, utilize its deep global industry/sector expertise combined with its local presence and connectivity. By developing expertise and credibility in growing sectors early, the Group believes it is able to identify high-quality investment and business opportunities. It has a long track record of success with this approach across multiple strategies and sectors. This, combined with its global platform, provides a runway for sustained growth of its business as the new economy sectors continue to expand worldwide.

The Group intends to implement the following principal strategies to strengthen its market leadership position and support the further development of its business:

- Strengthen the Group's leadership position in logistics real estate
- Expand product offerings in existing and new business segments in high growth and new economy adjacent sectors
- Grow and scale the Group's business by leveraging its combined investment and operational expertise to build high-quality businesses and achieve long-term scale, with a focus on the growth of GLP Capital Partners
- Enhance asset value by utilizing operational expertise, global scale and data driven insights to further enhance asset values and strategically expand into adjacent businesses and asset classes

- Develop sector expertise and talent by building great teams which specialize across individual sectors, while retaining and fostering an entrepreneurial vision

The Group's Commitment to ESG

The Group is committed to a broad range of ESG initiatives that it believes elevate its business, create value for its investors, support its employees and customers, and have a meaningful impact on the local communities in which it operates. The Group is focused on the embedded alignment between sustainable outcomes and investment returns. For further information see "Description of the Group – Environmental, Social and Governance Best Practices".

DESCRIPTION OF THE GROUP

OVERVIEW

The Issuer is the holding company of the Group, which is a leading global business builder, investor, developer and operator of logistics, data centres, renewable energy and related technologies. As of 31 December 2022, the Issuer owns, manages and leases an extensive network of approximately 2,900 completed properties across China, Japan, Brazil, Europe, India, Vietnam and the U.S., with a combined GFA and GLA of approximately 59.8 million square metres. The Group also has interests in an additional 23.7 million square metres of land held for future development, under development or under land reserve.

The Issuer was listed on the Main Board of the SGX-ST on 18 October 2010. On 30 November 2017, the shareholders of the Issuer approved the Privatisation and on 22 January 2018, GLP Bidco Limited (formerly known as Nesta Investment Limited) and GLP Holdings L.P. became the Issuer's immediate holding company and ultimate holding company, respectively, and the Issuer was delisted from the Main Board of the SGX-ST.

The Group's activities are intertwined and, combined with the Group's size and scale, creates "Network Effect" synergies and recycles capital for the best possible returns and provides the best solutions for its customers, allowing customers to seamlessly expand and optimise their distribution network in convenient warehouse locations.

In the third quarter of 2022, the Group completed the internal restructuring of the fund management platform under GLP Capital Partners, a newly established subsidiary of the Group incorporated in the Cayman Islands. The Group, under the GCP brand, manages US$125 billion of total AUM across real assets and private equity around the world as of 31 December 2022. GCP is one of the largest fund management platforms in the world and continues to be an important source of growth and vehicle for capital recycling for the Group.

THE GROUP'S STRENGTHS

The Group believes that it has the following competitive strengths as a leading global business builder, investor, developer and operator of logistics, data centres, renewable energy and related technologies. These strengths drive its success and differentiate it from its peers.

The Group builds business and scales dedicated operating platforms in new economy sectors which are supported by global macroeconomic and secular trends, including the sustained growth of globalised commerce, widespread adoption of e-commerce, increased demand from data storage/processing and worldwide focus on sustainable energy, which the Group believes will continue to benefit from the development and growth of the global economy. The Group's track record of success in logistics real estate has helped it to establish and grow other platforms, including in data centres and renewable energy. This, combined with its global platform, provides a runway for sustained growth as the Group creates value for its customers and investors. Capitalising on its strong local expertise and track record in Asia, Europe and the Americas, the Group plans to accelerate its market leadership and growth trajectory by continuing to take a disciplined and data driven approach.

Disciplined investor with proven track record of growing organically and via acquisitions

The Group has a proven track record of executing a full spectrum of transactions ranging from global mergers and acquisitions to ground-up development. The Group strives to create value through investing in and partnering with industry-leading businesses to achieve scale over the long term. The Group also forms strategic partnerships with companies that can bring about more opportunities and synergies with its core logistics real estate business globally and expand the Group's investment scope further into adjacent segments. This includes the strategic joint venture with IndoSpace in 2018, acquisition of a 50 per cent. equity interest in China Merchant Capital ("CMC") through an investment partnership with China Merchants Group ("CMG"), and the privatisation of Li & Fung in 2020. Globally, the Group has also completed several large-portfolio transactions since 2015, including the acquisition of the US$8.1 billion IndCor portfolio (U.S.,2015), US$4.6 billion Industrial Income Trust (U.S., 2015), US$2.8 billion Gazeley portfolio (Europe, 2017), US$1.1 billion Goodman Group's Central and Eastern Europe logistics real estate portfolio (Europe, 2020), as well as more than US$6.2 billion of single asset and small portfolio deals across more than 130 transactions globally since 2016. In 2022, the Group completed the acquisition of the fund management business of GLP Capital Partners LP ("US GCP") in the US which managed a portfolio of US$10.6 billion as of 31 December 2022, and the remaining 50% interest in the Group's existing fund management joint venture in Vietnam which managed a portfolio of US$1.3 billion as of 31 December 2022.

GLP Capital Partners, a global fund manager with a track record of raising capital and strong, long-term relationships with capital partners

The Group, under the GCP brand, partners with leading institutional investors around the world including some of the world's largest sovereign wealth funds, pension funds and property and insurance companies with the objective of delivering sustainable risk-adjusted returns. The Group co-invests in its managed funds, and such co-investment model ensures the interests of the Group and capital partners are optimally aligned.

GCP has raised significant capital from its investment partners for a diversified range of logistics strategies, across multiple geographies, with return targets ranging from core to opportunistic. The growth in GCP's product offerings has been largely accompanied by a growing investor base and their ability to leverage the Group's expertise in developing, managing and operating high-quality, modern logistics assets around the world.

GCP is backed by a global and diverse investor base, including public and corporate pension funds, sovereign wealth funds, insurance companies and other institutional asset managers. GCP has long-standing relationships with investors across Asia Pacific, North America, Europe and EMEA and continues to introduce new partners to its fund management platform. GCP leads the industry on the capital raising front and is consistently ranked in PERE's top real estate fund managers in Asia Pacific and globally.

Prudent financial management and strong balance sheet

The Group has implemented prudent financial management policies that have enabled it to maintain a solid credit profile, with a disciplined investment approach and strong balance sheet with defensive growth. Maintaining conservative gearing and a long-weighted average debt maturity, ensuring a high interest coverage ratio, pursuing a natural hedging policy and expanding its lender base to afford the Group wider financial flexibility, are part of the Group's commitment to prudent financial management.

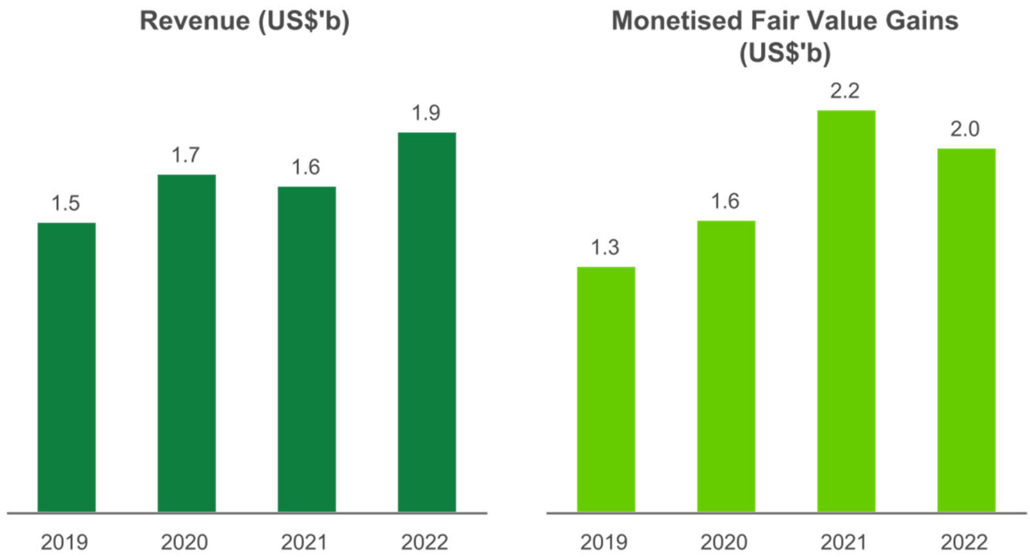
The Group benefits from access to diversified and multi-channel financing channels including but not limited to bilateral loans, syndicated loans, the capital markets, funds, and other borrowings and equity. The Group constantly monitors its current and expected liquidity requirements and compliance with borrowing covenants to ensure sufficient cash reserves and adequate committed facilities to satisfy its short-term and long-term liquidity requirements. The Group has long-standing relationships with its commercial lenders, which include the largest commercials banks worldwide, including, amongst others, China Merchants Bank, Citibank, Mizuho Bank, and United Overseas Bank.

In addition, compared to other property types, the inherent characteristics of the modern logistics and warehousing facility sector, coupled with the Group's efficient development practices, result in shorter gestation and cash conversion cycles. As such, the Group is able to realise its cash returns, and these recurring cash flows can be re-invested to accelerate growth in the business. This lowers the risk exposure of the Group's business to exogenous factors such as economic cycles. A shorter cash conversion cycle also provides the Group with the advantage of being able to be adequately funded and have the flexibility to adjust its operations according to demand conditions.

Rental and fund management provides high margins and recurring, growing income

The Group, under the GCP brand, has a growing fund management business. GCP's investment and asset management teams are located around the world and have extensive knowledge of local markets that enables access to more exclusive deal flow. The Group leverages its fund management platform to recycle capital from stabilised, income-producing assets, using the proceeds to fund growth.

GCP's asset management teams drive value creation to maximise the investment performance through all phases of the investment cycle. The Group has longstanding relationships with numerous global institutional investors attributed to its senior management's extensive years of experience in private capital management. The Group's partnership with leading investors allows it to de-risk its development and investment activities through pre-commitments and diversification of capital partners.



Revenue and Monetised Fair Value Gains

The Group intends to continue leveraging on its fund management platform by establishing funds with third party investors, capitalising on the Group's development capabilities to build its fee-based income and recycle capital from mature assets, using proceeds to fund growth. The Group seeks to generate long-term, stable income with low volatility by developing and investing in properties that are of institutional quality and design, well-located and substantially leased. The fund management business is also high margin and revenues will continue to grow as GCP forms new partnerships.

Strong corporate governance framework, experienced management team, strong shareholder base and commitment to ESG

The Group has high standards of corporate governance in place and operates in accordance with global logistics and warehousing, data infrastructure and renewable energy and related technologies industry best practices, with a well-governed platform based on transparency and with consideration for environmental, social and corporate responsibilities to its shareholders, investors, employees, customers and communities. For further information on the Group's ESG practices, see "Environmental, Social and Governance Best Practices" below.

As the Group believes that effective corporate governance is critical to its success, it has established robust principles, processes and standard operating procedures to guide all of the Group's operations while remaining transparent and accountable to its investment partners and other stakeholders. Wherever possible, the Group minimises conflicts of interest through the use of both technology and independent third parties to maintain strong reporting and disclosure standards. The Group has instilled a culture of corporate governance amongst all of its employees globally, with its top-down focus and emphasis on this pillar of behaviour. The

Board of Directors is chaired by Mr. Ang Kong Hua, an independent director who has helmed several of Singapore's biggest companies, bringing years of experience spanning the manufacturing, services and financial sectors. In addition, the audit committee of the Board of Directors is chaired by Mr. Steven Lim Kok Hoong, an independent director who brings over 30 years of audit and financial consulting experience. In addition to the audit committee, the Board of Directors also has sub-committees for investments, risk management, human resources and compensation.

The Executive Committee of the Group is led by Ming Z. Mei and is comprised of individuals with a well-established track record, a commitment to excellence and knowledge of local markets and industry best practices. The Executive Committee has a global investment sub-committee that evaluates and approves all investments, acquisitions and dispositions, as well as the formation of all funds, joint ventures and partnerships globally according to a pre-agreed and consistent set of investment criteria.

Diverse talent pool with an entrepreneurial culture

The Group believes that people and culture are key elements to achieving global success. The Group is deeply invested in nurturing the right talents who have big visions, and who have what it takes to challenge convention to push businesses and industries forward. The Group's leadership empowers its employees at all levels to think beyond the bounds of their roles and its industry, sharing new ideas and working as a team to push each other to succeed. By doing so, the Group believes in pooling together different skill sets and mindsets that lead to better outcomes and decisions that add the most value.

The Group's ability to think globally and act locally differentiates the Group from others. As a global business with offices and talents around the world, the Group can capitalise on the opportunities to transfer knowledge and share insights from different markets to build a stronger, more resilient global business and create value for the Group's investors and customers. The Group strives to create an inclusive environment which embraces diversity and fosters inclusion. It sees value in, and is committed to, having a well-rounded, inclusive workplace. The Group strives to attract, develop, retain, and promote the best talent – people from diverse backgrounds with unique knowledge bases, interests, cultural identities and skill sets. The Group believes that valuing diversity and inclusiveness enables it to achieve its vision to create value for its investors, customers, employees, shareholders and the communities in which it works. Its recruitment, training programs and talent development platform gives its employees opportunities to expand their roles and responsibilities and prepare them for leadership roles.

THE GROUP’S STRATEGY

The Group has a four-pillar strategy backed by secular trends driving the new economy. Together with the Group’s fund management platform, the Group focuses on logistics, data centres and renewable energy which are supported by global macroeconomic trends, including the sustained growth of globalised commerce, widespread adoption of e-commerce, increased demand for data storage/processing and worldwide focus on sustainable energy. The Group’s strategic pillars:

	Logistics	Internet Data Centres	Renewable Energy	Fund Management
Description	• Core pillar of the business relates to the investment, development, and operation of logistics real estate and technologies globally	• Fully integrated platform in China which owns, develops, operates, manages and leases • Significant potential from the development and portfolio aggregation in Japan, UK, Brazil	• Leverages network and leadership position in key markets to pursue renewable energy development • Aims to build out the use of clean energy in logistics and transportation	• GLP Capital Partners, a leading global alternative asset manager specialising in real assets and private equity investing • Partners with leading global investors including sovereign wealth funds, pension funds, property and insurance companies
Highlights	• Network of >3,000 properties with a GFA of 83mn sqm1	• ~1.4 GW of effective capacity across 20 projects in China upon completion • Large scale projects in development in Brazil, Japan and the UK expected to contribute ~800MW upon completion	• ~700MW of installed solar capacity across 106 properties globally	• ~US$125bn of AUM across real assets and private equity

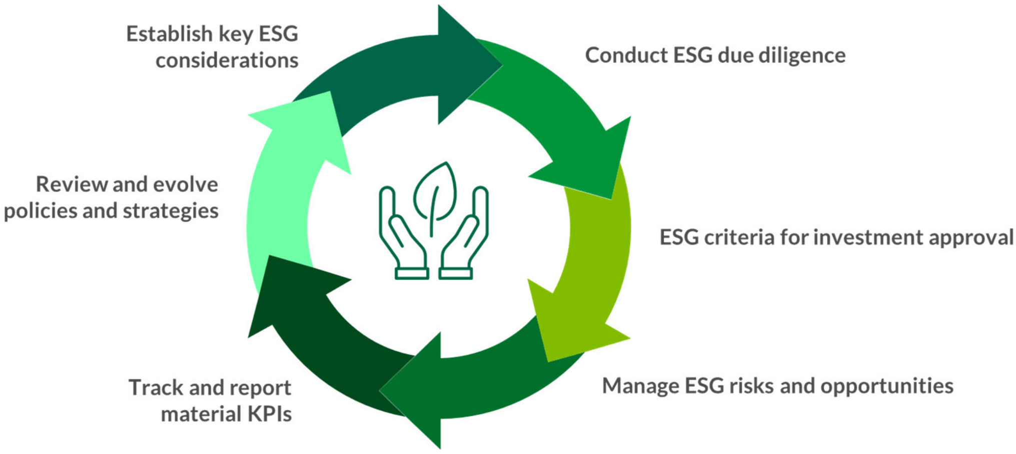
The Group’s advantage in these areas is grounded in its ability to recognise new economy sectors and trends early in their growth cycle, utilize its deep global industry and sector expertise combined with its local presence and connectivity. By developing expertise and credibility in growing sectors early, the Group believes it is able to identify high-quality investment and business opportunities. It has a long track record of success with this approach across multiple strategies and sectors. This, combined with its global platform, provides a runway for sustained growth of its business as the new economy sectors continue to expand worldwide.

The Group intends to implement the following principal strategies to strengthen its market leadership position and support the further development of its business:

- Strengthen the Group’s leadership position in logistics real estate
- Expand product offerings in existing and new business segments in high growth and new economy adjacent sectors
- Grow and scale the Group’s business by leveraging its combined investment and operational expertise to build high-quality businesses and achieve long-term scale, with a focus on the growth of GLP Capital Partners
- Enhance asset value by utilizing operational expertise, global scale and data driven insights to further enhance asset values and strategically expand into adjacent businesses and asset classes
- Develop sector expertise and talent by building great teams which specialize across individual sectors, while retaining and fostering an entrepreneurial vision

ENVIRONMENTAL, SOCIAL AND GOVERNANCE BEST PRACTICES

The Group is committed to a broad range of ESG initiatives that it believes elevate its business, create value for its investors, support its employees and customers, and have a meaningful impact on the local communities in which it operates. The Group is focused on the embedded alignment between sustainable outcomes and investment returns.



The Group's ESG governance

The Group has established a strong governance structure and a responsible investment policy to embed ESG practices into its investment processes. Its management team has overall responsibility and accountability for ESG strategic direction and alignment on ESG commitments, and receives quarterly updates from the Global ESG Council, which includes members from every region in which we operate. Our Board of Directors receives information on ESG matters from the management team regularly.

Beyond aligning with the industry's associations and utilizing their respective benchmarks, the Group has a robust policy and framework to govern its investment process. For each investment decision, the Group will consider environmental and social risks, resource use, labour and working conditions, the well-being of end users, its contribution to resilient communities, climate action, and/or ethics and governance. To ensure that the Group adheres to these considerations, the Group has structured a governance process, which includes a global ESG Council, country ESG Committees, and dedicated professionals accountable for ESG factors.

The Group endorses industry ESG standards and frameworks and have adopted a number of best practices. It became a signatory to the Principles for Responsible Investment (PRI) in 2021. The Group plans to increase the number of funds it submits to the Global Real Estate Sustainability Benchmark (GRESB), of which it became a member in 2013, and the number of funds that receive a GRESB Green Star designation. The Group is committed to incorporating ESG best practices across its portfolio and organisation.

The Group's focus on responsible investment

As a signatory for the PRI, the Group has embedded ESG into its investment and decision-making processes to identify and mitigate ESG-related risks and it is committed to aligning with the Task Force on Climate-Related Financial Disclosures (TCFD) to increase transparency on climate-related risks and opportunities. The Group has a track record of replacing fossil fuels with renewable energy sources and using technology to create efficiencies and reduce energy consumption and waste across portfolio assets. The Group has increased the percentage of green-certified properties in its funds every year and committed to building 100 per cent. of new logistics real estate developments to globally recognized green certification standards in China, Japan, Brazil, Europe and the U.S. It is an industry leader in solar installation with over 700MW of capacity installed across its real estate portfolio and third-party buildings as of 31 December 2022, and the Group was one of the pioneers in APAC in sponsorship of sustainability-linked loans and green bonds.

The Group has established plans to continually evolve its ESG policies and processes to identify and protect key stakeholder interests. The Group's responsible investment policy currently sets out its approach to ESG integration for all of its real assets portfolio. The current ESG integration covers pre-acquisition screening and due diligence, as well as management and monitoring of ESG performance during its ownership period.

The Group's ESG screening and due diligence process allows it to review material ESG factors for each investment opportunity, and mitigate and address matters that arise. Recommendations from its pre-investment due diligence are included in transaction negotiations and post-transaction action plans for continuous improvement.

ESG in the Group's operations

The Group's people are crucial to the success of its business, and the Group seeks to attract, develop and retain a talented, diverse group of employees. The Group promotes a diverse and inclusive workforce and have a dedicated learning platform with programs and courses on diversity and inclusion.

The Group supports local initiatives across its geographies in order to give back to its communities and help its employees create positive impact.

The Group integrates ESG across the full lifecycle of its investment and ownership process, including screening, due diligence, portfolio management, and realisation. The Group identified ESG risks and opportunities based on its ESG due diligence toolkit, which customizes the scope of due diligence based on identified risks. The Group collects ESG data on its fund investments on a regular basis and takes action to show continual improvement. At least every two years, the Group reviews and suggests improvements to its ESG policy commitments, which its Board of Directors will ultimately approve.

ESG impact on the Group's investors and customers

The Group's ESG programs are designed to deliver positive outcomes for the Group's investors and customers while having a positive impact on the communities in which it operates. The Group is committed to investing responsibly and consider relevant ESG factors including health, safety, environmental and social considerations in its investment and decision making processes. The Group supports its customers' ESG goals by offering sustainable space and opportunities to partner with it on social impact initiatives. It creates sustainable building guides specific to its different markets. For properties in the Group's real estate funds, the Group incorporates ESG elements including increased insulation, LED lighting, water refuse systems, solar and renewable energy, biodiversity and green fields surrounding buildings, and exterior colors harmonized with landscapes.

Climate change resilience

The Group is focused on the transition to a low-carbon economy throughout its business, including in its investment criteria, asset management, construction standards and growth of its renewable energy business. The Group recognises the importance of taking action to address climate change and are committed to transitioning to align with the TCFD. The Group works to identify and measure the physical energy transition risks of its investments, and intends to conduct scenario analysis to understand and quantify the physical and transition risks and uncertainties it may face in the future and to better understand its climate resilience.

The Group's investment and asset management process

The Group has developed a disciplined investment process that it believes allows it to successfully identify attractive opportunities that fit the investment criteria of its funds. The Group's investment process capitalises on its global scale and leverages its local knowledge in the geographies in which it operates. By pairing consistent and rigorous underwriting with deep sector and market expertise, the Group believes it can effectively investigate and analyse investment opportunities to make selective and informed decisions.

The Group utilizes a comprehensive process across all of its geographies and strategies, ensuring that all new investments are subject to appropriately high standards. The Group believes one of its distinct investing advantages is its entrenched local presence, in the form of both investment and operating professionals, in all of the regions in which it operates. The Group is vertically integrated and has a commitment to building and maintaining deep, on-the-ground teams with sector specialization. This approach generates investment opportunities and differentiated data to evaluate these opportunities that other managers may lack. The Group's investment teams leverage an extensive network of relationships, at both the local market and global levels. From the Group's various sourcing channels and broad access to real-time data, the Group believes it gains meaningful insight into markets and prospective investment opportunities that it carefully analyses and underwrites.

Investment opportunities that advance beyond a preliminary review stage undergo further extensive underwriting and due diligence, including the involvement of internal specialists that are assembled to rigorously evaluate the opportunity and execute diligence and analysis processes. The Group's internal teams – which, depending on the opportunity and sector it is evaluating, may include specialists in capital markets, supply chain and data centre technology, property operations and development – provide insight and expertise that the Group believes is a competitive advantage and is additive to its risk management processes. In addition, the Group believes its commitment to the same new economy sectors across both of its business strategies creates enhanced knowledge and processes within those sectors. For example, by utilizing the insights and data generated from management of its logistics real estate funds, the Group has a differentiated perspective in evaluating investment opportunities in supply chain technology companies within its corporate private equity and growth equity strategies.

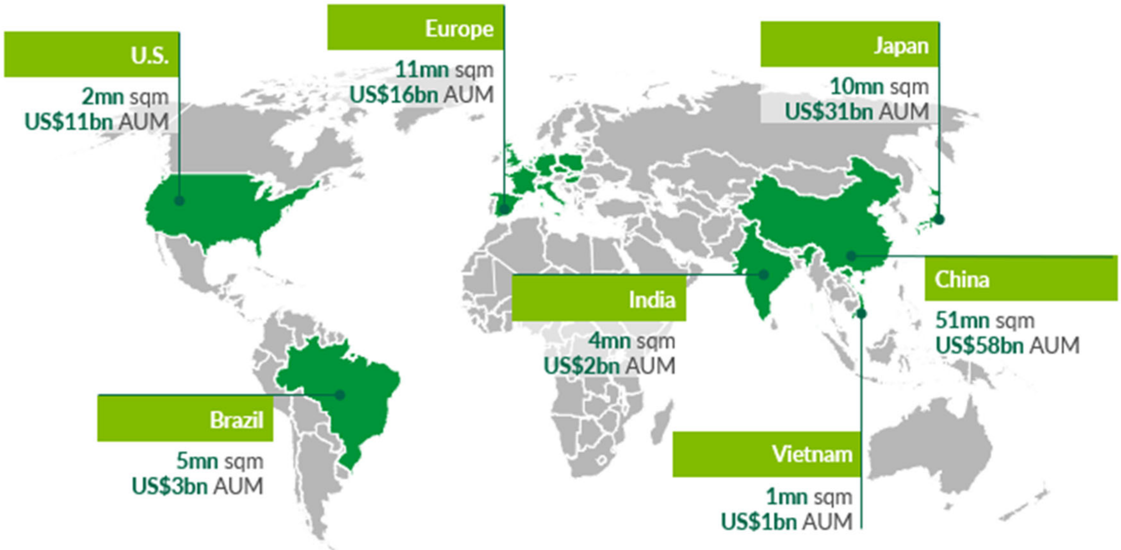
The Group applies the same rigour and comprehensive approach to asset management that it utilizes in its investment process. The Group's vertically integrated platforms include professionals specializing in areas that span the lifecycle of an investment, allowing it to focus on protecting and enhancing the value of each of its investments. While specific asset management plans vary by business strategy and each fund's objectives, the Group consistently adopts a proactive approach to regularly monitor assets and capital markets to maximise return on invested capital. It implements strategic review processes to evaluate and define investment exit strategies, which may include single investment dispositions, structured transactions and recapitalizations, public listings and private sales. Throughout the Group's asset management process, it adopts a data-oriented approach, often utilizing proprietary technology tools, to enhance and create value.

THE GROUP'S BUSINESS

The Issuer is the holding company of the Group, which is a leading global business builder, investor, developer and operator of logistics, data centres, renewable energy and related technologies. These business activities are intertwined and, combined with the Group's size and scale, creates "Network Effect" synergies and recycles capital for the best possible returns and provides the best solutions for its customers, allowing customers to seamlessly expand and optimise their distribution network in convenient warehouse locations.

As of 31 December 2022, the Issuer owns, manages and leases an extensive network of approximately 2,900 completed properties across China, Japan, Brazil, Europe, India, Vietnam and the U.S., with a combined GFA and GLA of approximately 59.8 million square metres. The Group also has interests in an additional 23.7 million square metres of land held for future development, under development or under land reserve.

The following diagram summarises the geographical locations of the Group's logistics and warehousing facilities as of 31 December 2022:



The Group has built a high quality and superior logistics real estate and fund management platform, under the GCP brand, by focusing on its commitment to provide its customers with best-in-class, state-of-the-art distribution facilities. The Group also intends to continue to invest in innovative logistics technology that will create more efficient modern logistics ecosystems. These investments will enable the Group to continue to enhance and support customers with high quality and best-in-class logistics and warehousing facilities supported by technology-led solutions and provide a differentiated service offering.

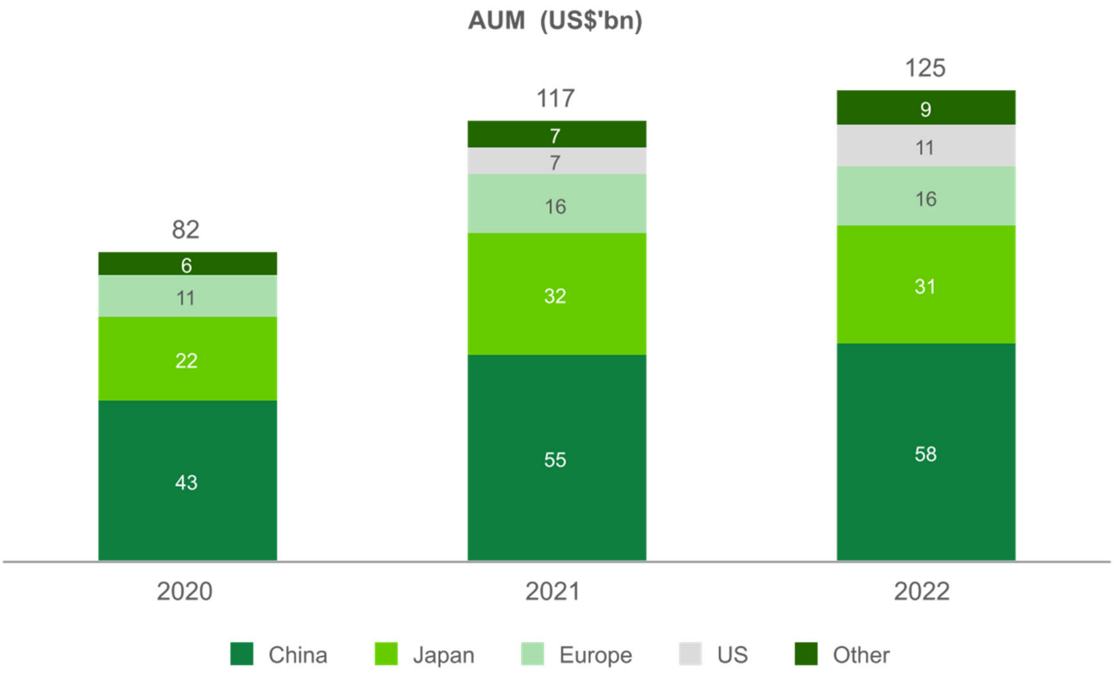
For example, the Group is focused on data analytics, robotics, artificial intelligence, Internet of Things, telematics and sensor technology. The Group is also committed to developing intelligent, energy efficient and environmentally friendly facilities, with features such as energy efficient lighting and equipment, waste water management systems and expansive green areas.

As of 31 December 2022, the Group's portfolio covers approximately 83 million square metres and has the ability to serve markets that comprise 54% of the world's population and 77% of global GDP.

In the third quarter of 2022, the Group completed the internal restructuring of the fund management platform under GCP, a newly established subsidiary of the Group incorporated in the Cayman Islands. The Group, under the GCP brand, manages US$125 billion of total AUM across real assets and private equity around the world as of 31 December 2022. GCP is one of the largest fund management platforms in the world and continues to be an important source of growth and vehicle for capital recycling for the Group.

The Group's investment vehicles are backed by a global and diverse investor base, including public and corporate pension funds, sovereign wealth funds, insurance companies and other institutional asset managers, The Group has long-standing relationships with investors across Asia Pacific, North America, Europe and EMEA and continues to introduce new partners to its fund management platform.

In 2022, the Group raised US$12.3 billion (2021: US$13.6 billion) across 16 new funds, bringing the Group's total number of managed funds to 52. The Group's AUM grew by 13% over 2022 after adjusting for foreign exchange impacts:



LOGISTICS REAL ESTATE

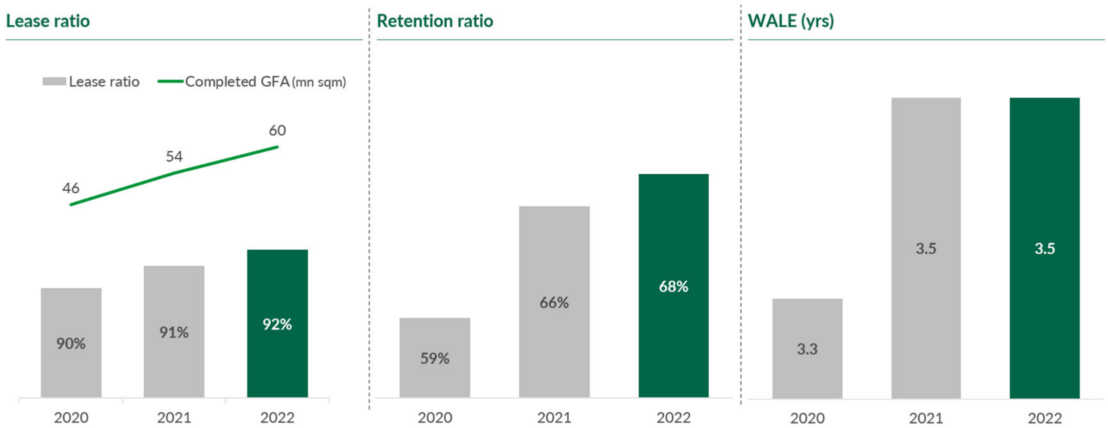
Overview

The Group owns and operates a global network of logistics properties strategically located in key logistics hubs, industrial zones and urban distribution centres. In 2022, logistics real estate fundamentals remained resilient as demand for modern logistics facilities increased, driven by global supply chain shifts and growing domestic consumption met by undersupply in key markets.

The Group completed 3.0 million square metres of developments and commenced 3.4 million square metres of new developments, bringing its total logistics real estate footprint to approximately 83 million square metres as of 31 December 2022, a 10 per cent. increase year-over-year.

The Group has also continued to develop and build its logistics supply chain ecosystem through scaling its cold storage business. The cold chain market is expected to grow with the surge in demand for longer shelf-life and temperature-controlled logistics within the pharmaceuticals, chemicals, food, and beverage sectors.

As the end of 2022, the Group delivered over 3 million square metres of cold storage space across Asia, Europe and the Americas, and continues to identify opportunities to invest in this complementary sector.



Note: Operating stats include both balance sheet and fund-level real assets.

Over the year, the Group delivered strong operational performance, with a lease ratio of 92 per cent. as of 31 December 2022. In the financial year ended 31 December 2022, the Group signed leases covering 27.3 million square metres, representing an increase of 12 per cent. year-on-year with retention ratio of 68 per cent. Since 2016, the Group's managed portfolio has achieved overall same-property NOI growth of more than 5 per cent. on average. The Group's WALE as of 31 December 2022 was 3.5 years.

China

Operational performance remained solid, with a lease ratio of 89 per cent. as of 31 December 2022, up 1 per cent. compared to the prior year. During the year, the Group signed 23 million square metres of total leases and retained 69 per cent. of its customers. The portfolio also generated same-property NOI growth of 7 per cent. for the full year.

Due to the growth that is anticipated in the Chinese logistics and warehousing facilities market, leases in China are generally shorter than other markets. Leases typically have one to 10-year terms, with leases under build-to-suit arrangements generally having longer terms and include a rental premium for the specific customisation requested by the customer. WALE of the China portfolio was 1.9 years as of 31 December 2022.

Japan

The lease ratio for GLP Japan's property portfolio remained stable year-over-year at 99 per cent. and retained 72 per cent. of its customers. 1.6 million square metres of total leases were signed during the year, which generated effective rent growth of 7.1 per cent. The Group's customers in Japan comprise primarily large Japanese companies that operate across a wide variety of industries, as well as other multinational companies.

Leases for the properties in the Japan portfolio typically run for a fixed term of three to five years for multi-tenant facilities and for 10 years or more for build-to-suit arrangements. Some of the Group's leases contain provisions for rental adjustments every three years based on the corresponding change in the consumer price index. As of 31 December 2022, the Japan portfolio had a WALE of 5.0 years.

Brazil

The lease ratio for the Brazil portfolio was 94 per cent. as of 31 December 2022, with same-property NOI growth of 7.0 per cent. and 365,000 square metres of new and renewal leases were signed during the year.

Leases for properties in Brazil generally run for a fixed term of five years for typical contracts and multi-tenant facilities; and for 10 years or more for built-to-suit or similar arrangements. The Brazil portfolio had WALE of 6.4 years as of 31 December 2022.

Europe

GLP Europe operated a total portfolio of 10.6 million square metres across 11 countries as of 31 December 2022. The Europe portfolio was 99 per cent. leased as of 31 December 2022, an increase of 2 per cent. compared to 31 December 2021. During the year, the Group signed 1.9 million square metres of new and renewal leases, and retained 51 per cent. of its customers. Same-property NOI growth for the year was 2.1 per cent.

Leases for the properties in Europe typically depend on the country's market characteristics, although longer leases are typical for built-to-suit developments across all markets. In France, leases are generally for nine years (with break options at the third and sixth year); in Germany, leases range between five to fifteen years for standing assets with an average unexpired lease term of 6.8 years; in Belgium leases tend to be between five to nine years with an average unexpired lease term of 7.4 years; in the Netherlands leases tend to be between five to ten years but can vary, the average unexpired lease term is 4.2 years; whereas in the UK most leases range between ten to fifteen years, the average unexpired lease term being 10.3 years. In Spain leases typically range from five to twelve years whereas leases in Central and Eastern Europe are between five to ten years with an average unexpired lease term of 3.6 years. As of 31 December 2022, WALE was 7.0 years across the Europe portfolio.

U.S.

As of 31 December 2022, the U.S. portfolio comprised 2.0 million square metres of completed assets and 0.2 million square metres of properties under development and land held for future development. The property was 97 per cent. leased with a WALE of 4.9 years as of 31 December 2022.

India

The Group operates in India through a strategic joint venture with IndoSpace.

As of 31 December 2022, the portfolio was 96 per cen. leased, up 1 per cent. compared to the prior year, with a WALE of 6.7 years. The portfolio signed 405,000 square metres of new and renewal leases during the year, and maintained 59 per cent. retention ratio. Same-property NOI growth was 12 per cent. for the year ended 31 December 2022.

Vietnam

The Group entered the Vietnam market in October 2020 through a joint venture with SEA Logistics Partners which became a subsidiary of the Group in 2022. As of 31 December 2022, the Group has acquired six development sites with a total land area of close to 900,000 square metres, focusing on Vietnam's two largest markets, Greater Hanoi and Greater Ho Chi Minh City. As of 31 December 2022, the portfolio was 95 per cent. leased.

CUSTOMERS

The Group continues to expand its global customer base, partnering with customers to support their cross-border expansion plans as they enter and grow in new markets. The Group has a diversified customer base with approximately 2,500 customers globally, driven by e-commerce penetration. As of 31 December 2022, the top 10 customers in the portfolio occupied approximately 18 per cent. of the Group's total leased area. Over 60 per cent. of the total leased area is let to industry leading third-party logistics players and online retailers which benefit from global secular tailwinds.

FUND MANAGEMENT

The Group continues to grow its fund management business through GLP Capital Partners. GCP's asset management teams drive value creation to maximise the investment performance through all phases of the investment cycle. The Group's fund management platform is based on the Group's longstanding relationships with numerous global institutional investors and its senior management's extensive years of experience in private capital management. GCP's partnership with leading investors allows it to de-risk its development and investment activities through pre-commitments and diversification of capital partners.

As of 31 December 2022, the Group had US$125 billion of total AUM across 52 funds which include real assets and private equity. During the year, the Group, through the GCP brand, launched 16 new funds with US$12 billion of capital raised. Ten of these new funds were launched in China. For the financial year ended 31 December 2022, the Group generated US$579 million of fund management revenue, an increase of 29 per cent. from the prior year.

The Group intends to continue leveraging on its fund management platform by establishing funds with third party investors, capitalising on the Group's development capabilities to build its fee-based income and recycle capital from mature assets, using proceeds to fund growth. The Group seeks to generate long-term, stable income with low volatility by developing and investing in properties that are of institutional quality and design, well-located and substantially leased. The fund management business is high margin and revenues will continue to grow as GCP forms new partnerships. Despite challenging markets, 2022 was one of the Group's strongest fund-raising years.

Data Centers

The Group launched its data center business in 2018 and aims to deliver efficient and resilient IT load capacity safely and securely to its customers. Data center fundamentals remain strong with rising demand for local hyperscale data center facilities to support digitization trends such as AI, IoT and cloud services across industries.

The Group is currently one of the leading independent data center operators in China with assets that will deliver approximately 1,400 MW of IT load capacity upon completion. During the year, the Issuer also secured the largest built-to-suit data center in China for a leading domestic internet company.

In 2022, the Group announced plans to enter Japan's data center market, targeting to achieve 900 MW of power capacity. The Group has since made significant progress on seven development assets in Japan, including securing prime sites for future data center campus developments in the Tokyo and Kansai regions which will provide approximately 600 MW of IT load. The Group expects to break ground on its first Japan data center campus in Greater Tokyo in 2023, with the first building expected to be ready for service from 2024. In addition, the Group has identified and acquired development assets in Brazil and Europe.

Renewable Energy

The Group continues to aid global energy transition and meet clean energy demand by operating and developing assets across the renewable energy value chain including solar energy, wind energy and energy storage solutions. As of 31 December 2022, the Group reached 700 MW of installed solar energy capacity from onsite solar panels installed across properties in Asia, Europe and the Americas, resulting in a 68 per cent. increase in total solar capacity year-over-year.

Portfolio Summary

The Group's property interests are held through a combination of direct holdings and equity-accounted investment vehicles. The following table summarises the Group's portfolio of logistics and warehousing assets as of 31 December 2022.

	Total Area	Pro-rata Area	Pro-rata Valuation
	million sqm[(1)]	million sqm[(2)]	US$ (in millions)[(2)]
China			
Completed and stabilized	35.96	12.75	11,424
Completed and pre-stabilized	1.3	0.57	369
Other facilities [(3)]	0.99	0.33	112
Properties under development or being repositioned [(4)]	6.01	2.04	1,244
Land held for future development [(5)]	5.41	2.19	1,215
China total	49.67	17.89	14,364
Japan			
Completed and stabilized (GLP-owned)	2.88	0.26	676
Completed and stabilized (GLP J-REIT owned)	3.88	0.14	304
Completed and pre-stabilized	0.04	0.01	14
Properties under development or being repositioned [(4)]	1.19	0.43	475
Land held for future development [(5)]	2.18	1.37	1,289
Japan total	10.18	2.21	2,757
US			
Completed and stabilized	1.85	1.84	3,116
Completed and pre-stabilized	0.13	0.13	252
Properties under development or being repositioned [(4)]	0.21	0.21	329
Land held for future development [(5)]	0.03	0.03	76
US total	2.22	2.21	3,772
Vietnam			
Completed and stabilized	0.05	0.01	5
Completed and pre-stabilized	0.03	0.01	3
Properties under development or being repositioned [(4)]	0.36	0.07	24
Land held for future development [(5)]	0.45	0.08	15
Vietnam total	0.89	0.16	48
Brazil			
Completed and stabilized	3.07	1.09	757
Completed and pre-stabilized	0.08	0.03	19
Properties under development or being repositioned [(4)]	0.53	0.13	48
Land held for future development [(5)]	0.88	0.31	71
Brazil total	4.55	1.56	895
Europe			
Completed and stabilized	7.38	1.02	1,380
Completed and pre-stabilized	0.17	0.04	54
Properties under development or being repositioned [(4)]	0.91	0.3	158
Land held for future development [(5)]	2.1	0.38	379
Europe total	10.56	1.75	1,972
India			
Completed and stabilized	1.9	0.06	29
Completed and pre-stabilized	0.09	0	—
Properties under development or being repositioned [(4)]	0.69	0.01	3
Land held for future development [(5)]	1.68	0.04	6
India total	4.36	0.11	38
Total	**82.43**	**25.9**	**23,846**

Notes:

(1) Total area is based on GFA in China, Japan, Europe, India, US, Vietnam, and GLA in Brazil. There is an additional 1 million sqm of land reserves that is not included within the table above.

(2) Pro-rata area and pro-rata valuation refer to the area and valuation of properties in the Group portfolio and pro-rated based on the Group's interest in these investment vehicles.

(3) "Other facilities" includes container yard and parking lot facilities.

(4) "Properties under development or being repositioned" consists of five sub-categories of properties: (i) properties that the Group has commenced development; (ii) logistics and warehousing facilities which are being converted from bonded logistics and warehousing facilities to non-bonded logistics and warehousing facilities; (iii) a logistics and warehousing facility which will be

upgraded into a standard logistics and warehousing facility; (iv) a logistic facility which is waiting for heating and power supply from government and (v) logistics and warehousing facilities which are undergoing more than three months of major renovation.

(5) "Land held for future development" refers to land which the Group has signed the land grant contract and/or the Group has obtained the land certificate.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Bonds issued under the Program Information. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with Bonds issued under the Program Information are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Bonds issued under the Program Information, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Bonds may occur for other unknown reasons and the Issuer does not make any representation that the statements below regarding the risks of holding any Bonds are exhaustive. There may be additional risks not described below or not presently known to the Issuer or that the Issuer currently deems immaterial that turn out to be material. Prospective investors should also read the detailed information set out elsewhere in this document and reach their own views prior to making any investment decision.

This document also contains forward-looking statements that involve risks and uncertainties. The actual results of the Group's operations could differ materially from those anticipated in these forward-looking statements due to a variety of factors, including the risks described below and elsewhere in this document.

RISKS RELATING TO THE GROUP'S BUSINESS AND OPERATIONS

The Group is subject to the risks of the logistics and warehousing facilities business.

While the Group has expanded beyond its logistics and warehousing facilities business, the Group remains subject to risks associated with the provision of logistics and warehousing facilities which accounts for the majority of its revenue. Some of the factors that may affect the Group's business include:

- local market conditions, such as oversupply of logistics or warehousing facility space, reduction in demand for logistics or warehousing facility space and the rents that the Group can charge for a completed logistics or warehousing facility, which may make a logistics and warehousing facility unprofitable, and local trends, such as outsourcing of operations by customers to countries in which the Group does not operate;
- significant liabilities associated with logistics or warehousing facility assets, such as mortgage payments, and real estate taxes, are generally fixed and need to be paid even when market conditions reduce income from the assets;
- the attractiveness of the Group's facilities to potential customers and investors;
- the Group's ability to maintain, refurbish and redevelop existing facilities;
- competition from other available logistics and warehousing facilities and new entrants into the logistics market;
- the Group's ability to maintain, and obtain insurance for, its facilities;
- the Group's ability to control rents and variable operating costs;
- changes in labour laws;
- governmental regulations, including changes in zoning and usage, condemnation, redevelopment and tax laws and changes in these laws;
- difficulty in acquiring land to build logistics and warehousing facilities;

- difficulty in finding a buyer for any land parcel that the Group seeks to sell or in achieving the sales price which may not allow the Group to recover its investment, resulting in additional impairment charges;

- construction costs (including labour cost) of a logistics or warehousing facility may exceed original estimates, or construction may not be concluded on schedule, due to factors such as contract default, the effects of local weather conditions, the possibility of local or national strikes by construction-related labour and the possibility of shortages or an increase in the cost of materials, building supplies or energy and fuel for equipment as a result of rising commodity prices, inflation or otherwise, making the logistics or warehousing facility less profitable than originally estimated or not profitable at all;

- delays in obtaining governmental permits and authorisations, and changes to and liability under all applicable zoning, building, occupancy and other laws;

- changes in or abandonment of development opportunities, and the requirement to recognise an impairment charge for those investments; and

- a slowdown in global economic growth.

Any of these factors could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's development strategy is subject to various risks, any of which could, among other things, result in disruptions to its operations, strain management resources and materially and adversely affect its business, financial condition, results of operations and cash flows.

The Group's development strategy includes focusing on opportunistically acquiring and/or developing properties and investments that it believes will create shareholder value, deepen its market presence and refresh its portfolio quality while meeting its customers' needs. These activities include the following significant risks to the Group's ongoing operations:

- it may not be able to acquire land and/or investment that is suitable to its development strategy or to obtain financing or third party investment for development projects on favourable terms or at all, or lease properties it develops on favourable terms or at all;

- it may pursue development opportunities that ultimately may be abandoned, development costs may be incurred for projects that are not pursued to completion and the related investment impaired;

- acquired, redeveloped or renovated properties and/or investments (including newly acquired portfolios of properties) may not initially be accretive to the Group's results, and it may not successfully manage and lease newly acquired, redeveloped or renovated properties (including newly acquired portfolios of properties) to meet its expectations;

- it may not be able to obtain, or may experience delays in obtaining, all necessary zoning, land-use, building, occupancy and other required governmental permits and authorisations, causing a delay in the expected revenues of such projects;

- it may incur significant pre-operating costs or may not budget adequately for these pre-operating costs, which may not be recovered for some time, and projects may not be completed, delivered or stabilised as planned due to defects or other issues;

- properties acquired for renovation may suffer from structural or other building-related issues, including issues arising from mould or other air contaminants, which may require the Group to undertake costly remediation programs;

- investments in real estate are subject to the risks of partial or total condemnation in accordance with applicable law or regulation and casualty, whether arising from destruction by fire, earthquake, flood, hurricane or otherwise;

- it may seek to sell certain land parcels and not be able to find a third party to acquire such land or the sales price will not allow us to recover its investment, resulting in impairment charges; and

- management's attention may be diverted from other important operational matters by its acquisition, renovation, new development and redevelopment activities.

The occurrence of any of the foregoing events could affect the Group's ability to implement its development strategy and could have a material adverse effect on the Group's business, financial condition, results of operations and cash flows.

The Group is exposed to a range of risks relating to the development and construction or expansion of its properties which include logistics and warehousing facilities, data centres, technology parks, hi-tech manufacturing parks, mixed development and commercial and office spaces.

The Group's ability to develop and construct or expand its properties which include logistics and warehousing facilities, data centres, technology parks, hi-tech manufacturing parks, mixed development and commercial and office spaces, as well as the time and costs required to complete its development and construction or expansion, may be adversely affected by various factors, including, but not limited to:

- delays or inability to obtain all necessary zoning, land use, building, development and other required governmental and regulatory licenses, permits, approvals and authorisations;

- construction risks, which include delays in construction and cost overruns (for example, due to variation from original design plans, a shortage or increase in the cost of construction and building materials, equipment or labour as a result of rising commodity prices, inflation or otherwise), inclement weather conditions, unforeseen engineering, environmental or geological problems, defective materials or building methods, default by contractors and other third party service and goods providers of their obligations, or financial difficulties faced by such persons, disputes between counterparties to a construction or construction related contract, work stoppages, strikes or accidents;

- any land which the relevant government delivers to the Group failing to meet all its development or operational requirements, such as the lack of necessary infrastructure leading to the site, the lack of water and power supply, and unsuitable soil level and height of the land for construction. If the land delivered to the Group is not ready for construction or later suffers subsidence or similar damages, the Group will need to prepare its land for use before it commences construction. The costs involved in the preparation of the land may exceed the Group's budget;

- the failure to resolve land resettlement issues;

- the need to incur significant pre-operating costs, which the Group may not recover for some time, or a failure to budget adequately for these pre-operating costs;

- the need to expend significant capital long before the Group's investments and properties begin to generate revenue;

- limited cash available to fund construction and capital improvements and the related possibility that financing for these capital improvements may not be available on commercially acceptable terms or at all;

- the potential abandonment of development activities after expending resources to determine feasibility;

- insufficient market demand from customers after construction or expansion has begun, whether resulting from a downturn in the economy, a change in the surrounding environment of the project, including the location or operation of transportation hubs or the population density, or otherwise; and

- the occurrence of any force majeure event, such as natural disaster, accidents, epidemics, or other unforeseeable difficulties.

There can be no assurance that the Group will complete any or all of its current or future logistics and warehousing facilities, data centres, technology parks, hi-tech manufacturing parks, mixed development and commercial and office spaces within the anticipated time frame or budget, if at all, as a result of one or more of these risks. In particular, as the Group's business model is premised largely on the provision of such logistics and warehousing facilities to third party logistics service providers, retailers and manufacturers for the generation of income in the form of rentals and management fees, any inability to complete a logistics and warehousing facility within the anticipated time frame and budget would render the Group exposed to the risk arising from the uncertainty in the income to be generated from such projects which in turn could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group operates in a capital-intensive industry and may not have adequate funding resources to finance land acquisitions or logistics and warehousing facilities, or to service or refinance its existing financing obligations.

The logistics and warehousing facilities business is capital-intensive and the Group may in the future require additional financing to fund its capital expenditure, to support the future growth of its business, particularly if significant expansion is undertaken, and/or to refinance existing debt obligations. The Group intends to obtain financing for its logistics and warehousing facilities primarily through a combination of strategic recycling of its capital, borrowings from banks (which include variable rate borrowings), access to the capital markets, cash from its operations and capital contributions. The Group's ability to arrange adequate external financing and the cost of such financing is dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in the Group, the success of the Group's business, provisions of relevant tax and securities laws and political and economic conditions in the jurisdictions in which it operates. There is a risk that inflation will increase further or that the recent high inflation rates will become persistent, increasing the risk that more abrupt central bank monetary policy, in the form of raising interest rates, will continue, which could result in slower economic growth and an increase in the Group's net finance costs. There can be no assurance that the Group will be able to obtain additional financing, either on a short-term or a long-term basis, or refinance any maturing indebtedness, that any refinancing would be on terms as favourable as the terms of the maturing indebtedness, or that the Group will be able to otherwise obtain funds by selling assets or raising equity to repay maturing indebtedness.

The inability to refinance its indebtedness at maturity or meet its payment obligations could adversely affect the cash flows and the financial condition of the Group. In such circumstances, the Group may require equity financing, which would be dependent on the appetite and financial capacity of its shareholders. In addition, equity financing may result in a different taxation treatment to debt financing, which may result in an adverse impact on the business, financial condition and results of operation of the Group.

Covenants in the Group's credit agreements limit the Group's flexibility and breaches of these covenants could adversely affect its financial condition.

The terms of the Group's various credit and/or project finance agreements for its business require it to comply with a number of customary financial covenants, such as restrictions on incurrence of indebtedness, maintenance of loan-to-value and debt-service coverage ratios and mandatory redemption upon disposal of assets. These covenants may limit the Group's flexibility in its operations, and breaches of these covenants could result in defaults under the instruments governing the applicable indebtedness. If the Group were to default under its covenant provisions and were unable to cure the default, refinance its indebtedness or meet its payment obligations, it would have a material adverse effect on the Group's business, financial condition, results of operations and prospects. If the Group were unable to refinance its indebtedness at maturity or meet its payment obligations, it would have a material adverse effect on its business, financial condition, results of operations and prospects. The Group could be required to sell one or more logistics and warehousing facilities at times or under circumstances that reduce the Group's return on those assets. In addition, if the maturing debt were secured, the lender may foreclose on the property securing that indebtedness.

The real property portfolio of the Group and the returns from its investments could be adversely affected by fluctuations in the value and rental income of its properties and other factors.

Returns from an investment in real estate depend largely upon the amount of rental income generated from the property and the expenses incurred in the operation of the property, including the management and maintenance of the property, as well as changes in the market value of the property.

Rental income and the market value of properties may be adversely affected by a number of factors including:

- the overall conditions in the jurisdictions in which the Group operates, such as growth or contraction in gross domestic product, consumer sentiment, employment trends and the level of inflation and interest rates;
- local real estate conditions, such as the level of demand for, and supply of, industrial property and business space;
- the Group's ability to collect rent on a timely basis or at all;
- defects affecting the properties in the Group's portfolio which could affect the ability of the relevant tenants to operate on such properties;
- the perception of prospective customers of the usefulness and convenience of the relevant property;
- the Group's ability to provide adequate management, maintenance or insurance;
- the financial condition of customers and the possible bankruptcy of customers;
- high or increasing vacancy rates;
- changes in tenancy laws; and
- external factors including major world events, such as war, terrorist attacks, epidemics and pandemics, such as the recent COVID-19 pandemic, and acts of God such as floods and earthquakes.

In addition, other factors may adversely affect a property's value without necessarily affecting its current revenues and operating profit, including (i) changes in laws and governmental regulations, including tenancy, zoning, planning, environmental or tax laws, (ii) potential environmental or other legal liabilities, (iii) unforeseen capital expenditure, (iv) the supply and demand for industrial properties or business space, (v) loss of anchor tenants, (vi) the availability of financing and (vii) changes in interest rates.

Consequently, the Group's operating results and financial condition may be materially adversely impacted by economic conditions. Reduction in the maximum loan-to-value ratio for mortgages and increases in interest rates in the jurisdictions where the Group has property interests may also adversely affect the availability of loans on terms acceptable to purchasers, and hence the amount of other income the Group may be able to generate should it wish to dispose of any property interests. The Group may also be subject to third party solvency risk and other risks in relation to its financial investments and arrangements.

The amount of cash flow available to the Group could be adversely affected if property and other operating expenses increase without a corresponding increase in revenue.

Factors which could increase property expenses and other operating expenses include any (i) increase in the amount of maintenance and sinking fund contributions payable to the management corporations of the properties, (ii) increase in agent commission expenses for procuring new customers, (iii) increase in property tax assessments and other statutory charges, (iv) change in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies, (v) increase in sub-contracted service costs, (vi) increase in the rate of inflation, (vii) increase in insurance premiums and (viii) increase in costs relating to adjustment of the tenant mix. In addition, the Group may potentially incur expenditures to restore its facilities to its original state should a customer or tenant fail to remove its equipment fully or adequately at the end of its lease term. Furthermore, in the event that the cost of operating a property exceeds that property's rental income, the Group may have to advance funds and operate such property at a loss. The Group may also be required to sell properties on disadvantageous terms if necessary to raise funds to continue operations. The occurrence of any of the foregoing could result in a decrease in the amount of cash flow available to the Group which could adversely affect its business, financial condition, results of operations and prospects.

The illiquidity of property investments could limit the Group's ability to respond to adverse changes in the performance of its properties.

The Group's logistics real estate investments are generally illiquid which limits its ability to vary the size and mix of its investment portfolios or the Group's ability to liquidate part of its assets in response to changes in economic, real estate market or other conditions.

The Group is continuously exploring strategic alternatives for its properties and portfolios. The real estate market is affected by many factors beyond the Group's control, such as general economic conditions, availability of financing, interest rates, and supply and demand of properties. Certain real estate markets in which the Group operates, such as Japan, have historically been particularly illiquid as compared to other developed markets due to properties being tailored to the requirements of specific tenants or industries and the market for sale or leasing of logistics properties being under-developed relative to property type. The Group cannot predict whether it will be able to sell any of its investment properties or other assets for the price or on the terms set by it, or whether any price or other terms offered by a prospective purchaser would be acceptable to it. The Group also cannot predict the length of time needed to find a purchaser or to close a sale in respect of an investment property or other assets. These factors could affect the Group's gains from realisation of its investments in its real estate assets including the value at which the Group may dispose of its holdings in entities that hold the real estate assets, the income or other distributions received by the Group from its respective holdings, which in turn would have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, the Group may be required to expend funds to maintain properties, correct defects, or make improvements before an investment property or a certain other asset can be sold. There is no assurance that the Group will have funds available for these purposes. These factors and any other factors that would impede the Group's ability to respond to adverse changes in the performance of its investment properties and/or certain other assets could affect its ability to retain customers and to compete with other market participants, as well as negatively affect its business, financial condition and results of operations.

The existence of foreign investment controls may limit or preclude the Group's investment activities.

Foreign investment in real estate and in securities of companies in certain of the countries where the Group invests is restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude foreign investment above certain ownership levels or in certain assets, asset classes or sectors of the country's economy. The Group may utilize investment structures to comply with such restrictions, but there can be no assurance that the U.S. government or a foreign government will not challenge the validity of these structures or change laws, regulations or agency practice in a way that reduces their effectiveness, imposes additional governmental approvals, restricts or prohibits the Group's investments or taxes, or restricts or otherwise prohibits repatriation of proceeds.

Foreign ownership limitations may also be imposed by the charters and/or governing documents (if applicable) of individual real estate assets. This may cause delays and uncertainty with respect to the completion of transactions. The company law, property law and foreign investment-related laws and regulations of the local jurisdictions may permit less flexibility in structuring transactions, and the techniques and complexity frequently deployed in M&A transactions in the U.S. or Europe may not be applicable or available under the current legal framework.

These limitations, restrictions or controls may limit the potential universe of buyers of an asset, thereby reducing the demand for assets the Group seeks to sell and/or extending the timeline of an exit transaction.

The Group faces increasing competition.

In recent years, a large number of logistics and warehousing facility providers have begun to undertake investment projects and the logistics and warehousing facility market is evolving rapidly. In addition to the expansions by the existing international and domestic logistics and warehousing facility providers of their operations and businesses in the jurisdictions in which the Group operates, a number of new entrants from other industries have entered or plan to enter the market which in turn may severely challenge the Group's market-leading position. The Issuer expects that many of these providers have sufficient financial, managerial, marketing and other resources to be competitive, and may have more experience in logistics and warehousing facility and land development.

Competition between logistics and warehousing facility providers in the jurisdictions in which the Group operates is intense, and the Group faces significant competition for attractive investment opportunities from local and regional providers who may have better local knowledge and relationships as well as greater access to funding to acquire properties than the Group does, which may result in, among other things:

- an increased supply of business or industrial premises from time to time through over-development, which could lead to downward pressure on rental rates;
- volatile supply of tenants and occupants, which may affect the Group's ability to maintain high occupancy levels and rental rates;
- a difficulty in acquiring desirable properties at reasonable prices due to shortage of suitable properties in the target market; and
- inflation of prices for existing properties or land for development through competing bids by potential purchasers and developers, which could lead to the inability to acquire properties or development land at satisfactory cost.

If the Group cannot respond to changes in market conditions more swiftly or effectively than its competitors do, or if any of the above developments occur, it could have a material adverse effect on its business, financial condition, results of operations and prospects.

Moreover, the performance of the Group's investment portfolio depends in part on the volumes of trade flowing through the jurisdictions in which it operates that drives the demand for logistics and warehousing space, and factors such as more favourable regulatory taxation and tariff regimes, cheaper terminal costs and cost competitiveness of competing ports compared to such jurisdictions that might divert trade to such alternative ports.

In addition, if the Group's competitors sell assets similar to those that the Group intends to divest in the same markets and/or at lower prices, the Group may not be able to divest its assets on expected terms or at all. Furthermore, competitors selling similar assets at lower prices than comparable assets held by the Group will have an adverse impact on the Group's property valuations. Likewise, the existence of such competition for lettable properties may have a material adverse impact on the Group's ability to secure customers for its properties, including the renewal of leases for existing customers, at satisfactory rental rates and on a timely basis.

The Group may be adversely affected if a significant number of its customers are unable to meet their lease obligations.

The Group's performance depends on its ability to renew leases as they expire, to re-let properties subject to non-renewed leases and to lease newly developed properties on economically favourable terms. If a significant number of the Group's customers are unable to meet their lease obligations and the expiring or terminated leases are unable to be either promptly renewed or the Group is not able to promptly re-let the space covered by such leases, or the terms of re-leasing (including the cost of required renovations or concessions to customers) are commercially less favourable to the Group than previous lease terms, the Group's results of operations and cash flows would be adversely affected.

The Group's customers are exposed to their own business and other risks, and if one or more customers were to experience downturns in their businesses, the Group could lose the customer, or the customer may fail to make rental payments when due and/or require a restructuring of rental payments that might reduce its cash flow from the lease. If a customer in such a logistics and warehousing facility were not to renew its lease or were to default, the cash flow of the relevant logistics and warehousing facility would decline significantly. It is not possible to predict when the Group would be able to re-let the logistics and warehousing facility, the creditworthiness of the replacement customer or customers, or the rent it could charge the replacement customer. As some of the Group's customers may be related to each other, the risk of such loss is concentrated and could affect the Group's other properties if it should occur. In addition, a customer may seek the protection of bankruptcy, insolvency or similar laws, which could result in the rejection and termination of such customer's lease and thereby reduce the Group's available cash flow. The occurrence of any of these events could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Certain leases in the Group's portfolio may be with customers that have non-investment grade credit ratings. The ability of a non-investment grade customer to meet its obligations to the Group pursuant to the lease cannot be considered as well assured as that of an investment grade customer. Events and circumstances that may affect a customer's creditworthiness may be difficult to detect, foresee or evaluate, and the Group may not become aware of a customer's financial distress until the customer defaults on its lease obligations. Further, any of the Group's customers may face exposure to adverse business or economic conditions, which could lead to an inability to meet their obligations to the Group. In particular, non-investment grade customers may not have the financial capacity or liquidity to adapt to these conditions or may have less diversified businesses, which may exacerbate the effects of adverse conditions on their businesses. Moreover, the fact that the Group's customers may not be investment grade may cause investors or lenders to view the Group's cash flows as less stable, which may increase the Group's cost of capital and/or limit the Group's financing options.

Changes to local, regional and global economic conditions may cause companies to downsize and even close their operations in the jurisdictions in which the Group operates and the demand and rental rates for industrial property and business space may greatly reduce. In the event of a default by a significant number of the Group's customers or a default by any of its major customers on all or a significant portion of their leases, the Group would suffer decreased rents and incur substantial costs in enforcing its rights as a landlord, which could adversely affect its results of operations and cash flows.

In addition, in order to attract and retain tenants, the Group may incur significant capital or other expenditure. Such expenses may include rent or other concessions, renovations, build-to-suit remodelling and other improvements, or provision of additional services to tenants. Such expenditure, or non-renewals by tenants in the event such expenditures are not incurred, may adversely affect the Group's business, financial condition, results, operations and prospects.

The Group may not be able to reclaim its deposit from the lessor of the underlying land if such lessor were to become insolvent.

In certain cases, the Group holds leasehold or sub-leasehold interests in the land on which its buildings are developed or built. Buildings and the underlying land upon which they are built can be owned independently of each other. For example, the owner of a building may only hold a leasehold interest in the underlying land. To the extent that the Group holds leasehold or sub-leased interests in the underlying land, if the lessor of the underlying land were to become insolvent, the Group may become an unsecured creditor with respect to the tenant leasehold and security deposits paid to the lessor in any bankruptcy or other similar proceeding. As a result, the Group may not be able to recover its security deposits against the lessor or exert its rights as a lessee of the land. In certain cases, the leasehold interest may be terminated. Furthermore, if the leasehold interest was not perfected, it may not be asserted against third parties, including any new owner of the underlying land. The occurrence of any of these events could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group faces inherent risks in concentrating its business substantially in one asset class and in the jurisdictions in which it operates.

The Group's principal business strategy is to strengthen its market leadership position and support the further development of its business. The Group's strategy rests on its belief that logistics and warehousing facilities will benefit from significant economic growth, particularly e-commerce consumption. See "Description of the Group – Overview" and "Description of the Group – The Group's Strategy". The Group's principal business strategy exposes it to the risks inherent in concentrating its business substantially in one asset class and in the jurisdictions in which it operates. These risks include, but are not limited to, an economic downturn, which would in turn affect valuations of the Group's logistics and warehousing facilities, decreases in rental or occupancy rates and insolvency of customers and other counterparties. This risk may also restrict the Group's ability to raise funds for its business and result in higher financing costs. If this were to occur, or the potential economic and e-commerce consumption growth globally that the Group anticipates does not materialise, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group leases a significant portion of the leasable area under its facilities in each of the jurisdictions in which it operates to its key customers. While the Group would try to replace any key customers it were to lose with other customers, there can be no assurance that the Group would succeed. If any of the Group's largest customers were to stop leasing from it and the Group were unable to replace the revenue it generates from them, it would have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Disputes or conflicts with joint venture or project development partners may materially and adversely affect the Group's business.

The Group has partnered with, or acquired interests in, joint ventures to acquire some of its investment properties and may, in the future, enter into new joint ventures or similar arrangements. Co-operation and agreement among the Group and its joint venture partners on its existing or future projects is an important factor for the smooth operation and financial success of such projects. In fact, certain corporate actions of these joint ventures require approval of all partners. Such joint ventures may involve special risks associated with the possibility that Group's joint venture partners may (i) have economic or business interests or goals that are inconsistent with those of the Group, (ii) take action contrary to the instructions or requests of the Group or contrary to the Group's policies or objectives with respect to its investments, (iii) be unable or unwilling to fulfil their obligations under the joint venture agreements, (iv) experience financial or other difficulties or (v) have disputes with the Group as to the scope of their responsibilities and obligations.

Further, the Group may rely on third parties (some of which may also become co-venturers or co-investment partners with the Group) to act as developers or joint venture partners in connection with the acquisition, development, construction, renovation, management or operation of certain of its properties. This reliance on third-party developers or joint venture partners may increase the costs to the Group through the payment of development fees, incentive fees, management fees and other amounts and may increase the risks to the Group if, and to the extent, such a developer or operator fails or is unable to comply with agreed-upon plans, budgets or timetables. Although the Group intends to monitor the performance of each investment, it may primarily be the responsibility of third-party property managers to manage certain properties on a day-to-day basis. The Group's results of operations, including its ability to make payments on any indebtedness, may depend on the ability of these third-party managers to operate and lease such properties on economically favourable terms. There can be no assurance that such third-party management firms will be able to operate each investment successfully. Moreover, the risks of dependence on third-party management firms are different by property type and by investment stage (for example, properties in development or redevelopment will have a greater dependence on the leasing abilities of a third-party manager or leasing agent).

Although the Group has not experienced any significant problems with respect to its joint venture partners to date which could not be resolved, should such problems occur in the future, they could have a material adverse effect on the success of these joint ventures and thereby material adverse effect on the Group's business, financial condition, results of operations and prospects. In addition, a disposal of the Group's interests in joint ventures is subject to certain pre-emptive rights on the part of the other joint venture partners or certain restrictions. As a result, a disposal of the Group's interests in its joint ventures may require a longer time to complete, if at all, than a disposal of a wholly owned asset.

The valuations of the Group's properties and investments contain assumptions that may not materialise and may fluctuate from time to time.

Real estate assets are inherently difficult to value. Valuations are subject to subjective judgments and are made on the basis of assumptions which may not necessarily materialise. Additionally, the inspections of the Group's properties and other work undertaken in connection with a valuation exercise may not identify all material defects, breaches of contracts, laws and regulations, and other deficiencies and factors that could affect the valuation. There can be no assurance that the Group's investment in its properties will be realised at the valuations or property values recorded or reflected in its financial statements or in this document. The Group applies fair value accounting for all its investment properties. Independent valuations are carried out on the Group's investment properties at least once every year. The Group assesses the valuation of its properties to ensure that the carrying amount of each investment property reflects the market conditions at the relevant financial reporting date.

Furthermore, the value of the properties and investments (which include unquoted equity investments) in the Group's portfolio may fluctuate from time to time due to market and other conditions and are also based on certain assumptions which, by their nature, are subjective and uncertain, and may differ materially from actual results. There is no assurance that the Group's properties or investments will retain the price at which they may be valued or that the Group's investment in such properties or investments will be realised at the valuations or property values it has recorded or reflected in its financial statements, and the price at which the Group may sell or lease any part or the whole of the properties or investments may be lower than the valuation for those properties or investments. Such adjustments to the fair value of the properties in the portfolio or investments could have an adverse effect on the Group's net asset value and profitability. It may also affect the Group's ability to obtain more borrowings, or result in the Group having to reduce debt, if the financial covenants in its financing and other agreements require the Group to maintain a level of debt relative to asset value, and such covenants are triggered as a result of adjustments made to the fair value of the Group's properties or investments.

The due diligence exercise on the Group's properties, tenancies, buildings and equipment may not have identified all material defects and other deficiencies.

The Group believes that reasonable due diligence investigations with respect to the Group's properties have been conducted prior to their acquisition. However, there is no assurance that the Group's properties will not have defects or deficiencies requiring repair or maintenance (including design, construction or other latent property or equipment defects or asbestos contamination in the Group's properties which may require additional capital expenditure, special repair or maintenance expenses). The Group may also acquire properties or entities that hold properties, which are subject to liabilities and, as a result, be left without any recourse, or with only limited recourse, to the seller with respect to such unknown liabilities. In such cases, the Group may incur significant expenses in addressing such liabilities following such acquisitions. Any such liabilities may also lower a property's value and/or make it unusually difficult for the Group to sell such property. Such undisclosed and undetected defects or deficiencies may require significant capital expenditure or trigger obligations to third parties and involve significant and unpredictable patterns and levels of expenditure which may have a material adverse effect on the Group's business, financial condition, results of operations, performance and prospects.

The experts' due diligence reports that the Group relies upon as part of its due diligence process may be subject to inaccuracies and deficiencies. This may be because certain building defects and deficiencies are difficult or impossible to ascertain due to limitations inherent in the scope of the inspections, the technologies or techniques used and other factors. Any inadequacies in the due diligence investigations may result in an adverse impact on the Group's business, financial condition, performance and prospects.

The Group may acquire properties without any warranties of merchantability or fitness for a particular use or purpose.

The Group may acquire properties in the future that are sold in "as is" condition, on a "where is" basis and "with all faults", without any warranties of merchantability or fitness for a particular use or purpose. In certain other acquisitions, the purchase agreements may contain only limited warranties, representations and indemnifications that will only survive for a limited period after the closing. Also, many sellers of real estate are single-purpose entities without any other significant assets. The purchase of properties with limited warranties or from undercapitalized sellers increases the risk that the Group may lose some or all of its invested capital in the property (and in some cases, have liabilities greater than its investment) as well as the loss of rental revenue from such property.

The Group depends on certain key personnel and the loss of any key personnel may adversely affect its operations.

The Group's success depends, in part, upon the continued service and performance of members of the Issuer's senior management team and certain key senior personnel. These key personnel may leave the Group in the future and compete with the Group. The Group has experienced significant growth in recent years and as a consequence would require more personnel with specific skill-sets as it continues to expand its operations. However, the competition for talent and skilled personnel is intense, especially for those who have the relevant skill-set and experience in logistics and warehousing facilities industry. Although the Group has in place succession planning policies and strategies, and while it believes that the salaries offered to its employees are competitive with respect to, and are in line with, salaries offered by its competitors, the loss of any of these key employees, or the inability to attract skilled employees, could have a material adverse effect on its business, financial condition, results of operations, performance and prospects.

The Group may be exposed to operational and other external risk that could negatively impact its business and results of operations.

As of 31 December 2022, the Group's existing logistics and warehousing network was spread across several cities in China, Japan, Brazil, Europe, India, Vietnam and the U.S., and covers a vast area, which in turn has exposed the Group to increasing demands on the overall management, technology upgrade, management systems, fund allocation and cost control of the Group. As the Group continues to expand its business and operations in the jurisdictions in which it operates, any oversight in management, control and even the failure of project development processes to meet the business expansion may adversely affect the coordinated development of various business lines and subject the Issuer to certain operational risks.

The Group also faces a risk of loss resulting from, among other factors, inadequate or flawed processes or systems, theft and fraud. Operational risk of this kind can occur in many forms including, among others, errors, business interruptions, inappropriate behaviour of, or misconduct by, employees of the Group or those contracted to perform services for the Group, and third parties that engage in fraudulent activities, including false reporting, or do not perform in accordance with their contractual agreements. These events could result in financial losses or other damage to the Group. Furthermore, the Group relies on internal and external information technology systems to manage its operations and is exposed to risk of loss resulting from breaches in the security, or other failures, of these systems.

The Group's insurance coverage does not include all potential losses.

The Group currently carries property all risk insurance and business interruption insurance which covers the potential property damage and/or rental loss resulting from accidents and natural hazards such as windstorms. The Group covers certain facilities and business operations against additional risks such as earthquakes and tsunamis under an extended coverage policy as the Group deems appropriate. In addition, the Group's local operations carry public liability insurance which covers the potential risks as the result of claims from the third parties due to its legal liability arising from its business operations. The insurance coverage contains policy specifications and insured limits customarily carried for similar facilities, business activities and markets. While the Issuer believes the Group has insured its facilities in the jurisdictions in which it operates in line with industry practices in the respective markets, there can be no assurance that such insurance coverage will be sufficient. For example, there are certain losses, including losses from earthquakes, acts of war, acts of terrorism, riots or labour unrest, which are not customary to insure against in full or at all because it is not deemed economically feasible or prudent to do so.

Moreover, in line with the industry practices referenced above, the Group does not maintain insurance against other personal injuries or property damage that might occur during the construction of new facilities in Japan. The Group also does not carry insurance coverage for the non-performance of contracts during construction and other risks associated with construction and installation work during the construction period. As is customary in Japan, the Group does not expect to obtain earthquake insurance coverage for its facilities of which probable maximum loss ("PML") is below a certain threshold percentage. For insured facilities, the Group obtains additional earthquake insurance to cover damages up to the PML value. See "Risk Factors – Risks Relating to the Group's Operations in Japan – The expert appraisals and reports upon which the Group relies are subject to significant uncertainties".

Whilst every care is taken by the Group during its operation, accidents and other incidents may occur from time to time. Such accidents may result in serious changes to the Group's properties or may expose the Group to liability or other claims by its customers and other third parties. Although the Group believes that it has adequate insurance arrangements in place to cover such eventualities, it is possible that accidents or incidents could occur which are not covered by these arrangements. Any substantial losses arising from the occurrence of any such accidents or incidents which are not covered by insurance could adversely affect the business and results of operations of the Group.

The Group relies on contractors and independent service providers for the provision of essential services.

The Group engages contractors and independent third-party service providers in connection with its business and its investment portfolio, such as information technology, construction and onsite security. The Group seeks to avoid dependence on any contractor and/or service provider and thus, to secure the continuity of provision of essential services, the Group's procurement team regularly identifies more than one eligible contractor and/or service provider for each outsourced task.

There is no assurance that the services rendered by any contractor or service provider engaged by the Group will always be satisfactory or match the level of quality expected by the Group or required by the relevant contractual arrangements, or that such contractual relationships will not be breached or terminated. Furthermore, there can be no assurance that the Group's contractors and service providers will always perform to contractual specifications, or that such providers will continue their contractual relationships with the Group under commercially reasonable terms, if at all, and the Group may be unable to source adequate replacement services in a timely or cost-efficient manner.

There is also a risk that the Group's major contractors and/or service providers may experience financial or other difficulties, such as labour shortage, which may affect their ability to discharge their obligations, thus delaying the completion of their work in connection with the Group's ordinary business or development projects and may result in additional costs for the Group. The timely performance of these contractors and service providers may also be affected by natural and human factors such as natural disasters, calamities, outbreak of wars and strikes which are beyond the control of the Group. Moreover, such contractors and service providers depend on the services of experienced key senior management and it would be difficult to find and integrate replacement personnel in a timely manner or at all if such contractors and service providers lost their services. Any of these factors could affect the Group's ability to service its customers, conclude its projects on time and within budget and result in additional costs for the Group and, thereby, could have a material adverse effect on its business, financial condition, results of operations, performance and prospects.

Any failure, inadequacy and security breach in the Group’s computer systems and servers may adversely affect the Group’s business.

The Group’s operations depend on its ability to process a large number of transactions on a daily basis across its network of offices, most of which are connected through computer systems and servers to its head office. The Group’s financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are beyond its control, including a disruption of electrical or communications services. The Group’s ability to operate and remain competitive will depend in part on its ability to maintain and upgrade its information technology systems on a timely and cost-effective basis. The information available to, and received by, the Group’s management through its existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in its operations. The Group may experience difficulties in upgrading, developing and expanding its systems quickly enough to accommodate changing times.

The Group’s operations also rely on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. The Group’s computer systems, servers and software, including software licensed from vendors and networks, may be vulnerable to unauthorised access, computer viruses or other malicious code and other events that could compromise data integrity and security and result in identity theft, including customer data, employee data and proprietary business data, for which it could potentially be liable.

Any failure to effectively secure, maintain, improve or upgrade its management information systems in a timely manner could adversely affect its competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly, are disabled or if there are other shortcomings or failures in its internal processes or systems, it could affect the Group’s operations or result in financial loss, disruption of its businesses, regulatory intervention or damage to its reputation. In addition, the Group’s ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports its business.

Compliance with privacy, data protection and information security laws could significantly impact the Group’s current and planned business activities and result in increased costs.

Compliance with current and future privacy, data protection and information security laws could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and some of the Group’s current and planned business activities and as such could increase costs for the Group and/or its subsidiaries. Certain jurisdictions, have passed or are considering enacting privacy laws that, for example, impose stringent legal and operational obligations on regulated businesses, as well as the potential for significant penalties, which if enacted could impose similarly significant costs and operational and legal obligations. Such privacy laws and regulations are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability on regulated entities. A failure to comply with such laws and regulation could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations and overall business, as well as have an impact on reputation.

The Group is subject to regulations related to privacy, data protection and information security in the jurisdictions in which it operates. As privacy, data protection and information security laws are implemented, interpreted and applied, compliance costs may increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

EU data protection law currently in effect is in the form of the General Data Protection Regulation (EU 2016/679) (the “GDPR”) which took direct effect across the EU member states on 25 May 2018. The GDPR seeks to harmonise national data protection laws across the EU, while at the same time, modernising the law to address new technological developments. The GDPR notably has a greater extra-territorial reach than pre-existing legislation and has a significant impact on data controllers and data processors, (i) with an establishment in the EU, (ii) which offer goods or services to EU data subjects, or (iii) which monitor EU data subjects' behaviour within the EU. The GDPR imposes more stringent operational requirements on both data controllers and data processors, and introduces significant penalties for non-compliance with fines of up to 4% of total annual worldwide turnover or €20 million (whichever is higher), depending on the type and severity of the breach. The current ePrivacy Directive, is expected to be repealed by the EU Commission's Regulation on Privacy and Electronic Communications (the "ePrivacy Regulation") which aims to reinforce trust and security in the digital single market by updating the legal framework on ePrivacy.

The Group is subject to various environmental laws and regulations, which could impose significant costs or liabilities on it.

As an owner and lessor of real property, the Group is subject to various environmental laws and regulations concerning the protection of health and safety and the environment, including, among others, laws and regulations related to soil contamination, health and hygiene, environmental pollution, chemical processing, hazardous substances and waste storage.

For example, under the Soil Contamination Countermeasures Act and related regulations, landowners in Japan are responsible for removal or remedy of several hazardous substances and Brazilian environmental laws also establish rules for the proper disposal of solid wastes, including those resulting from construction work. In China, the Environment Protection Law sets forth the general principles for pollution controls, and the Law on Prevention and Control of Atmospheric Pollution, the Law on Prevention and Control of Water Pollution and the Law on Prevention and Control of Environmental Pollution by Solid Waste provide more detailed rules on preventing and controlling these major types of pollutions. In addition, the Administration Regulations on Environmental Protection for Construction Projects and other relevant regulations of China specifically regulate environmental issues related to construction activities.

Environmental laws and conditions often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of hazardous substances and accordingly may adversely affect the Group's operations and developments, and may cause the Group to incur compliance and other costs and can prohibit or severely restrict project development activity in environmentally-sensitive regions or areas. While the Group generally conducts environmental reviews of assets that it acquires, these reviews may fail to identify all environmental problems. Based on these reviews and past experience, the Group is not aware of any environmental claims or other liabilities that would require material expenditure. However, there can be no assurance that potential environmental liabilities do not exist or will not arise in the future. The presence of contamination or hazardous substances on the Group's facilities could adversely affect its ability to lease or sell such facilities or to borrow using these facilities as collateral, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Foreign currency exchange rate fluctuations may have a material adverse effect on the Group's results of operations and the Group's hedging strategies may not reduce foreign exchange rate risk or interest rate risk.

The Group operates in China, Japan, Brazil, Europe, India, Vietnam and the U.S. and is naturally exposed to foreign exchange rate fluctuations. The Group's consolidated financial statements are presented in U.S. dollars and its pre-tax profit is also exposed to currency risks on revenue, expenses, borrowings and monetary balances that are denominated in currencies (such as Singapore dollar) other than the respective functional currencies of the Group's entities in these jurisdictions. Any significant depreciation of functional currencies of the Group's entities against these other currencies could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

Where necessary, the Group uses foreign exchange contracts to hedge and minimise net foreign exchange risk exposures. The Group also uses various derivative financial instruments to provide some protection against interest rate risks. These instruments involve risks, such as the risk that the counterparties may fail to honour their obligations under these arrangements, that these arrangements may not be effective in reducing the Group's exposure to foreign exchange rate and interest rate changes and that a court could rule that such agreements are not legally enforceable. In addition, the nature and timing of hedging transactions may influence the effectiveness of the Group's hedging strategies. There can be no assurance that the Group's hedging strategies and the derivatives that it uses will adequately offset the risk of foreign exchange rate or interest rate volatility, or that the Group's hedging transactions will not result in losses. Losses on hedging transactions could materially affect the Issuer's reported financial results.

The Group may be involved in legal, regulatory and other proceedings arising from its operations from time to time.

The Group may be involved from time to time in disputes with various parties involved in the development and lease of its properties such as contractors, sub-contractors, suppliers, construction companies, purchasers and tenants. These disputes may lead to legal or other proceedings, and may cause the Group to incur additional costs and delays in the Group's development schedule, and the diversion of resources and management's attention, regardless of the outcome. The Group is also unable to predict with certainty the cost of prosecution, the cost of defence or the ultimate outcome of litigation and other proceedings filed by or against it, including remedies and damage awards. If the Group were to fail to win these disputes, it may incur substantial losses and face significant liabilities.

The Group may be subject to regulatory action in the course of its operations, which may subject it to administrative proceedings and unfavourable decisions that could result in penalties and/or delayed construction of new logistics and warehousing facilities. In such cases, the Group's results of operations and cash flow could be materially and adversely affected.

Application of Singapore insolvency and related laws to the Issuer may result in a material adverse effect on the Bondholders

There can be no assurance that the Issuer will not become bankrupt, unable to pay its debts or insolvent or be the subject of judicial management, schemes of arrangement, winding-up or liquidation orders or other insolvency-related proceedings or procedures. In the event of an insolvency or near insolvency of the Issuer, the application of certain provisions of Singapore insolvency and related laws may have a material adverse effect on holders of the Bonds ("Bondholders"). Without being exhaustive, below are some matters that could have a material adverse effect on the Bondholders.

Where the Issuer is insolvent or close to insolvent and the Issuer undergoes certain insolvency procedures, there may be a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding-up in relation to the Issuer. It may also be possible that if a company related to the Issuer proposes a creditor scheme of arrangement and obtains an order for a moratorium, the Issuer may also seek a moratorium even if the Issuer is not in itself proposing a scheme of arrangement. These moratoriums can be lifted with court permission and in the case of judicial management, with the consent of the judicial manager or with court permission. Accordingly, if for instance there is any need to bring an action against the Issuer, the need to obtain court permission or the judicial manager's consent may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

Further, Bondholders may be made subject to a binding scheme of arrangement where the majority in number representing 75 per cent. in value of creditors and the court approve such scheme. In respect of company-initiated creditor schemes of arrangement, there are cram-down provisions that may apply to a dissenting class of creditors. The court may notwithstanding a single class of dissenting creditors approve a scheme provided an overall majority in number representing 75 per cent. In value of the creditors meant to be bound by the scheme have agreed to it and provided that the scheme does not unfairly discriminate and is fair and equitable to each dissenting class and the court is of the view that it is appropriate to approve the scheme. In such scenarios, Bondholders may be bound by a scheme of arrangement to which they may have dissented.

The Insolvency, Restructuring and Dissolution Act 2018 (the "IRD Act") was passed in the Parliament of Singapore on 1 October 2018, and came into force on 30 July 2020. The IRD Act includes a prohibition against terminating, amending or claiming an accelerated payment or forfeiture of the term under, any agreement (including a security agreement) with a company that commences certain insolvency or rescue proceedings (and before the conclusion of such proceedings), by reason only that the proceedings are commenced or that the company is insolvent. This prohibition is not expected to apply to any contract or agreement that is, or that is directly connected with, the Bonds. However, it may apply to related contracts that are not found to be directly connected with the Bonds.

The Issuer's subsidiaries and joint ventures are subject to restrictions on the payment of dividends.

The Issuer is a holding company and is dependent on the receipt of dividends from its subsidiaries and joint ventures to satisfy its obligations, including its obligations under the Bonds. The ability of the Issuer's subsidiaries and joint ventures to pay dividends to their shareholders is subject to, among other things, applicable laws and restrictions contained in the debt instruments and loan agreements of such companies. For example, subsidiaries and joint ventures that are foreign invested enterprises in China are subject to PRC laws and regulations governing distribution of dividends and may pay dividends only from accumulated after-tax profits, if any, determined in accordance with PRC accounting standards and regulations. The Issuer's subsidiaries and joint ventures may also be restricted from paying dividends under the terms of loan agreements to which they are party. Some of the Issuer's subsidiaries and joint ventures in China are required by banks not to pay dividends unless all principal and interest then due have been fully paid off. There can be no assurance that profits of the Issuer's subsidiaries and joint ventures will be distributable.

As a company with global assets and operations, general economic, political and social conditions and government policies in the jurisdictions in which the Group now operates or may in the future operate could affect its business.

The Group's business, financial condition, results of operations and prospects are subject to economic, political and legal developments in the jurisdictions in which it operates and any jurisdiction in which it may in the future operate. There are and will be variations in economic, political, governmental and regulatory structure among the jurisdictions in which it operates. The Group's business, financial condition and results of operations will depend in large part on its ability to adapt to economic, political, governmental and regulatory developments in these jurisdictions, especially as they undergo rapid growth or demographic or other change. The Group's business, earnings and prospects may be materially and adversely affected by a variety of conditions and developments in each of these countries, including:

- changes in inflation, exchange and interest rates, a lack of available credit and general economic conditions including any economic slowdown, in countries in which the Group conducts its business;

- the structure of the economy, such as in China where the economy has been transitioning from a planned economy to a market-oriented economy but where the government still controls a substantial portion of productive assets, continues to play a significant role in regulating industries through industrial policies and exercises significant control over growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies;

- the introduction of economic and monetary policies to control inflation or stimulate growth, change the rate or method of taxation or impose additional restrictions on currency conversions and remittances abroad, such as in China where the government has periodically taken measures to stimulate or slow economic growth to a more manageable level covering aspects of industrial production, bank credit, fixed investment and money supply;

- demographic factors, for instance in Japan which has an ageing and shrinking population or China which has a rapidly growing population requiring rapid economic growth to assure employment and stability;

- governmental policies, laws and regulations, including, without limitation, those relating to foreign investment or classification of industries, and changes to such policies, laws and regulations and their implementation and interpretation, which could prevent, delay, increase the cost of or otherwise adversely affect the Group's ability to invest in, acquire or divest, develop, operate or manage its facilities. For example, in Brazil, the government frequently intervenes in the Brazilian economy and occasionally makes significant changes in policy and regulations. The Brazilian government's actions to control inflation and other policies and regulations have often involved, among other measures, increases in interest rates, changes in tax policies, price controls, currency devaluations, capital controls and limits on imports;

- certain recent changes in China tax law and proposed application and/or interpretation of these laws could increase the Group's China tax liability, and potentially adverse tax consequences from changes to or introduction of tax laws and tax treaties or their interpretation or application, or revocation of tax incentives, including Tokutei Mokuteki Kaisha ("TMK") laws in Japan, which may increase the Group's cost of investment or carrying on of business, or adversely affect the Issuer's ability to receive dividends or other distributions from entities in which it has made investments;

- the risk of changes in tax laws, treaties and regulations more generally, or interpretations of such laws, treaties and regulations, possibly with retroactive effect, which may be materially adverse to the value of an investment;

- the risk of nationalisation and expropriation of assets;

- government policies, laws and regulations which seek to restrict or restrain international trade in an effort to protect domestic business from the effects of foreign competition. For example, Vietnam may be affected adversely by protective trade barriers and economic conditions in the countries with which it trades;

- currency controls and other regulations, which may affect the Issuer's ability to receive distributions or other dividends from the Issuer's subsidiaries or other entities in which it may have any interest, to borrow onshore or offshore where the facility or the relevant subsidiary or entity is located, or to carry out acquisition, divestment and capital expenditure plans;

- any downgrade in credit ratings of a country by any international agencies could have a negative impact on the abilities of the government or the companies of the negatively affected country to raise financing and could have an adverse impact on the liquidity positions of such government and companies which, in turn may adversely impact the Group and its investments;

- difficulties and costs of staffing and managing international operations in certain regions, including differing employment practices and labour issues;

- local businesses and cultural factors that differ from the Group's usual standards and practices;

- defaults on debt obligations by sovereigns or by major institutions or entities, in particular in the real estate industry, and its wider contagion effects on the overall markets;

- commodity price volatility;

- challenges in establishing effective controls and procedures to regulate operations in different regions and to monitor compliance with applicable regulations, such as the Foreign Corrupt Practices Act, the UK Bribery Act and other similar laws;

- the responsibility of complying with multiple and potentially conflicting laws, e.g., with respect to corrupt practices, employment and licensing;

- in certain jurisdictions, the accounting, financial, auditing and other reporting standards, practices and disclosure requirements, and general government supervision of both the securities markets and the investors in such markets may not be equivalent to those in the U.S. and certain European countries;

- certain securities markets may be less liquid and more volatile than larger, more international public markets, and may be susceptible to being influenced by large investors trading significant blocks of securities and retail investors who account for a significantly higher proportion of transactions, subject to higher commissions for trading on stock exchanges, and require investments to be restructured to effectuate a listing or sale into the public markets;

- the impact of regional or country-specific business cycles and economic instability, including instability in, or further withdrawals from, the EU or other international trade alliances or agreements; and

- political and other conditions.

Such conditions and developments, many of which are outside of the Group's control, may have a material adverse effect on its business, financial condition, results of operations and prospects.

The absence of comprehensive and enforceable legal and regulatory systems in certain jurisdictions may prevent the Group from enforcing its rights.

The absence of comprehensive and enforceable legal and regulatory systems in certain countries may adversely affect the Group's investments and prevent the Group from enforcing its rights. In many instances, the provision or acquisition of the Group's investments will involve an ongoing commitment to local agencies and entities, including governmental agencies and the extent to which such local agencies and entities will recognise the contractual and other rights of the parties they deal with might be uncertain. For example, the Group may have difficulty in successfully pursuing claims against an entity with which it transacts business or such entity's directors, executive officers or shareholders compared to investments in other developed countries. Furthermore, to the extent the Group may obtain a judgment but is required to seek its enforcement, there can be no assurance that such courts will enforce such judgment. In certain countries, there may be less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers and issuers than in other more established countries. Moreover, the process of legal and regulatory reform may not be proceeding at the same pace as market developments, which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain cases, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary appreciation or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in certain countries. In addition, it may be relatively more difficult, time consuming and expensive to pursue legal remedies or obtain and/or enforce a judgment in a court in such countries, than may ordinarily be the case in countries with more developed legal systems. Further, situations may arise where legal action is pursued in multiple jurisdictions.

The Group may suffer substantial losses in the event of a natural or man-made disaster, such as an earthquake or other casualty event in the jurisdictions in which it operates.

Natural disasters and severe weather conditions, all of which are beyond the Group's control, may adversely affect the economy and infrastructure of the jurisdictions in which the Group operates and/or result in severe personal injury, property damage and environmental damage, which may curtail the Group's operations and materially adversely affect its cash flows and, accordingly, adversely affect its ability to service debt. In addition, the availability of organised funding for natural emergencies and natural disaster early warning technology may be less developed in certain countries which may exacerbate the effects on an affected investment or the broader local economic market. Some cities where the Group operates are under the threat of flood, earthquake, sandstorm, snowstorm, fire or drought. Past occurrences of such phenomena, for instance the sichuan province earthquake in May 2008, have caused varying degrees of harm to business and the national and local economies.

Japan has also experienced several large earthquakes that have caused extensive property damage. On 11 March 2011, an earthquake measuring 9.0 degrees on the Richter scale occurred in Tohoku district, which adversely affected the Group's operations in Japan. As a result of the earthquake and following an initiative to save electricity by the Japanese government due to the nuclear crisis in Fukushima Prefecture as well as the cessation and further possible cessation of operation of nuclear plants thereby creating concerns over the supply of electricity, there was a period of great uncertainty in the Japanese economy until the problems associated with the earthquake (such as the possibility of aftershocks, further leakage of radioactive materials and initiatives by the Japanese government to conserve electricity) had stabilised or settled.

If any of the Group's properties are damaged by severe weather or any other disaster, accident, catastrophe or other event, the Group's operations may be significantly interrupted, and its business and financial condition adversely affected. The occurrence or continuance of any of these or similar events could increase the costs associated with the Group's operations and reduce its ability to operate its businesses at their intended capacities, thereby reducing revenues and debt serviceability. The occurrence of any of the above stated events could have a material adverse effect on the Group's facilities, the businesses of the Group's customers and the economy in general in the jurisdictions in which the Group operates as well as the global supply chain. This in turn, could have a material adverse effect on the Group's business, financial condition and results of operations and prospects.

Terrorist attacks, other acts of violence or war and adverse political developments may affect the business, results of operations and financial condition of the Group.

Terrorist activities have contributed to substantial and continuing economic volatility and social unrest globally. Any developments stemming from these events or other similar events could cause further volatility. Any significant military or other response by the U.S. and/or its allies or any further terrorist activities could also materially and adversely affect international financial markets and the economies of the jurisdictions in which the Group operates and may adversely affect the operations, revenues and profitability of the Group.

International security issues and adverse developments in respect thereof such as the current political tension between Russia, Ukraine and potentially Western security alliances could materially adversely affect global trade and economic activity. In late February 2022, Russia launched a large-scale military attack on Ukraine. The invasion significantly amplified already existing geopolitical tensions among Russia, Ukraine, Europe, NATO and the West, including the U.S. In response to the military action by Russia, various countries, including the U.S., the UK, and the EU issued broad-ranging economic sanctions against Russia. The ramifications of the hostilities and sanctions, however, are not just limited to Russia and Russian companies, but have spilled over to and negatively impacted other regional and global economic markets, companies in other countries (particularly those that have done or are doing business with Russia) and various sectors, industries and markets for securities and commodities globally, such as oil and natural gas. Accordingly, the actions discussed above and the potential for a wider conflict could increase financial market volatility, cause severe negative effects on regional and global economic markets, industries, and companies.

The ultimate impact of the Russia-Ukraine conflict and its effect on the global economic and commercial activities and conditions, the duration and severity of such impact, are impossible to predict. The Russia-Ukraine conflict may result in significant losses to the Group, including significant reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It may also limit the ability of the Group to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy which the Group intends to pursue, all of which could adversely affect the Group's ability to fulfil its investment objectives.

The consequences of any of these terrorist attacks or armed conflicts are unpredictable, and the Group may not be able to foresee events that could have a material adverse effect on its business, financial condition, results of operations, performance and prospects.

RISKS RELATING TO THE GROUP'S FUND MANAGEMENT BUSINESS

A portion of the Group's revenue and income is derived from its management of GLP J-REIT, GLP C-REIT and several private real estate and private equity funds. The Group's fund management business

would be adversely affected if the performance of GLP J-REIT, GLP C-REIT or private real estate and private equity funds deteriorates.

Information relating to the Group's fund management business as of 31 December 2022 can be found in "Description of the Group – Fund Management".

The Group's fees from the management of GLP J-REIT comprise (i) three types of asset management fees, (ii) acquisition and disposition fees, which are based on the purchase or disposition price of any property purchased or sold by GLP J-REIT, (iii) reimbursement of certain administrative and other costs and (iv) property and facility management fees which are generally based on the net operating income generated by the properties. A decrease in the values of the properties held by GLP J-REIT or the gross revenue and net property incomes of GLP J-REIT would result in a corresponding decrease in such fees. The Group's fees from the management of GLP C-REIT comprise two types of asset management fees including general management service fee and management consultation service fee which are calculated on a fixed and floating basis, respectively. Any condition which might have a material adverse effect on GLP J-REIT's or GLP C-REIT's operating performance and financial condition, or termination of the Group's management services by GLP J-REIT or GLP C-REIT, could materially reduce the Group's revenues derived from managing GLP J-REIT and/or GLP C-REIT as the case may be. See "Description of the Group" for more details on the fees the Group earns for management of REITs.

The Group's fees from the management of the private real estate and private equity funds depends on the particular fund and may include acquisition and development fees, asset management fees and investment management fees. In some cases, the Group is also entitled to earn an incentive fee of a certain percentage of the investment return on the aggregate of contributed capital in excess of a specified net internal rate of return and there is no assurance that this fee will be earned at all. See "Description of the Group" for more details of the private real estate funds.

The Group's existing contracts for the provision of fund management services for GLP J-REIT are for an indefinite period of time unless the Group resigns or is removed as manager and the Group's existing contracts for the provision of fund management services for GLP C-REIT are for a period of 50 years unless otherwise extended or early terminated. The Group may be removed by the trustee of GLP J-REIT or GLP C-REIT, typically in the event of a resolution passed by a majority of the votes cast by unitholders of GLP J-REIT or GLP C-REIT, present and voting, or in the event the Group fails to perform any of its material obligations under the trust deed constituting GLP J-REIT or in the event that, among other things, (i) the Group causes significant losses to GLP C-REIT due to wilful misconduct or gross negligence of the Group or (ii) there is a material adverse effect to the qualification or manpower, for example, of the management team of the Group which causes the Group's failure to perform its duty. The Group's fund management services for the private real estate and private equity funds are generally for the life of such funds, unless the Group resigns or its services are terminated. Some of the Group's private fund agreements specifically provide that the Group's property and fund management services may be terminated generally as a result of its willful default, gross negligence or material violation of the provisions of the applicable agreement. In the event that the Group's services are terminated prior to the expiry of the applicable contract, or the Group is removed as manager in accordance with the terms of the applicable contracts or applicable law, or the Group is unable to renew contracts that have expired, and on terms that are commercially reasonable to us, this would adversely affect the Group's business, financial condition, results of operations and prospects.

Additionally, the Group may grow its fee-based income through the establishment of new private real estate or private equity funds or REITs or through the expansion of the capital base of its existing private real estate and private equity funds and REIT. There can be no assurance that the Group will be successful in raising capital to establish such funds or that the Group is able to compete against other funds, REITs or REIT managers to raise funds and find new investors for new or its existing private real estate or private equity funds or REITs, or that the level of fees that the Group may generate from such new funds or REITs will be comparable to those of its existing private real estate and private equity funds or REITs.

Fund management is subject to significant regulation and supervision by the regulatory authorities in certain jurisdictions, and compliance failures and changes in regulation could adversely affect us.

The fund management industry is subject to significant regulation and supervision by regulatory authorities in certain jurisdictions. For instance, the REIT management industry is subject to extensive regulation and supervision in Japan and the Japanese regulatory authorities have in the past taken actions on a number of occasions, including issuing administrative orders against several J-REITs and their asset managers for corporate governance issues, such as the failure by an asset manager to perform its duties of care or comply with its fiduciary duties owed to J-REITs, as well as failure to take proper appraisal measures when arranging for a J-REIT to purchase properties owned by an asset manager's group company, thus resulting in the properties being acquired by the J-REIT at possibly high prices. The Group's failure to comply with the applicable regulations or the terms or restrictions of any licence, or exemption from licensing, that it currently relies on or may in the future rely on, could result in investigations, sanctions, such as the termination of its licences and exemptions, reputational damage, or the Group being unable to continue to manage GLP J-REIT or private funds. If such an event were to occur, the Group's business, financial condition, results of operations and prospects will be adversely affected.

The PRC regulatory authorities announced a pilot scheme for establishing C-REITs dedicated to the infrastructure sector on 24 April 2020, dubbed as the "real" China REITs to differentiate them from other types of securitization structures previously used in China. The first batch of nine public C-REITs were listed in June 2021, marking the official launch of China's public REIT market, among which five public C-REITs are industrial REITs containing underlying assets such as industrial parks and Grade A warehouse facilities including GLP C-REIT that benefit from the development of strategic emerging industries and consumption upgrades. The pilot scheme of C-REITs is currently focused on infrastructure assets and excludes the creation of REITs using residential and commercial real estate assets, making C-REITs somewhat distinct from that in mature overseas REIT markets. It may be expected that the scope of C-REITs will be expanded to other assets classes in the future in line with the other mature REIT markets if the PRC regulatory authorities deem the pilot scheme is a success and can be encouragingly introduced to facilitate the investment in the infrastructure sector and boost the domestic capital market. It is notable that under the current pilot scheme, C-REITs must be established in the form of a closed-end mutual fund registered with the China Security Regulatory Commission ("CSRC") and are further subject to significant regulation and supervision by China regulatory authorities to determine whether the assets underlying such C-REITs are consistent with major state strategies, macroeconomic adjustment policies, industry policies and fixed asset investment management regulation. Another key feature of C-REITs is the ownership of the underlying assets, whereby a minimum 80% of the underlying assets must be invested in infrastructure asset backed securities. C-REITs must be operated and managed by a fund manager who will be responsible, among other things, for collecting rental and other charges that constitute the cash flows of C-REITs. The fund manager is required to hold a licence issued by the CSRC to conduct public offering business. On 26 January 2022, the PRC regulatory authorities promulgated the first C-REITs pilot tax policy that grants certain tax benefits with retroactive effect as from 1 January 2021, pursuant to which (i) where infrastructure assets are contributed by an original owner in exchange for equity interest of a project company, the original tax base of the assets is used in determining the tax base of the assets contributed to and owned by the project company and the tax base of the equity interest of the project company acquired by the original owner. As such, no enterprise income is recognised, and no enterprise income tax is levied. This applies prior to the establishment stage of an infrastructure C-REIT, and (ii) where an original owner transfers the equity held by original owner in the project company to an infrastructure C-REIT in exchange for units in the C-REIT in the establishment stage and realises a capital gain, the enterprise income tax due on the capital gain may be deferred. The deferral is allowed until the C-REIT fundraising is complete and payment is made for the equity transfer from the original owner to the C-REIT.

The Group's failure to comply with the applicable regulations or the terms or restrictions of any licence, or exemption from licensing, that it currently relies on or may in the future rely on, could result in investigations, sanctions, such as the termination of its licenses and exemptions, reputational damage, or the Group being unable to continue to manage GLP C-REIT. If such an event were to occur, the Group's business, financial condition, results of operations and prospects will be adversely affected.

The Group may also be adversely affected if new or revised legislation or regulations are enacted, or if there are changes in the interpretation or enforcement of existing rules and regulations that apply to the Group. Such events could increase the Group's costs of doing business, require the Group to restructure the way in which it carries on its business, or render the Group unable to continue all or part of its business, which in turn could adversely affect the Group's business, financial condition, results of operations and prospects.

The Group may experience intermediary risks in connection with its fund management business.

It is possible that certain of the Group's fund management transactions may be undertaken through local brokers, banks or other organisations, and the Group would be subject to the risk of default, insolvency or fraud of such organisations. There can be no assurance that any money advanced to such organisations will be repaid or that the Group would have any recourse in the event of default. The collection, transfer and deposit of bearer securities and cash expose the Group to a variety of risks including theft, loss and destruction. The Group will also be dependent upon the general soundness of banking systems and other infrastructure.

Actual or perceived underperformance of funds that are managed by the Group could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group, under the GCP brand, partners with leading institutional investors around the world including some of the world's largest sovereign wealth funds, pension funds and property and insurance companies with the objective of delivering sustainable risk-adjusted returns in respect of its managed funds. As a result, an important factor in the Group's ability to maintain and grow its investor base is the investment performance of the funds that it manages. Any sustained period of actual or perceived underperformance of funds managed by the Group, whether relative to peer, investor expectations, benchmarks or internal targets, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Investment underperformance relative to competitors, investor expectations or relevant benchmarks would also make it more difficult for the Group to attract new investors and could damage the Group's reputation, which have in part been built around its investment performance generally. Any sustained period of underperformance by the Group across a range of its managed funds could have a material adverse effect on its business, results of operations, financial condition and prospects.

Breaches by the Group of investment mandates in respect of its funds could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is generally required to invest in accordance with specific investment mandates or objectives established for the particular fund. If investments are made or managed in breach of an investment mandate, the Group could be required to unwind the relevant transactions, could suffer reputational and brand damage and likely would be liable for any losses suffered by an affected party in doing so. Such losses could be significant and exceed amounts recoverable under the Group's insurance policies, if any. The potential reputational and brand damage and the obligation to compensate for such losses could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Risk management policies and procedures may leave the Group exposed to unidentified or unanticipated risk, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Management of risk requires, among other things, policies and procedures to identify, quantify, manage and mitigate risks and to anticipate emerging risks. Some risk exposures are quantified using mathematical models which are calibrated using a combination of historical data and expert judgement. As a result, these methods may not fully predict future exposures, which can be significantly greater than historical measures indicate, particularly in unusual markets and environments. Other risk management methods depend upon the evaluation of information regarding markets, customers, catastrophe occurrence or other matters, that is, or will be, accessible to the Group. This information may not always be accurate, complete, up to date or properly evaluated. Although the Group makes use of forward-looking risk indicators and other risk management tools where appropriate, it is not possible for these indicators to precisely predict future outcomes which may result in the Group being exposed to unforeseen financial impacts or reputational damage.

A failure to identify and address conflicts of interest appropriately could adversely affect the Group's business.

As the Group, under the GCP brand, expands the scope of its fund management business and its investor base, it is critical for the Group to be able to address potential conflicts of interest, including situations where two or more interests within its business legitimately exist but are in competition or conflict. The Group has extensive internal control and risk management procedures that are designed to identify and address conflicts of interest. However, appropriately identifying and dealing with potential conflicts of interest is complex and difficult. The Group's failure to manage conflicts of interest could harm its reputation and erode investor confidence. In addition, potential or perceived conflicts of interest may also give rise to litigation or regulatory actions. Any of the foregoing could adversely affect the Group's business, financial condition, results of operations and prospects.

RISKS RELATING TO THE GROUP'S OPERATIONS IN CHINA

China has experienced a slowdown in its economic development and the future performance of China's economy is uncertain.

The economy of the PRC experienced rapid growth in the past 40 years. There has been a slowdown in the growth of the PRC's GDP since the second half of 2013 and this has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. According to the National Statistics Bureau of the PRC, the annual growth rate of China's GDP in 2019 decreased slightly to 6.0 per cent. on a year-on-year basis compared to 6.7 per cent. in 2018, and it further decreased to 2.2 per cent. in 2020 on a year-on-year basis. Although the PRC recorded a GDP annual growth rate of 8.4 per cent. in 2021, it then fell to 3.0 per cent. in 2022 on a year-on-year basis. There can be no assurance that the level of economic growth rate will continue to grow at the same rate as in the past, or at all. Any future slowdown may create a credit tightening environment, increase the Group's financing costs, negatively affect the government's fiscal income and investment in fixed assets or reduce governmental subsidies to the Group.

The future performance of China's economy is not only affected by the economic and monetary policies of the PRC Government, but it is also exposed to material changes in global economic and political environments as well as the performance of certain major developed economies in the world, such as the U.S. and the EU. For example, the China-U.S. tensions and the ongoing conflict between Russia and Ukraine have brought uncertainty to the economic conditions of the world, including but not limited to further decreases in global stock exchange indices, increased foreign exchange volatility (in particular a further weakening of the pound sterling and euro against other leading currencies) and a possible economic recession involving more countries and areas. Therefore, there exists continued uncertainty for the overall prospects for the global and the PRC economies.

Changes in the economic, political and social conditions in the PRC and government policies adopted by the PRC Government could affect the Group's business and prospects.

The economy of the PRC differs from the economies of most developed countries in many respects, including, with respect to government involvement, level of development, economic growth rate, control of foreign exchange and allocation of resources. The economy of the PRC has been transitioning from a planned economy to a more market-oriented economy. In recent years, the PRC Government has implemented a series of measures emphasizing market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises.

However, a large portion of productive assets in the PRC remain owned by the PRC Government. The PRC Government continues to play a significant role in regulating industrial development, the allocation of resources, production, pricing and management, and there can be no assurance that the PRC Government will continue to pursue the economic reforms or that any such reforms will not have an adverse effect on the Group's business.

The Group's operations and financial results could also be affected by changes in political, economic and social conditions or the relevant policies of the PRC Government, such as changes in laws and regulations (or the interpretation thereof). In addition, the growth of development in the economic and technology development zones and infrastructure construction demand in the PRC depends heavily on economic growth. If the PRC's economic growth slows down or if the economy of the PRC experiences a recession, the growth of development in Chinese economic and technology development zones and infrastructure construction demand may also slow down, and the Group's business prospects may be materially and adversely affected. The Group's operations and financial results, as well as its ability to satisfy its obligations under the Bonds, could also be materially and adversely affected by changes to or introduction of measures to control changes in the rate or method of taxation and the imposition of additional restrictions on currency conversion.

Uncertainty with respect to the PRC legal system could affect the Group.

The PRC legal system is a civil law system based on written statutes. Unlike the common law system, past court judgments in the PRC have limited precedential value and may be cited only for reference. Furthermore, PRC written statutes often require detailed interpretations by courts and enforcement bodies for their application and enforcement. Since 1979, the PRC Government has been committed to developing and refining its legal system and has achieved significant progress in the development of its laws and regulations governing business and commercial matters, such as in foreign investment, company organization and management, commercial transactions, tax and trade. However, China has not developed a fully integrated legal system and the recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in the PRC. In particular, as these laws and regulations are still evolving, in view of how the PRC's financial industry is still developing, and because of the limited number and non-binding nature of published cases, there exist uncertainties about their interpretation and enforcement, and such uncertainties may have a negative impact on the Group's business.

In addition, the PRC legal system is based, in part, on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, the Group may not be aware of the Group's violation of these policies and rules until sometime after the violation. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management's attention.

Furthermore, the administration of PRC laws and regulations may be subject to a certain degree of discretion by the executive authorities. This has resulted in the outcome of dispute resolutions not being as consistent or predictable compared to other more developed jurisdictions. In addition, it may be difficult to obtain a swift and equitable enforcement of laws in the PRC, or the enforcement of judgments by a court of another jurisdiction. These uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protections and remedies that are available to the Group in its operations and to Bondholders.

For example, on 5 January 2023, the NDRC issued the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法 (國家發展和改革委 員會令第 56 號)) ("NDRC Administrative Measures"), which came into effect on 10 February 2023. On 9 February 2023, the NDRC published the frequently asked questions on the NDRC Administrative Measures and its responses (the "FAQs"), which provided further clarifications on the practical implications of certain provisions in the NDRC Administrative Measures. The NDRC Administrative Measures is a relatively new regulation, and uncertainties remain regarding its interpretation, implementation and enforcement by the NDRC and, in particular, there is a risk that the NDRC could in the future amend the rules relating to the NDRC Administrative Measures or the interpretation thereof (including with retroactive effect), such that debt instruments similar to the Bonds will be subject to the registration and other requirements under the NDRC Administrative Measures. As a result of these uncertainties with respect to the PRC legal system, lack of uniform interpretation and effective enforcement, the Group may be subject to uncertainties in its operations. These uncertainties can also affect the legal remedies and protections available to investors, and can adversely affect the value of their investment.

The PRC Government may require the Group to forfeit its land use rights or penalise the Group if it were to fail to comply with the terms of land grant contracts.

Under PRC laws and regulations, if a property owner fails to develop land according to the terms of the land grant contract (including those relating to payment of fees, designated use of land and time for commencement and completion of the development of the land), or to obtain the relevant governmental approval to extend the development period, the relevant government authorities may issue a warning to, or impose a penalty on, the property owner or in the worst case scenario require the property owner to forfeit the land.

Specifically, according to the Rules on Treatment of Idle Lands (闲置土地处置办法) effective as at 1 July 2012, where land remains undeveloped for at least one year but less than two years, the idle land fee shall be 20.0 per cent. Of the land premium; where land remains undeveloped for two years or more, the idle land would be forfeited to the PRC Government without compensation unless the delay in development was caused by government action or force majeure. In addition, a holder of land use rights cannot count the idle land fee into its production costs. Under the Rules on Treatment of Idle Lands, (闲置土地处置办法), "idle lands" refer to state-owned construction lands (i) for which development has failed to commence for at least one year from the commencement date stipulated in the land grant contract or (ii) for which development has commenced but the developed land accounts for less than one-third of the total land obligated for development or the invested amount accounts for less than 25.0 per cent. of the total investment amount, and the development has been suspended for at least one year. According to the foregoing rules, "commencement of development" means, subject to the issuance of the construction permit, the completion of the excavation of foundation for projects requiring a foundation pit, or the driving of all piles for projects using pile foundation, or the completion of one-third of the foundation for other projects.

There is no assurance that the Issuer's PRC subsidiaries and joint ventures will commence and/ or complete a development within the time limits prescribed in the relevant land grant contracts due to changes of circumstances. In addition, the land held by PRC subsidiaries or joint ventures acquired by the Group might have de facto become idle before the Group's acquisition. There can also be no assurance that the government will not impose the "idle" land fee and/or forfeit the land in respect of which the Group did not begin timely construction. If the relevant government authorities impose the "idle" land fee and/or forfeit the land, it may have an adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may fail to satisfy certain requirements on the development of land or to extend the tenure of land after expiry.

In addition to time limits on the development of land, the land grant contracts may also contain, or local governmental agencies may impose, certain other requirements on the developments or the results of developments. Those requirements include, among other things, amount of total investment to be made, investment density to be achieved, the tax contributions or annual turnovers by the Issuer's relevant PRC subsidiaries and joint ventures to be achieved after the completion of developments. Failure to satisfy such requirements may result in penalties or increase on the land grant premium which in turn could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

The Issuer's PRC subsidiaries own properties located across China. In China, land use rights are granted by the government with a limited term, the maximum term of land use rights is 50 years for industrial, warehousing or mixed use and 40 years for commercial use. It remains uncertain as to what may happen when such land use rights expire. The Issuer's PRC subsidiaries in China may be required to make substantial payments to renew the land use rights or be unable to renew the land use rights. Further, under the laws and regulations of China, there are certain circumstances under which the Chinese government is empowered to acquire properties located in China, for instance due to public interests. In the event of any compulsory acquisition of property in China, the amount of compensation to be awarded includes, among others, compensation for the value of the property, which is based on the open market value of such property and assessed on the basis prescribed in the relevant rules. It is also provided under relevant PRC regulations and rules that the compensation shall be made before the compulsory acquisition of the property is carried out. In the event that an extension to the land use right tenure balance is sought and obtained (and there can be no assurance that such extension will be obtained), there is uncertainty about the quantum of land grant premium which the Issuer's PRC subsidiaries will have to pay and the additional conditions which may be imposed. If the application for extension is rejected by the relevant PRC governmental authorities, or the level of compensation for any compulsory acquisition of property located in China is less than the price which the Issuer's PRC subsidiaries paid for such property and/or market value of such property at the relevant time, or if an application for extension of land tenure is granted on terms which are not commercially accepted by the Issuer's PRC subsidiaries, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may not always be able to acquire land reserves that are suitable for development.

The Group derives the majority of its revenue in China from the leasing of the logistics and warehousing facilities that it has developed. This revenue stream depends on the completion of, and its ability to lease, its developments. To have a steady stream of developed facilities available for lease and a continuous growth in the long term, the Group needs to continuously replenish and increase its land reserves that are suitable for development and at a commercially acceptable cost. The Group's ability to identify and acquire suitable development sites is subject to a number of factors, some of which are beyond its control and there can be no assurance that it can identify and undertake suitable future land development projects.

The PRC Government controls the supply of land in China and regulates the transfer of land use rights in the secondary market. As a result, the policies of the PRC Government have a direct impact on the Group's ability to acquire the land use rights it seeks and could increase its costs of acquisition. Furthermore, most of the Group's land use rights in China are for a fixed duration of time. There can be no assurance that the Group will be able to renew its land use rights at commercially acceptable terms, or at all. In recent years, the PRC central and local governments have also implemented various measures to regulate the means by which companies obtain land for development and the manner in which land may be developed. The PRC Government also controls land supply through zoning, land usage regulations and other measures, which further intensify the competition for land in China among companies. If the Group fails to acquire sufficient land reserves suitable for development in a timely manner and at acceptable prices or at all, its prospects, competitive position, business strategies, growth potential and performance may be materially and adversely affected.

The Issuer may fail to contribute to the registered capital of its PRC subsidiaries or joint ventures or experience material delays in contributing to the registered capital of its subsidiaries and there is currently no clear applicable PRC law or regulation on governmental penalties in connection with the failure of making such capital contribution.

As at the date of this document, except for companies in certain industries which are subject to special requirements in respect of paid-in capital, there is no clear applicable PRC law or regulation on statutory restrictions in terms of minimum amount and time limits for capital contribution, or on governmental penalties in connection with failure to make capital contribution pursuant to joint venture contracts and/or articles of association for companies outside certain specially-regulated industries. However, it is possible that local government authorities may still request some of the Issuer's PRC subsidiaries to specify time limits under their articles of associations and/or any other written documents and in the event of any such restrictions on capital contributions, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The PRC Government may redesignate the usage of land that has been granted to the Group.

The Group is subject to the Urban and Rural Planning Law of China, pursuant to which relevant local governments may, from time to time, redesignate the usage of certain land for local planning and development purposes. When a government re-zones land that has been granted to the Group, it may be required to exchange its original land use right for the land use right of another parcel of land or accept a refund from the local government for the land premium that it paid for the original land use right, thereby affecting the Group's original development plans. There can be no assurance that relevant local governments will not change the zoning of certain land that the Group has already acquired, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The actual or intended usage of some land or properties may not be in full compliance with legal zoning or usage requirements.

Part of the land held by some of the Issuer's PRC subsidiaries and joint ventures for developing the logistic facilities are zoned for "industrial use" or other usages rather than "logistic use", and part of the properties owned by some of the Issuer's PRC subsidiaries and joint ventures, although categorised as "factory building" or "others" rather than "warehouse", are actually used by the relevant subsidiaries and joint ventures or by the tenants for logistics and warehousing purposes. Such intended development or actual use may be found by the government to be incompatible with the zoning or other legal designation. The value of land zoned or permitted for use as a warehouse or logistics and warehousing facility may in some cases be greater than land that is designated for general manufacturing, agricultural, residential or other forms of use. As such, loss of such designation may have an immediate economic impact on the value of such property. Moreover, fines or other penalties may be imposed on the relevant subsidiaries and joint ventures, including administrative actions taken by relevant government departments to prevent continued non-conforming uses.

The Group may fail to obtain, or experience material delays in obtaining, requisite governmental approvals, licenses and filings.

To establish a logistics and warehousing facility, data centre, technology park or hi-tech manufacturing park in China, the Issuer's PRC subsidiaries and joint ventures must go through various PRC governmental approval and filing processes and obtain the requisite approvals and licenses for its investment in such facility and related business operations. To construct a logistics and warehousing facility, data centre, technology park or hi-tech manufacturing park, the Issuer's relevant PRC subsidiaries and joint ventures must obtain permits, licenses, certificates and other approvals from the relevant administrative authorities at various stages of land acquisition and construction, including land use rights certificates, construction land planning permits, construction works planning permits, construction works commencement permits and filing forms of completion inspection. Each approval is dependent on the satisfaction of a set of conditions. In addition to the foregoing governmental requirements in relation to construction, PRC law requires specific permits and licenses in connection with the operation of a data centre e.g., operation license for value-added telecommunication business, which is implemented by a variable interest entity ("VIE") structure. In such circumstance, instead of directly owning the equity interests of the Chinese company (being the VIE), the VIE is wholly owned, directly or indirectly, by one or more Chinese persons acceptable or nominated by the relevant Issuer's PRC subsidiaries, and the relevant PRC subsidiaries company enters into service and other contracts with such VIE that provides the relevant PRC subsidiaries company with control over, and economic exposure to, the VIE. The requisite licenses for the operation of data centres will be held by the VIE, instead of the Issuer's PRC subsidiaries. The operation of technology parks or hi-tech manufacturing parks may be outsourced to a third party who possesses the requisite expertise, experience and regulatory permits and licenses that may be specifically required for operation of such technology parks or hi-tech manufacturing parks.

VIE structures have been historically commonly used in China in order for relevant companies to access foreign capital, by indirectly replicating the foreign investment in such Chinese-based companies where, for example, Chinese law prohibits or restricts direct foreign investments in the relevant operating companies. If the PRC regulatory authorities deem such VIE structures to not comply with relevant restrictions on foreign investment, it could affect the enforceability of VIEs generally in China, including the contractual arrangements between our PRC subsidiaries and the Chinese persons that own the equity in the relevant VIEs, and this could result in a decline in the value or performance of our investments in China. Consequently, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, the Group did not obtain the relevant required approvals and permits during the construction of certain of its projects in the past and there can be no assurance that the Group will not encounter significant problems in satisfying the conditions to the approvals necessary for the development of its logistics and warehousing facilities, data centres, technology parks, or hi-tech manufacturing parks, or that the Group will be able to adapt itself to new laws, regulations or policies, or the particular processes related to the granting of the approvals. There may also be delays on the part of the administrative bodies in reviewing the Group's applications and granting approvals. If the Group were to fail to obtain, or experience material delays in obtaining, the requisite governmental approvals, licenses and filings or fail to identify and engage the appropriate third party with requisite expertise, experience and regulatory permits and licenses to the extent legally required, the Issuer's investment in its PRC subsidiaries and joint ventures and the schedule of development and commencement of the Group's leasing and business operations could be substantially disrupted, resulting in a material adverse effect on the Group's business, financial condition and results of operations.

The Group may not obtain all the building ownership certificates or real estate ownership certificates, as the case may be, for certain of its facilities in time prior to the leasing out of such facilities.

The Group is required to obtain building ownership certificates or real estate ownership certificates, as the case may be, for its facilities in China. In the ordinary course of its business, the Group may from time to time execute a pre-lease agreement with its clients in respect of certain of its facilities in advance prior to obtaining the relevant building ownership certificates of such facilities. The Group did not manage to obtain the building ownership certificate for some of its projects in the past and there can be no assurance that the Group will always be able to obtain the building ownership certificate or the real estate ownership certificate, as the case may be, prior to the commencement date of the lease as specified in those pre-lease agreements. The Group's ability to lease, operate or otherwise dispose of the facilities without building ownership certificates may be impeded or the Group could face inconveniences in connection with its ability to protect or realise the commercial value of the affected properties which could in turn have an adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may face penalties for the non-registration of its lease agreements with customers in China.

Non-registration does not affect the Group's rights or entitlements to lease out the facilities to customers, or the legality and effectiveness of the lease agreements between the parties to the agreements. However, pursuant to the requirements of the PRC Administrative Measures of Commodity Property Leases and relevant local rules, the Group may be subject to penalties for the non-registration of lease agreements imposed by the local authorities and/or requests by the local authorities to complete the registration formalities. The Group intends to register lease agreements to the extent practicable. Nevertheless, there can be no assurance that the Group would not be subject to such penalties and/or requests for undertaking the registration formalities in the future, any of which could increase its costs.

The logistics and warehousing facility industry in China is susceptible to the industrial policies, macro-economic policies and austerity measures of the PRC Government.

The PRC Government has exercised and continues to exercise significant influence over China's economy. From time to time, the PRC Government adjusts its monetary and economic policies to prevent and curtail the overheating of the national and provincial economies, which may affect the markets in which the Group operates. Any action by the PRC Government concerning the economy or the logistics industry in particular could have a material adverse effect on the business, financial condition and results of operations of the Group. China's economy may also be more susceptible to slowdowns or downturns as a result of uncertainties related to the recent trade war and rising tensions between the United States and China. If bilateral trade between the two largest economies in the world shrinks as a result of tariffs, sanctions and similar measures, the Group's business may be adversely impacted. Should tensions persist over a long period of time, the logistics and warehousing facility industry in China may even suffer severe loss of income and encounter operational difficulties, thereby negatively impacting the Group's business, financial condition and results of operations.

The People's Bank of China ("PBOC") has adjusted the deposit reserve ratio for commercial banks several times commencing from 1 January 2008. The deposit reserve refers to the amount of funds that banks must hold in reserve against deposits made by their customers. The increase of the deposit reserve ratio may negatively impact the amount of funds available to be lent to business, including the Group, by commercial banks in the PRC. The central and local authorities in the PRC may continuously adjust interest rates and other economic policies or impose other regulations or restrictions which may adversely affect the business, financial condition and results of operations of the Group.

The Group is also subject to the industrial policies implemented by the PRC Government. In August 2011, the State Council issued the *Opinions of the General Office of the State Council on the Policies and Measures for Promoting the Healthy Development of the Logistics Industry (Guo Ban Fa [2011] No. 38)* aimed at promoting the development of the logistics industry through a series of measures, including tax reduction for logistics enterprises and greater support in land-related policies for the logistics industry. In September 2014, the State Council further published the *Medium- and Long-term Development Plan for the Logistics Industry (2014-2020) (Guo Fa [2014] No. 42)* which emphasised that the logistics industry as a whole is fundamental and of strategic importance for the development of the PRC economy and provided guidelines for the warehousing industry to speed up the construction of modern stereoscopic warehouses, logistics distribution centres for resources products and warehousing facilities for vital commodities, as well as to improve the planning of modern distribution centres around large and medium-sized cities and manufacturing bases. While the intensive launch of new policies to promote the logistics and warehousing industry may provide opportunities for the Group, this could also entail new challenges to the business and operations of the Group. In addition, there is no assurance that the industrial policies of China may not be further adjusted in the future and in turn adversely affect the Group's business, results of operations and financial condition.

RISKS RELATING TO THE GROUP'S OPERATIONS IN JAPAN

The expert appraisals and reports upon which the Group relies are subject to significant uncertainties.

The Group may obtain appraisals as well as engineering, environmental and seismic reports to help it assess whether to acquire new logistics and warehousing facilities, and how to operate logistics and warehousing facilities it already owns. However, these reports cannot give a precise assessment of the past, present or future value or engineering, environmental or seismic conditions of the relevant logistics and warehousing facilities. Furthermore, the appraisers and other experts use a variety of different review methodologies or different sets of assumptions, which could affect the results of such appraisals, reports and the conclusions that the appraisers, other experts and the Group can draw from them. Thus, different experts reviewing the same logistics and warehousing facility could reach significantly different conclusions.

Although the engineering, environmental and seismic reports the Group has obtained for its logistics and warehousing facilities have not revealed any material risks or liabilities, because such risks are often hidden or difficult to evaluate, the reports the Group has obtained may not be an accurate reflection of such risks. If the Group were to discover any significant, unidentified engineering, environmental or seismic liabilities, the value of the affected logistics and warehousing facility could fall, it may be required to incur additional costs and discharge of the liability could be time consuming.

In addition, architectural plans for buildings in Japan must be reviewed for compliance with building codes (including earthquake resistance standards) by either (i) a licensed third-party engineering or architectural firm, or (ii) the local government. The level of complexity of structural calculations makes it very difficult to retroactively audit the work of firms or local governments that performed such calculations when a building was originally designed and built. Any retroactive calculations must be based on original plans and volumes of supporting data, which may no longer exist, and can take months to complete and result in significant costs. Consequently, the Group intends to review properties for compliance with building codes, but the Group does not plan to have third parties verify that seismic risk calculations with respect to buildings the Group intends to acquire are, in fact, correct. Moreover, because the support structures of existing buildings can be hidden and impossible to verify directly, fraud or mistakes in the construction or inspection phases may be impossible to subsequently detect. As a result, the Group's properties may subsequently be discovered to have been built in violation of earthquake resistance standards or other building codes. If any of the Group's logistics facilities are non-compliant, they may collapse in even a minor earthquake, or the Group may be forced to spend large sums of money and dedicate significant management and other resources to strengthening, improving or deconstructing any such buildings.

Furthermore, in accordance with customary practice in Japan, the Group discloses certain information relating to a logistics and warehousing facility's PML based on reports it receives from third parties. PML percentages are based on numerous assumptions. The Group is not an expert in assessing earthquake risk, and cannot independently verify the PML percentages provided to it, and the uncertainties inherent in such reports limit the value of them to the Group. An earthquake could severely damage or otherwise adversely offset the Group's logistics and warehousing facilities and if its customers were to suffer significant uninsured losses due to earthquake damage to one or more of the Group's facilities, it could reduce their demand for the Group's facilities and therefore have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Several of the Group's facilities in Japan are in port areas, and are subject to regulation by the Port Labour Law.

Several of the Group's facilities in Japan are located in port areas as defined by the Port Labour Law, and are therefore subject to regulation by the Port Labour Law and other related laws and regulations, and are also affected by certain business practices. For example, employers face constraints on the workers they may hire to work in affected facilities, and as a result, the Group's customers' labour and other operational costs for affected facilities may be higher than for unaffected facilities. There can be no assurance that such port area regulations will not affect the businesses of the Group's customers, which could consequently have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's future logistics and warehousing facilities in Japan may violate the Construction Standards Law and related laws and regulations.

The Construction Standards Law and related laws and regulations (collectively, "Construction Standards Laws") establish the building codes for building properties in Japan. The Group's future logistics and warehousing facilities in Japan may not be in compliance with the Construction Standards Laws. In order to increase the GFA, Japanese customers occasionally retrofit a mezzanine level into the logistics and warehousing facility, as a result of which the relevant facility may exceed maximum GFA limits imposed by the Construction Standards Laws. In addition, some customers or previous owners of facilities may install or may have installed other ancillary structures such as office space, corridors between facilities or sheds in properties in order to meet their specific business needs. In case of non-compliance with Construction Standards Laws, the relevant administrative agency would normally take preliminary actions first to assess the property in question and, if the violation is not cured, may issue a written announcement to set forth the actions that the owner of the property needs to take. If the violation remains uncured, the relevant administrative agency may then issue a corrective order for the owner of the property to take corrective action, including removal of the illegal structures. Although the timing of issuance of corrective orders and their content, as well as the decision as to whether such corrective orders should be issued in the first place, are determined by the relevant administrative agency at its discretion, the relevant administrative agency normally opts for the most feasible solution, and a corrective action to require the property owner to demolish the entire property in question without a justifiable reason is seen as an abuse of discretionary power by the authorities and such order is likely to be void. The Group intends to rectify any future properties that do not comply with Construction Standards Laws as soon as practicable (although rectification may be difficult when the customer occupies the relevant property).

There can be no assurance that the government will not order the Group to remove such additional structures or take more severe regulatory action should the Group acquire any facilities not in compliance with the Construction Standards Laws. If any of these events were to occur, it may increase costs, as well as result in a loss of utility space for the Group's customers, which could have an adverse effect on its business, financial condition, results of operations and prospects.

The Group may acquire properties located on reserved and provisionally allocated land designated under the Land Readjustment Act of Japan.

The Land Readjustment Act of Japan, allows the relevant authorities to modify the location and boundaries of small roads, non-linear roads and irregularly shaped plots of land that are difficult to use efficiently, as well as to modify the location and boundaries of any land for town planning purposes, in some cases by restructuring the ownership of land. This process, in some cases, involves the provisional allocation of land, designating such land as "reserved" or "provisionally allocated". The Group may acquire properties located on reserved and provisionally allocated land in the future. As the actual allocation of such land is not certain until the issuance of the final order, there is no guarantee that the Group will be able to acquire the same land that the Group planned to acquire prior to the issuance of a final order. Further, as ownership interests in respect of reserved land may only be acquired after the issuance of the public notice of such final order, the Group may not acquire the ownership interests in reserved land until the final allocation is made. Moreover, as ownership interests in respect of reserved land may only be registered after the issuance of the public notice of such final order, the Group's rights to reserved land will not be perfected against third parties until the final allocation is made. If one or more of the Group's facilities in Japan were to have such imperfect title, it could have a material adverse effect on its business, financial condition, results of operations and prospects.

Additionally, such allocated land may be affected by pre-existing rights and restrictions that the Group was not aware of at the time of the acquisition. The Land Readjustment Act also allows the relevant authorities to restrict a resale or other disposition of allocated land for a certain period of time in some cases, which may increase the illiquidity of the Group's properties and in turn would have material effect on the Group's business, financial condition, results of operations and prospects. See also "Risk Factors – Risks Relating to the Group's Business and Operations – The illiquidity of property investments could limit the Group's ability to respond to adverse changes in the performance of its properties".

The Group may be adversely affected by properties that are co-owned with third parties in the form of a property co-ownership interest.

The Group may acquire partial interests in properties that are co-owned with third parties in the form of a property co-ownership interest. Under Japanese law, a co-owner of a property has the right to sell its interest in the property without the consent of the other co-owner, unless there is an agreement between the co-owners that requires such consent or grants a right of first refusal. In general, a co-owner has the right to demand that such property be partitioned. Although the exercise of such right of partition may be prohibited by contract, such contractual prohibitions are only valid for a period of five years. If a co-owner of one of the Group's properties becomes subject to bankruptcy proceedings, corporate reorganisation or civil rehabilitation proceedings, the trustees in the proceedings of such co-owner may have the right to demand that such property be partitioned. Although the other co-owners of the property may, if so agreed, have a right of first refusal to purchase the ownership interests of defaulting or selling co-owner, the Group may not be able to exercise such rights on favourable terms. In addition, a sale of a property co-ownership interest by the Group under such circumstances may result in liquidation proceeds that are less than the appraisal value of the property or interests being sold, which would have an adverse effect on the Group's financial condition.

A co-owner of a property may also mortgage its interest in the property. However, such mortgage becomes applicable to the entire property when the co-owned property is partitioned. Accordingly, each of the co-owners in such case would be subject to such mortgage in proportion to its ownership interest. There is a risk that the Group's interest in a property that was formerly owned through a property co-ownership interest and owned by the Group independently following a partition may be subject to a mortgage that was placed on it by another co-owner. Any such properties may bring adverse effect on the Group's business, financial condition and results of operations.

The Japanese real property registration system may not accurately reflect the ownership of the real property-related title or right.

Japan has a system of registering the ownership of real property (which includes land and buildings) as well as certain other real property-related rights, such as security rights over real property and easements, pursuant to which an unregistered owner of real property or an unregistered holder of certain other rights cannot assert its title or such rights against a third party. However, the real property register does not necessarily reflect the true owner of the real property-related title or right. In practice, parties who plan to enter into a real property transaction usually rely upon the register, as it is generally the best indication of the true owner of the real property-related title or right. However, a party has no recourse to anyone but the seller if, relying on the register, it purchases the property or a related right from a seller and the information contained in the register turns out to be incorrect. The purchaser may claim for damages against the seller pursuant to statutory warranties or contractual warranties, but, in general, cannot acquire the ownership of or title to the real property. Imperfect title to one or more of the Group's facilities in Japan could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group may acquire properties which entail risk of liabilities associated with reclaimed land.

The Group may acquire properties and these have the risks associated with reclaimed land. Such liabilities include (i) contamination caused by pollutants in the soil and filling used to create reclaimed land; (ii) flooding due to the high exposure of reclaimed land to tidal surges, typhoons, rising sea levels and other natural disasters; (iii) land subsidence; and (iv) soil liquefaction and increased risk of damage in the event of an earthquake. Damage to the Group's properties due to any such liabilities would adversely affect the Group's performance.

Environmental liabilities discovered on the Group's properties may have a material adverse effect on the Group's business, financial condition or results of operations.

Under the Soil Contamination Countermeasures Act of Japan, a current owner of real property may be held strictly liable for the removal or remediation of hazardous or toxic substances, such as lead, arsenic and trichloroethylene, on or under the surface of such property, whether or not the current owner knew of or was responsible for the presence of such hazardous or toxic substances. The Group may be held liable under the Soil Contamination Countermeasures Act of Japan and may also be held liable under other laws regarding the presence of asbestos or polychlorinated biphenyls ("PCBs") at any of its properties. In addition, the presence of hazardous or toxic substances, or a failure by the Group to properly remediate such substances, may have a material adverse effect on the Group's ability to lease or sell an affected property or borrow funds using such property as collateral. If any environmental liabilities are discovered at the Group's properties, the value of its properties could decrease, and the Group may be required to remediate the underlying hazard and discharge the related environmental liabilities at a substantial cost. As a result, there may be a material adverse effect on the Group's business, financial condition or results of operations.

In addition, the presence of contamination or the failure to remediate contamination at the Group's properties may expose the Group to third-party liability for costs of remediation and personal or property damage. See also "Risk Factors – Risks Relating to the Group's Operations in Japan – The Group may be adversely affected by any liability which results from unforeseen loss, damage or injury suffered by a third party at its properties as a result of any defect in the properties".

Climate change regulation could increase the Group's capital and operating expenses.

The national and various local governments in Japan have adopted (and may adopt further) regulations intended to limit activities they deem to contribute to global warming. For example, in April 2010, the Tokyo Metropolitan Government amended the Tokyo Metropolitan Ordinance on Environmental Preservation to impose on owners of large properties an obligation to decrease carbon dioxide emissions. Property owners that are subject to these carbon emission regulations may be required to undertake renovations and improvements of buildings in compliance with applicable carbon emission standards or to purchase emission rights to compensate for carbon emission released from their properties. The Group's capital and operating expenses could increase in the future by, for example, the imposition of stricter energy efficiency standards for buildings or the cost of environmentally-friendly building materials. The Group's customers' businesses are heavily reliant on trucks to transport their goods. Increased regulation, such as municipal restrictions on vehicular emissions of nitrogen oxide and particulate matters, could increase its customers' costs and consequently reduce demand for the Group's facilities.

The Group may be adversely affected by any liability which results from unforeseen loss, damage or injury suffered by a third party at its properties as a result of any defect in the properties.

Under Japanese law, the owner of a property is strictly liable to any third party occupier of a property who suffers a loss, damage or injury due to such property as long as the injured party exercised due care to prevent such loss, damage or injury. The Group's business may be adversely affected by any such liability unless it is adequately covered by the Group's insurance. Although the Group intends to carry insurance with policy specifications and insured limits that the Group believes are adequate and appropriate for its properties, liability for third-party loss, damage or injury may exceed the insured limits and/or an insurer may dispute a claim or delay payment. Appropriate insurance also may not be available, or may be available only at prohibitive cost.

RISKS RELATING TO THE GROUP'S OPERATIONS IN BRAZIL

The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy. This involvement, as well as Brazilian political and economic conditions, could adversely affect the Group.

The Brazilian government frequently intervenes in the Brazilian economy and occasionally makes significant changes in policies and regulations. The Brazilian government's actions to control inflation, monetary, credit and other policies and regulations have often involved, among other measures, wage and price controls, variations in interest rates, changes in tax policies, price controls, currency devaluations, capital controls and limits on imports. The Group has no control over, nor can it predict, any measures or policies that the Brazilian government may adopt in the future. The Group's business, financial condition and results of operations may be adversely affected by changes in policies or regulations involving or affecting factors such as:

- monetary and exchange policies and amendments to banking legislation and regulations;
- currency fluctuations;
- interest rates and government bonds yield;
- changes in governmental policies applicable to our business, especially related to tax and licensing (environmental and urbanistic) matters;
- exchange controls and restrictions on remittances abroad and on foreign investments in the country;
- inflation;
- economic and social instability;
- liquidity of the domestic capital and lending markets;
- fiscal policies;
- expropriation of privately-owned land;
- rationing of electricity;
- labour legislation; and
- other political, social and economic developments in or affecting Brazil.

Uncertainty over whether the Brazilian government will implement changes in policy or regulation affecting these or other factors in the future may contribute to economic uncertainty in Brazil. Therefore, these uncertainties and developments in the Brazilian economy may adversely affect the Group.

Government efforts to combat inflation may hinder the growth of the Brazilian economy and could harm the Group's business.

Brazil has in the past experienced extremely high rates of inflation and has therefore followed monetary policies that have contributed to one of the highest interest rates in the world. According to the General Market

Price Index (*Índice Geral de Preços – Mercado*), or "IGP-M", a general price inflation index, the inflation rates in Brazil were 7.75 per cent. in 2007, 9.81 per cent. in 2008, deflation of 1.71 per cent. in 2009, 11.32 per cent. in 2010, 5.10 per cent. in 2011, 7.81 per cent. in 2012, 5.53 per cent. in 2013, 3.69 per cent. in 2014, 10.54 per cent. in 2015, 7.17 per cent. in 2016, deflation of 0.52 per cent. in 2017, 7.54 per cent. in 2018, 7.32 per cent. in 2019, 23.14 per cent. in 2020 and 17.8 per cent. in 2021. Inflation and the Brazilian government's measures to fight it have had and may have significant effects on the Brazilian economy and the Group's business. Strict monetary policies with high interest rates and high compulsory deposit requirements may restrict Brazil's growth and the availability of credit. Conversely, more lenient government and Central Bank policies and interest rate decreases may trigger increases in inflation and consequently, growth volatility and the need for sudden and significant interest rate increases. Inflation, measures to curb inflation and speculation over possible measures can also contribute to significant uncertainty about the Brazilian economy and weaken confidence of investors, thereby adversely affecting the Group's business, financial condition, results of operations and prospects.

Future Brazilian government measures, including reductions in interest rates, intervention in the foreign exchange market and actions to adjust or fix the value of the Brazilian Real may trigger increases in inflation, adversely affecting the overall performance of the Brazilian economy. If Brazil experiences high inflation again, the Group may not be able to adjust the rents it charges its tenants in Brazil sufficiently to offset the impact of inflation on the Group's cost structure, which could increase its costs and reduce its net operating margins.

Since a number of the Group's key tenants in Brazil are in the retail industry and the Group's business is consequently closely linked to the performance of retail in Brazil, the Group is exposed to the risk of inflation to the extent it affects household income, thus reducing retail consumption, and is also significantly exposed to the e-commerce market. In addition, inflation may increase the cost of the Group's debt and the cost of incurring new indebtedness in Brazil, in light of higher interest rates. These factors may have an adverse effect on the Group's business, financial condition, results of operations and prospects.

Exchange rate instability may adversely affect the Brazilian economy and, consequently, the Group.

The Brazilian currency has been devalued periodically. The Brazilian government has implemented various economic plans and utilised a number of exchange-rate policies, including sudden devaluations, periodic mini-devaluations during which the frequency of adjustments has ranged from daily to monthly, floating exchange rate systems, exchange controls and dual exchange rate markets. From time to time, there have been significant fluctuations in the exchange rate between the Brazilian Real and the U.S. dollar and other currencies. Depreciations of the Brazilian Real in relation to the U.S. dollar could create additional inflationary pressures in Brazil and lead to increases in interest rates, which may negatively affect the Brazilian economy as a whole and, in particular, the Group's results of operations. On the other hand, the appreciation of the Brazilian Real in relation to the U.S. dollar may impact Brazil's current accounts and balance of payments, as well as reduce the gross domestic product resulting from exports. The volatility of the Brazilian Real in relation to the U.S. dollar may adversely affect the Brazilian economy and, consequently, the Group.

The Brazilian logistics and real estate development industries are subject to extensive regulation, which may lead to increased expenses or present obstacles to the development of certain logistics and warehousing facilities, thereby adversely affecting the Group.

The Group's business in Brazil is subject to federal, state and municipal laws and to regulations and licensing requirements with respect to construction, zoning, soil use, occupancy permit, fire safety permit, environmental protection, leases, consumer protection and taxation, all of which affect the Group's ability to acquire land, develop, construct and negotiate with customers. The Group is required to obtain licenses and permits from different governmental authorities to carry out its logistics and real estate developments. The Group cannot ensure that it will obtain the necessary licenses and permits, or respective renewals, for its operations and projects. The absence or delay in obtaining or renewing any of these licenses or permits in a timely manner, or the violation or non-compliance with these laws, regulations, licenses and permits, administrative sanctions such as fines, project delays and shutdowns, cancellation of licenses and revocation of authorisations, as well as other civil and criminal penalties, may materially adversely affect the Group.

Any failure to comply with environmental laws and regulations at the Group's logistics facilities in Brazil may result in an obligation for the Group to remediate any environmental damage occurring on the property where its facilities are located and result in criminal, civil and administrative sanctions. In Brazil, civil liability for the remediation of environmental damages follows a strict liability system that may be imposed on the property owner. Therefore, the property owner may incur costs if environmental recovery related to damages caused by tenants or previous owners of the land is not performed accordingly by them. Given that environmental law and enforcement by the Brazilian authorities are becoming more severe, the Group may incur additional environmental compliance costs. Furthermore, delays or refusals to issue or renew licenses by the environmental licensing agencies may harm the Group's business.

Moreover, public authorities may issue new and stringent standards, or interpret existing laws and regulations in a more restrictive manner, which may require companies in the logistics and real estate development industries, including the Group, to incur additional expense to comply with these new rules or interpretations. Any such action on the part of public authorities may materially adversely affect the Group.

Widespread uncertainties relating to ownership of real estate may adversely affect the Group's business.

There are widespread uncertainties relating to title ownership of real estate in Brazil. In Brazil, ownership of real property is conveyed, solely and exclusively, through filing and effective registry of the sale and purchase deeds before the competent Real Estate Registry Office. In certain cases, the real estate certificates may present recording errors, including duplicate and/or inaccurate entries, and deed challenges frequently occur, leading to administrative and/or judicial actions. Property disputes over title ownership are frequent, and, as a result, there is a risk that errors or challenges could adversely affect the Group, whenever not timely identified in due diligence procedures, which may cause the partial or total loss of properties.

In addition, the Group's land may be subject to expropriation by the Brazilian government, whenever demonstrated the public interest for any specific area. An expropriation could materially impair the normal use of the Group's lands or have a material adverse effect on its results of operations. In addition, social movements, such as *Movimento dos Trabalhadores Rurais Sem Terra and Comissão Pastoral da Terra*, are active in Brazil. Such movements advocate land reform and mandatory property redistribution by the government. Land invasions and occupations of areas by a large number of individuals is common practice for these movements, including some areas located in regions in which the Group is likely to invest. As a result, the Group cannot give any assurance that its properties will not be subject to invasion or occupation by such groups, that its properties maintain security guard structure sufficient to avoid land invasion or occupation, or that police protection will be effective to avoid land invasion or occupation. A land invasion or occupation could materially impair the normal use of the Group's lands or have a material adverse effect on its business, including the need to file a repossession suit for the issuance of a court decision to be able to use the police force for the conclusion of the repossession of the land.

Economic and market conditions in other emerging market countries.

Economic conditions and markets in other countries, including the United States, other countries in Latin America and other emerging market countries, may affect the Brazilian economy. Although economic conditions in these countries may differ significantly from those in Brazil, reactions to developments in these other countries may adversely affect the availability of credit for Brazilian companies, resulting in a significant outflow of resources from Brazil and a reduction in the level of foreign currency invested in Brazil.

If any such political, economic and social events in other countries were to affect the Brazilian economy, the Group, its investment strategy and financial performance may be affected.

RISKS RELATING TO THE GROUP'S OPERATIONS IN EUROPE

The Group could be adversely affected by uncertainty, disruption or other consequences of the UK leaving the EU.

On 23 June 2016, the UK held a referendum in which a majority of voters voted in favor of the UK leaving the EU (commonly referred to as "Brexit"). On 29 March 2017, the UK issued a formal notification of its intention to withdraw from the EU and formally left the EU on 31 January 2020 under the terms of a withdrawal agreement. On 30 December 2020, the UK and EU signed the Trade and Cooperation Agreement, which includes an agreement on free trade between the two parties. However, there remain uncertainties related to Brexit and the relationship between the UK and the EU, which will continue to be developed and defined and could cause instability in EU, UK or worldwide political, regulatory, economic or market conditions. In particular, any negative impact on trade between the UK and the EU may result in generally reduced demand for logistics property, which may mean that the Group is unable to renew leases or find new customers and, in the longer term, may lead to decreases in the value of its properties in the UK and the EU.

A withdrawal from the EU is unprecedented, and it is unclear how the UK's access to the EU's single market for goods, capital, services and labour within the EU and the wider commercial, legal and regulatory environment, will impact the Group's services and operations in the EU. Lack of clarity about future UK laws and regulations, as the UK determines which EU laws and regulations to keep or replace in the UK, or how such laws and regulations may be changed, may adversely impact the behaviour of the Group's customers, suppliers and employees, which may increase compliance costs, and the cost to the Group of carrying out business generally, in the UK and the EU.

The uncertainty surrounding the UK's future relationship with the EU could therefore adversely affect the Group's business, prospects, financial condition and/or results of operations.

The Potential Collapse of the Euro.

The Group operates logistical properties in countries within the EU, a significant number of which use the Euro as their national currency. In the recent past the stability of certain European financial markets deteriorated and expectations centred on potential defaults by sovereign states in Europe. There is a risk that in the future certain member states of the EU default, or expectations of such a default increase, which may lead to the collapse of the Eurozone as it is constituted today or that certain member states of the EU may cease to use the Euro as their national currency. Given the interdependence of the global economy, this could have an adverse effect on the performance of investments properties both in countries that experience the default and in other countries within the EU. A potential primary effect would be an immediate reduction of liquidity for particular properties in the affected countries, thereby impairing the value of such properties. Further, a deteriorating economic environment caused directly or indirectly by such a default or related expectations could have a direct effect on the general economic environment and the real estate market in particular, which in turn would have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

MANAGEMENT

Board of Directors

The Board of Directors of GLP Holdings L.P. (the "Board of Directors") that oversees the Issuer provides strategic guidance to the Issuer's management, reviews the Issuer's business plans and major policies, ensures that an effective risk management framework and internal controls are in place and monitors performance against plan.

The Board of Directors comprises:

Name	Position
Ang Kong Hua	Chairman of the Board of GLP
Ming Z. Mei	Co-Founder and CEO of GLP
Michael Chen	Director
Carl Ge	Director
Jeff Ji	Director
Lau Teck Sien	Director
Hong Yang Zeng	Director
Steven Lim Kok Hoong.........................	Director
Wang Haixia	Director
Zhang Xu...	Director
Zhu Xu	Director

Ang Kong Hua

Ang Kong Hua is Chairman of the Board of GLP. Kong Hua chairs the GIC Investment Board and sits on the GIC Investment Strategies Committee. He has helmed several of Singapore's biggest companies, bringing years of experience spanning the manufacturing, services and financial sectors. Kong Hua started his career at the Economic Development Board. He then joined DBS Bank at its inception in 1968 and pioneered its investment banking division. From 1974, Kong Hua was CEO of NSL (formerly NatSteel) until he retired in 2003, and stayed as its Executive Director until 2010. Kong Hua's past appointments include Chairman of Sembcorp Industries, Singapore Telecommunications and Singapore Post, Vice-Chairman of Neptune Orient Lines, and a Director of DBS Bank, CIMC Raffles Offshore (Singapore) and k1 Ventures. He holds a Bachelor of Science (Honours) in Economics from the University of Hull.

Ming Z. Mei

Ming Z. Mei is Co-Founder and CEO of GLP, a leading global investment manager and business builder in logistics, real estate, infrastructure, finance and related technologies with approximately $125 billion of assets under management in real estate and private equity. Under his leadership and vision, GLP revolutionized the modern logistics industry by taking an innovative and entrepreneurial approach to growth and value creation and has since expanded into adjacent sectors and new markets. Ming co-founded Eastern Bell Venture Capital and sits on various public and private boards. He is also an investor and board member of Value Retail China, a company that specializes in the development and operation of luxury outlet shopping villages. Ming graduated from the Kellogg School of Management at Northwestern University and the School of Business and Management at the Hong Kong University of Science and Technology with a Master of Business Administration. He received his Bachelor of Science in Finance from Indiana University School of Business.

Michael Chen

Michael Chen sits on the Board of GLP. He is Managing Director of HOPU. Michael has more than 15 years' experience in the real estate and finance industries with extensive experience in investment, operations, asset management and fund management in China and Singapore. Prior to joining HOPU, he was General Manager (North China) of Perennial Holdings, responsible for the investment, development and asset management of projects in China. He was previously with Ping An Trust and CapitaLand where he had various positions in investment, asset management, operations, private fund and REIT management. He received his Bachelor of Business Management from Singapore Management University.

Carl Ge

Carl Ge sits on the Board of GLP. He is the Co-Head of HHI at Hillhouse Group. Founded in 2005, Hillhouse Group is a global investment firm of investment professionals and operating executives who are focused on building and investing in high quality business franchises that achieve sustainable growth. Hillhouse invests in companies across all equity stages, in innovation in the fields of healthcare, business services, broad consumption and industrials. Hillhouse manages assets on behalf of institutional clients from across the globe. Since joining Hillhouse in 2012, Carl held various positions across public and private equities investing and operations in the firm. From 2017 to 2020, he served as Special Assistant to Group Chairman and Head of Group Strategy and Corporate Development at Belle, as well as Vice President of Corporate Finance at Topsports International. Prior to Hillhouse, Carl worked as a member of the investment team at Silver Lake. Carl graduated summa cum laude from the Wharton School at the University of Pennsylvania with a B.S. in Economics.

Jeff Ji

Jeff Ji sits on the Board of GLP. He is the Head of Leveraged Finance and Private Credit at Hillhouse Group. Founded in 2005, Hillhouse Group is a global investment firm of investment professionals and operating executives who are focused on building and investing in high quality business franchises that achieve sustainable growth. Hillhouse invests in companies across all equity stages, in innovation in the fields of healthcare, business services, broad consumption and industrials. Hillhouse manages assets on behalf of institutional clients from across the globe. Jeff has over 14 years' of experience in alternative investments and LBO financing. Since joining Hillhouse in 2018, he has worked on a number of high-profile LBO transactions in Asia Pacific, including Phillips Domestic Appliances, AI Dream (King Koil and Serta) and Belle International. Prior to Hillhouse, Jeff worked at China Minsheng Banking Corporation from 2013 to 2018 and Standard Chartered Bank from 2007 to 2012. Jeff graduated from The University of New South Wales with a Bachelor degree in Accounting.

Lau Teck Sien

Teck Sien Lau sits on the Board of GLP. He is Partner and CIO of HOPU. Teck Sien has more than 20 years' experience in the finance industry spanning commercial banking, fund management and private equity, with extensive transaction experience across the financial services, consumer, resource, technology, media and telecoms sectors with a deep understanding of China. Prior to joining HOPU, he was Managing Director of Temasek, responsible for building and executing investment strategies in China. Teck Sien was previously with United Overseas Bank for 10 years of experience where he held various positions in asset management, venture investment, commercial banking and risk management. He received his Bachelor of Business from Nanyang Technological University of Singapore.

Hong Yang Zeng

Hong Yang Zeng sits on the Board of GLP. She is Head of the Logistics Investment Department at Bank of China Group Investment Limited ("BOCGI"). Hong Yang joined BOCGI in 2005 and has held various positions in NPA Investment, Equity Investment and Human Resources. She holds a Masters degree from the University of Sydney.

Steven Lim Kok Hoong

Steven Lim sits on the Board of GLP. He has over 30 years of audit and financial consulting experience and was responsible for the audits of statutory boards and some of the largest multinational corporations in Singapore, Indonesia and Malaysia. Steven served as a Senior Partner of Ernst & Young Singapore from 2002 to 2003. He started his career with Arthur Andersen in 1971 and served as the Managing Partner of Arthur Andersen Singapore from 1990 to 2002 and as Regional Managing Partner for the ASEAN region at Arthur Andersen from 2000 to 2002. Steven serves as an Independent Director and Audit Committee Chairman of Genting Singapore PLC and the Lead Independent Director and Audit Committee Chairman of YTL Starhill Global REIT Management Limited. Steven is a member of the Institute of Singapore Chartered Accountants and the Institute of Chartered Accountants in Australia. He graduated with a Bachelor of Commerce degree from the University of Western Australia in 1971.

Wang Haixia

Wang Haixia sits on the Board of GLP. She is the Deputy CEO of Bank of China Group Investment since December 2020. From September 1991 to November 2007, she held several positions in Bank of China. From August 2011 to May 2015, she served as the head of Corporate Banking, Financial Institution and Product Management Corporate Finance business in Bank of China (Hong Kong). Prior to this, she was the Deputy General Manager of the Internet Finance Department and the Deputy General Manager of the Digital Platform Center of the Personal Digital Finance Department in the Head Office of Bank of China. Wang Haixia graduated from Renmin University of China and holds an MBA degree.

Zhang Xu

Zhang Xu sits on the Board of GLP and Vanke Property (Overseas) Limited, a company listed on the Hong Kong Stock Exchange. He is Executive Vice President and Chief Operations Officer of Vanke. Xu joined Vanke in 2002 and held various executive roles including General Manager of Wuhan Vanke and Vice President, before assuming his current position. Prior to Vanke, Xu worked at China Overseas Group. He holds an MBA from Illinois State University and received his Bachelor's degree in Industrial and Civil Architecture from Hefei Industrial University.

Zhu Xu

Zhu Xu sits on the Board of GLP. She currently serves as Vice President and Secretary to the Board of Directors of Vanke. Before joining Vanke in 2016, Xu worked for Shenzhen Municipal Office of the State Administration of Taxation, Nations Technologies Inc. (a company listed on SZSE), and Shenzhen Grandland Decoration Group Co., Ltd. (a company listed on SZSE). She holds a Master of Public Policy from University College London.

Executive Committee

Set out below are the current executive officers of the Issuer:

Name	Position
Ming Z. Mei	Co-Founder and CEO of GLP
Alan Yang	CEO, GLP Capital Partners
Angela Zhao	Co-President - Logistics and Industrial Real Estate, GLP China
Craig Duffy	Global Head of Fund Management, GLP Capital Partners
Daan van den Hoven	Managing Director, Europe, GLP Capital Partners
Higashi Michihiro	Chief Strategy Officer, GLP China
Jennifer Weitzel	President, Global Data Center Business
Kazuhiro Tsutsumi	Managing Director
Kent Yang	President, SEA Logistic Partners
Mark Tan	General Counsel
Mauro Dias	President, GLP Brazil
Miao Song	Chief Information Officer
Nicholas Johnson	Chief Financial Officer, GLP Capital Partners
Nick Cook	President, GLP Europe
Ralf Wessel	Global Head of Fundraising, GLP Capital Partners

Name	Position
Richard Rothman	Head of Performance & Engagement
Steven Crowe	President, U.S.
Stephen Schutte	Chief Operating Officer
Teresa Zhuge	Executive Vice Chairman and President, GLP China
Tim Wang	Co-President – Logistics and Industrial Real Estate, GLP China
Victor Mok	President, Global Customer Management, GLP
Vincent Peng	Managing Director, GLP Capital Partners
Yoshiyuki Chosa	President, GLP Japan

Ming Z. Mei

Details for Ming Z. Mei are set out under "Management – Board of Directors".

Alan Yang

Alan Yang is the Chief Executive Officer and Chairman of the Investment Committee at GLP Capital Partners Limited ("GCP"). In July 2022, Alan led GLP's restructuring and formational transactions to create GCP as a dedicated and truly global alternative investment manager. Today, GCP serves as the exclusive investment manager of approximately $125 billion AUM and brings together some of the industry's top investment experience with some of the world's most established operating platforms. Alan previously served as the Chief Investment Officer and Chairman of the Global Investment Committee of GLP where he was instrumental in driving the firm's global expansion. During his tenure, Alan led several transformative initiatives, including GLP's entry and expansion across the US and Europe, as well as the firm's privatization in 2018 and the sale of its first three US funds to Blackstone in 2019 – the largest private real estate transaction ever at the time. Prior to GLP, Alan was a Principal at Blackstone where he spent nearly eight years executing over $70B of transactions across all asset classes. He was also a founding member of Blackstone's LA and Tokyo offices in 2005 and 2007, respectively. Before joining Blackstone, Alan started his career in Merrill Lynch's real estate investment banking group. Alan graduated from the McDonough School of Business at Georgetown University.

Angela Zhao

Angela Zhao is Co-President, Logistics and Industrial Real Estate, GLP China and is responsible for planning and design, marketing and public relations for the real estate business in China. Angela also spearheads the GLP I-Park business. Angela was formerly General Manager of Suzhou from 2008 to 2011 and headed investments and public relations from 2003 to 2008. Prior to joining GLP, Angela worked at Ascendas Group where she was responsible for business development in China. Angela holds an MBA from the MIT Sloan School of Management/Fudan University and received her Bachelor's degree in Engineering from Shanghai University.

Craig Duffy

Craig Duffy is the Global Head of Fund Management at GLP Capital Partners Limited. Previously, Craig held various leadership roles at Citigroup, including Managing Director and Head of Equity Origination, Asia, where he was responsible for the origination and execution of all primary equity and equity-linked capital markets transactions across Asia. During that time, Craig raised more than US $150B of equity from over 300 transactions, including GLP's IPO in 2010 and the IPO of GLP-JREIT in 2012. Craig holds a Master of Business Administration from The Wharton School at the University of Pennsylvania and received his Bachelor of Science in Finance and Management from the Whitman School of Management at Syracuse University.

Daan van den Hoven

Daan van den Hoven is Managing Director, Europe at GCP. He joined GCP in 2018 to set up and lead the European fund management team and capital deployment initiatives. Previously, Daan worked for over 10 years at Prologis where he managed various Pan-European responsibilities, most recently serving as vice president of transactions and executing over $1B in transactions across Europe. Prior to that, Daan served as Portfolio Manager for the Prologis European Properties Fund II and as an asset manager in Northern Europe, implementing both fund and asset level strategies. Daan holds a Master of Science in Real Estate Management and Development from Eindhoven University of Technology.

Higashi Michihiro

Higashi Michihiro is Chief Strategy Officer of GLP China. Higashi joined the Company in 2006, and is in charge of overseeing and setting the investment strategy for GLP China. He is also responsible for managing and establishing strategic alliances in China. Higashi was formerly Senior Vice President and Head of Investment of GLP China and helped to grow the Company's business relating to Japanese customers. He was previously at Nomura Research Institute in Japan where he was responsible for corporate strategy consulting, and Oita Bank where he was in charge of equity research. Higashi received his Bachelor of Law from Wuhan University and a Master of Economics from Oita University. He is based in Shanghai.

Jennifer Weitzel

Jennifer Weitzel is President, Global Data Center Business. Jennifer is responsible for directly leading the strategy, growth and operations of GLP's data center business across Japan, Europe and the Americas and partnering with GLP's data center team in China to establish a leading global business within the sector. Jennifer brings over two decades of experience leading world-class infrastructure teams supporting growth at Microsoft, Digital Realty, Tesco plc., British Airport Authority, and Walmart across North America, Europe, Asia Pacific, the Middle East and Africa. Amongst other achievements, Jennifer contributed to the growth and geo-expansion of Microsoft's Cloud Operation and Innovation data center presence including securing and delivering new data center capacity, driving strategic initiatives across sales, cybersecurity, environmental health and safety, and diversifying the supply chain throughout the leased data center ecosystem. Prior to Microsoft, Jennifer spent seven years at Digital Realty in various executive leadership roles. Jennifer is a Canadian Professional Engineer and holds a B.Sc. in Applied Science and Engineering from Queen's University and an MBA from London Business School.

Kazuhiro Tsutsumi

Kazuhiro Tsutsumi is a Managing Director at GLP, responsible for helping the CEO driving the strategic agenda and supporting the finance team with a focus on reporting and business performance initiatives. Kaz joined GLP in 2012. Previously, Kaz was Managing Director and CFO of Asia at Prologis, where he was in charge of finance, accounting, capital markets and tax for Japan, China, Korea and Singapore operations. He also oversaw the fund management business for its Japan portfolio. Prior to that, he served as Vice President for the Investment Management Division of Goldman Sachs from 1998 to 2002 and was responsible for financial management and strategic planning for its Japan and Asia operations. Kaz started his career with Dai-ichi Life, where his responsibilities included portfolio management of US real estate, overseas financial management and corporate accounting/taxation. Kaz received his Master of Business Administration from the University of Chicago Booth School of Business, CPA from the State of Illinois, and Bachelor of Arts in Law from Waseda University. He is based in Los Angeles.

Kent Yang

Kent Yang is the Co-Founder and President of SLP (SEA Logistic Partners), GCP's logistics platform in Vietnam and Southeast Asia. Prior to SLP, Kent served as the President and Managing Director for GLP China until 2016, and previously as Chief Operating Officer for GLP China where he was responsible for development and construction, leasing, property management and customer services. Kent has more than 25 years of experience in industrial real estate and construction, previously serving as General Manager for GLP Park Lingang and Managing Director of Wuxi Hua Yang Hi-Tech Venture Capital Inc overseeing hi-tech industrial park operations. Kent received his Bachelor of Architecture from the University of Southern California and a Master of Science in Real Estate Development from Columbia University.

Mark Tan

Mark Tan is General Counsel of GLP. Mark is responsible for oversight of all legal matters, including fund raising, acquisitions and disposals and other significant transactions and compliance, risk management and governance. Prior to joining GLP, Mark was previously at Shearman & Sterling LLP, Singapore where he represented underwriters, issuers and private equity sponsors on debt and equity offerings. Previously, Mark also worked at Goldman Sachs and Sullivan & Cromwell LLP. Mark received his Juris Doctor Honors from the University of Toronto and Bachelor of Mathematics in Computer Science, Economics Minor from the University of Waterloo. He is based in Singapore.

Mauro Dias

Mauro Dias is President, Brazil. Mauro has over 30 years of experience in logistics and infrastructure. He developed his career at VALE, one of the largest companies in Brazil, where he held various key roles in its logistics, shipping and transportation divisions, including Director of Logistics, Chairman and CEO of FCA Railway, and President of Docenave, Vale's shipping company. Mauro was formerly CEO of Log-In Logistica Intermodal, a Brazilian intermodal and logistics company where he led its IPO. He has also served as President of the National Association of Brazilian Railways (ANTF) and received the Medal Barão de Mauá from the Brazilian Government, the country's highest recognition in the transportation sector. He holds a Bachelor of Science in Mechanical Engineering and Economics from the Federal University of Espírito Santo in Brazil and received his MBA from the UCLA Anderson School of Management at the University of California, Los Angeles.

Miao Song

Miao Song is chief information officer of GLP, responsible for all aspects of technology across GLP and oversees the company's global data and digital strategy. Before joining GLP, Miao was global chief information officer and board member at Mars Petcare, driving digital transformation and innovation. Prior to that she was VP/chief information officer at Johnson & Johnson. Miao has more than two decades of international IT industry experience across diverse industries including oil/energy/natural resources as well as consumer goods and healthcare. She has lived and worked in China, Switzerland, the Netherlands, Singapore and Belgium and held leadership positions at Royal Dutch Shell, Nestle and Golden-Agri Resources. In 2019 she was named "Chief Information Officer of the Year – Europe" by International Data Group. Miao holds a Bachelor of Science degree in Information Management from Peking University and a Master of Business Administration Degree from Beihang University .

Nicholas Johnson

Nicholas Johnson is the Chief Financial Officer at GLP Capital Partners Limited. Nicholas has 20 years of international investment banking experience with JPMorgan where he worked in several roles, including head of Asia Pacific Real Estate Gaming and Lodging, head of Asia Pacific Equity and Derivative Capital Markets, and head of East Asia Investment Banking Coverage. Nicholas has been instrumental in leading some of the largest and most innovative real estate and capital markets transactions in Asia, including GLP's IPO in 2010. Prior to joining JPMorgan, Nicholas worked for PwC in several departments, including Corporate Finance and Transaction Services, where he provided transaction-based advice for large multinational and SME clients. Nicholas is a Barrister-at-Law and was admitted to the Institute of Chartered Accountants in England and Wales.

Nick Cook

Nick Cook is President, Europe at GLP Capital Partners Limited. He was previously COO of Gazeley where he oversaw all capital deployment, disposition and operational aspects of the business in Europe. Nick joined Gazeley in 2002 and held several key positions, including establishing Gazeley's profitable UAE business unit and looking after Gazeley's business in China, while maintaining a detailed involvement in all aspects of the European business. Nick is a member of the Royal Institute of Chartered Surveyors and has 20 years' experience in the real estate development and investment market. He holds a Bachelor's degree in General Practice Surveying & Commercial Property Development from Nottingham Trent University and has completed training in several professional courses, including a Management & Leadership program at Harvard Business School.

Ralf Wessel

Ralf Wessel is the Global Head of Fundraising at GLP Capital Partners Limited. Ralf has more than two decades of experience in the real estate sector and was formerly Managing Director, Global Investment Management at Prologis, where he was responsible for an investment platform valued at US $21B. Previously, Ralf was a partner at Equity Estate, a private equity company managing various real estate funds. Ralf sits on the Board of the Association of Foreign Investors in Real Estate (AFIRE). He holds a Master's in Financial Management from the University of Amsterdam and a Master of Science in Real Estate Investment from City, University of London.

Richard Rothman

Richard Rothman is Head of Performance and Engagement. Rich leads initiatives to optimize team and individual performance, customer and employee experience, new business integration and foster and develop the company's leadership and entrepreneurial culture. Prior to joining GLP, Rich was the Founder and President of Total Executive Wellness, a company focused on the convergence of overall health and wellness and business performance. From 1994 - 2011, Rich held various positions with a global business performance consultancy, most recently spending four years as Managing Director for Asia Pacific where he led strategic initiatives, conferences and projects throughout Asia and the Middle East. Rich holds a Bachelor of Arts in Anthropology from the University of Colorado, Boulder and received his Masters of Business Administration in Marketing Management from Drexel University. Rich is based in Chicago.

Steven Crowe

Steven Crowe is President, US at GCP. Prior to GCP, Steven served as Senior Vice President, Global Investments at GLP, where he was involved in numerous investments and capital markets activities across the US and Europe. Before GLP, Steven was a Principal at Och-Ziff Real Estate and previously worked in the real estate group at Blackstone. Steven graduated from the Wharton School at the University of Pennsylvania.

Stephen Schutte

Stephen Schutte is chief operating officer of GLP and sits on the global investment committee. He previously served as president of GLP U.S., and was general counsel and chief administrative officer when he joined GLP in 2011. Before joining GLP, Steve was general counsel and market officer at DCT Industrial overseeing investment and operations in multiple regions. Prior to that Steve was associate general counsel of Prologis. Steve holds a Master of Business Administration from the Kellogg School of Management at Northwestern University and the School of Business and Management at the Hong Kong University of Science and Technology. He received his Juris Doctor from the University of Iowa College of Law and his Bachelor of Arts from Creighton University. Stephen is based in Tokyo.

Teresa Zhuge

Teresa Zhuge is Executive Vice Chairman and President, China. Teresa has also held several key positions within the GLP ecosystem, including serving as Co-President and CFO of GLP China. Previously, Teresa was Fund Management Director and Assistant CFO of Prologis China and Deputy CFO of SZITIC Commercial Properties. She has also worked with Morgan Stanley Properties China and Deloitte. Teresa graduated with a Master of Business Administration from the Kellogg School of Management at Northwestern University and the School of Business and Management at the Hong Kong University of Science and Technology. Teresa received her bachelor's degree from Renmin University of China.

Tim Wang

Tim Wang is Co-President of Logistics and Industrial Real Estate for GLP China and is responsible for co-leading the growth and strategy of the company's logistics and industrial real estate business in China. Tim has over 30 years of experience in the real estate industry. Prior to GLP, he was a Senior Managing Director and Head of Real Estate China at Blackstone and worked at Bank of America Merrill Lynch's Real Estate Principal Division in China. Tim has a Bachelor's Degree in Economics from Zhejiang University in China and a Master's Degree in International Business from Curtin University. He is currently a Global Trustee and Executive Committee member of ULI Asia Pacific.

Victor Mok

Victor Mok is President of Global Customer Management for GLP. In his role he will support GLP's diverse customer base across a wide range of sectors from ecommerce and manufacturing, to pharma and third-party logistics services to help them meet their global business needs including warehousing resources and other GLP service offerings. He was formerly Chairman and CEO, Asset Service Platform and Co-President of Logistics and Industrial Real Estate and Chief Commercial Officer of GLP China. Victor has over three decades of experience in the aviation and logistics industries. Prior to joining GLP, Victor was CEO, North Asia, of DHL Supply Chain and worked for Cathay Pacific Airways and Expeditors International in various executive roles. Victor holds a Master's Degree in Global Finance from Stern Business School at New York University and the School of Business and Management at the Hong Kong University of Science and Technology, as well as an Executive MBA from Ivey School of Business, University of Western Ontario Canada. Victor graduated from the University of Hong Kong with a Master's Degree in Transport Studies and a Bachelor's Degree in Economics and Management. He is a graduate of the Strategic Leadership Program from the University of Oxford.

Vincent Peng

Vincent Peng is Managing Director at GLP Capital Partners, focused on investment management and business development. Vincent has extensive industry experience in investment, fund management and investment banking, with active involvement in more than US$200 billion of transactions. Vincent is also Vice Chairman of China Merchants Capital. Prior to joining GLP, Vincent was Deputy General Manager and Senior Managing Director of China Merchants Capital, a fund management and alternative investment platform, where Vincent was responsible for business development and investment management since its inception. Prior to China Merchants, Vincent was Managing Director at Goldman Sachs, where he held several senior positions, including Co-Head of Real Estate in Asia and Responsible Officer for Goldman Sachs (Asia) LLC. Vincent was formerly Asia Pacific Head of Corporate Investment Group at GIC Real Estate and also worked with AMP Capital Investors on real estate funds management in Australia. Vincent is based in Hong Kong.

Yoshiyuki Chosa

Yoshiyuki (Yoshi) Chosa is President, Japan. Yoshi was formerly Senior Vice President of Investment Management at Prologis Japan where he launched and expanded its acquisition business. Prior to joining Prologis Japan, Yoshi held several key positions within Mitsui Fudosan Co., Ltd. and Mitsui Fudosan

Investment Advisors, Inc., where he was involved in condominium and housing development projects, office leasing, asset management services, and real estate investment advisory services to overseas institutional investors. Yoshi holds a Bachelor of Laws from Keio University.

I-3 Status of Affiliates

For the information on the Issuer's affiliates, see Note 33 to the Issuer's audited consolidated financial statements as of and for the financial year ended 31 December 2022 included in "II. Financial condition" below.

II. FINANCIAL CONDITION

INDEX TO FINANCIAL STATEMENTS

GLP Pte. Ltd. and its subsidiaries

Registration number: 200715832Z

Annual Report

Year ended 31 December 2022

INDEX TO ANNUAL REPORT

Directors' Report

Directors' statement

We are pleased to submit this Annual Report to the member of GLP Pte. Ltd. (the "Company") together with the audited financial statements for the financial year ended 31 December 2022.

In our opinion:

(a) the financial statements set out on pages FS1 to FS136 are drawn up so as to give a true and fair view of the consolidated financial position of the Group and financial position of the Company as at 31 December 2022 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International); 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, authorized these financial statements for issue.

Directors

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

Mark Tan Hai Nern
Nicholas Regan Johnson

Directors' interests in Shares or Debentures

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares and share options in the Company and in its related corporations (other than wholly-owned subsidiaries) are as follows:

	Held in the name of Director or nominee		**Deemed Interest**	
Name of Director and corporation in which interests are held	**Holdings at beginning of year**	**Holdings at end of year**	**Holdings at beginning of year**	**Holdings at end of year**
Subsidiary				
GLP China Holdings Limited ("GLP China")				
Ordinary Shares				
Mark Tan Hai Nern(1)	121,072,268	121,072,268	121,072,268	121,072,268

Note:

(1) Under the Employee Share Plan of GLP ("Employee Share Plan"), awards of ordinary shares in the capital of GLP China ("GLP China Shares") are granted to eligible employees of the group comprising GLP and its subsidiaries (the "Group"). Holders of such awards may be entitled to receive GLP China Shares subject to fulfilment of certain conditions and the rules of the Employee Share Plan. Pursuant to the Employee Share Plan, a trust ("Trust") was established to hold 121,072,268 GLP China Shares for the benefit of certain eligible employees of the Group, including Mark Tan Hai Nern. Accordingly, by virtue of Section 7(2) of the Act, Mark Tan Hai Nern is deemed to have an interest in 121,072,268 GLP China Shares which are held pursuant to the Trust.

Directors' Contractual Benefits

Except as disclosed in Note 33 of the accompanying notes to the financial statements for the year ended 31 December 2022, since the end of the last financial year, no Director has received or become entitled to receive, a benefit by reason of a contract made by the Company or its related corporations with the Director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Arrangements to Enable Directors to Acquire Shares and Debentures

Except as disclosed below and in Note 22 of the accompanying notes to the financial statements for the year ended 31 December 2022, 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.

Options to Subscribe for Unissued Shares

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries. No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries. There were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year. No options have been granted during the financial year which enable the option holder to participate by virtue of the options in any share issue of any other company.

Auditors

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

Signed by the Board of Directors

Mark Tan Hai Nern
Director

N. R. Johnson

Nicholas Regan Johnson
Director

31 March 2023

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Independent auditors' report

Member of the Company
GLP Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of GLP Pte. Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages FS1 to FS136.

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

Basis for opinion

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

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Key audit matters

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

Valuation of investment properties
(Refer to Note 4 – Investment properties)

Risk:

The Group has a significant portfolio of investment properties comprising logistic properties located mainly in the People's Republic of China ("PRC"), Japan, United Kingdom, Europe, United States and Brazil which are held through subsidiaries, associates and joint ventures.

These investment properties are stated at their fair values based on external and internal valuations, with changes in fair value recognized in profit or loss.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are sensitive to key assumptions applied in deriving the capitalization, discount, terminal yield rates and estimated development costs.

Our response:

We evaluated the qualifications and competency of the valuers and made inquiries with the valuers to understand their valuation methods, and the assumptions and basis applied.

We considered the valuation methodologies used against those applied for similar property types by other valuers. We evaluated the reasonableness of the key assumptions used in the valuations which included a comparison of the assumptions against historical rates and available industry data, taking into consideration comparability and market factors.

Recoverable amount of goodwill
(Refer to Note 9 – Intangible assets)

Risk:

The Group recognizes goodwill of US$1,476 million on its consolidated statement of financial position mainly in connection with the acquisitions of Global Logistic Properties Holdings Limited, GLP Capital Partners LP, and Pengcheng Jinyun Technology Co., Ltd..

Goodwill is tested for impairment annually by estimating the recoverable amount of each identifiable cash-generating unit ("CGU") which goodwill has been allocated to. Management applies the value in use (discounted cash flow) method to determine the recoverable amount of each CGU.

The measurement of value in use as the recoverable amount of each identifiable CGU for operations in USA, PRC, Japan and Europe involves significant judgement and estimation in determining the cash flow projections, and risk-free, discount and terminal growth rates.

Our response:

We evaluated management's determination of CGUs based on our knowledge of the business acquisitions giving rise to the goodwill and our understanding of the current business of the Group.

We assessed management's key assumptions underlying the cash flows projections by comparing them with historical performance, future business plans and external data, taking into consideration comparability and market factors. This also included enquiry with management to understand their business plan, strategies around revenue growth and cost initiatives.

We independently derived applicable discount rates from available industry data and compared these with those used by management. We performed stress tests using plausible range of key assumptions and rates, and analyzed the impact to the recoverable amount determined by management.

Accounting for acquisitions
(Refer to Notes 10 and 28 – Other investments and Acquisitions)

Risk:

The Group makes acquisitions of investments as part of its business strategy. Such transactions can be complex and judgement is involved in determining whether an acquisition of a controlling interest is a business combination or an acquisition of an asset; and whether an acquisition of a non-controlling interest represents investment in an associate, a joint arrangement or other financial asset. In accounting for a business combination, there is further judgement involved and inherent uncertainty in the estimation used in allocating the overall purchase price to the assets, liabilities and goodwill that make up the acquisition.

Our response:

We examined the Group's process on classifying and accounting for each investment acquired. We assessed the accounting of the acquisitions by examining legal and contractual documents. For significant acquisition of interest accounted for as a business combination and investment in associate and joint venture during the year, we examined the terms and conditions of the sale and purchase agreement and the purchase price allocation exercise. We compared the methodologies and key assumptions used in determining the fair values allocated to the identified assets acquired and liabilities assumed to generally accepted market practices and market data.

Valuation of other investments
(Refer to Note 10 – Other investments)

Risk:

The Group's investment portfolio of US$2,864 million as at 31 December 2022 included unquoted equity investments of US$2,011 million, measured at Level 3 of the fair value hierarchy. The unquoted equity investments are measured using non-observable market data, and hence, the valuation of these investments involves significant judgement in determining the appropriate valuation technique to be used and underlying assumptions to be applied.

Our response:

For a sample of other investments, with the assistance of our valuation specialists, we assessed the reasonableness of the valuation methodologies used, assumptions and inputs used by management.

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 and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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 control 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 year 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 Karen Lee Shu Pei.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
31 March 2023

Statements of Financial Position
As at 31 December 2022

		Group		Company	
	Note	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Non-current assets					
Investment properties	4	15,308,591	16,619,297	–	–
Subsidiaries	5	–	–	9,549,488	6,022,565
Equity accounted investments	6	8,079,060	8,246,560	–	–
Deferred tax assets	7	85,457	54,963	–	–
Property, plant and equipment	8	1,471,970	861,294	9,408	4,903
Goodwill	9	1,476,410	507,395	–	–
Intangible assets	9	506,998	18,943	–	–
Financial derivative assets	19	694	–	694	–
Other investments	10	2,863,794	2,834,067	–	–
Other non-current assets	11	3,436,701	1,178,527	2,312,782	–
		33,229,675	30,321,046	11,872,372	6,027,468
Current assets					
Trade and other receivables	12	8,585,065	6,555,442	6,217,428	5,799,357
Cash and cash equivalents	13	2,589,267	2,045,215	99,993	964,548
Assets classified as held for sale	14	6,644,094	5,812,352	–	–
		17,818,426	14,413,009	6,317,421	6,763,905
Total assets		51,048,101	44,734,055	18,189,793	12,791,373
Equity attributable to shareholders of the Company					
Share capital	15	5,538,589	5,538,589	7,164,673	5,538,589
Reserves	16	5,528,297	7,199,373	1,062,686	770,027
		11,066,886	12,737,962	8,227,359	6,308,616
Perpetual securities	15	1,130,103	1,144,039	1,130,103	1,144,039
Non-controlling interests	17	12,511,775	10,430,633	–	–
Total equity		24,708,764	24,312,634	9,357,462	7,452,655
Non-current liabilities					
Loans and borrowings	18	10,167,137	10,250,605	2,201,353	2,842,849
Financial derivative liabilities	19	–	4,359	–	4,359
Deferred tax liabilities	7	1,574,451	1,817,642	–	–
Other non-current liabilities	20	2,546,465	862,773	861,214	7,166
		14,288,053	12,935,379	3,062,567	2,854,374
Current liabilities					
Loans and borrowings	18	3,776,817	1,505,134	1,340,361	200,000
Trade and other payables	21	3,563,266	3,232,641	4,428,874	2,283,815
Deferred tax liabilities	7	14,064	–	–	–
Current tax payable		461,324	192,217	529	529
Liabilities classified as held for sale	14	4,235,813	2,556,050	–	–
		12,051,284	7,486,042	5,769,764	2,484,344
Total liabilities		26,339,337	20,421,421	8,832,331	5,338,718
Total equity and liabilities		51,048,101	44,734,055	18,189,793	12,791,373

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

Consolidated Income Statement
Year ended 31 December 2022

	Note	Group 2022 US$'000	Group 2021 US$'000
Revenue	23		
Rental and related income		981,290	1,087,345
Management fees		579,368	449,856
Energy sales		170,940	–
Freezer services		93,201	65,085
Sales of goods		27,719	4,309
Distributions from investments		58,155	27,593
		1,910,673	**1,634,188**
Other (losses)/ income	24		
Changes in fair value of equity investments held at fair value through profit or loss		(60,960)	288,301
Government subsidies and others		53,023	77,227
		(7,937)	**365,528**
Direct expenses			
Property-related expenses		(459,438)	(376,094)
Cost of goods and energy sold		(172,504)	(3,881)
		(631,942)	**(379,975)**
Other expenses			
Employee compensation		(452,100)	(1,509,057)
Depreciation and amortization		(81,799)	(37,954)
General, administrative and other operating expenses		(412,651)	(305,715)
		(946,550)	**(1,852,726)**
Share of results from equity accounted investments (net of tax expense)		**154,086**	**1,077,921**
Profit from operating activities after share of results of equity accounted investments		**478,330**	**844,936**
Net finance costs	25	**(781,401)**	**(450,564)**
Other net (losses)/ gains			
Gain on disposal of subsidiaries		140,765	630,198
Gain on disposal of equity accounted investments		262,104	17,828
Gain on disposal of investment properties		45,888	49,498
Gain on disposal of assets and liabilities classified as held for sale	28B	242,524	192,716
Others	26	24,567	20,062
		715,848	**910,302**
Profit before changes in fair value of investment properties held by consolidated vehicles		**412,777**	**1,304,674**
Changes in fair value of investment properties	4	**890,418**	**1,359,752**
Profit before tax	26	**1,303,195**	**2,664,426**
Tax expense	27	**(769,175)**	**(978,389)**
Profit for the year		**534,020**	**1,686,037**
Profit attributable to			
Equity owners of the Company		**100,630**	**784,735**
Non-controlling interests	17	**433,390**	**901,302**
		534,020	**1,686,037**

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

Consolidated Statement of Comprehensive Income
Year ended 31 December 2022

	Group	
	2022	**2021**
	US$'000	**US$'000**
Profit for the year	534,020	1,686,037
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Change in fair value of equity investments at fair value through other comprehensive income ("FVOCI")[1]	(89,474)	183,771
Revaluation of building[2]	–	5,024
	(89,474)	188,795
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans, net of effect of net investment hedges	(2,111,391)	282,353
Effective portion of changes in fair value of cash flow hedges	7,156	1,749
Exchange differences reclassified to profit or loss on disposal of subsidiaries	(11,804)	–
Share of other comprehensive income of equity accounted investments	21,603	1,850
	(2,094,436)	285,952
Other comprehensive income for the year[3]	(2,183,910)	474,747
Total comprehensive income for the year	(1,649,890)	2,160,784
Total comprehensive income attributable to:		
Equity owners of the Company	(1,041,724)	975,780
Non-controlling interests	(608,166)	1,185,004
Total comprehensive income for the year	(1,649,890)	2,160,784

Notes:

1 Includes income tax effects of US$4,660,000 (2021: US$11,530,000), refer to Note 7.

2 Includes income tax effects of US$Nil (2021: US$2,398,000 (credit)), refer to Note 7.

3 Except for income tax effects relating to change in fair value of equity investments at FVOCI, revaluation of building and effective portion of changes in fair value of cash flow hedges, there are no income tax effects relating to other components of other comprehensive income.

Consolidated Statement of Changes in Equity
Year ended 31 December 2022

Group	Share capital US$'000	Currency translation reserve US$'000	Retained earnings US$'000	Capital and other reserves US$'000	Total attributable to equity owners of the Company US$'000	Perpetual securities US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2021	5,538,589	164,464	6,676,446	(446,961)	11,932,538	–	9,672,120	21,604,658
Total comprehensive income for the year								
Profit for the year	–	–	784,735	–	784,735	–	901,302	1,686,037
Other comprehensive income								
Change in fair value of equity investment as FVOCI	–	–	–	144,749	144,749	–	39,022	183,771
Revaluation of building	–	–	–	3,326	3,326	–	1,698	5,024
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans, net of effect of net investment hedges	–	39,679	–	(308)	39,371	–	242,982	282,353
Effective portion of changes in fair value of cash flow hedges	–	–	–	1,749	1,749	–	–	1,749
Share of other comprehensive income of equity accounted investments	–	(5,179)	–	7,029	1,850	–	–	1,850
	–		–			–		
Total other comprehensive income	–	34,500	–	156,545	191,045	–	283,702	474,747
Total comprehensive income for the year	–	34,500	784,735	156,545	975,780	–	1,185,004	2,160,784

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

Consolidated Statement of Changes in Equity (continued)
Year ended 31 December 2022

Group	Share capital US$'000	Currency translation reserve US$'000	Retained earnings US$'000	Capital and other reserves US$'000	Total attributable to equity owners of the Company US$'000	Perpetual securities US$'000	Non-controlling interests US$'000	Total equity US$'000
Transactions with equity owners, recorded directly in equity								
Contributions by and distributions to equity owners								
Capital contribution from non-controlling interests	–	–	–	–	–	–	224,759	224,759
Perpetual securities distribution paid	–	–	–	–	–	(26,025)	–	(26,025)
Interim tax-exempt (one-tier) dividends declared of US$0.07 per share	–	–	(280,000)	–	(280,000)	–	–	(280,000)
Issuance of perpetual securities net of transaction costs	–	–	–	–	–	1,139,287	–	1,139,287
Accrued perpetual securities distribution	–	–	(30,777)	–	(30,777)	30,777	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	–	(35,223)	(35,223)
Share-based payment transactions	–	–	–	139,565	139,565	–	–	139,565
Adjustment of shares to non-controlling interests	–	–	–	–	–	–	(390,403)	(390,403)
Other reclassifications	–	–	–	130	130	–	–	130
Total contributions by and distributions to equity owners	–	–	(310,777)	139,695	(171,082)	1,144,039	(200,867)	772,090

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

Consolidated Statement of Changes in Equity (continued)
Year ended 31 December 2022

Group	Share capital US$'000	Currency translation reserve US$'000	Retained earnings US$'000	Capital and other reserves US$'000	Total attributable to equity owners of the Company US$'000	Perpetual securities US$'000	Non-controlling interests US$'000	Total equity US$'000
Changes in ownership interests in subsidiaries								
Acquisition of interests in subsidiaries from non-controlling interests	–	–	–	(788)	(788)	–	(224,260)	(225,048)
Disposal of interests in subsidiaries to non-controlling interests	–	–	–	9,248	9,248	–	629,269	638,517
Disposal of subsidiaries and assets classified as held for sale	–	–	–	(7,734)	(7,734)	–	(731,007)	(738,741)
Acquisition of subsidiaries	–	–	–	–	–	–	100,374	100,374
Total changes in ownership interest in subsidiaries	–	–	–	726	726	–	(225,624)	(224,898)
Total transactions with equity owners	–	–	(310,777)	140,421	(170,356)	1,144,039	(426,491)	547,192
Transfer to reserves	–	–	(46,079)	46,079	–	–	–	–
At 31 December 2021	5,538,589	198,964	7,104,325	(103,916)	12,737,962	1,144,039	10,430,633	24,312,634

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

Consolidated Statement of Changes in Equity (continued)
Year ended 31 December 2022

Group	Share capital US$'000	Currency translation reserve US$'000	Retained earnings US$'000	Capital and other reserves US$'000	Total attributable to equity owners of the Company US$'000	Perpetual securities US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2022	5,538,589	198,964	7,104,325	(103,916)	12,737,962	1,144,039	10,430,633	24,312,634
Total comprehensive income for the year								
Profit for the year	–	–	100,630	–	100,630	–	433,390	534,020
Other comprehensive income								
Change in fair value of equity investment as FVOCI	–	–	–	(64,811)	(64,811)	–	(24,663)	(89,474)
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans, net of effect of net investment hedges	–	(1,139,629)	9,484	40,221	(1,089,924)	–	(1,021,467)	(2,111,391)
Exchange differences reclassified to profit or loss on disposal of subsidiaries	–	(11,804)	–	–	(11,804)	–	–	(11,804)
Effective portion of changes in fair value of cash flow hedges	–	–	–	7,156	7,156	–	–	7,156
Share of other comprehensive income of equity accounted investments	–	(2,861)	–	19,890	17,029	–	4,574	21,603
Total other comprehensive income	–	(1,154,294)	9,484	2,456	(1,142,354)	–	(1,041,556)	(2,183,910)
Total comprehensive income for the year	–	(1,154,294)	110,114	2,456	(1,041,724)	–	(608,166)	(1,649,890)

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

Consolidated Statement of Changes in Equity (continued)
Year ended 31 December 2022

Group	Share capital US$'000	Currency translation reserve US$'000	Retained earnings US$'000	Capital and other reserves US$'000	Total attributable to equity owners of the Company US$'000	Perpetual securities US$'000	Non-controlling interests US$'000	Total equity US$'000
Transactions with equity owners, recorded directly in equity								
Contributions by and distributions to equity owners								
Capital contribution from non-controlling interests	–	–	–	1,191,347	1,191,347	–	2,578,097	3,769,444
Interim tax-exempt (one-tier) dividends declared of US$0.07 per share	–	–	(295,000)	–	(295,000)	–	–	(295,000)
Accrued distributions, payments and other movements (net)	–	–	(52,195)	14,502	(37,693)	(13,936)	–	(51,629)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(2,239,678)	(2,239,678)
Dividends declared to non-controlling interests	–	–	–	–	–	–	(15,384)	(15,384)
Total contributions by and distributions to equity owners	–	–	(347,195)	1,205,849	858,654	(13,936)	323,035	1,167,753

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

Consolidated Statement of Changes in Equity (continued)
Year ended 31 December 2022

Group	Note	Share capital US$'000	Currency translation reserve US$'000	Retained earnings US$'000	Capital and other reserves US$'000	Total attributable to equity owners of the Company US$'000	Perpetual securities US$'000	Non-controlling interests US$'000	Total equity US$'000
Changes in ownership interests in subsidiaries									
Acquisition of interests in subsidiaries from non-controlling interests without a change in control		–	–	–	(362,666)	(362,666)	–	(108,061)	(470,727)
Disposal of interest in subsidiaries to non-controlling interests without a change in control		–	–	–	(1,132,764)	(1,132,764)	–	594,518	(538,246)
Disposal of subsidiaries and assets classified as held for sale		–	153,598	(153,598)	7,423	7,423	–	(194,690)	(187,267)
Share-based payment transactions	15	–	–	–	–	–	–	856,694	856,694
Acquisition of subsidiaries	28	–	–	–	–	–	–	1,217,811	1,217,811
Total changes in ownership interest in subsidiaries		–	153,598	(153,598)	(1,488,007)	(1,488,007)	–	2,366,273	878,266
Total transactions with equity owners		–	153,598	(500,793)	(282,158)	(629,352)	(13,936)	2,689,308	2,046,019
Transfer to reserves		–	–	31,668	(31,668)	–	–	–	–
At 31 December 2022		5,538,589	(801,732)	6,745,315	(415,286)	11,066,886	1,130,103	12,511,775	24,708,764

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

Consolidated Statement of Cash Flows
Year ended 31 December 2022

	Note	2022 US$'000	2021 US$'000
Cash flows from operating activities			
Profit before tax		1,303,195	2,664,426
Adjustments for non-cash and other items:			
Depreciation of property, plant and equipment and right of use assets		73,329	44,563
Amortization of intangible assets	9	32,479	2,096
Deferred acquisition costs		14,420	7,238
Share-based payment (credit)/expense	22	(93,404)	139,565
Impairment losses		44,141	44,585
Changes in fair value of equity investments at FVTPL	24	60,960	(288,301)
Changes in fair value of investment properties	4	(890,418)	(1,359,752)
Distributions from other investments	23	(58,155)	(27,593)
Income from equity accounted investments		(154,086)	(1,077,921)
Other net gains on disposals		(715,848)	(910,302)
Net finance cost	25	781,401	450,564
Others		2,610	1,457
		400,624	(309,375)
Changes in operating assets and liabilities:			
Trade and other receivables		(68,888)	(451,525)
Trade and other payables		(452,997)	1,840,062
Cash (used in)/generated from operations		(121,261)	1,079,162
Restricted cash		(27,453)	(27,453)
Tax paid		(147,946)	(185,946)
Net cash (used in)/generated from operating activities		**(296,660)**	**865,763**

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

Consolidated Statement of Cash Flows (continued)
Year ended 31 December 2022

	Note	2022 US$'000	2021 US$'000
Investing activities			
Acquisitions and investments:			
Acquisition of subsidiaries, net of cash acquired	28(A)	(1,631,292)	(966,581)
Acquisition of investment properties		(334,061)	(1,781,561)
Deposits placed for acquisitions of investment properties and other investments		(437,394)	(117,461)
Development expenditure on investment properties		(1,189,447)	(1,491,480)
Acquisition of equity accounted investments		(336)	(110,293)
Contribution to equity accounted investments	6	(762,890)	(1,930,941)
Acquisition of other investments		(761,527)	(538,220)
Purchase of property, plant and equipment		(367,339)	(216,583)
Acquisition of intangible assets	9	(5)	(1,235)
Advances to immediate holding company		(1,175,292)	(1,511,129)
Loans to related parties		(400,814)	–
Loans to equity accounted investments		(143,753)	(106,475)
Loans to non-controlling interests		(7,123)	(7,243)
Loans to third parties		(56,114)	(349,419)
Acquisition of non-controlling interests		(60,255)	(220,286)
Divestments and returns:			
Proceeds from disposal of assets classified as held for sale, net of deposits and tax	28(B)	872,256	1,867,488
Withholding tax paid on disposal of assets classified as held for sale		–	(3,566)
Proceeds from disposal of interest in subsidiaries	28(B)	2,076,582	3,032,840
Proceeds from disposal of investment properties		420,967	119,907
Dividends received from equity accounted investments		466,795	644,912
Withholding tax paid on dividend and interest income		(46,283)	(221,659)
Return of capital from equity accounted investments		117,665	79,595
Proceeds from disposal of equity accounted investments		515,258	110,117
Proceeds for liquidation of subsidiary		–	37
Proceeds from sale of property, plant and equipment		13,628	1,033
Distributions received from other investments		61,364	369,553
Proceeds from disposal of other investments		311,833	120,668
Interest income received		32,311	62,224
Loan repayment from related parties		69,114	–
Loan repayment from equity accounted investments		223,253	166,589
Loan repayment from non-controlling interests		–	41,293
Loan repayment from third parties		76,571	332,223
Net cash used in investing activities		**(2,116,328)**	**(2,625,653)**

Consolidated Statement of Cash Flows (continued)
Year ended 31 December 2022

	Note	2022 US$'000	2021 US$'000
Cash flows from financing activities			
Proceeds from bank loans		12,630,337	10,019,226
Repayment of bank loans		(8,281,225)	(9,000,959)
Proceeds from issue of bonds, net of transaction costs		375,359	3,139,706
Redemptions of bonds		(1,080,461)	(2,656,961)
Interest paid		(627,667)	(584,065)
Loans from non-controlling interests		1,646	–
Repayments of loans from non-controlling interests		(3,204)	(10,202)
Loans from equity accounted investments		4,770	–
Repayments of loans from equity accounted investments		(28,501)	–
Loans from related parties		129,448	–
Repayments of loans from related parties		(234,290)	–
Loans from third party		2,571	–
Repayment of loans from third party		(700)	(637)
Repayment of lease liabilities		(37,099)	(28,434)
Contributions from non-controlling interests		1,513,508	224,759
Proceeds from disposal of interest in subsidiaries to non-controlling interest		314,688	638,517
Redemption of shares from non-controlling interest		–	–
Proceeds from issue of perpetual securities		–	1,139,287
Proceeds from issue of capital securities instruments		1,138,500	–
Dividends paid to shareholders		(295,000)	(280,000)
Dividends paid to non-controlling interests		(1,851,478)	(35,223)
Distributions to perpetual security holders	15	(51,629)	(26,025)
Deposits pledged		(58,558)	–
Net cash from financing activities		**3,561,015**	**2,538,999**
Net increase in cash and cash equivalents		1,148,027	779,099
Cash and cash equivalents at beginning of year		2,017,762	1,482,927
Effect of exchange rate changes on cash balances held in foreign currencies		(42,927)	7,194
Cash and cash equivalents of subsidiaries reclassified as assets held for sale	14	(638,245)	(251,458)
Cash and cash equivalents at end of year	13	2,484,617	2,017,762
Restricted cash	13	104,650	27,453
Cash and cash equivalents in the consolidated statement of financial position	13	**2,589,267**	**2,045,215**

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

Consolidated Statement of Cash Flows (continued)
Year ended 31 December 2022

Significant non-cash transactions:

During the year ended 31 December 2022, the Group has the following significant non-cash transactions:

(1) The Group disposed an existing fund into a new fund in which a consideration of US$131,575,000 was settled by way of re-investment into the new fund.

(2) The Group declared a dividend in specie of US$388,200,000 which was settled by way of re-investment into the new fund.

(3) A receivable of US$Nil (2021: US$474,275,000) was novated from a related company to the immediate holding company arising from the sale of certain investment properties.

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

Notes to the Financial Statements

These notes form an integral part of the financial statements. The financial statements were authorized for issue by the Board of Directors on 31 March 2023.

1 General information and capital management

General information

GLP Pte. Ltd. (the "Company") is incorporated in the Republic of Singapore and has its registered office at 8 Marina View, #07-04, Asia Square Tower 1, Singapore 018960. The Company's immediate holding company and ultimate holding company are GLP Bidco Limited and GLP Holdings L.P. respectively, which are incorporated in Cayman Islands. The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in equity accounted investments.

The principal activity of the Company is investment holding. The principal activity of the Company's subsidiaries is the acquisition, development, ownership and management of logistics facilities, together with investments in data infrastructure, renewable energy and related services and technologies. The Group invests in these activities through wholly owned subsidiaries and other entities through which we co-invest with partners and investors who appoint us as the investment manager. We maintain a significant level of ownership in these investment vehicles which may be consolidated or unconsolidated based on our level of control of the entity.

Our applicable accounting standards apply a control-based model to assess whether these investment vehicles should be consolidated by the Group. We generally have the contractual ability to unilaterally direct the relevant activities of our funds and we generally invest significant amounts of capital alongside our investors and partners, which, in addition to our customary management fees and incentive fees, means that we earn meaningful returns as a principal investor in addition to our asset management returns compared to a manager who acts solely as an agent. This combination can result in certain vehicles being consolidated in our financial statements and our remaining capital invested in managed funds being equity accounted for due to our significant influence or joint control over the vehicles.

Significant events during the period

During the year, the Group's fund management activities underwent an internal reorganization to facilitate the growth of the platform via:

i. external investment through the issue of additional equity by GLP Capital Partners Limited ("GCP"), the new holding company of the Group's fund management activities (Note 17);

the acquisition of the fund management business of GLP Capital Partners LP (also referred to as "US GCP") in the US and the remaining 50% interest in the Group's existing fund management joint venture in Vietnam through the issue of equity (see Note 28A).

1 General information and capital management (continued)

As a result of the reorganization, the Global Shares which represented stapled units in the holding companies of the Group's fund management activities, were exchanged for preference shares issued by the Company (see Note 15).

Capital management

The Group generates returns on its capital through management fees and performance revenues earned as an investment manager, as well as distributions or dividends earned from its capital invested in managed entities, and through performance of the Group's financial asset investments and other platforms.

We maintain a significant level of ownership in the investment vehicles which we manage and they may be consolidated or unconsolidated based on our level of control of the entity. All entities that we control are consolidated for financial reporting purposes. As a result, we include 100% of these entities' revenues and expenses in our consolidated income statement, even though a substantial portion of their net income is attributable to non-controlling interests. Similarly, we include all of the assets, liabilities, including non-recourse borrowings, of these entities in our consolidated statement of financial position, and include the portion of equity held by others as non-controlling interests.

The Group's objectives when managing capital are to build a strong capital base so as to sustain the future developments of its business and to maintain an optimal capital structure to maximize shareholders' value. The Group defines "capital" as including all components of equity. The Group's capital structure is regularly reviewed. Adjustments are made to the capital structure in light of changes in economic conditions, regulatory requirements and business strategies affecting the Group. The Group also monitors capital using a net debt to equity ratio, which is defined as net borrowings divided by total equity (including NCI).

	Group	
	2022	**2021**
	US$'000	**US$'000**
Gross loans and borrowings (net of transaction costs)	13,943,954	11,755,739
Less: Cash and cash equivalents excluding restricted cash	(2,484,617)	(2,017,762)
Net debt	11,459,337	9,737,977
Total equity	24,748,020	24,312,634
Net debt to equity ratio	0.46	0.40

The Group seeks to strike a balance between the higher returns that might be possible with higher levels of borrowings and the liquidity and security afforded by a sound capital position. Except for the requirement on the maintenance of statutory reserve fund by subsidiaries incorporated in the PRC and certain financial ratios in excess of specific thresholds required by the credit facilities, there were no externally imposed capital requirements.

2 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared on the historical cost basis except for certain assets and liabilities which are measured at fair value as described below. The financial statements are presented in United States dollars ("US dollars" or "US$"), which is the Company's functional currency. All financial information presented in US dollars has been rounded to the nearest thousand, unless otherwise stated.

The preparation of the financial statements in conformity with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgements

The following judgements when applying the Group's accounting policies have the most significant effect on the consolidated financial statements:

a. *Control or level of influence*

When determining the appropriate basis of accounting for the Group's investees, management makes judgements about the degree of influence that it exerts directly or through an arrangement over the investees' relevant activities. Control is obtained when the Group has the power to direct the relevant investing, financing and operating decisions of the investee and does so in its capacity as principal of the operations, rather than as an agent for other investors.

b. *Share-based payments*

Details of the Group's share-based payment transactions are set out in Note 22. Two types of shares were granted under the Global Share Plan, namely "Award Shares" and "Leveraged Shares".

Award Shares are accounted for as cash-settled share-based payments, and the fair value of the services received is recognized as an expense with a corresponding increase in liability. The fair value of the liability is estimated at the grant date and is adjusted over the associated vesting period. If no services are required, then the amount is recognized immediately. Acceleration of vesting requires any unamortized compensation costs to be recognized immediately. The buyback of grants by the Group during vesting period is treated as an acceleration of vesting. The liability is measured, initially and at the end of each reporting period until settled. Remeasurements after the vesting period are recognized immediately in profit or loss.

Leveraged Shares are issued to participants based on an agreed price on the grant date. Participants may draw down on interest-bearing loans granted by the Group to purchase the Leveraged Shares. This arrangement is accounted for as a share option.

2 Basis of preparation (continued)

Critical judgements (continued)

b. Share-based payments (continued)

As the underlying shares are not traded in an active market, the respective fair values of the Award Shares and Leveraged Shares were estimated using a sum-of-the-parts valuation method to determine the total equity value at the relevant date. Significant judgements in parameters, such as market multiples, historical earnings and discounted future cash flows were used in performing the valuation. A Monte-Carlo option pricing model was then used to estimate the fair value of the Leveraged Shares at their grant date. Significant judgements in parameters, such as tenor of Leverage Shares, discount rate, risk free rates and expected volatility, were required to be made by management in applying the Monte-Carlo option pricing model.

c. Accounting for significant transactions

Acquisition transactions are complex in nature, particularly those including property assets. Management considers each material transaction separately, with an assessment carried out to determine the most appropriate accounting treatment and judgements applied. The judgements include whether the transaction represents an asset acquisition or business combination and the determination of the acquisition date.

In making its judgement, management considers whether the integrated set of assets and activities acquired contain both inputs and substantive processes along with the ability to create outputs. Management also applies the optional 'concentration test' allowed under SFRS(I) 3. When applying the optional test, management considers if substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset (or a group of similar assets). Where management judges that substantially all of the fair value of the gross assets acquired are concentrated in a single identifiable asset (or a group of similar assets) and the 'concentration test' is met, the assets acquired would not represent a business and the transaction would be treated as an asset acquisition. Management also considers all pertinent facts and circumstances in identifying the acquisition date, including when the control of ownership has transferred to the Group.

Critical estimates

The estimates used in determining the recorded amount for assets and liabilities in the consolidated financial statements that have a significant risk of resulting in a material adjustment within the next financial year are:

a) Fair value of investment properties held either directly or through equity accounted investments

The most significant estimates made in preparing these financial statements relate to the carrying value of investment properties, as disclosed in Note 4, including those within equity accounted investments, which are stated at fair value. The fair value of investment property is inherently subjective due to estimates in the underlying assumptions to be applied. The Group uses external professional valuers to determine the relevant amounts.

2 Basis of preparation (continued)

Critical estimates (continued)

b) Valuation of unquoted equity investments held at fair value

The Group invests in early-stage and growth technology companies linked to our ecosystem, through predominantly unlisted securities. Where there have been recent investments by third parties, the price of that investment will generally provide a basis of the valuation. Recent transactions may include post-year-end as well as pre-year-end transactions depending on the nature and timing of these transactions.

c) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount determined based on value in use of the cash-generating units to which the goodwill is allocated. Assessing the value in use requires significant judgement in estimating the underlying assumptions including the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in Note 9.

d) Accounting for acquisitions

In accounting for a business combination, there is inherent uncertainty in the estimation used in allocating the overall purchase price to the assets, liabilities and goodwill that make up the acquisition.

e) Revenue recognition

The Group may be entitled to receive a share of profits as variable consideration which is dependent on the performance of the relevant fund and the development of the fund’s underlying investments. SFRS(I) 15 requires recognition of the variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimating the variable consideration in the transaction price for such performance-based revenue includes an estimate of the value of the unrealized investments in the in-scope funds and an assessment of the likelihood of a future clawback on such fees.

Additional details about revenue recognition policies across our revenue streams are included in Note 3.13.

2 Basis of preparation (continued)

Critical estimates (continued)

How climate risk affects our accounting judgements and estimates

Management makes use of reasonable and supportable information to make accounting judgements and estimates. This includes information about the observable effects of the physical and transition risks of climate change on asset values and market indicators. It also includes the effect on the Group's competitiveness and profitability. Many of the effects arising from climate change will be longer term in nature, with an inherent level of uncertainty, and have limited effect on accounting judgements and estimates for the current period. Some physical and transition risks can manifest in the shorter term. The following items represent the most significant effects:

i) Valuation of investment properties

Management believe that sustainability factors will increasingly play a part in asset valuations in the future. 'Sustainability' is taken to mean the consideration of such matters as environment and climate change, health and wellbeing and corporate responsibility that can or impact the valuation of an asset. For example, assets with the highest standards of sustainability are likely to command the highest rental levels and have the least future capex requirements with regards to meeting relevant sustainability standards.

The Group's valuers note in their valuation reports that wherever appropriate, sustainability and environmental matters are an integral part of the valuation approach. In a valuation context, sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect value. The range of issues includes key environmental risks, such as flooding, energy efficiency and climate, as well as matters of design, configuration, accessibility, legislation, management, and fiscal considerations – and current and historical land use.

The introduction of climate risk legislation, such as mandatory climate related disclosures in different jurisdictions which includes the assessment of physical and transition climate risks, may potentially have an impact on how the market views such risks and incorporates them into the sale and letting of assets. Sustainability and climate risk legislation has an impact on the value of an asset, even if not explicitly recognized. Where the valuers recognize the value impacts of sustainability and legislation, they are reflecting their understanding of how market participants include sustainability and legislation requirements in their bids and the impact on market valuations.

ii) Impairment assessments

Asset impairment assessments are based upon value in use. This represents the value of future cash flows and uses the Group's five-year forecast and the expectation of long-term economic growth beyond this period. The five-year forecast takes account of management's current expectations on competitiveness and profitability, including near term effects of climate transition risk. The long-term growth rate reflects external indicators which will include market expectations on climate risk. The use of market indicators as inputs to fair value is assumed to include current information and knowledge regarding the effect of climate risk.

2 Basis of preparation (continued)

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values. The Group regularly reviews all significant fair value measurements, including significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which such valuations should be classified. When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1:	quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2:	inputs other than quoted prices included in 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).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level or the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest). The Group recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3 Significant accounting policies

3.1 Basis of consolidation

(i) 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 those 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 ("NCI") in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance. The Group's acquisitions of those subsidiaries which are special purpose vehicles established for the sole purpose of holding assets are primarily accounted for as acquisitions of assets.

(ii) Acquisition of entities under common control

For acquisition of entities under common control, the identifiable assets and liabilities were accounted for at their historical costs, in a manner similar to the "pooling-of-interests" method of accounting. Any excess or deficiency between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount recorded for the share capital acquired is recognized directly in equity.

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Investments in equity accounted investments

Associates are those entities in which the Group has significant influence, but not control or joint control, over the 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. A joint venture is an arrangement in which 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.

Investment in associates and joint ventures (collectively referred to as equity-accounted investments) are accounted for using the equity method and reported as equity accounted investments in our statements of financial position. Our equity accounted investments are recognized initially at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of equity-accounted investees, after adjustments to align the accounting policies 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. The Group's investments in associates and joint ventures include goodwill identified on acquisition, net of any accumulated impairment losses.

When the Group's share of losses exceeds its investment 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. If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income or expenses (except for foreign currency translation gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Intra-group revenues and expenses between our subsidiaries, such as asset management fees, are eliminated on consolidation; however, these items affect the attribution of net income between our shareholders and non-controlling interests. For example, management fees paid by our consolidated funds or by other consolidated investments to our fund management business for managing the Group's investments and assets, are eliminated from consolidated revenues and expenses.

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

(v) Transactions eliminated on consolidation (continued)

For fees charged in respect of managing consolidated funds which include a significant percentage of third-party capital, shareholders of the Company are attributed their share of the fee expense and attributed their proportionate share of the fund management segment's revenue. As the Group's interest in the fund management segment is typically higher than the interest held in managed funds, the amount of net income attributable to the Company's shareholders is increased with a corresponding decrease in net income attributable to non-controlling interests.

For fees charged in respect of managing the Group's owned assets and investments outside of investment funds (which include third party capital), shareholders of the Company are attributed all of the fee expense and attributed their proportionate share of the fund management segment's revenue. As the Group's interest in the fund management segment is lower than its interests in owned assets and investments (generally 100%), the amount of net income attributable to the Company's shareholders is reduced with a corresponding increase in net income attributable to non-controlling interests.

Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(vi) Accounting for subsidiaries, associates and joint ventures by the Company

Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

(vii) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meet the definition of a business and control is transferred to the Group (see Note 3.1 (i)). In determining whether a particular set of activities and assets 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.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognized amount of any NCI in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

(vii) Business combinations (continued)

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

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

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognized 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 NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s. 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 the 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. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3.2 Foreign currency

(i) 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 Group's entities at the exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical costs are translated using the exchange rate at the date of the transaction.

3 Significant accounting policies (continued)

3.2 Foreign currency (continued)

(i) Foreign currency transactions

Foreign currency differences arising from translation are recognized in profit or loss. However, foreign currency differences arising from the translation of the following items are recognized in OCI:

- an equity investment designated as fair value through other comprehensive income ("FVOCI");
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent such hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from the acquisition, are translated to US dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to US dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified 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 NCI. When the Group disposes of only part of its investment in an associate or joint ventures that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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 recognized in OCI, and are presented in the translation reserve in equity.

3.3 Financial instruments

Classification and measurement

The Group classifies its financial assets as fair value through profit and loss (“FVTPL”), fair value through other comprehensive income (“FVTOCI”) and amortized cost according to the Group’s business objectives for managing the financial assets and based on the contractual cash flow characteristics of the financial asset. The Group classifies its financial liabilities as amortized cost or FVTPL. On initial recognition, the Group may irrevocably designate a financial instrument that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

Classification and measurement (continued)

- Financial instruments are measured at amortised cost if they are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. They are initially recognized at their fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest rate method. Transaction costs of financial instruments classified as amortized cost are capitalized and amortized in profit or loss on the same basis as the financial instrument. The amortized cost is reduced by impairment losses. Interest income and expense, foreign exchange gains and losses, impairment, and any gains or losses on derecognition are recognized in profit or loss.

- On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. Equity investments classified as FVOCI are initially recognized at their fair value less directly attributable transaction costs and are subsequently measured at fair value at each reporting date. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains or losses are recognised in OCI and are never reclassified to profit or loss.

- Financial instruments that are not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. These instruments are initially and subsequently measured at fair value. Any gains or losses, including any interest income and expense or dividend income, are recognized in profit or loss. Directly attributable transaction costs are recognized in profit or loss as incurred.

- Financial instruments are measured at amortized cost if they are held within a business model whose objective is to hold assets to collect contractual cash flows that are solely payments of principal and interest. They are initially recognized at their fair value and are subsequently measured at amortized cost using the effective interest rate method. Transaction costs of financial instruments classified as amortized cost are capitalized and amortized in profit or loss on the same basis as the financial instrument. The amortized cost is reduced by impairment losses. Interest income and expense, foreign exchange gains and losses, impairment, and any gains or losses on derecognition are recognized in profit or loss.

- On initial recognition of a financial instrument that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. Equity instruments classified as FVOCI are initially recognized at their fair value and are subsequently measured at fair value at each reporting date. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains or losses are never reclassified to profit or loss.

- Financial instruments that are not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. These instruments are subsequently measured at fair value. Any gains or losses, including any interest income and expense or dividend income, are recognized in profit or loss. Directly attributable transaction costs are recognized in profit or loss as incurred.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

Classification and measurement (continued)

The following table presents the types of financial instruments held by the Group within each financial instrument classification:

The following table presents the types of financial instruments held by the Group within each financial instrument classification:

Financial Instrument Type	Measurement
Financial Assets	
Other investments	FVOCI, FVTPL
Other non-current assets	Amortized cost
Trade and other receivables	Amortized cost
Cash and cash equivalents	Amortized cost
Financial Liabilities	
Capital security instruments	Amortized cost
Loans and borrowings	Amortized cost
Financial derivative liabilities	FVTPL
Trade and other payables	Amortized cost
Other non-current liabilities	Amortized cost

Derecognition

- The Group derecognises a financial asset when:
  - the contractual rights to the cash flows from the financial asset expire; or
  - it transfers the rights to receive the contractual cash flows in a transaction in which either:
    - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
    - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.
- Transferred assets are not derecognized when the Group enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.
- The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.
- On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Additional information:

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Derivatives are initially measured at fair value and any directly attributable transaction costs are recognized in profit or loss as incurred. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Hedge accounting is applied when a derivative or non-derivative financial liability is designated as a hedge of a specific exposure and there is assurance that it will continue to be effective as a hedge based on an expectation of offsetting cash flows or fair values.

Hedge accounting is discontinued prospectively when the derivative or other financial instrument no longer qualifies as a hedge, or the hedging relationship is terminated. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of 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. For net investment hedges, the amount recognized in OCI is reclassified to profit or loss on disposal of the foreign operation.

Cash flow hedges

The effective portion of changes in the fair value of a cash flow hedging instrument is recognized in OCI and accumulated in the hedging reserve limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognized in a cost of hedging reserve within equity.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

Additional information: (continued)

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognized. For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

Net investment hedges

For hedging instruments in a hedge of a net investment in a foreign operation, any gain or loss relating to the effective portion of the hedge is recognized in OCI and presented in the translation reserve within equity. Any gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Items not classified as hedges

Derivative financial instruments that are not designated as hedges are subsequently carried at their estimated fair value, and gains and losses arising from changes in fair value are recognized in profit or loss.

3.4 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes. Investment properties comprise completed investment properties, investment properties under re-development, properties under development and land held for development.

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 labor, any other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalized borrowing costs.

Land held for development represents lease prepayments for acquiring rights to use land in the PRC with periods ranging from 40 to 50 years. Such rights granted with consideration are recognized initially at acquisition cost.

(i) Completed investment properties and investment properties under re-development

Completed investment properties and investment properties under re-development are measured at fair value with any changes therein recognized in profit or loss. Rental income from investment properties is accounted for in the manner described in Note 3.13.

3 Significant accounting policies (continued)

3.4 Investment properties (continued)

(ii) Properties under development and land held for development

Land held for development represents lease prepayments for acquiring rights to use land in the PRC with periods ranging from 40 to 50 years. Such rights granted with consideration are recognized initially at acquisition cost.

Property that is being constructed or developed for future use as investment property is initially recognized at cost, including transaction costs, and subsequently at fair value with any change therein recognized in profit or loss.

When an investment property is disposed of, the resulting gain or loss recognized in profit or loss is the difference between net disposal proceeds and the carrying amount of the property.

3.5 Property, plant and equipment

(i) Property that is being constructed or developed for future use as investment property is initially recognized at cost, including transaction costs, and subsequently at fair value with any change therein recognized in profit or loss.

When an investment property is disposed of, the resulting gain or loss recognized in profit or loss is the difference between net disposal proceeds and the carrying amount of the property.

Property, plant and equipment are measured at cost which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent to recognition, buildings (except for buildings held for own use) are measured at fair value less accumulated depreciation and accumulated impairment losses while other property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Any surplus arising on the revaluation is recognized in other comprehensive income ("OCI"), except to the extent that the surplus reverses a previous revaluation deficit on the same asset recognized in profit or loss, in which case the credit to that extent is recognized in profit or loss. Any deficit on revaluation is recognized in profit or loss except to the extent that it reverses a previous revaluation surplus on the same asset, in which case the debit to that extent is recognized in OCI. Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

The revaluation surplus included in OCI in respect of an item of property, plant and equipment measured using revaluation model, is transferred directly to retained earnings.

Subsequent expenditure relating to property, plant and equipment that has already been recognized is added to the carrying amount of the asset when 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. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

3 Significant accounting policies (continued)

3.5 Property, plant and equipment (continued)

Subsequent expenditure relating to property, plant and equipment that has already been recognized is added to the carrying amount of the asset when 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. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognized as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Land is not depreciated. Depreciation is recognized from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

• Buildings	40 years
• Furniture, fittings and equipment	2-20 years
• Right-of-use assets	1-15 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Goodwill and intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1 (vii). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates and joint ventures.

(ii) Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at costs less accumulated amortization and accumulated impairment losses. Amortization is calculated over the cost of the asset, less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most clearly reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives of intangible assets are as follows:

• Trademarks	20 years
• License rights	over the term of the license period
• Fund management contracts	over the estimated term of the relevant contracts (6 to 10 years)

Amortization methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3 Significant accounting policies (continued)

3.7 Impairment

(i) Non-derivative financial assets

The Group recognizes loss allowances for expected credit losses ("ECLs") on financial assets measured at amortized cost. Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition. At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information. If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

3 Significant accounting policies (continued)

3.7 Impairment (continued)

(i) Non-derivative financial assets (continued)

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECLs in the statements of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Equity accounted investments

Any 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 the requirements of non-financial assets. An impairment loss is recognized in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimate used to determine the recoverable amount, only to the extent that the recoverable amount increases.

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

3 Significant accounting policies (continued)

3.7 Impairment (continued)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount are estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognized if the carrying amount of an asset or its 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 of disposal. 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment 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 CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilized by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognized in profit or loss. Impairment losses recognized 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 unit (group of units) on a pro rata basis.

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

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

3 Significant accounting policies (continued)

3.8 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell. Investment properties classified within assets held for sale are subsequently remeasured at their fair values. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property, which continue to be measured in accordance with the Group's accounting policies.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss. Intangible assets and property, plant and equipment once classified as held for sale are not amortized or depreciated. In addition, equity accounting of joint ventures and associates ceases once classified as held for sale.

3.9 Deferred acquisition costs

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Incremental costs of obtaining a contract are capitalized when incurred if the costs relate to revenue that will be recognized in a future reporting period and the costs are expected to be recovered. Capitalized contract costs are stated at cost less accumulated amortization and impairment losses. Deferred acquisition costs represent the costs incurred to secure the right to benefit from the provision of fund management services, and are amortized as the Group recognizes the related revenue over the remaining tenure of the fund.

3.10 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3 Significant accounting policies (continued)

3.10 Employee benefits

(iii) Employee leave entitlement

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring of benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

*(v) Share-based paymen*t transactions

For equity-settled share-based payment transactions, the fair value of the services received is recognized 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 date of the grant. 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 recognized 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.

For cash-settled share-based payment transactions, the fair value of the goods or services received is recognized as an expense with a corresponding increase in liability. The grant-date fair value of the liability is recognized over the vesting period. If no services are required, then the amount is recognized immediately. Remeasurements during the vesting period are recognized immediately to the extent that they relate to past services, and recognition is spread over the remaining vesting period to the extent that they relate to future services. That is, in the period of the remeasurement, there is a catch-up adjustment for prior periods in order for the recognized liability at each reporting date to equal a defined proportion of the total fair value of the liability. The recognized proportion is generally calculated by dividing the period for which services have been provided as at the reporting date by the total vesting period. Remeasurements are recognized in profit or loss.

(vi) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than defined contribution and defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is based on US government 10-year bond yields and have maturity dates approximating the terms of the Group's obligations and are denominated in the currency in which the benefits are expected to be paid. The calculation is performed using the projected unit credit method. Remeasurements are recognized in profit or loss in the period in which they arise.

3 Significant accounting policies (continued)

3.11 Provisions

A provision is recognized 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. Provisions are determined by discounting the expected future cash flows at the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

3.12 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the 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 recognizes a right-of-use asset and a lease liability at the lease commencement 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 asset 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 of the lease term or the cost of the right-of-use asset 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 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.

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 Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

3 Significant accounting policies (continued)

3.12 Leases (continued)

(i) As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized 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. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

From 1 January 2022, where the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in "other non-current liabilities" and "trade and other payables" in the statements of financial position.

Short-term leases and leases of low-value assets

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

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the 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.

3 Significant accounting policies (continued)

3.12 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.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease (see Note 3.7(i)).The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease. The Group recognizes lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'. Rental income from sub-leased property is recognized as "other income".

3.13 Revenue recognition

Rental and related income

We lease our properties to customers under agreements that are classified as operating leases. We recognize the total minimum lease payments provided for under the leases on a straight-line basis over the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net lease payments receivable. Revenues from warehouse services and handling are recognized over the period consistent with the transfer of the service to the customer. Multiple contracts with a single counterparty are accounted for as separate arrangements.

Fund management fee income

Fund management fee revenue includes revenue we earn from the management services we provide to unconsolidated entities. These fees are determined in accordance with the terms specific to each arrangement and may include recurring fees such as asset management and property management fees or transactional fees for leasing, acquisition, and development services provided. We recognize these fees as we provide the services.

We may also earn incentive returns based on a venture's cumulative returns over a certain time-period where the returns may be determined by both the operating performance and valuation of the venture, including highly variable inputs such as capitalization rates, market rents, interest rates and foreign currency exchange rates. In accordance with applicable accounting standards, this variable revenue can only be recognized to the extent that it is highly probable that a significant reversal will not occur in future periods. As the key inputs are highly volatile and out of our control, and such volatility can materially impact our performance entitlements period over period, we generally recognize such revenues towards the end of the performance period.

3 Significant accounting policies (continued)

3.13 Revenue recognition (continued)

Fund management fee income (continued)

We also earn fees from investment vehicles that we consolidate. Upon consolidation, these fees are eliminated from our earnings and the third-party investors' share of these fees are recognized as a reduction to profit attributable to Non-controlling Interests (see Note 3.1(v) for further details).

Sales of goods

Revenue from the sale of goods is recognized when the customer takes possession of and accepts the products. If the products are a partial fulfillment of a contract covering other goods and/or services, then the amount of revenue recognized is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis. If the Group provides any additional services to the customer after the contract for goods has passed (such as installation, maintenance, or other services), revenues from such services are considered to be separate performance obligations and are recognized over the time the service is rendered.

Energy sales

Revenue from sale of electricity arises from the sale of electricity produced and sold to customers. Performance obligations in the contract are the provisions of electricity power through the solar panels to the electricity distributor. They are provided continuously over the contractual period, so the services in the contract represent a single performance obligation. The customer simultaneously receives and consumes the benefits provided by the Group. Revenue is recognised over the contractual period.

Dividend income

Dividend income from unquoted investments is recognized when the shareholder's right to receive payment is established. Dividend income from quoted investments is recognized when the share price of the investment goes ex-dividend.

3.14 Government subsidies

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and, where applicable, the Group will comply with all attached conditions. Grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs are recognized in profit or loss in the period in which it becomes receivable. Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which associated expenses are incurred.

3 Significant accounting policies (continued)

3.15 Finance income and expenses

Finance income comprises interest income on funds invested (including equity investments) and gains on hedging instruments that are recognized in profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, and losses on hedging instruments that are recognized in profit or loss. Interest income or expense is recognized as it accrues in profit or loss, using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

3.16 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI. The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under *SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, measured 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 tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized 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 recognized for:

3 Significant accounting policies (continued)

3.16 Tax (continued)

- 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 and equity accounted investments 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 reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has been rebutted for investment properties held in certain countries which the Group operates in. Where this presumption has not been rebutted, the capital gains tax rate applied is that which would apply on a direct sale of the property recorded in the statements of financial position regardless of whether the Group would structure the sale via the disposal of the subsidiary holding the asset, to which a different tax rate may apply. The deferred tax is then calculated based on the respective temporary differences and tax consequences arising from recovery through sale.

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, and reflects uncertainty related to income taxes, if any.

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 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 realized simultaneously.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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 realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

3 Significant accounting policies (continued)

3.17 Segment reporting

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. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and to assess its performance and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

3.18 New standards and amendments

The Group has adopted Amendments to SFRS(I) 37: Onerous Contracts – Cost of Fulfilling a Contract from 1 January 2022. This resulted in a change in accounting policy for performing an onerous contracts assessment. Previously, the Group included only incremental costs to fulfil a contract when determining whether that contract was onerous. The revised policy is to include both incremental costs and an allocation of other direct costs.

The amendments apply prospectively to contracts existing at the date when the amendments are first applied. The Group has analysed all contracts existing at 1 January 2022 and determined that none of them would be identified as onerous applying the revised accounting policy – i.e. there is no impact on the opening equity balances as at 1 January 2022 as a result of the change.

A number of other new standards, amendment to standards and new interpretations became effective for the first time for the financial year beginning on 1 January 2022 and have not been listed in these financial statements as they either not relevant or are immaterial to the financial statements. Certain new accounting standards and interpretations have been published that are effective for financial years commencing after 31 December 2022 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3.19 New standards and interpretations not adopted

Certain new accounting standards and interpretations have been published that are effective for financial years commencing after 31 December 2022 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4 Investment properties

	Note	Group 2022 US$'000	Group 2021 US$'000
At 1 January		16,619,297	22,438,429
Additions		1,495,902	3,472,236
Disposals		(513,933)	(108,752)
Acquisition of subsidiaries	28(A)	1,744,522	2,020,605
Disposal of subsidiaries	28(B)	(991,562)	(6,377,898)
Borrowing costs capitalized	25	34,947	26,520
Changes in fair value		890,418	1,359,752
Reclassification to assets classified as held for sale	14	(2,222,178)	(6,710,114)
Effect of movements in exchange rates		(1,748,822)	498,519
At 31 December		15,308,591	16,619,297
Comprising:			
Completed investment properties		11,099,560	12,213,353
Investment properties under re-development		–	10,424
Properties under development		2,727,728	2,245,244
Land held for development		1,481,303	2,150,276
		15,308,591	16,619,297

The Group reclassified certain investment properties of US$2,222,178,000 (2021: US$6,710,114,000) to assets classified as held for sale following initiation of an active programme to sell (Note 14).

Investment properties are held mainly for use by external customers under operating leases. Generally, the leases contain an initial non-cancellable period of one to twenty years. Subsequent renewals are negotiated with the lessees. There are no contingent rents arising from the lease of investment properties.

Investment properties with carrying value totaling approximately US$12,183,466,000 as at 31 December 2022 (2021: US$11,920,179,000) were mortgaged to banks and bondholders to secure credit facilities for the Group (Note 18).

4 Investment properties (continued)

Measurement of fair value (continued) Measurement of fair value

(i) Fair value hierarchy

The Group's investment property portfolio is valued by external and internal valuers at the reporting date. 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 as at the reporting date, the external and internal valuers have adopted a combination of valuation methods, including income capitalization, discounted cash flows and residual methods, which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalization rate, discount rate and terminal yield rate.

The income capitalization method capitalizes an income stream into a present value using single-year capitalization rates, the income stream used is adjusted to market rentals currently being achieved within comparable investment properties and recent leasing transactions achieved within the investment properties. The discounted cash flow method requires the valuer to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements. The residual method values properties under development and land held for development by reference to their development potential which involves deducting the estimated development costs to complete construction and developer's profit from the gross development value to arrive at the residual value of the property. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation. The estimated cost to complete is determined based on the construction cost per square metre in the area.

The fair value measurement for investment properties of US$15,308,591,000 (2021: US$16,619,297,000) has been categorized as a Level 3 fair value based on the inputs to the valuation technique used and was measured based on valuation by valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the respective investment property being valued. Because of the nature of the Group's investment properties, they are valued by reference to a level 3 fair value measurement. The reconciliation of opening to closing level 3 fair values is identical to the table set out above and separate disclosure is unnecessary.

4 Investment properties (continued)

(ii) Reconciliation of Level 3 fair values

Valuation technique and significant unobservable inputs

The following table shows the valuation methods and key unobservable inputs used in measuring the fair value of investment properties.

Valuation method	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Income capitalization	***Capitalization rate:*** PRC: 4.00% to 7.00 % (2021: 4.00% to 7.00%) Europe: 5.12% (2021: 4.60%) USA: 4.00% (2021: 4.00% to 5.50%)	The estimated fair value varies inversely against the capitalization rate.
Discounted cash flow	***Discount rate:*** PRC: 7.25% to 10.50% (2021: 7.25% to 10.50%)	The estimated fair value varies inversely against the discount rate.
	Terminal yield rate: PRC: 4.00 % to 7.00% (2021: 4.00% to 7.00%)	The estimated fair value varies inversely against the terminal yield rate.
Residual	***Capitalization rate[1]:*** PRC: 4.50% to 7.00% (2021: 4.50% to 7.00%) Japan: 3.80% to 6.38% (2021: 3.62% to 6.08%) Europe: 4.42 %(2021: 4.44%)	The estimated fair value and gross development value vary inversely against the capitalization rate.

1 Income capitalization method is applied to derive the total gross development value under the residual approach.

5 Subsidiaries

	Company	
	2022	**2021**
	US$'000	**US$'000**
Unquoted equity shares, at cost	9,427,499	5,727,855
Less: Allowance for impairment loss	(245,770)	(243,822)
	9,181,729	5,484,033
Loans to subsidiaries (interest-free)	367,759	538,532
	9,549,488	6,022,565

During the year ended 31 December 2022, a reversal of impairment loss of US$Nil (2021: reversal of impairment loss of US$59,795,000) was recognized in profit or loss for the Company's investment in a subsidiary in the USA, in view of the excess in recoverable amount against the cost less accumulated impairment.

During the year ended 31 December 2022, an impairment loss of US$Nil (2021: US$42,854,000) was recognized in profit or loss for the Company's investment in certain subsidiaries in Brazil, in view of the deficit of recoverable amount against the cost less accumulated impairment.

During the year ended 31 December 2022, an impairment loss of US$1,948,000 (2021: USNil) was recognized in profit or loss for the Company's investment in certain subsidiaries in Singapore, in view of the deficit of recoverable amount against the cost less accumulated impairment.

The recoverable amounts were estimated based on the subsidiaries' net assets which are expected to approximate their fair values less costs to sell as the assets held by the subsidiaries which comprise mainly investment properties or joint ventures owning investment properties were measured at fair value. and the fair value measurements are categorized as Level 3 in the fair value hierarchy.

The loans to subsidiaries form an extension of the Company's interest in subsidiaries. They are unsecured and not expected to be repaid within the next 12 months from 31 December 2022.

Details of significant subsidiaries are set out in Note 34.

6 Equity accounted investments

	Group	
	2022	**2021**
	US$'000	**US$'000**
Interests in associates	4,427,004	4,178,170
Interests in joint ventures	3,652,056	4,068,390
	8,079,060	8,246,560
Capital commitments in relation to interests in equity accounted investments	3,853,988	3,375,223

6 Equity accounted investments (continued)

The Group has one joint venture and four associates (2021: two joint ventures and two associates) that are material and a number of associates and joint ventures that are individually immaterial to the Group. All are equity accounted. The following are the material associates and joint ventures:

Name of material joint ventures[1]	Principal activity	Principal place of business	Ownership interests/voting rights held 2022 %	2021 %
GLP Japan Development Partners II ("JDP II")	Private equity fund focused on logistics properties	Japan	–[2]	50.00
China Merchants Capital Investments Co., Ltd. ("CMC")	Equity investment	PRC	50.00	50.00
Name of material associates				
GLP Japan Development Partners III ("JDP III")	Private equity fund focused on logistics properties	Japan	25.64	25.64
GLP Japan Income Fund L.P. ("JIF")	Private equity fund focused on logistics properties	Japan	14.04	–[2]
Hidden Hill Fund ("Hidden Hill")	Equity investment	PRC	66.91	67.97
Hidden Hill Foundation ("HHF")	Equity investment	PRC	16.16	–[2]

Notes:

1 Applying the commercial name of the joint ventures used under GLP's fund management platform.

2 JDP II is not a material joint venture and associate to the Group for the financial year ended 31 December 2022. JIF and HHF were not material joint ventures and associates to the Group for the financial year ended 31 December 2021.

6 Equity accounted investments (continued)

Summary information for equity accounted investees that are material to the Group

This summarized financial information is shown on a 100% basis. It represents the amounts shown in the associates and joint ventures' financial statements prepared in accordance with SFRS(I) under Group accounting policies.

	JDP III US$'000	JIF US$'000	CMC US$'000	Hidden Hill US$'000	HHF US$'000
For the year ended 31 December 2022					
Results					
Revenue	15,224	195,035	142,607	200,624	–
Profit for the year	431,171	242,350	71,129	164,921	(13,743)
Profit after tax include:					
Interest income	2	2	2,673	330	–
Depreciation and amortization	(8,909)	(9,669)	–	–	–
Interest expense	(1,051)	(12,898)	(62,783)	–	–
Assets and liabilities					
Non-current assets	1,520,139	5,223,354	2,289,933	1,827,806	461,303
Current assets	109,467	347,573	385,685	40,994	26,070
Total assets	1,629,606	5,570,927	2,675,618	1,868,800	487,373
Non-current liabilities	(579,012)	(2,338,448)	(1,036,909)	(115,936)	(19,106)
Current liabilities	(350,306)	(362,241)	(404,627)	(4,851)	(12,323)
Total liabilities	(929,318)	(2,700,689)	(1,441,536)	(120,787)	(31,429)
Assets and liabilities include:					
Cash and cash equivalents	71,472	322,254	245,007	21,835	17,886
Current financial liabilities (excluding trade and other payables)	(122,040)	(277,381)	(331,321)	–	–
Non-current financial liabilities (excluding trade and other payables)	(547,677)	(2,240,653)	(935,505)	–	–

6 Equity accounted investments (continued)

Summary information for equity accounted investees that are material to the Group (continued)

Reconciliation of the above amounts to investment recognized in the consolidated statement of financial position

As at 31 December 2022	JDP III US$'000	JIF US$'000	CMC US$'000	Hidden Hill US$'000	HHF US$'000	Other individually immaterial equity accounted investees US$'000	Total US$'000
Group's interest in net assets of associates and joint ventures at beginning of the year	170,872	273,275	891,263	1,252,481	–	5,658,669	8,246,560
Group's share of total comprehensive income	65,044	28,088	37,765	9,583	(2,861)	38,070	175,689
Dividends received from associates and joint ventures (the Group's share)	(81,826)	–	(52,556)	(86,598)	(20,705)	(225,110)	(466,795)
Group's share of total (distribution to)/contribution by shareholders (net)	(20,208)	23,157	–	13,140	158,330	588,471	762,890
Group's share of total (distribution to)/contribution by shareholders (net) -Non Cash	–	–	–	–	–	10,043	10,043
Group's investment in associate through acquisition of subsidiaries	–	–	–	–	–	352,124	352,124
Disposal of associates and joint ventures	–	–	–	(455,065)	(13,329)	(36,218)	(504,612)
Write off of investment in associate (Note 25)	–	–	–	–	–	(16,528)	(16,528)
Reclassification from other investment (Note 10)	–	–	–	–	–	155,170	155,170
Effect of movements in exchange rates	(23,855)	(37,219)	(76,686)	(91,080)	(4,275)	(402,366)	(635,481)
Carrying amount of interest in associates and joint ventures at the end of the year	110,027	287,301	799,786	642,461	117,160	6,122,325	8,079,060

6 Equity accounted investments (continued)

Summary information for associates and joint ventures that are material to the Group (continued)

For the year ended 31 December 2021	JDP II US$'000	JDP III US$'000	CMC US$'000	Hidden Hill US$'000
Results				
Revenue	6,718	14,962	390,813	557,308
Profit for the year	207,407	639,573	308,523	448,019
Profit after tax include:				
Interest income	1	–	1,234	478
Depreciation and amortization	(4,341)	(4,020)	–	–
Interest expense	(299)	(1,053)	(58,724)	–
Assets and liabilities				
Non-current assets	784,825	946,823	2,364,642	1,874,210
Current assets	60,619	1,454,591	517,148	169,863
Total assets	845,444	2,401,414	2,881,790	2,044,073
Non-current liabilities	(352,736)	(1,047,763)	(1,059,336)	(112,776)
Current liabilities	(92,077)	(251,986)	(350,928)	(135)
Total liabilities	(444,813)	(1,299,749)	(1,410,264)	(112,911)
Assets and liabilities include:				
Cash and cash equivalents	43,796	140,374	139,596	169,864
Current financial liabilities (excluding trade and other payables)	(15)	(33,903)	(323,315)	–
Non-current financial liabilities (excluding trade and other payables)	(335,299)	(1,007,596)	(1,059,336)	–

6 Equity accounted investments (continued)

Summary information for associates and joint ventures that are material to the Group (continued)

Reconciliation of the above amounts to investment recognized in the consolidated statement of financial position

31 December 2021	GLP Japan Development Partners II US$'000	GLP Japan Development Partners III US$'000	CMC US$'000	Hidden Hill US$'000	Other individually immaterial associates and joint ventures US$'000	Total US$'000
Group's interest in net assets of associates and joint ventures at beginning of the year	321,877	53,571	770,916	963,438	4,034,767	6,144,569
Group's share of total comprehensive income	100,812	98,238	101,071	373,385	406,265	1,079,771
Dividends received from associates and joint ventures (the Group's share)	(225,995)	(21,249)	–	(18,334)	(379,334)	(644,912)
Group's share of total (distribution to)/contribution by shareholders (net)	33,683	51,741	–	86,944	1,789,271	1,961,639
Group's share of total (distribution to)/contribution by shareholders (net)- Non Cash	–	–	–	–	21,651	21,651
Disposal of associates and joint ventures	–	–	–	–	(352,379)	(352,379)
Reclassification of joint venture to assets classified as held for sale	–	–	–	(182,599)	146,598	(36,001)
Effect of movements in exchange rates	(26,755)	(11,429)	19,276	29,647	61,483	72,222
Carrying amount of interest in associates and joint ventures at the end of the year	203,622	170,872	891,263	1,252,481	5,728,322	8,246,560

6 Equity accounted investments (continued)

Immaterial associates and joint ventures

The Group has interests in a number of individually immaterial associates and joint ventures.

The following table summarizes, in aggregate, the carrying amount and share of profit and OCI of these associates and joint ventures that are accounted for using the equity method:

	Group	
	2022	**2021**
	US$'000	**US$'000**
Carrying amount of interests in immaterial associates and joint ventures	6,122,325	5,728,322
Group's share of:		
– Profit from continuing operations	36,974	401,079
– OCI	1,096	5,186
– Total comprehensive income	38,070	406,265

7 Deferred tax

Movements in deferred tax assets and liabilities during the year are as follows:

Group	At 1 January US$'000	Acquisition of subsidiaries (Note 28(A)) US$'000	Disposal of subsidiaries US$'000	Effect of movements in exchange rates US$'000	Recognized in OCI US$'000	Recognized in profit or loss (Note 27) US$'000	Reclassified as held for sale US$'000	At 31 December US$'000
31 December 2022								
Deferred tax assets								
Unutilized tax losses	27,871	1,327	–	(3,144)	–	8,728	–	34,782
Others	17,519	13,253	–	(1,949)	–	14,073	–	42,896
	45,390	14,580	–	(5,093)	–	22,801	–	77,678
Deferred tax liabilities								
Investment properties	(1,518,543)	(45,024)	113,314	131,714	–	(353,680)	325,403	(1,346,816)
Other investments	(148,247)	–	52,440	8,960	4,660	30,513	–	(51,674)
Others	(141,279)	(140,689)	174	38,987	–	55,618	4,943	(182,246)
	(1,808,069)	(185,713)	165,928	179,661	4,660	(267,549)	330,346	(1,580,736)
Total	(1,762,679)	(171,133)	165,928	174,568	4,660	(244,748)	330,346	(1,503,058)

7 Deferred tax (continued)

Group	At 1 January US$'000	Acquisition of subsidiaries (Note 28(A)) US$'000	Disposal of subsidiaries US$'000	Effect of movements in exchange rates US$'000	Recognized in OCI US$'000	Recognized in profit or loss (Note 27) US$'000	Reclassified as held for sale US$'000	At 31 December US$'000
31 December 2021								
Deferred tax assets								
Unutilized tax losses	37,546	11,206	(9,344)	(1,488)	–	1,990	(12,039)	27,871
Others	16,710	–	(1)	(810)	–	1,620	–	17,519
	54,256	11,206	(9,345)	(2,298)	–	3,610	(12,039)	45,390
Deferred tax liabilities								
Investment properties	(2,371,735)	(18,590)	495,212	(54,331)	–	(381,359)	812,260	(1,518,543)
Property, plant and equipment	(2,372)	–	–	(26)	2,398	–	–	–
Other investments	(80,664)	–	7	(3,360)	(11,530)	(52,700)	–	(148,247)
Others	(39,462)	–	44	(2,638)	(490)	(98,733)	–	(141,279)
	(2,494,233)	(18,590)	495,263	(60,355)	(9,622)	(532,792)	812,260	(1,808,069)
Total	(2,439,977)	(7,384)	485,918	(62,653)	(9,622)	(529,182)	800,221	(1,762,679)

7 Deferred tax (continued)

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 tax authority. The amounts determined after appropriate offsetting are included in the statement of financial position as follows:

	Group	
	2022	**2021**
	US$'000	**US$'000**
Deferred tax assets	85,457	54,963
Deferred tax liabilities	(1,588,515)	(1,817,642)

As at reporting date, deferred tax liabilities have not been recognized in respect of taxes that would be payable on the undistributed earnings of certain subsidiaries of US$57,575,000 (2021: US$83,311,000) as the Group does not have plans to distribute these earnings in the foreseeable future.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. 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 realized. The Group has not recognized deferred tax assets in respect of the following:

	Group	
	2022	**2021**
	US$'000	**US$'000**
Tax losses	948,870	874,754

Deferred tax assets in respect of tax losses have not been recognized because it is not probable that future taxable profit will be available against which the Group can utilize the benefits. Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate. Unrecognized tax losses will expire within one to five years.

8 Property, plant and equipment

		At valuation	At cost					
		Buildings US$'000	Buildings held for own use US$'000	Furniture, fittings and equipment US$'000	Solar plants US$'000	Assets under construction US$'000	Right-of-use assets US$'000	Total US$'000
At 1 January 2021		106,254	74,626	109,640	–	19,583	151,569	461,672
Acquisition of subsidiaries		–	–	39,057	–	3,030	50,310	92,397
Additions		41,995	10,519	54,118	–	151,640	326,381	584,653
Disposals		–	–	(1,365)	–	–	(18,977)	(20,342)
Disposal of subsidiaries		(156,822)	–	(6,221)	–	–	–	(163,043)
Reclassification to asset held for sale		–	–	(64)	–	–	–	(64)
Revaluation of buildings recognized in other comprehensive income		6,698	–	–	–	–	–	6,698
Written off		–	–	(61)	–	–	(5,364)	(5,425)
Elimination on revaluation of buildings		(827)	–	–	–	–	–	(827)
Effect of movements in exchange rates		2,702	1,581	1,061	–	2,188	4,479	12,011
At 31 December 2021		–	86,726	196,165	–	176,441	508,398	967,730
Additions		–	37,356	384,944	7,605	(15,632)	27,752	442,025
Acquisition of subsidiaries	28B	–	41,606	97,508	–	143,600	104,854	387,568
Disposals		–	–	(11,852)	–	–	(29,972)	(41,824)
Disposal of subsidiaries		–	–	(8)	–	–	–	(8)
Reclassification to asset held for sale		–	–	(3,138)	–	(38)	–	(3,176)
Written off		–	–	(265)	–	–	–	(265)
Impairment losses		–	–	(590)	–	–	–	(590)
Effect of movements in exchange rates		–	(8,105)	(44,413)	107	(18,329)	(52,608)	(123,348)
At 31 December 2022			157,583	618,351	7,712	286,042	558,424	1,628,112

8 Property, plant and equipment (continued)

	At valuation	At cost					
Group	**Buildings US$'000**	**Buildings held for own use US$'000**	**Furniture, fittings and equipment US$'000**	**Solar plants US$'000**	**Assets under construction US$'000**	**Right-of-use assets US$'000**	**Total US$'000**
Accumulated depreciation							
At 1 January 2021	–	1,814	43,713	–	–	26,922	72,449
Depreciation charge for the year	827	1,100	13,877	–	–	28,759	44,563
Disposals	–	–	(513)	–	–	(6,152)	(6,665)
Disposal of subsidiaries	–	–	(2,697)	–	–	–	(2,697)
Reclassification to asset held for sale	–	–	158	–	–	–	158
Written off	–	–	(61)	–	–	(5,364)	(5,425)
Elimination on revaluation of buildings	(827)	–	–	–	–	–	(827)
Effect of movements in exchange rates	–	609	376	–	–	3,895	4,880
At 31 December 2021	–	3,523	54,853	–	–	48,060	106,436
Depreciation charge for the year	–	1,965	39,262	21	–	51,877	93,125
Disposals	–	–	(3,853)	–	–	(14,809)	(18,662)
Disposal of subsidiaries	–	–	(7)	–	–	–	(7)
Reclassification	–	–	946	–	–	(946)	–
Reclassification to asset held for sale	–	–	(1,479)	–	–	–	(1,479)
Written off	–	–	(243)	–	–	–	(243)
Impairment losses	–	–	(5)	–	–	–	(5)
Effect of movements in exchange rates	–	(849)	(7,639)	–	–	(14,485)	(23,023)
At 31 December 2022	–	4,639	81,835	21	–	69,697	156,142
Carrying amounts							
At 31 December 2021	–	83,203	141,312	–	176,441	460,338	861,294
At 31 December 2022	–	152,944	536,566	7,691	286,042	488,727	1,471,970

8 Property, plant and equipment (continued)

	At cost			
	Furniture, fittings and equipment US$'000	**Assets under construction US$'000**	**Right-of-use assets US$'000**	**Total US$'000**
Company				
Cost				
At 1 January 2021	15,989	1,554	1,965	19,508
Additions	1,169	1,434	–	2,603
Transfer	1,668	(1,668)	–	–
Written off	(62)	–	–	(62)
At 31 December 2021	18,764	1,320	1,965	22,049
Additions	814	5,544	–	6,358
Transfer	1,502	(1,502)	–	–
At 31 December 2022	21,080	5,362	1,965	28,407
Accumulated depreciation				
At 1 January 2021	14,279	–	794	15,073
Depreciation charge for the year	1,536	–	537	2,073
At 31 December 2021	15,815	–	1,331	17,146
Depreciation charge for the year	1,336	–	517	1,853
At 31 December 2022	17,151	–	1,848	18,999
Carrying amounts				
At 31 December 2021	2,949	1,320	634	4,903
At 31 December 2022	3,929	5,362	117	9,408

9 Goodwill and intangible assets

Group	Goodwill	Intangible Assets				
	Goodwill US$'000	Trade-marks US$'000	License rights US$'000	Fund Management Contract US$'000	Customer Related Assets US$'000	Total US$'000
Cost						
At 1 January 2021	499,220	39,098	3,383	–	–	541,701
Additions	1,210	25	–	–	–	1,235
Effect of movements in exchange rates	6,965	565	127	–	–	7,657
At 31 December 2021	507,395	39,688	3,510	–	–	550,593
Acquisition of subsidiaries	1,026,110	1,501	30,917	349,000	146,560	1,554,088
Additions	–	5	–	–	–	5
Written off	(8,349)	–	–	–	–	(8,349)
Effect of movements in exchange rates	(48,746)	(2,193)	(897)	–	(6,325)	(58,161)
At 31 December 2022	1,476,410	39,001	33,530	349,000	140,235	2,038,176
Accumulated amortization						
At 1 January 2021	–	20,700	987	–	–	21,687
Amortization for the year	–	2,010	85	–	–	2,095
Effect of movements in exchange rates	–	449	24	–	–	473
At 31 December 2021	–	23,159	1,096	–	–	24,255
Amortization for the year	–	2,040	2,186	20,852	7,401	32,479
Effect of movements in exchange rates	–	(1,360)	(346)	–	(260)	(1,966)
At 31 December 2022	–	23,839	2,936	20,852	7,141	54,768
Carrying amounts						
At 31 December 2021	507,395	16,529	2,414	–	–	526,338
At 31 December 2022	1,476,410	15,162	30,594	328,148	133,094	1,983,408

9 Intangible assets (continued)

Goodwill and other intangible assets from business combination

Impairment test for goodwill

For the purpose of goodwill impairment testing, the aggregate carrying amount of goodwill allocated to each cash-generating unit ("CGU") as at 31 December 2022 are as follows:

	Carrying amount	
Group	**2022 US$'000**	**2021 US$'000**
Airport City Development Group ("ACL Group")	53,842	57,672
GLP China[1]	245,728	246,275
SEA Logistics[5]	63,087	–
Pengcheng Jinyun Technology Co., Ltd.[2]	257,290	–
GLP Japan[3]	168,269	141,467
GLP Europe[4]	46,194	59,456
GCP USA[5]	639,475	–
Others	2,525	2,526
Total	1,476,410	507,395

Notes:

1 Relates to the leasing of logistic facilities and provision of asset management services in China and excludes the ACL Group.
2 Relates to a data center platform in China.
3 Relates to the leasing of logistic facilities and provision of asset management services in Japan.
4 Relates to the provision of asset management services in central and eastern Europe.
5 These are provisional goodwill figures arising from the acquisition of GLP Capital Partners Inc. and SEA Logistics Ltd (thereafter individually referred to as "investees") as disclosed in Note 28(A). The Group is currently undergoing an exercise to determine the fair values to be assigned to the investees' identifiable assets, liabilities and contingent liabilities (if any) pursuant to the requirements of SFRS(I) 3: *Business Combinations*, Upon finalization of this exercise, the resulting goodwill on consolidation may be adjusted accordingly.

ACL Group

The recoverable amount of ACL Group are determined based on value in use calculation. The value in use calculation is a discounted cash flow model using cash flow projections based on the most recent budgets and forecasts approved by management covering five years. Cash flows beyond these periods are extrapolated using an estimated terminal growth rate of 3.00% (2021: 3.00%). The pre-tax discount rate of 7.50 % (2021: 7.50%) applied is the weighted average cost of capital from the relevant business segment. The terminal growth rate used does not exceed management's expectation of the long-term average growth rate of the respective industry and country in which ACL Group operates.

9 Intangible assets (continued)

Impairment test for goodwill (continued)

Pengcheng Jinyun Technology Co., Ltd.

The recoverable amount of Pengcheng Jinyun Technology Co., Ltd. are determined based on value in use calculation. The value in use calculation is a discounted cash flow model using cash flow projections based on the most recent budgets and forecasts approved by management covering five years. Cash flows beyond these periods are extrapolated using the estimated terminal growth rate of 3.00% (2021: Nil%). The pre-tax discount rate of 11.20 % (2021: Nil) applied is the weighted average cost of capital from the relevant business segment. The terminal growth rate used does not exceed management's expectation of the long-term average growth rate of the respective industry and country in which Pengcheng Jinyun Technology Co., Ltd operates.

GLP China, GLP Japan and GLP Europe

Recoverable amounts of GLP China, GLP Japan and GLP Europe as of 31 December 2022 is determined using the Sum-Of-The-Parts ("SOTP") approach to measure the fair value less costs of disposal of the respective CGUs by aggregating the standalone fair value of each of its business units within the CGU to arrive at a single total enterprise value. The equity value is then derived by adjusting the CGU's net debt and other non-operating assets and expenses from the total enterprise value.

The enterprise value of each business unit is derived separately and determined based on valuation by internal and external valuers with appropriate qualifications and experience using observable and unobservable inputs taking into account management's experience and knowledge of market conditions of the specific activities.

GCP USA

The recoverable amount of GCP US as of 31 December 2022 is determined using the SOTP approach to measure the fair value less costs of disposal of the CGUs income streams.

Significant business units - valuation technique and significant unobservable inputs

Details of significant business units identified and the key unobservable inputs used in estimating the fair value less costs of disposal of these significant business units are as follows:

9 Intangible assets (continued)

Impairment test for goodwill (continued)

Development business

The fair value measurement for development business has been categorized as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2c(ii)).

Valuation method	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement of business
Discounted cash flow	***Estimated development costs to complete construction*** US$256 psm to US$30,138 psm (2021: US$143 to US$7,345 psm)	The estimated fair value varies inversely against the estimated development costs to complete construction.
	Value creation margin: 6.0% - 64.8% (2021: 16.2% to 64.8%)	The estimated fair value varies proportionately against value creation margin.
	Discount rate: 3.85% to 18.44% (2021: 3.04% to 5.37%)	The estimated fair values varies inversely against the discount rate.

Fund management

Valuation method	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market approach	2022: Adjusted transaction price for minority interest investment	The estimated fair value increases as the discount applied to the price paid by strategic investors decreases
	2021: Fee related earnings multiple: 17x	The estimated fair value increases as the multiple increases.
	Fund management services margin: 2021: 5.73% to 65.84%	The estimated fair value increases as the fund management services margin increases.
Discounted cash flow	Discount rate: 7.46% to 23.15% (2021: 4.28% to 18.07%)	The estimated fair value varies inversely against the discount rate.

9 Intangible assets (continued)

Impairment test for goodwill (continued)

Sensitivity analysis

As at 31 December 2022 and 31 December 2021, the estimated recoverable amounts of the CGUs exceeded its carrying amounts Management has not identified any reasonably possible changes in the above key assumptions applied which are likely to materially cause the estimated recoverable amount of the CGUs to be lower than its carrying amount except for:

For the fair value of each CGU, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	Recoverable amounts	
	Increase US$'000	**Decrease US$'000**
31 December 2022		
Development business value creation margin (5% movement)		
PRC	205,000	(205,000)
Japan	257,000	(257,000)
Central Europe	92,000	(92,000)
Fund management services transaction price (5% movement)		
PRC	140,000	(140,000)
Japan	71,000	(71,000)
Central Europe	39,000	(39,000)
31 December 2021		
Development business value creation margin (5% movement)		
PRC	302,000	(302,000)
Japan	203,000	(203,000)
Central Europe	94,000	(94,000)
Fund management services funds margin (5% movement)		
PRC	146,000	(146,000)
Japan	133,000	(133,000)
Fund management services fee related earnings multiple (1x movement)		
PRC	108,000	(108,000)
Japan	103,000	(103,000)

10 Other investments

	Group	
	2022	**2021**
	US$'000	**US$'000**
Non-current investments		
Quoted equity investments – at FVOCI	687,578	1,040,447
Quoted equity investments – at FVTPL	165,035	406,213
Unquoted equity investments – at FVOCI	139,647	198,260
Unquoted equity investments – mandatorily at FVTPL	1,871,534	1,189,147
	2,863,794	2,834,067

The Group's exposure to market risk and fair value information related to other investments are disclosed in Notes 30 and 31.

The Group invests in companies listed in active markets and private companies that are not quoted in an active market. The quoted equity investments are stated at their fair values at the reporting date, determined by reference to their quoted closing bid price in an active market at the reporting date. The unquoted equity investments are stated at their fair values at the reporting date, determined by the net asset value which approximates the investments' fair value or market comparison technique based on market multiple of comparable companies with adjustments for the effect of non-marketability of the investments.

Reconciliation of Level 3 fair values

	Note	2022 US$'000	2021 US$'000
Balance at 1 January		1,387,407	1,862,474
Net unrealized gains:			
– recognized in profit or loss		26,984	253,494
– recognized in other comprehensive income		51,582	30,378
Acquisition of subsidiaries	28(A)	500,914	–
Additions		861,428	273,154
Disposals		(178,028)	(412,910)
Disposal of subsidiaries	28(B)	(425,693)	(633,190)
Effects of movements in exchange rates		(58,243)	14,007
Reclassification to equity accounted investments	6	(155,170)	–
Balance at 31 December		2,011,181	1,387,407

11 Other non-current assets

	Group		Company	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Trade receivables	31,334	34,352	–	–
Deposits	17,311	2,463	–	–
Amounts due from:			–	–
– joint ventures	15,026	17,951	–	–
– an investee entity	93,165	89,390	–	–
Amounts due from immediate holding company	2,256,149	–	2,256,149	–
Loans to equity accounted investments	464,437	472,869	–	–
Loans to employees	6,981	–	–	–
Loans to third parties	57,375	5,249	56,114	–
Deferred acquisition costs	118,832	106,091	–	–
Prepaid construction costs	77,081	70,484	–	–
Other investment held for disposal	97,370	128,201	–	–
Land purchase option	117,965	202,400	–	–
Others	83,675	49,077	519	–
	3,436,701	1,178,527	2,312,782	–

Management has assessed that no allowance for impairment losses is required in respect of the Group's non-current trade receivables, none of which are past due.

The amounts due from joint ventures and an investee entity are attributed to the transfer of tenant security deposits to these entities.

The loans to equity accounted investments are unsecured, bear fixed interest ranging from 5.70% to 8.00% (2021: 5.70% to 8.00%) per annum at the reporting date and are fully repayable by December 2027 (2021: December 2024).

The loans to third parties are unsecured, bear fixed interest rate of 4.50% (2021: 0.00%) and to 10.00% per annum at the reporting date and are fully repayable on 28 July 2025within 1 to 3 years (2021: within 2 years.)

The amounts due from immediate holding company are non-trade, unsecured, non-interest bearing and repayable on demand. The Company does not expect to receive repayment in the next 12 months.

Other investment held for disposal relates to an equity investment and its disposal is still subject to approval from the relevant authority. The deposits received for the disposal is disclosed in Note 20.

Land purchase option relates to a call and put option for the purchase of land in Europe (see Note 20 and Note 21).

12 Trade and other receivables

	Group 2022 US$'000	Group 2021 US$'000	Company 2022 US$'000	Company 2021 US$'000
Trade receivables	100,546	54,255	–	–
Impairment losses	(4,255)	(1,881)	–	–
Net trade receivables	96,291	52,374	–	–
			–	–
Finance lease receivables	1,606	–	–	–
Amounts due from immediate holding company (non-trade)	3,123,371	4,096,219	3,123,371	4,096,219
Amounts due from subsidiaries:				
– non-trade and interest-free	–	–	3,078,796	1,262,234
– non-trade and interest-bearing	–	–	–	428,265
– impairment losses for amounts due from subsidiaries	–	–	(31,500)	–
Amounts due from equity accounted investments:				
– trade	143,699	165,337	–	–
– non-trade and interest-free	772,448	339,625	–	269
Amounts due from related companies:				
– trade	2,391,493	211,087	–	–
– non-trade and interest-free	1,029,276	665,882	28,870	1,311
Amounts due from an investee entity:				
– trade	18,012	18,671	–	–
– non-trade and interest-free	32,901	39,271	–	–
Amounts due from NCI				
– non-trade and interest-free	10,360	8,611	–	–
Loans to NCI	14,742	16,104	–	–
Loans to equity accounted investments	318,349	243,082	–	–
Loans to third parties:			–	–
– in relation to acquisition of new investments	82,595	180,228	–	–
Impairment losses for loan to third parties	(31,500)	–	–	–
– others	–	40	–	–
	7,907,352	5,984,157	6,199,537	5,788,298
Deposits	163,729	124,713	763	205
Other receivables	363,426	349,289	11,617	7,409
Impairment losses	(1,586)	(218)	–	–
	361,840	349,071	11,617	7,409
Trade and other receivables	8,529,212	6,510,315	6,211,917	5,795,912
Prepayments and other assets	55,853	45,127	5,511	3,445
	8,585,065	6,555,442	6,217,428	5,799,357

12 Trade and other receivables (continued)

The non-trade amounts due from immediate holding company, equity accounted investments, an investee entity, related companies, NCI and subsidiaries are unsecured and are repayable on demand. The effective interest rates of non-trade interest-bearing amounts due from subsidiaries at the reporting date range from 2.00 % to 10.00% (2021: 2.00% to 10.00%) per annum.

The loans to NCI are unsecured, bears fixed interest of Nil% (2021: Nil%) per annum at the reporting date and are repayable on demand. The loans to equity accounted investments are unsecured, bear fixed interest at the reporting date ranging from 1.50 % to 15.22 % (2021: 5.70% to 15.20%) per annum and are repayable within the next 12 months.

The loan to third parties in relation to acquisition of new investments are unsecured, repayable within the next 12 months, and bear fixed interest ranging from 10.00% (2021: 10.00% to 18.00%) per annum, except for US$17,496,000 (2021: US$102,570,000) which is interest-free until completion of the acquisition. The other loans to third parties are unsecured, repayable within the next 12 months and bear fixed interest at the reporting date ranging from Nil % (2021: 10.00%) per annum.

The non-trade amounts due from immediate holding company, associates and joint ventures, an investee entity, related companies, NCI and subsidiaries are unsecured and are repayable on demand. The effective interest rates of non-trade interest-bearing amounts due from subsidiaries at the reporting date range from 2.00 % to 10.00% (2021: 2.00% to 10.00%) per annum.

The loans to NCI are unsecured, bears fixed interest of Nil% (2021: Nil%) per annum at the reporting date and are repayable on demand. The loans to equity accounted investments are unsecured, bear fixed interest at the reporting date ranging from 1.50 % to 15.22 % (2021: 5.70% to 15.20%) per annum and are repayable within the next 12 months.

Deposits include an amount of US$120,370,000 (2021: US$16,313,000) in relation to acquisitions of new investments. Other receivables include value added tax receivables of US$133,659,000 (2021: US$ 162,155,000).

(a) The maximum exposure to credit risk for trade and other receivables (excludes prepayments and other assets) at the reporting date (by country) is:

	Gross 2022 US$'000	Allowance for doubtful receivables 2022 US$'000	Gross 2021 US$'000	Allowance for doubtful receivables 2021 US$'000
Group				
PRC	4,947,706	(5,781)	2,073,106	(2,099)
Japan	125,622	(3)	113,984	–
Singapore	3,390,287	(31,500)	4,232,710	–
USA	27,437	(51)	8,705	–
Brazil	983	–	2,415	–
EU	74,518	(6)	81,180	–
Others	–	–	314	–
	8,566,553	(37,341)	6,512,414	(2,099)
Company				
Singapore	6,243,417	(31,500)	5,795,912	–

12 Trade and other receivables (continued)

(b) The aging of trade and other and receivables (excludes prepayments and other assets) at the reporting date is:

	Gross 2022 US$'000	Allowance for doubtful receivables 2022 US$'000	Gross 2021 US$'000	Allowance for doubtful receivables 2021 US$'000
Group				
Not past due	8,469,280	(33,095)	6,460,363	–
Past due 1 – 60 days	87,858	(1,374)	49,824	(751)
Past due 61 – 180 days	6,738	(1,130)	1,491	(721)
More than 180 days	2,677	(1,742)	736	(627)
	8,566,553	(37,341)	6,512,414	(2,099)
Company				
Not past due	6,243,417	(31,500)	5,795,912	–

The majority of the trade and other receivables are due from tenants that have good credit records with the Group. The Group monitors and considers credit risk based on trade and other receivables grouped by reportable business segments, and uses management's judgement in assessing the risk of default. The Group establishes an allowance for doubtful receivables that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

The Group's historical experience in the collection of trade and other receivables falls within the recorded allowances. Based on historical payment behaviors, and the security deposits, bankers' guarantees and other forms of collateral held, the Group believes that no additional allowance for impairment losses is required in respect of its trade and other receivables.

The majority of the trade and other receivables are due from customers that have good credit records with the Group. The Group monitors and considers credit risk based on trade and other receivables grouped by reportable business segments, and uses management's judgement in assessing the risk of default. The Group establishes an allowance for doubtful receivables that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

12 Trade and other receivables (continued)

(b) The aging of trade and other and receivables (excludes prepayments and other assets) at the reporting date is: (continued)

Expected credit loss assessment for trade and other receivables (excludes prepayments and other assets)

The Group measures loss allowances for trade and other receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade and other receivables as at 31 December:

	Expected loss rate %	Gross carrying amount US$'000	Lifetime ECL US$'000
2022			
Not past due	–	8,469,280	(33,095)
Past due 1 – 60 days	1.56	87,858	(1,374)
Past due 61 – 180 days	16.78	6,738	(1,130)
More than 180 days	65.17	2,677	(1,742)
		8,566,553	(37,341)
2021			
Not past due	–	6,460,363	–
Past due 1 – 60 days	1.07	49,824	(751)
Past due 61 – 180 days	48.35	1,491	(721)
More than 180 days	85.16	736	(627)
		6,512,414	(2,099)

Expected loss rates are based on actual loss experience over the past 12 months. These rates are adjusted to reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The non-trade amounts and loans due from subsidiaries, associates, joint ventures, immediate holding company and an investee entity are amounts lent to satisfy the counterparties' short term funding requirements. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant.

12 Trade and other receivables (continued)

(c) The movement in allowances for impairment losses in respect of trade and other receivables (excludes prepayments and other assets) during the year is as follows:

	Group	
	2022	**2021**
	US$'000	**US$'000**
At 1 January	2,099	2,196
Recognition of impairment losses	35,202	1,010
Impairment loss reversed	–	(26)
Acquisition of subsidiaries	–	189
Disposal of subsidiaries	–	(428)
Effect of movements in exchange rates	40	(842)
At 31 December	37,341	2,099

13 Cash and cash equivalents

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Fixed deposits	230,417	164,430	30,178	–
Cash at bank	2,358,850	1,880,785	69,815	964,548
Cash and cash equivalents in the statements of financial position	2,589,267	2,045,215	99,993	964,548
Less: restricted cash	(104,650)	(27,453)	–	–
Cash and cash equivalents in the consolidated statement of cash flows	2,484,617	2,017,762	99,993	964,548

The effective interest rates relating to fixed deposits and certain cash at bank balances at the reporting date for the Group range from 0.00%* to 11.81% (2021: 0.00%* to 4.80%) per annum. Interest rates reprice at intervals of one to twelve months.

*This is due to rounding

Restricted cash deposits represent bank balances held separately from the Group under trust amounting to US$46,092,000 (2021: US$27,453,000) and deposits pledged amounting to US$58,558,000 (2021: US$Nil).

14 Assets and liabilities classified as held for sale

	Group	
	2022	**2021**
	US$'000	**US$'000**
Assets classified as held for sale	6,644,094	5,812,352
Liabilities classified as held for sale	(4,235,813)	(2,556,050)
	2,408,281	3,256,302

As at 31 December 2022, the assets and liabilities classified as held for sale pertains to equity interests in a group of investment property-holding entities in China, USA and Europe. The Group plans to syndicate these assets and liabilities within the next 12 months from the reporting date.

As at 31 December 2021, the assets and liabilities classified as held for sale pertains to equity interests in a group of investment property-holding entities in China, USA and Europe. The Group has syndicated these assets and liabilities in 2022.

(a) Assets classified as held for sale comprises:

	Group	
	2022	**2021**
	US$'000	**US$'000**
Investment properties	5,976,357	5,363,072
Associates and joint venture	–	133,779
Cash and cash equivalents	638,245	251,458
Other assets	29,492	64,043
	6,644,094	5,812,352

(b) Liabilities classified as held for sale comprises:

	Group	
	2022	**2021**
	US$'000	**US$'000**
Loans and borrowings	3,073,582	1,769,665
Deferred tax liabilities	719,102	695,290
Other liabilities	443,129	91,095
	4,235,813	2,556,050

15 Share capital & perpetual securities

(a) Share capital

		Ordinary shares		Preference shares	
		Note	**No. of shares**	**No. of shares**	
		2022 '000	**2021 '000**	**2022 '000**	**2021 '000**
Company					
In issue at 1 January		4,165,477	4,165,477	–	–
Issued on restructuring	22	–	–	461	–
Issued during the year				99	
Redeemed during the year		–	–	(122)	–
In issue at 31 December		4,165,477	4,165,477	438	–

All shares rank equally with regard to the Company's residual assets, except that preference shareholders participate only to the extent of the face value of the shares.

All issued shares are fully paid, with no par value.

Ordinary shares

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

Preference shares

As part of the restructuring of the Group's fund management platform under a single holding company, the holders of the Group's existing Global Shares (see Note 22) exchanged their fully-vested Global Shares for preference shares issued by the Company maintaining the value of their economic interest in the Group. The rights attached to each preference share relate to an element of the Group's aggregate interest in GCP and do not entitle the preference shareholders to vote at any general meeting of the Company other than in respect of a resolution to wind up the Company or to vary the rights attached to such preference shares. Any dividend payable in respect of the preference shares is at the sole discretion of the directors and for any financial year shall not exceed the profits of the Company as derived solely from the respective interest held by the Company indirectly in GCP or the amount the Company is legally permitted to distributed. The holders of the preference shares are not entitled to any profit of the Company as derived from the assets of the Company, dividends or other distributions received from any other subsidiaries, associates and/or investee companies of the Company, other than from the respective indirect interest in GCP.

(b) Perpetual securities

In 2021, the Company issued US$850,000,000 and US$300,000,000 Green Subordinated Perpetual Capital Notes ("Notes") with an initial dividend distribution rate of 4.50% and 4.60% per annum respectively with the first distribution rate reset falling on 17 May 2026 and 29 June 2027 respectively. Subsequent resets occurring every five years thereafter.

15 Share capital & perpetual securities (continued)

(b) Perpetual securities (continued)

The holders of the Notes are entitled to receive dividends as declared from time to time.

The perpetual securities have no fixed redemption date and the redemption is at the option of the Company in accordance with the terms of issue of the securities. The distribution will be payable semi-annually. The Company may elect to defer making distributions on the perpetual securities, and is not subject to any limits as to the number of times a distribution can be deferred.

As a result, the perpetual securities do not meet the definition for classification as a financial liability under SFRS(I) 1-32 *Financial Instruments: Presentation*. The whole instrument is presented within equity, and distributions are treated as dividends.

The perpetual securities constitute direct, unconditional, subordinated and unsecured obligations of the Company and shall at all times rank pari passu, without any preference or priority among themselves, and pari passu with any unsecured obligations of the Company.

During the year, distributions accrued and paid to perpetual security holders were as follows:

	Group and Company	
	2022 US$'000	2021 US$'000
Distributions accrued	52,195	30,777
Distributions paid	51,629	26,025

16 Reserves

	Group		Company	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Capital reserve	379,890	133,387	(20,064)	(20,064)
Hedging reserve	7,915	(10,169)	694	(4,359)
Fair value reserve	236,262	333,009	–	–
Other reserve	(1,110,613)	(699,708)	14,954	–
Equity compensation reserves	71,260	139,565	–	–
Capital and other reserves	(415,286)	(103,916)	(4,416)	(24,423)
Currency translation reserve	(801,732)	198,964	–	–
Retained earnings	6,745,315	7,104,325	1,098,602	794,450
	5,528,297	7,199,373	1,094,186	770,027

16 Reserves (continued)

Capital reserve comprises mainly capital contributions from shareholders, gains/losses in connection with changes in ownership interests in subsidiaries that do not result in loss of control and the Group's share of the statutory reserve of its PRC-incorporated subsidiaries. Subsidiaries incorporated in the PRC are required by the Foreign Enterprise Law to contribute and maintain a non-distributable statutory reserve fund whose utilization is subject to approval by the relevant PRC authorities. In accordance with the relevant PRC rules and regulations, and the articles of association of the subsidiaries incorporated in PRC, 10% of the retained earnings are to be transferred to statutory reserves prior to the distribution of dividends to shareholders. As at 31 December 2022, retained earnings include approximately US$17,147,000 (2021: US$32,152,000) to be transferred to statutory reserve fund before the distribution of dividends to shareholders.

Hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

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

Equity compensation reserves comprise the cumulative value of share options under the global share plans of the Group.

Other reserve comprises the pre-acquisition reserves of those common control entities that were acquired in connection with the Group reorganization which occurred immediately prior to the initial public offering of the Company.

Currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operations.

17 Non-controlling interests

The following subsidiaries have NCI that are material to the Group:

Name of Company	**Principal place of business**	**Ownership interest held by NCI**	
		2022	**2021**
		%	**%**
Airport City Development Co., Ltd. ("ACC")	PRC	46.86	46.86
CLF Fund I, LP ("CLF I")	PRC	69.88	69.88
CLF Fund II, LP ("CLF II")	PRC	69.07	60.50
GLP China Holdings Limited ("China Holdco Group")	PRC	33.79	33.79

17 Non-controlling interests (continued)

The following table summarizes the financial information of each of the Group's subsidiaries with material NCI, based on their respective (consolidated) financial statements prepared in accordance with SFRS(I). See Note 34 for details of the significant subsidiaries of the Group.

31 December 2022	ACL US$'000	CLF I US$'000	CLF II US$'000	China Holdco Group US$'000	Other individually immaterial subsidiaries* US$'000	Total US$'000
Results						
Revenue	99,166	112,966	174,866	1,252,017		
Profit for the year	49,702	83,858	244,143	1,446,664		
OCI	–	–	–	(1,875,116)		
Total comprehensive income	49,702	83,858	244,143	(428,452)		
Attributable to:						
– NCI	–	–	–	(350,199)		
– Shareholders of the Company	49,702	83,858	244,143	(78,253)		
Attributable to NCI:						
– Profit for the year	23,291	58,602	171,054	450,551	(270,108)	433,390
– OCI	(49,433)	(128,368)	(234,886)	(469,396)	(159,473)	(1,041,556)
– Total comprehensive income	(26,142)	(69,766)	(63,832)	(18,845)	(429,581)	(608,166)

* Included in Other individually immaterial subsidiaries is a NCI of US$1 billion relating to the global share participants (note 15)

17 Non-controlling interests (continued)

31 December 2022	ACL US$'000	CLF I US$'000	CLF II US$'000	China Holdco Group US$'000	Other individually immaterial subsidiaries US$'000	Total US$'000
Assets and liabilities						
Non-current assets	1,873,571	–	6,149,197	26,154,163		
Current assets	84,543	1,475,739	283,509	12,309,539		
Total assets	1,958,114	1,475,739	6,432,706	38,463,702		
Non-current liabilities	(655,112)	–	(2,010,155)	(9,745,965)		
Current liabilities	(121,590)	(2,107,968)	(455,054)	(8,458,195)		
Total liabilities	(776,702)	(2,107,968)	(2,465,209)	(18,204,161)		
NCI	–	–	(108,284)	(6,124,137)		
Net assets attributable to shareholders of the Company	1,181,412	(632,229)	3,859,213	14,135,404		
Net assets attributable to NCI	548,816	(435,757)	2,773,842	4,793,660	4,831,214	12,511,775
Cash flows from/(used in) operating activities	47,062	–	(84,319)	531,215		
Cash flows used in investing activities	(8,623)	–	(654,904)	(2,266,,010)		
Cash flows from/(used in) financing activities (dividends to NCI: US$Nil)	(32,855)	234,803	838,009	2,894,747		
Net increase/(decrease) in cash and cash equivalents	5,584	234,803	98,786	1,159,952		

17 Non-controlling interests (continued)

31 December 2021	ACL US$'000	CLF I US$'000	CLF II US$'000	China Holdco Group US$'000	Other individually immaterial subsidiaries US$'000	Total US$'000
Results						
Revenue	91,217	228,292	102,234	1,273,512		
Profit for the year	52,952	243,223	351,916	1,605,166		
OCI	–	69,815	79,888	554,088		
Total comprehensive income	52,952	313,038	431,804	2,159,254		
Attributable to:						
NCI	–	–	28,301	595,052		
Shareholders of the Company	52,952	243,223	403,503	1,564,202		
Attributable to NCI:						
– Profit for the year	24,814	169,964	199,738	383,270	123,516	901,302
– OCI	–	48,787	44,381	162,279	28,255	283,702
– Total comprehensive income	24,814	218,751	244,119	545,549	151,771	1,185,004

17 Non-controlling interests (continued)

31 December 2021	ACL US$'000	CLF I US$'000	CLF II US$'000	China Holdco Group US$'000	Other individually immaterial subsidiaries US$'000	Total US$'000
Assets and liabilities						
Non-current assets	2,013,303	–	5,584,597	25,379,510		
Current assets	83,964	4,456,050	251,106	9,139,284		
Total assets	2,097,267	4,456,050	5,835,703	34,518,794		
Non-current liabilities	(711,109)	–	(1,541,458)	(9,347,868)		
Current liabilities	(148,011)	(2,105,778)	(601,586)	(5,543,831)		
Total liabilities	(859,120)	(2,105,778)	(2,143,044)	(14,891,699)		
NCI	–	–	(106,053)	(5,627,871)		
Net assets attributable to shareholders of the Company	1,238,147	2,350,272	3,586,606	13,999,224		
Net assets attributable to NCI	580,214	1,642,431	2,287,426	4,730,338	1,190,224	10,430,633
Cash flows from/(used in) operating activities	10,272	138,324	(21,276)	614,816		
Cash flows used in investing activities	–	(60,565)	(1,005,744)	(199,726)		
Cash flows from/(used in) financing activities (dividends to NCI: US$Nil)	–	4,958	1,047,274	(683,889)		
Net increase/(decrease) in cash and cash equivalents	10,272	82,717	20,254	(268,799)		

18 Loans and borrowings

	Group		Company	
	2022 **US$'000**	**2021** **US$'000**	**2022** **US$'000**	**2021** **US$'000**
Non-current liabilities				
Secured bank loans	3,597,687	2,765,837	–	–
Secured bonds	68,349	384,042	–	–
Unsecured bank loans	1,862,797	1,213,608	611,137	681,240
Unsecured bonds	4,638,304	5,887,118	1,590,216	2,161,609
	10,167,137	10,250,605	2,201,353	2,842,849
Current liabilities				
Secured bank loans	376,460	428,889	–	–
Secured bonds	14,446	2,925	–	–
Unsecured bank loans	2,227,970	403,577	881,939	200,000
Unsecured bonds	1,157,941	669,743	458,422	–
	3,776,817	1,505,134	1,340,361	200,000

(a) Secured and unsecured bank loans

The secured bank loans are secured by mortgages on the borrowing subsidiaries' investment properties with a carrying amount of US$12,053,408,000 (2021: US$11,279,778,000) (Note 4).

At the reporting date, the effective interest rates for bank borrowings for the Group and Company (taking into account the effects of interest rate swaps) ranged from 0.42% to 7.64% (2021: 0.44% to 6.77%) per annum and 1.52% to 6.30% (2021: 1.52% to 4.01%) per annum respectively.

Maturity of bank loans:

	Group		Company	
	2022 **US$'000**	**2021** **US$'000**	**2022** **US$'000**	**2021** **US$'000**
Within 1 year	2,604,430	832,466	881,939	200,000
From 1 to 5 years	2,997,254	2,006,470	131,325	128,305
After 5 years	2,463,230	1,972,975	479,812	552,935
After 1 year	5,460,484	3,979,445	611,137	681,240
	8,064,914	4,811,911	1,493,076	881,240

Analysis of bank loans by geographic regions:

	Group		Company	
	2022 **US$'000**	**2021** **US$'000**	**2022** **US$'000**	**2021** **US$'000**
PRC	5,973,730	3,463,963	–	–
Japan	156,709	102,666	–	–
USA	111,503	196,695	–	–
Europe	329,896	167,347	–	–
Singapore	1,493,076	881,240	1,493,076	881,240
	8,064,914	4,811,911	1,493,076	881,240

18 Loans and borrowings (continued)

(b) Secured bonds

The bonds issued by the Group are fully secured by investment properties with carrying amounts of US$130,058,000 (2021: US$640,401,000) (Note 4) owned by subsidiaries.

The effective interest rates as at 31 December 2022 for secured bonds (taking into account the effects of interest rate swaps) ranged from 0.41% to 15.43% (2021: 0.41% to 12.99%) per annum.

Maturity of secured bonds:

	Group	
	2022 US$'000	2021 US$'000
Within 1 year	14,446	2,925
From 1 to 5 years	68,349	77,288
After 5 years	–	306,754
	82,795	386,967

(c) Unsecured bonds

At the reporting date, the bonds issued by the Group and the Company bear fixed interest rates (taking into account the effects of interest rate swaps) ranging from 0.55% to 4.99% (2021: 0.55% to 5.65%) per annum.

Maturity of unsecured bonds:

	Group		Company	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Within 1 year	1,157,941	669,743	458,422	–
From 1 to 5 years	4,530,187	5,762,203	1,482,099	2,037,809
After 5 years	108,117	124,915	108,117	123,800
	5,796,245	6,556,861	2,048,638	2,161,609

18 Loans and borrowings (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities						
	Loans and borrowings US$'000	**Loans from equity accounted investments, NCI, related companies and third parties (Note 20 & 21) US$'000**	**Lease liabilities (Note 20 & 21) US$'000**	**Interest payable (Note 21) US$'000**	**Financial derivative liabilities US$'000**	**Capital securities (Note 20) US$'000**	**Total US$'000**
Balance at 1 January 2022	11,755,739	8,043	343,429	113,281	4,359	–	12,224,851
Changes from financing cash flows							
Proceeds from bank loans	12,630,337	–	–	–	–	–	12,630,337
Repayment of bank loans	(8,281,225)	–	–	–	–	–	(8,281,225)
Proceeds from issue of bonds, net of transaction costs	375,359	–	–	–	–	–	375,359
Redemption of bonds	(1,080,461)	–	–	–	–	–	(1,080,461)
Interest paid	–	–	–	(627,667)	–	–	(627,667)
Proceeds from issue of capital securities instrument	–	–	–	–	–	1,138,500	1,138,500
Repayments of loans from NCI	–	(3,204)	–	–	–	–	(3,204)
Repayment of loans from third party	–	(700)	–	–	–	–	(700)
Repayment of loans from related companies	–	(234,290)	–	–	–	–	(234,290)
Repayment of loans from equity accounted investments	–	(28,501)	–	–	–	–	(28,501)
Repayment of lease liabilities	–	–	(37,099)	–	–	–	(37,099)
Loans from equity accounted investments	–	4,770	–	–	–	–	4,770
Loans from NCI	–	1,646	–	–	–	–	1,646
Loans from third party	–	2,571	–	–	–	–	2,571
Loans from related companies	–	129,448	–	–	–	–	129,448
Total changes from financing cash flows	3,644,010	(128,260)	(37,099)	(627,667)	–	1,138,500	3,989,484
Changes arising from obtaining or losing control of subsidiaries or other business	557,621	24,576	108,163	5,082	–	–	695,442
Changes arising from assets and liabilities classified as held for sales	(1,391,227)	104,842	–	–	–	–	(1,286,385)
The effect of changes in foreign exchange rates	(656,400)	(33,026)	(42,266)	(28,670)	2,797	–	(757,565)
Other changes							
Amortization of transaction costs of bonds and bank loans	34,211	–	–	–	–	–	34,211
New leases	–	–	35,551	–	–	–	35,551
Interest expense	–	–	11,831	654,336	–	–	666,167
Effective portion of changes in fair value of cash flow	–	–	–	–	(7,156)	–	(7,156)
Other changes	34,211	–	47,382	654,336	(7,156)	–	728,773
Balance at 31 December 2022	13,943,954	42,227	419,609	116,362	–	1,138,500	15,594,600

18 Loans and borrowings (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

	Liabilities						
	Loans and borrowings	**Loans from equity accounted investments, NCI, related companies and third parties (Note 20 & 21)**	**Lease liabilities (Note 20 & 21)**	**Interest payable (Note 21)**	**Financial derivative liabilities**	**Capital security instrument (Note 20)**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Balance at 1 January 2021	13,343,827	18,370	105,775	124,229	6,048	–	13,598,249
Changes from financing cash flows							
Proceeds from bank loans	10,019,226	–	–	–	–	–	10,019,226
Repayment of bank loans	(9,000,959)	–	–	–	–	–	(9,000,959)
Proceeds from issue of bonds, net of transaction costs	3,139,706	–	–	–	–	–	3,139,706
Redemption of bonds	(2,656,961)	–	–	–	–	–	(2,656,961)
Interest paid	–	–	–	(584,065)	–	–	(584,065)
Proceeds from issue of capital securities instruments	–	–	–	–	–	–	–
Repayments of loans from NCI	–	(10,202)	–	–	–	–	(10,202)
Repayment of loans from third party	–	(637)	–	–	–	–	(637)
Repayment of loans from equity accounted investments	–	–	–	–	–	–	–
Repayment of lease liabilities	–	–	(28,434)	–	–	–	(28,434)
Total changes from financing cash flows	1,501,012	(10,839)	(28,434)	(584,065)	–	–	877,674
Changes arising from obtaining or losing control of subsidiaries or other business	(1,456,649)	-	–	(1,263)	–	–	(1,457,912)
Changes arising from asset and liabilities classified as held for sales	(1,571,108)	-					(1,571,108)
The effect of changes in foreign exchange rates	(116,861)	512	227,950	43	60	–	111,704
Other changes		–				–	
Amortization of transaction costs of bonds and bank loans	55,518	–	–	–	–	–	55,518
New leases	–	–	29,503	–	–	–	29,503
Interest expense	–	–	8,635	574,337	–	–	582,972
hedges	–	–	–	–	(1,749)	–	(1,749)
Other changes	55,518	–	38,138	574,337	(1,749)	–	666,244
Balance at 31 December 2021	11,755,739	8,043	343,429	113,281	4,359	–	12,224,851

19 Financial derivative instruments

Interest rate swaps are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, interest rates and forward rate curves.

20 Other non-current liabilities

	Group		Company	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Security deposits received	149,222	151,253	–	–
Provision for reinstatement costs	1,969	768	100	100
Lease liabilities	382,820	312,117	–	100
Loans from NCI	406	3,046	–	–
Amounts due to a subsidiary	–	–	856,017	–
Employee bonus/incentive payable	16,121	16,253	–	–
Deposits received for disposal of other investments	97,412	128,201	–	–
Land purchase option	85,880	124,917	–	–
Capital security instrument	1,138,500	–	–	–
Other payables	674,135	126,218	5,097	6,966
	2,546,465	862,773	861,214	7,166

Lease liabilities relate to leases of property, plant and equipment (Note 8).

The capital security instrument has no fixed maturity and entitle the holders to distributions commencing at 4.5% per annum for the first three years with increments thereafter. These distributions can be deferred at the discretion of the issuer. The instruments are exchangeable into a variable number of shares of GCP on the occurrence of a liquidity event based on a prescribed return to the holders. The instrument is secured on shares of GCP held by a subsidiary of the Company.

The amount due to a subsidiary relates to future potential promote fee income that is to be transferred from the limited partners of the funds to the subsidiaries on receipt.

21 Trade and other payables

	Group		Company	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Trade payables	38,947	38,225	–	–
Accrued development expenditure	483,042	582,655	–	–
Accrued operating expenses	386,516	251,405	38,141	61,499
Advance rental received	34,983	42,814	–	–
Security deposits received	129,761	140,967	–	–
Amounts due to:				
– immediate holding company (non-trade)	70,773	294,699	–	211,937
– subsidiaries (non-trade)	–	–	4,372,933	1,994,605
– equity accounted investments (trade)	195	2,470	–	–
– equity accounted investments (non-trade)	144,238	42,359	–	–
– related companies (non-trade)	165,106	131,211	–	–
– NCI (trade)	5,511	2,992	–	–
– NCI (non-trade)	1,419,169	28,640	–	–
Loan from a joint venture (interest-bearing)	2,829	2,829	–	–
Loan from NCI (interest-bearing)	38,790	1,171	–	–
Loan from a third party (interest-bearing)	202	997	–	–
Interest payable	116,362	113,281	12,632	10,547
Consideration payable for acquisition of equity accounted investments and subsidiaries	60,418	79,849	–	–
Deposits received and accrued expenses for disposal of investment properties	55,190	77,211	–	–
Lease liabilities	36,789	31,312	95	534
Share-based payment liabilities	–	1,145,871	–	–
Land purchase option	31,755	77,483	–	–
Other payables	350,668	144,200	5,073	4,693
	3,563,266	3,232,641	4,428,874	2,283,815

The non-trade amounts due to immediate holding company, subsidiaries, equity accounted investments, related companies and NCI relate mainly to payment made on behalf, are unsecured, interest-free and are repayable on demand.

At the reporting date, the loans from joint venture, NCI and third party are unsecured, bear fixed interests ranging from 4.00% to 8.00% (2021: 4.00% to 6.08%) per annum and are repayable on demand.

Lease liabilities relate to leases of property, plant and equipment (Note 8).

Other payables relate principally to retention sums, advance payments received and amounts payable in connection with capital expenditure incurred.

22 Equity compensation benefits

Co-invest Share Plan

The Group introduced the Co-Investment Share Plan (the "Co-invest Share Plan") in 2019 that provides eligible employee to indirectly co-invest in GLP's development projects. The Co-invest shares are issued to participants in exchange for cash and at fair value on grant date. The fair value of each Co-invest share granted is derived from the fair value of the Group's identified development projects. Participants may drawdown on interest-bearing loans granted by the Group for up to 80% of the Co-invest shares purchased. Interest rate of the loans are set at the prevailing external borrowing rates. Redemption of shares are initiated by the participants and subject to discretionary rights of the Group. The shares are accounted for as cash-settled share-based payment plan under SFRS(I) 2 *Share Based Payments*.

During the year, fair value of the liability at grant date is recognized over the period upon development projects stabilization. Re-measurement adjustments are accounted such that the recognized liability at each reporting date equals a defined proportion of total fair value of the liability. Proportion to be recognized is calculated by dividing the development period as at the reporting date by the total time to completion. Re-measurement effects are recognized in profit or loss.

The share-based payment expense recognized in profit or loss during the year is US$25,548,000 (2021: US$17,459,000).

Global Share Plan

The Group introduced the Global Share Plan (the "Global Share Plan") in 2019 that provides eligible senior personnel and advisors of the Group the opportunity to participate in the value creation of the fund management business of the Group through the acquisition of Global Shares and align the economic interests of the senior personnel and advisors of the Group with those of the Company and its shareholders in growing the fund management business in a sustainable, profitable manner.

Two types of shares under the Global Share Plan, namely, Award Shares and Leveraged Shares were issued.

22 Equity compensation benefits (continued)

Global Share Plan (continued)

(a) Award Shares

Award Shares are converted from present or future compensation elected to be in lieu of by the participants at a defined purchase price. The length of the vesting period (i.e. immediately, 36 months or 120 months from the grant date) varies for different group of employees and it is solely at the discretion of the Company. Vested Award Shares will generally be redeemed but subject to discretionary rights of the Group to adjust the percentage being purchased. Redeemed shares will be settled by cash with reference to the fair market value of the share at date of redemption. The shares are accounted for cash settled share-based plan under SFRS(I) 2 *Share Based Payments*. Fair value of the liability at grant date is recognized either over the vesting period or immediately should no future services be required. Remeasurements during the vesting period are recognized immediately to the extent that they relate to past services, and over the remaining vesting period to the extent relating to future services. Re-measurement adjustments are accounted such that recognized liability at each reporting date equals a defined proportion of total fair value of the liability. Proportion to be recognized is calculated by dividing the period for which services have been provided as at the reporting date by the total vesting period. Re-measurement effects are recognized in profit or loss.

On 23 June 2022, the Group modified the terms of the Global Share Plan with respect to the Award Shares. As a result of the modification, the Award Shares becomes an equity-settled share-based payment transaction and the transaction is accounted for as such from the date of the modification. The difference between the amount recognized in equity for the new equity-settled transaction and the liability derecognized is recognized in the profit or loss as gain or loss on modification.

Fair market value of the share was determined from valuation of fund management business calculated using a combination of income approach and market approach.

The following table illustrates the number and fair value of, and movement of Award shares during the year:

	Note	Fix cost per share US$	Number of shares
At 1 January 2021			248,543
Granted during the year		1,166 – 3,979	7,182
Redeemed during the year		3,979	(22,339)
At 31 December 2021			233,386
Fair value of the Award share at reporting date			US$4,471
Redeemable at the end of the year			233,386
At 1 January 2022			233,386
Exchange for shares under restructuring[1]	15		(233,386)
At 31 December 2022			–

[1] During the year, the Group underwent a reorganization exercise to transfer certain entities under the Group to a newly incorporated subsidiary, GLP Capital Partner and accordingly the award shares granted under the Global Share Plan were exchanged for ordinary shares in GLP Capital Partners.

22 Equity compensation benefits (continued)

Global Share Plan (continued)

(a) Award Shares (continued)

	Group 2022 US$'000	Group 2021 US$'000
Total share-based payment (credit)/expenses recognized as share-based payment (credit)/expenses	(93,404)	1,082,264

(b) Leveraged shares

Leveraged Shares are issued to participants at a value agreed on the grant date. Participants may draw down on interest-bearing loans granted by the Group to purchase the Leveraged Shares. The interest rate of the loans is set at prevailing external borrowing rates. The shares vest immediately upon issuance. Redemption of shares is initiated by the participants and subject to the discretionary rights of the Group. The shares are accounted for as an equity-settled share-based payment plan under SFRS(I) 2 *Share Based Payments*. The fair value of the services received from these equity settled share-based payment transactions at grant date is estimated indirectly with reference to the fair value of the Leverage Shares at grant date.

In the prior years, the fair value of the Leveraged Shares granted to employees is estimated on the grant date using a Monte-Carlo option pricing model. The exercise price is the principal due from the participants, including accrued interest. The fair value of the award is expensed on the date of grant, as the Leveraged Shares vest immediately.

The following table illustrates the number and fair value of, and movement of Leveraged shares during the year:

	Note	Fair value per share US$	Number of shares
At 1 January 2021			169,711
Granted during the year			
1 March 2021		1,509	1,201
16 December 2021		585	59,197
			230,109
Redeemed during the year		3,979	(1,955)
At 31 December 2021			228,154
Redeemable at the end of the year			228,154
At 1 January 2022			228,154
Exchange for shares under restructuring	15		(228,154)
At 31 December 2022			–

22 Equity compensation benefits (continued)

Global Share Plan (continued)

(b) Leveraged shares (continued)

	At 1 March 2021	At 16 December 2021
Period to maturity	1.5 years	0.5 years
Exercise price (US$)	2,032	4,017
Risk free rate-%	0.10 to 1.7	0.10 to 1.7
Volatility-%	25 to 40	25 to 40
Expected term (in years)	0.5 to 4	0.5 to 4

	2022 US$'000	2021 US$'000
Leveraged Shares share-based payment expense recognized as share-based payment expenses	–	146,720

(c) Events in 2021

On 16 December, 2021, the Group notified grantees of its intention to buy back Leveraged Shares and Award Shares from certain individuals at an agreed price per share of $3,979. The excess of the consideration over the fair value of the relevant Leveraged Shares at the date of the buyback has been expensed as an additional share-based payment. The liability that arose from the buyback of Award Shares is deemed to be settled by the Controlling Shareholder and has been accounted as a deemed capital contribution within net parent investment. Any difference between the buyback price and the share-based payment liability has been reflected as an additional share-based payment.

On 16 December, 2021 and 22 December, 2021, the Group approved the accelerated vesting of all outstanding Global Shares. As a result, the income statement charge that was being spread over the vesting period in respect of the Award Shares was accelerated and recognized in December 2021. At that time, the accelerated vesting of the Award Shares for one participant was subject to approval from a relevant authority. The approval was considered to be standard and procedural in nature, and thus, the vesting of the accelerated Award Shares of this participant was deemed to have occurred on 22 December, 2021. Formal approval from the relevant authority was obtained on 28 July, 2022. There was no impact from the accelerated vesting in respect of the Leveraged Shares which were already fully vested at the grant date.

On 16 December 2021, the Group transferred 39,000 Global Shares into a trust controlled by the Group to be held for future grant to employees.

22 Equity compensation benefits (continued)

Global Share Plan (continued)

(d) Events in 2022

On 23 June 2022, the Group signed separate agreements with Award Shareholders which stipulated that the Award Shares would no longer be repurchased by the Group under any circumstance. As a result of this modification, the Award Shares became accounted for as equity-settled share-based payment transactions from the date of the modification. Any remaining share-based payment liability outstanding at the date of modification was transferred to equity.

On 1 July 2022, the Group granted 39,000 shares from the trust with a fair value of 3,768 per share. These grants were subject to time-dependent vesting conditions and continued employment with the Group. There were no cash-alternative provisions in respect of these grants. The associated expense recognised in year ended 31 December 2022 was US$72,259,857.

On 7 November 2022, GCP introduced its own share-based compensation scheme for eligible employees. These awards will vest based on service conditions and will entitle the recipient to Class A Ordinary Shares in GCP on vesting. This is an equity-settled share-based payment scheme operated by a subsidiary.

23 Revenue

	Group	
	2022	**2021**
	US$'000	**US$'000**
Revenue recognized over time:		
Rental and related income	981,290	1,087,345
Management fees	579,368	449,856
Solar energy sales	170,940	–
Freezer services	93,201	65,085
	1,824,799	1,602,286
Revenue recognized at point in time:		
Sales of goods	27,719	4,309
Distributions from investments	58,155	27,593
	85,874	31,902
Total	1,910,673	1,634,188

24 Other (losses)/income

	Group	
	2022	2021
	US$'000	US$'000
Changes in fair value of quoted and unquoted equity investments at FVTPL	(60,960)	288,301
Government grants	41,581	40,443
Investment income	–	26,367
Others	11,442	10,417
	(7,937)	365,528

25 Net finance costs

	Note	Group	
		2022	2021
		US$'000	US$'000
Interest income on:			
– fixed deposits and cash at bank		35,390	10,987
– loans to equity accounted investments		48,808	47,597
– loans to related corporations		14,256	435
– loans to employees		118	–
– loans to third parties		9,055	21,738
		107,627	80,757
Amortization of transaction costs of bonds and bank loans		(34,211)	(55,516)
Interest expenses on:			
– financial liabilities measured at amortized cost		(630,277)	(573,554)
– loans from immediate holding company		–	(105)
– loans from NCI		(1,653)	(400)
– loans from equity accounted investments		(12)	(59)
– loans from related corporations		(1,163)	–
– loans from third parties		(21,231)	(222)
– lease liabilities		(11,831)	(8,635)
– others		(1,195)	(4,548)
Total borrowing costs		(701,573)	(643,039)
Less: borrowing costs capitalized in investment properties	4	34,947	26,520
Net borrowing costs		(666,626)	(616,519)
Gain on derecognition of bonds		21,405	–
Foreign exchange (loss)/gain		(243,807)	85,198
Net finance costs recognized in profit or loss		(781,401)	(450,564)

26 Other net (losses)/gains

The following items have been included in arriving at profit before tax:

	Note	Group 2022 US$'000	Group 2021 US$'000
Write off of investment in an associate	6	(16,528)	–
Bargain purchase gain on acquisition of subsidiaries and joint ventures		–	19,477
Gain on disposal of equity interest in joint venture upon step acquisition		39,583	–

27 Tax expense

	Note	Group 2022 US$'000	Group 2021 US$'000
Current tax			
Current year		128,570	160,278
Withholding tax on foreign-sourced income		396,273	288,661
(Over)/Under provision of prior years' tax		(416)	268
		524,427	449,207
Deferred tax			
Origination and reversal of temporary differences	7	244,748	529,182
		769,175	978,389

Reconciliation of expected to actual tax

	Group 2022 US$'000	Group 2021 US$'000
Profit before tax	1,303,195	2,664,426
Less: Share of results of equity accounted investments	(154,086)	(1,077,921)
Profit before share of equity accounted investments and tax	1,149,110	1,586,505
Income tax using Singapore tax rate of 17% (2021: 17%)	195,349	269,706
Effect of tax rates in foreign jurisdictions	40,550	97,114
Net income not subject to tax	(313,891)	(166,525)
Non-deductible expenses	380,877	400,123
Deferred tax assets not recognized	84,512	88,978
Recognition of previously unrecognized tax losses	(22,049)	(7,855)
Withholding tax on foreign-sourced income	396,273	288,661
(Over)/Under or over provision of prior year's tax	(416)	268
Others	7,970	7,919
	769,175	978,389

28 Acquisitions and disposals

(A) Acquisition of subsidiaries

The Group principally acquires subsidiaries that own real estate and the primary reason for the Group's acquisitions is to expand its portfolio of investment properties in different geographical locations. In addition, the Group acquires businesses to expand the Group's other platforms and ecosystem activities. 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. 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 assets.

(i) Business Combinations during the year ended 31 December 2022

In January 2022, the Group acquired 100% equity interests in PCS Inc., which is principally involved in the forklift rental, sales and related services. The Group has accounted for the acquisition as a business combination as the acquired inputs (comprising employees, existing contracts and customer lists), substantive processes and organized workforce under the acquisition contributed to the creation of outputs.

In April 2022, the Group acquired 100% equity interests in FPS Inc., which is principally involved in the sale of energy generation. The Group has accounted for the acquisition as a business combination as the acquired inputs (comprising employees, existing contracts and customer lists), substantive processes and organized workforce under the acquisition contributed to the creation of outputs.

In June, July and December 2022, the Group acquired 100% interests in a portfolio of subsidiaries, which is principally involved in the provision of data center facilities and related services. The Group has accounted for the acquisition as a business combination as the acquired inputs (comprising existing contracts and customer lists), substantive processes and organized workforce under the acquisition contributed to the creation of outputs.

In July 2022, the Group acquired the remaining 50% equity interest in SEA Logistics Limited ("SEA"), which was previously recorded as a joint venture. As a result, the Group's equity interest in SEA increased from 50% to 100%. The Group has accounted for the acquisition as a business combination.

28 Acquisitions (continued)

(A) Acquisition of subsidiaries (continued)

The list of subsidiaries acquired and accounted for as a business combination during the year ended 31 December 2022 is as follows:

Name of subsidiaries	Date acquired	Equity interest acquired %
PCS Inc	January 2022	100%
FPS Inc	April 2022	100%
Pengcheng Jinyun Technology Co., Ltd.	June 2022	100%
Guangdong Qizhi Network Technology Co., Ltd.	June 2022	100%
Shanghai Jinyun Zhixin Data Service Co., Ltd.	June 2022	100%
Jinyun Data Service (Hangzhou) Co., Ltd.	June 2022	100%
Jinyun (Guangzhou) Data Service Co., Ltd.	June 2022	100%
Shenzhen Pujing Longze Technology Co., Ltd.	July 2022	70%
SEA Logistics Ltd	July 2022	From 50% to 100%
Tenglong Donghu (Wuhan) Data Management Co., Ltd.	December 2022	100%
GLP Capital Partners LP	July 2022	100%

28 Acquisitions (continued)

(A) Acquisition of subsidiaries (continued)

(i) Business Combinations during the year ended 31 December 2022 (continued)

(a) Identifiable assets acquired and liabilities

	Recognized values on acquisition US$'000
Intangible assets	527,978
Plant and equipment	375,316
Other investment	982
Deferred tax assets	13,550
Trade and other receivables	96,584
Cash and cash equivalents	49,504
Other assets	23,350
Trade and other payables	(127,190)
Loans and borrowings	(57,571)
Deferred tax liabilities	(174,976)
Other non-current liabilities	(129,013)
Non-controlling interests	(50,226)
Net assets acquired	548,288
Goodwill	1,026,110
Total purchase consideration	1,574,398
Purchase consideration payable	(114,599)
Purchase consideration satisfied in shares	(854,225)
Purchase consideration satisfied in cash	605,574
Cash of subsidiary acquired	(49,504)
Cash outflow on acquisition of subsidiary	(556,070)

From the dates of acquisitions to 31 December 2022, the above-mentioned acquisitions contributed net loss after tax of US$42,188,000 to the Group's results for the period, before accounting for financing costs attributable to the acquisitions. If the acquisitions had occurred on 1 January 2022, management estimates that consolidated revenue would have been US$2,248,942,000 and consolidated profit after tax for the year would have been US$514,336,000.

28 Acquisitions (continued)

(A) Acquisition of subsidiaries (continued)

(i) Business Combinations during the year ended 31 December 2022 (continued)

(b) Fair values measurement

The fair values of identifiable assets acquired and liabilities assumed have been determined based on the finalized purchase price allocation .

Investment properties

The valuation techniques used for measuring the fair value of investment properties were as follows:

- *Income capitalization* – The income capitalization method values completed investment properties and capitalizes an income stream into a present value using single-year capitalization rates, the income stream used is adjusted to market rentals currently being achieved within comparable investment properties and recent leasing transactions achieved within the investment property.

- *Residual* – The residual method values properties under development and land held for development by reference to their development potential which involves deducting the estimated development costs to complete construction and developer's profit from the gross development value to arrive at the residual value of the property. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation. The estimated cost to complete is determined based on the construction cost per square meter in the pertinent area.

Acquired receivables

The fair value of trade and other receivables, after taking into account the expected credit losses, is US$96,584,000

Other current assets and liabilities

Other current assets and liabilities include cash and cash equivalents, trade and other payables and loans and borrowings.

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

28 Acquisitions (continued)

(A) Acquisition of subsidiaries (continued)

(ii) Acquisitions of subsidiaries during the year ended 31 December 2022

The primary reason for the Group's acquisitions of subsidiaries is to expand its portfolio of investment properties in different geographical locations. The Group has accounted for the acquisition as an acquisition of assets. The list of subsidiaries acquired during the year ended 31 December 2022 is as follows:

Name of subsidiaries	Date acquired	Equity interest acquired
Han Si Capital Holdings Limited	January 2022	100%
Han Hui Capital Limited	January 2022	100%
Han Si Capital HK Limited	January 2022	100%
Han Hui Advisors HK Limited	January 2022	100%
Han Hui Capital Advisors Limited	January 2022	100%
Han Nuo GP Limited	January 2022	100%
Han Yi Capital Limited	January 2022	100%
Shanghai Linfang Logistics Technology Co., Ltd.	February 2022	100%
Kesslers Properties North Ltd	March 2022	100%
Kesslers Properties South Ltd	March 2022	100%
I-Services Network Solution Limited	May 2022	100%
China Logistics Holding (19) Pte Ltd	July 2022	100%
GLP Chongqing Banan Logistics facilities Co., Ltd.	July 2022	100%
GLP Taishan Warehousing Co., Ltd.	July 2022	100%
CLH 84 (HK) Limited	July 2022	100%
Zhuhai Puyi Logistics Industry Investment LLP	December 2022	100%
GLP GV China 3 Holdings Limited	December 2022	100%
GLP GV China 4 Holdings Limited	December 2022	63.5%
Chun Kwong Group Limited	December 2022	100%
Gazeley Peruvian Sarl	December 2022	100%
Gazeley Peruvian 2 Sarl	December 2022	100%

28 Acquisitions (continued)

(A) Acquisition of subsidiaries (continued)

(ii) Acquisitions of subsidiaries during the year ended 31 December 2022 (continued)

Effects of acquisitions

The cash flow and the net assets of subsidiaries acquired during the year ended 31 December 2022 are provided below:

	Recognized values on acquisition US$'000
Investment properties	1,744,522
Interests in associates	352,214
Plant and equipment	1,553
Trade and other receivables	63,273
Deferred tax assets	1,030
Other assets	4,214
Cash and cash equivalents	109,968
Other investment	499,932
Trade and other payables	(280,968)
Loans and borrowings	(561,183)
Current tax payable	(638)
Other non-current liabilities	(20,191)
Deferred tax liabilities	(10,737)
Non-controlling interests	(182,564)
Net assets acquired	1,720,425
Total purchase consideration	1,720,425
Purchase consideration payable	(414,596)
Purchase consideration satisfied in shares	(147,827)
Purchase consideration satisfied in cash	(1,158,002)
Cash of subsidiaries acquired	109,968
Purchase consideration satisfied in cash in relation to subsidiaries acquired in prior year	(27,188)
Cash outflow on acquisition of subsidiaries	(1,075,222)

28 Acquisitions (continued)

(A) Acquisition of subsidiaries (continued)

(iii) Business combinations during the year ended 31 December 2021

On 18 March 2021, the Group acquired 100% equity interests in GLP Yiwu Pujie Logistics Facilities Co., Ltd, which is principally involved in the provision of logistics facilities and related services. The Group has accounted for the acquisition as a business combination as the acquired inputs (comprising built assets and land banks), substantive processes and organized workforce under the acquisition contributed to the creation of outputs.

Name of subsidiaries	Date acquired	Equity interest acquired %
GLP Yiwu Pujie Logistics Facilities Co., Ltd	March 2021	100

(a) Identifiable assets acquired and liabilities

	Recognized values on acquisition US$'000
Investment properties	130,559
Intangible assets	–
Plant and equipment	–
Other investment	–
Deferred tax assets	–
Trade and other receivables	1,620
Cash and cash equivalents	2,141
Other assets	–
Trade and other payables	(3,537)
Loans and borrowings	(22,532)
Deferred tax liabilities	(14,609)
Other liabilities	–
Net assets acquired	93,642
Goodwill	(19,477)
Total purchase consideration	(74,165)
Purchase consideration payable	–
Paid by carrying amount of previously held equity interest	18,773
Purchase consideration satisfied in cash	(55,392)
Cash of subsidiary acquired	2,141
Cash outflow on acquisition of subsidiary	(53,251)

28 Acquisitions (continued)

(A) Acquisition of subsidiaries (continued)

(iii) Business combinations during the year ended 31 December 2021 (continued)

(a) Identifiable assets acquired and liabilities (continued)

From the dates of acquisitions to 31 December 2021, the above-mentioned acquisitions contributed net profit after tax of US$3,771,000 to the Group's results for the period, before accounting for financing costs attributable to the acquisitions. If the acquisitions had occurred on 1 January 2021, management estimates that consolidated revenue would have been US$1,645,126,000 and consolidated profit after tax for the year would have been US$1,690,978,000.

(b) Fair values measurement

The fair values of identifiable assets acquired and liabilities assumed have been determined based on the finalized purchase price allocation .

Property, plant and equipment

The valuation techniques used for measuring the fair value of investment properties were as follows:

- *Market comparison technique and cost technique* – The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence

Investment properties

The valuation techniques used for measuring the fair value of investment properties were as follows:

- *Income capitalization* – The income capitalization method values completed investment properties and capitalizes an income stream into a present value using single-year capitalization rates, the income stream used is adjusted to market rentals currently being achieved within comparable investment properties and recent leasing transactions achieved within the investment property.

- *Residual* – The residual method values properties under development and land held for development by reference to their development potential which involves deducting the estimated development costs to complete construction and developer's profit from the gross development value to arrive at the residual value of the property. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation. The estimated cost to complete is determined based on the construction cost per square meter in the pertinent area.

28 Acquisitions (continued)

(A) Acquisition of subsidiaries (continued)

(iii) Business combination during the year ended 31 December 2021 (continued)

(b) Fair value measurement (continued)

Acquired receivables

The fair value of trade and other receivables, after taking into account the expected credit losses, is US$1,620,000

Other current assets and liabilities

Other current assets and liabilities include cash and cash equivalents, trade and other payables and loans and borrowings.

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

(iv) Acquisitions of subsidiaries during the year ended 31 December 2021

The primary reason for the Group's acquisitions of subsidiaries is to expand its portfolio of investment properties in different geographical locations. The Group has accounted for the acquisition as an acquisition of assets.

The list of subsidiaries acquired during the year ended 31 December 2021 is as follows:

Name of subsidiaries	Date acquired	Equity interest acquired %
Anhui Nuohan Intelligent Equipment Co., Ltd.	January 2021	91
GLP Solar GK	March 2021	100
GLP Development Fund ML GK	March 2021	100
Zhuhai Puyi Logistics Industry Investment LLP	March 2021	80
Harbin Suning Purchasing Co., Ltd.	March 2021	100
Changchun Suning Yida Logistics Co., Ltd.	March 2021	100
Shijiazhuang Shining Suning Trading Co., Ltd.	March 2021	100
Jiangsu Zhichen Asset Management Co., Ltd.	March 2021	100
Hefei Luning Yida Logistics Co., Ltd.	March 2021	100
Chengdu Suning Yida Warehousing Co., Ltd.	March 2021	100
Nanjing Jingfu Asset Management Co., Ltd.	March 2021	100
Shaoxing Suning Yuncang Logistics Co., Ltd.	March 2021	98
Fuzhou Suning Tesco Trading Co., Ltd.	March 2021	99
Guiyang Suning Logistics Co., Ltd.	March 2021	100
Yunnan Suning Logistics Co., Ltd.	March 2021	100
Hainan Suning Yida Logistics Co., Ltd.	March 2021	100
Urumqi Suning Tesco Trading Co., Ltd.	March 2021	100
Nanjing Yuyue Asset Management Co., Ltd.	March 2021	100

28 Acquisitions (continued)

(A) Acquisition of subsidiaries (continued)

(iv) Acquisitions of subsidiaries during the year ended 31 December 2021 (continued)

Name of subsidiaries	Date acquired	Equity interest acquired %
Lanzhou Suning Purchasing Co., Ltd.	March 2021	100
Jining Yanzhou Suning Yida Logistics Warehousing Co., Ltd.	March 2021	100
Yancheng Yanning Suning Tesco Co., Ltd.	March 2021	100
Wuhu Suning Yida Logistics Co., Ltd.	March 2021	100
Ezhou Suning Yida Logistics Investment Co., Ltd.	March 2021	100
Xuzhou Suning Yida Logistics Co., Ltd.	March 2021	100
Yancheng Yanning Suning Tesco Co., Ltd.	March 2021	100
Ezhou Suning Yida Logistics Investment Co., Ltd.	March 2021	100
GLP Yiwu Pujie Logistics Facilities Co.,Ltd.	March 2021	100
Hangzhou Yunchu Investment Management LLP	April 2021	100
Shanghai Wangyu Network Technology Co., Ltd.	April 2021	90
Nanning Xinbao Zhihui Supply Chain Management Co., Ltd.	April 2021	90
Yanpu (Langfang) Supply Chain Management Co.,Ltd.	August 2021	70
Beijing Kirin Property Management Development Co.,Ltd	August 2021	80
Guangde International Investment (Zhejiang) Sports Co., Ltd.	August 2021	100
Beijing Aidixi Technology Co., Ltd.	September 2021	70
Beijing Addison Data Technology Development Co., Ltd	September 2021	70
Beijing Logistics Pte. Ltd.	October 2021	100
Beijing Zhongtai Huasheng Consulting Co., Ltd	November 2021	100
Hubei Woju Food Co., Ltd	November 2021	100
GLP Japan DH TMK	November 2021	100
Beijing Yongle Jiadi Technology Development Co., Ltd.	December 2021	100
Beijing Besunyen Food & Beverage Co., Ltd.	December 2021	100
CCISA123 Incorporadora Ltda	December 2021	100

28 Acquisitions (continued)

(A) Acquisition of subsidiaries (continued)

(iv) Acquisitions of subsidiaries during the year ended 31 December 2021 (continued)

Effects of acquisitions

The cash flow and the net assets of subsidiaries acquired during the year ended 31 December 2021 are provided below:

	Recognized values on acquisition US$'000
Investment properties	1,890,046
Plant and equipment	92,397
Trade and other receivables	71,253
Deferred tax assets	11,206
Other assets	36
Cash and cash equivalents	18,033
Trade and other payables	(667,225)
Loans and borrowings	(280,903)
Other non-current liabilities	(292)
Deferred tax liabilities	(3,981)
Non-controlling interests	(100,374)
Net assets acquired	1,030,196
Purchase consideration payable	(203,692)
Purchase consideration satisfied in cash	(826,504)
Cash of subsidiaries acquired	18,033
Purchase consideration satisfied in cash in relation to subsidiaries acquired in prior year	(104,859)
Cash outflow on acquisition of subsidiaries	(913,330)

From the dates of acquisitions to 31 December 2021, the above-mentioned acquisitions contributed net profit after tax of US$19,522,000 to the Group's results for the period, before accounting for financing costs attributable to the acquisitions. If the acquisitions had occurred on 1 January 2021, management estimates that consolidated revenue would have been US$86,345,000 and consolidated profit after tax for the year would have been US$49,274,000.

28 Acquisitions (continued)

(A) Acquisition of subsidiaries (continued)

(i) Effect of business combination and acquisition of assets on cash flows of the Group

	Business combination US$'000	Acquisition of assets US$'000	Total US$'000
31 December 2022			
Purchase consideration satisfied in cash	(605,574)	(1,158,002)	(1,763,576)
Cash of subsidiaries acquired	49,504	109,968	159,472
Purchase consideration satisfied in cash in relation to subsidiaries acquired in prior year	–	(27,188)	(27,188)
Cash outflow on acquisition of subsidiaries	(556,070)	(1,075,222)	(1,631,292)
31 December 2021			
Purchase consideration satisfied in cash	(55,392)	(826,504)	(881,896)
Cash of subsidiaries acquired	2,141	18,033	20,174
Purchase consideration satisfied in cash in relation to subsidiaries acquired in prior year	–	(104,859)	(104,859)
Cash outflow on acquisition of subsidiaries	(53,251)	(913,330)	(966,581)

28 Acquisitions (continued)

(B) Disposal of subsidiaries

During the year ended 31 December 2022, the Group syndicated equity interest in several of its portfolio of subsidiaries in China, Europe and US. The table below does not include the partial disposals.

Effects of disposals

	Recognized values on disposal 2022 US$'000
Investment properties	991,562
Plant and equipment	7
Other investments	425,693
Other assets	889,795
Trade and other receivables	111,701
Cash and cash equivalents	47,773
Trade and other payables	(360,932)
Loans and borrowings	(61,133)
Current tax payable	(229)
Deferred tax liabilities	(165,928)
Non-controlling interests	(95,457)
Net assets disposed	1,782,852
Gain on disposal of subsidiaries	135,888
Disposal consideration	1,918,740
Disposal consideration receivables	(142,345)
Non-cash settlement	(287,781)
Cash of subsidiaries disposed	(47,780)
Sales consideration satisfied in cash in relation to subsidiaries disposed in prior year	635,838
Cash inflow on disposal of subsidiaries*	2,076,582

*Included in the cash inflow on disposal of subsidiaries is an amount of US$888,505,000 relating to non-controlling interest and Group's partial interest in a subsidiary.

28 Acquisitions (continued)

(B) Disposal of subsidiaries

During the year ended 31 December 2021, the Group syndicated equity interest in Fundo de Investimento em Participacoes Camacari Multiestrategia and its subsidiaries (FIP IV), GLP Capital Partners IV LP, Shanghai Lingang and a portfolio of investment property-holding entities in PRC.

Effects of disposals

	Recognized values on disposal 2021 US$'000
Investment properties	6,377,898
Plant and equipment	160,346
Trade and other receivables	447,482
Cash and cash equivalents	258,220
Other investments	633,190
Other assets	2,461
Deferred tax assets	9,345
Loans and borrowings	(1,430,276)
Other non-current liabilities	(9,699)
Trade and other payables	(1,734,389)
Current tax payable	(45,502)
Deferred tax liabilities	(495,274)
Non-controllng interests	(514,011)
Net assets disposed	3,659,791
Gain on disposal of subsidiaries	630,198
Disposal consideration	4,289,989
Disposal consideration receivables	(885,153)
Non-cash settlement	(411,832)
Cash of subsidiaries disposed	(258,220)
Sales consideration satisfied in cash in relation to subsidiaries disposed in prior year	298,056
Cash inflow on disposal of subsidiaries	3,032,840

28 Acquisitions (continued)

(B) Assets and liabilities classified as held for sale

(i) Disposal of assets and liabilities classified as held for sale during the year ended 31 December 2022

During the year ended 31 December 2022, the Group syndicated equity interest in several of its portfolio of subsidiaries in China, Europe and USA.

Effects of disposals

	Recognized values on disposal 2022 US$'000
Investment properties	1,694,401
Trade and other receivables	70,891
Cash and cash equivalents	107,346
Other assets	1,428
Loans and borrowings (non-current)	(82,264)
Trade and other payables	(162,683)
Current tax payable	(2,202)
Deferred tax liabilities	(330,346)
Non-controlling interests	(99,233)
Net assets disposed	1,197,338
Gain on disposal of assets and liabilities classified as held for sale	242,524
Disposal consideration	1,439,862
Disposal consideration receivable	(654,283)
Cash of subsidiaries disposed	(107,346)
Disposal consideration satisfied in cash in relation to prior year disposal	194,023
Cash inflow on disposals of subsidiaries	872,256

28 Acquisitions (continued)

(B) Assets and liabilities classified as held for sale (continued)

(ii) Disposal of assets and liabilities classified as held for sale during the year ended 31 December 2021

During the year ended 31 December 2021, the Group syndicated equity interest in Fundo de Investimento em Participacoes Camacari Multiestrategia and its subsidiaries (FIP IV), GLP Capital Partners IV LP, Shanghai Lingang and a portfolio of investment property-holding entities in PRC.

Effects of disposals

	Recognized values on disposal 2021 US$'000
Investment properties	2,428,616
Jointly-controlled entities	101,996
Intangible assets	34,730
Plant and equipment	95
Trade and other receivables	59,559
Cash and cash equivalents	167,979
Other assets	357,818
Deferred tax assets	1,895
Loans and borrowings(non-current)	(341,150)
Trade and other payables	(242,113)
Current tax payable	(5,490)
Deferred tax liabilities	(288,081)
Non-controlling interests	(213,030)
Net assets disposed	2,062,824
Gain on disposal of assets and liabilities classified as held for sale	192,716
Disposal consideration	2,255,540
Disposal consideration receivable	(220,073)
Cash of subsidiaries disposed	(167,979)
Cash Inflow on disposal of subsidiaries	1,867,488

29 Operating segments

The Group has five reportable geographical segments, representing its operations in the PRC, Japan, USA, Brazil and Europe, which are managed separately due to the different geographical locations. The Group's CODM reviews internal management reports on these segments on a quarterly basis, at a minimum, for strategic decisions making, performance assessment and resources allocation purposes.

Performance of each reportable segment is measured based on segment revenue and segment earnings before net interest expense, tax expense, and excluding changes in fair value of investment properties held by subsidiaries, equity accounted investments (net of tax) ("PATMI excluding revaluation"). PATMI excluding revaluation is used to measure performance as management believes that such information is the most relevant in evaluating the results of these segments relative to other entities that operate within the logistics industry. Segment assets and liabilities are presented net of inter-segment balances. Monetized fair value gains ("MFV") is a performance indicator for the Group's real estate business. It is used to measure the earnings realized upon the sale of an asset, and is calculated based on the difference between the selling price to related companies and third parties and the historical cost of the asset.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. There are no transactions between reportable segments. Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

29 Operating segments (continued)

Information regarding the Group's reportable geographical segments is presented in the tables below.

Information about reportable geographical segments

	PRC		Japan		USA		Brazil		Europe		Others		Total	
Group	**2022 US$'000**	**2021 US$'000**	**2022 US$'000**	**2021 US$'000**	**2022 US$'000**	**2021 US$'000**	**2022 US$'000**	**2021 US$'000**	**2022 US$'000**	**2021 US$'000**	**2022 US$'000**	**2021 US$'000**	**2022 US$'000**	**2021 US$'000**
Continuing operations														
Revenue and expenses														
External revenue	1,282,954	1,264,941	469,051	261,430	41,091	16,446	14,766	12,482	102,800	78,889	10	–	1,910,673	1,634,188
Changes in fair value of investment properties held by subsidiaries	956,296	973,433	(6)	3,319	30,513	109,413	9,526	–	(105,911)	273,587	-	–	890,418	1,359,752
Share of changes in fair value of investment properties (net of tax) held by equity accounted investments	81,305	96,414	86,585	280,934	–	–	(1,657)	7,214	(71,197)	134,951	-	–	95,035	519,512
Net finance (costs)/income	(612,933)	(403,275)	(4,243)	155	(4,403)	(6,518)	14,231	3,921	6,772	(497)	(180,825)	(44,351)	(781,401)	(450,564)
Tax (expense)/credit	(719,496)	(865,768)	(7,803)	(19,602)	(648)	(23,918)	(6,969)	(9,198)	(33,568)	(59,435)	(691)	(467)	(769,175)	(978,389)
Profit/(Loss) after tax	512,228	1,839,638	208,760	707,999	40,137	148,126	23,700	4,727	(119,982)	360,238	(130,822)	(1,374,692)	534,020	1,686,036
Monetized fair value gains	1,207,547	1,356,310	206,752	733,181	398,844	48,405	–	33,199	155,240	11,337	–	–	1,968,383	2,182,432
Profit attributable to:														
Shareholders of the Company ("PATMI")	153,376	985,471	209,321	707,999	11,470	83,032	23,700	4,727	(119,982)	360,238	(177,254)	(1,356,733)	100,631	784,735
NCI	358,852	854,167	(561)	–	28,666	65,094	–	–	–	–	46,433	(17,959)	433,390	901,302
PATMI excluding revaluation	(126,868)	666,030	122,742	423,912	(12,635)	(3,404)	19,070	(2,487)	75,437	13,067	(177254)	(1,356,733)	(99,508)	(259,614)

29 Operating segments (continued)

Information about reportable geographical segments (continued)

	PRC		Japan		USA		Brazil		Europe		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Group	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Assets and liabilities														
Investment properties	13,880,385	15,269,504	207,397	111,919	453,932	575,928	35,681	24,237	731,195	637,709	1	–	15,308,591	16,619,297
Equity accounted investments	5,679,578	5,892,053	487,818	702,076	237,817	7,619	594,142	553,993	678,094	622,929	401,611	467,890	8,079,060	8,246,560
Other segment assets	18,642,043	12,569,550	929,142	818,278	1,436,095	179,161	198,322	175,009	431,349	735,630	6,6,023,499	5,390,570	227,660,450	19,868,198
Reportable segment assets	38,202,006	33,731,107	1,624,357	1,632,273	2,127,844	762,708	828,145	753,239	1,840,638	1,996,268	6,425,111	5,858,460	51,048,101	44,734,055
Loans and borrowings	(9,693,234)	(8,182,294)	(222,704)	(124,258)	(111,503)	(196,695)	(44,904)	(42,295)	(3298,896	(167,348)	(3,542,713)	(3,042,849)	(13,943,954)	(11,755,739)
Other segment liabilities	(10,096,895)	(6,631,391)	(320,806)	(230,179)	(295,848)	(89,881)	(30,210)	(35,021)	(278,598)	(394,614)	(1,404,427(	(1,284,596)	(12,426,784)	(8,665,682)
Reportable segment liabilities	(19,790,129)	(14,813,685)	(543,510)	(354,437)	(407,351)	(286,576)	(75,114)	(77,316)	(6078,494	(561,962)	(4,946,140)(	(4,327,445)	(26,339,337)	(20,421,421)
Other information														
Depreciation and amortization	(73,432)	(27,898)	(18,390)	(10,614)	(29,291)	(234)	(2,523)	(4,182)	(10,501)	(8,052)	(1,997)	(2,917)	(136,134)	(53,897)
Interest income	64,572	60,018	3	(102)	60	–	23,065	5,536	11,161	9,142	8,766	6,163	107,627	80,757
NCI's share of EBITDA[1] excluding revaluation	423,088	808,274	–	–	–	–	–	–	–	–	–	–	423,088	808,274
Capital expenditure[2]	1,117,049	2,074,769	156,630	1,273,440	382,894	385,214	3,326	1,159	287,181	346,151	6,394	2,676	1,953,474	4,083,409

Notes:

[1] EBITDA refers to EBIT excluding depreciation and amortization.

[2] Capital expenditure includes acquisition, borrowing costs and development expenditure of investment properties and acquisition of property, plant and equipment.

30 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

(a) Risk management framework

The Group adopts the risk management policies and guidelines of the ultimate holding entity, GLP Holdings, L.P., which has a system of controls in place to create an acceptable balance between the costs of risks occurring and the cost of managing the risks. Risk management policies and guidelines are reviewed regularly to reflect changes in market conditions and the Group's activities.

(b) Credit risk

Credit risk is the risk of financial loss resulting from the failure of a customer or counterparty to meet its contractual obligations. Financial transactions are restricted to counterparties that meet appropriate credit criteria that are approved by the Group and are being reviewed on a regular basis. In respect of trade receivables, the Group has guidelines governing the process of granting credit and outstanding balances are monitored on an ongoing basis. Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are engaged in a wide spectrum of activities and operate in a variety of markets.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

		Group		Company	
		2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Non-current assets[1]	11	3,240,788	798,645	2,312,782	
Trade and other receivables[2]	12	8,560,712	6,510,315	6,243,417	5,795,912
Cash and cash equivalents		2,589,267	2,045,215	99,993	964,548
		14,390,767	9,354,175	8,656,192	6,760,460

Notes:
1 Excludes prepaid construction costs and deferred acquisition costs.
2 Excludes prepayments and other assets.

30 Financial risk management (continued)

(b) Credit risk (continued)

Exposure to credit risk (continued)

The maximum exposure to credit risk for financial assets at the reporting date by geographic region is as follows:

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
PRC	7,232,354	3,423,025	–	–
Japan	385,816	276,753	–	–
Singapore	5,923,580	5,253,198	8,656,191	6,760,461
USA	371,567	73,046	–	–
Europe	275,789	154,471	–	–
Others	201,543	173,682	–	–
	14,390,649	9,354,175	8,656,191	6,760,461

Expected credit loss assessment for cash and cash equivalents

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short-term maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties and low credit risks exposures. The amount of ECL on cash and cash equivalents was negligible.

Expected credit loss assessment for employee loans, loans and amounts due from immediate holding company, subsidiaries, associates, investee, NCI, joint ventures and related companies and loans to third parties

Management assessed the credit loss associated with the employee loans and amounts, and loans due from immediate holding company, subsidiaries, associates, investee, NCI, joint ventures and related companies and loans to third parties to be insignificant. The analysis performed assessed the probability of default and calculated ECLs across the portfolio based on the 12-month expected loss basis which reflects the low credit risk of the exposures.

(c) 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. The Group maintains a level of cash and cash equivalents deemed adequate by management to meet the Group's working capital requirement. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

As far as possible, the Group will raise medium and long-term funding from both capital markets and financial institutions and prudently balance its portfolio with some short-term funding so as to achieve overall cost effectiveness.

30 Financial risk management (continued)

(c) Liquidity risk (continued)

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

Group	Carrying amount US$'000	Contractual cash flows US$'000	Cash flows: Within 1 year US$'000	Cash flows: From 1 to 5 years US$'000	Cash flows: After 5 years US$'000
31 December 2022					
Non-derivative financial liabilities					
Bank loans	8,064,914	(9,353,670)	(2,904,047)	(3,642,287)	(2,807,336)
Bonds	5,879,040	(6,390,481)	(1,418,726)	(4,854,718)	(117,037)
Trade and other payables[1]	6,075,779	(5,841,147)	(3,774,005)	(1,947,767)	(117,406)
	20,019,733	(21,585,298)	(8,096,778)	(10,444,772)	(3,041,779)
Derivative financial liabilities					
Interest rate swaps (net-settled)	(694)	(1,572)	(1,289)	(284)	–
	20,021,008	(21,586,870)	(8,098,067)	(10,445,056)	(3,043,748)
31 December 2021					
Non-derivative financial liabilities					
Bank loans	4,811,911	(5,519,315)	(851,472)	(2,462,667)	(2,205,176)
Bonds	6,943,828	(7,773,866)	(962,570)	(6,107,875)	(703,421)
Trade and other payables[1]	4,052,600	(4,113,347)	(3,423,809)	(626,672)	(62,866)
	15,808,339	(17,406,528	(5,237,851)	(9,197,214)	(2,971,463)
Derivative financial liabilities					
Interest rate swaps (net-settled)	4,359	(5,026)	(1,655)	(3,371)	–
	15,812,698	(17,411,554)	(5,239,506)	(9,200,585)	(2,971,463)
Company					
31 December 2022					
Non-derivative financial liabilities					
Bank loans	1,493,076	(1,550,392)	(891,122)	(165,926)	(493,345)
Bonds	2,048,638	(2,262,766)	(520,492)	(1,625,237)	(117,037)
Trade and other payables[1]	5,289,988	(5,289,988)	(5,284,791)	(5,197)	–
	8,831,702	(9,103,146)	(6,696,405)	(1,796,360)	(610,382)
Derivative financial liabilities					
Interest rate swaps (net-settled)	(694)	(1,572)	(1,289)	(284)	–
	8,831,008	(9,104,718)	(6,697,694)	(1,796,644)	(610,382)
31 December 2021					
Non-derivative financial liabilities					
Bank loans	881,240	(958,885)	(210,084)	(169,927)	(578,874)
Bonds	2,161,609	(2,414,990)	(68,305)	(2,076,794)	(269,891)
Trade and other payables[1]	2,290,981	(2,289,981)	(2,282,815)	(7,166)	–
	5,333,830	(5,663,856)	(2,561,204)	(2,253,887)	(848,765)
Derivative financial liabilities					
Interest rate swaps (net-settled)	4,359	(5,026)	(1,655)	(3,371)	–
	5,338,189	(5,668,882)	(2,562,859)	(2,257,258)	(848,765)

Note:
[1] Excludes advance rental received and provision for reinstatement costs.

30 Financial risk management (continued)

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Group operates mainly in the PRC, Japan, USA, Brazil and Europe. Other than the respective functional currency of the Group's subsidiaries, the foreign currency which the Group has exposure to at the reporting date is the US Dollar.

The Group maintains a natural hedge, wherever possible, by borrowing in the currency of the country in which the investment is located. Foreign exchange exposures in transactional currencies other than the functional currencies of the operating entities are kept to an acceptable level.

The Group also monitors any surplus cash held in currencies other than the functional currency of the respective companies and uses sensitivity analysis to measure the foreign exchange risk exposure. Where necessary, the Group will use foreign exchange contracts to hedge and minimize net foreign exchange risk exposures. In relation to its overseas investments in foreign subsidiaries whose net assets are exposed to currency translation risk and which are held for long-term investment purposes, the differences arising from such translation are captured under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

30 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

The Group's and Company's exposures to foreign currencies (financial assets and liabilities not denominated in the respective entities' functional currencies) as at 31 December 2022 and 31 December 2021 are as follows:

Group	United States Dollar US$'000	Japanese Yen US$'000	Singapore Dollar US$'000	Hong Kong Dollar US$'000	Chinese Renminbi US$'000	Euros US$'000	Pound Sterling US$'000	Polish Zloty US$'000
31 December 2022								
Financial assets								
Cash and cash equivalents	351,792	168	5,779	8,969	608	36,163	51,746	4,272
Trade and other receivables	2,137,871	421,710	14,212	89,357	252,621	483,917	464,828	3,933
Other investments	365,073	1,869	–	–	–	828	6	–
	2,854,736	423,747	19,991	98,326	253,229	520,908	516,580	8,205
Financial liabilities								
Bank loans	(725,953)	(591,190)	–	(1,709,108)	–	(564,758)	(189,990)	–
Bonds	(1,326,000)	(332,044)	–	–	–	–	–	–
Trade and other payables	(1,470,682)	(346,312)	(183)	(76,955)	–	(527,009)	(207,251)	(5,113)
	(3,522,635)	(1,269,546)	(183)	(1,786,063)	–	(1,091,767)	(397,241)	(5,113)
Net financial (liabilities)/assets	(667,899)	(845,799)	19,808	(1,687,737)	253,229	(570,859)	119,339	3,092
Add: Loans/Bonds designated for net investment hedge	–	954,375	–	–	–	385,673	–	–
Currency exposure of net financial (liabilities)/assets	(667,899)	108,576	19,808	(1,687,737)	253,229	(185,186)	119,339	3,092

30 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

Group	United States Dollar US$'000	Japanese Yen US$'000	Singapore Dollar US$'000	Hong Kong Dollar US$'000	Chinese Renminbi US$'000	Euros US$'000	Pound Sterling US$'000	Polish Zloty US$'000
31 December 2021								
Financial assets								
Cash and cash equivalents	85,712	8	8,288	3,884	578,818	22,184	1,111	317
Trade and other receivables	49,021	533,868	5,744	8	44,951	257,323	151,138	–
Other investments	967,170	679	–	48,619	–	–	–	–
	1,101,903	534,555	14,032	52,511	623,769	279,507	152,249	317
Financial liabilities								
Bank loans	(572,726)	(681,240)	–	–	–	–	–	–
Bonds	(1,326,000)	(382,184)	–	–	–	(487,031)	–	–
Trade and other payables	(6,284)	(767,806)	(534)	–	(578,762)	(2,110)	–	–
	(1,905,010)	(1,831,230)	(534)	–	(578,762)	(489,141)	–	–
Net financial (liabilities)/assets	(803,107)	(1,296,675)	13,498	52,511	45,007	(209,634)	152,249	317
Add: Loans/Bonds designated for net investment hedge	–	1,089,677	–	–	–	413,410	–	–
urrency exposure of net financial (liabilities)/assets	(803,107)	(206,998)	13,498	52,511	45,007	203,776	152,249	317

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30 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

Company	Japanese Yen US$'000	Singapore Dollar US$'000	Hong Kong Dollar US$'000	Chinese Renminbi US$'000	Euros US$'000	Pound Sterling US$'000
31 December 2022						
Financial assets						
Cash and cash equivalents	3	524	1	608	1	30,179
Trade and other receivables	421,710	14,212	89,357	252,621	415,537	429,406
	421,713	14,736	89,358	253,229	415,538	459,585
Financial liabilities						
Bank loans	(591,190)	–	–	–	(426,439)	–
Bonds	(332,044)	–	–	–	–	–
Trade and other payables	(346,312)	(183)	–	–	(2,874)	–
	(1,269,546)	(183)	–	–	(429,313)	–
Currency exposure of net financial (liabilities)/ assets	(847,833)	14,553	89,358	253,229	(13,775)	459,585
31 December 2021						
Financial assets						
Cash and cash equivalents	8	365	1	578,818	12	2
Trade and other receivables	487,361	5,745	8	44,951	257,323	151,138
	487,369	6,110	9	623,769	257,335	151,140
Financial liabilities						
Bank loans	(681,240)	–	–	–	–	–
Bonds	(382,184)	–	–	–	(487,031)	–
Trade and other payables	(767,807)	(534)	–	(578,762)	(2,110)	–
	(1,831,231)	(534)	–	(578,762)	(489,141)	–
Currency exposure of net financial (liabilities)/ assets	(1,343,862)	5,576	9	45,007	(231,806)	151,140

Sensitivity analysis

A 10% strengthening of foreign currency against the respective functional currencies of the subsidiaries at the reporting date would have increased/(decreased) profit before tax by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

30 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

Sensitivity analysis (continued)

	Group		Company	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
US Dollar[1]	(66,790)	(80,311)	—	—
Japanese Yen[2]	10,858	(20,700)	(84,783)	(134,386)
Singapore Dollar[2]	1,981	1,350	1,455	558
Hong Kong Dollar[2]	(168,774)	5,251	8,936	1
Chinese Renminbi[2]	25,323	4,501	25,323	4,501
Euros[2]	(18,519)	20,378	(1,378)	(23,181)
Sterling Pound[2]	11,934	15,225	45,959	15,114
Polish Zloty[2]	309	32	—	—

Notes:
1 As compared to functional currency of Renminbi.
2 As compared to functional currency of US Dollar.

A 10% weakening of foreign currency against the respective functional currencies of the subsidiaries at the reporting date would have the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group's interest rate risk arises primarily from the interest-earning financial assets and interest-bearing financial liabilities.

The Group manages its interest rate exposure by maintaining a mix of fixed and variable rate borrowings. Where necessary, the Group hedges a portion of its interest rate exposure within the short to medium term by using interest rate derivatives.

The Group classifies these interest rate swaps as cash flow hedges which were effective during the year.

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 hypothetical derivative method.

30 Financial risk management (continued)

(d) Market risk (continued)

Interest rate risk (continued)

In these hedging relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates between the swaps and the borrowings.

Hedge accounting

As a result of these uncertainties, significant judgement is involved in determining certain hedge accounting relationships that hedge the variability of interest rate risk due to expected changes in IBORs continue to qualify for hedge accounting as at 31 December 2021. IBORs continue to be used as a reference rate in financial markets and is used in the valuation of instruments with maturities that exceed the expected end date for IBOR. The Group believes the current market structure supports the continuation of hedge accounting as at 31 December 2021 and 31 December 2022. The Group applies the amendments to SFRS(I) 9 issued in December 2020 to those hedging relationships directly affected by IBOR reform.

At 31 December 2022, the Group has interest rate swaps classified as cash flow hedges with notional contractual amount of JPY55,000 million (2021: JPY60,000 million) which pay fixed interest rates ranging from 0.27% - 0.36% (2021: 0.23% - 0.36%) per annum and receive variable rates ranging equal to JPY TIBOR (2021: JPY TIBOR) on the notional amount.

At 31 December 2022, the Group also has interest rate caps classified as cash flow hedges with notional contractual amounts of EUR 24 million and GBP 71 million. The capped increase in interest rates on these amounts are 1.50% and 3.00% respectively.

Exposure to interest rate risk

At the reporting date, the interest rate profile of interest-bearing financial liabilities (after taking into account the effects of the interest rate swaps) are as follows:

	Group		Company	
	Carrying amount US$'000	Principal/ notional amount US$'000	Carrying amount US$'000	Principal/ notional amount US$'000
31 December 2022				
Fixed rate instruments				
Loans and borrowings	7,262,623	7,324,013	3,541,714	3,603,006
Trade and other payables	1,600,336	1,600,336	95	95
	8,862,959	8,924,349	3,541,809	3,603,101
Variable rate instruments				
Loans and borrowings	6,681,332	6,682,873	–	–

30 Financial risk management (continued)

(d) Market risk (continued)

Interest rate risk (continued)

Exposure to interest rate risk (continued)

	Group		Company	
	Carrying amount US$'000	Principal/ notional amount US$'000	Carrying amount US$'000	Principal/ notional amount US$'000
31 December 2021				
Fixed rate instruments				
Loans and borrowings	7,928,529	7,962,388	3,042,849	3,076,708
Trade and other payables	306,592	306,592	635	635
	8,235,121	8,268,980	3,043,484	3,077,343
Variable rate instruments				
Loans and borrowings	3,827,210	3,827,540	–	–

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through the profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit before tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss		Equity	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
Group				
31 December 2022				
Variance rate instruments	(66,380)	66,380	(66,380)	66,380
Cashflow sensitivity (net)	(66,380)	66,380	(66,380)	66,380
31 December 2021				
Variance rate instruments	(35,824)	35,824	(35,824)	35,824
Cashflow sensitivity (net)	(35,824)	35,824	(35,824)	35,824

30 Financial risk management (continued)

(d) Market risk (continued)

Interest rate risk (continued)

	Profit or loss		Equity	
	100 bp increase $'000	**100 bp decrease $'000**	**100 bp increase $'000**	**100 bp decrease $'000**
Company				
31 December 2022				
Variance rate instruments	–	–	–	–
Cashflow sensitivity (net)	–	–	–	–
31 December 2021				
Variance rate instruments	–	–	–	–
Cashflow sensitivity (net)	–	–	–	–

Other market price risk

Equity price risk arises from quoted equity investment designated at FVOCI or mandatorily at FVTPL held by the Group. Management of the Group monitors the equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Group's Investment Committee.

An increase/(decrease) in 5% of the equity price of quoted equity investments held by the Group at the reporting date would have increased/(decreased) fair value reserve in equity by US$34.4 million (2021: US$52.0 million) and profit or loss by US$8.3 million (2021: US$20.3 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

30 Financial risk management (continued)

(e) Hedge accounting

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

	Carrying Amount			Changes in fair value used for calculating hedge effectiveness				
Group	**Notional amount '000**	**Assets/ (Liabilities) US$'000**	**Financial Statement line item**	**Hedging instrument US$'000**	**Hedged item US$'000**	**Hedge ineffectiveness recognized in profit or loss US$'000**	**Hedge rate**	**Year of maturity**
Cash flow hedges								
Interest rate risk								
Interest rate swaps to hedge floating rate borrowings	JPY55,000,000	694	Financial derivative liabilities	5,055	(5,055)	–	0.27% - 0.36%	2022 - 2025
	EUR94,932	–	Financial derivative liabilities	2,101	(2,101)	–	1.50%	2023-2024
	GBP70,932	–	Financial derivative liabilities	–	–	–	3.00%	2023-2024
Net Investment hedges								
Foreign exchange risk								
Borrowings to hedge net investment in foreign operations	US$1,340,048	(1,340,048)	Loans and borrowings	(172,153)	172,153	–	–	2023 - 2029
Company								
Cash flow hedges								
Interest rate risk								
Interest rate swaps to hedge floating rate borrowings	JPY55,000,000	694	Financial derivative liabilities	5,055	(5,055)	–	0.27% - 0.36%	2022-2025

30 Financial risk management (continued)

(e) Hedge accounting (continued)

At 31 December 2021, the Group and the Company held the following instruments to hedge exposures to changes in interest rates and foreign currency.

	Carrying Amount			Changes in fair value used for calculating hedge effectiveness				
Group	**Notional amount ‘000**	**Assets/ (Liabilities) US$’000**	**Financial Statement line item**	**Hedging instrument US$’000**	**Hedged item US$’000**	**Hedge ineffectiveness recognized in profit or loss US$’000**	**Hedge rate**	**Year of maturity**
Cash flow hedges								
Interest rate risk								
Interest rate swaps to hedge floating rate borrowings	JPY60,000,000	(4,454)	Financial derivative liabilities	1,689	(1,689)	–	0.23% - 0.36%	2022 - 2025
	EUR69,500	95	Financial derivative liabilities	60	(60)	–	1.00% -1.50%	2023-2024
Net investment hedges								
Foreign exchange risk								
Borrowings to hedge net investment in foreign operations	US$1,503,087	(1,503,087)	Loans and borrowings	(107,810)	107,810	–	–	2023 - 2029
Company								
Cash flow hedges								
Interest rate risk								
Interest rate swaps to hedge floating rate borrowings	JPY60,000,000	(4,359)	Financial derivative liabilities	1,689	(1,689)	–	0.23% - 0.36%	2022 - 2025

30 Financial risk management (continued)

(e) Hedge accounting (continued)

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting.

Group	Hedging reserve US$'000
Balance at 1 January 2021	(15,925)
Cash flow hedges	
Change in fair value:	
Interest rate risk	1,749
Others	4,007
Balance at 31 December 2021	(10,169)
Balance at 1 January 2022	(10,169)
Cash flow hedges	
Change in fair value:	
Interest rate risk	7,156
Others	10,927
Balance at 31 December 2022	7,914
Company	
Balance at 1 January 2021	(6,048)
Cash flow hedges	
Change in fair value:	
Interest rate risk	1,689
Balance at 31 December 2021	(4,359)
Balance at 1 January 2022	(4,359)
Cash flow hedges	
Change in fair value:	
Interest rate risk	5,053
Balance at 31 December 2022	694

30 Financial risk management (continued)

(e) Hedge accounting (continued)

Net investment hedge

A foreign currency exposure arises from the Group's net investment in its subsidiaries in Europe and Japan that has a EUR and JPY functional currency respectively. The risk arises from the fluctuation in spot exchange rates between the EUR, JPY and the US$, which causes the amount of the net investment to vary.

The hedged risk in the net investment hedges are the risk of a weakening EUR and JPY against the US$ that will result in a reduction in the carrying amount of the Group's net investment in its subsidiaries in Europe and Japan.

Part of the Group's net investment in its subsidiaries in Europe and Japan are hedged through the use of JPY and EUR denominated borrowings. As at the reporting date, the carrying amount of these JPY and EUR denominated borrowings was US$1,340,048,000 (2021: US$1,503,087,000) and the fair value of the borrowings was US$1,439,455,000 (2021: US$1,514,373,000). The net investment hedges were effective during the year. The Group's investments in other subsidiaries are not hedged.

To assess hedge effectiveness, the Group determines the economic relationship between the hedging instrument and the hedged item by comparing changes in the carrying amount of the debt that is attributable to a change in the spot rate with changes in the investment in the foreign operation due to movements in the spot rate (the offset method). The Group's policy is to hedge the net investment only to the extent of the debt principal.

(f) Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's and Company's statement of financial position; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the statement of financial position.

Financial instruments such as trade receivables and trade payables are not disclosed in the tables below unless they are offset in the statement of financial position.

The Group's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association (ISDA) Master Netting Agreements. In general, under such agreements, the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. 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 only a single net amount is due or payable in settlement of all transactions.

30 Financial risk management (continued)

(f) Offsetting financial assets and financial liabilities (continued)

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognized amounts that 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 realize the assets and settle the liabilities simultaneously.

Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangements

	Gross amounts of recognized financial assets/(liabilities) US$'000	Net amounts of financial assets/(liabilities) presented in statement of financial position US$'000	Net amount US$'000
Group			
Financial liabilities			
Interest rate swaps used for hedging			
31 December 2022	694	694	694
31 December 2021	(4,359)	(4,359)	(4,359)
Company			
Financial liabilities			
Interest rate swaps used for hedging			
31 December 2022	694	694	694
31 December 2021	(4,359)	(4,359)	(4,359)

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the statement of financial position that are disclosed in the above tables are measured in the statement of financial position at fair value.

31 Fair value of financial assets and liabilities

(a) Accounting classifications and fair values

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy, are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount						Fair value			
	Note	Fair value – hedging instruments US$'000	Amortized cost US$'000	Equity instrument - Mandatorily at FVTPL US$'000	FVOCI – equity instruments US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Group											
31 December 2022											
Equity investments – at FVOCI	10	–	–	–	827,225	–	827,225	687,578	–	139,647	827,225
Equity investment – mandatorily at FVTPL	10	–	–	2,036,569	–	–	2,036,569	165,036	–	1,871,534	2,036,570
Financial derivative assets	19	694	–	–	–	–	694	–	694	–	–
Other non-current assets[1]	11	–	3,122,823	–	–	–	3,122,823	–	–	3,240,788	3,240,788
Trade and other receivables[2]	12	–	8,560,712	–	–	–	8,560,712				
Cash and cash equivalents	13	–	2,589,267	–	–	–	2,589,267				
		694	14,272,802	2,036,569	827,225	–	17,137,290				
Secured bank loans	18	–	–	–	–	(3,974,147)	(3,974,147)	–	(6,816,784)	–	(6,816,784)
Secured bonds	18	–	–	–	–	(82,795)	(82,795)	–	(65,994)	–	(65,994)
Unsecured bank loans	18	–	–	–	–	(4,090,767)	(4,090,767)	–	(3,317,785)	–	(3,317,785)
Unsecured bonds	18	–	–	–	–	(5,796,245)	(5,796,245)	–	(6,202,175)	–	(6,202,175)
Other non-current liabilities[3]	20	–	–	–	–	(2,075,796)	(2,075,796)	–	–	(2,161,676)	(2,161,676)
Trade and other payables[4]	21	–	–	–	–	(3,459,739)	(3,459,739)				
		–	–	–	–	(19,479,489)	(19,479,489)				

Notes:
1 Excludes prepaid construction costs, deferred acquisition costs and land call option.
2 Excludes prepayments and other assets.
3. Excludes provision for reinstatement costs, lease liabilities and land purchase option
4. Excludes advance rental received, lease liabilities and land purchase option.

31 Fair value of financial assets and liabilities (continued)

(a) Accounting classifications and fair values (continued)

		Carrying amount						Fair value			
	Note	Fair value – hedging instruments US$'000	Amortized cost US$'000	Equity instrument - Mandatorily at FVTPL US$'000	FVOCI – equity instruments US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Group											
31 December 2021											
Equity investments – at FVOCI	10	–	–	–	1,238,707	–	1,238,707	1,040,447	–	198,260	1,238,707
Equity investment – mandatorily at FVTPL	10	–	–	1,595,360	–	–	1,595,360	406,213	–	1,189,147	1,595,360
Other non-current assets[1]	11	–	798,645	–	–	–	798,645	–	–	798,645	798,645
Trade and other receivables[2]	12	–	6,510,315	–	–	–	6,510,315				
Cash and cash equivalents	13	–	2,045,215	–	–	–	2,045,215				
		–	9,354,175	1,595,360	1,238,707	–	12,188,242				
Secured bank loans	18	–	–	–	–	(3,194,726)	(3,194,726)	–	(3,174,165)	–	(3,174,165)
Secured bonds	18	–	–	–	–	(386,967)	(386,967)	–	(386,967)	–	(386,967)
Unsecured bank loans	18	–	–	–	–	(1,617,185)	(1,617,185)	–	(1,308,284)	–	(1,308,284)
Unsecured bonds	18	–	–	–	–	(6,556,861)	(6,556,861)	–	(6,630,461)	–	(6,630,461)
Interest rate swaps	19	(4,359)	–	–	–	—	(4,359)	–	(4,359)	–	(4,359)
Other non-current liabilities[3]	20	–	–	–	–	(862,773)	(862,773)	–	–	(587,638)	(587,638)
Trade and other payables[3]	21	–	–	–	–	(3,189,827)	(3,189,827)				
		(4,359)	–	–	–	(15,808,339)	(15,812,698)				

Notes:
1 Excludes prepaid construction costs, deferred acquisition costs and land call option.
2 Excludes prepayments and other assets.
3. Excludes advance rental received and land purchase option.

31 Fair value of financial assets and liabilities (continued)

(a) Accounting classifications and fair values (continued)

	Note	Carrying amount				Fair value			
		Fair value - hedging instruments US$'000	Amortized cost US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Company									
31 December 2022									
Other non-current assets	11	–	2,312,782	–	2,312,782	–	–	2,312,782	2,312,782
Financial derivative assets	19	694	–	–	694	–	694	–	694
Trade and other receivables[1]	12	–	6,243,417	–	6,243,417				
Cash and cash equivalents	13	–	99,993	–	99,993				
		694	8,656,192	–	8,656,886				
Unsecured bank loans	18	–	–	(1,493,076)	(1,493,076)	–	(918,987)	–	(918,987)
Unsecured bonds	18	–	–	(2,048,638)	(2,048,638)	–	(2,454,569)	–	(2,454,569)
Other non-current liabilities[2]	20	–	–	(861,114)	(861,114)	–	–	(861,114)	(861,114)
Trade and other payables[3]	21	–	–	(4,428,779)	(4,428,779)				
		–	–	(8,831,607)	(8,831,607)				
31 December 2021									
Trade and other receivables[1]	12	–	5,795,912	–	5,795,912				
Cash and cash equivalents	13	–	964,548	–	964,548				
		–	6,760,460	–	6,760,460				
Unsecured bank loans	18	–	–	(881,240)	(881,240)	–	(719,912)	–	(719,912)
Unsecured bonds	18	–	–	(2,161,609)	(2,161,609)	–	(2,235,209)	–	(2,235,209)
Interest rate swaps	19	(4,359)	–	—	(4,359)	–	(4,359)	–	(4,359)
Other non-current liabilities	20	–	–	(7,166)	(7,166)	–	–	(7,166)	(7,166)
Trade and other payables	21	–	–	(2,283,815)	(2,283,815)				
		(4,359)	–	(5,333,830)	(5,338,189)				

Notes:
1 Excludes prepayments and other assets.
2. Excludes provision for reinstatement costs.
3. Excludes lease liabilities.

31 Fair value of financial assets and liabilities (continued)

(b) Level 3 fair value measurements

(i) Reconciliation of Level 3 fair values

The reconciliation from the beginning balance to the ending balance for Level 3 fair value measurements for investment properties is presented in Note 4, and unquoted equity investments – at FVOCI and unquoted equity investments – mandatorily at FVTPL are presented in Note 10.

(ii) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Key unobservable input	Inter-relationship between key unobservable inputs and fair value measurement
Unquoted equity investments – at FVOCI Unquoted equity investments – mandatorily at FVTPL	The unquoted equity investments are stated at their fair values at the reporting date, determined based on recent transacted price, at net asset value which approximates the investments' fair value, market comparison technique based on market multiple of comparable companies with adjustments for the effect of non-marketability of the investments	**Discount for lack of marketability:** 0% - 32% (2021: 0% - 50%) **Price-to-sales ratio:** 10 x (2021: 17.2x) **Price-to-earnings ratio:** 9.6 x (2021: 12x)	The estimated fair value would increase (decrease) if: – the discount for lack of marketability were lower (higher); or – price-to-sales ratio were higher (lower); or – price-to-earnings ratio were higher (lower)
Financial derivative instruments: – Interest rate swaps	The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	NA	NA

31 Fair value of financial assets and liabilities (continued)

(b) Level 3 fair value measurements (continued)

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

Financial instruments not measured at fair value

Type	Valuation technique	Inputs used in determining fair value
Loans and borrowings	Discounted cash flows	Government yield curve at the reporting date plus an adequate credit spread.

For the other non-current assets and other non-current liabilities, their fair values approximate their carrying amounts as the effects of discounting are immaterial.

(iii) Transfer between Level 1 and 2

During the year ended 31 December 2022 and 31 December 2021, there were no transfers between Level 1 and 2 of the fair value hierarchy.

32 Commitments

Investment properties are held mainly for leasing to external customers under operating leases.

The Group had the following commitments as at the reporting date:

(a) Operating lease commitments

Operating lease rental receivable

Future minimum lease rental receivable for the Group on non-cancellable operating leases from investment properties are as follows:

	Group 2022 US$'000	Group 2021 US$'000
Lease rentals receivable:		
Within one year	399,221	449,638
After one year but within five years	742,121	913,497
After five years	319,093	456,504
	1,460,435	1,819,639

(b) Other commitments

	Group 2022 US$'000	Group 2021 US$'000
Development expenditure contracted but not provided for	570,311	905,600

33 Significant related party transactions

Remuneration of key management personnel

In accordance with SFRS(I) 1-24 Related Party Disclosures, key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. For purposes of SFRS(I) 1-24 Related Party Disclosures, the executive directors are considered key management personnel of the Group.

The key management personnel compensation included as part of staff costs for those key management personnel employed by the Group are as follows:

	Group	
	2022	**2021**
	US$'000	**US$'000**
Wages and salaries (excluding contributions to defined contribution plans)	3,457	3,556
Contributions to defined contribution plans	48	48
Share based payment	(5,656)	–
	(2,151)	3,604

In addition to the related party information disclosed elsewhere in the financial statements, there were the following significant related party transactions which were carried out in the normal course of business on terms agreed between the parties during the financial year:

	Group	
	2022	**2021**
	US$'000	**US$'000**
Associates and joint ventures		
Asset and investment management fee income from associates and joint venture funds	239,942	174,108
Development and other management fee income from associates and joint venture funds	45,034	85,751
Promote fees income from associates and joint venture funds	61,655	100,773
Asset and investment management fee income from other associates and joint ventures	10,285	12,633
Development and other management fee income from other associates and joint ventures	926	921
Perpetual fund fee income from immediate holding company	31,203	–

During the year ended 31 December 2021, the Group disposed of certain subsidiaries to GLP GV China Limited and GLP GV Global Limited (entities under common control).

The Group has agreed, subject to formalisation of loan agreements, to grant interest-bearing loans to participants of the Co-invest Share Plan and Global Share Plan. The loan amount and interest would be determined at the formalisation of the loan agreements with the respective participants. As at 31 December 2022, outstanding loans granted to participants of the Co-invest Share Plan and Global Share Plan (as set out in Note 22) was US$363,000,000 (2021: US$385,000,000). The loan agreement amounting to US$35,900,000 with one participant of the Global Share Plan was formalized and drawn down in December 2021.

34 Significant subsidiaries

Details of significant subsidiaries are as follows:

Name of company	Principal activities	Jurisdiction of incorporation and place of business	Effective interest held by the Group 2022 %	2021 %
GLP Japan Investment Holdings Pte. Ltd.	Investment holding	Singapore	100	100
Japan Logistic Properties 1 Pte. Ltd. and its subsidiaries	Investment holding	Singapore	100	100
Japan Logistic Properties 2 Pte. Ltd. and its subsidiaries	Investment holding	Singapore	100	100
GLP Capital Japan 2 Pte. Ltd. and its subsidiaries	Investment holding	Singapore	100	100
GLP Japan Development Investors Pte. Ltd. and its joint venture[1]	Investment holding	Singapore	100	100
GLP Japan Development Investors 2 Pte. Ltd. and its joint venture[1]	Investment holding	Singapore	100	100
GLP Light Year Investment Pte. Ltd. and its joint venture[1]	Investment holding	Singapore	100	100
GLP Japan Development Investors III, Pte Ltd and its associates	Investment holding	Singapore	100	100
GLP Japan Income Investors, Pte. Ltd. and its associates	Investment holding	Singapore	100	100
GLP Investment Holdings[2]	Investment holding	Cayman Islands	100	100
CLH Limited and its significant subsidiaries[2]	Investment holding	Cayman Islands	100	100
GLP China Holdings Limited and its significant subsidiaries:	Investment holding	Hong Kong	66.21	66.21
GLP China Asset Holdings Limited	Investment holding	Hong Kong	66.21	66.21

34 Significant subsidiaries (continued)

Name of company	Principal activities	Jurisdiction of incorporation and place of business	Effective interest held by the Group 2022 %	2021 %
Beijing Lihao Science & Technology Co., Ltd.	Property investment	Mainland China	58.26	58.26
Airport City Development Co., Ltd.	Property investment	Mainland China	35.81	35.81
Zhejiang Transfar Logistics Base Co., Ltd.	Property investment	Mainland China	39.73	39.73
Beijing Sifang Tianlong Medicine Logistic Co., Ltd.	Property investment	Mainland China	66.21	66.21
Shanghai Fuhe Industrial Development Co., Ltd.	Property investment	Mainland China	46.35	46.35
GLP Investment (Shanghai) Co., Ltd. and its significant subsidiaries	Property management	Mainland China	66.21	66.21
Zhuhai Puyin Logistic Investment Partnership	Investment holding	Mainland China	66.21	66.21
China Management Holdings (Hong Kong) Limited	Investment holdings	Hong Kong	66.21	66.21
GLP Global Cloud Hub Fund, L.P and its significant subsidiaries	Investment holding	Mainland China	66.21	66.21
GLP Thor LP Limited	Investment holding	Cayman Islands	66.21	66.21
Xiamen Mingsi Junju Investment Fund LLP	Investment holding	Mainland China	66.21	66.21
GLP Capital Investment 4 (HK) Limited	Investment holding	Hong Kong	66.21	66.21
Zhuhai Puxing Logistic Industry Equity Investment Partership	Investment holding	Mainland China	66.21	66.21

34 Significant subsidiaries (continued)

Name of company	**Principal activities**	**Jurisdiction of incorporation and place of business**	**Effective interest held by the Group** 2022 %	2021 %
Beijing Kirin Property Management Development Co., Ltd	Property management	Mainland China	52.97	52.97
Pengcheng Jinyun Technology Co., Ltd.	IDC business	Mainland China	66.21	–
Shanghai Yinshan Zhineng Corporation Management Partnership (LP)	Investment holding	Mainland China	24.56	–[3]
Xiamen Yinshan Investment Partnership (LP)	Property investment	Mainland China	20.68	–[3]
Zhuhai Puhang Equity Investment Fund Partnership (LP)	Property investment	Mainland China	26.45	–
GLP Investment Management Pte. Ltd. and its subsidiaries	Investment holding and fund management	Singapore	100	100
GLP Capital Partners Limited and its subsidiaries	Fund management	USA	55.70	–

Notes:
1 Significant associates and joint ventures of the Group are disclosed in Note 6 to the financial statements.
2 Not required to be audited by laws of country of incorporation.
3 GLP Japan Income Fund L.P., Hidden Hill Foundation, and Li & Fung are not material joint ventures and associates to the Group for the financial year ended 31 December 2021.

KPMG LLP is the auditor of all Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries unless otherwise indicated.

Although the Group holds less than 50% of effective interest in some of the subsidiaries, management has determined that the Group has control over these entities by virtue of the arrangement over the subsidiaries' relevant activities. As the Group receives substantial returns related to the subsidiaries' operations and net assets and, through the Board of Directors, has the current ability to direct the relevant activities of the entities that most significantly affect their returns.

35 Events after the reporting date

Subsequent to 31 December 2022, the following events occurred:

On 24 March 2023, a subsidiary of the Group acquired M3 Global Advisors LLC and M3 UK Advisors LLC for a consideration of US$200,000,000 satisfied through cash and shares in a subsidiary.

GLP Pte. Ltd. and its subsidiaries

Registration Number: 200715832Z

Annual Report

Year ended 31 December 2021

Directors' statement

We are pleased to submit this Annual Report to the member of GLP Pte. Ltd. (the "Company") together with the audited financial statements for the financial year ended 31 December 2021.

In our opinion:

(a) the financial statements set out on pages FS1 to FS142 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 2021 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 (the "Act") and Singapore Financial Reporting Standards (International); 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, authorized these financial statements for issue.

Directors

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

Mark Tan Hai Nern
Nicholas Regan Johnson

Directors' interests in Shares or Debentures

According to the register kept by the Company for the purposes of Section 164 of the Act, particulars of interests of Directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares and share options in the Company and in its related corporations (other than wholly-owned subsidiaries) are as follows:

Name of Director and corporation in which interests are held	Held in the name of Director or nominee		Deemed Interest	
	Holdings at beginning of year	Holdings at end of year	Holdings at beginning of year	Holdings at end of year
Subsidiary				
GLP China Holdings Limited ("GLP China")				
Ordinary Shares				
Mark Tan Hai Nern[(1)]	–	–	121,072,268	121,072,268

Directors' interests in Shares or Debentures (continued)

Note:

1. Under the Employee Share Plan of GLP ("Employee Share Plan"), awards of ordinary shares in the capital of GLP China ("GLP China Shares") are granted to eligible employees of the group comprising GLP and its subsidiaries (the "Group"). Holders of such awards may be entitled to receive GLP China Shares subject to fulfilment of certain conditions and the rules of the Employee Share Plan. Pursuant to the Employee Share Plan, a trust ("Trust") was established to hold 121,072,268 GLP China Shares for the benefit of certain eligible employees of the Group, including Mark Tan Hai Nern. Accordingly, by virtue of Section 7(2) of the Act, Mark Tan Hai Nern is deemed to have an interest in 121,072,268 GLP China Shares which are held pursuant to the Trust.

Directors' Contractual Benefits

Except as disclosed in Note 33 of the accompanying notes to the Financial Statements for the year 31 December 2021, since the end of the last financial year, no Director has received or become entitled to receive, a benefit by reason of a contract made by the Company or its related corporations with the Director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Arrangements to Enable Directors to Acquire Shares and Debentures

Except as disclosed below and in Note 22 of the Notes to the Financial Statements for the year 31 December 2021, 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.

Options to Subscribe for Unissued Shares

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries. No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries. There were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year. No options have been granted during the financial year which enable the option holder to participate by virtue of the options in any share issue of any other company.

Auditors

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

On behalf of the Board of Directors

Mark Tan Hai Nern
Director

N. R. Johnson

Nicholas Regan Johnson
Director

31 March 2022

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Independent auditors' report

Members of the Company
GLP Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of GLP Pte. Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages FS1 to FS142.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") to give a true and fair view of the consolidated financial position of the Group and of the Company as at 31 December 2021 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 these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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.

Key audit matters (cont'd)

Valuation of investment properties
(Refer to Note 4 – Investment properties)

Risk:

The Group has a significant portfolio of investment properties comprising logistic properties located mainly in the People's Republic of China ("PRC"), Japan, United Kingdom, Europe, United States and Brazil which are held through subsidiaries, associates and joint ventures.

These investment properties are stated at their fair values based on external and internal valuations, with changes in fair value recognized in profit or loss.

The valuation process involves significant judgment in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are sensitive to key assumptions applied in deriving the capitalization, discount, terminal yield rates and estimated development costs.

Our response:

We evaluated the qualifications and competency of the valuers and made inquiries with the valuers to understand their valuation methods, and the assumptions and basis applied.

We considered the valuation methodologies used against those applied by other valuers for similar property types. We assessed the reasonableness of projected cash flows used in the valuation to supporting leases and externally available industrial and economic data available as at 31 December 2021. We also assessed the reasonableness of capitalization rates, discount rates, terminal yield rates and estimated development costs to complete construction used in the valuations by comparing these against historical rates and available industry data as at 31 December 2021, taking into consideration comparability and market factors. Where the rates were outside our expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the valuers.

Key audit matters (cont'd)

Valuation of investment properties
(Refer to Note 4 – Investment properties)

Our findings:

The valuers are members of generally-recognized professional bodies for real estate valuers and have recent experience in the location and category of the respective investment property being valued. The valuation methodologies used by the valuers are consistent with generally accepted market practices. The key assumptions used in the valuations, including projected cash flows, market rental growth rates, capitalization rates, discount rates, terminal yield rates and estimated development costs to complete construction, were substantiated by supporting leases and cost estimates or within the range of historical rates and industry data. Where the assumptions were outside the expected range, the additional factors considered by the valuers were consistent with other corroborative evidence.

Recoverable amount of goodwill
(Refer to Note 9 – Intangible assets)

Risk:

The Group recognizes goodwill of US$507.3 million on its statement of financial position mainly in connection with the acquisitions of Global Logistic Properties Holdings Limited, Airport City Development Co., Ltd and a property portfolio in Central and Eastern Europe.

Goodwill is tested for impairment annually by estimating the recoverable amount of each identifiable cash-generating unit ("CGU") which goodwill has been allocated to. Management applies the value in use (discounted cash flow) method to determine the recoverable amount of each CGU.

The measurement of value in use as the recoverable amount of each identifiable CGU for operations in China, Japan and Europe involves significant judgment and estimation in determining the cash flow projections, and risk-free, discount and terminal growth rates.

Our response:

We evaluated management's determination of CGUs based on our knowledge of the business acquisitions giving rise to the goodwill and our understanding of the current business of the Group.

We assessed management's key assumptions underlying the cash flows projections by comparing them with historical performance, future business plans and external data, taking into consideration comparability and market factors. This also included enquiry with management to understand their business plan, strategies around revenue growth and cost initiatives.

Key audit matters (cont'd)

Our response (cont'd):

We independently derived applicable discount rates from available industry data and compared these with those used by management. We performed stress tests using plausible range of key assumptions and rates, and analyzed the impact to the recoverable amount determined by management.

Our findings:

The Group has a reasonable basis to determine the CGU for goodwill allocation purposes.

The assumptions and resulting estimations by management are in line with future business plans and external data, and are within the range of reasonable expectations. The discount rates used in the cash flow forecasts appropriately reflect the risks attributed to the respective CGU.

Accounting for acquisitions
(Refer to Notes 10 and 28 – Other investments and Acquisition of subsidiaries)

Risk:

The Group makes acquisitions of investments as part of its business strategy. Such transactions can be complex and judgment is involved in determining whether an acquisition of a controlling interest is a business combination or an acquisition of an asset; and whether an acquisition of a non-controlling interest represents investment in an associate, a joint arrangement or other financial asset. In accounting for a business combination, there is further judgment involved and inherent uncertainty in the estimation used in allocating the overall purchase price to the assets, liabilities and goodwill that make up the acquisition.

Our response:

We examined the Group's process on classifying and accounting for each investment acquired. We also examined legal and contractual documents to determine whether each acquisition is appropriately classified and accounted for in accordance with the relevant accounting standards and faithfully presents the nature of the transaction.

For significant acquisition of interest accounted for as a business combination and investment in associate and joint venture during the year, we examined the terms and conditions of the sale and purchase agreement and the purchase price allocation exercise. We compared the methodologies and key assumptions used in determining the fair values allocated to the identified assets acquired and liabilities assumed to generally accepted market practices and market data.

Key audit matters (cont'd)

Accounting for acquisitions (cont'd)
(Refer to Notes 10 and 28 – Other investments and Acquisition of subsidiaries)

Our findings:

The Group has a policy in place to ensure that each investment acquired is identified, appropriately classified and the relevant accounting treatments are consistently applied.

The judgments applied by the Group reflect a fair assessment in determining whether significant acquisitions are business combinations, acquisitions of assets, investment in an associate, joint venture or other financial assets. Estimates used in determining the fair values allocated to the respective assets acquired and liabilities assumed in significant business combination and investment in associate and joint venture were within a reasonable range.

Valuation of other investments
(Refer to Notes 10 – Other investments)

Risk:

The Group's investment portfolio of US$2,834.1 million as at 31 December 2021 included unquoted equity investments of US$1,387.4 million, measured at Level 3 of the fair value hierarchy. The unquoted equity investments are measured using non-observable market data, and hence, the valuation of these investments involves significant judgment in determining the appropriate valuation technique to be used and underlying assumptions to be applied.

Our response:

We evaluated the appropriateness of the valuation techniques (i.e. most recent transacted price, comparable companies' financial multiples and underlying net asset value of the investee companies, and where necessary, appropriate adjustments to enhance relevance and comparability are made) and the key valuation inputs used to determine the fair value of these unquoted equity investments as at 31 December 2021.

For a sample of unquoted equity instruments, we involved our valuation specialists to review the valuation techniques and key valuation inputs.

Our findings:

The valuation techniques applied are in line with generally accepted market practices and the valuations are supported by the most recent transacted prices for equity participation, financial multiples of comparable companies or external net assets valuation reports, and where necessary, appropriate adjustments to enhance relevance and comparability are made. The assumptions and estimates applied to arrive at the fair value as at 31 December 2021 are within an acceptable range.

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 and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized 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.

Auditor's 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 auditor's 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 judgment 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 control.

- 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 auditor's 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 auditor's 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 control 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 year 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 subsidiaries 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 Tan Kar Yee, Linda.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
31 March 2022

Statements of Financial Position
As at 31 December 2021

	Note	Group 2021 US$'000	Group 2020 US$'000	Company 2021 US$'000	Company 2020 US$'000
Non-current assets					
Investment properties	4	16,619,297	22,438,429	–	–
Subsidiaries	5	–	–	6,022,565	6,262,079
Associates and joint ventures	6	8,246,560	6,144,569	–	–
Deferred tax assets	7	54,963	46,293	–	–
Property, plant and equipment	8	861,294	389,223	4,903	4,435
Intangible assets	9	526,338	520,014	–	–
Other investments	10	2,834,067	2,598,787	–	–
Other non-current assets	11	1,178,527	1,386,137	–	–
		30,321,046	33,523,452	6,027,468	6,266,514
Current assets					
Trade and other receivables	12	6,555,442	3,888,041	5,799,357	3,493,680
Cash and cash equivalents	13	2,045,215	1,421,617	964,548	37,314
Assets classified as held for sale	14	5,812,352	1,571,031	–	–
		14,413,009	6,880,689	6,763,905	3,530,994
Total assets		44,734,055	40,404,141	12,791,373	9,797,508
Equity attributable to owners of the Company					
Share capital	15	5,538,589	5,538,589	5,538,589	5,538,589
Perpetual securities	15	1,144,039	–	1,144,039	–
Reserves	16	7,199,373	6,393,949	770,027	224,116
		13,882,001	11,932,538	7,452,655	5,762,705
Non-controlling interests	17	10,430,633	9,672,120	–	–
Total equity		24,312,634	21,604,658	7,452,655	5,762,705
Non-current liabilities					
Loans and borrowings	18	10,250,605	9,857,947	2,842,849	2,516,128
Financial derivative liabilities	19	4,359	6,048	4,359	6,048
Deferred tax liabilities	7	1,817,642	2,486,269	–	–
Other non-current liabilities	20	862,773	553,159	7,166	9,714
		12,935,379	12,903,423	2,854,374	2,531,890

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

Statements of Financial Position (cont'd)
As at 31 December 2021

	Note	Group 2021 US$'000	Group 2020 US$'000	Company 2021 US$'000	Company 2020 US$'000
Current liabilities					
Loans and borrowings	18	1,505,134	3,485,880	200,000	262,000
Trade and other payables	21	3,232,641	1,950,264	2,283,815	1,239,224
Current tax payable		192,217	130,415	529	1,689
Liabilities classified as held for sale	14	2,556,050	329,501	–	–
		7,486,042	5,896,060	2,484,344	1,502,913
Total liabilities		20,421,421	18,799,483	5,338,718	4,034,803
Total equity and liabilities		44,734,055	40,404,141	12,791,373	9,797,508

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

Consolidated Income Statement
Year ended 31 December 2021

	Note	Group 2021 US$'000	Group 2020 US$'000
Revenue	23	1,634,188	1,698,324
Other income	24	365,528	204,501
Property-related expenses		(376,094)	(283,989)
Cost of goods and other financial services costs		(3,881)	(125,743)
Other expenses		(1,852,726)	(502,137)
		(232,985)	990,956
Share of results (net of tax expense) of associates and joint ventures		1,077,921	405,189
Profit from operating activities after share of results of associates and joint ventures		844,936	1,396,145
Net finance costs	25	(450,564)	(327,807)
Non-operating income	26	910,302	459,595
Profit before changes in fair value of subsidiaries' investment properties		1,304,674	1,527,933
Changes in fair value of investment properties	4	1,359,752	655,775
Profit before tax	26	2,664,426	2,183,708
Tax expense	27	(978,389)	(583,966)
Profit for the year		1,686,037	1,599,742
Profit attributable to:			
Owners of the Company		784,735	940,585
Non-controlling interests	17	901,302	659,157
Profit for the year		1,686,037	1,599,742

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

Consolidated Statement of Comprehensive Income
Year ended 31 December 2021

	Group	
	2021	**2020**
	US$'000	**US$'000**
Profit for the year	1,686,037	1,599,742
Other comprehensive income		
Item that will not be reclassified to profit or loss		
Change in fair value of equity investments at fair value through other comprehensive income ("FVOCI")[1]	183,771	69,752
Revaluation of building[2]	5,024	3,425
	188,795	73,177
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans, net of effect of net investment hedges	282,353	982,194
Effective portion of changes in fair value of cash flow hedges[3]	1,749	(1,421)
Exchange differences reclassified to profit or loss on disposal of subsidiaries	–	(9,388)
Share of other comprehensive income of associates and joint ventures	1,850	(7,785)
	285,952	963,600
Other comprehensive income for the year[4]	474,747	1,036,777
Total comprehensive income for the year	2,160,784	2,636,519
Total comprehensive income attributable to:		
Owners of the Company	975,780	1,405,387
Non-controlling interests	1,185,004	1,231,132
Total comprehensive income for the year	2,160,784	2,636,519

Notes:

[1] Includes income tax effects of US$11,530,000 (2020: US$53,000 (credit)), refer to Note 7.

[2] Includes income tax effects of US$2,398,000 (credit) (2020: US$1,142,000), refer to Note 7.

[3] Includes income tax effects of US$ nil (2020: US$2,000), refer to Note 7.

[4] Except for income tax effects relating to change in fair value of equity investments at FVOCI, revaluation of building and effective portion of changes in fair value of cash flow hedges, there are no income tax effects relating to other components of other comprehensive income.

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

Consolidated Statement of Changes in Equity
Year ended 31 December 2021

Group	Share capital US$'000	Currency translation reserve US$'000	Retained earnings US$'000	Capital and other reserves US$'000	Total attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2020	5,538,589	(241,758)	6,032,259	(516,061)	10,813,029	7,596,293	18,409,322
Total comprehensive income for the year							
Profit for the year	–	–	940,585	–	940,585	659,157	1,599,742
Other comprehensive income							
Change in fair value of equity investment as FVOCI	–	–	–	60,604	60,604	9,148	69,752
Revaluation of building	–	–	–	2,268	2,268	1,157	3,425
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans, net of effect of net investment hedges	–	421,171	–	200	421,371	560,823	982,194
Effective portion of changes in fair value of cash flow hedges	–	–	–	(1,421)	(1,421)	–	(1,421)
Exchange differences reclassified to profit or loss on disposal of subsidiaries	–	(9,388)	–	–	(9,388)	–	(9,388)
Share of other comprehensive income of associates and joint ventures	–	(5,561)	–	(3,071)	(8,632)	847	(7,785)
Total other comprehensive income	–	406,222	–	58,580	464,802	571,975	1,036,777
Total comprehensive income for the year	–	406,222	940,585	58,580	1,405,387	1,231,132	2,636,519

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

Consolidated Statement of Changes in Equity (continued)
Year ended 31 December 2021

Group	Share capital US$'000	Currency translation reserve US$'000	Retained earnings US$'000	Capital and other reserves US$'000	Total attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Capital contribution from non-controlling interests	–	–	–	–	–	625,633	625,633
Issuance of shares to non-controlling interests	–	–	–	–	–	301,658	301,658
Interim tax-exempt (one-tier) dividends declared of US$0.068 per share	–	–	(285,005)	–	(285,005)	–	(285,005)
Dividends paid to non-controlling interests	–	–	–	–	–	(17,052)	(17,052)
Dividends declared to non-controlling interests	–	–	–	–	–	(145,435)	(145,435)
Redemption of shares by non-controlling interest	–	–	–	–	–	(9,054)	(9,054)
Total contributions by and distributions to owners	–	–	(285,005)	—	(285,005)	755,750	470,745
Changes in ownership interests in subsidiaries							
Acquisition of interests in subsidiaries from non-controlling interests	–	–	–	(873)	(873)	(24,301)	(25,174)
Disposal of subsidiaries and assets classified as held for sale	–	–	–	–	–	(70,000)	(70,000)
Acquisition of subsidiaries	–	–	–	–	–	183,246	183,246
Total changes in ownership interest in subsidiaries	–	–	–	(873)	(873)	88,945	88,072
Total transactions with owners	–	–	(285,005)	(873)	(285,878)	844,695	558,817
Transfer to reserves	–	–	(11,393)	11,393	–	–	–
As at 31 December 2020	5,538,589	164,464	6,676,446	(446,961)	11,932,538	9,672,120	21,604,658

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

Consolidated Statement of Changes in Equity (continued)
Year ended 31 December 2021

Group	Share capital US$'000	Perpetual securities US$'000	Currency translation reserve US$'000	Retained earnings US$'000	Capital and other reserves US$'000	Total attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2021	5,538,589	–	164,464	6,676,446	(446,961)	11,932,538	9,672,120	21,604,658
Total comprehensive income for the year								
Profit for the year	–	–	–	784,735	–	784,735	901,302	1,686,037
Other comprehensive income								
Change in fair value of equity investment as FVOCI	–	–	–	–	144,749	144,749	39,022	183,771
Revaluation of building	–	–	–	–	3,326	3,326	1,698	5,024
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans, net of effect of net investment hedges	–	–	39,679	–	(308)	39,371	242,982	282,353
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	1,749	1,749	–	1,749
Share of other comprehensive income of associates and joint ventures	–	–	(5,179)	–	7,029	1,850	–	1,850
Total other comprehensive income	–	–	34,500	–	156,545	191,045	283,702	474,747
Total comprehensive income for the year	–	–	34,500	784,735	156,545	975,780	1,185,004	2,160,784

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

Consolidated Statement of Changes in Equity (continued)
Year ended 31 December 2021

Group	Share capital US$'000	Perpetual securities US$'000	Currency translation reserve US$'000	Retained earnings US$'000	Capital and other reserves US$'000	Total attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Capital contribution from non-controlling interests	–	–	–	–	–	–	224,759	224,759
Perpetual securities distribution paid	–	(26,025)	–	–	–	(26,025)	–	(26,025)
Interim tax-exempt (one-tier) dividends declared of US$0.070 per share	–	–	–	(280,000)	–	(280,000)	–	(280,000)
Issuance of perpetual securities net of transaction costs	–	1,139,287	–	–	–	1,139,287	–	1,139,287
Accrued perpetual securities distribution	–	30,777	–	(30,777)	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	–	(35,223)	(35,223)
Redemption of shares by non-controlling interest	–	–	–	–	–	–	–	–
Share-based payment transactions	–	–	–	–	139,565	139,565	–	139,565
Adjustment of shares to non-controlling interests	–	–	–	–	–	–	(390,403)	(390,403)
Other reclassifications	–	–	–	–	130	130	–	130
Total contributions by and distributions to owners	–	1,144,039	–	(310,777)	139,695	972,957	(200,867)	772,090
Changes in ownership interests in subsidiaries								
Acquisition of interests in subsidiaries from non-controlling interests	–	–	–	–	(787)	(787)	(224,260)	(225,047)
Disposal of interests in subsidiaries to non-controlling interests	–	–	–	–	9,248	9,248	629,269	638,517
Disposal of subsidiaries and assets classified as held for sale	–	–	–	–	(7,734)	(7,734)	(731,007)	(738,741)
Acquisition of subsidiaries	–	–	–	–	–	–	100,374	100,374
Total changes in ownership interest in subsidiaries	–	–	–	–	726	726	(225,624)	(224,898)
Total transactions with owners	–	1,144,039	–	(310,777)	140,421	973,683	(426,491)	547,192
Transfer to reserves	–	–	–	(46,079)	46,079	–	–	–
At 31 December 2021	5,538,589	1,144,039	198,964	7,104,325	(103,916)	13,882,001	10,430,633	24,312,634

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

Consolidated Statement of Cash Flows
Year ended 31 December 2021

	Note	2021 US$'000	2020 US$'000
Cash flows from operating activities			
Profit before income tax		2,664,426	2,183,708
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets	8	44,563	33,629
Amortization of intangible assets and deferred management costs	26	9,334	7,145
Gain on disposal of subsidiaries	26	(630,198)	(322,772)
Gain on disposal of associates and joint venture	26	(17,828)	(5,293)
Gain on disposal of investment properties	26	(49,498)	(10,506)
Gain on acquisition of subsidiaries	26	(19,477)	(81)
Loss on liquidation of subsidiaries		–	115
Gain from disposal of investments in associates and financial assets		–	(8,647)
(Gain)/loss on disposal of property, plant and equipment	26	(138)	1,033
Share-based payment expenses		139,565	–
Property, plant and equipment written off		–	14
Gain on disposal of assets and liabilities classified as held for sale	26	(192,716)	(121,516)
Share of results (net of tax expense) of associates and joint ventures		(1,077,921)	(405,189)
Changes in fair value of unquoted equity investments at fair value through profit or loss	24	(288,301)	(155,069)
Changes in fair value of subsidiaries' investment properties		(1,359,752)	(655,775)
Recognition of impairment loss on trade and other receivables	12	1,010	12,449
Dividend income from other investments	23	(27,593)	(10,977)
Impairment losses		44,585	–
Net finance costs		450,564	327,807
		(309,375)	870,075
Changes in working capital:			
Trade and other receivables		(451,525)	(1,236,687)
Trade and other payables		1,840,062	1,174,075
Cash generated from operations		1,079,162	807,463
Restricted cash		(27,453)	–
Tax paid		(185,946)	(130,380)
Net cash from operating activities		865,763	677,083

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

Consolidated Statement of Cash Flows (continued)
Year ended 31 December 2021

	Note	2021 US$'000	2020 US$'000
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	28(A)	(966,581)	(1,438,471)
Acquisition of joint venture and associates		(110,293)	(926,810)
Acquisition of intangible assets		(1,235)	(1,337)
Acquisition of investment properties		(1,781,561)	(468,410)
Proceeds from disposal of investment properties		119,907	164,449
Acquisition of other investments		(538,220)	(363,531)
Proceeds from disposal of other investments		120,668	422,387
Development expenditure on investment properties		(1,491,480)	(1,434,636)
Proceeds from disposal of controlling interest in subsidiaries	28(B)	3,032,840	2,260,117
Proceeds from disposal of assets classified as held for sale, net of deposits received	28(C)	1,867,488	1,107,499
Contribution to associates and joint ventures		(1,930,941)	(2,135,084)
Return of capital from joint ventures and associates		79,595	93,268
Proceeds from disposal of associates and joint ventures		110,117	5,576
Proceeds for liquidation of subsidiary		37	37
Deposits placed for investment properties and investments		(117,461)	(9,228)
Purchase of property, plant and equipment		(216,583)	(94,411)
Proceeds from sale of property, plant and equipment		1,033	1,317
Interest income received		62,224	36,460
Distributions received from other investment		369,553	8,707
Dividends received from associates and joint ventures		644,912	599,733
Withholding tax paid on dividend and interest income from associates, joint ventures and subsidiaries		(221,659)	(154,038)
Withholding tax paid on disposal of assets classified as held for sale		(3,566)	(920)
Advances to immediate holding company		(1,511,129)	(313,105)
Loans to associates and joint ventures		(106,475)	(602,907)
Loans to non-controlling interests		(7,243)	(49,503)
Loans to third parties		(349,419)	(60,315)
Loans repayment from associates and joint ventures		166,589	442,224
Loans repayment from non-controlling interests		41,293	7,350
Loans repayment from third parties		332,223	146,361
Net cash used in investing activities		(2,405,367)	(2,757,221)

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

Consolidated Statement of Cash Flows (continued)
Year ended 31 December 2021

	Note	2021 US$'000	2020 US$'000
Cash flows from financing activities			
Acquisition of non-controlling interests		(220,286)	(25,174)
Contribution from non-controlling interests		224,759	625,633
Proceeds from issuance of shares to non-controlling interest		-	18,339
Proceeds from disposal of interest in subsidiaries to non-controlling interest		638,517	–
Redemption of shares from non-controlling interest		–	(9,092)
Proceeds from bank loans		10,019,226	8,650,579
Repayment of bank loans		(9,000,959)	(6,937,063)
Proceeds from issue of bonds, net of transaction costs		3,139,706	804,786
Redemption of bonds		(2,656,961)	(58,199)
Proceeds from issue of perpetual securities		1,139,287	–
Interest paid		(584,065)	(526,756)
Dividends paid to shareholders		(280,000)	–
Dividends paid to non-controlling interests		(35,223)	(32,327)
Distribution to perpetual security holders		(26,025)	–
Repayments of loans from non-controlling interests		(10,202)	(10,672)
Repayments of loans from joint ventures		–	(59,639)
Repayment of loans from third party		(637)	(3,990)
Repayment of lease liabilities		(28,434)	(13,632)
Loans from joint ventures		–	31,111
Loans from non-controlling interests		–	8,849
Net cash from financing activities		2,318,703	2,462,753
Net increase in cash and cash equivalents		779,099	382,615
Cash and cash equivalents at beginning of year		1,482,927	1,054,908
Effect of exchange rate changes on cash balances held in foreign currencies		7,194	45,404
Cash and cash equivalents of subsidiaries reclassified as assets held for sale	14	(251,458)	(61,310)
Cash and cash equivalents at end of year		2,017,762	1,421,617
Restricted cash	13	27,453	–
Cash and cash equivalents in the statement of financial position	13	2,045,215	1,421,617

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

<u>Significant non-cash transactions</u>:

During the year ended 31 December 2021, the Group issued shares of US$ nil (2020: US$283,319,000) to non-controlling interest under the Co-Invest Share Plan and Global Share Plan for which proceeds were settled by way of loan to non-controlling interests.

During the year ended 31 December 2020, the Group declared dividend in specie of US$430,440,000, which was settled by way of set-off against receivable from disposal of subsidiary (Note 28(B)).

During the year ended 31 Dec 2021, a receivable of US$474,275,000 was novated from a related company to the immediate holding company arising from the sale of certain investment properties.

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 March 2022.

1 Domicile and activities

GLP Pte. Ltd. (the "Company") is incorporated in the Republic of Singapore and has its registered office at 501 Orchard Road, #08-01, Wheelock Place, Singapore 238880.

The principal activities of the Company and its subsidiaries are those of investment holding, provision of distribution facilities and services, and provision of financial services.

The Company's immediate holding company and ultimate holding company are GLP Bidco Limited and GLP Holdings L.P. respectively, both are incorporated in Cayman Islands.

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

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). The related changes to significant accounting policies are described in Note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain assets and liabilities which are measured at fair value as described below.

2.3 Functional and presentation currency

The financial statements are presented in United States dollars ("US dollars" or "US$"), which is the Company's functional currency. All financial information presented in US dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgments

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

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

2 Basis of preparation (continued)

2.4 Use of estimates and judgments (continued)

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Note 7 – Recognition of deferred tax assets
Note 3.1(i) and Note 28 – Recognition of 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 – Determination of fair value of investment properties
Note 9 – Measurement of recoverable amounts of goodwill
Note 14 – Valuation of assets and liabilities held for sale
Note 31 – Determination of fair value of financial assets and liabilities

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in 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).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level or the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

2 Basis of preparation (continued)

2.5 Changes in accounting policies

New standards and amendments

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 2021:

- *COVID-19 Related Rent Concessions (Amendments to SFRS(I) 16)*
- *Interest Rate Benchmark Reform Phase 2 (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16)*

The application of these amendments to standards and interpretations does not have a material effect on the financial statements. The Group applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Group has elected not to restate the comparatives for the prior periods to reflect the application of these amendments, including not providing additional disclosures for 2020. There is no impact on opening equity balances as a result of retrospective application.

Specific policies applicable from 1 January 2021 for interest rate benchmark reform

The Phase 2 amendments provide practical relief from certain requirements in SFRS(I) Standards. These relief relate to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

If 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, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the 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.

If changes are 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, then 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. Subsequently, the Group applies the policies on accounting for modifications set out above to the additional charges.

The amendments also provide an exception to use a revised discount rate that reflects that change in interest rate when remeasuring a lease liability because of a lease modification that is required by interest rate benchmark reform. Finally, the Phase 2 amendments provide a series of temporary exceptions from certain hedge accounting requirements when a change required by interest rate benchmark reform occurs to a hedged item and/or hedging instrument that permit the hedge relationship to be continued without interruption. The Group applies the following reliefs as and when uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument:

2 Basis of preparation (continued)

2.5 Change in accounting policies (continued)

Specific policies applicable from 1 January 2021 for interest rate benchmark reform (continued)

- the Group amends the designation of a hedging relationship to reflect changes that are required by the reform without discontinuing the hedging relationship; and
- when a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

While uncertainty persists in the timing or amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, the Group continues to apply the existing accounting policies.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in Note 2.5, which addresses changes in accounting policies.

The accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meet the definition of a business and control is transferred to the Group (see Note 3.1 (ii)). In determining whether a particular set of activities and assets 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.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

(i) Business combinations (continued)

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

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

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

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognized 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 NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s. 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 the 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.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) 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 those 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 NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

The Group's acquisitions of those subsidiaries which are special purpose vehicles established for the sole purpose of holding assets are primarily accounted for as acquisitions of assets.

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

(iii) Acquisition of entities under common control

For acquisition of entities under common control, the identifiable assets and liabilities were accounted for at their historical costs, in a manner similar to the "pooling-of-interests" method of accounting. Any excess or deficiency between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount recorded for the share capital acquired is recognized directly in equity.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognized the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Investments in associates and joint ventures

Associates are those entities in which the Group has significant influence, but not control or joint control, over the 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. A joint venture is an arrangement in which 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.

Investment in associates and joint ventures are accounted for using the equity method (collectively referred to as equity-accounted investees) and they are recognized initially at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of equity-accounted investees, after adjustments to align the accounting policies 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. The Group's investments in associates and joint ventures include goodwill identified on acquisition, net of any accumulated impairment losses.

When the Group's share of losses exceeds its investment 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.

(vi) Transactions eliminated on consolidation

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

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

(vii) Accounting for subsidiaries, associates and joint ventures by the Company

Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) 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 Group's entities at the exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical costs are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising from translation are recognized in profit or loss. However, foreign currency differences arising from the translation of the following items are recognized in OCI:

- an equity investment designated as FVOCI;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective (see Note 3.3(vii)); or
- qualifying cash flow hedges to the extent such hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from the acquisition, are translated to US dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to US dollars at exchange rates at the dates of the transactions.

3 Significant accounting policies (continued)

3.2 Foreign currency (continued)

(ii) Foreign operations (continued)

Foreign currency differences are recognized in OCI. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified 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 NCI. When the Group disposes of only part of its investment in an associate or joint ventures that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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 recognized in OCI, and are presented in the translation reserve in equity.

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investment at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets: Business model assessment (continued)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Directly attributable transaction costs are recognized in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(iii) Derecognition (continued)

Financial assets (continued)

Transferred assets are not derecognized when the Group enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

(vi) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

(vii) 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 certain criteria are met.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

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

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Hedges directly affected by interest rate benchmark reform

Phase 1 amendments: Prior to interest rate benchmark reform – when there is uncertainty arising from Interest rate benchmark reform

For the purpose of evaluating whether there is an economic relationship between the hedged item(s) and the hedging instrument(s), the Group assumes that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

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

The Group will cease to apply the specific policy for assessing the economic relationship between the hedged item and the hedging instrument (i) to a hedged item or hedging instrument when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the contractual cash flows of the respective item or instrument or (ii) when the hedging relationship is discontinued. For its highly probable assessment of the hedged item, the Group will no longer apply the specific policy when the uncertainty arising from interest rate benchmark reform about the timing and the amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

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

<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 cash flows 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 hedging 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 cash flows 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.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

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

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 recognized in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognized in a cost of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognized.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

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 and the cost of 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.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

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

Cash flow hedges (continued)

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Net investment hedges

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 recognized 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 recognized immediately in profit or loss. The amount recognized in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

3.4 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes. Investment properties comprise completed investment properties, investment properties under re-development, properties under development and land held for development.

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 labor, any other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalized borrowing costs.

Land held for development represents lease prepayments for acquiring rights to use land in the People's Republic of China ("PRC") with periods ranging from 40 to 50 years. Such rights granted with consideration are recognized initially at acquisition cost.

(i) Completed investment properties and investment properties under re-development

Completed investment properties and investment properties under re-development are measured at fair value with any changes therein recognized in profit or loss. Rental income from investment properties is accounted for in the manner described in Note 3.13.

3 Significant accounting policies (continued)

3.4 Investment properties (continued)

(ii) Properties under development and land held for development

Property that is being constructed or developed for future use as investment property is initially recognized at cost, including transaction costs, and subsequently at fair value with any change therein recognized in profit or loss.

When an investment property is disposed of, the resulting gain or loss recognized in profit or loss is the difference between net disposal proceeds and the carrying amount of the property.

3.5 Property, plant and equipment

Property, plant and equipment are measured at cost which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent to recognition, buildings are measured at fair value less accumulated depreciation and accumulated impairment losses while other property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Any surplus arising on the revaluation is recognized in other comprehensive income ("OCI"), except to the extent that the surplus reverses a previous revaluation deficit on the same asset recognized in profit or loss, in which case the credit to that extent is recognized in profit or loss. Any deficit on revaluation is recognized in profit or loss except to the extent that it reverses a previous revaluation surplus on the same asset, in which case the debit to that extent is recognized in OCI.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss. The revaluation surplus included in OCI in respect of an item of property, plant and equipment measured using revaluation model, is transferred directly to retained earnings.

Subsequent expenditure relating to property, plant and equipment that has already been recognized is added to the carrying amount of the asset when 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. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Land is not depreciated.

Depreciation is recognized from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

3 Significant accounting policies (continued)

3.5. Property, plant and equipment (continued)

The estimated useful lives for the current and comparative years are as follows:

• Buildings	40 years
• Furniture, fittings and equipment	2-20 years
• Right-of-use assets	1-15 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

3.6 Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1 (i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates and joint ventures.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at costs less accumulated amortization and accumulated impairment losses.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most clearly reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives of intangible assets are as follows:

Trademarks	20 years
Non-competition	over the term of relevant agreement
License rights	over the term of the license period

Amortization methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3 Significant accounting policies (continued)

3.7 Impairment

(i) Non-derivative financial assets

The Group recognizes loss allowances for expected credit loss ("ECLs") on financial assets measured at amortized costs.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

3 Significant accounting policies (continued)

3.7 Impairment (continued)

(i) Non-derivative financial assets (continued)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Associate and joint venture

Any 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 the requirements of non-financial assets. An impairment loss is recognized in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimate used to determine the recoverable amount.

3 Significant accounting policies (continued)

3.7 Impairment (continued)

(iii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount are estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognized if the carrying amount of an asset or its 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment 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 CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilized by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized 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 unit (group of units) on a *pro rata* basis.

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

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

3 Significant accounting policies (continued)

3.8 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell. Investments properties classified within assets held for sale are subsequently remeasured at their fair values. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

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

3.9 Deferred management costs

Costs that are directly attributable to securing a fund management agreement are deferred if they can be identified separately and measured reliably and it is probable that they will be recovered. Deferred management costs represent the costs incurred to secure the right to benefit from the provision of fund management services, and are amortized as the Group recognizes the related revenue over the tenure of the fund.

3.10 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

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

3 Significant accounting policies (continued)

3.10 Employee benefits (continued)

(iii) Employee leave entitlement

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring of benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(v) Share-based payment

For equity-settled share-based payment transactions, the fair value of the services received is recognized 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 date of the grant. 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 recognized 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.

For cash-settled share-based payment transactions, e.g. Award shares, the fair value of the goods or services received is recognized as an expense with a corresponding increase in liability. The grant-date fair value of the liability is recognized over the vesting period. If no services are required, then the amount is recognized immediately. Remeasurements during the vesting period are recognized immediately to the extent that they relate to past services, and recognition is spread over the remaining vesting period to the extent that they relate to future services. That is, in the period of the remeasurement there is a catch-up adjustment for prior periods in order for the recognized liability at each reporting date to equal a defined proportion of the total fair value of the liability. The recognized proportion is generally calculated by dividing the period for which services have been provided as at the reporting date by the total vesting period. Remeasurements are recognized in profit or loss.

(vi) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than defined contribution and defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is based on US government 10-year bond yields and have maturity dates approximating the terms of the Group's obligations and are denominated in the currency in which the benefits are expected to be paid. The calculation is performed using the projected unit credit method. Remeasurements are recognised in profit or loss in the period in which they arise.

3 Significant accounting policies (continued)

3.11 Provision

A provision is recognized 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. Provisions are determined by discounting the expected future cash flows at the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

3.12 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the 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 recognizes a right-of-use asset and a lease liability at the lease commencement 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 asset 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 of the lease term or the cost of the right-of-use asset 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 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.

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 Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

3 Significant accounting policies (continued)

3.12 Leases (continued)

(i) As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized 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.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

From 1 January 2021, where the basis for determining future lease payments changes as required by interest rate benchmark reform (see note 2.5), the Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'trade and other payables' in the statement of financial position.

Short-term leases and leases of low-value assets

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

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

3 Significant accounting policies (continued)

3.12 Leases (continued)

(ii) As a lessor (continued)

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.

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.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease (see Note 3.7(i)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

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

3.13 Revenue recognition

Rental income

Rental income receivable under operating leases is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income to be received. Contingent rentals are recognized as income in the accounting period in which they are earned.

Fund management fee income

Fund management fee income is recognized in profit or loss as and when services are rendered.

Dividend income

Dividend income is recognized on the date that the Group's right to receive payment is established.

Financial services income

Financial services income is recognized in profit or loss upon the completion of the transaction.

3 Significant accounting policies (continued)

3.13 Revenue recognition (continued)

Goods and services sold

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those POs.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

3.14 Government grants

Grants that compensate the Group for expenses already incurred or for purpose of giving immediate financial support with no future related costs are recognized in profit or loss in the period in which they become receivable.

3.15 Finance income and expenses

Finance income comprises interest income on funds invested (including equity investments) and gains on hedging instruments that are recognized in profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, and losses on hedging instruments that are recognized in profit or loss.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

3 Significant accounting policies (continued)

3.15 Finance income and expenses (continued)

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

3.16 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under *SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, measured 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. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized 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 recognized 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 and equity accounted investees 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.

3 Significant accounting policies (continued)

3.16 Tax (continued)

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has been rebutted for investment properties held in certain countries which the Group operates in. 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, and reflects uncertainty related to income taxes, if any.

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 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 realized simultaneously.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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 realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.17 Segment reporting

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. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and to assess its performance and for which discrete financial information is available

3 Significant accounting policies (continued)

3.18 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The Group is currently assessing the potential impact of adopting the following new SFRS(I)s, interpretations and amendments to SFRS(I)s on the Group's consolidated financial statements and the Company's statement of financial position.

- *Covid-19-Related Rent Concessions beyond 30 June 2021* (Amendment to SFRS(I) 16)
- *Reference to the Conceptual Framework* (Amendments to SFRS(I) 3)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to SFRS(I) 1-16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to SFRS(I) 1-37)
- *Classification of Liabilities as Current or Non-current (Amendments to SFRS(I) 1-1)*
- *Disclosure of Accounting Policies (Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2)*
- *Definition of Accounting Estimates (Amendments to SFRS(I) 1-8)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to SFRS(I) 1-12)*
- *Annual Improvements to SFRS(I)s 2018 – 2020*

4 Investment properties

	Note	Group 2021 US$'000	Group 2020 US$'000
At 1 January		22,438,429	21,275,620
Additions		3,472,236	1,811,481
Disposals		(108,752)	(153,950)
Acquisition of subsidiaries	28(A)	2,020,605	2,143,637
Disposal of subsidiaries	28(B)	(6,377,898)	(2,428,724)
Borrowing cost capitalized	25	26,520	15,898
Changes in fair value		1,359,752	655,775
Reclassification to assets classified as held for sale		(6,710,114)	(2,171,999)
Effect of movements in exchange rates		498,519	1,290,691
At 31 December		16,619,297	22,438,429
Comprising:			
Completed investment properties		12,213,353	18,036,426
Investment properties under re-development		10,424	19,249
Properties under development		2,245,244	1,987,052
Land held for development		2,150,276	2,395,702
		16,619,297	22,438,429

The Group reclassified certain investment properties of US$6,710,114,000 (2020: US$2,171,999,000) to assets classified as held for sale following initiation of an active programme to sell (Note 14).

Investment properties are held mainly for use by external customers under operating leases. Generally, the leases contain an initial non-cancellable period of one to twenty years. Subsequent renewals are negotiated with the lessees. There are no contingent rents arising from the lease of investment properties.

Investment properties with carrying value totaling approximately US$11,920,179,000 as at 31 December 2021 (2020: US$15,791,306,000) were mortgaged to banks and bondholders to secure credit facilities for the Group (Note 18). Interest capitalized as costs of investment properties amounted to approximately US$26,520,000 (2020: US$15,898,000) during the year.

Measurement of fair value

(i) Fair value hierarchy

The Group's investment property portfolio are valued by external and internal valuers at the reporting date. 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 as at the reporting date, the external and internal valuers have adopted a combination of valuation methods, including income capitalization, discounted cash flows and residual methods, which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalization rate, discount rate and terminal yield rate.

4 Investment properties (continued)

Measurement of fair value

(i) Fair value hierarchy (continued)

The income capitalization method capitalizes an income stream into a present value using single-year capitalization rates, the income stream used is adjusted to market rentals currently being achieved within comparable investment properties and recent leasing transactions achieved within the investment property. The discounted cash flow method requires the valuer to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements. The residual method values properties under development and land held for development by reference to their development potential which involves deducting the estimated development costs to complete construction and developer's profit from the gross development value to arrive at the residual value of the property. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation. The estimated cost to complete is determined based on the construction cost per square metre in the area.

The fair value measurement for investment properties of US$16,619,297,000 (2020: US$22,438,429,000) has been categorized as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2.4) and was measured based on valuation by valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the respective investment property being valued.

(ii) Reconciliation of Level 3 fair values

	Group	
	2021	**2020**
	US$'000	**US$'000**
Balance at 1 January	22,438,429	21,275,620
Capital expenditure incurred and borrowing costs capitalized	3,498,756	1,827,379
Disposal of investment properties	(108,752)	(153,950)
Acquisition of subsidiaries	2,020,605	2,143,637
Disposal of subsidiaries	(6,377,898)	(2,428,724)
Reclassification to assets classified as held for sale	(6,710,114)	(2,171,999)
Gains for the year		
Changes in fair value of investment properties	1,359,752	655,775
Gains recognized in OCI		
Effect of movements in exchange rates	498,519	1,290,691
Balance at 31 December	16,619,297	22,438,429

4 Investment properties (continued)

Measurement of fair value (continued)

(ii) Reconciliation of Level 3 fair value (continued)

Valuation technique and significant unobservable inputs

The following table shows the key unobservable inputs used in measuring the fair value of investment properties.

Valuation method	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Income capitalization	***Capitalization rate:*** PRC: 4.00 % to 7.00% (2020: 4.00% to 7.00%) Japan: Nil (2020: 4.40%) Europe: 4.60% (2020: 6.46%) US: 4.00% to 5.50% (2020: Nil%)	The estimated fair value varies inversely against the capitalization rate.
Discounted cash flow	***Discount rate:*** PRC: 7.25% to 10.50% (2020: 8.00% to 10.50%) Japan: Nil (2020: 4.20%) Brazil: Nil (2020: 6.25%)	The estimated fair value varies inversely against the discount rate.
	Terminal yield rate: PRC: 4.00% to 7.00% (2020: 4.00% to 7.00%) Japan: Nil (2020: 4.50%) Brazil: Nil (2020: 6.75%)	The estimated fair value varies inversely against the terminal yield rate.
Residual	***Capitalization rate[1]:*** PRC: 4.50% to 7.00% (2020: 4.75% to 6.25%) Japan: 3.62% to 6.08% (2020: Nil) Europe: 4.44% (2020: 4.56%)	The estimated fair value and gross development value vary inversely against the capitalization rate.

[1] Income capitalization method is applied to derive the total gross development value under the residual approach.

5 Subsidiaries

	Company	
	2021	**2020**
	US$'000	**US$'000**
Unquoted equity shares, at cost	5,727,855	5,931,372
Less: Allowance for impairment loss	(243,822)	(260,763)
	5,484,033	5,670,609
Loans to subsidiaries (interest-free)	538,532	591,470
	6,022,565	6,262,079

During the year ended 31 December 2021, a reversal of impairment loss of US$59,795,000 (2020: impairment loss of US$22,697,000) was recognized in profit or loss for the Company's investment in a subsidiary in the USA, in view of the excess in recoverable amount against the cost less accumulated impairment.

During the year ended 31 December 2021, an impairment loss of US$42,854,000 (2020: impairment loss of US$29,885,000) was recognized in profit or loss for the Company's investment in certain subsidiaries in Brazil, in view of the deficit of recoverable amount against the cost less accumulated impairment.

The recoverable amount was estimated based on net assets as the assets held by subsidiaries which comprises mainly investment properties or joint ventures owning investment properties measured at fair value and categorized as Level 3 on the fair value hierarchy.

The loans to subsidiaries are unsecured and not expected to be repaid within the next 12 months from 31 December 2021.

Details of significant subsidiaries are set out in Note 34.

6 Associates and joint ventures

	Group	
	2021	**2020**
	US$'000	**US$'000**
Interests in associates	4,178,170	2,691,480
Interests in joint ventures	4,068,390	3,453,089
	8,246,560	6,144,569
Capital commitments in relation to interests in associates and joint ventures	3,375,223	923,705

6 Associates and joint ventures (continued)

The Group has two joint ventures and two associates (2020: five joint ventures and one associate) that are material and a number of associates and joint ventures that are individually immaterial to the Group. All are equity accounted. The following are the material associates and joint ventures:

Name of associates and joint ventures[1]	Principal activity	Principal place of business	2021 %	2020 %
GLP Japan Development Venture I[2]	Private equity fund focused on logistics properties	Japan	–[2]	50.00
GLP Japan Development Partners II	Private equity fund focused on logistics properties	Japan	50.00	–[2]
GLP Japan Development Partners III	Private equity fund focused on logistics properties	Japan	25.64	–[2]
Light Year One Holdings Ltd[2]	Private equity fund focused on logistics properties	Japan	–[2]	33.33
BLH (1) Pte Ltd[2]	Private equity fund focused on logistics properties	Brazil	–[2]	40.00
Beijing Jintonggang Real Estate Development Co., Ltd. ("Z3") [2]	Property development and construction	PRC	–[2]	34.00
China Merchants Capital Investments Co., Ltd. ("CMC")	Equity investment	PRC	50.00	50.00
Hidden Hill Fund ("Hidden Hill")	Equity investment	PRC	67.97	69.97

Notes:

[1] Relates to the commercial name of the joint ventures used under GLP's fund management platform.

[2] GLP Japan Development Venture I, Light Year One Holdings Ltd, BLH (1) Pte Ltd , and Beijing Jintonggang Real Estate Development Co., Ltd., are not material joint ventures and associates to the Group for the financial year ended 31 December 2021. GLP Japan Development Partners II and GLP Japan Development Partners III are not material joint venture and associate to the Group for the financial year ended 31 December 2020.

6 Associates and joint ventures (continued)

Summary information for associates and joint ventures that are material to the Group

This summarized financial information is shown on a 100% basis. It represents the amounts shown in the associates and joint ventures' financial statements prepared in accordance with SFRS(I) under Group accounting policies.

	GLP Japan Development Partners II US$'000	GLP Japan Development Partners III US$'000	CMC US$'000	Hidden Hill US$'000
31 December 2021				
Group's interests	50.00%	25.64%	50.00%	67.97%
Results				
Revenue	6,718	14,962	390,813	557,308
Profit for the year	207,407	639,573	308,523	448,019
Profit after tax include:				
Interest income	1	–	1,234	478
Depreciation and amortization	(4,341)	(4,020)	–	–
Interest expense	(299)	(1,053)	(58,724)	–

6 Associates and joint ventures (continued)

Summary information for associates and joint ventures that are material to the Group (continued)

31 December 2021	GLP Japan Development Partners II US$'000	GLP Japan Development Partners III US$'000	CMC US$'000	Hidden Hill US$'000
Group's interests	**50.00%**	**25.64%**	**50.00%**	**67.97%**
Assets and liabilities				
Non-current assets	784,825	946,823	2,364,642	1,874,210
Current assets	60,619	1,454,591	517,148	169,863
Total assets	845,444	2,401,414	2,881,790	2,044,073
Non-current liabilities	(352,736)	(1,047,763)	(1,059,336)	(112,776)
Current liabilities	(92,077)	(251,986)	(350,928)	(135)
Total liabilities	(444,813)	(1,299,749)	(1,410,264)	(112,911)
Assets and liabilities include:				
Cash and cash equivalents	43,796	140,374	139,596	169,864
Current financial liabilities (excluding trade and other payables)	(15)	(33,903)	(323,315)	–
Non-current financial liabilities (excluding trade and other payables)	(335,299)	(1,007,596)	(1,059,336)	–

6 Associates and joint ventures (continued)

Summary information for associates and joint ventures that are material to the Group (continued)

Reconciliation of the above amounts to investment recognized in the consolidated statement of financial position

31 December 2021	GLP Japan Development Partners II US$'000	GLP Japan Development Partners III US$'000	CMC US$'000	Hidden Hill US$'000	Other individually immaterial associates and joint ventures US$'000	Total US$'000
Group's interests	**50.00%**	**25.64%**	**50.00%**	**67.97%**		
Group's interest in net assets of associates and joint ventures at beginning of the year	321,877	53,571	770,916	963,438	4,034,767	6,144,569
Group's share of total comprehensive income	100,812	98,238	101,071	373,385	406,265	1,079,771
Dividends received from associates and joint ventures (the Group's share)	(225,995)	(21,249)	–	(18,334)	(379,334)	(644,912)
Group's share of total (distribution to)/contribution by owners (net)	33,683	51,741	–	86,944	1,789,271	1,961,639
Group's share of total (distribution to)/contribution by owners (net)-Non Cash	–	–	–	–	21,651	21,651
Disposal of associates and joint ventures	–	–	–	–	(352,379)	(352,379)
Reclassification of joint venture to assets classified as held for sale	–	–	–	(182,599)	146,598	(36,001)
Effect of movements in exchange rates	(26,755)	(11,429)	19,276	29,647	61,483	72,222
Carrying amount of interest in associates and joint ventures at the end of the year	203,622	170,872	891,263	1,252,481	5,728,322	8,246,560

6 Associates and joint ventures (continued)

Summary information for associates and joint ventures that are material to the Group (continued)

31 December 2020	Light Year One Holdings Ltd US$'000	GLP Japan Development Venture I US$'000	BLH (1) Pte Ltd US$'000	Z3 US$'000	Hidden Hill US$'000	CMC US$'000
Group's interests	**33.33%**	**50.00%**	**40.00%**	**34.00%**	**69.97%**	**50.00%**
Results						
Revenue	65,943	79,217	43,907	–	257,366	92,265
Profit for the year	212,099	88,200	115,890	(7,052)	213,447	97,739
Profit after tax include:						
Interest income	–	–	1,378	7	351	1,364
Depreciation and amortization	(2,392)	(8,135)	(152)	–	–	–
Interest expense	(4,634)	(16,572)	(12,453)	–	–	(41,773)

6 Associates and joint ventures (continued)

Summary information for associates and joint ventures that are material to the Group (continued)

	Light Year One Holdings Ltd US$'000	GLP Japan Development Venture I US$'000	BLH (1) Pte Ltd US$'000	Z3 US$'000	Hidden Hill US$'000	CMC US$'000
31 December 2020						
Group's interests	**33.33%**	**50.00%**	**40.00%**	**34.00%**	**69.97%**	**50.00%**
Assets and liabilities						
Non-current assets	1,607,056	363	899,738	1,084,799	951,031	2,241,684
Current assets	49,172	6,407	36,898	2,873	149,668	162,764
Total assets	1,656,228	6,770	936,636	1,087,672	1,100,699	2,404,448
Non-current liabilities	(729,084)	(1)	(325,786)	(475)	–	(978,274)
Current liabilities	(19,502)	(5,358)	(25,134)	(34,109)	(13,364)	(253,781)
Total liabilities	(748,586)	(5,359)	(350,920)	(34,584)	(13,364)	(1,232,055)
Assets and liabilities include:						
Cash and cash equivalents	47,035	4,021	9,836	1,780	144,693	114,298
Current financial liabilities (excluding trade and other payables)	(2,843)	–	(19,051)	–	–	(246,648)
Non-current financial liabilities (excluding trade and other payables)	(669,094)	–	(215,072)	–	–	(978,274)

6 Associates and joint ventures (continued)

Summary information for associates and joint ventures that are material to the Group (continued)

Reconciliation of the above amounts to investment recognized in the consolidated statement of financial position

31 December 2020	Light Year One Holdings Ltd US$'000	GLP Japan Development Venture I US$'000	BLH (1) Pte Ltd US$'000	Z3 US$'000	Hidden Hill US$'000	CMC US$'000	Other individually immaterial associates and joint ventures US$'000	Total US$'000
Group's interests	**33.33%**	**50.00%**	**40.00%**	**34.00%**	**69.97%**	**50.00%**		
Group's interest in net assets of associates and joint ventures at beginning of the year	233,235	588,535	276,957	336,428	91,006	–	2,893,570	4,419,731
Group's share of total comprehensive income	70,850	(97,246)	46,153	(2,398)	185,869	41,089	153,087	397,404
Dividends received from associates and joint ventures (the Group's share)	(7,585)	(454,395)	(32,026)	–	–	–	(105,727)	(599,733)
Group's share of total (distribution to)/contribution by owners (net)	(6,421)	(42,684)	9,458	–	669,052	731,394	1,607,827	2,968,626
Group's investment in associates through disposal of subsidiaries (Note 28(B))	–	–	–	–	–	–	(352,379)	(352,379)
Reclassification of assets classified as held for sale to joint venture (Note 28(C))	–	–	–	–	–	–	104,980	104,980
Reclassification of joint venture to assets classified as held for sale	–	–	–	–	–	–	(32,901)	(32,901)
Effect of movements in exchange rates	14,657	11,508	(63,314)	23,132	17,511	(1,567)	(763,086)	(761,159)
Carrying amount of interest in associates and joint ventures at the end of the year	304,736	5,718	237,228	357,162	963,438	770,916	3,505,371	6,144,569

6 Associates and joint ventures (continued)

Immaterial associates and joint ventures

The Group has interests in a number of individually immaterial associates and joint ventures.

The following table summarizes, in aggregate, the carrying amount and share of profit and OCI of these associates and joint ventures that are accounted for using the equity method:

	Group	
	2021	**2020**
	US$'000	**US$'000**
Carrying amount of interests in immaterial associates and joint ventures	5,728,322	3,505,371
Group's share of:		
- Profit from continuing operations	401,079	161,131
- OCI	5,186	(8,044)
- Total comprehensive income	406,265	153,087

7 Deferred tax

Movements in deferred tax assets and liabilities during the year are as follows:

Group	At 1 January US$'000	Acquisition of subsidiaries (Note 28(A)) US$'000	Disposal of subsidiaries (Note 28(B)) US$'000	Effect of movements in exchange rates US$'000	Recognized in OCI US$'000	Recognized in profit or loss (Note 27) US$'000	Reclassified as held for sale US$'000	At 31 December US$'000
31 December 2021								
Deferred tax assets								
Unutilized tax losses	37,546	11,206	(9,344)	(1,488)	–	1,990	(12,039)	27,871
Others	16,710	–	(1)	(810)	–	1,620	–	17,519
	54,256	11,206	(9,345)	(2,298)	–	3,610	(12,039)	45,390
Deferred tax liabilities								
Investment properties	(2,371,735)	(18,590)	495,212	(54,331)	–	(381,359)	812,260	(1,518,543)
Property, plant and equipment	(2,372)	–	–	(26)	2,398	–	–	–
Other investments	(80,664)	–	7	(3,360)	(11,530)	(52,700)	–	(148,247)
Others	(39,462)	–	44	(2,638)	(490)	(98,733)	–	(141,279)
	(2,494,233)	(18,590)	495,263	(60,355)	(9,622)	(532,792)	812,260	(1,808,069)
Total	(2,439,977)	(7,384)	485,918	(62,653)	(9,622)	(529,182)	800,221	(1,762,679)

7 Deferred tax (continued)

Group	At 1 January US$'000	Acquisition of subsidiaries (Note 28(A)) US$'000	Disposal of subsidiaries (Note 28(B)) US$'000	Effect of movements in exchange rates US$'000	Recognized in OCI US$'000	Recognized in profit or loss (Note 27) US$'000	Reclassified as held for sale US$'000	At 31 December US$'000
31 December 2020								
Deferred tax assets								
Unutilized tax losses	41,202	255	(9,671)	2,235	–	4,082	(557)	37,546
Interest rate swaps	2	–	–	–	(2)	–	–	–
Others	11,978	–	–	542	–	4,190	–	16,710
	53,182	255	(9,671)	2,777	(2)	8,272	(557)	54,256
Deferred tax liabilities								
Investment properties	(2,324,117)	(135,220)	311,166	(182,850)	–	(203,455)	162,742	(2,371,734)
Property, plant and equipment	(1,089)	–	–	(141)	(1,142)	–	–	(2,372)
Other investments	(49,179)	–	(6,513)	(4,216)	53	(20,809)	–	(80,664)
Others	(7,464)	(73,350)	297	(5,998)	–	(39,792)	86,845	(39,462)
	(2,381,849)	(208,570)	304,950	(193,205)	(1,089)	(264,056)	249,587	(2,494,232)
Total	(2,328,667)	(208,315)	295,279	(190,428)	(1,091)	(255,784)	249,030	(2,439,976)

7 Deferred tax (continued)

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 tax authority. The amounts determined after appropriate offsetting are included in the statement of financial position as follows:

	Group	
	2021	**2020**
	US$'000	**US$'000**
Deferred tax assets	54,963	46,293
Deferred tax liabilities	(1,817,642)	(2,486,269)

As at reporting date, deferred tax liabilities have not been recognized in respect of taxes that would be payable on the undistributed earnings of certain subsidiaries of US$83,311,000 (2020: US$38,559,000) as the Group do not have plans to distribute these earnings in the foreseeable future.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. 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 realized. The Group has not recognized deferred tax assets in respect of the following:

	Group	
	2021	**2020**
	US$'000	**US$'000**
Tax losses	874,754	653,028

Deferred tax assets in respect of tax losses have not been recognized because it is not probable that future taxable profit will be available against which the Group can utilize the benefits. Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate. Unrecognized tax losses will expire within one to five years.

8 Property, plant and equipment

	At valuation	At cost				
Group	**Buildings US$'000**	**Buildings held for own use US$'000**	**Furniture, fittings and equipment US$'000**	**Assets under construction US$'000**	**Right-of-use assets US$'000**	**Total US$'000**
Cost						
At 1 January 2020	73,693	–	122,208	1,203	95,520	292,624
Acquisition of subsidiaries	–	68,508	25,761	–	28,249	122,518
Additions	23,995	–	64,435	18,246	21,257	127,933
Disposals	–	–	(9,091)	–	–	(9,091)
Disposal of subsidiaries	–	–	(98,595)	–	(1,789)	(100,384)
Reclassification	–	–	847	(847)	–	–
Revaluation of buildings recognized in other comprehensive income	4,567	–	–	–	–	4,567
Written off	–	–	(68)	–	–	(68)
Elimination on revaluation of buildings	(2,591)	–	–	–	–	(2,591)
Effect of movements in exchange rates	6,590	6,118	4,143	981	8,332	26,164
At 31 December 2020	106,254	74,626	109,640	19,583	151,569	461,672
Acquisition of subsidiaries	–	–	39,057	3,030	50,310	92,397
Additions	41,995	10,519	54,118	151,640	326,381	584,653
Disposals	–	–	(1,365)	–	(18,977)	(20,342)
Disposal of subsidiaries	(156,822)	–	(6,221)	–	–	(163,043)
Reclassification to asset held for sale	–	–	(64)	–	–	(64)
Revaluation of buildings recognized in other comprehensive income	6,698	–	–	–	–	6,698
Written off	–	–	(61)	–	(5,364)	(5,425)
Elimination on revaluation of buildings	(827)	–	–	–	–	(827)
Effect of movements in exchange rates	2,702	1,581	1,061	2,188	4,479	12,011
At 31 December 2021	–	86,726	196,165	176,441	508,398	967,730

8 Property, plant and equipment (continued)

	At valuation	At cost				
Group	**Buildings US$'000**	**Buildings held for own use US$'000**	**Furniture, fittings and equipment US$'000**	**Assets under construction US$'000**	**Right-of-use assets US$'000**	**Total US$'000**
Accumulated depreciation						
At 1 January 2020	–	–	47,072	–	9,909	56,981
Depreciation charge for the year	2,591	1,117	13,807	–	16,114	33,629
Disposals	–	–	(6,741)	–	–	(6,741)
Disposal of subsidiaries	–	–	(14,480)	–	(293)	(14,773)
Written off	–	–	(54)	–	–	(54)
Elimination on revaluation of buildings	(2,591)	–	–	–	–	(2,591)
Effect of movements in exchange rates	–	697	4,109	–	1,192	5,998
At 31 December 2020	–	1,814	43,713	–	26,922	72,449
Depreciation charge for the year	827	1,100	13,877	–	28,759	44,563
Disposals	–	–	(513)	–	(6,152)	(6,665)
Disposal of subsidiaries	–	–	(2,697)	–	–	(2,697)
Reclassification to asset held for sale	–	–	158	–	–	158
Written off	–	–	(61)	–	(5,364)	(5,425)
Elimination on revaluation of buildings	(827)	–	–	–	–	(827)
Effect of movements in exchange rates	–	609	376	–	3,895	4,880
At 31 December 2021	–	3,523	54,853	–	48,060	106,436
Carrying amounts						
At 1 January 2020	73,693	–	75,136	1,203	85,611	235,643
At 31 December 2020	106,254	72,812	65,927	19,583	124,647	389,223
At 31 December 2021	–	83,203	141,312	176,441	460,338	861,294

8 Property, plant and equipment (continued)

	At cost			
Company	**Furniture, fittings and equipment US$'000**	**Assets under construction US$'000**	**Right-of-use assets US$'000**	**Total US$'000**
Cost				
At 1 January 2020	14,738	1,203	1,965	17,906
Additions	404	1,198	–	1,602
Transfer	847	(847)	–	–
At 31 December 2020	15,989	1,554	1,965	19,508
Additions	1,169	1,434	–	2,603
Transfer	1,668	(1,668)	–	–
Written off	(62)	–	–	(62)
At 31 December 2021	18,764	1,320	1,965	22,049
Accumulated depreciation				
At 1 January 2020	12,883	–	267	13,150
Depreciation charge for the year	1,396	–	527	1,923
At 31 December 2020	14,279	–	794	15,073
Depreciation charge for the year	1,536	–	537	2,073
At 31 December 2021	15,815	–	1,331	17,146
Carrying amounts				
At 1 January 2020	1,855	1,203	1,698	4,756
At 31 December 2020	1,710	1,554	1,171	4,435
At 31 December 2021	2,949	1,320	634	4,903

9 Intangible assets

Group	Goodwill US$'000	Trademarks US$'000	License rights US$'000	Total US$'000
Cost				
At 1 January 2020	418,206	37,474	912	456,592
Acquisition of subsidiaries	183,168	4,879	2,597	190,644
Disposal of subsidiaries	(25,657)	(4,956)	(212)	(30,825)
Additions	1,315	3	18	1,336
Reclassification to asset held for sale	(100,533)	–	–	(100,533)
Transfer	–	(13)	–	(13)
Effect of movements in exchange rates	22,721	1,711	68	24,500
At 31 December 2020	499,220	39,098	3,383	541,701
Additions	1,210	25	–	1,235
Effect of movements in exchange rates	6,965	565	127	7,657
At 31 December 2021	507,395	39,688	3,510	550,593
Accumulated amortization				
At 1 January 2020	–	17,763	777	18,540
Amortization for the year	–	2,024	325	2,349
Disposal of subsidiaries	–	(212)	(172)	(384)
Effect of movements in exchange rates	–	1,125	57	1,182
At 31 December 2020	–	20,700	987	21,687
Amortization for the year	–	2,010	85	2,095
Effect of movements in exchange rates	–	449	24	473
At 31 December 2021	–	23,159	1,096	24,255
Carrying amounts				
At 1 January 2020	418,206	19,711	135	438,052
At 31 December 2020	499,220	18,398	2,396	520,014
At 31 December 2021	507,395	16,529	2,414	526,338

Goodwill and other intangible assets from business combination

On 8 July 2020, the Group recognized goodwill of US$123,326,000 (Note 28(A)(iii)) from the business combination in connection with its acquisition of 100% equity interest in a central and eastern Europe logistic property platform.

9 Intangible assets (continued)

Impairment test for goodwill

For the purpose of goodwill impairment testing, the aggregate carrying amount of goodwill allocated to each cash-generating unit ("CGU") as at 31 December 2021 are as follows:

	Carrying amount	
	2021	**2020**
	US$'000	**US$'000**
Group		
Airport City Development Group ("ACL Group")	57,672	56,353
GLP China[1]	246,275	239,526
GLP Japan[2]	141,467	141,467
GLP Europe[3]	59,456	60,559
Others	2,525	1,315
Total	507,395	499,220

Notes:

1 Relates to the leasing of logistic facilities and provision of asset management services in China and excludes the ACL Group.
2 Relates to the leasing of logistic facilities and provision of asset management services in Japan.
3 Relates to the leasing of logistic facilities and provision of asset management services in central and eastern Europe.

ACL Group

The recoverable amount of ACL Group are determined based on value in use calculation. The value in use calculation is a discounted cash flow model using cash flow projections based on the most recent budgets and forecasts approved by management covering five years. Cash flows beyond these periods are extrapolated using the estimated terminal growth rate of 3.00% (2020: 3.00%). The discount rate of 7.50% (2020: 7.50%) applied is the weighted average cost of capital from the relevant business segment. The terminal growth rate used does not exceed management's expectation of the long-term average growth rate of the respective industry and country in which ACL Group operates.

GLP China, GLP Japan and GLP Europe

Recoverable amount of GLP China, GLP Japan and GLP Europe as of 31 December 2021 is determined using the Sum-Of-The-Parts ("SOTP") approach to measure the fair value less costs of disposal of the respective CGUs by aggregating the standalone fair value of each of its business units within the CGU to arrive at a single total enterprise value. The equity value is then derived by adjusting the CGU's net debt and other non-operating assets and expenses from the total enterprise value.

The enterprise value of each business unit is derived separately and determined based on valuation by internal and external valuers with appropriate qualifications and experience using observable and unobservable inputs taking into account management's experience and knowledge of market conditions of the specific activities.

9 Intangible assets (continued)

Impairment test for goodwill (continued)

GLP China, GLP Japan and GLP Europe (continued)

Significant business units - valuation technique and significant unobservable inputs

Details of significant business units identified and the key unobservable inputs used in estimating the fair value less costs of disposal of these significant business units are as follows:

Development business

The fair value measurement for development business has been categorized as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2.4).

Valuation method	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement of business unit
Discounted cash flow	***Estimated development costs to complete construction*** US$143 to US$7,345 per square meter (psm) (2020: US$288 to US$4,987 psm)	The estimated fair value varies inversely against the estimated development costs to complete construction.
	Value creation margin: ***16.2***% to ***64.8***% (2020: 18.21% to 50.13%)	The estimated fair value varies proportionately against value creation margin.
	Discount rate: 3.04% to 5.37% (2020: 3.36% to 5.77%)	The estimated fair values varies inversely against the discount rate.

Fund management

The fair value measurement for fund management has been categorized as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2.4).

Valuation method	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement of business unit
Market multiples derived from comparable businesses	***Funds margin:*** 5.73% to 65.84% (2020: 61.84% to 66.04%)	The estimated fair value varies proportionately against funds margin.
	Equity value/EBITDA Multiple: 17x (2020: 16 x)	The estimated fair value increases as the multiple increases

9 Intangible assets (continued)

Impairment test for goodwill (continued)

Fund management (continued)

Sensitivity analysis

As at 31 December 2021, the estimated recoverable amount of the CGUs exceeded its carrying amounts. Management has not identified any reasonably possible changes in the above key assumptions applied which are likely to materially cause the estimated recoverable amount of the CGUs to be lower than its carrying amount except for:

For the fair value of each CGU, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	Recoverable amount	
	Increase US$'000	**Decrease US$'000**
31 December 2021		
Development business value creation margin (5% movement)		
- PRC	302,000	(302,000)
- Japan	203,000	(203,000)
- Central Europe	94,000	(94,000)
Fund management services funds margin (5% movement)		
- PRC	146,000	(146,000)
- Japan	133,000	(133,000)
Fund management services fee related earnings multiple (1x movement)		
- PRC	108,000	(108,000)
- Japan	103,000	(103,000)
31 December 2020		
Development business value creation margin (5% movement)		
- PRC	417,000	(417,000)
- Japan	198,000	(198,000)
- Central Europe	82,000	(82,000)
Fund management services funds margin (5% movement)		
- PRC	131,000	(131,000)
- Japan	115,000	(115,000)
Fund management services fee related earnings multiple (1x movement)		
- PRC	103,000	(103,000)
- Japan	95,000	(95,000)

10 Other investments

	Group	
	2021	**2020**
	US$'000	**US$'000**
Non-current investments		
- Quoted equity investments – at FVOCI	1,040,447	685,788
- Quoted equity investments – at FVTPL	406,213	50,525
- Unquoted equity investments – at FVOCI	198,260	206,555
- Unquoted equity investments – mandatorily at FVTPL	1,189,147	1,655,919
	2,834,067	2,598,787

The quoted equity investments are stated at their fair values at the reporting date, determined by reference to their quoted closing bid price in an active market at the reporting date. During the year ended 2020, the Group disposed its investments designated at FVOCI to a related party and accounted it under common control transfer. A cumulative loss of US$58,648,000 recognized since prior years was reclassified from fair value reserve to retained earnings. And this amount was subsequently recorded as contribution from holding company in capital reserve.

The Group's exposure to market risks and fair value information related to other investments are disclosed in Notes 30 and 31.

The Group invests in companies listed in active markets and private companies that are not quoted in an active market. The quoted equity investments are stated at their fair values at the reporting date, determined by reference to their quoted closing bid price in an active market at the reporting date. The unquoted equity investments are stated at their fair values at the reporting date, determined by the net asset value which approximates the investments' fair value or market comparison technique based on market multiple of comparable companies with adjustments for the effect of non-marketability of the investments.

Reconciliation of Level 3 fair values

	2021	**2020**
	US$'000	**US$'000**
Balance at 1 January	1,862,474	1,094,018
Net unrealized gains recognized in profit or loss		
- recognized in profit or loss	253,494	137,631
- recognized in other comprehensive income	30,378	(306)
Additions	273,154	1,011,095
Disposal	(412,910)	(434,271)
Disposal of subsidiaries	(633,190)	–
Effects of movements in exchange rates	14,007	54,307
Balance at 31 December	1,387,407	1,862,474

11 Other non-current assets

	Group		Company	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Trade receivables	34,352	50,254	–	–
Deposits	2,463	2,885	–	–
Amounts due from:				
- joint ventures	17,951	17,948	–	–
- an investee entity	89,390	95,565	–	–
Loans to associate and joint ventures	472,869	522,387	–	–
Loans to employees	–	372,790	–	–
Loans to third parties	5,249	10,451	–	–
Deferred management costs	106,091	68,444	–	–
Prepaid construction costs	70,484	65,738	–	–
Other investment held for disposal	128,201	125,269	–	–
Land purchase option	202,400	–	–	–
Others	49,077	54,406	–	–
	1,178,527	1,386,137	–	–

Management has assessed that no allowance for impairment losses is required in respect of the Group's non-current trade receivables, none of which are past due.

The amounts due from joint ventures and an investee entity are attributed to the transfer of tenant security deposits to these entities.

The loans to associate and joint ventures are unsecured, bear fixed interest ranging from 5.70% to 8.00% (2020: 5.70% to 10.00%) per annum at the reporting date and are fully repayable by December 2024 (2020: July 2025).

Other investment held for disposal relate to equity investment and its disposal is still subject to approval from relevant authority. The deposits received for the disposal is disclosed in Note 20.

Land purchase option relates to call and put option entered into for the purchase of land in Europe (see Note 20 and Note 21).

In 2020, loans to employees comprise loans granted under the Co-Investment and Global Share Plans (see Note 22). The loans bear fixed interests at rates determined by the Group with reference to prevailing external borrowing rates, and ranges from 0.05% to 5.00% per annum at the reporting date. The loans have fixed maturity date of 5 years and 10 years for loans extended under Co-Investment Share Plan and Global Share Plan respectively and are repayable from distribution and redemption proceeds at discretion of the Company. During the year, due to the limited recourse nature of the loans, the loans and accrued interest are derecognised against non-controlling interest.

12 Trade and other receivables

	Group		Company	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Trade receivables	54,255	55,928	–	–
Impairment losses	(1,881)	(1,931)	–	–
Net trade receivables	52,374	53,997	–	–
Amounts due from immediate holding company (non-trade)	4,096,219	2,106,995	4,096,219	2,106,995
Amounts due from subsidiaries:				
- non-trade and interest-free	–	–	1,262,234	1,043,159
- non-trade and interest-bearing	–	–	428,265	339,941
Amounts due from associates and joint ventures:				
- trade	165,337	180,897	–	–
- non-trade and interest-free	339,625	304,469	269	300
Amounts due from related companies:				
- trade	211,087	570	–	–
- non-trade and interest-free	665,882	296,808	1,311	43
Amounts due from an investee entity:				
- trade	18,671	21,959	–	–
- non-trade and interest-free	39,271	24,925	–	–
Amounts due from NCI			–	–
- non-trade and interest-free	8,611	15,301	–	–
Loans to NCI	16,104	49,503	–	–
Loans to associate and joint ventures	243,082	223,195	–	–
Loans to third parties:				
- in relation to acquisition of new investments	180,228	84,716	–	–
- others	40	56,627	–	–
	5,984,157	3,365,965	5,788,298	3,490,438
Deposits	124,713	87,381	205	201
Other receivables	349,289	331,223	7,409	378
Impairment losses	(218)	(265)	–	–
	349,071	330,958	7,409	378
Trade and other receivables	6,510,315	3,838,301	5,795,912	3,491,017
Prepayments and other assets	45,127	49,740	3,445	2,663
	6,555,442	3,888,041	5,799,357	3,493,680

12 Trade and other receivables (continued)

The non-trade amounts due from immediate holding company, associates and joint ventures, an investee entity, related companies, NCI and subsidiaries relate mainly to payment on behalf, are unsecured and are repayable on demand. The effective interest rates of non-trade interest-bearing amounts due from subsidiaries at the reporting date range from 2.00% to 10.00% (2020: 2.00% to 10.00%) per annum.

The loans to NCI are unsecured, bears fixed interest of Nil% (2020: 10.00%) per annum at the reporting date and are repayable on demand. The loans to associate and joint ventures are unsecured, bear fixed interest at the reporting date ranging from 5.70% to 15.20% (2020: 5.10% to 10.00%) per annum and are repayable within the next 12 months.

The loan to third parties in relation to acquisition of new investments are unsecured, repayable within the next 12 months, and bear fixed interest ranging from 10.00% to 18.00% (2020: 8.00% to 10.00%) per annum, except for US$107,818,000 (2020: US$14,350,000) which is interest-free until completion of the acquisition. The other loans to third parties are unsecured, repayable within the next 12 months and bear fixed interest at the reporting date ranging from 10.00% (2020: 5.64% to 10.00%) per annum.

Deposits include an amount of US$105,657,000 (2020: US$78,283,000) in relation to acquisitions of new investments. Other receivables comprise value added tax receivables of US$162,155,000 and other recoverables (2020: value added tax receivables of US$185,258,000 and other recoverables). Prepayments and other assets include prepaid purchase consideration for other assets of US$256,000 (2020:US$76,000)

(a) The maximum exposure to credit risk for trade and other receivables at the reporting date (by country) is:

	Gross 2021 US$'000	**Allowance for doubtful receivables 2021 US$'000**	**Gross 2020 US$'000**	**Allowance for doubtful receivables 2020 US$'000**
Group				
PRC	2,073,106	(2,099)	1,513,654	(2,186)
Japan	113,984	–	117,224	–
Singapore	4,232,710	–	2,096,475	–
USA	8,705	–	65,104	–
Others	83,909	–	48,040	(10)
	6,512,414	(2,099)	3,840,497	(2,196)
Company				
Singapore	5,795,912	–	3,491,017	–

12 Trade and other receivables (continued)

(b) The ageing of loans and receivables at the reporting date is:

	Gross 2021 US$'000	Allowance for doubtful receivables 2021 US$'000	Gross 2020 US$'000	Allowance for doubtful receivables 2020 US$'000
Group				
Not past due	6,460,363	–	3,787,071	–
Past due 1 – 60 days	49,824	(751)	48,301	(585)
Past due 61 – 180 days	1,491	(721)	2,087	(395)
More than 180 days	736	(627)	3,038	(1,216)
	6,512,414	(2,099)	3,840,497	(2,196)
Company				
Not past due	5,795,912	–	3,491,017	–

The Group's historical experience in the collection of accounts receivables falls within the recorded allowances. Based on historical payment behaviors, and the security deposits, bankers' guarantees and other forms of collateral held, the Group believes that no additional allowance for impairment losses is required in respect of its loans and receivables.

The majority of the trade receivables are due from tenants that have good credit records with the Group. The Group monitors and considers credit risk based on trade and other receivables grouped by reportable business segments, and uses management's judgement in assessing the risk of default. The Group establishes an allowance for doubtful receivables that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

Expected credit loss assessment for trade and other receivables

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

12 Trade and other receivables (continued)

(b) The ageing of loans and receivables at the reporting date is: (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade and other receivables as at 31 December:

	Expected loss rate %	Gross carrying amount US$'000	Lifetime ECL US$'000
2021			
Not past due	–	6,460,363	–
Past due 1 – 60 days	1.07	49,824	(751)
Past due 61 – 180 days	48.35	1,491	(721)
More than 180 days	85.16	736	(627)
		6,512,414	(2,099)
2020			
Not past due	–	3,787,071	–
Past due 1 – 60 days	1.19	48,301	(585)
Past due 61 – 180 days	18.94	2,087	(395)
More than 180 days	40.05	3,038	(1,216)
		3,840,497	(2,196)

Expected loss rates are based on actual loss experience over the past 12 months. These rates are adjusted to reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The non-trade amounts due from subsidiaries, associates, joint ventures, immediate holding company and an investee entity are amounts lent to satisfy the counterparties' short term funding requirements. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant.

(c) The movement in allowances for impairment losses in respect of trade and other receivables during the year is as follows:

	Group	
	2021 US$'000	2020 US$'000
At 1 January	2,196	25,484
Recognition of impairment losses	1,010	12,449
Impairment loss reversed	(26)	–
Impairment loss utilised	–	(53)
Acquisition of subsidiaries	189	126
Disposal of subsidiaries	(428)	(35,018)
Effect of movements in exchange rates	(842)	(792)
At 31 December	2,099	2,196

13 Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
	US$'000	US$'000	US$'000	US$'000
Fixed deposits	164,430	38,834	–	–
Cash at bank	1,880,785	1,382,783	964,548	37,314
Cash and cash equivalents in the statement of financial position	2,045,215	1,421,617	964,548	37,314
Less: restricted cash	(27,453)	–	–	–
Cash and cash equivalents in the statement of cash flows	2,017,762	1,421,617	964,548	37,314

The effective interest rates relating to fixed deposits and certain cash at bank balances at the reporting date for the Group ranged from 0.001% to 4.80% (2020: 0.035% to 2.30%) per annum. Interest rates reprice at intervals of one to twelve months.

Restricted cash deposits represent bank balances held separately from the Group under trust.

14 Assets and liabilities classified as held for sale

	Group	
	2021	2020
	US$'000	US$'000
Assets classified as held for sale	5,812,352	1,571,031
Liabilities classified as held for sale	(2,556,050)	(329,501)
	3,256,302	1,241,530

As at 31 December 2021, the assets and liabilities classified as held for sale pertains to equity interests in a group of investment property-holding entities in China, US and Europe. The Group plans to syndicate these assets and liabilities within the next 12 months from the reporting date.

As at 31 December 2020, the assets and liabilities classified as held for sale pertains to 41.28% equity interest in Fundo de Investimento em Participacoes Camacari Multiestrategia and its subsidiaries (FIP IV), 69% equity interest in GLP Capital Partners IV LP, and 70% equity interest in Shanghai Lingang. The Group have syndicated these assets and liabilities in 2021.

(a) Assets classified as held for sale comprises:

	Group	
	2021	2020
	US$'000	US$'000
Investment properties	5,363,072	1,065,798
Associates and joint venture	133,779	–
Cash and cash equivalents	251,458	61,310
Other assets	64,043	443,923

	5,812,352	1,571,031

14 Assets and liabilities classified as held for sale (continued)

(b) Liabilities classified as held for sale comprises:

	Group	
	2021	**2020**
	US$'000	**US$'000**
Loans and borrowings	1,769,665	141,127
Deferred tax liabilities	695,290	167,690
Other liabilities	91,095	20,684
	2,556,050	329,501

15 Share capital, capital securities and capital management

(a) Share capital

	No. of shares	
	2021	**2020**
	'000	**'000**
Fully paid ordinary shares, with no par value:		
At 1 January and 31 December, including treasury shares	4,165,477	4,165,477

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

(b) Perpetual securities

During the year ended 31 December 2021, the Group issued US$850,000,000 and US$300,000,000 Green Subordinated Perpetual Capital Notes ("Notes") with an initial dividend distribution rate of 4.50% and 4.60% per annum respectively with the first distribution rate reset failing on 17 May 2026 and 29 June 2027 respectively. Subsequent resets occurring every five years thereafter.

The holders of the Notes are entitled to receive dividends as declared from time to time.

The capital securities have no fixed redemption date and the redemption is at the option of the Group in accordance with the terms of issue of the securities. The distribution will be payable semi-annually at the discretion of the Group and will be non-cumulative.

15 Share capital, capital securities and capital management (continued)

(c) Capital management (continued)

The Group's objectives when managing capital are to build a strong capital base so as to sustain the future developments of its business and to maintain an optimal capital structure to maximize shareholders' value. The Group defines "capital" as including all components of equity.

The Group's capital structure is regularly reviewed. Adjustments are made to the capital structure in light of changes in economic conditions, regulatory requirements and business strategies affecting the Group.

The Group also monitors capital using a net debt to equity ratio, which is defined as net borrowings divided by total equity (including NCI).

	Group	
	2021 US$'000	2020 US$'000
Gross borrowings (net of transaction costs)	11,755,739	13,343,827
Less: Cash and cash equivalents	(2,045,215)	(1,421,617)
Net debt	9,710,524	11,922,210
Total equity	24,312,634	21,604,658
Net debt to equity ratio	0.40	0.55

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

Except for the requirement on the maintenance of statutory reserve fund by subsidiaries incorporated in the PRC, there were no externally imposed capital requirements.

16 Reserves

	Group		Company	
	2021	**2020**	**2021**	**2020**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Capital reserve	133,387	75,825	(20,064)	(20,064)
Hedging reserve	(10,169)	(15,925)	(4,359)	(6,048)
Fair value reserve	333,009	188,259	–	–
Revaluation reserve	–	4,456	–	–
Other reserve	(699,708)	(699,576)	–	–
Equity compensation reserves	139,565	–	–	–
Capital and other reserves	(103,916)	(446,961)	(24,423)	(26,112)
Currency translation reserve	198,964	164,464	–	–
Retained earnings	7,104,325	6,676,446	794,450	250,228
	7,199,373	6,393,949	770,027	224,116

Capital reserve comprises mainly capital contributions from shareholders, gains/losses in connection with changes in ownership interests in subsidiaries that do not result in loss of control and the Group's share of the statutory reserve of its PRC-incorporated subsidiaries. Subsidiaries incorporated in the PRC are required by the Foreign Enterprise Law to contribute and maintain a non-distributable statutory reserve fund whose utilization is subject to approval by the relevant PRC authorities. In accordance with the relevant PRC rules and regulations, and the articles of association of the subsidiaries incorporated in PRC, 10% of the retained earnings are to be transferred to statutory reserves prior to the distribution of dividends to shareholders. As at 31 December 2021, retained earnings include approximately US$32,152,000 (2020: US$17,689,000) to be transferred to statutory reserve fund before the distribution of dividends to shareholders.

Hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

As at 31 December 2021, fair value reserve comprises the cumulative net change in the fair value of equity investments designated at FVOCI and are not transferred to profit or loss when derecognized or impaired.

The revaluation reserve relates to the revaluation of a building.

Equity compensation reserves comprise the cumulative value of share options under the global share plans of the Group (Note 22).

Other reserve comprises the pre-acquisition reserves of those common control entities that were acquired in connection with the Group reorganization which occurred immediately prior to the initial public offering of the Company.

Currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as from the translation of foreign currency loans and bonds that hedge the Group's net investments in foreign operations.

17 Non-controlling interests

The following subsidiaries have NCI that are material to the Group:

Name of Company	Principal place of business	Ownership interest held by NCI 2021 %	2020 %
Airport City Development Co., Ltd.	PRC	46.86	46.86
CLF Fund I, LP	PRC	69.88	69.88
CLF Fund II, LP	PRC	60.50	43.62
GLP China Holdings Limited	PRC	33.79	33.79

The following table summarizes the financial information of each of the Group's subsidiaries with material NCI, based on their respective (consolidated) financial statements prepared in accordance with IFRS. See Note 34 for details of the significant subsidiaries of the Group.

31 December 2021	ACL Group US$'000	CLF Fund I, LP US$'000	CLF Fund II, LP US$'000	China Holdco Group US$'000	Other individually immaterial subsidiaries US$'000	Total US$'000
Results						
Revenue	91,217	228,292	102,234	1,273,512		
Profit for the year	52,952	243,223	351,916	1,605,166		
OCI	–	69,815	79,888	554,088		
Total comprehensive income	52,952	313,038	431,804	2,159,254		
Attributable to:						
– NCI	–	–	28,301	595,052		
– Owners of the Company	52,952	243,223	403,503	1,564,202		
Attributable to NCI:						
– Profit for the year	24,814	169,964	199,738	383,270	123,516	901,302
– OCI	–	48,787	44,381	162,279	28,255	283,702
– Total comprehensive income	24,814	218,751	244,119	545,549	151,771	1,185,004
Assets and liabilities						
Non-current assets	2,013,303	–	5,584,597	25,379,510		
Current assets	83,964	4,456,050	251,106	9,139,284		
Total assets	2,097,267	4,456,050	5,835,703	34,518,794		
Non-current liabilities	(711,109)	–	(1,541,458)	(9,347,868)		
Current liabilities	(148,011)	(2,105,778)	(601,586)	(5,543,831)		
Total liabilities	(859,120)	(2,105,778)	(2,143,044)	(14,891,699)		
NCI	–	–	(106,053)	(5,627,871)		
Net assets attributable to owners of the Company	1,238,147	2,350,272	3,586,606	13,999,224		
Net assets attributable to NCI	580,214	1,642,431	2,287,426	4,730,338	1,190,224	10,430,633
Cash flows from/(used in) operating activities	10,272	138,324	(21,276)	614,816		
Cash flows used in investing activities	–	(60,565)	(1,005,744)	(199,726)		
Cash flows from/(used in) financing activities (dividends to NCI: US$Nil)	–	4,958	1,047,274	(683,889)		
Net increase/(decrease) in cash and cash equivalents	10,272	82,717	20,254	(268,799)		

17 Non-controlling interests (continued)

31 December 2020	ACL Group US$'000	CLF Fund I, LP US$'000	CLF Fund II, LP US$'000	China Holdco Group US$'000	Other individually immaterial subsidiaries US$'000	Total US$'000
Results						
Revenue	78,104	187,007	44,475	1,149,124		
Profit for the year	23,335	191,207	154,731	1,253,456		
OCI	73,918	152,359	137,053	1,103,415		
Total comprehensive income	97,253	343,566	291,784	2,356,871		
Attributable to:						
– NCI	–	–	16,594	606,702		
– Owners of the Company	23,335	191,207	274,829	1,750,169		
Attributable to NCI:						
– Profit for the year	10,935	133,620	65,474	321,789	127,339	659,157
– OCI	34,638	106,472	54,406	269,593	106,866	571,975
– Total comprehensive income	45,573	240,092	119,880	591,382	234,205	1,231,132
Assets and liabilities						
Non-current assets	1,919,171	3,851,828	3,882,801	28,854,744		
Current assets	77,804	154,521	246,142	3,901,141		
Total assets	1,996,975	4,006,349	4,128,943	32,755,885		
Non-current liabilities	(695,796)	(1,531,366)	(762,244)	(9,869,272)		
Current liabilities	(143,715)	(87,780)	(613,171)	(5,326,852)		
Total liabilities	(839,511)	(1,619,146)	(1,375,415)	(15,196,124)		
NCI	–	–	(117,280)	(5,176,090)		
Net assets attributable to owners of the Company	1,157,464	2,387,203	2,636,248	12,383,671		
Net assets attributable to NCI	537,270	1,674,504	1,267,024	4,184,442	2,008,880	9,672,120
Cash flows from/(used in) operating activities	59,849	107,812	(93,881)	487,166		
Cash flows used in investing activities	(25,703)	(70,729)	(764,046)	(1,649,072)		
Cash flows from/(used in) financing activities (dividends to NCI: US$Nil)	(21,641)	(31)	858,117	1,471,974		
Net increase in cash and cash equivalents	12,505	37,052	190	310,068		

18 Loans and borrowings

	Group		Company	
	2021	**2020**	**2021**	**2020**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Non-current liabilities				
Secured bank loans	2,765,837	4,548,415	–	–
Secured bonds	384,042	837,563	–	–
Unsecured bank loans	1,213,608	1,034,226	681,240	572,522
Unsecured bonds	5,887,118	3,437,743	2,161,609	1,943,606
	10,250,605	9,857,947	2,842,849	2,516,128
Current liabilities				
Secured bank loans	428,889	253,960	–	–
Secured bonds	2,925	2,458	–	–
Unsecured bank loans	403,577	796,097	200,000	262,000
Unsecured bonds	669,743	2,433,365	–	–
	1,505,134	3,485,880	200,000	262,000

(a) Secured and unsecured bank loans

The secured bank loans are secured by mortgages on the borrowing subsidiaries' investment properties with a carrying amount of US$11,279,778,000 (2020: US$14,376,108,000) (Note 4).

At the reporting date, the effective interest rates for bank borrowings for the Group and Company (taking into account the effects of interest rate swaps) ranged from 0.44% to 6.77% (2020: 0.49% to 6.77%) per annum and 1.52% to 4.01% (2020: 0.6% to 2.58%) per annum.

Maturity of bank loans:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Within 1 year	832,466	1,050,057	200,000	262,000
From 1 to 5 years	2,006,470	3,134,928	128,305	572,522
After 5 years	1,972,975	2,447,713	552,935	–
After 1 year	3,979,445	5,582,641	681,240	572,522
	4,811,911	6,632,698	881,240	834,522

18 Loans and borrowings (continued)

(a) Secured and unsecured bank loans (continued)

Analysis of bank loans by geographic regions:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	US$'000	**US$'000**	**US$'000**	**US$'000**
PRC	3,463,963	5,569,673	–	–
Japan	102,666	93,251	–	–
USA	196,695	40,114	–	–
Europe	167,347	95,138	–	–
Singapore	881,240	834,522	881,240	834,522
	4,811,911	6,632,698	881,240	834,522

(b) Secured bonds

The bonds issued by the Group are fully secured by investment properties with carrying amounts of US$640,401,000 (2020: US$1,415,198,000) (Note 4) owned by these subsidiaries.

The effective interest rates as at 31 December 2021 for secured bonds (taking into account the effects of interest rate swaps) ranged from 0.41% to 12.99% (2020: 0.88% to 5.00%) per annum.

Maturity of secured bonds:

	Group	
	2021	**2020**
	US$'000	**US$'000**
Within 1 year	2,925	2,458
From 1 to 5 years	77,288	52,422
After 5 years	306,754	785,141
After 1 year	384,042	837,563
	386,967	840,021

18 Loans and borrowings (continued)

(c) Unsecured bonds

At the reporting date, the bonds issued by the Group and the Company bear fixed interest rates (taking into account the effects of interest rate swaps) ranging from 0.55% to 5.65% (2020: 0.55% to 5.65%) per annum.

Maturity of unsecured bonds:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Within 1 year	669,743	2,433,365	–	–
From 1 to 5 years	5,762,203	3,013,447	2,037,809	1,519,310
After 5 years	124,915	424,296	123,800	424,296
After 1 year	5,887,118	3,437,743	2,161,609	1,943,606
	6,556,861	5,871,108	2,161,609	1,943,606

18 Loans and borrowings (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities							
	Loans and borrowings US$'000	Loans from a joint venture (Note 21) US$'000	Loans from NCI (Note 20 & 21) US$'000	Loans from third parties (Note 21) US$'000	Lease liabilities (Note 20 & 21) US$'000	Interest payable (Note 21) US$'000	Financial derivative liabilities US$'000	Total US$'000
Balance at 1 January 2021	13,343,827	3,472	14,168	730	105,775	124,229	6,048	13,598,249
Changes from financing cash flows							–	
Proceeds from bank loans	10,019,226	–	–	–	–	–	–	10,019,226
Repayment of bank loans	(9,000,959)	–	–	–	–	–	–	(9,000,959)
Proceeds from issue of bonds, net of transaction costs	3,139,706	–	–	–	–	–	–	3,139,706
Redemption of bonds	(2,656,961)	–	–	–	–	–	–	(2,656,961)
Interest paid	–	–	–	–	–	(584,065)	–	(584,065)
Repayments of loans from NCI	–	–	(10,202)	–	–	–	–	(10,202)
Repayment of loans from third party	–	–	–	(637)	–	–	–	(637)
Repayment of loans from a joint venture	–	–	–	–	–	–	–	—
Repayment of lease liabilities	–	–	–	–	(28,434)	–	–	(28,434)
Total changes from financing cash flows	1,501,012	–	(10,202)	(637)	(28,434)	(584,065)	–	877,674
Changes arising from obtaining or losing control of subsidiaries or other business	(1,126,811)	–	–	–	–	(1,263)	–	(1,128,074)
The effect of changes in foreign exchange rates	(2,017,807)	(643)	251	904	227,950	43	60	(1,789,242)
Other changes								
Amortization of transaction costs of bonds and bank loans	55,518	–	–	–	–	–	–	55,518
New leases	–	–	–	–	29,503	–	–	29,503
Interest expense	–	–	–	–	8,635	574,337	–	582,972
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	–	–	(1,749)	(1,749)
Other changes	55,518	–	–	–	38,138	574,337	(1,749)	666,244
Balance at 31 December 2021	11,755,739	2,829	4,217	997	343,429	113,281	4,359	12,224,851

18 Loans and borrowings (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

	Liabilities							
	Loans and borrowings US$'000	Loans from a joint venture (Note 21) US$'000	Loans from NCI (Note 20 & 21) US$'000	Loans from third parties (Note 21) US$'000	Lease liabilities (Note 20 & 21) US$'000	Interest payable (Note 21) US$'000	Financial derivative liabilities US$'000	Total US$'000
Balance at 1 January 2020	11,173,306	25,597	6,764	4,205	66,337	113,523	4,764	11,394,496
Changes from financing cash flows								
Proceeds from bank loans	8,650,579	–	–	–	–	–	–	8,650,579
Repayment of bank loans	(6,937,063)	–	–	–	–	–	–	(6,937,063)
Proceeds from issue of bonds, net of transaction costs	804,786	–	–	–	–	–	–	804,786
Redemption of bonds	(58,199)	–	–	–	–	–	–	(58,199)
Interest paid	–	–	–	–	–	(526,756)	–	(526,756)
Repayments of loans from NCI	–	–	(10,672)	–	–	–	–	(10,672)
Repayment of loans from third party	–	–	–	(3,990)	–	–	–	(3,990)
Repayment of loans from a joint venture	–	(59,639)	–	–	–	–	–	(59,639)
Repayment of lease liabilities	–	–	–	–	(13,632)	–	–	(13,632)
Loans from a joint venture	–	31,111	–	–	–	–	–	31,111
Loans from NCI	–	–	8,849	–	–	–	–	8,849
Total changes from financing cash flows	2,460,103	(28,528)	(1,823)	(3,990)	(13,632)	(526,756)	–	1,885,374
Changes arising from obtaining or losing control of subsidiaries or other business	(159,793)	5,527	7,839	486	3,951	(1,512)	–	(143,502)
Changes arising from assets and liabilities classified as held for sales	(751,344)	–	–	–	–	–	–	(751,344)
The effect of changes in foreign exchange rates	583,469	876	1,388	29	43,747	872	(137)	630,244
Other changes								
Amortization of transaction costs of bonds and bank loans	38,086	–	–	–	–	–	–	38,086
New leases	–	–	–	–	1,576	–	–	1,576
Interest expense	–	–	–	–	3,796	538,102	–	541,898
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	–	–	1,421	1,421
Other changes	38,086	–	–	–	5,372	538,102	1,421	582,981
Balance at 31 December 2020	13,343,827	3,472	14,168	730	105,775	124,229	6,048	13,598,249

19 Financial derivative liabilities

Interest rate swaps are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, interest rates and forward rate curves.

20 Other non-current liabilities

	Group		Company	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Security deposits received	151,253	192,345	–	–
Provision for reinstatement costs	768	844	100	100
Advance rental received	–	551	–	–
Lease liabilities	312,117	87,596	100	655
Loans from NCI	3,046	10,388	–	–
Employee bonus/incentive payable	16,253	6,364	–	–
Share-based payment liabilities (Note 22)	–	66,836	–	–
Deposits received for disposal of other investments	128,201	114,396	–	–
Land purchase option	124,917	–	–	–
Others	126,218	73,839	6,966	8,959
	862,773	553,159	7,166	9,714

Lease liabilities relate to leases of property, plant and equipment (Note 8).

21 Trade and other payables

	Group		Company	
	2021	**2020**	**2021**	**2020**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Trade payables	38,225	17,823	–	–
Accrued development expenditure	582,655	702,810	–	–
Accrued operating expenses	251,405	183,676	61,499	18,587
Employee bonus/incentive payable	–	38,426	–	–
Advance rental received	42,814	41,458	–	–
Security deposits received	140,967	117,583	–	–
Amounts due to:				
- immediate holding company (non-trade)	294,699	–	211,937	–
- subsidiaries (non-trade)	–	–	1,994,605	1,197,400
- joint ventures and associates (trade)	2,470	1,592	–	–
- joint ventures and associates (non-trade)	42,359	2,553	–	–
- related companies (non-trade)	131,211	300,180	–	–
- NCI (trade)	2,992	3,358	–	–
- NCI (non-trade)	28,640	19,652	–	–
Loan from a joint venture (interest-bearing)	2,829	3,472	–	–
Loan from NCI (interest-bearing)	1,171	3,780	–	–
Loan from a third party (interest-bearing)	997	730	–	–
Interest payable	113,281	124,229	10,547	7,805
Consideration payable for acquisition of associate and subsidiaries	79,849	143,018	–	–
Consideration payable for acquisition of investment properties	–	8,950	–	–
Deposits received and accrued expenses for disposal of investment properties	77,211	58,909	–	–
Lease liabilities	31,312	18,179	534	532
Share-based payment liabilities	1,145,871	–	–	–
Land purchase option	77,483	–	–	–
Other payables	144,200	159,886	4,693	14,900
	3,232,641	1,950,264	2,283,815	1,239,224

21 Trade and other payables (continued)

The non-trade amounts due to immediate holding company, subsidiaries, joint ventures and associates, related companies and NCI relate mainly to payment made on behalf, are unsecured, interest-free and are repayable on demand.

At the reporting date, the loans from joint venture, NCI and third party are unsecured, bear fixed interests ranging from 4.00% to 6.08% (2020: 3.00% to 6.08%) per annum and are repayable on demand.

Lease liabilities relate to leases of property, plant and equipment (Note 8).

Other payables relate principally to retention sums, advance payments received and amounts payable in connection with capital expenditure incurred.

22 Equity compensation benefits

Co-invest Share Plan

The Group introduced the Co-Investment Share Plan (the "Co-invest Share Plan") in 2019 that provides eligible employee to indirectly co-invest in GLP's development projects. The Co-invest shares are issued to participants in exchange for cash and at fair value on grant date. The fair value of each Co-invest share granted is derived from the fair value of the Group's identified development projects. Participants may drawdown on interest-bearing loans granted by the Group for up to 80% of the Co-invest shares purchased. Interest rate of the loans are set at the prevailing external borrowing rates. Redemption of shares are initiated by the participants and subject to discretionary rights of the Group. The shares are accounted for as cash-settled share-based payment plan under SFRS(I) 2 *Share Based Payments*.

During the year, fair value of the liability at grant date is recognized either over the period upon development projects stabilization. Re-measurement adjustments are accounted such that the recognized liability at each reporting date equals a defined proportion of total fair value of the liability. Proportion to be recognized is calculated by dividing the development period as at the reporting date by the total time to completion. Re-measurement effects are recognized in profit or loss.

The share-based payment expense recognised in profit or loss during the year is US$17,459,000 (2020 : Nil)

Global Share Plan

The Group introduced the Global Share Plan (the "Global Share Plan") in 2019 that provides eligible senior personnel and advisors of the Group the opportunity to participate in the value creation of the fund management business of the Group through the acquisition of Global Shares and align the economic interests of the senior personnel and advisors of the Group with those of the Company and its owners in growing the fund management business in a sustainable, profitable manner.

Two types of shares under the Global Share Plan, namely, Award Shares and Leveraged Shares were issued.

22 Equity compensation benefits (continued)

Global Share Plan (continued)

(a) Award Shares

Award Shares are converted from present or future compensation elected to be in lieu of by the participants at a defined purchase price. The length of the vesting period (i.e. immediately, 36 months or 120 months from the grant date) varies for different group of employees and it is solely at the discretionary of the Company. Vested Award Shares will generally be redeemed but subject to discretionary rights of the Group to adjust the percentage being purchased. Redeemed shares will be settled by cash with reference to the fair market value of the share at date of redemption. The shares are accounted for cash settled share-based plan under SFRS(I) 2 *Share Based Payments*.

Fair value of the liability at grant date is recognized either over the vesting period or immediately should no future services be required. Remeasurements during the vesting period are recognized immediately to the extent that they relate to past services, and over the remaining vesting period to the extent relating to future services. Re-measurement adjustments are accounted such that recognized liability at each reporting date equals a defined proportion of total fair value of the liability. Proportion to be recognized is calculated by dividing the period for which services have been provided as at the reporting date by the total vesting period. Re-measurement effects are recognized in profit or loss.

Fair market value of the share was determined from valuation of fund management business calculated using a combination of income approach and market approach.

During the year the Group accelerated the vesting of the outstanding Award Shares held by the participants. The accelerated vesting of the Award Shares for a participant is still subject to approval from a relevant authority. The approval was considered to be standard and procedural in nature, and thus, the vesting of the accelerated Award Shares of this participant was deemed to have occurred on 22 December 2021.

The following table illustrates the number and fair value of, and movement of Award shares during the year:

	Fix cost per share US$	**Number of shares US$'000**
At 1 January 2020		33,580
Granted during the year	1,080 – 1,984	113,128
Forfeited during the year	1,080	(249)
True-ups	NA	102,084
At 31 December 2020		248,543
Fair value of the Award share at reporting date		US$3,128
Redeemable at the end of the year		835

22 Equity compensation benefits (continued)

Global Share Plan (continued)

(a) Award Shares (continued)

	Fix cost per share US$	Number of shares US$
At 1 January 2021		248,543
Granted during the year	1,166 – 3,979	7,182
Redeemed during the year	3,979	(22,339)
At 31 December 2021		233,386
Fair value of the Award share at reporting date		US$4,471
Redeemable at the end of the year		233,386

	Group	
	2021 US$'000	2020 US$'000
Total share-based payment expense recognised as share-based payment expenses /Total carrying amount of share-based payment liabilities	1,082,264	66,836

(b) Leveraged Shares

Leveraged Shares are issued to participants at a value agreed on the grant date. Participants may draw down on interest-bearing loans granted by the Group to purchase the Leveraged Shares. The interest rate of the loans is set at prevailing external borrowing rates. The shares vest immediately upon issuance. Redemption of shares is initiated by the participants and subject to the discretionary rights of the Group. The shares are accounted for as an equity-settled share-based payment plan under IFRS 2 Share Based Payments. The fair value of the services received from these equity settled share-based payment transactions at grant date is estimated indirectly with reference to the fair value of the Leverage Shares at grant date.

During the year, the fair value of the Leveraged Shares granted to employees is estimated on the grant date using a Monte-Carlo option pricing model. The exercise price is the principal due ~~on~~ from the participants, including accrued interest. The fair value of the award is expensed on the date of grant, as the Leveraged Shares vest immediately.

The following table illustrates the number and fair value of, and movement of Leveraged shares during the year:

	Fair value per share US$	Number of shares
At 1 January 2020		45,160
Granted during the year	1,255 – 1,984	124,867
Forfeited during the year	1,255	(316)
At 31 December 2020	3,128	169,711
Redeemable at the end of the year		169,711

22 Equity compensation benefits (continued)

Global Share Plan (continued)

(b) Leverage Shares (continued)

	Fair value per share US$	Number of shares
At 1 January 2021		169,711
Granted during the year		
1 March 2021	1,509	1,201
16 December 2021	585	59,197
		230,109
Redeemed during the year	3,979	(1,955)
At 31 December 2021		228,154
Redeemable at the end of the year		228,154

	At 1 March 2021	At 16 December 2021
Period to maturity	1.5 years	0.5 years
Exercise price (US$)	2,032	4,017
Risk free rate (%)	0.10 to 1.7	0.10 to 1.7
Volatility (%)	25 to 40	25 to 40
Expected term (in years)	0.5 to 4	0.5 to 4

	2021 US$'000
Leveraged Shares share-based payment expense recognized as share-based payment expenses	146,720

23 Revenue

	Group 2021 US$'000	Group 2020 US$'000
Revenue recognized over time:		
- Rental and related income	1,152,430	1,002,940
- Fund management fee	421,311	523,555
- Non-fund management fee	12,418	8,569
- Financial services	–	13,607
Revenue recognized at point in time:		
- Dividend income from other investments	27,593	10,977
- Sales of goods and financial services	4,309	109,107
- Others	16,127	29,569
	1,634,188	1,698,324

24 Other income

	Group 2021 US$'000	Group 2020 US$'000
Changes in fair value of quoted and unquoted equity investments at FVTPL	288,301	155,069
Government grant	40,443	29,351
Investment income	26,367	3,762
Others	10,417	16,319
	365,528	204,501

25 Net finance costs

	Note	Group 2021 US$'000	Group 2020 US$'000
Interest income on:			
- fixed deposits and cash at bank		10,987	6,311
- loans to NCI		–	531
- loans to associate and joint ventures		47,597	30,630
- loans to related corporations		435	–
- loans to employees		–	2,250
- loans to third parties		21,738	11,435
		80,757	51,157
Amortization of transaction costs of bonds and bank loans		(55,516)	(38,086)
Interest expenses on:			
- financial liabilities measured at amortized costs		(573,554)	(532,617)
- loans from immediate holding company		(105)	(20)
- loans from NCI		(400)	(1,122)
- loans from associates and joint venture		(59)	(1,031)
- loans from related corporations		–	(1,354)
- third parties		(222)	(21)
- lease liabilities		(8,635)	(3,796)
- others		(4,548)	(1,937)
Total borrowing costs		(643,039)	(579,984)
Less: borrowing costs capitalized in investment properties	4	26,520	15,898
Net borrowing costs		(616,519)	(564,086)
Foreign exchange gain		85,198	185,122
Net finance costs recognized in profit or loss		(450,564)	(327,807)

26 Profit before tax

The following items have been included in arriving at profit before tax:

	Group 2021 US$'000	Group 2020 US$'000
(a) Non-operating income		
Gain on disposal of subsidiaries	630,198	322,772
Gain on disposal of associates and joint venture	17,828	5,293
Loss on liquidation of subsidiaries	–	(115)
Gain on disposal of investment properties	49,498	10,506
Gain/(loss) on disposal of property, plant and equipment	138	(1,033)
Gain on disposal of assets and liabilities classified as held for sale	192,716	121,516
Bargain purchase gain on acquisition of subsidiaries and joint ventures	19,477	81
Others	447	575
	910,302	459,595
(b) Staff costs included in other expenses		
Share-based payment expenses (Note 22)	(1,246,443)	(66,836)
Wages and salaries (excluding contributions to defined contribution plans)	(476,931)	(208,408)
Contributions to defined contribution plans	(17,346)	(7,095)
(c) Other expenses include:		
Amortization of intangible assets and deferred management costs	(9,334)	(7,145)
Property, plant and equipment written off	–	(14)
Lease expenses (short-term lease)	(11,257)	(4,127)
(d) Other information		
Operating expenses arising from investment properties that generate rental income	(775,828)	(455,910)

27 Tax expense

	Group 2021 US$'000	Group 2020 US$'000
Current tax		
Current year	160,278	171,423
Withholding tax on foreign-sourced income	288,661	155,450
Under provision of prior years' tax	268	1,309
	449,207	328,182
Deferred tax		
Origination and reversal of temporary differences	529,182	255,784
	978,389	583,966

Reconciliation of expected to actual tax

	2021 US$'000	2020 US$'000
Profit before tax	2,664,426	2,183,708
Less: Share of results of jointly-controlled entities	(1,077,921)	(405,189)
Profit before share of results of jointly-controlled entities and taxation	1,586,505	1,778,519
Income tax using Singapore tax rate of 17%	269,706	302,348
Effect of tax rates in foreign jurisdictions	97,114	94,266
Net income not subject to tax	(166,525)	(170,190)
Non-deductible expenses	400,123	131,504
Deferred tax assets not recognized	88,978	66,429
Recognition of previously unrecognised tax losses	(7,855)	(8,170)
Withholding tax on foreign-sourced income	288,661	155,450
Under or over provision of prior years tax	268	1,309
Others	7,919	11,020
	978,389	583,966

28 Notes to the statement of cash flows – Acquisition and disposal

(A) Acquisition of subsidiaries

The Group acquires subsidiaries that own real estate and the primary reason for the Group's acquisitions is to expand its portfolio of investment properties in different geographical locations. 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.

28 Notes to the statement of cash flows – Acquisition and disposal (continued)

(A) Acquisition of subsidiaries (continued)

(i) Business Combination during the year ended 31 December 2021

On 18 March 2021, the Group acquired 100% equity interests in GLP Yiwu Pujie Logistics Facilities Co., Ltd, which is principally involved in the provision of logistics facilities and related services. The Group has accounted for the acquisition as a business combination as the acquired inputs (comprising built assets and land banks), substantive processes and organized workforce under the acquisition contributed to the creation of outputs.

Name of subsidiaries	**Date acquired**	**Equity interest acquired %**
GLP Yiwu Pujie Logistics Facilities Co., Ltd	March 2021	100

(a) Identifiable assets acquired and liabilities

	Recognized values on acquisition US$'000
Investment properties	130,559
Trade and other receivables	1,620
Cash and cash equivalents	2,141
Trade and other payables	(3,537)
Loans and borrowings	(22,532)
Deferred tax liabilities	(14,609)
Net assets acquired	93,642
Bargain purchase gain on acquisition of subsidiaries	(19,477)
Total purchase consideration	(74,165)
Paid by carrying amount of previously held equity interest	18,773
Purchase consideration satisfied in cash	(55,392)
Cash of subsidiary acquired	2,141
Cash outflow on acquisition of subsidiary	(53,251)

From the dates of acquisitions to 31 December 2021, the above-mentioned acquisitions contributed net profit after tax of US$3,771,000 to the Group's results for the period, before accounting for financing costs attributable to the acquisitions. If the acquisitions had occurred on 1 January 2021, management estimates that consolidated revenue would have been US$10,938,000 and consolidated profit after tax for the year would have been US$4,941,000.

28 Notes to the statement of cash flows – Acquisition and disposal (continued)

(A) Acquisition of subsidiaries (continued

(i) Business Combination during the year ended 31 December 2021 (continued)

(b) Fair values measurement

The fair values of identifiable assets acquired and liabilities assumed have been determined based on the finalized purchase price allocation.

Investment properties

The valuation techniques used for measuring the fair value of investment properties were as follows:

- *Income capitalization* – The income capitalization method values completed investment properties and capitalizes an income stream into a present value using single-year capitalization rates, the income stream used is adjusted to market rentals currently being achieved within comparable investment properties and recent leasing transactions achieved within the investment property.

- *Residual* – The residual method values properties under development and land held for development by reference to their development potential which involves deducting the estimated development costs to complete construction and developer's profit from the gross development value to arrive at the residual value of the property. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation. The estimated cost to complete is determined based on the construction cost per square meter in the pertinent area.

Acquired receivables

The fair value of trade and other receivables, after taking into account the expected credit losses, is US$1,620,000.

Other current assets and liabilities

Other current assets and liabilities include cash and cash equivalents, trade and other payables and loans and borrowings.

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

28 Notes to the statement of cash flows – Acquisition and disposal (continued)

(A) ***Acquisition of subsidiaries (continued)***

(ii) Acquisitions of subsidiaries during the year ended 31 December 2021

The primary reason for the Group's acquisitions of subsidiaries is to expand its portfolio of investment properties in different geographical locations. The Group has accounted for the acquisition as an acquisition of assets.

The list of subsidiaries acquired during the year ended 31 December 2021 is as follows:

Name of subsidiaries	Date acquired	Equity interest acquired %
Anhui Nuohan Intelligent Equipment Co., Ltd.	January 2021	91
GLP Solar GK	March 2021	100
GLP Development Fund ML GK	March 2021	100
Zhuhai Puyi Logistics Industry Investment LLP	March 2021	80
Harbin Suning Purchasing Co., Ltd.	March 2021	100
Changchun Suning Yida Logistics Co., Ltd.	March 2021	100
Shijiazhuang Shining Suning Trading Co., Ltd.	March 2021	100
Jiangsu Zhichen Asset Management Co., Ltd.	March 2021	100
Hefei Luning Yida Logistics Co., Ltd.	March 2021	100
Chengdu Suning Yida Warehousing Co., Ltd.	March 2021	100
Nanjing Jingfu Asset Management Co., Ltd.	March 2021	100
Shaoxing Suning Yuncang Logistics Co., Ltd.	March 2021	98
Fuzhou Suning Tesco Trading Co., Ltd.	March 2021	99
Guiyang Suning Logistics Co., Ltd.	March 2021	100
Yunnan Suning Logistics Co., Ltd.	March 2021	100
Hainan Suning Yida Logistics Co., Ltd.	March 2021	100
Urumqi Suning Tesco Trading Co., Ltd.	March 2021	100
Nanjing Yuyue Asset Management Co., Ltd.	March 2021	100
Lanzhou Suning Purchasing Co., Ltd.	March 2021	100
Jining Yanzhou Suning Yida Logistics Warehousing Co., Ltd.	March 2021	100
Yancheng Yanning Suning Tesco Co., Ltd.	March 2021	100
Wuhu Suning Yida Logistics Co., Ltd.	March 2021	100
Ezhou Suning Yida Logistics Investment Co., Ltd.	March 2021	100
Xuzhou Suning Yida Logistics Co., Ltd.	March 2021	100
Yancheng Yanning Suning Tesco Co., Ltd.	March 2021	100
Ezhou Suning Yida Logistics Investment Co., Ltd.	March 2021	100
GLP Yiwu Pujie Logistics Facilities Co.,Ltd.	March 2021	100
Hangzhou Yunchu Investment Management LLP	April 2021	100
Shanghai Wangyu Network Technology Co., Ltd.	April 2021	90
Nanning Xinbao Zhihui Supply Chain Management Co., Ltd.	April 2021	90
Wenzhou Chengya Supply Chain Co., Ltd.	May 2021	95
Ayase Logistic TMK	May 2021	100
Atsugi Logistic TMK	May 2021	100
Yachiyo Logistic TMK	May 2021	100

28 Notes to the statement of cash flows – Acquisition and disposal (continued)

(A) *Acquisition of subsidiaries (continued)*

(ii) Acquisitions of subsidiaries during the year ended 31 December 2021

Name of subsidiaries	Date acquired	Equity interest acquired %
Misato 3 Logistic TMK	May 2021	100
Hirakata Logistic TMK	May 2021	100
Suita Logistic TMK	May 2021	100
Haikou Xinjia Logistics Co., Ltd.	June 2021	100
Zhengzhou Donggong Wanchi Industrial Co., Ltd.	June 2021	95
Hangzhou Oujixing Food Co., Ltd.	August 2021	64
Yantai Puxin Supply Chain Technology Co., Ltd.	August 2021	100
Yanpu (Langfang) Supply Chain Management Co.,Ltd.	August 2021	70
Beijing Kirin Property Management Development Co.,Ltd	August 2021	80
Guangde International Investment (Zhejiang) Sports Co., Ltd.	August 2021	100
Beijing Aidixi Technology Co., Ltd.	September 2021	70
Beijing Addison Data Technology Development Co., Ltd	September 2021	70
Beijing Logistics Pte. Ltd.	October 2021	100
Beijing Zhongtai Huasheng Consulting Co., Ltd	November 2021	100
Hubei Woju Food Co., Ltd	November 2021	100
GLP Japan DH TMK	November 2021	100
Beijing Yongle Jiadi Technology Development Co., Ltd.	December 2021	100
Beijing Besunyen Food & Beverage Co., Ltd.	December 2021	100
CCISA123 Incorporadora Ltda	December 2021	100

28. Notes to the statement of cash flows – Acquisition and disposal (continued)

(A) Acquisition of subsidiaries (continued)

(ii) Acquisitions of subsidiaries during the year ended 31 December 2021 (continued)

Effects of acquisitions

The cash flow and the net assets of subsidiaries acquired during the year ended 31 December 2021 are provided below:

	Recognized values on acquisition US$'000
Investment properties	1,890,046
Plant and equipment	92,397
Trade and other receivables	71,253
Deferred tax assets	11,206
Other assets	36
Cash and cash equivalents	18,033
Trade and other payables	(667,225)
Loans and borrowings	(280,903)
Other non-current liabilities	(292)
Deferred tax liabilities	(3,981)
Non-controlling interests	(100,374)
Net assets acquired	1,030,196
Purchase consideration payable	(203,692)
Purchase consideration satisfied in cash	(826,504)
Cash of subsidiaries acquired	18,033
Purchase consideration satisfied in cash in relation to subsidiaries acquired in prior year	(104,859)
Cash outflow on acquisition of subsidiaries	(913,330)

From the dates of acquisitions to 31 December 2021 the above-mentioned acquisitions contributed net profit after tax of US$19,522,000 to the Group's results for the period, before accounting for financing costs attributable to the acquisitions. If the acquisitions had occurred on 1 January 2021, management estimates that consolidated revenue would have been US$86,345,000 and consolidated profit after tax for the year would have been US$49,274,000.

28. Notes to the statement of cash flows – Acquisition and disposal (continued)

(A) Acquisition of subsidiaries (continued)

(iii) Business combination during the year ended 31 December 2020

On 8 July 2020, the Group acquired 100% equity interests in a central and eastern Europe logistics property platform from a third party (the "Europe Acquisition"), which is principally involved in the provision of logistics facilities and related services. The Group has accounted for the acquisition as a business combination as the acquired inputs (comprising built assets and landbanks), substantive processes and organized workforce under the Europe Acquisition contributed to the creation of outputs.

In connection with the Europe Acquisition, the Group acquired 47 individual entities, of which 28 were held with a view for resale. In line with the Group's acquisition plan, the majority of built assets and related liabilities acquired were accounted as assets/liabilities held for sale whilst other assets (mostly the under development and landbanks) were retained.

On 29 September 2020, the assets and liabilities held for sale were disposed into a newly incorporated fund, Europe Income Fund II ("EIP II") and correspondingly, the goodwill allocated to the assets were transferred to EIP II, of which US$65,791,000 was written off (see Note29(C)(i)).

On 29 September 2020, the Group syndicated 73.4% of its equity interest in EIP II and ceased to control the entity. Of the remaining 26.6% equity interest in EIP II retained by the, 16.5% of the equity interest was initially classified as held for sale and subsequently syndicated before the reporting date and 10.1% equity interest was recognized as investment in associate.

From 8 July 2020 to 31 December 2020, the platform contributed revenue of US$17,486,000 and profit after tax of US$2,542,000 to the Group's results. If the acquisition had occurred on 1 January 2020, management estimates that consolidated revenue and consolidated profit after tax for the year would have been US$1,750,783,000 and US$1,611,678,000 respectively.

The Group completed the purchase price allocation exercise with the assistance of an external professional advisor to determine the fair values assigned to the subsidiaries' identifiable assets and liabilities acquired during the financial year pursuant to the requirements of SFRS(I) 3: *Business Combinations*. Significant management judgement was involved in determining the fair value of these identifiable assets and liabilities based on acceptable valuation procedures and practices that rely on the use of numerous reasonable assumptions.

The list of subsidiaries acquired and accounted as business combinations during the year ended 31 December 2020 is as follows:

28. Notes to the statement of cash flows – Acquisition and disposal (continued)

(A) Acquisition of subsidiaries (continued)

(iii) Business combination during the year ended 31 December 2020 (continued)

Name of subsidiaries	Date acquired	Equity interest acquired %
Shanghai Lingang GLP International Logistics Development	January 2020	70
Tompkins International, LLC	April 2020	66
GELF FizPartner (Poland) sp. z o.o. Goodman Coral Logistics sp.k. [1]	July 2020	100
GELF FizPartner (Poland) sp. z o.o. Goodman Albertic Logistics sp.k. [1]	July 2020	100
GELF FizPartner (Poland) sp. z o.o. Goodman Jazzberry Logistics sp.k. [1]	July 2020	100
GELF FizPartner (Poland) sp. z.o.o. Goodman Bone Logistics sp.k.	July 2020	100
GELF FizPartner (Poland) sp. z o.o. Goodman Jasmine Logistics sp.k. [1]	July 2020	100
GELF FizPartner (Poland) sp. z o.o. Grodzisk Logistics 2 sp.k. [1]	July 2020	100
GELF FizPartner (Poland) sp. z o.o. Goodman Adonia Logistics sp.k.[1]	July 2020	100
Goodman Poland sp. z o.o.	July 2020	100
Goodman Czech Republic s.r.o.	July 2020	100
Goodman Slovakia s.r.o.	July 2020	100
Goodman Hungary Ingatlankezelő Kft.	July 2020	100
Goodman Poseidon Logistics (Poland) sp. z o.o.	July 2020	100
Goodman Lotus Logistics (Poland) sp. z o.o.	July 2020	100
Goodman Calcite Logistics (Poland) sp. z o.o. [1]	July 2020	100
Goodman Blossom Logistics (Poland) sp. z o.o. [1]	July 2020	100
Goodman Felis Logistics (Poland) sp. z o.o. [1]	July 2020	100
Goodman Morganite Logistics (Poland) sp. z o.o. [1]	July 2020	100
Goodman Ulysse Logistics (Poland) sp. z o.o. [1]	July 2020	100
Goodman Hemera Logistics (Poland) sp. z o.o. [1]	July 2020	100
Goodman Andromeda Logistics (Poland) sp. z o.o. [1]	July 2020	100
Goodman Merengue Logistics (Poland) sp. z o.o.	July 2020	100
Goodman Meteorite Logistics (Poland) sp. z o.o.	July 2020	100
Goodman Thalassa Logistics (Poland) sp. z o.o.	July 2020	100
Goodman Bachata Logistics (Poland) sp. z o.o.	July 2020	100
Goodman Persiphone Logistics (Poland) sp. z o.o. [1]	July 2020	100
Goodman Blacktorn Logistics (Poland) sp. z o.o.	July 2020	100
Goodman Purple Logistics (Poland) sp. z o.o. [1]	July 2020	100
Goodman Delta Logistics (Poland) sp. z o.o.	July 2020	100
KCI Czech, s.r.o. [1]	July 2020	100
Goodman Lilac Logistics (Czech Republic) s.r.o. [1]	July 2020	100
Goodman Lime Logistics (Czech Republic) s.r.o. [1]	July 2020	100
Goodman Lava Logistics (Czech Republic) s.r.o. [1]	July 2020	100
FSX Czech, s.r.o.	July 2020	100

28. Notes to the statement of cash flows – Acquisition and disposal (continued)

(A) Acquisition of subsidiaries (continued)

(iii) Business combination during the year ended 31 December 2020 (continued)

Name of subsidiaries	Date acquired	Equity interest acquired %
Metropol Development s.r.o.	July 2020	100
Goodman Kosice Logistics (Slovakia) s.r.o. [1]	July 2020	100
Goodman Senec 1 Logistics (Slovakia) s.r.o. [1]	July 2020	100
Goodman Senec 2 Logistics (Slovakia) s.r.o. [1]	July 2020	100
Goodman Senec 3 Logistics (Slovakia) s.r.o. [1]	July 2020	100
Goodman Senec 4 Logistics (Slovakia) s.r.o. [1]	July 2020	100
Goodman Senec 5 Logistics (Slovakia) s.r.o. [1]	July 2020	100
Goodman Senec 6 Logistics (Slovakia) s.r.o. [1]	July 2020	100
Goodman Senec 7 Logistics (Slovakia) s.r.o. [1]	July 2020	100
Goodman Senec 7 Logistics (Slovakia) s.r.o. [1]	July 2020	100
Agate Kft.	July 2020	100
Goodman Blue Logistics (Hungary) Kft	July 2020	100
Goodman SpacePlus (Slovakia) s.r.o.	July 2020	100
Goodman Shelter Logistics (Poland) sp.z.o.o.	July 2020	100

[1] Entities acquired with a view to resale and hence were classified as held for sale.

(a) ***Acquisition-related costs***

The Group incurred acquisition related costs of approximately US$7,075,000, which have been included within other expenses.

(b) ***Identifiable assets acquired and liabilities***

	Recognized values on acquisition US$'000
Investment properties	1,868,770
Plant and equipment	4,340
Intangible assets	11,898
Deferred tax assets	255
Trade and other receivables	37,873
Cash and cash equivalents	64,928
Other assets#	38,025
Trade and other payables	(86,013)
Loans and borrowings	(112,601)
Current tax payable	(1,574)
Deferred tax liabilities	(208,408)
Other non-current liabilities#	(37,678)
Non-controlling interests	(169,533)
Net assets acquired	1,410,282
Goodwill on acquisition of subsidiaries	183,168
Bargain purchase gain on acquisition of subsidiaries	(81)
Total purchase consideration	(1,593,369)
Carrying amount of equity interest held previously	314,003
Satisfied in deposits paid in prior year	83,133
Purchase consideration satisfied in cash	(1,196,233)
Cash of subsidiary acquired	64,928
Cash outflow on acquisition of subsidiary	(1,131,305)

An indemnification asset of US$25,187,000 was recognized in corresponding to an equivalent amount of contingent liabilities related to tax related obligations of the seller.

From the dates of acquisitions to 31 December 2020, the above-mentioned acquisitions contributed net profit after tax of US$49,039,000 to the Group's results for the period, before accounting for financing costs attributable to the acquisitions. If the acquisitions had occurred on 1 January 2021, management estimates that consolidated revenue would have been US$119,358,000 and consolidated profit after tax for the year would have been US$60,961,000.

The goodwill is mainly attributable to the acquired workforce and its ability to generate future income the synergies expected to be achieved from integrating the acquired business activities into the Group's existing business activities.

28. Notes to the statement of cash flows – Acquisition and disposal (continued)

(A) Acquisition of subsidiaries (continued)

(iii) Business combination during the year ended 31 December 2020 (continued)

(c) Fair values measurement

The fair values of identifiable assets acquired and liabilities assumed have been determined based on the finalized purchase price allocation.

Investment properties

The valuation techniques used for measuring the fair value of investment properties were as follows:

- *Income capitalization* – The income capitalization method values completed investment properties and capitalizes an income stream into a present value using single-year capitalization rates, the income stream used is adjusted to market rentals currently being achieved within comparable investment properties and recent leasing transactions achieved within the investment property.

- *Residual* – The residual method values properties under development and land held for development by reference to their development potential which involves deducting the estimated development costs to complete construction and developer's profit from the gross development value to arrive at the residual value of the property. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation. The estimated cost to complete is determined based on the construction cost per square meter in the pertinent area.

Acquired receivables

The fair value of trade and other receivables, after taking into account the expected credit losses, is US$37,873,000.

Other current assets and liabilities

Other current assets and liabilities include cash and cash equivalents, trade and other payables, other current liabilities and short-term borrowings.

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

28. Notes to the statement of cash flows – Acquisition and disposal (continued)

(A) Acquisition of subsidiaries (continued)

(iv) Acquisitions of subsidiaries during the year ended 31 December 2020

The list of subsidiaries acquired during the year ended 31 December 2020 is as follows:

Name of subsidiaries	Date acquired	Equity interest acquired %
Hangzhou Yunchu Technology Co., Ltd.	January 2020	100
Shanghai Jiangao Logistics Co., Ltd.	March 2020	100
Jiangsu Kangbo Supply Chain Management Co., Ltd.	March 2020	90
Tompkins International, LLC	April 2020	66
Dalian Global Freezer Zhangzi Island Cold Chain Logistic Co., Ltd.	May 2020	75
Suzhou Industrial Park Chuangpu Asset Management Co.,Ltd.	June 2020	70
Shanghai Tongjiang Management Co., Ltd.	July 2020	100
Suzhou Industrial Zone Pushuo Logistic Facilities	August 2020	50
Shanghai Jiangkai Technology Co., Ltd	September 2020	100
Green Peak Tech Co., Limited	December 2020	100
HK Daily Products Limited	December 2020	94
Beijing Huayuan Yingdu Real Estate Development Co., Ltd	December 2020	100
Shanghai G2link Internet Technology Co., Ltd	December 2020	30
Atlântico PARTICIPACOES LTDA	September 2020	100

(a) Acquisition-related costs

The total related acquisition costs for the above-mentioned subsidiaries amounted to US$732,911,000.

28. Notes to the statement of cash flows – Acquisition and disposal (continued)

(A) Acquisition of subsidiaries (continued)

(iv) Acquisitions of subsidiaries during the year ended 31 December 2020 (continued)

Effects of acquisitions

The cash flow and the net assets of subsidiaries acquired during the year ended 31 December 2020 are provided below:

	Recognized values on acquisition US$'000
Investment properties	274,867
Plant and equipment	118,178
Intangible assets	2,596
Trade and other receivables	14,131
Other investment	1,134
Other assets	15
Cash and cash equivalents	30,272
Trade and other payables	(89,895)
Loans and borrowings	(31,491)
Other non-current liabilities	(5,329)
Current tax liabilities	(67)
Deferred tax liabilities	(162)
NCI	(13,706)
Net assets acquired	300,543
Total purchase consideration	(300,543)
Purchase consideration payable	37,080
Purchase consideration satisfied in cash	(263,463)
Cash of subsidiaries acquired	30,272
Purchase consideration satisfied in cash in relation to subsidiaries acquired in prior year	(73,975)
Cash outflow on acquisition of subsidiaries	(307,166)

28. Notes to the statement of cash flows – Acquisition and disposal (continued)

(A) Acquisition of subsidiaries (continued)

(iv) Acquisitions of subsidiaries during the year ended 31 December 2020 (continued)

Effects of acquisitions (continued)

From the dates of acquisitions to 31 December 2020, the above-mentioned acquisitions contributed net profit after tax of US$2,368,000 to the Group's results for the period, before accounting for financing costs attributable to the acquisitions. If the acquisitions had occurred on 1 January 2020, management estimates that consolidated revenue would have been US$52,459,000 and consolidated profit after tax for the year would have been US$7,103,000.

(v) Effect of business combination and acquisition of assets on cash flows of the Group

	Business combination US$'000	Acquisition of assets US$'000	Total US$'000
31 December 2021			
Purchase consideration satisfied in cash	(55,392)	(826,504)	(881,896)
Cash of subsidiaries acquired	2,141	18,033	20,174
Purchase consideration satisfied in cash in relation to subsidiaries acquired in prior year	–	(104,859)	(104,859)
Cash outflow on acquisition of subsidiaries	(53,251)	(913,330)	(966,581)
31 December 2020			
Purchase consideration satisfied in cash	(1,196,233)	(263,463)	(1,459,696)
Cash of subsidiaries acquired	64,928	30,272	95,200
Purchase consideration satisfied in cash in relation to subsidiaries acquired in prior year	–	(73,975)	(73,975)
Cash outflow on acquisition of subsidiaries	(1,131,305)	(307,166)	(1,438,471)

28 Notes to the statement of cash flows – Acquisition and disposal (continued)

(B) Disposal of subsidiaries

(i) Disposal of subsidiaries during the year ended 31 December 2021

The list of subsidiaries disposed during the year ended 31 December 2021 is as follows:

Name of subsidiaries	Date disposed	Equity interest disposed %
GLP S Participações S.A.	January 2021	100
GLP T Participações S.A.	January 2021	100
GLP U Participações S.A.	February 2021	100
Atlantico Participações S.A.	February 2021	100
Shanghai Zhongji Yangshan Container Services Co., Ltd.	April 2021	50
Zhuhai Puyi Logistics Industry Investment LLP	June 2021	80
GLP Guangzhou Bonded Development Co.Ltd.	June 2021	100
GLP Guangzhou Warehousing CoLtd.	June 2021	100
GLP Beijing Airport Logistics Development Co.Ltd.	June 2021	100
Pushun Logistics Park Development Co.Ltd.	June 2021	100
Kunshan GLP Dianshanhu Logistics Co.Ltd.	June 2021	100
Suzhou GLP Wangting Development Co.Ltd.	June 2021	100
GLP Solar Pte Ltd	June 2021	100
Amagasaki 4 Logistic TMK	June 2021	100
GLP Solar GK Pte Ltd	June 2021	100
GLP Solar GK	June 2021	100
Shiodome (18) Logistic Pte Ltd	June 2021	100
GLP Development Fund ML GK	June 2021	100
Saitama Misato Pte Ltd	June 2021	100
GLP Beijing Jinma Technology Development Co., Ltd.	August 2021	100
Maishima One TMK	October 2021	100
GH Investment 3 Limited	November 2021	100
Puyang (Shanghai) Development Co., Ltd.	November 2021	100
Gazeley Stoke 220 Ltd	November 2021	100
Gazeley Northampton 4 Limited	November 2021	100
GLP Project Santa Perpetua S.L.	November 2021	100
CLH 84 (HK) Limited	December 2021	100
GLP Taishan Warehousing Co., Ltd.	December 2021	100
Kong Hwa International Holding Company Limited	December 2021	100
Zhong Rong Logistics Facilities Company Limited	December 2021	100
CLH 23 (HK) Limited	December 2021	100
CLH 96 (HK) Limited	December 2021	100
Shenyang Bangsong Logistics Co., Ltd.	December 2021	100
China Logistics Holding LXII Srl (Barbados IBC)	December 2021	100
GLP Laogang Development Co. Ltd.	December 2021	100
CLH 41 (HK) Limited	December 2021	100
Hangzhou Xinyue Industrial Co., Ltd.	December 2021	100

28 Notes to the statement of cash flows – Acquisition and disposal (continued)

(B) Disposal of subsidiaries

(i) Disposal of subsidiaries during the year ended 31 December 2021 (continued)

Name of subsidiaries	Date disposed	Equity interest disposed %
Hangzhou Xinheng Corporate Management Co., Ltd.	December 2021	100
Hangzhou Xinke Corporate Management Co., Ltd.	December 2021	100
Huai'an Pufu Technology Development Co., Ltd.	December 2021	100
CLH 106 (HK) Limited	December 2021	100
East Europe Energy New Technology (Shanghai) Development Cooperation Center Co.,	December 2021	100
China Logistics Holding (19) Pte Ltd	December 2021	100
GLP Chongqing Banan Logistics facilities Co., Ltd.	December 2021	100
CLH (40) Pte. Ltd.	December 2021	100
GLP Changsha Jinzhou Logistics Facilities Co.,Ltd.	December 2021	100
CLH (49) Pte. Ltd.	December 2021	100
GLP Pugao Logistics Co.,Ltd.	December 2021	100
China Logistics Holding IV Srl (Barbados IBC)	December 2021	100
China Logistics Holding IX Srl (Barbados IBC)	December 2021	100
China Logistics Holding XXVII Srl (Barbados IBC)	December 2021	100
China Logistics Holding (30) Pte Ltd	December 2021	100
CLH (78) Pte. Ltd.	December 2021	100
CLH (56) Pte. Ltd.	December 2021	100
CLH 43 (HK) Limited	December 2021	100
CLH 112 (HK) Limited	December 2021	100
CLH 32 (HK) Limited	December 2021	100
CLH 40 (HK) Limited	December 2021	100
CLH (44) Pte. Ltd.	December 2021	100
GLP(Guangzhou) Baopu Development Co.Ltd.	December 2021	100
GLP Shanghai Pujin Logistics Facilities Co.,Ltd.	December 2021	100
GLP Qihe Logistics Facilities Co., Ltd.	December 2021	100
GLP Xiamen Pulong Logistics Facilities Co., Ltd.	December 2021	100
GLP Tianjin Puda Logistics Facilities Co., Ltd.	December 2021	100
Tianjin Pugang Industrial Technology Co., Ltd.	December 2021	51
Nantong Pucheng Technology Industrial Development Co., Ltd.	December 2021	51
Chengdu Times Noah Ark Education Software Co., Ltd.	December 2021	100
Chengdu Times Noah Ark Information Technology Co., Ltd.	December 2021	100
CLH 123 (HK) Limited	December 2021	100
Pufa (Taizhou) Logistics Facilities Co., Ltd.	December 2021	100
CLH 120 (HK) Limited	December 2021	100
Wenzhou Chengya Supply Chain Co., Ltd.	December 2021	95
Be & Cheery International Limited	December 2021	100
Hangzhou Oujixing Food Co., Ltd.	December 2021	64

28 Notes to the statement of cash flows – Acquisition and disposal (continued)

(B) Disposal of subsidiaries (continued)

(i) Disposal of subsidiaries during the year ended 31 December 2021 (continued)

Effects of disposals

The cast flow and the net assets of subsidiaries disposed during the year ended 31 December 2021 are provided below:

	Recognized values on disposal US$'000
Investment properties	6,377,898
Plant and equipment	160,346
Trade and other receivables	447,482
Cash and cash equivalents	258,220
Other investments	633,190
Other assets	2,461
Deferred tax assets	9,345
Loans and borrowings	(1,430,276)
Other non-current liabilities	(9,710)
Trade and other payables	(1,734,389)
Current tax payable	(45,502)
Deferred tax liabilities	(495,263)
Non-controlling interests	(514,011)
Net assets disposed	3,659,791
Gain on disposal of subsidiaries	630,198
Disposal consideration	4,289,989
Consideration receivable	(885,153)
Non-cash settlement	(411,832)
Cash of subsidiaries disposed	(258,220)
Sales consideration satisfied in cash in relation to subsidiaries disposed in prior year	298,056
Cash inflow on disposal of subsidiaries	3,032,840

From 1 January 2021 to the dates of disposal, the above-mentioned subsidiaries contributed US$272,431,000 and US$193,673,000 to the Group's revenue and net profit after tax for the year ended 31 December 2021 respectively.

28 Notes to the statement of cash flows – Acquisition and disposal (continued)

(B) Disposal of subsidiaries (continued)

(ii) Disposal of subsidiaries during the year ended 31 December 2020

The list of subsidiaries disposed during the year ended 31 December 2020 is as follows:

Name of subsidiaries	Date disposed	Equity interest disposed 2020 %
Wuxi Pulanfeng New Energy Co., Ltd.	March 2020	100
GLP Hangzhou Logistics Development Co. Ltd.	July 2020	100
GLP (Qingdao) Airport International Logistics Development Co.Ltd.	September 2020	100
GLP Chongqing Development Co. Ltd.	June 2020	100
Wuxi GLP Logistics Development Co., Ltd.	June 2020	100
Tianjin Pushi Logistics Facilities Co., Ltd.	June 2020	100
Tianjin Puqing Logistics Park Co.Ltd.	July 2020	100
GLP (Ningbo Beilun) Warehousing Co. Ltd.	June 2020	100
GLP Jiashan Pujia Logistics Co. Ltd.	July 2020	100
Jiangsu Beisheng Technology Co. Ltd.	March 2020	100
Kunshan Puxing Logistics Dev Co. Ltd	July 2020	100
GLP(Hangzhou) Warehousing Co. Ltd	July 2020	100
Langfang GLP Warehousing Co., Ltd.	July 2020	100
GLP Tianjin Pujia Logistics Facilities Co. Ltd.	July 2020	100
GLP Changzhou High-tech District Logistics Facilities Co., Ltd	June 2020	100
Tianjin Puya Logistics Facilities Co., Ltd.	July 2020	100
GLP Puxin Xi'an Warehousing Service Co., Ltd.	June 2020	100
GLP Wuhan Huangpi Logistics Facilities Co., Ltd.	June 2020	100
GLP Hefei Hi-Tech Logistics Facilities Co., Ltd	June 2020	100
GLP Wuhan Puxia Logistics Facilities Co., Ltd.	June 2020	100
GLP Pukai Xi An Warehousing Service Co., Ltd.	June 2020	100
GLP Changsha Puxia Logistics Facilities Co., Ltd.	June 2020	100
GLP Kunshan Pushi Logistics Facilities Co., Ltd.	May 2020	100
GLP Zhuozhou Logistics Facilities Co., Ltd.	July 2020	100
Hangzhou Linpu Logistics Facilities Co., Ltd.	July 2020	100
Dongguan Ever Profit Logistics Co., Ltd.	May 2020	100
Vailog (Kunshan) Storage Co., Ltd.	June 2020	100

28 Notes to the statement of cash flows – Acquisition and disposal (continued)

(B) Disposal of subsidiaries (continued)

(ii) Disposal of subsidiaries during the year ended 31 December 2020 (continued)

Name of subsidiaries	Date disposed	Equity interest disposed 2020 %
Tianjin Puling Warehousing Service Co.,Ltd.	June 2020	100
Shenyang Puling Warehousing Services Co., Ltd	June 2020	100
Xi'an Kapu Logistics Facilities Co., Ltd.	May 2020	96
Suzhou Industric Park Pushang Logistics Facilities Co., Ltd.	Sept 2020	100
Guangzhou Pufu Warehousing Service Co., Ltd.	May 2020	80
Sanhui Food Logistic (Tianjin) Co., Ltd.	May 2020	90
Global Logistic Properties (ChengDu) Warehousing Facilities	June 2020	100
GLP Feidong Logistics Facilties Co. Ltd	June 2020	100
GLP Kunshan Pujiang Logistics Facilities Co. Ltd	June 2020	100
Suzhou Yuhang Logistics Co., Ltd.	June 2020	100
CLH 38 (HK) Limited	September 2020	100
Foshan Pudan Warehousing Services Co., Ltd	May 2020	100
GLP China Financing Holding Limited	June 2020	100
Tompkins International LLC	December 2020	100
CLH 12(HK) Limited	December 2020	100
GLP Golden Lincoln A Partners, LP	December 2020	100
GLP Nantong NSIP Logistics Facilities Co., Ltd	December 2020	100
Buffalo (Jinan) Warehousing Co., Ltd	December 2020	100

28 Notes to the statement of cash flows – Acquisition and disposal (continued)

(B) Disposal of subsidiaries (continued)

(ii) Disposal of subsidiaries during the year ended 31 December 2020 (continued)

Effects of disposal

The cash flow and the net assets of subsidiaries disposed during the year ended 31 December 2020 are provided below:

	Recognized values on disposal 2020 US$'000
Investment properties	2,428,724
Plant and equipment	85,611
Interests in associates	352,379
Intangible assets	30,441
Trade and other receivables	663,243
Deferred tax assets	9,671
Other investments	241,258
Other assets	15,705
Cash and cash equivalents	416,851
Trade and other payables	(775,167)
Loans and borrowings	(303,887)
Other non-current liabilities	(6,644)
Current tax liabilities	(1,688)
Deferred tax liabilities	(304,950)
NCI	(60,745)
Net assets disposed	2,790,802
Gain on disposal of subsidiaries[1]	381,420
Disposal consideration	3,172,222
Disposal consideration receivables	(292,233)
Non-cash settlement	(430,440)
Cash of subsidiaries disposed	(416,851)
Sales consideration satisfied in cash in relation to subsidiaries disposed in prior year	227,419
Cash inflow on disposal of subsidiaries	2,260,117

From 1 January 2020 to the dates of disposal, the above-mentioned subsidiaries contributed US$210,113,000 and US$46,804,000 to the Group's revenue and net profit after tax for the year ended 31 December 2020 respectively.

[1] Including realization of fair value gains amounting to US$58,648,000 which was reclassified from capital reserve to retained earnings.

28 Notes to the statement of cash flows – Acquisition and disposal (continued)

(C) Assets and liabilities classified as held for sale

(i) Disposal of assets and liabilities classified as held for sale during the year ended 31 December 2021

During the year ended 31 December 2021, the Group syndicated equity interest in Fundo de Investimento em Participacoes Camacari Multiestrategia and its subsidiaries (FIP IV), GLP Capital Partners IV LP, Shanghai Lingang and a portfolio of investment property-holding entities in China.

Effects of disposals

	Recognized values on disposal 2021 US$'000
Investment properties	2,428,616
Jointly-controlled entities	101,996
Intangible assets	34,730
Plant and equipment	95
Trade and other receivables	59,559
Cash and cash equivalents	167,979
Other assets	357,818
Deferred tax assets	1,895
Loans and borrowings (non-current)	(341,150)
Trade and other payables	(242,113)
Current tax payable	(5,490)
Deferred tax liabilities	(288,081)
Non-controlling interests	(213,030)
Net assets disposed	2,062,824
Gain on disposal of assets and liabilities classified as held for sale	192,716
Disposal consideration	2,255,540
Disposal consideration receivable	(220,073)
Cash of subsidiaries disposed	(167,979)
Cash Inflow on disposals of subsidiaries	1,867,488

28 Notes to the statement of cash flows – Acquisition and disposal (continued)

(C) Assets and liabilities classified as held for sale (continued)

(ii) Disposal of assets and liabilities classified as held for sale during the year ended 31 December 2020

During the year ended 31 December 2020, the Group completed the syndication of EIP II, a portfolio of investment properties in US and a piece of land in China.

Effects of disposals

	Recognized values on disposal 2020 US$'000
Investment properties	2,738,512
Intangible assets	65,791
Plant and equipment	120
Trade and other receivables	58,560
Cash and cash equivalents	99,876
Other assets	19,709
Deferred tax assets	6,920
Loans and borrowings(non-current)	(1,331,038)
Other non-current liabilities	(317)
Trade and other payables	(73,187)
Current tax payable	(621)
Deferred tax liabilities	(92,008)
Non-controlling interests	(9,254)
Net assets disposed	1,483,063
Equity interest retained as investment in associate and joint venture	(104,980)
Gain on disposal of assets and liabilities classified as held for sale	121,516
Disposal consideration	1,499,599
-Disposal consideration receivable	(358,488)
Non-cash settlement	66,264
Cash of subsidiaries disposed	(99,876)
Cash Inflow on disposal of subsidiaries	1,107,499

29 Operating segments

The Group has five reportable geographical segments, representing its operations in the PRC, Japan, USA, Brazil and Europe, which are managed separately due to the different geographical locations. The Group also has two reportable business segments, representing its real estate business and financial services business. The Group's CODM review internal management reports on these segments on a quarterly basis, at a minimum, for strategic decisions making, performance assessment and resources allocation purposes.

Performance of each reportable segment is measured based on segment revenue and segment earnings before net interest expense, tax expense, and excluding changes in fair value of investment properties held by subsidiaries, associates and joint ventures (net of tax) ("PATMI excluding revaluation"). PATMI excluding revaluation is used to measure performance as management believes that such information is the most relevant in evaluating the results of these segments relative to other entities that operate within the logistics industry. Segment assets and liabilities are presented net of inter-segment balances. Monetized fair value gains ("MFV") is a performance indicator for the Group's real estate business. It is used to measure the earnings realized upon the sale of an asset, and is calculated based on the difference between the selling price to related companies and third parties and the historical cost of the asset.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. There are no transactions between reportable segments.

Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

29 Operating segments (continued)

Information regarding the Group's reportable geographical segments is presented in the tables below.

Information about reportable geographical segments

	PRC		Japan		USA		Brazil		Europe		Others		Total	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Group														
Continuing operations														
Revenue and expenses														
External revenue	1,264,941	1,140,908	261,430	434,697	16,446	38,918	12,482	10,717	78,889	73,084	–	–	1,634,188	1,698,324
Changes in fair value of investment properties held by subsidiaries	973,433	532,835	3,319	27,447	109,413	24,412	–	56,068	273,587	15,013	–	–	1,359,752	655,775
Share of changes in fair value of investment properties (net of tax) held by associates and joint ventures	96,414	30,210	280,934	123,554	–	–	7,214	74,653	134,950	23,327	–	–	519,512	251,744
Net finance (costs)/income	(403,274)	(138,707)	155	(324)	(6,518)	(8,854)	3,921	3,502	(498)	(11,517)	(44,350)	(171,907)	(450,564)	(327,807)
Tax expense	(865,768)	(537,986)	(19,602)	(17,134)	(23,918)	(7,811)	(9,198)	(20,302)	(59,436)	520	(467)	(1,253)	(978,389)	(583,966)
Profit/(Loss) after tax	1,839,638	1,294,543	707,999	397,045	148,126	29,234	4,727	160,302	360,238	63,882	(1,374,691)	(345,264)	1,686,037	1,599,742
Monetized fair value gains	1,356,310	780,033	733,181	658,315	48,405	60,331	33,199	26,154	11,337	57,532	–	–	2,182,432	1,582,365
Profit attributable to:														
Owners of the Company ("PATMI")	985,471	671,618	707,999	392,509	83,032	29,243	4,727	149,713	360,238	63,882	(1,356,732)	(366,380)	784,735	940,585
- NCI	854,167	622,925	–	4,536	65,094	(9)	–	10,589	–	–	(17,959)	21,116	901,302	659,157
PATMI excluding revaluation	666,030	505,963	423,912	242,880	(3,404)	9,957	(2,487)	38,055	13,067	29,784	(1,356,732)	(366,380)	(259,614)	460,259

29 Operating segments (continued)

Information about reportable geographical segments (continued)

	PRC		Japan		USA		Brazil		Europe		Others		Total	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Group														
Assets and liabilities														
Investment properties	15,269,504	21,380,459	111,919	265,831	575,928	174,413	24,237	103,272	637,709	514,454	–	–	16,619,297	22,438,429
Associates and joint ventures	5,892,053	3,890,765	702,076	935,370	7,619	–	553,993	558,944	622,929	448,847	467,890	310,643	8,246,560	6,144,569
Other segment assets	12,569,550	7,450,357	818,278	777,848	179,161	509,013	175,009	150,105	735,630	272,266	5,390,570	2,661,554	19,868,198	11,821,143
Reportable segment	33,731,107	32,721,581	1,632,273	1,979,049	762,708	683,426	753,239	812,321	1,996,268	1,235,567	5,858,460	2,972,197	44,734,055	40,404,141
Loans and borrowings	(8,182,294)	(10,246,348)	(124,258)	(154,364)	(196,695)	(40,114)	(42,295)	(29,735)	(167,348)	(95,138)	(3,042,849)	(2,778,128)	(11,755,739)	(13,343,827)
Other segment liabilities	(6,631,391)	(4,877,417)	(230,179)	(202,611)	(89,881)	(12,433)	(35,021)	(40,422)	(394,614)	(119,496)	(1,284,596)	(203,277)	(8,665,682)	(5,455,656)
Reportable segment liabilities	(14,813,685)	(15,123,765)	(354,437)	(356,975)	(286,576)	(52,547)	(77,316)	(70,157)	(561,962)	(214,634)	(4,327,445)	(2,981,405)	(20,421,421)	(18,799,483)
Other information														
Depreciation and amortization	(27,898)	(24,353)	(10,614)	(7,512)	(234)	(233)	(4,182)	(1,080)	(8,052)	(5,255)	(2,917)	(2,341)	(53,897)	(40,774)
Interest income	60,018	41,455	(102)	143	–	39	5,536	873	9,142	32	6,163	8,616	80,757	51,157
NCI's share of EBITDA excluding revaluation[1]	808,274	615,962	–	–	–	–	–	–	–	–	–	–	808,274	615,962
Capital expenditure[2]	2,074,769	1,384,419	1,273,440	235,502	385,214	95,165	1,159	24,896	346,151	213,615	2,676	1,715	4,083,409	1,955,312

Notes:

1 EBITDA refers to EBIT excluding depreciation and amortization.

2 Capital expenditure includes acquisition, borrowing costs and development expenditure of investment properties and acquisition of property, plant and equipment.

29 Operating segments (continued)

Information about reportable business segments (continued)

	Real estate		Financial services		Total	
Group	**2021 US$'000**	**2020 US$'000**	**2021 US$'000**	**2020 US$'000**	**2021 US$'000**	**2020 US$'000**
Continuing operations						
Revenue and expenses						
External revenue	1,634,188	1,575,180	–	123,144	1,634,188	1,698,324
Operating expenses and cost of goods sold	(775,828)	(455,910)	–	(114,806)	(775,828)	(570,716)
Net finance (costs)/income	(450,564)	(328,832)	–	1,025	(450,564)	(327,807)
Tax (expense)/credits	(978,389)	(585,739)	–	1,773	(978,389)	(583,966)
Profit/(Loss) after tax	1,686,037	1,616,607	–	(16,865)	1,686,037	1,599,742

30 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

(a) Risk management framework

The Group adopts the risk management policies and guidelines of the ultimate holding entity, GLP Holdings, L.P., which has a system of controls in place to create an acceptable balance between the costs of risks occurring and the cost of managing the risks. Risk management policies and guidelines are reviewed regularly to reflect changes in market conditions and the Group's activities.

(b) Credit risk

Credit risk is the risk of financial loss resulting from the failure of a customer or counterparty to meet its contractual obligations. Financial transactions are restricted to counterparties that meet appropriate credit criteria that are approved by the Group and are being reviewed on a regular basis. In respect of trade receivables, the Group has guidelines governing the process of granting credit and outstanding balances are monitored on an ongoing basis. Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are engaged in a wide spectrum of activities and operate in a variety of markets.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Trade and other receivables (non-current and current)[1]	7,308,960	5,080,301	5,795,912	3,491,017
Cash and cash equivalents	2,045,215	1,421,617	964,548	37,314
	9,354,175	6,501,918	6,760,461	3,528,331

Notes:

[1] Excludes prepayments, prepaid construction costs, deferred management costs, deferred expenditure and land purchase option.

30 Financial risk management (continued)

(b) Credit risk (continued)

Exposure to credit risk (continued)

The maximum exposure to credit risk for financial assets at the reporting date by geographic region is as follows:

	Group		Company	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
PRC	3,423,025	3,376,542	–	–
Japan	276,753	293,836	–	–
Singapore	5,253,198	2,516,061	6,760,461	3,528,331
US	73,046	106,767	–	–
Europe	154,471	138,310	–	–
Others	173,682	70,402	–	–
	9,354,175	6,501,918	6,760,461	3,528,331

Expected credit loss assessment for cash and cash equivalents

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short-term maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties and low credit risks exposures. The amount of ECL on cash and cash equivalents was negligible.

Expected credit loss assessment for employee loans, loans and amounts due from immediate holding company, subsidiaries, associates, investee, NCI, joint ventures and related companies and loans to third parties

Management assessed the credit loss associated with the employee loans, amounts and loans due from immediate holding company, subsidiaries, associates, investee, NCI, joint ventures and related companies and loans to third parties to be insignificant. The analysis performed assessed the probability of default and calculated ECLs across the portfolio. The view taken by management is that these are immaterial and there is no impairment issue for the year ended 31 December 2021

(c) 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. The Group maintains a level of cash and cash equivalents deemed adequate by management to meet the Group's working capital requirement. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group will raise medium and long-term funding from both capital markets and financial institutions and prudently balance its portfolio with some short-term funding so as to achieve overall cost effectiveness.

30 Financial risk management (continued)

(c) Liquidity risk (continued)

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

			---------------- Cash flows ----------------		
Group	**Carrying amount US$'000**	**Contractual cash flows US$'000**	**Within 1 year US$'000**	**From 1 to 5 years US$'000**	**After 5 years US$'000**
31 December 2021					
Non-derivative financial liabilities					
Bank loans	4,811,911	5,519,315	851,472	2,462,667	2,205,176
Bonds	6,943,828	7,773,866	962,570	6,107,875	703,421
Trade and other payables[1]	4,052,600	4,113,347	3,423,809	626,672	62,866
	15,780,884	17,406,528	5,237,851	9,197,214	2,971,463
Derivative financial liabilities					
Interest rate swaps (net-settled)	4,359	5,026	1,655	3,371	–
	15,785,243	17,411,554	5,239,506	9,200,585	2,971,463
31 December 2020					
Non-derivative financial liabilities					
Bank loans	6,632,698	7,727,626	1,170,121	3,790,407	2,767,098
Bonds	6,711,129	7,680,892	2,644,699	3,539,238	1,496,955
Trade and other payables[1]	2,461,414	2,479,267	2,007,178	435,972	36,117
	15,805,241	17,887,785	5,821,998	7,765,617	4,300,170
Derivative financial liabilities					
Interest rate swaps (net-settled)	6,048	7,449	1,873	5,576	–
	15,811,289	17,895,234	5,823,871	7,771,193	4,300,170
Company					
31 December 2021					
Non-derivative financial liabilities					
Bank loans	881,240	958,885	210,084	169,927	578,874
Bonds	2,161,609	2,414,990	68,305	2,076,794	269,891
Trade and other payables	2,290,981	2,289,981	2,282,815	7,166	–
	5,333,830	5,663,856	2,561,204	2,253,887	848,765
Derivative financial liabilities					
Interest rate swaps (net-settled)	4,359	5,026	1,655	3,371	–
	5,338,189	5,668,882	2,562,859	2,257,258	848,765
31 December 2020					
Non-derivative financial liabilities					
Bank loans	834,522	874,559	269,151	605,408	–
Bonds	1,943,606	2,228,786	61,153	1,714,913	452,720
Trade and other payables	1,248,938	1,248,938	1,239,224	9,714	–
	4,027,066	4,352,283	1,569,528	2,330,035	452,720
Derivative financial liabilities					
Interest rate swaps (net-settled)	6,048	7,449	1,873	5,576	–
	4,033,114	4,359,732	1,571,401	2,335,611	452,720

Note:

1 Excludes advance rental received.

30 Financial risk management (continued)

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Group operates mainly in the PRC, Japan, USA, Brazil and Europe. Other than the respective functional currency of the Group's subsidiaries, the foreign currency which the Group has exposure to at the reporting date is the US Dollar.

The Group maintains a natural hedge, wherever possible, by borrowing in the currency of the country in which the investment is located. Foreign exchange exposures in transactional currencies other than the functional currencies of the operating entities are kept to an acceptable level.

The Group also monitors any surplus cash held in currencies other than the functional currency of the respective companies and uses sensitivity analysis to measure the foreign exchange risk exposure. Where necessary, the Group will use foreign exchange contracts to hedge and minimize net foreign exchange risk exposures. In relation to its overseas investments in foreign subsidiaries whose net assets are exposed to currency translation risk and which are held for long-term investment purposes, the differences arising from such translation are captured under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

30 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

The Group's and Company's exposures to foreign currencies (financial assets and liabilities not denominated in the respective entities' functional currencies) as at 31 December 2021 and 31 December 2020 are as follows:

Group	United States Dollar US$'000	Japanese Yen US$'000	Singapore Dollar US$'000	Hong Kong Dollar US$'000	Chinese Renminbi US$'000	Euros US$'000	Pound Sterling US$'000	Polish Zloty US$'000
31 December 2021								
Financial assets								
Cash and cash equivalents	85,712	8	8,288	3,884	578,818	22,184	1,111	317
Trade and other receivables	49,021	533,868	5,744	8	44,951	257,323	151,138	–
Other investment	967,170	679	–	48,619	–	–	–	–
	1,101,903	534,555	14,032	52,511	623,769	279,507	152,249	317
Financial liabilities								
Bank loans	(572,726)	(681,240)	–	–	–	–	–	–
Bonds	(1,326,000)	(382,184)	–	–	–	(487,031)	–	–
Trade and other payables	(6,284)	(767,806)	(534)	–	(578,762)	(2,110)	–	–
	(1,905,010)	(1,831,230)	(534)	–	(578,762)	(489,141)	–	–
Net financial (liabilities)/assets								
Add: Loans/Bonds designated for net investment hedge	–	1,089,677	–	–	–	413,410	–	–
Currency exposure of net financial (liabilities)/assets	(803,107)	(206,998)	13,498	52,511	45,007	203,776	152,249	317

30 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

Group	United States Dollar US$'000	Japanese Yen US$'000	Singapore Dollar US$'000	Hong Kong Dollar US$'000	Chinese Renminbi US$'000	Euros US$'000	Pound Sterling US$'000	Polish Zloty US$'000
31 December 2020								
Financial assets								
Cash and cash equivalents	104,051	77	90	7,571	2	23,582	40,328	10,162
Trade and other receivables	40,262	12,228	5,250	9	6,938	241,092	75,634	3,961
Other investment	623,105	536	–	48,605	–	15	–	–
	767,418	12,841	5,340	56,185	6,940	264,689	115,962	14,123
Financial liabilities								
Bank loans	(1,831,531)	(572,522)	–	(942,160)	–	(39,302)	(55,836)	–
Bonds	(500,000)	(424,296)	–	–	–	(528,599)	–	–
Trade and other payables	(7,383)	(730,827)	(532)	–	–	(347,473)	(244,266)	(10,324)
	(2,338,914)	(1,727,645)	(532)	(942,160)	–	(915,374)	(300,102)	(10,324)
Net financial (liabilities)/assets								
Add: Loans/Bonds designated for net investment hedge	–	1,021,010	–	–	–	368,790	–	–
Currency exposure of net financial (liabilities)/assets	(1,571,496)	(693,794)	4,808	(885,975)	6,940	(281,895)	(184,140)	3,799

30 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

Company	Japanese Yen US$'000	Singapore Dollar US$'000	Chinese Renminbi US$'000	Euros US$'000	Pound Sterling US$'000
31 December 2021					
Financial assets					
Cash and cash equivalents	8	365	578,818	12	2
Trade and other receivables	487,361	5,745	44,951	257,323	151,138
	487,369	6,110	623,769	257,335	151,140
Financial liabilities					
Bank loans	(681,240)	–	–	–	–
Bonds	(382,184)	–	–	(487,031)	–
Trade and other payables	(767,807)	(534)	(578,762)	(2,110)	–
	(1,831,231)	(534)	(578,762)	(489,141)	–
Net financial (liabilities)/assets					
Currency exposure of net financial (liabilities)/ assets	(1,343,862)	5,576	45,007	(231,806)	151,140
31 December 2020					
Financial assets					
Cash and cash equivalents	77	64	2	13	1
Trade and other receivables	12,228	5,250	6,938	238,538	69,506
	12,305	5,314	6,940	238,551	69,507
Financial liabilities					
Bank loans	(572,522)	–	–	–	–
Bonds	(424,296)	–	–	(528,599)	–
Trade and other payables	(730,827)	(532)	–	(62,258)	–
	(1,727,645)	(532)	–	(590,857)	–
Net financial (liabilities)/assets					
Currency exposure of net financial (liabilities)/ assets	(1,715,340)	4,782	6,940	(352,306)	69,507

30 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

Sensitivity analysis

A 10% strengthening of foreign currency against the respective functional currencies of the subsidiaries at the reporting date would have increased/(decreased) profit before tax by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
US Dollar[1]	(80,311)	(157,150)	—	–
Japanese Yen[2]	(20,700)	(69,379)	(134,386)	(171,534)
Singapore Dollar[2]	1,350	481	558	478
Hong Kong Dollar[2]	5,251	(88,598)	1	–
Chinese Renminbi[2]	4,501	694	4,501	694
Euros[2]	20,378	(28,190)	(23,181)	(35,231)
Sterling Pound[2]	15,225	(18,414)	15,114	6,951
Polish Zloty[2]	32	380	—	–

Notes:
[1] As compared to functional currency of Renminbi.
[2] As compared to functional currency of US Dollar.

A 10% weakening of foreign currency against the respective functional currencies of the subsidiaries at the reporting date would have the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group's interest rate risk arises primarily from the interest-earning financial assets and interest-bearing financial liabilities.

The Group manages its interest rate exposure by maintaining a mix of fixed and variable rate borrowings. Where necessary, the Group hedges a portion of its interest rate exposure within the short to medium term by using interest rate derivatives.

The Group classifies these interest rate swaps as cash flow hedges which were effective during the year.

30 Financial risk management (continued)

(d) Market risk (continued)

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 hypothetical derivative method.

In these hedging relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates between the swaps and the borrowings.

Interest rate benchmark reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Group's main IBOR exposure at 31 December 2021 was indexed to USD LIBOR. The Secured Overnight Financing Rate (SOFR) has been identified by the relevant regulatory and industry bodies as the alternative benchmark rate to replace the USD LIBOR. The timeline for SOFR to replace USD LIBOR is by 30 June 2023.

The Group monitors and manages its transition to alternative rates. The Group evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform, the amounts of such contracts that include an appropriate fallback clause and how to manage communication about IBOR reform with counterparties. It provides periodic reports to the Board of Directors of interest rate risk and risks arising from IBOR reform.

The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

30 Financial risk management (continued)

(d) Market risk (continued)

Interest rate risk (continued)

Interest rate benchmark reform (continued)

The following table shows the total amounts of unreformed contracts and those with appropriate fallback language at 1 January 2021 and at 31 December 2021. The amounts of financial assets and liabilities are shown at their carrying amounts and derivatives are shown at their notional amounts.

	Group		Company	
	Total amount of unreformed contracts US$'000	Amount with appropriate fallback clause US$'000	Total amount of unreformed contracts US$'000	Amount with appropriate fallback clause US$'000
31 December 2021				
Financial liabilities				
Loans and borrowings	318,156	318,156	200,000	200,000
1 January 2021				
Financial liabilities				
Loans and borrowings	318,156	318,156	200,000	200,000

Hedge accounting

As a result of these uncertainties, significant judgement is involved in determining certain hedge accounting relationships that hedge the variability of interest rate risk due to expected changes in IBORs continue to qualify for hedge accounting as at 31 December 2020. IBORs continue to be used as a reference rate in financial markets and is used in the valuation of instruments with maturities that exceed the expected end date for IBOR. The Group believes the current market structure supports the continuation of hedge accounting as at 31 December 2020. The Group applies the amendments to SFRS(I) 9 issued in December 2020 to those hedging relationships directly affected by IBOR reform.

At 31 December 2021, the Group has interest rate swaps classified as cash flow hedges with notional contractual amount of JPY60,000 million (2020: JPY60,000 million) which pay fixed interest rates ranging from 0.23% to 0.36% (2020: 0.23% to 0.36%) per annum and receive variable rates ranging equal to JPY TIBOR (2020: JPY TIBOR) on the notional amount.

30 Financial risk management (continued)

(d) Market risk (continued)

Interest rate risk (continued)

Exposure to interest rate risk

At the reporting date, the interest rate profile of interest-bearing financial liabilities (after taking into account the effects of the interest rate swaps) are as follows:

	Group		Company	
	Carrying amount US$'000	Principal/ notional amount US$'000	Carrying amount US$'000	Principal/ notional amount US$'000
31 December 2021				
Fixed rate instruments				
Loans and borrowings	7,928,529	7,962,388	3,042,849	3,076,708
Payables	306,592	306,592	635	635
	8,235,121	8,268,980	3,043,484	3,077,343
Variable rate instruments				
Loans and borrowings	3,827,210	3,827,540	–	–
31 December 2020				
Fixed rate instruments				
Loans and borrowings	7,454,802	7,488,284	2,778,128	2,811,609
Payables	93,033	93,033	–	–
	7,547,835	7,581,317	2,778,128	2,811,609
Variable rate instruments				
Loans and borrowings	5,889,025	5,849,839	–	–

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through the profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

30 Financial risk management (continued)

(d) Market risk (continued)

Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit before tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group		Company	
	100 bp Increase US$'000	100 bp Decrease US$'000	100 bp Increase US$'000	100 bp Decrease US$'000
31 December 2021				
Loans and borrowings	(35,824)	35,824	–	–
31 December 2020				
Loans and borrowings	(58,890)	58,890	–	–

Other market price risk

Equity price risk arises from quoted equity investment designated at FVOCI or mandatorily at FVTPL held by the Group. Management of the Group monitors the equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Group's Investment Committee.

An increase/(decrease) in 5% of the equity price of quoted equity investments held by the Group at the reporting date would have increased/(decreased) fair value reserve by US$52.0 million (2020: US$34.3 million) and profit or loss by US$20.3 million (2020: US$2.5 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

30 Financial risk management (continued)

(e) Hedge accounting

At 31 December 2021, the Group and the Company held the following instruments to hedge exposures to changes in interest rates and foreign currency.

	Carrying Amount			Changes in fair value used for calculating hedge effectiveness				
Group	**Notional amount '000**	**Assets/ (Liabilities) US$'000**	**Financial Statement line item**	**Hedging instrument US$'000**	**Hedged item US$'000**	**Hedge ineffectiveness recognized in profit or loss US$'000**	**Hedge rate**	**Year of maturity**
Cash flow hedges								
Interest rate risk								
- Interest rate swaps to hedge floating rate borrowings	JPY 60,000,000	(4,454)	Financial derivative liabilities	1,689	(1,689)	–	0.23% - 0.36%	2022 - 2025
	EUR 69,500	95	Financial derivative liabilities	60	(60)	–	1.00% -1.50%	2023-2024
Net Investment hedges								
Foreign exchange risk								
- Borrowings to hedge net investment in foreign operations	US$1,503,087 equivalent	(1,503,087)	Loans and borrowings	(107,810)	107,810	–	–	2023 - 2029
Company								
Cash flow hedges								
Interest rate risk								
- Interest rate swaps to hedge floating rate borrowings	JPY 60,000,000	(4,359)	Financial derivative liabilities	1,689	(1,689)	–	0.23% - 0.36%	2022-2025

30 Financial risk management (continued)

(e) Hedge accounting (continued)

At 31 December 2020, the Group and the Company held the following instruments to hedge exposures to changes in interest rates and foreign currency.

	Carrying Amount			Changes in fair value used for calculating hedge effectiveness				
Group	**Notional amount '000**	**Assets/ (Liabilities) US$'000**	**Financial Statement line item**	**Hedging instrument US$'000**	**Hedged item US$'000**	**Hedge ineffectiveness recognized in profit or loss US$'000**	**Hedge rate**	**Year of maturity**
Cash flow hedges								
Interest rate risk								
- Interest rate swaps to hedge floating rate borrowings	JPY 60,000,000	(6,048)	Financial derivative liabilities	(1,307)	1,307	–	0.23% - 0.36%	2022 - 2025
Net Investment hedges								
Foreign exchange risk								
- Borrowings to hedge net investment in foreign operations	US$1,389,800 equivalent	(1,389,800)	Loans and borrowings	(78,329)	78,329	–	–	2023 - 2029
Company								
Cash flow hedges								
Interest rate risk								
- Interest rate swaps to hedge floating rate borrowings	JPY 60,000,000	(6,048)	Financial derivative liabilities	(1,307)	1,307	–	0.23% - 0.36%	2022 - 2025

30 Financial risk management (continued)

(e) Hedge accounting (continued)

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting.

	Hedging reserve US$'000
Group	
Balance at 1 January 2020	(13,893)
Cash flow hedges	
Change in fair value:	
- Interest rate risk	(1,421)
Others	(611)
Balance at 31 December 2020	(15,925)
Balance at 1 January 2021	(15,925)
Cash flow hedges	
Change in fair value:	
- Interest rate risk	1,749
Others	4,007
Balance at 31 December 2021	(10,169)
Company	
Balance at 1 January 2020	(4,741)
Cash flow hedges	
Change in fair value:	
- Interest rate risk	(1,307)
Balance at 31 December 2020	(6,048)
Balance at 1 January 2021	(6,048)
Cash flow hedges	
Change in fair value:	
- Interest rate risk	1,689
Balance at 31 December 2021	(4,359)

Net investment hedge

A foreign currency exposure arises from the Group's net investment in its subsidiaries in Europe and Japan that has a EUR and JPY functional currency respectively. The risk arises from the fluctuation in spot exchange rates between the EUR, JPY and the US$, which causes the amount of the net investment to vary.

30 Financial risk management (continued)

(e) Hedge accounting (continued)

Net investment hedge (continued)

The hedged risk in the net investment hedges are the risk of a weakening EUR and JPY against the US$ that will result in a reduction in the carrying amount of the Group's net investment in its subsidiaries in Europe and Japan.

Part of the Group's net investment in its subsidiaries in Europe and Japan are hedged through the use of JPY and EUR denominated borrowings. As at the reporting date, the carrying amount of these JPY and EUR denominated borrowings was US$1,503,087,000 (2020: US$1,389,800,000) and the fair value of the borrowings was US$1,514,373,000 (2020: US$1,415,040,000). The net investment hedges were effective during the year. The Group's investments in other subsidiaries are not hedged.

To assess hedge effectiveness, the Group determines the economic relationship between the hedging instrument and the hedged item by comparing changes in the carrying amount of the debt that is attributable to a change in the spot rate with changes in the investment in the foreign operation due to movements in the spot rate (the offset method). The Group's policy is to hedge the net investment only to the extent of the debt principal.

(f) Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's and Company's statement of financial position; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the statement of financial position.

Financial instruments such as trade receivables and trade payables are not disclosed in the tables below unless they are offset in the statement of financial position.

The Group's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association (ISDA) Master Netting Agreements. In general, under such agreements, the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. 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 only a single net amount is due or payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognized amounts that 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 realize the assets and settle the liabilities simultaneously.

30 Financial risk management (continued)

(f) Offsetting financial assets and financial liabilities (continued)

Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangements

	Gross amounts of recognised financial assets/ (liabilities) US$'000	Gross amounts of recognised financial assets/ (liabilities) offset in statement of financial position US$'000	Net amounts of financial assets/ (liabilities) presented in statement of financial position US$'000	Related amounts not offset in statement of financial position - Financial instruments US$'000	Net amount US$'000
Group					
31 December 2021					
Financial liabilities					
Interest rate swaps used for hedging	(4,359)	–	(4,359)	–	(4,359)
	(4,359)	–	(4,359)	–	(4,359)
31 December 2020					
Financial liabilities					
Interest rate swaps	(6,048)	–	(6,048)	–	(6,048)
	(6,048)	–	(6,048)	–	(6,048)
Company					
31 December 2021					
Financial liabilities					
Interest rate swaps used for hedging	(4,359)	–	(4,359)	–	(4,359)
	(4,359)	–	(4,359)	–	(4,359)
31 December 2020					
Financial liabilities					
Interest rate swaps	(6,048)	–	(6,048)	–	(6,048)
	(6,048)	–	(6,048)	–	(6,048)

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the statement of financial position that are disclosed in the above tables are measured in the statement of financial position at fair value.

31 Fair value of financial assets and liabilities

(a) Accounting classifications and fair values

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy, are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount						Fair value			
	Note	Fair value – hedging instruments US$'000	Amortized cost US$'000	Equity instrument - Mandatorily at FVTPL US$'000	FVOCI – equity instruments US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Group											
31 December 2021											
Equity investments – at FVOCI	10	–	–	–	1,238,707	–	1,238,707	1,040,447	–	198,260	1,238,707
Equity investment – mandatorily at FVTPL	10	–	–	1,595,360	–	–	1,595,360	406,213	–	1,189,147	1,595,360
Other non-current assets[1]	11	–	798,645	–	–	–	798,645	–	–	798,645	798,645
Trade and other receivables[2]	12	–	6,510,315	–	–	–	6,510,315				
Cash and cash equivalents	13	–	2,045,215	–	–	–	2,045,215				
		–	9,354,175	1,595,360	1,238,707	–	12,188,242				
Secured bank loans	18	–	–	–	–	(3,194,726)	(3,194,726)	–	(3,174,165)	–	(3,174,165)
Secured bonds	18	–	–	–	–	(386,967)	(386,967)	–	(386,967)	–	(386,967)
Unsecured bank loans	18	–	–	–	–	(1,617,185)	(1,617,185)	–	(1,308,284)	–	(1,308,284)
Unsecured bonds	18	–	–	–	–	(6,556,861)	(6,556,861)	–	(6,630,461)	–	(6,630,461)
Interest rate swaps	19	(4,359)	–	–	–	–	(4,359)	–	(4,359)	–	(4,359)
Other non-current liabilities[2]	20	–	–	–	–	(862,773)	(862,773)	–	–	(587,638)	(587,638)
Trade and other payables[2]	21	–	–	–	–	(3,189,827)	(3,189,827)				
		(4,359)	–	–	–	(15,808,339)	(15,812,698)				

Notes

1 Excludes prepaid construction costs, deferred management costs, deferred expenditure and land purchase option.
2 Excludes prepayments and other assets.
3 Excludes advance rental received.

31 Fair value of financial assets and liabilities (continued)

(a) Accounting classifications and fair values (continued)

		Carrying amount						Fair value			
Group	**Note**	**Fair value – hedging instruments US$'000**	**Amortized cost US$'000**	**Equity instrument - Mandatorily at FVTPL US$'000**	**FVOCI – equity instruments US$'000**	**Other financial liabilities US$'000**	**Total carrying amount US$'000**	**Level 1 US$'000**	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
31 December 2020											
Equity investments – at FVOCI	10	–	–	–	892,343	–	892,343	685,788	–	206,655	892,443
Equity investment – mandatorily at FVTPL	10	–	–	1,706,444	–	–	1,706,444	50,525	–	1,655,919	1,706,444
Other non-current assets[1]	11	–	1,251,955	–	–	–	1,251,955	–	–	1,251,955	1,251,955
Trade and other receivables[2]	12	–	3,838,301	–	–	–	3,838,301				
Cash and cash equivalents	13	–	1,421,617	–	–	–	1,421,617				
		–	6,511,873	1,706,444	892,343	–	9,110,660				
Secured bank loans	18	–	–	–	–	(4,802,375)	(4,802,375)	–	(4,802,375)	–	(4,802,375)
Secured bonds	18	–	–	–	–	(840,021)	(840,021)	–	(840,021)	–	(840,021)
Unsecured bank loans	18	–	–	–	–	(1,830,323)	(1,830,323)	–	(1,848,365)	–	(1,848,365)
Unsecured bonds	18	–	–	–	–	(5,871,108)	(5,871,108)	–	(6,029,845)	–	(6,029,845)
Interest rate swaps	19	(6,048)	–	–	–	–	(6,048)	–	(6,048)	–	(6,048)
Other non-current liabilities[2]	20	–	–	–	–	(552,608)	(552,608)				
Trade and other payables[2]	21	–	–	–	–	(1,908,806)	(1,908,806)				
		(6,048)	–	–	–	(15,805,241)	(15,811,289)				

Notes

1 Excludes prepaid construction costs, and deferred management costs.
2 Excludes prepayments and other assets.
3 Excludes advance rental received.

31 Fair value of financial assets and liabilities (continued)

(a) Accounting classifications and fair values (continued)

		Carrying amount				Fair value			
	Note	Fair value - hedging instruments US$'000	Amortized cost US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Company									
31 December 2021									
Loans to subsidiaries (interest-free)	5	–	538,532	–	538,532				
Trade and other receivables[1]	12	–	5,795,912	–	5,795,912				
Cash and cash equivalents	13	–	964,548	–	964,548				
		–	7,298,992	–	7,298,992				
Unsecured bank loans	18	–	–	(881,240)	(881,240)	–	(719,912)	–	(719,912)
Unsecured bonds	18	–	–	(2,161,609)	(2,161,609)	–	(2,235,209)	–	(2,235,209)
Interest rate swaps	19	4,359	–	—	(4,359)	–	(4,359)	–	(4,359)
Other non-current liabilities	20	–	–	(7,166)	(7,166)	–	–	(7,166)	(7,166)
Trade and other payables	21	–	–	(2,283,815)	(2,283,815)				
		4,359	–	(5,333,830)	(5,333,189)				
31 December 2020									
Loans to subsidiaries (interest-free)	5	–	591,470	–	591,470				
Trade and other receivables[1]	12	–	3,491,017	–	3,491,017				
Cash and cash equivalents	13	–	37,314	–	37,314				
		–	4,119,801	–	4,119,801				
Unsecured bank loans	18	–	–	(834,522)	(834,522)	–	(849,199)	–	(849,199)
Unsecured bonds	18	–	–	(1,943,606)	(1,943,606)	–	(2,048,975)	–	(2,048,975)
Interest rate swaps	19	(6,048)	–	–	(6,048)	–	(6,048)	–	(6,048)
Other non-current liabilities	20	–	–	(9,714)	(9,714)	–	–	(9,714)	(9,714)
Trade and other payables	21	–	–	(1,239,224)	(1,239,224)				
		(6,048)	–	(4,027,066)	(4,033,114)				

Note:

[1] Excludes prepayment and other assets.

31 Fair value of financial assets and liabilities (continued)

(b) Level 3 fair value measurements

(i) Reconciliation of Level 3 fair value

The reconciliation from the beginning balance to the ending balance for Level 3 fair value measurements for investment properties is presented in Note 4, and unquoted equity investments – at FVOCI and unquoted equity investments – mandatorily at FVTPL are presented in Note 10.

(ii) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Key unobservable input	Inter-relationship between key unobservable inputs and fair value measurement
Unquoted equity investments – at FVOCI Unquoted equity investments – mandatorily at FVTPL	The unquoted equity investments are stated at their fair values at the reporting date, determined based on recent transacted price, at net asset value which approximates the investments' fair value, market comparison technique based on market multiple of comparable companies with adjustments for the effect of non-marketability of the investments.	**Discount for lack of marketability:** 0% - 24% (2020: 0% - 24%) **Price-to-sales ratio:** 17.2x (2020: 0.4x to 105x) **Price-to-earnings ratio:** 12x (2020: Nil)	The estimated fair value would increase (decrease) if: - the discount rate were lower (higher); or - the discount for lack of marketability were lower (higher); or - price-to-sales ratio were higher (lower); or - price-to-earnings ratio were higher (lower)
Financial derivative instruments: – Interest rate swaps	The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	NA	NA

31 Fair value of financial assets and liabilities (continued)

(b) Level 3 fair value measurements (continued)

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

Financial instruments not measured at fair value

Type	Valuation technique	Inputs used in determining fair value
Loans to associate and joint ventures, security deposits and loans and borrowings	Discounted cash flows	Government yield curve at the reporting date plus an adequate credit spread.

(iii) Transfer between Level 1 and 2

During the year ended 31 December 2021 and 31 December 2020, there were no transfers between Level 1 and 2 of the fair value hierarchy.

32 Commitments

Investment properties are held mainly for leasing to external customers under operating leases.

The Group had the following commitments as at the reporting date:

(a) Operating lease commitments

Operating lease rental receivable

Future minimum lease rental receivable for the Group on non-cancellable operating leases from investment properties are as follows:

	Group	
	2021	**2020**
	US$'000	**US$'000**
Lease rentals receivable:		
Within one year	449,638	798,810
After one year but within five years	913,497	1,453,563
After five years	456,504	577,765
	1,819,639	2,830,138

32 Commitments (continued)

(b) Other commitments

	Group	
	2021	**2020**
	US$'000	**US$'000**
Development expenditure contracted but not provided for	905,600	1,510,920

33 Significant related party transactions

Remuneration of key management personnel

In accordance with SFRS(I) 1-24 *Related Party Disclosures*, key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. For purposes of SFRS(I) 1-24 *Related Party Disclosures*, the executive directors are considered key management personnel of the Group.

The key management personnel compensation included as part of staff costs for those key management personnel employed by the Group are as follows:

	Group	
	2021	**2020**
	US$'000	**US$'000**
Wages and salaries (excluding contributions to defined contribution plans)	3,556	4,242
Contributions to defined contribution plans	48	25
	3,604	4,267

33 Significant related party transactions (continued)

In addition to the related party information disclosed elsewhere in the financial statements, there were the following significant related party transactions which were carried out in the normal course of business on terms agreed between the parties during the financial year:

	Group	
	2021	**2020**
	US$'000	**US$'000**
Associates and joint ventures		
Asset and investment management fee income from associates and joint venture funds	174,108	102,718
Development and other management fee income from associates and joint venture funds	85,751	66,942
Promote fees income from associates and joint venture funds	100,773	293,771
Asset and investment management fee income from other associates and joint ventures	12,633	3,727
Development and other management fee income from other associates and joint ventures	921	2,883

During the year ended 31 December 2021, the Group disposed of certain subsidiaries to GLP GV China Limited and GLP GV Global Limited (entities under common control).

During the year ended 31 December 2020, the Group disposed of certain subsidiaries, associates, other investments and financial assets to GLP-Brookfield Bluesky Renewable Energy Zhejiang Co., Pte. Ltd. (joint venture), GLP China Value-Added Venture I (joint venture), GLP China Value-Added Venture II (joint venture), Zhuhai Puhe Logistic Industrial Investment Fund (associate), Hidden Hill Fund (associate), CFH Limited and GLP GV China Limited (entities under common control).

During the year ended 31 December 2021, the Group issued a standby letter of credit of approximately US$45,000,000 (31 December 2020: Nil) to a financial institution in connection to loan taken up by a company in which a senior personnel of the Company has substantial financial interests.

The Group has agreed, subject to formalisation of loan agreements, to grant interest-bearing loans to participants of the Co-invest Share Plan and Global Share Plan. The loan amount and interest would be determined at the formalisation of the loan agreements with the respective participants. As at 31 December 2021, outstanding loans granted to participants of the Co-invest Share Plan and Global Share Plan (as set out in Note 22) was US$537,000,000 (2020: US$303,000,000). The loan agreement amounting to US$35,900,000 with one participant of the Global Share Plan was formalised and drawn down in December 2021.

34 Significant subsidiaries

Details of significant subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group	
			2021 %	2020 %
GLP Japan Investment Holdings Pte. Ltd.	Investment holding	Singapore	100	100
Japan Logistic Properties 1 Pte. Ltd. and its subsidiaries	Investment holding	Singapore	100	100
Japan Logistic Properties 2 Pte. Ltd. and its subsidiaries	Investment holding	Singapore	100	100
GLP Capital Japan 2 Pte. Ltd. and its subsidiaries	Investment holding	Singapore	100	100
GLP Japan Development Investors Pte. Ltd. and its joint venture[1]	Investment holding	Singapore	100	100
GLP Japan Development Investors 2 Pte. Ltd. and its joint venture[1]	Investment holding	Singapore	100	100
GLP Light Year Investment Pte. Ltd. and its joint venture[1]	Investment holding	Singapore	100	100
GLP Japan Development Investors III, Pte Ltd and its associates	Investment holding	Singapore	100	100
GLP Japan Income Investors, Pte. Ltd. and its associates	Investment holding	Singapore	100	–
GLP Investment Holdings[2]	Investment holding	Cayman Islands	100	100
CLH Limited and its significant subsidiaries[2]	Investment holding	Cayman Islands	100	100
GLP China Holdings Limited and its significant subsidiaries:	Investment holding	Hong Kong	66.21	66.21
GLP China Asset Holdings Limited	Investment holding	Hong Kong	66.21	66.21

34 Significant subsidiaries (continued)

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group 2021 %	2020 %
Beijing Lihao Science & Technology Co., Ltd.	Property investment	PRC	58.26	58.26
Airport City Development Co., Ltd.	Property investment	PRC	30.81	30.81
Zhejiang Transfar Logistics Base Co., Ltd.	Property investment	PRC	39.73	39.73
Beijing Sifang Tianlong Medicine Logistic Co., Ltd.	Property investment	PRC	66.21	66.21
Shanghai Fuhe Industrial Development Co., Ltd.	Property investment	PRC	46.35	46.35
GLP Investment (Shanghai) Co., Ltd.	Property management	PRC	66.21	66.21
Zhuhai Puyin Logistic Investment Partnership	Investment holding	PRC	66.21	–
China Management Holdings (Hong Kong) Limited	Investment holding	Hong Kong	66.21	–
GLP Global Cloud Hub Fund, L.P	Investment holding	PRC	66.21	–
GLP Thor LP Limited	Investment holding	Cayman Islands	66.21	–
Xiamen Mingsi Junju Investment Fund LLP	Investment holding	PRC	66.21	–
GLP Capital Investment 4 (HK) Limited	Investment holding	Hong Kong	66.21	–
Zhuhai Puxing Logistic Industry Equity Investment Partership	Investment holding	PRC	66.21	–
Beijing Kirin Property Management Development Co., Ltd	Property management	PRC	52.97	–
GLP Investment Management Pte. Ltd. and its subsidiaries:	Investment holding and fund management	Singapore	100	100

PART II: MATTERS RELATED TO OTHER SECURITIES

For the information on the matters related to other securities, see Notes 15 and 18 to the Issuer's audited consolidated financial statements as of and for the financial year ended 31 December 2022 included in "Part I: CORPORATE INFORMATION - II. Financial Condition" above.

PART III: INFORMATION ON GUARANTOR OF THE COMPANY

I. MATTERS CONCERNING GUARANTOR WITHOUT ONGOING DISCLOSURE REQUIREMENTS

I-1 Guarantor's Name, Name and Title of Representative, Address of Head Office

1.	Company Name:	Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank
2.	Name and Title of Representative:	Hongwei Wang Chief Executive Officer
3.	Address of Head Office	Asian Development Bank Building, 6 ADB Avenue, Mandaluyong City 1550, Metro Manila, Philippines

I-2 Outline of Guarantor

1. OVERVIEW OF CGIF

1.1 Establishment

CGIF, a trust fund of the Asian Development Bank, was established by the 10 members of the Association of Southeast Asian Nations ("ASEAN") together with the People's Republic of China ("PRC"), Japan, Republic of Korea ("ASEAN+3") and the Asian Development Bank ("ADB") in 2010. The 10 members of ASEAN consist of Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic ("Lao PDR"), Malaysia, Republic of the Union Myanmar ("Myanmar"), Philippines, Singapore, Thailand and Vietnam.

CGIF was established in November 2010 to promote economic development, stability and resilience of financial markets in the ASEAN+3 region (the "Region"). The main function of CGIF is to provide credit guarantees for local currency denominated bonds issued in the Region by corporations in the Region.

1.2 Shareholding Structure

CGIF's guarantees are backed by U.S.$ 1,149 million of paid-in capital from its sovereign government contributors and ADB. Neither the ADB nor the other contributors are liable for the obligations of CGIF.

CGIF Shareholding Structure as at 31 May 2023

CGIF Contributors	Contribution (U.S. dollars)	Shareholding Percentage (%)
People's Republic of China	342,800,000	29.84
Japan	342,800,000	29.84
Asian Development Bank	180,000,000	15.67
Republic of Korea	171,400,000	14.92
Indonesia	21,600,000	1.88
Malaysia	17,600,000	1.53
Philippines	21,600,000	1.88
Singapore	21,600,000	1.88

Thailand	21,600,000	1.88
Brunei Darussalam	5,600,000	0.49
Vietnam	1,900,000	0.17
Cambodia	200,000	0.02
Lao People's Democratic Republic	200,000	0.02
Republic of the Union Myanmar	100,000	0.01
Total	**1,149,000,000**	**100**

1.2.1 *Governance Structure*

CGIF has a governance structure comprising of oversight by the: (i) Meeting of Contributors; (ii) Board of Directors; and (iii) Board Committees (Internal Control and Risk Management, Nomination and Remuneration and Audit).

The Board of Directors is comprised of eight Contributor-appointed members, including the Chief Executive Officer. Each of the PRC and Japan is entitled to nominate two Directors. Korea is entitled to nominate one Director. One nomination each is entitled for the Asian Development Bank, and the ASEAN countries representing Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.

The Board of Directors is accountable and reports to the Contributors on the operations and performance of management and of CGIF.

Board of Directors	**Members Represented**
Ms. Shuo Zhang	People's Republic of China
Ms. Jiandi Ye	People's Republic of China
Mr. Noriyasu Matsuda (Chairman)	Japan
Mr. Kunihiko Nakanishi	Japan
Mr. Do Hyung Lee	Republic of Korea
Mr. Shum Jin-Chyi Kevin	ASEAN-Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam
Mr. Craig Roberts	Asian Development Bank
Mr. Hongwei Wang	CGIF Management

CGIF is led by an internationally recruited management team with experience in development banking, risk management, and credit assessment through senior positions in the Export-Import Bank of China, Asian Development Bank, Mitsubishi UFJ Financial Group, Bank of the Philippines Islands, Danajamin Nasional Berhad, Hong Leong Bank Berhad, Standard Chartered Bank, Citibank and Société Générale.

The executive decision-making powers of CGIF, and the day-to-day management of CGIF, are mandated to and vested in the Chief Executive Officer. The Chief Executive Officer is recommended by the Board of Directors and approved by the Meeting of Contributors. He is the legal representative of CGIF. The Chief Executive Officer heads the management team currently comprising the Deputy CEO/Chief Risk Officer, Chief Credit-risk Officer, Vice President Operations, Chief Financial Officer, General Counsel & Board Secretary, Corporate Planner and Head of Budget, Planning, Personnel and Management Systems and Internal Auditor.

Name	**Position**
Mr. Hongwei Wang	Chief Executive Officer
Mr. Mitsuhiro Yamawaki	Deputy CEO/ Chief Risk Officer
Mr. Aarne Dimanlig	Chief Credit-Risk Officer

Mr. Anuj Awasthi	Vice President Operations
Mr. Dong Woo Rhee	Chief Financial Officer
Mr. Gene Soon Park	General Counsel and Board Secretary
Mr. Hou Hock Lim	Corporate Planner and Head of Budget, Planning, Personnel and Management Systems
Ms. Jackie Jeong-Ae Bang	Internal Auditor

1.2.2 *Credit Strength*

CGIF is rated by international and domestic credit rating agencies.

Credit Rating Agency	**Scale**	**Rating**	**Outlook**	**Date Reviewed**
Standard & Poor's ("S&P")	Global Long Term/Short Term	AA/A-1+	Stable	28-Feb-23
RAM Ratings	Global/ASEAN/ National	gAAA/seaAAA/ AAA	Stable	13-Dec-22
TRIS Ratings	National	AAA	Stable	28-Nov-22
Fitch Ratings Indonesia	National	AAA	Stable	17-Jan-23
Pefindo Credit Rating Agency	National	idAAA	Stable	26-Jul-22

1.3 Guarantee Business

CGIF's guarantee portfolio is limited to a leverage ratio of 2.5 times of its paid-in capital of U.S.$1,149 million as at 31 May 2023 plus (a) retained earnings, plus (b) reserves, less (c) net credit loss reserves, less (d) foreign exchange loss reserves, less (e) all illiquid assets. CGIF conducts its guarantee operations by adhering to its risk management framework consisting of: (i) credit guarantee process; (ii) credit guarantee portfolio management; (iii) risk reporting; and (iv) safeguards standards, among others.

1.3.1 *Guarantee portfolio*

As of 31 May 2023, outstanding bond/sukuk guaranteed by CGIF are to the following corporate issuers in the ASEAN region:

Issue Date	Issuer	Note Issuance Venue	Issue Size[1]	% Guaranteed by CGIF	Issue Rating	Tenor
19-Apr-23	China Education Group Holdings Limited	Singapore	Offshore Renminbi (CNY) 500 million	100%	AA (S&P)	3 years
27-Jan-23	SNC Former Public Company Limited	Thailand	THB1 billion	100%	AAA (Tris Rating)	5 years
7-Apr-22	First Real Estate Investment Trust	Singapore	SGD100 million	100%	AA (S&P)	5 years
22-Mar-22	China Education Group Holdings Limited	Singapore	Offshore Renminbi (CNY) 500 million	100%	AA (S&P)	3 years

Issue Date	Issuer	Note Issuance Venue	Issue Size[1]	% Guaranteed by CGIF	Issue Rating	Tenor
4-Mar-22	PT Polytama Propindo	Indonesia	IDR110.25 billion[3]	100%	AAA (Pefindo)	3 years
4-Mar-22	PT Polytama Propindo	Indonesia	IDR110.25 billion[3]	100%	AAA (Pefindo)	5 years
1-Dec-21	JWD InfoLogistics Public Company Limited	Thailand	THB1.2 billion	100%	AAA (Fitch)	9 years
11-Nov-21	Thaifoods Group Public Company Limited	Thailand	THB1.0 billion	100%	AAA (TRIS)	5 years
8-Sept-21	PT Polytama Propindo	Indonesia	IDR96.5 billion	100%	AAA (Pefindo)	3 years
8-Sept-21	PT Polytama Propindo	Indonesia	IDR223 billion	100%	AAA (Pefindo)	5 years
8-Sept-21	PT Polytama Propindo	Indonesia	IDR104 billion[3]	100%	AAA (Pefindo)	3 years
8-Sept-21	PT Polytama Propindo	Indonesia	IDR56 billion[3]	100%	AAA (Pefindo)	5 years
1-Sep-21	Hanwha Q Cells Malaysia Sdn. Bhd.	Malaysia	MYR150 million	100%	AAA (RAM)	3 years
25-Aug-21	Telcotech Ltd.	Cambodia	KHR80 billion	100%	Unrated	5 years
19-Apr-21	Hanwha Solutions Corporation	Singapore	Offshore Renminbi (CNY) 1.0 billion	100%	AA (S&P)	3 years
05-Mar-21	JWD InfoLogistics Public Company Limited	Thailand	THB700 million	100%	AAA (Fitch)	5 years
08-Jan-21	PT Ketrosden Triasmitra	Indonesia	IDR168 billion	100%	AAA (Pefindo)	5 years
08-Jan-21	PT Ketrosden Triasmitra	Indonesia	IDR415 billion	100%	AAA (Pefindo)	3 years
24-Dec-20	GLP Pte. Ltd.	Japan	JPY15.4 billion	100%	AA (S&P)	9 years
9-Apr-20	RMA (Cambodia) PLC	Cambodia	KHR80 billion	100%	Unrated	5 years

Issue Date	Issuer	Note Issuance Venue	Issue Size[1]	% Guaranteed by CGIF	Issue Rating	Tenor
10-Jan-20	Energy Absolute Public Company Ltd.	Thailand	THB3.0 billion	50% risk participation with ADB	A (Tris Rating)	7 years
8-Jan-20	Thaifoods Group Public Company Limited	Thailand	THB2.0 billion	100%	AAA (Tris Rating)	5 years
31-Dec-19	GELEX Group Joint Stock Company	Vietnam	VND1.15 trillion	100%	Unrated	10 years
24-Dec-19	Hong Phong 1 Energy JSC	Vietnam	VND2.15 trillion	100%	Unrated	15 years
24-Dec-19	Hong Phong 1 Energy JSC	Vietnam	VND400 billion	100%	Unrated	5 years
3-Dec-19	Nexus International School (Singapore) Pte Ltd	Singapore	SGD150 million	100%	AA (S&P)	12 years
25-Mar-19	CJ Logistics Asia Pte. Ltd	Singapore	SGD70 million	100%	AA (S&P)	5 years
28-Jan-19	Refrigeration Electrical Engineering Corporation	Vietnam	VND2.318 trillion	100%	Unrated	10 years
25-Jan-19	Yoma Strategic Holdings Limited	Thailand	THB2.22 billion	100%	AAA (Tris Rating)	5 years
7-Dec-18	Siamgas and Petrochemicals Public Company Limited	Thailand	THB2.0 billion	70%	A (Tris Rating)	5 years
16-Nov-18	Aeon Credit Service (Philippines) Inc.	Philippines	PHP100 million	100%	Unrated	5 years
5-Oct-18	Hoan My Medical Corporation	Vietnam	VND1.4 trillion	100%	Unrated	7 years
5-Oct-18	Hoan My Medical Corporation	Vietnam	VND930 billion	100%	Unrated	5 years
10-Sep-18	The PAN Group Joint Stock Company	Vietnam	VND1.135 trillion	100%	Unrated	5 years
18-Feb-16	Vingroup Joint Stock Company	Vietnam	VND1.05 trillion	100%	Unrated	10 years
7-Oct-15	IVL Singapore Pte. Ltd., a subsidiary of Indorama Ventures Public Company Limited	Singapore	SGD195 million	100%	AA (S&P)	10 years
5-Dec-14	Masan Consumer Holdings Company Limited	Vietnam	VND2.1 trillion	100%	Unrated	10 years
27-Nov-14	PT Professional Telekomunikasi Indonesia[2]	Indonesia	SGD180 million	100%	AA (S&P)	10 years

Notes:

(1) IDR refers to Indonesian Rupiah, VND refers to Vietnamese Dong, SGD refers to Singapore Dollar, THB refers to Thai Baht, PHP refers to Philippine Peso, KHR refers to Cambodian Riel, JPY refers to Japanese Yen, CNY refers to Offshore Renminbi, and MYR refers to Malaysian Ringgit.

(2) Change of issuer of the bonds from Protelindo Finance B.V. to PT Professional Telekomunikasi Indonesia effective 3 August 2016.

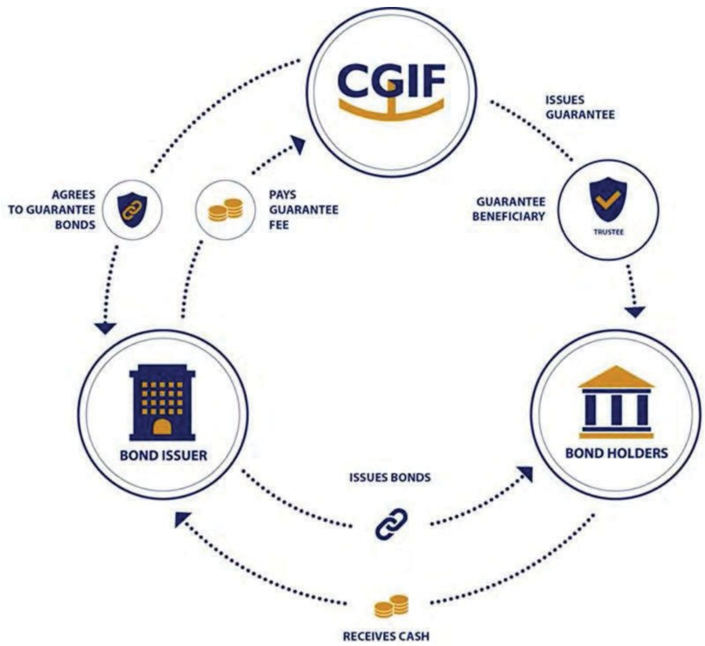
(3) Refers to ijarah sukuk issuances.

1.3.2 *Guarantee Structure*

CGIF's bond guarantee operation is aimed at supporting ASEAN+3 corporations to access the Region's bond markets to achieve the following benefits:

- expand and diversify their sources of debt capital;
- raise funds in matching currencies and tenors;
- transcend country sovereign ceilings for cross-border transactions; and
- gain familiarity in new bond markets.

The guarantees issued by CGIF are irrevocable and unconditional commitments to pay bondholders upon non-payment by the issuers throughout the tenor of the bonds. This commitment is backed by CGIF's equity capital which has been fully paid-in by all of its contributors. CGIF's general bond guarantee structure is illustrated below.



* To ensure applicability of the guarantee in multiple jurisdictions in the ASEAN+3 countries, some variations to this structure may be incorporated to accommodate the established market norms.

Bond issuances that can be considered for CGIF guarantees are limited to the following parameters:

- Group exposure/single borrower limit is US$229 million;

- bond tenor of up to 10 years (up to 15 years is possible, subject to credit quality and justification);

- for foreign currency denominated issuance, the currency of issuance should be adequately hedged with the corporate entity's sales receipts, inward foreign currency remittances, or via financial hedge arrangements.

CGIF started its guarantee operations with a full guarantee for standard corporate bonds issued by corporations in the Region. With the experience gained from offering a full wrap guarantee, CGIF may also explore other alternatives including partial guarantees and other risk sharing mechanisms depending on the market opportunities and acceptability of such an arrangement. CGIF also intends to guarantee project bonds with longer tenors to help develop them in the relevant markets in the Region.

1.4 Capital and Liquidity Guidelines

CGIF has investment strategies and liquidity guidelines for the management of its capital resources, where investments are focused on low-risk and highly liquid assets, such as government- related securities and/or highly rated securities which are internationally rated "A+" or higher for long-term instruments issued by government related entities of CGIF contributor countries, "AA- " or higher for those issued by others, and "A-1" or higher for short-term instruments. In order for CGIF to raise enough funds in a contingent case where a guarantee is called, CGIF also implemented the following:

1. Quarterly Stress test, where CGIF tests funding capability by liquidating its investment portfolio in a stress environment.

2. Quarterly Liquidity Gap reports, where CGIF checks monthly cash surplus from all projected cash in/out flows related to all CGIF operations and activities.

1.5 Selected Financial Information

A summary of the statement of financial position, income statement, and cash flows as of, and for each of the years ended 31 December 2021 and 2022 have been extracted from CGIF's financial statements for the years ended 31 December 2021 and 2022 and presented as follows:

Statement of Financial Position Summary

	As of 31 December	
	2021	**2022**
	(in thousands of U.S. dollars)	
Statement of Financial Position:		
Assets:		
Cash	9,154	9,342
Investments	1,214,772	1,182,301
Accrued interest income	6,900	8,236
Guarantee fee receivable, net	63,568	57,248
Guarantee receivable, net	73,079	45,335
Other assets, net	5,292	2,539
Total assets	**1,372,765**	**1,305,001**
Liabilities and Member's equity:		
Guarantee liability	76,200	66,435

Other liabilities	4,203	15,334
Total liabilities	**80,403**	**81,769**
Member's equity:		
Capital stock (Paid-in capital)	1,137,000	1,148,899
Accumulated other comprehensive income investment revaluation reserve	16,113	(78,750)
Reserves & retained earnings	139,249	153,083
Total member's equity	**1,292,362**	**1,223,232**
Total liabilities and members' equity	**1,372,765**	**1,305,001**

Statement of Net Income and Comprehensive Income Summary

	As of 31 December	
	2021	**2022**
	(in thousands of U.S. dollars)	
Statement of Net Income:		
Guarantee fees	19,420	20,034
Interest income	27,276	28,458
Other income	4,419	2,608
Total revenue	**51,115**	**51,100**
Total expenses	**(19,109)**	**(35,937)**
Net operating income	32,006	15,163
Loss from foreign exchange	(2,215)	(1,329)
Net income	**29,791**	**13,834**
Statement of Comprehensive Income:		
Unrealised loss on investments measured of FVTOCI	(36,740)	(94,863)
Total comprehensive income	**(6,949)**	**(81,029)**

Statement of Cash Flow Summary

	As of 31 December	
	2021	**2022**
	(in thousands of U.S. dollars)	
Statement of Cash Flow:		
Cash flows from operating activities		
Net cash provided by (used in) operating activities	(74,015)	27,577
Cash flows from investment activities		
Net cash (used in) provided by investing activities	45,121	(39,085)
Cash flows from financing activities		
Net cash provided by financing activities	34,645	11,737
Effect of exchange rate changes on cash	(57)	(41)
Net (decrease) increase in cash	5,694	188
Cash at beginning of period	3,460	9,154
Cash at end of period	**9,154**	**9,342**

1.6 Audited Financial Statements for the Years ended 31 December 2021 and 2022

CGIF's financial statements are prepared and presented in accordance with IFRS and audited by Deloitte. The Independent Auditors' Report and Financial Statements for the years ended 31 December 2021 and 2022 of CGIF are attached herein.

All of the information on CGIF under this section has been provided by CGIF. Information in respect of the Issuer contained in this document has not been verified by CGIF. None of CGIF, its management nor its employees take any responsibility, expressed or implied, for any information contained in this document, other than the information contained in this Section entitled "*Information on the Guarantor*". In addition, none of the foregoing parties has taken any steps to verify the accuracy of any of the information included in this document, other than the information contained in this Section entitled "*Information on the Guarantor*", and no representation or warranty, express or implied, is made by any such parties as to the accuracy or completeness of the information contained in this document.

CREDIT GUARANTEE AND INVESTMENT FACILITY
(A Trust Fund of the Asian Development Bank)

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF CREDIT GUARANTEE AND INVESTMENT FACILITY

Opinion

We have audited the financial statements of Credit Guarantee and Investment Facility ("CGIF"), which comprise the statement of financial position as at 31 December 2022, the statement of net income, the statement of comprehensive income, statement of changes in members' equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CGIF as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of CGIF in accordance with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Annual Report but does not include the financial statements and our auditor's report thereon.

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.

Deloitte.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing CGIF'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 CGIF or to cease operations, or has no realistic alternative but to do so.

Management is responsible for overseeing CGIF's financial reporting process.

Auditor's 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 auditor's 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 ISAs 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 ISAs, 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 control.

- Obtain an understanding of internal control 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 CGIF's internal control.

- 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 CGIF's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause CGIF to cease to continue as a going concern.

Deloitte.

- 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.

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

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

21 April 2023

CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2022
Expressed in Thousands of United States Dollars

	NOTES	2022	2021
ASSETS			
CASH		9,342	9,154
INVESTMENTS	5	1,182,301	1,214,772
ACCRUED INTEREST INCOME	5	8,236	6,900
GUARANTEE FEE RECEIVABLE, NET	6	57,248	63,568
GUARANTEE RECEIVABLE, NET	6	45,335	73,079
REINSURANCE RECEIVABLE, NET		-	2,576
RIGHT OF USE – LEASE ASSET, NET	7	177	343
FURNITURE, FIXTURES AND EQUIPMENT, NET	8	135	140
INTANGIBLE ASSETS, NET	9	82	69
OTHER ASSETS	10	2,145	2,164
TOTAL ASSETS		**1,305,001**	**1,372,765**
LIABILITIES AND MEMBERS' EQUITY			
LIABILITIES			
GUARANTEE LIABILITY	6	66,435	76,200
UNEARNED INTEREST INCOME – GUARANTEES		1,041	936
LEASE LIABILITY	7	150	325
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	11	12,999	1,821
OTHER LIABILITIES	12	1,144	1,121
TOTAL LIABILITIES		**81,769**	**80,403**
MEMBERS' EQUITY			
CAPITAL STOCK			
PAID-IN CAPITAL	13	1,148,899	1,137,000
RETAINED EARNINGS		13,834	29,791
RESERVE	14	139,249	109,458
ACCUMULATED OTHER COMPREHENSIVE INCOME			
INVESTMENT REVALUATION RESERVE	5	(78,750)	16,113
TOTAL MEMBERS' EQUITY		**1,223,232**	**1,292,362**
TOTAL LIABILITIES AND MEMBERS' EQUITY		**1,305,001**	**1,372,765**

CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF NET INCOME
For the year ended 31 December 2022
Expressed in Thousands of United States Dollars

	NOTES	2022	2021
REVENUE			
GUARANTEE FEES		20,034	19,420
INTEREST INCOME	15	28,458	27,276
REALIZED (LOSS) GAIN FROM SECURITIES		(19)	810
INCOME FROM REINSURANCE	18	1,577	2,759
MISCELLANEOUS INCOME	16	1,050	850
GROSS REVENUE		**51,100**	**51,115**
EXPENSES			
ADMINISTRATIVE AND OPERATIONAL EXPENSES	17	10,716	9,905
REINSURANCE EXPENSES	18	7,730	7,138
FINANCIAL EXPENSES		103	114
IMPAIRMENT LOSSES	5, 6	16,244	831
MISCELLANEOUS EXPENSES	12	1,144	1,121
TOTAL EXPENSES		**35,937**	**19,109**
NET OPERATING INCOME		**15,163**	**32,006**
LOSS FROM FOREIGN EXCHANGE		(1,329)	(2,215)
NET INCOME		**13,834**	**29,791**

CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022
Expressed in Thousands of United States Dollars

	NOTES	2022	2021
NET INCOME		13,834	29,791
OTHER COMPREHENSIVE INCOME			
ITEM THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO NET INCOME:			
NET UNREALIZED LOSS ON INVESTMENTS MEASURED AT FVTOCI	5	(94,863)	(36,740)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(81,029)**	**(6,949)**

CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF CHANGES IN MEMBERS' EQUITY
For the year ended 31 December 2022
Expressed in Thousands of United States Dollars

	Paid-in Capital					
	Subscribed Capital	**Unpaid Subscription**	**Retained Earnings**	**Reserve**	**Investment Revaluation Reserve**	**Total Members' Equity**
BALANCE, 1 JANUARY 2021	1,149,000	(46,800)	23,963	85,495	52,853	1,264,511
ADDITIONAL SUBSCRIPTION (NOTE 13)	9,000	25,800	-	-	-	34,800
NET INCOME FOR THE YEAR	-	-	29,791	-	-	29,791
ALLOCATION OF PRIOR YEAR INCOME TO RESERVE	-	-	(23,963)	23,963	-	-
OTHER COMPREHENSIVE LOSS						
NET UNREALIZED GAIN ON INVESTMENTS MEASURED AT FVTOCI (NOTE 5)	-	-	-	-	(36,740)	(36,740)
BALANCE, 1 JANUARY 2022	1,158,000	(21,000)	29,791	109,458	16,113	1,292,362
ADDITIONAL SUBSCRIPTION (NOTE 13)	-	11,899	-	-	-	11,899
NET INCOME FOR THE YEAR	-	-	13,834	-	-	13,834
ALLOCATION OF PRIOR YEAR INCOME TO RESERVE	-	-	(29,791)	29,791	-	-
OTHER COMPREHENSIVE LOSS						
NET UNREALIZED LOSS ON INVESTMENTS MEASURED AT FVTOCI (NOTE 5)	-	-	-	-	(94,863)	(94,863)
BALANCE, 31 DECEMBER 2022	**1,158,000**	**(9,101)**	**13,834**	**139,249**	**(78,750)**	**1,223,232**

CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF CASH FLOWS
For the year ended 31 December 2022
Expressed in Thousands of United States Dollars

	NOTES	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
GUARANTEE RELATED INCOME RECEIVED		23,550	25,054
OTHER INCOME RECEIVED		986	1,739
GUARANTEE PAYMENT		-	(84,843)
REINSURANCE CLAIMS RECEIVED		21,211	-
ADMINISTRATIVE AND OPERATIONAL EXPENSES PAID		(11,771)	(10,462)
REINSURANCE EXPENSES PAID		(6,296)	(5,390)
FINANCIAL EXPENSES PAID		(103)	(113)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		**27,577**	**(74,015)**
CASH FLOWS FROM INVESTING ACTIVITIES			
PURCHASES OF INVESTMENTS		(2,212,665)	(1,924,532)
MATURITIES/SALES OF INVESTMENTS		2,149,817	1,942,987
INTEREST RECEIVED ON INVESTMENTS		23,880	25,982
REALIZED (LOSS) GAIN FROM SECURITIES		(19)	810
PURCHASE OF FURNITURE AND EQUIPMENT AND INTANGIBLE ASSETS		(98)	(126)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES		**(39,085)**	**45,121**
CASH FLOWS FROM FINANCING ACTIVITIES			
CONTRIBUTIONS RECEIVED	13	11,899	34,800
LEASE LIABILITY PAID		(162)	(155)
NET CASH PROVIDED BY FINANCING ACTIVITIES		**11,737**	**34,645**
EFFECT OF EXCHANGE RATE CHANGES IN CASH		**(41)**	**(57)**
NET INCREASE IN CASH		**188**	**5,694**
CASH AT THE BEGINNING OF THE YEAR		9,154	3,460
CASH AT THE END OF THE YEAR		**9,342**	**9,154**

	2022	2021
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
NET INCOME	13,834	29,791
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION AND AMORTIZATION – FIXED AND INTANGIBLE ASSETS	87	89
DEPRECIATION – ROU ASSETS	160	165
PROVISION FOR EXPECTED CREDIT LOSSES	16,244	831
INTEREST INCOME ON INVESTMENTS	(24,747)	(24,049)
REALIZED LOSS (GAIN) FROM SECURITIES	19	(810)
FX REVALUATION LOSS	33	41
CHANGE IN GUARANTEE FEE RECEIVABLE	6,501	5,400
CHANGE IN GUARANTEE RECEIVABLES	2,297	(82,830)
CHANGE IN GUARANTEE LIABILITY	(7,589)	(2,786)
CHANGE IN UNEARNED INTEREST INCOME	105	142
CHANGE IN ACCOUNTS PAYABLE AND ACCRUED EXPENSES	20,727	456
CHANGE IN OTHER ASSETS	(118)	(489)
CHANGE IN OTHER LIABILITIES	24	34
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**27,577**	**(74,015)**

NOTES TO FINANCIAL STATEMENTS
For the year ended 31 December 2022

NOTE 1— GENERAL INFORMATION

The Credit Guarantee and Investment Facility (CGIF) was established on 12 November 2010. Its main objectives are to promote resilience of the financial markets, and to prevent disruptions to the international financial order, by eliminating currency and maturity mismatches for creditworthy corporations in the region through guarantees to help them access local currency bond markets.

The general principles of organization, management and operations of CGIF are set out in the Articles of Agreement (AoA) as adopted by the Contributors. The Asian Development Bank (ADB) is the Trustee of CGIF and holds in trust and manages CGIF funds and other property only for the purposes of, and in accordance with the provisions of the AoA. Based on the Article 13.2 of the AoA of CGIF, the privileges, immunities and exemption accorded to ADB pursuant to the Agreement Establishing the ADB shall apply to (1) the Trustee, (2) the property, asset, archives, income, operations, and transactions of CGIF.

CGIF will be financed solely from capital contributed by member countries and ADB. CGIF will not borrow from any source to finance its operations except for purposes of cash management.

The Contributors in CGIF are the governments of Association of Southeast Asian Nations, People's Republic of China, Japan, Republic of Korea (ASEAN+3) and ADB. Ownership rights are in proportion to capital contributions. The authorized capital of CGIF is US$1,200,000,000, divided into 12,000 shares with a nominal value of US$100,000 each. As of 31 December 2022, $1,158,000,000 are subscribed and $1,148,898,970 are paid in by the Contributors. Details are discussed in Note 13.

The financial statements were approved by the Board of Directors on 21 April 2023 for presentation to the Meeting of Contributors (MOC) scheduled on 29 May 2023. The financial statements are subject to approval at the MOC.

NOTE 2—ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

On January 1, 2022, CGIF adopted all the new and revised IFRS pronouncements that are mandatorily effective and relevant to its operations. The adoption of these new/revised IFRS pronouncements does not result in changes to the company's accounting policies and has no material effect on the disclosures or on the amounts reported for the current and prior years.

Revised IFRS in issue but not yet effective

CGIF has not applied the following revised IFRS that has been issued but not yet effective:

Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current

The amendment to IAS 1 published in January 2020 affects only the presentation of liabilities as current or non-current in the Statement of Financial Position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments that clarify the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence If covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

In October 2022, IASB deferred the effective date of application of the January 2020 amendments to 1 January 2024 with earlier application permitted.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosures of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments require to disclose the material accounting policy information rather than the significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept if materiality to accounting policy disclosures.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The amendments deleted the definition of 'change in accounting estimates' and added a definition of 'accounting estimates'. Under the new definition, accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.

- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

CGIF does not anticipate any significant impact on CGIF's Financial Statements upon the application of these amendments.

NOTE 3—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of CGIF have been prepared in accordance with IFRS as issued by the IASB.

The accounting policies adopted are consistent with those of the previous financial year unless stated otherwise.

These financial statements have been prepared using the historical cost basis except for certain assets and financial instruments that are measured at fair values or revalued amounts at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, CGIF takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety.

The fair values of CGIF's financial assets and liabilities are categorized as follows:

Level 1: fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities that CGIF can access at the measurement date;
Level 2: fair values are based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
Level 3: fair values are based on inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Inter-level transfers from one year to another may occur due to changes in market activities affecting the availability of quoted market prices or observable market data.

CGIF's policy is to recognize transfers in and transfers out of levels as of the end of the reporting period in which they occur.

Cash

Cash represents cash on hand or deposits in a bank account. The carrying amount of these assets is approximately equal to their fair value.

Financial Instruments

Financial assets and liabilities are recognized by CGIF once it becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue are added to or deducted from the fair value of the financial assets or financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss), as appropriate, on initial recognition.

Classification of Financial Assets

Financial assets are both measured and classified as amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL), on the basis of both: (i) CGIF's business model for managing the financial assets and (ii) the contractual cashflow characteristics of the financial asset.

Amortized Cost and Effective Interest Method

The amortized cost and effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transactions costs and other premiums or discounts), excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting any loss allowance.

Interest income on investment securities and money market instruments are recognized as earned and reported net of amortization of premiums and discounts. Interest is accrued, by reference to the principal outstanding at the applicable effective interest rate.

Financial Assets at Amortized Cost

Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are measured at amortized cost using the effective interest method, less any impairment. This includes cash on hand or deposit in a bank account, time deposits, certificates of deposits, accrued interest income, guarantee fee receivables, reinsurance receivables, and other receivables.

Investments

All investments in debt securities are considered to be FVTOCI and are reported at fair value. Investment securities are recorded at trade dates. Changes in the carrying amount of these instruments as a result of foreign exchange gains or losses, impairment gains and losses (see below), and interest income are recognized in the profit or loss. All other changes in the carrying amount arising from change in fair value are recognized and accumulated in other comprehensive income under member's equity. Time deposits and certificates of deposits are also classified under investments and are reported at cost which is a reasonable estimate of its fair value.

Guarantee Fee Receivable

Guarantee fee receivables are initially recognized at their fair values in the Statement of Financial Position, which are estimated based on the present value of total fees expected to be received under the guarantees. They are subsequently measured at amortized cost net of any loss allowance.

Guarantee Receivable

Guarantee receivables are from guarantee obligations on defaulted bonds that were settled and is expected to be received or recovered based on guarantee contracts. They are initially recognized as credit impaired in the Statement of Financial Position. For these assets, all changes in lifetime expected credit loss (ECL) since initial recognition are recorded as a loss allowance with any changes recognized in the Statement of Net Income. Any favorable change creates an impairment gain.

Credit-impaired Financial Assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Impairment of Financial Assets

Financial assets that are classified and measured as amortized cost, FVTOCI, and financial guarantee contracts shall recognize loss allowance based on the ECL model. Changes in the carrying amount of the allowance account are recognized in the Statement of Net Income under impairment losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

If there has been a significant increase in credit risk (SICR) of the financial instrument from initial recognition, the loss allowance is based on the lifetime ECL of the item. If the credit risk on the financial instrument has not increased significantly since initial recognition, the loss allowance is based on the 12-month ECL of the financial instrument.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant Increase in Credit Risk

CGIF assesses an SICR on a guarantee account if any of the following conditions are met: (1) credit risk rating drops to B- or lower, but the account is not in default; (2) credit risk rating drops by at least 3 notches in the recent past 36 months, and is at least 3 notches below credit risk rating at inception; or (3) credit risk rating drops by at least 4 notches from inception if in its initial four years after inception, or by at least 5 notches from inception if beyond four years from inception. The date that CGIF becomes a party to a guarantee is the date of initial recognition or inception for the purpose of assessing impairment.

For CGIF's investments, it is assumed that the credit risk of a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have a low credit risk (see Notes 4 and 5). A financial instrument is determined to have a low credit risk if (i) it has a low risk of default, (ii) there is a strong capacity for the counterparty to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of Default

For purposes of ECL computation, financial guarantee contracts and guarantee fee receivables shall be in default once an event of default in the Guarantee Agreement has occurred, and CGIF's guarantee has been called. An investment is in default if it has been declared by the debt capital market agents particularly the investors' trustee for the investment instrument. Technical defaults, i.e. defaults without missed payments, are not considered defaults for ECL model unless decided otherwise by the GIC.

Write-off Policy

A financial asset is written-off when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Any recoveries made on a financial asset previously written-off are recognized in profit or loss.

Measurement and Recognition of Expected Credit Losses

ECL is a function of probability of default (PD), loss given default (LGD), and exposure at default (EAD). CGIF generates unbiased probability-weighted ECLs based on point-in-time PDs that are derived from several future scenarios. The Credit Cycle Projection Overlay (CCPO) from S&P Global Market Intelligence (SPGMI) is used in generating these point-in-time PDs. In each future scenario, CGIF uses forecasted or forward-looking values of CCPO's input macroeconomic variables. LGD is currently set at 50%. For accounts in stage 3, ECL derivation considers additional information and assumptions that reflect the default position. For CGIF's investments, EAD is the gross carrying amount of the assets at reporting date and next unpaid coupon. For financial guarantee contracts, EAD is the sum of a guaranteed bond's unpaid principal and next unpaid coupon. For a receivable arising from a guarantee payment, EAD is the total book value of the guarantee receivable. EAD in currencies other than USD are translated into USD at the reporting date's exchange rate.

Derecognition of Financial Assets

CGIF derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

When an FVTOCI is derecognized or disposed of, the unrealized gains or losses previously recognized in accumulated other comprehensive income will be recognized in the Statement of Net Income.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

However, financial guarantee contracts issued by CGIF are measured in accordance with the specific accounting policies set out below.

Guarantee Liability

CGIF enters into financial guarantee contracts that requires to make specified payments should the bond issuer fail to make payments due in accordance with the terms of the bond.

Guarantee liabilities recorded in the Statement of Financial Position are measured initially at fair values, and subsequently measured at the higher of the unamortized balance of the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IFRS 15, and the amount of loss allowance determined in accordance with the ECL model.

Derecognition of financial liabilities

CGIF derecognizes financial liabilities when, and only when, CGIF's obligations are discharged, cancelled, or have expired.
CGIF accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

Revenue Recognition for Guarantee Fee

Guarantee fees are recognized upon performance of services and is amortized over the term of the guarantee obligation in accordance with the terms and conditions of the agreement.

Leases

CGIF applies definition of a lease and the related guidance set out in the IFRS for contracts entered into as lease. As lessee, CGIF recognizes right of use asset and lease liability in the Statement of Financial Position.

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 commencement date, plus any initial direct costs incurred and any estimated costs of dismantling and the cost of any removal and restoration of the underlying asset, less any lease incentives received.

Right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of useful life of the asset or the end of the lease term. 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 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. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. It is remeasured when there is a change in discount rate, or if there is a change on CGIF's decision to extend or terminate the lease contract based on assessment.

Furniture, Fixtures and Equipment

All furniture, fixtures and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the asset and bringing it to its working condition.

Subsequent costs incurred for the purpose of enhancement or improvement shall be added to the carrying amount of the asset when it is probable that the expenditure will cause additional future economic benefit to CGIF. Other subsequent costs like maintenance, repairs and minor betterments are charged to expense.

Depreciation is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives, using straight-line method. The estimated useful lives, residual values and depreciation method are reviewed regularly with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives by asset class are as follows:

Asset Class	Useful Life
Office Furniture and Equipment	
Furniture	10 years
Other Office Equipment	4 years
IT and Communication	
Computer	3 years
Server	5 years
Network	4 years
Communication	7 years
Others	4 years
Leasehold Improvement	Over the lease period

An item of furniture, fixtures, and equipment is derecognized upon disposal. Any gain or loss arising on the disposal of an item of furniture, fixtures, and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of Net Income.

Intangible Assets

Intangible assets are composed of acquired information system software licenses that are capitalized on the basis of costs incurred to acquire and bring to use the specific software. These are amortized over a period of 4 years and are carried at cost less accumulated amortization and accumulated impairment losses.

Impairment of Tangible and Intangible Assets

On regular basis, CGIF reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of asset's fair value less costs of disposal and the value in use.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but only to the extent of the carrying amount of the asset had no impairment loss been recognized in prior years. A reversal of the impairment loss is recognized immediately in the profit or loss.

Offsetting Arrangements

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when there is a legally enforceable right to set off the recognized amounts and there is an intention to either settle on a net basis or to realize the asset and settle the liability simultaneously. A right to set-off must be available at the end of the reporting period rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency, or bankruptcy.

Subscribed Capital

Each contributor subscribed by depositing with the Trustee a duly completed Instrument of Acceptance. Contributions are included in the financial statements at historical cost from the date of the signing of the Instrument of Acceptance.

The increase in the authorized capital of CGIF pursuant to Article 4.2 of the AoA was approved by the MOC. Instrument of Subscription (IOS) submitted to the Board Secretary, who acts on behalf of the Trustee, formally confirms the Contributor's intention to subscribe the number of shares specified. The additional subscription will be effective from the date the Board Secretary notifies the subscribing Contributor that the Instrument of Subscription has been received.

Segment Reporting

CGIF is a credit guarantee and investment facility established to develop and strengthen local currency and regional bond markets, so that creditworthy corporations can access those markets and avoid currency and maturity mismatches. CGIF's products and services are unique and are structured and distributed in a uniform manner to its clients. Based on CGIF's operations, CGIF has only one reporting segment.

Fair Value of Financial Instruments

IFRS 13, Fair Value Measurements, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is market-based measurement, not an entity-specific measurement. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market, or in the absence of principal market, in the most advantageous market for the asset or liability.

Functional and Presentation Currency

CGIF's members are from ASEAN+3 and ADB with the subscriptions and redemptions of the shares denominated in the United States dollars (USD). The primary activity of CGIF is guaranteeing bonds that are denominated in local currencies and issued by creditworthy ASEAN+3 corporations in the ASEAN+3 region. The performance of CGIF is measured and reported to the Contributors in USD. The USD is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in USD, which is CGIF's functional and presentation currency.

Translation of Currencies

CGIF adopts the use of daily exchange rates for accounting and financial reporting purposes. This allows transactions denominated in currencies other than USD to be translated to the reporting currency using the exchange rates applicable at the time of transactions. Contributions included in the financial statements during the period are recognized at applicable exchange rates as of the respective dates of commitment. At the end of each accounting period, translations of asset and liabilities which are not denominated in USD are adjusted using the applicable rates of exchange at the end of the reporting period. These translation adjustments are accounted for as unrealized foreign exchange gains or losses and are charged to operations in the Statement of Net Income.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of CGIF's accounting policies, which are described above, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Since the estimates are based on judgment and available information, actual results may differ and might have a material impact on the financial statement.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are included in Notes 5, 6, and 7. This includes fair value measurements, loss allowances, and valuation processes.

As explained in accounting policies above, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether there is a significant increase in credit risk, CGIF takes into account qualitative and quantitative reasonable and supportable forward-looking information, as reflected in internal risk ratings.

Furthermore, in calculating the loss allowance, CGIF uses the Credit Cycle Projection Overlay from SPGMI to generate the point in time probabilities of default (PIT-PD). For accounts that are in stage 3, PD will be 100%. LGD shall be set at 50% for either stage 1 or stage 2. For accounts that are in stage 3, LGD is estimated based on additional information and realistic assumptions reflective of the actual conditions at reporting date.

NOTE 4—RISK MANAGEMENT

CGIF manages all its perceived risk exposures, particularly exposures to credit risk, market risk, liquidity risk, and operational risk. These risks are managed pursuant to CGIF's Operational Policies, and Risk Management Framework (RMF). The Board's Internal Control and Risk Management Committee and Risk Management Department (RMD) cause the functional units to identify, measure, monitor, control, and report risks. The Board, management's Guarantee and Investment Committee, and the CEO oversee and regulate both risk taking and risk management. Appetite for risk taking as expressed in operational controls and risk exposure limits emanates from the Board.

CGIF endeavors to conform to international best practices in risk management. CGIF subscribes to the idea that informed risk-taking presents opportunities. CGIF takes risks that offer commensurate rewards. Risk-taking roles are independent of risk management roles. A positive risk management culture is fostered – the system clarifies what conduct and procedures are acceptable, and which ones are not; encourages initiatives that improve the management of risks; promotes transparency, individual responsibility, and accountability.

Categories of Financial Instruments

Categories of financial instruments at carrying amount as of 31 December 2022 and 2021 are as follows (in $'000):

	2022	2021
Financial assets		
FVTOCI	1,138,070	1,075,070
Financial assets at amortized cost	165,478	296,138
Financial liabilities		
Financial liabilities at amortized cost	14,144	2,942
Lease liabilities	150	325
Guarantee liability	66,435	76,200

Credit Risk

As per CGIF's Treasury Risk Management Guidelines, CGIF's long term investments are restricted to those with the international ratings of AA- or better, with the exception of investments in contributor countries' government-related securities that may be rated as low as A+. Short-term investments should be rated no lower than A-1. Credit risk in these investments is considered low.

Credit concentration of investments are controlled by policy limits on exposure per issuer, per type of issuer, and per country rating grade. CGIF controls the concentration of investment per country of issuer. The lower the country sovereign rating grade, the lower the investment concentration limit – 0% of CGIF capital for countries rated A or lower; up to 30% of CGIF capital for countries rated AAA, except for the US where the investment concentration limit is 100% of CGIF capital. Investments in short-term money market instruments are excluded in reckoning country exposure concentrations against country limits.

CGIF has guarantee eligibility criteria that include, among others, a borrower's credit rating grade, proposed guarantee size and tenor, use of bond proceeds, and compliance to safeguards standards and to credit exposure control limits. Eligible borrowers undergo a stringent due diligence review. Guarantee Underwriting Proposals (GUPs) require approval of management's Guarantee and Investment Committee (GIC) and of the Board of Directors (Board). The Board has delegated to the GIC final approval authority for GUPs that are rated BB or better, are not more than USD 50mn, have tenor of not more than 5 years, are not classified as safeguard risk Category A, and are approved by the Chief Risk Officer. In aid of informed decisions on GUPs, the Board is furnished with credit review notes, safeguards review notes, and integrity review notes from CGIF's RMD. As of 31 December 2022, CGIF's guarantee portfolio had a weighted average risk rating of BB+ (BB flat – 31 December 2021).

CGIF controls concentrations of credit risk. Guarantee exposure to any country and to any currency is capped at 20% and 40%, respectively, of CGIF's Maximum Guarantee Capacity (MGC), where MGC is the product of (a) total paid-in capital of CGIF, plus retained earnings, plus reserves, less net credit loss reserves less foreign exchange loss reserves, and less all illiquid assets and (b) the maximum leverage ratio. CGIF's maximum leverage ratio, currently 2.5:1, is determined by the MOC with the recommendation of the CGIF Board. CGIF refers to IMF's list to identify acceptable offshore financial centers (AOFCs). Exposures to AOFCs pertain to guarantee exposures to borrowing entities that are registered through the offshore incorporation process of an AOFC. Aggregate guarantee exposure to any single AOFC and aggregate exposure to all AOFCs are limited to 20% and 40%, respectively, of CGIF's MGC. Aggregate Type-B (investor-procured) guarantee exposure is limited to 20% of MGC. Aggregate guarantee exposure to any sector and to any industry is limited to 40% and 20%, respectively, of MGC. In any country, exposure to any industry may not exceed 10% of MGC. Single borrower exposures, and single group exposures, may not exceed 20% of CGIF's paid-in capital. CGIF's leverage ratio and concentration ratios are reported quarterly to the CGIF Board.

CGIF's exposure to credit risk is reckoned on the amount of financial assets recorded in the financial statements and the guarantee obligations disclosed in Note 6.

A reinsurance treaty whereby CGIF cedes to a consortium of reinsurers agreed portions of credit risk from bond issuers reduces CGIF's credit risk exposure from its guarantee portfolio. Please refer to Note 18.

Market Risk

Market risk represents the potential loss that could result from adverse market movements. The main components of market risk for CGIF are interest rate risk and foreign exchange risk.

Interest rate risk is primarily the exposure of income on assets to fluctuation in interest rates. An objective of interest rate risk management in CGIF is the generation of overall interest income that is not overly sensitive to changes in interest rates, but yet responsive to general market trends.

CGIF's Treasury Risk Management Guidelines restrict CGIF's investment portfolio duration to no more than 5 years. The duration of CGIF's portfolio is the market value-weighted average of effective duration of all outstanding investments. As of 31 December 2022, CGIF's investment portfolio had remaining maturities of up to 8.59 years (9.59 years - 31 December 2021), with duration of 2.87 years (2.93 years - 31 December 2021). CGIF's investments are sensitive to interest rate movements. For CGIF's investment portfolio at 31 December 2022, it is estimated that a 100 basis points upward/downward parallel shift in the yield curve would cause an unrealized loss/gain of about $34.1 million ($35.7 million - 31 December 2021).

The following tables presents CGIF's foreign exchange exposure of monetary assets and liabilities (in '000) as at the end of the reporting period:

	2022			
	Asset		Liabilities	
	Local Currency	USD Equivalent	Local Currency	USD Equivalent
THB	1,875,815	54,199	546,072	15,778
VND	391,759,337	16,596	-	-
JPY	1,835,556	13,750	-	-
SGD	10,723	7,959	-	-
IDR	31,953,522	2,040	-	-
PHP	4,089	73	16,885	302
MYR	44	10	-	-
LAK	539	-	-	-
KHR	-	-	943,326	229
TOTAL		94,627		16,309

	2021			
	Asset		Liabilities	
	Local Currency	USD Equivalent	Local Currency	USD Equivalent
THB	2,259,425	67,401	144,306	4,305
VND	520,973,221	22,815	-	-
JPY	864,698	7,531	-	-
SGD	8,566	6,327	2,061	1,522
IDR	38,239,397	2,688	-	-
PHP	5,120	101	24,889	493
MYR	44	10	-	-
LAK	540	-	-	-
TOTAL		106,873		6,320

CGIF is exposed to foreign exchange risk underlying foreign currency payables and receivables relating mostly to CGIF's guarantee operation. For CGIF's foreign exchange exposure at 31 December 2022, it is estimated that a 10% adverse change in FX rates in the relevant foreign currency exposure will cause an instant loss of $7.2 million ($9.2 million - 31 December 2021).

Liquidity Risk

Liquidity risk can arise if CGIF is unable to provide funds to meet its financial and operational commitments. CGIF maintains adequate liquidity resources to meet the cash requirements and potential calls on the guarantees issued. CGIF assesses and monitors the availability of its liquid assets on a quarterly basis. CGIF conducts quarterly tests of its liquidity under stress scenarios where CGIF has to meet lumpy obligations related to claims on guarantees and raise funds from various sources. A liquidity stress test conducted on CGIF's guarantee portfolio as of 31 December 2022 and 2021 indicates that CGIF can generate the liquidity that will be required to meet guarantee payment obligations under the assumed stressed scenario.

The following table details (in $'000) the maturity profile of financial instruments. The maturity analysis is based on the remaining period from the end of the reporting date to the contractual maturity date or the expected date the financial asset will be realized, and the financial liability will be settled.

	2022					
	Less than 1 month	1 to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	More than 5 years	Total
Financial assets						
FVTOCI	-	29,891	122,406	747,662	238,111	1,138,070
Financial assets at amortized cost	26,025	18,026	29,082	107,997	10,072	191,202
Total financial assets	26,025	47,917	151,488	855,659	248,183	1,329,272
Financial liabilities						
Financial liabilities at amortized cost	277	702	1,865	11,300	-	14,144
Lease liability	12	24	114	-	-	150
Total financial liabilities	289	726	1,979	11,300	-	14,294
Net maturity gap	25,736	47,191	149,509	844,359	248,183	1,314,978

	2021					
	Less than 1 month	1 to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	More than 5 years	Total
Financial assets						
FVTOCI	20,016	35,119	81,087	732,215	206,633	1,075,070
Financial assets at amortized cost	180,782	3,135	60,566	40,906	11,074	296,463
Total financial assets	200,798	38,254	141,653	773,121	217,707	1,371,533
Financial liabilities						
Financial liabilities at amortized cost	705	722	1,394	121	-	2,942
Lease liability	12	26	119	168	-	325
Total financial liabilities	717	748	1,513	289	-	3,267
Net maturity gap	200,081	37,506	140,140	772,832	217,707	1,368,266

Capital Resources

CGIF's capital resources comprise of capital stock, retained earnings and reserves. The primary objective in the management of capital resources is to protect CGIF's capital by maintaining a conservative exposure to market risk, credit risk and liquidity risk. CGIF strives to maximize returns on the invested asset portfolio while minimizing volatility of investment income. CGIF's capital resources are placed with the Trustee, ADB.

Capital Adequacy

CGIF deems that it has adequate capital to underwrite credit guarantees for as long as its capital exceeds total capital charge; alternatively, for as long as the capital-to-capital charge ratio – capital adequacy ratio (CAR) – exceeds 1.1. CGIF's CAR at 31 December 2022 was at 4.35 (4.28 – 31 December 2021). CGIF's overall strategy remains unchanged from prior year.

Operational Risk

CGIF manages operational risks through quarterly risk and control self-assessments (RCSAs) by each department of the enterprise. Through RCSAs, CGIF's operating units are directed to identify operational risk events and assess the significance of each of these. The significance of an identified operational risk event is a function of two attributes – the likelihood and impact of its occurrence. Measurable risk indicators, and corresponding control limits, are assigned to each operational risk event. Results of RCSAs are reported to the CEO and to the Board's Internal Control and Risk Management Committee.

NOTE 5—INVESTMENTS

This account is composed of the following (in $'000):

	2022	2021
Certificates of Deposit	44,231	55,000
Time Deposits	-	84,702
FVTOCI		
Government-related-entity or government-guaranteed obligations (GGO)	1,008,440	1,001,638
Corporate obligations	129,630	73,432
Total FVTOCI	1,138,070	1,075,070
Total Investment	1,182,301	1,214,772

ADB, as the Trustee, manages capital resources in accordance with CGIF's Treasury Risk Management Guidelines prepared in consultation with ADB and approved by the CGIF Board of Directors.

ADB follows the same process and internal controls to value the investment securities as ADB's portfolio. The data management unit in ADB's treasury department is responsible for providing the valuation in accordance with the business process. In instances where ADB relies primarily on prices from third party pricing information, there are procedures in place to validate the appropriateness of those values in determining the hierarchy levels. This involves evaluating the nature of prices provided by third party pricing sources to determine if they are indicative or binding prices.

The annualized rate of return on the average investments held during the period ended 31 December 2022, based on the portfolio held at the beginning and end of each month without the effect of change in fair value was 1.97% (1.98% - 31 December 2021).

The investment revaluation reserve of negative $78,750 thousand in the Statement of Financial Position as of 31 December 2022 ($16,113 thousand – 31 December 2021) is composed of the unrealized loss on FV of investments measured at FVTOCI and its credit loss allowance.

The estimated fair value and amortized cost of the investments by contractual maturity as of 31 December 2022 and 2021 are as follows (in $'000):

	2022		2021	
	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost
Due in less than one year	196,528	198,386	275,924	274,737
Due in one to five years	747,662	794,819	732,215	717,943
Due more than five years	238,111	267,863	206,633	206,005
TOTAL	1,182,301	1,261,068	1,214,772	1,198,685

Fair Value Disclosure

The fair value of the investments as of 31 December 2022 and 2021 are as follows (in $'000):

	2022	Fair Value Measurements		
		Level 1	Level 2	Level 3
Certificates of Deposits	44,231	-	44,231	-
Time Deposits	-	-	-	-
Government-related-entity or GGO	1,008,440	979,757	28,683	-
Corporate obligations	129,630	100,484	29,146	-

	2021	Fair Value Measurements		
		Level 1	Level 2	Level 3
Certificates of Deposits	55,000	-	55,000	-
Time Deposits	84,702	-	84,702	-
Government-related-entity or GGO	1,001,638	971,113	30,525	-
Corporate obligations	73,432	73,432	-	-

If available, active market quotes are used to assign fair values to investment securities. These include government-related-entity/government-guaranteed obligations and corporate obligations. For investments where active market quotes are not available, investments are categorized as Level 2 or Level 3, and valuation is provided by independent valuation services. Time deposits and certificates of deposits are reported at cost, which approximates fair value.

For the years ended 31 December 2022 and 2021, there were no inter-level transfers.

Impairment Losses

For purposes of impairment assessment, the FVTOCI in CGIF's portfolio are considered to have low credit risk as the counterparties of these investments have a minimum A+ credit rating for government related bonds of Contributor countries and AA- for all others. Accordingly, the loss allowance for these financial instruments is measured at an amount equal to 12-month ECL.

Impairment losses do not reduce the carrying amount of the debt instruments at FVTOCI in the Statement of Financial Position, which remains at fair value. The balance at the end of the year reflected below is included in the Investment Revaluation Reserve in Accumulated Other Comprehensive Income.

The movements in the credit loss allowance are as follows (in $'000):

	2022	2021
Balance at beginning of the year	26	911
Loss allowance recognized in profit or loss under impairment losses during the year on:		
Assets originated	3	4
Reversals	(4)	(164)
Change in credit risk	(9)	(725)
	(10)	(885)
Balance at end of the year	16	26

During the year, all transactions are classified to Stage 1 and there are no transfers between stages.

Accrued Interest Income

The details of accrued interest income including from investments as of 31 December 2022 and 2021 are as follows (in $'000):

	2022	2021
FVTOCI	8,223	6,728
Certificates of Deposits	-	112
Time Deposits	-	50
Guarantee	13	10
TOTAL	8,236	6,900

NOTE 6 – GUARANTEES

As of 31 December 2022, CGIF has issued guarantees covering bonds denominated in Vietnamese Dong, Singapore Dollar, Thai Baht, Chinese Yuan, Japanese Yen, Indonesian Rupiah, Malaysian Ringgit, Cambodian Riel, and Philippine Peso. The total outstanding amount of the guarantees issued under the related bonds was $2,186 million as of 31 December 2022 ($2,299 million – 31 December 2021). The guarantees are inclusive of coupon payments. The USD guarantee obligation below is for KHR issued bonds where all payments will be in USD converted at a fixed exchange rate agreed at inception.

Below is the summary of the outstanding guarantees by currency (in '000):

31 December 2022

	Local Currency			USD Equivalent
	Principal	Coupon	Total Obligation	of Total Obligation
VND	12,393,000,000	4,060,095,333	16,453,095,333	697,017
SGD	695,000	82,433	777,433	576,988
THB	11,720,000	901,413	12,621,413	364,675
CNY	1,500,000	95,041	1,595,041	228,949
JPY	15,400,000	592,900	15,992,900	119,806
IDR	1,283,000,000	226,026,563	1,509,026,563	96,343
MYR	150,000	9,137	159,137	35,970
KHR	127,200,000	4,796,137	131,996,137	32,073
PHP	107,500	7,732	115,232	2,061
USD	29,401	3,157	32,558	32,558
				2,186,440

31 December 2021

	Local Currency			USD Equivalent
	Principal	Coupon	Total Obligation	of Total Obligation
VND	13,608,000,000	5,042,553,766	18,650,553,766	816,753
SGD	645,000	89,084	734,084	542,159
THB	12,720,000	1,317,301	14,037,301	418,749
CNY	1,000,000	75,041	1,075,041	168,647
JPY	15,400,000	677,600	16,077,600	140,024
IDR	1,062,500,000	247,180,000	1,309,680,000	92,049
MYR	150,000	13,712	163,712	39,161
KHR	127,200,000	14,336,137	141,536,137	34,752
PHP	272,500	19,634	292,134	5,791
USD	36,333	4,915	41,248	41,248
				2,299,333

The range of remaining tenor of financial guarantee contracts as of 31 December 2022 are from less than 1 year to 12 years (31 December 2021 – from less than 1 year to 13 years).

As of 31 December 2022, a guarantee liability of $66.4 million ($76.2 million - 31 December 2021) was reported on the Statement of Financial Position. As of 31 December 2022 and 2021, the reported liability is composed of the following (in $'000):

	2022	2021
Unamortized balance of present value of total guarantee fees	62,783	70,373
Allowance for ECL	3,652	5,827
TOTAL	66,435	76,200

The total amount of loss allowance for guarantee obligations determined through ECL amounted to $6.5 million as of 31 December 2022 ($10.9 million – 31 December 2021). The unamortized balance of guarantee liabilities is compared against the required ECL on a per instrument basis and the higher between the two will be reflected as the guarantee liability in the Statement of Financial Position. The allowance for ECL on the above table represents the total differences between the higher ECL that was computed vs the unamortized balances of guarantee liabilities. As of 31 December 2022, there is one account in the portfolio that was classified into stage 2 and no additional account defaulted (2 accounts in Stage 2 and one guarantee default – 31 December 2021). There is one account in stage 2 that matured and no transfer of stages.

The reported guarantee fee receivable of $57.2 million represents the present value of the stream of total guarantee fees expected to be received for the guarantee outstanding as of 31 December 2022 ($63.6 million – 31 December 2021) net of allowance for credit losses.

In December 2021, CGIF fulfilled its obligation on the first ever default of a bond guarantee which resulted to a credit impaired guarantee receivable of $73.1 million. As of 31 December 2022, a guarantee receivable of $45.3 million was reported in the Statement of Financial Position net of allowance for credit losses amounting to $25.4 million.

As of 31 December 2022 and 2021, all of CGIF's future guarantee fee receivables are classified as Level 3 within the fair value hierarchy. Likewise, as of 31 December 2022, the credit impaired guarantee receivables from the default is classified as Level 3 within the fair value hierarchy as well.

The Finance Department is responsible for determining and reporting the fair value of guarantees reported in the Statement of Financial Position. The carrying amount of guarantees approximates its fair value. Future guarantees are stated at discounted present value using significant unobservable inputs such as discount rates applicable to individual guarantee contracts that are internally determined. The valuation technique and significant unobservable quantitative inputs for guarantee fee receivables classified as Level 3 as of 31 December 2022 and 2021 were summarized below:

	Valuation Technique	Unobservable Input	Range 2022	Range 2021
Guarantee fee receivable	Discounted cash flows	Discount rates	2.55% to 9.70%	1.35% to 9.70%

There were no inter-level transfers during the year ended 31 December 2022 and 2021.

Impairment Losses

The movements in the credit loss allowance for guarantee fees receivable are as follows (in $'000):

	2022	2021
Balance at beginning of the year	325	1,389
Loss allowance recognized in profit or loss under impairment losses during the year on:		
Assets originated	2	27
Reversals	(16)	(81)
Changes in credit risk	(167)	(1,009)
Stage 1 to Stage 2	-	(1)
	(181)	(1,064)
Balance at end of the year	144	325

During the year, one account classified as stage 2 matured. As of 31 December 2022, only one account in the portfolio was classified as stage 2 (two – 31 December 2021).

At the time of the recognition of the guarantee receivable in 2021, the impairment losses amounting to $9.8 million was charged off against the credit impaired asset. As of 31 December 2022, additional provision was recognized due to changes in credit risk.

The movements in the credit loss allowance for guarantee receivable are as follows (in $'000):

	2022
Balance at beginning of the year	-
Loss allowance recognized in profit or loss under impairment losses during the year on:	
Changes in credit risk	25,447
Balance at end of the year	25,447

NOTE 7—LEASES

CGIF recognized right of use lease asset related to the office rental contract with ADB. This is initially measured at cost and is subsequently depreciated on a straight-line basis for two years. In December 2020, CGIF and ADB agreed to extend the lease contract upon expiry for 3 years ending 31 January 2024. Since the extension of lease term did not add the right to use a new underlying asset, it is not accounted for as a separate lease. Accordingly, the lease liability is remeasured on 31 December 2020 and a corresponding adjustment was made to the ROU Lease Asset.

The details of the amount presented in the Statement of Financial Position are as follows:

Cost	
1 January 2021	813
Remeasurement	-
31 December 2021	813
Remeasurement/Adjustment	(6)
31 December 2022	807
Accumulated depreciation	
1 January 2021	(305)
Depreciation	(165)
31 December 2021	(470)
Depreciation	(160)
31 December 2022	(630)
NET Balance at 31 December 2022	177
NET Balance at 31 December 2021	343

Depreciation – ROU Lease Asset charged for the period is reported under administrative expenses in the Statement of Net Income.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payment includes fixed payment and in-substance fixed payments for the amortization of alteration cost. The discount rate used is the latest bank average domestic lending rate (annual) published by the Central Bank of the Philippines (BSP) upon date of commencement. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. Interest expense is reported under financial expenses in the Statement of Net Income.

NOTE 8—FURNITURE, FIXTURES AND EQUIPMENT - NET

The details of this account are as follows (in $'000):

	Office Furniture and Equipment	IT and Communications	Building Improvement	TOTAL
Cost				
1 January 2021	359	379	5	743
Additions	-	38	-	38
Disposals	-	-	-	-
31 December 2021	359	417	5	781
Additions	7	61	-	68
Disposals	-	(2)	-	(2)
31 December 2022	366	476	5	847
Accumulated Depreciation/Amortization				
1 January 2021	(273)	(284)	(5)	(562)
Depreciation	(28)	(51)	-	(79)
Amortization	-	-	-	-
Disposals	-	-	-	-
31 December 2021	(301)	(335)	(5)	(641)
Depreciation	(20)	(53)	-	(73)
Amortization	-	-	-	-
Disposals	-	2	-	2
31 December 2022	(321)	(386)	(5)	(712)
NET, 31 December 2022	45	90	-	135
NET, 31 December 2021	58	82	-	140

Depreciation is reported under administrative expenses in the Statement of Net Income.

NOTE 9—INTANGIBLE ASSETS - NET

Intangible assets are composed of Information systems software that is capitalized. The details of this account are as follows (in $'000):

	Information Systems Software
Cost	
1 January 2021	981
Additions	63
Disposals	-
31 December 2021	1,044
Additions	27
Disposals	-
31 December 2022	1,071
Accumulated Depreciation/Amortization	
1 January 2021	(965)
Amortization	(10)
Disposals	-
31 December 2021	(975)
Amortization	(14)
Disposals	-
31 December 2022	(989)
NET, 31 December 2022	82
NET, 31 December 2021	69

The amortization is reported under administrative expenses in the Statement of Net Income.

NOTE 10—OTHER ASSETS

Other assets pertain to commission receivable from reinsurance, advances made by CGIF for staff benefits, prepaid expenses, subscriptions and licenses as well as security deposit.

NOTE 11—ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This account consists of accounts payable, and accrual of administrative and operating expenses incurred but not yet paid. Aside from accruals for reinsurance expenses on premiums to be ceded, this account includes accrual on provision for expected refund to reinsurers upon recovery of the guarantee receivables.

NOTE 12—RELATED PARTY TRANSACTIONS

CGIF utilizes certain services from ADB including treasury service as may be agreed with the Chief Executive Officer from time to time.

Provision for ADB's administration fee, amounting to $1.14 million ($1.12 million – 31 December 2021), recorded in other miscellaneous expense was accrued in other liabilities. ADB's administration fee is equivalent to 10 bps of contributions received. ADB's administration fee for 2022 will be settled subsequently in May 2023. Key management personnel total compensation of short-term employee benefits for 31 December 2022 amounted to $3.49 million ($3.28 million – 31 December 2021).

NOTE 13—PAID-IN CAPITAL

The increase in CGIF's authorized capital to 12,000 shares from 7,000 shares at $100,000 per share was approved by the Contributors on 6 December 2017 per Resolution No. 2017-S-01. Each Contributor shall pay in full or in installments for the number of shares by the date indicated in the IOS. However, in case where payment cannot be made by a Contributor during the subscription payment period, the subscription is renounced and forfeited after one hundred and twenty (120) days following the last due date indicated in the IOS or the end of 2023, as applicable, or such later date as the Board may determine.

The authorized capital stock of CGIF as of 31 December 2022 and 2021 are as follows (in $'000):

	2022	2021
Authorized capital (12,000 shares)	1,200,000	1,200,000
Subscribed	1,158,000	1,158,000
Unsubscribed	42,000	42,000
Total authorized capital	1,200,000	1,200,000
Subscribed capital comprises:		
Amounts received	1,148,899	1,137,000
Amounts not yet due	9,101	21,000
Total subscribed capital	1,158,000	1,158,000

The AoA prescribe that shares shall be allocated to Contributors only after full payment has been received. Therefore, only paid-in capital shall be taken into account when calculating each Contributor's voting rights.

Deloitte.

CREDIT GUARANTEE AND INVESTMENT FACILITY
(A Trust Fund of the Asian Development Bank)

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)

INDPENDENT AUDITOR’S REPORT AND FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF
CREDIT GUARANTEE AND INVESTMENT FACILITY

Opinion

We have audited the financial statements of Credit Guarantee and Investment Facility ("CGIF"), which comprise the statement of financial position as at 31 December 2021 and the statement of net income, the statement of comprehensive income, statement of changes in members' equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CGIF as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of CGIF in accordance with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Annual Report but does not include the financial statements and our auditor's report thereon. 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.

Deloitte.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing CGIF'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 CGIF or to cease operations, or has no realistic alternative but to do so.

Management is responsible for overseeing CGIF's financial reporting process.

Auditor's 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 auditor's 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 ISAs 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 ISAs, 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 control.

- Obtain an understanding of internal control 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 CGIF's internal control.

- 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 CGIF's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause CGIF to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- 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.

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

Deloitte & Touche LLP.

Public Accountants and
Chartered Accountants
Singapore

22 April 2022

CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2021
Expressed in Thousands of United States Dollars

	NOTES	2021	2020
ASSETS			
CASH		9,154	3,460
INVESTMENTS	5	1,214,772	1,270,349
ACCRUED INTEREST INCOME	5	6,900	7,563
GUARANTEE FEE RECEIVABLE, NET	6	63,568	67,904
GUARANTEE RECEIVABLE, NET	6	73,079	-
REINSURANCE RECEIVABLE, NET	6	2,576	-
RIGHT OF USE – LEASE ASSET, NET	7	343	508
FURNITURE, FIXTURES AND EQUIPMENT, NET	8	140	181
INTANGIBLE ASSETS, NET	9	69	16
OTHER ASSETS	10	2,164	1,678
TOTAL ASSETS		**1,372,765**	**1,351,659**
LIABILITIES AND MEMBERS' EQUITY			
LIABILITIES			
GUARANTEE LIABILITY	6	76,200	83,381
UNEARNED INTEREST INCOME – GUARANTEES		936	794
LEASE LIABILITY	7	325	496
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	11	1,821	1,390
OTHER LIABILITIES	12	1,121	1,087
TOTAL LIABILITIES		**80,403**	**87,148**
MEMBERS' EQUITY			
CAPITAL STOCK			
PAID-IN CAPITAL	13	1,137,000	1,102,200
RETAINED EARNINGS		29,791	23,963
RESERVE	14	109,458	85,495
ACCUMULATED OTHER COMPREHENSIVE INCOME			
INVESTMENT REVALUATION RESERVE	5	16,113	52,853
TOTAL MEMBERS' EQUITY		**1,292,362**	**1,264,511**
TOTAL LIABILITIES AND MEMBERS' EQUITY		**1,372,765**	**1,351,659**

CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF NET INCOME
For the year ended 31 December 2021
Expressed in Thousands of United States Dollars

	NOTES	2021	2020
REVENUE			
GUARANTEE FEES		19,420	17,392
INTEREST INCOME	15	27,276	28,852
REALIZED GAIN FROM SECURITIES		810	40
INCOME FROM REINSURANCE	18	2,759	2,327
MISCELLANEOUS INCOME	16	850	988
GROSS REVENUE		**51,115**	**49,599**
EXPENSES			
ADMINISTRATIVE AND OPERATIONAL EXPENSES	17	9,905	9,358
REINSURANCE EXPENSES	18	7,138	5,812
FINANCIAL EXPENSES		114	90
IMPAIRMENT LOSSES	5, 6	831	9,505
MISCELLANEOUS EXPENSES	12	1,121	1,087
TOTAL EXPENSES		**19,109**	**25,852**
NET OPERATING INCOME		**32,006**	**23,747**
(LOSS) GAIN FROM FOREIGN EXCHANGE		(2,215)	216
NET INCOME		**29,791**	**23,963**

CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021
Expressed in Thousands of United States Dollars

	NOTES	2021	2020
NET INCOME		29,791	23,963
OTHER COMPREHENSIVE INCOME			
ITEM THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO NET INCOME:			
NET UNREALIZED (LOSS) GAIN ON INVESTMENTS MEASURED AT FVTOCI	5	(36,740)	37,516
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(6,949)**	**61,479**

CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF CHANGES IN MEMBERS' EQUITY
For the year ended 31 December 2021
Expressed in Thousands of United States Dollars

	Paid-in Capital					
	Subscribed Capital	**Unpaid Subscription**	**Retained Earnings**	**Reserve**	**Investment Revaluation Reserve**	**Total Members' Equity**
BALANCE, 1 JANUARY 2020	1,149,000	(71,400)	23,162	62,333	15,337	1,178,432
ADDITIONAL SUBSCRIPTION (NOTE 13)	-	24,600	-	-	-	24,600
NET INCOME FOR THE YEAR	-	-	23,963	-	-	23,963
ALLOCATION OF PRIOR YEAR INCOME TO RESERVE	-	-	(23,162)	23,162	-	-
OTHER COMPREHENSIVE LOSS						
NET UNREALIZED GAIN ON INVESTMENTS MEASURED AT FVTOCI (NOTE 5)	-	-	-	-	37,516	37,516
BALANCE, 1 JANUARY 2021	1,149,000	(46,800)	23,963	85,495	52,853	1,264,511
ADDITIONAL SUBSCRIPTION (NOTE 13)	9,000	25,800	-	-	-	34,800
NET INCOME FOR THE YEAR	-	-	29,791	-	-	29,791
ALLOCATION OF PRIOR YEAR INCOME TO RESERVE	-	-	(23,963)	23,963	-	-
OTHER COMPREHENSIVE LOSS						
NET UNREALIZED LOSS ON INVESTMENTS MEASURED AT FVTOCI (NOTE 5)	-	-	-	-	(36,740)	(36,740)
BALANCE, 31 DECEMBER 2021	**1,158,000**	**(21,000)**	**29,791**	**109,458**	**16,113**	**1,292,362**

CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF CASH FLOWS
For the year ended 31 December 2021
Expressed in Thousands of United States Dollars

	NOTES	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
GUARANTEE RELATED INCOME RECEIVED		25,054	19,445
OTHER INCOME RECEIVED		1,739	1,875
GUARANTEE PAYMENT		(84,843)	-
ADMINISTRATIVE AND OPERATIONAL EXPENSES PAID		(10,462)	(10,419)
REINSURANCE EXPENSES PAID		(5,390)	(4,042)
FINANCIAL EXPENSES PAID		(113)	(91)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		**(74,015)**	**6,768**
CASH FLOWS FROM INVESTING ACTIVITIES			
PURCHASES OF INVESTMENTS		(1,924,532)	(1,522,468)
MATURITIES OF INVESTMENTS		1,942,987	1,464,302
INTEREST RECEIVED ON INVESTMENTS		25,982	26,672
REALIZED GAIN FROM SECURITIES		810	40
PURCHASE OF FURNITURE AND EQUIPMENT AND INTANGIBLE ASSETS		(126)	(26)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		**45,121**	**(31,480)**
CASH FLOWS FROM FINANCING ACTIVITIES			
CONTRIBUTIONS RECEIVED	13	34,800	24,600
LEASE LIABILITY PAID		(155)	(163)
NET CASH PROVIDED BY FINANCING ACTIVITIES		**34,645**	**24,437**
EFFECT OF EXCHANGE RATE CHANGES IN CASH		**(57)**	**(5)**
NET INCREASE (DECREASE) IN CASH		**5,694**	**(280)**
CASH AT THE BEGINNING OF THE YEAR		3,460	3,740
CASH AT THE END OF THE YEAR		**9,154**	**3,460**

RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	2021	2020
NET INCOME	29,791	23,963
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION AND AMORTIZATION – FIXED ASSETS	89	104
DEPRECIATION – ROU ASSETS	165	159
PROVISION FOR EXPECTED CREDIT LOSSES	831	9,505
INTEREST INCOME ON INVESTMENTS	(24,049)	(26,368)
REALIZED GAIN FROM SECURITIES	(810)	(40)
FX REVALUATION LOSS	41	1
CHANGE IN GUARANTEE FEE RECEIVABLE	5,400	(3,366)
CHANGE IN GUARANTEE RECEIVABLES	(82,830)	-
CHANGE IN GUARANTEE LIABILITY	(2,786)	2,658
CHANGE IN UNEARNED INTEREST INCOME	142	246
CHANGE IN ACCOUNTS PAYABLE AND ACCRUED EXPENSES	456	(382)
CHANGE IN OTHER ASSETS	(489)	173
CHANGE IN OTHER LIABILITIES	34	115
NET CASH PROVIDED BY OPERATING ACTIVITIES	**(74,015)**	**6,768**

CREDIT GUARANTEE AND INVESTMENT FACILITY

(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)

NOTES TO FINANCIAL STATEMENTS
For the year ended 31 December 2021

NOTE 1— GENERAL INFORMATION

The Credit Guarantee and Investment Facility (CGIF) was established on 12 November 2010. Its main objectives are to promote resilience of the financial markets, and to prevent disruptions to the international financial order, by eliminating currency and maturity mismatches for creditworthy corporations in the region through guarantees to help them access local currency bond markets.

The general principles of organization, management and operations of CGIF are set out in the Articles of Agreement (AoA) as adopted by the Contributors. The Asian Development Bank (ADB) is the Trustee of CGIF and holds in trust and manages CGIF funds and other property only for the purposes of, and in accordance with the provisions of the AoA. Based on the Article 13.2 of the AoA of CGIF, the privileges, immunities and exemption accorded to ADB pursuant to the Agreement Establishing the ADB shall apply to (1) the Trustee, (2) the property, asset, archives, income, operations, and transactions of CGIF.

CGIF will be financed solely from capital contributed by member countries and ADB. CGIF will not borrow from any source to finance its operations except for purposes of cash management.

The Contributors in CGIF are the governments of Association of Southeast Asian Nations, People's Republic of China, Japan, Republic of Korea (ASEAN+3) and ADB. Ownership rights are in proportion to capital contributions. The authorized capital of CGIF is US$1,200,000,000, divided into 12,000 shares with a nominal value of US$100,000 each. As of 31 December 2021, $1,158,000,000 are subscribed and $1,137,000,000 are paid in by the Contributors. Details are discussed in Note 13.

The financial statements were approved by the Board of Directors on 22 April 2022 for presentation to the Meeting of Contributors (MOC) scheduled on 30 May 2022. The financial statements are subject to approval at the MOC.

NOTE 2—APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

Revised IFRS in issue but not yet effective

CGIF has not applied the following revised IFRS that has been issued but not yet effective:

IAS 1 Presentation of Financial Statements

On 23 January 2020, the IASB issued *Classification of Liabilities as Current or Non-Current* providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. CGIF does not anticipate any significant impact on CGIF's Financial Statements upon the application of these amendments.

NOTE 3—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of CGIF have been prepared in accordance with IFRS as issued by the IASB.

The accounting policies adopted are consistent with those of the previous financial year unless stated otherwise.

These financial statements have been prepared using the historical cost basis except for certain assets and financial instruments that are measured at fair values or revalued amounts at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, CGIF takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety.

The fair values of CGIF's financial assets and liabilities are categorized as follows:

Level 1: fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities that CGIF can access at the measurement date;
Level 2: fair values are based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
Level 3: fair values are based on inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Inter-level transfers from one year to another may occur due to changes in market activities affecting the availability of quoted market prices or observable market data.

CGIF's policy is to recognize transfers in and transfers out of levels as of the end of the reporting period in which they occur.

Cash

Cash represents cash on hand or deposits in a bank account. The carrying amount of these assets is approximately equal to their fair value.

Financial Instruments

Financial assets and liabilities are recognized by CGIF once it becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue are added to or deducted from the fair value of the financial assets or financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss), as appropriate, on initial recognition.

Classification of Financial Assets

Financial assets are both measured and classified as amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL), on the basis of both: (i) CGIF's business model for managing the financial assets and (ii) the contractual cashflow characteristics of the financial asset.

Amortized Cost and Effective Interest Method

The amortized cost and effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transactions costs and other premiums or discounts), excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting any loss allowance.

Interest income on investment securities and time deposits are recognized as earned and reported net of amortization of premiums and discounts. Interest is accrued, by reference to the principal outstanding at the applicable effective interest rate.

Financial Assets at Amortized Cost

Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are measured at amortized cost using the effective interest method, less any impairment. This includes cash on hand or deposit in a bank account, time deposits, accrued interest income, guarantee fee receivables, reinsurance receivables, and other receivables.

Investments

All investment securities are considered to be FVTOCI and are reported at fair value. Investment securities are recorded at trade dates. Changes in the carrying amount of these instruments as a result of foreign exchange gains or losses, impairment gains and losses (see below), and interest income are recognized in the profit or loss. All other changes in the carrying amount arising from change in fair value are recognized and accumulated in other comprehensive income under member's equity. Time deposits and certificates of deposits are also classified under investments and are reported at cost which is a reasonable estimate of its fair value.

Guarantee Fee Receivable

Guarantee fee receivables are initially recognized at their fair values in the Statement of Financial Position, which are estimated based on the present value of total fees expected to be received under the guarantees. They are subsequently measured at amortized cost net of any loss allowance.

Guarantee Receivable

Guarantee receivables are from guarantee obligations on defaulted bonds that were settled and is expected to be received or recovered based on guarantee contracts. They are initially recognized as credit impaired in the Statement of Financial Position. For these assets, all changes in lifetime ECL since initial recognition are recorded as a loss allowance with any changes recognized in the Statement of Profit or Loss. Any favorable change creates an impairment gain.

Impairment of Financial Assets

Financial assets that are classified and measured as amortized cost, FVTOCI, and financial guarantee contracts shall recognize loss allowance based on the expected credit loss (ECL) model. Changes in the carrying amount of the allowance account are recognized in the Statement of Net Income under impairment losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

If there has been a significant increase in credit risk (SICR) of the financial instrument from initial recognition, the loss allowance is based on the lifetime ECL of the item. If the credit risk on the financial instrument has not increased significantly since initial recognition, the loss allowance for that financial instrument is measured at an amount equal to 12-month ECL.

Significant Increase in Credit Risk

CGIF assesses financial guarantee contracts to have an SICR if any of the following conditions are met: (1) credit risk rating drops to B- or lower, but is not in default; (2) credit risk rating drops by at least 3 notches in the recent past 36 months and is at least 3 notches below credit risk rating at inception; or (3) credit risk rating drops by at least 4 notches from inception if in its initial four years after inception, or by at least 5 notches from inception if beyond four years from inception. For financial guarantee contracts, the date that CGIF becomes a party to an irrevocable commitment is the date of initial recognition or inception for the purpose of assessing impairment.

For CGIF's investments, it is assumed that the credit risk of a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have a low credit risk (see Notes 4 and 5). A financial instrument is determined to have a low credit risk if (i) it has a low risk of default, (ii) there is a strong capacity for the counterparty to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of Default

For purposes of ECL computation, financial guarantee contracts and guarantee fee receivables shall be in default once an event of default in the Guarantee Agreement has occurred, and CGIF's guarantee has been called. An investment is in default if it has been declared by the debt capital market agents particularly the investors' trustee for the investment instrument. Technical defaults, i.e. defaults without missed payments, are not considered defaults for ECL model unless decided otherwise by the GIC.

Credit-impaired Financial Assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Write-off Policy

A financial asset is written-off when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Any recoveries made on a financial asset previously written-off are recognized in profit or loss.

Measurement and Recognition of Expected Credit Losses

The measurement of expected credit losses is a function of the probability of default (PD), loss given default (LGD) and the exposure at default (EAD). CGIF generates point-in-time PDs by considering unbiased and probability weighted scenarios. The Credit Cycle Projection Overlay from S&P Global Market Intelligence (SPGMI) is used in generating these PDs. CGIF uses forecasted or forward-looking values of macroeconomic scenarios with corresponding probability weights. LGD is currently set at 50%. However, for stage 3, assumptions are revised to reflect additional information and realistic assumptions reflective of the default position. For financial assets, EAD is represented by the gross carrying amount of the assets at reporting date. For financial guarantee contracts, the EAD is the sum (i) of the nominal value of the bond (or debt instrument) guaranteed translated into USD at the reporting date's exchange rate, (ii) one coupon payment, and (iii) past due coupons and administrative cost of recovery (if in stage 3).

Derecognition of Financial Assets

CGIF derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

When an FVTOCI is derecognized or disposed of, the unrealized gains or losses previously recognized in accumulated other comprehensive income will be recognized in the Statement of Net Income.

Guarantee Liability

Guarantee liabilities recorded in the Statement of Financial Position represents the unamortized balance of the total present value of the guarantee fees received or expected to be received under the terms of the guarantee. Subsequently, the guarantee liabilities are measured at the higher of the unamortized balance of the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IFRS 15, and the amount of loss allowance determined in accordance with the ECL model.

Revenue Recognition for Guarantee Fee

Guarantee fees are recognized upon performance of services and is amortized over the term of the guarantee obligation in accordance with the terms and conditions of the agreement.

Leases

CGIF applies definition of a lease and the related guidance set out in the IFRS for contracts entered into as lease. As lessee, CGIF recognizes right of use asset and lease liability in the Statement of Financial Position.

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 commencement date, plus any initial direct costs incurred and any estimated costs of dismantling and the cost of any removal and restoration of the underlying asset, less any lease incentives received.

Right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of useful life of the asset or the end of the lease term. 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 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. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. It is remeasured when there is a change in discount rate, or if there is a change on CGIF's decision to extend or terminate the lease contract based on assessment.

Furniture, Fixtures and Equipment

All furniture, fixtures and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the asset and bringing it to its working condition.

Subsequent costs incurred for the purpose of enhancement or improvement shall be added to the carrying amount of the asset when it is probable that the expenditure will cause additional future economic benefit to CGIF. Other subsequent costs like maintenance, repairs and minor betterments are charged to expense.

Depreciation is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives, using straight-line method. The estimated useful lives, residual values and depreciation method are reviewed regularly with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives by asset class are as follows:

Asset Class	Useful Life
Office Furniture and Equipment	
Furniture	7-10 years
Other Office Equipment	4 years
IT and Communication	
Computer	3-4 years
Server	5 years
Network	4 years
Communication	7 years
Others	4 years
Leasehold Improvement	Over the lease period

An item of furniture, fixtures, and equipment is derecognized upon disposal. Any gain or loss arising on the disposal of an item of furniture, fixtures, and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of Net Income.

Intangible Assets

Intangible assets are composed of acquired information system software licenses that are capitalized on the basis of costs incurred to acquire and bring to use the specific software. These are amortized over a period of 4 years and are carried at cost less accumulated amortization and accumulated impairment losses.

Impairment of Tangible and Intangible Assets

On regular basis, CGIF reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of asset's fair value less costs of disposal and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but only to the extent of the carrying amount of the asset had no impairment loss been recognized in prior years. A reversal of the impairment loss is recognized immediately in the profit or loss.

Offsetting Arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to either settle on a net basis or to realize the asset and settle the liability simultaneously. A right to set-off must be available at the end of the reporting period rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency, or bankruptcy.

Subscribed Capital

Each contributor subscribed by depositing with the Trustee a duly completed Instrument of Acceptance. Contributions are included in the financial statements at historical cost from the date of the signing of the Instrument of Acceptance.

The increase in the authorized capital of CGIF pursuant to Article 4.2 of the AoA was approved by the MOC. Instrument of Subscription (IOS) submitted to the Board Secretary, who acts on behalf of the Trustee, formally confirms the Contributor's intention to subscribe the number of shares specified. The additional subscription will be effective from the date the Board Secretary notifies the subscribing Contributor that the Instrument of Subscription has been received.

Segment Reporting

CGIF is a credit guarantee and investment facility established to develop and strengthen local currency and regional bond markets, so that creditworthy corporations can access those markets and avoid currency and maturity mismatches. CGIF's products and services are unique and are structured and distributed in a uniform manner to its clients. Based on CGIF's operations, CGIF has only one reporting segment.

Fair Value of Financial Instruments

IFRS 13, Fair Value Measurements, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is market-based measurement, not an entity-specific measurement. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market, or in the absence of principal market, in the most advantageous market for the asset or liability.

Functional and Presentation Currency

CGIF's members are from ASEAN+3 and ADB with the subscriptions and redemptions of the shares denominated in the United States dollars (USD). The primary activity of CGIF is guaranteeing bonds that are denominated in local currencies and issued by creditworthy ASEAN+3 corporations in the ASEAN+3 region. The performance of CGIF is measured and reported to the Contributors in USD. The USD is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in USD, which is CGIF's functional and presentation currency.

Translation of Currencies

CGIF adopts the use of daily exchange rates for accounting and financial reporting purposes. This allows transactions denominated in currencies other than USD to be translated to the reporting currency using the exchange rates applicable at the time of transactions. Contributions included in the financial statements during the period are recognized at applicable exchange rates as of the respective dates of commitment. At the end of each accounting period, translations of asset and liabilities which are not denominated in USD are adjusted using the applicable rates of exchange at the end of the reporting period. These translation adjustments are accounted for as unrealized foreign exchange gains or losses and are charged to operations in the Statement of Net Income.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of CGIF's accounting policies, which are described above, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Since the estimates are based on judgment and available information, actual results may differ and might have a material impact on the financial statement.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are included in Notes 5, 6, and 7. This includes fair value measurements, loss allowances, and valuation processes.

As explained in accounting policies above, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether there is a significant increase in credit risk, CGIF takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Furthermore, in calculating the loss allowance, CGIF uses the Credit Cycle Projection Overlay from SPGMI to generate the point in time probabilities of default (PIT-PD). Unbiased and probability weighted scenarios are considered in generating these PIT-PDs. For stage 3, PD will be 100%. LGD shall be set at 50% for stages 1 and 2. For stage 3, LGD shall consider additional information and realistic assumptions reflective of the actual position on default.

NOTE 4—RISK MANAGEMENT

Risk management in CGIF covers all perceived risk exposures, particularly exposures to credit risk, market risk, liquidity risk, and operational risk. These risks are managed pursuant to Operational Policies, and Risk Management Framework (RMF), approved by CGIF's Board of Directors. The Board's Internal Control and Risk Management Committee and Risk Management Department (RMD) cause the functional units to identify, measure, monitor, control, and report risks. The Board, management's Guarantee and Investment Committee, and the CEO oversee and regulate both risk taking and risk management. Appetite for risk taking as expressed in operational controls and risk exposure limits emanates from the Board.

CGIF endeavors to conform to international best practices in risk management. CGIF subscribes to the idea that informed risk-taking presents opportunities. CGIF takes risks that offer commensurate rewards. Risk-taking roles are independent of risk management roles. A positive risk management culture is fostered – the system clarifies what conduct and procedures are acceptable, and which ones are not; encourages initiatives that improve the management of risks; promotes transparency, individual responsibility and accountability.

Categories of Financial Instruments

Categories of financial instruments at carrying amount as of 31 December 2021 and 2020 are as follows (in $'000):

	2021	2020
Financial assets		
FVTOCI	1,075,070	1,187,349
Financial assets at amortized cost	296,138	162,939
Financial liabilities		
Financial liabilities at amortized cost	2,942	2,399
Lease liabilities	325	496

Credit Risk

As per CGIF's Treasury Risk Management Guidelines, CGIF's long term investments are restricted to those with the international ratings of AA- or better, with the exception of investments in contributor countries' government-related securities that may be rated as low as A+. Short-term investments should be rated no lower than A-1. Credit risk in these investments is considered low.

Credit concentration of investments are controlled by policy limits on exposure per issuer, per type of issuer, and per country rating grade. CGIF controls the concentration of investment per country of issuer. The lower the country sovereign rating grade, the lower the investment concentration limit – 0% of CGIF capital for countries rated A or lower; up to 30% of CGIF capital for countries rated AAA, except for the US where the investment concentration limit is 100% of CGIF capital. Investments in short-term money market instruments are excluded in reckoning country concentration against country limits.

CGIF has guarantee eligibility criteria that include, among others, a borrower's credit rating grade, proposed guarantee size and tenor, use of bond proceeds, and compliance to safeguards standards and to credit exposure control limits. Eligible borrowers undergo a stringent due diligence review. Guarantee Underwriting Proposals (GUPs) require approval of management's Guarantee and Investment Committee (GIC) and of the Board of Directors (Board). The Board has delegated to the GIC final approval authority for GUPs that are rated BB or better, are not more than USD 50mn, have tenor of not more than 5 years, are not classified as safeguard risk Category A, and are approved and endorsed by the Chief Risk Officer. In aid of informed decisions on GUPs, the Board is furnished with credit review notes, safeguards review notes, and integrity review notes from CGIF's RMD. An external advisor to the Board advises on credit risk relating to each GUP. As of 31 December 2021, CGIF's guarantee portfolio had a weighted average risk rating of BB (BB flat – 31 December 2020).

CGIF controls concentrations of credit risk. Guarantee exposure to any country and to any currency is capped at 20% and 40%, respectively, of CGIF's Maximum Guarantee Capacity (MGC), where MGC is the product of (a) total paid-in capital of CGIF, plus retained earnings, plus reserves, less net credit loss reserves less foreign exchange loss reserves, and less all illiquid assets and (b) the maximum leverage ratio of 2.5:1. CGIF's maximum leverage ratio, currently 2.5:1, is determined by the MOC with the recommendation of the CGIF Board. CGIF refers to IMF's list to identify acceptable offshore financial centers (AOFCs). Exposures to AOFCs pertain to guarantee exposures to borrowing entities that are registered through the offshore incorporation process of an AOFC. Aggregate guarantee exposure to any single AOFC and aggregate exposure to all AOFCs are limited to 20% and 40%, respectively, of CGIF's MGC. Aggregate Type-B (investor-procured) guarantee exposure is limited to 20% of MGC. Aggregate guarantee exposure to any sector and to any industry is limited to 40% and 20%, respectively, of MGC. In any country, exposure to any industry may not exceed 10% of MGC. Single borrower exposures, and single group exposures, may not exceed 20% of CGIF's paid-in capital. CGIF's leverage ratio and concentration ratios are reported quarterly to the CGIF Board.

The carrying amount of financial assets recorded in the financial statements and the guarantee obligations disclosed in Note 6 represent CGIF's maximum exposure to credit risk.

A reinsurance treaty whereby CGIF cedes to a consortium of reinsurers agreed portions of credit risk from bond issuers reduces CGIF's exposure to credit risk from its guarantee portfolio. Please refer to Note 18.

Market Risk

Market risk represents the potential loss that could result from adverse market movements. The main components of market risk for CGIF are interest rate risk and foreign exchange risk.

Interest rate risk is primarily the exposure of income on assets to fluctuation in interest rates. An objective of interest rate risk management in CGIF is the generation of overall interest income that is not overly sensitive to changes in interest rates, but yet responsive to general market trends.

CGIF's Treasury Risk Management Guidelines restrict CGIF's investment portfolio duration to no more than 5 years. The duration of CGIF's portfolio is the market value-weighted average of effective duration of all outstanding investments. As of 31 December 2021, CGIF's investment portfolio had remaining maturities of up to 9.59 years (9.93 years - 31 December 2020), with duration of 2.93 years (3.01 years - 31 December 2020). CGIF's investments are sensitive to interest rate movements. For CGIF's investment portfolio at 31 December 2021, it is estimated that a 100 basis points upward/downward parallel shift in the yield curve would cause an unrealized loss/gain of about $35.7 million ($38.3 million - 31 December 2020).

The following tables presents CGIF's foreign exchange exposure of monetary assets and liabilities (in '000) as at the end of the reporting period:

	2021			
	Asset		Liabilities	
	Local Currency	USD Equivalent	Local Currency	USD Equivalent
THB	2,259,425	67,401	144,306	4,305
VND	520,973,221	22,815	-	-
JPY	864,698	7,531	-	-
SGD	8,566	6,327	2,061	1,522
IDR	38,239,397	2,688	-	-
PHP	5,120	101	24,889	493
MYR	44	10	-	-
LAK	540	-	-	-
TOTAL		106,873		6,320

	2020			
	Asset		Liabilities	
	Local Currency	USD Equivalent	Local Currency	USD Equivalent
VND	667,640,504	28,868	-	-
JPY	1,048,415	10,099	-	-
THB	262,535	8,702	-	-
SGD	10,807	8,127	-	-
PHP	105,026	2,186	30,770	640
MYR	44	11	-	-
IDR	1,281	-	-	-
LAK	539	-	-	-
TOTAL		57,993		640

CGIF is exposed to foreign exchange risk underlying foreign currency payables and receivables relating mostly to CGIF's guarantee operation. For CGIF's foreign exchange exposure at 31 December 2021, it is estimated that a 10% adverse change in FX rates in the relevant foreign currency exposure will cause an instant loss of $9.2 million ($5.21 million - 31 December 2020).

Liquidity Risk

Liquidity risk can arise if CGIF is unable to provide funds to meet its financial and operational commitments. CGIF maintains adequate liquidity resources to meet the cash requirements and potential calls on the guarantees issued. CGIF assesses and monitors the availability of its liquid assets on a quarterly basis. CGIF conducts quarterly tests of its liquidity under stress scenarios where CGIF has to meet lumpy obligations related to claims on guarantees and raise funds from various sources. A liquidity stress test conducted on CGIF's guarantee portfolio as of 31 December 2021 and 2020 indicates that CGIF can generate the liquidity that will be required to meet guarantee payment obligations under the assumed stressed scenario.

The following table details (in $'000) the maturity profile of financial instruments. The maturity analysis is based on the remaining period from the end of the reporting date to the contractual maturity date or the expected date the financial asset will be realized, and the financial liability will be settled.

	2021					
	Less than 1 month	1 to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	More than 5 years	Total
Financial assets						
FVTOCI	20,016	35,119	81,087	732,215	206,633	1,075,070
Financial assets at amortized cost	180,782	3,135	60,566	40,906	11,074	296,463
Total financial assets	200,798	38,254	141,653	773,121	217,707	1,371,533
Financial liabilities						
Financial liabilities at amortized cost	705	722	1,394	121	-	2,942
Lease liability	12	26	119	168	-	325
Total financial liabilities	717	748	1,513	289	-	3,267
Net maturity gap	200,081	37,506	140,140	772,832	217,707	1,368,266

	2020					
	Less than 1 month	1 to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	More than 5 years	Total
Financial assets						
FVTOCI	-	40,094	158,644	722,655	265,956	1,187,349
Financial assets at amortized cost	6,120	2,495	96,620	44,132	14,961	164,328
Total financial assets	6,120	42,589	255,264	766,787	280,917	1,351,677
Financial liabilities						
Financial liabilities at amortized cost	225	525	1,207	442	-	2,399
Lease liability	13	25	117	341	-	496
Total financial liabilities	238	550	1,324	783	-	2,895
Net maturity gap	5,882	42,039	253,940	766,004	280,917	1,348,782

Capital Resources

CGIF’s capital resources comprise of capital stock, retained earnings and reserves. The primary objective in the management of capital resources is to protect CGIF’s capital by maintaining a conservative exposure to market risk, credit risk and liquidity risk. CGIF strives to maximize returns on the invested asset portfolio while minimizing volatility of investment income. CGIF’s capital resources are placed with the Trustee, ADB.

Capital Adequacy

CGIF deems that it has adequate capital to underwrite credit guarantees for as long as its capital exceeds total capital charge; alternatively, for as long as the capital-to-capital charge ratio – capital adequacy ratio (CAR) – exceeds 1.1. CGIF’s CAR at 31 December 2021 was at 4.28 (3.88 – 31 December 2020). CGIF’s overall strategy remains unchanged from prior year.

Operational Risk

CGIF manages operational risks through quarterly risk and control self-assessments (RCSAs) by each department of the enterprise. Through RCSAs, CGIF's operating units are directed to identify operational risk events and assess the significance of each of these. The significance of an identified operational risk event is a function of two attributes – the likelihood and impact of its occurrence. Measurable risk indicators, and corresponding control limits, are assigned to each operational risk event. Results of RCSAs are reported to the CEO and to the Board's Internal Control and Risk Management Committee.

NOTE 5—INVESTMENTS

This account is composed of the following (in $'000):

	2021	2020
Certificates of Deposit	55,000	83,000
Time Deposits	84,702	-
FVTOCI		
Government-related-entity or government-guaranteed obligations (GGO)	1,001,638	1,076,196
Corporate obligations	73,432	111,153
Total FVTOCI	1,075,070	1,187,349
Total Investment	1,214,772	1,270,349

ADB, as the Trustee, manages capital resources in accordance with CGIF's Treasury Risk Management Guidelines prepared in consultation with ADB and approved by the CGIF Board of Directors.

ADB follows the same process and internal controls to value the investment securities as ADB's portfolio. The data management unit in ADB's treasury department is responsible for providing the valuation in accordance with the business process. In instances where ADB relies primarily on prices from third party pricing information, there are procedures in place to validate the appropriateness of those values in determining the hierarchy levels. This involves evaluating the nature of prices provided by third party pricing sources to determine if they are indicative or binding prices.

The annualized rate of return on the average investments held during the period ended 31 December 2021, based on the portfolio held at the beginning and end of each month without the effect of change in fair value was 1.98% (2.21% - 31 December 2020).

The investment revaluation reserve of $16,113 thousand in the statement of financial position as of 31 December 2021 ($52,853 thousand – 31 December 2020) is composed of the unrealized gain on FV of investments measured at FVTOCI and its credit loss allowance.

The estimated fair value and amortized cost of the investments by contractual maturity as of 31 December 2021 and 2020 are as follows (in $'000):

	2021		2020	
	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost
Due in less than one year	275,924	274,737	281,738	279,744
Due in one to five years	732,215	717,943	722,655	687,398
Due more than five years	206,633	206,005	265,956	251,265
TOTAL	1,214,772	1,198,685	1,270,349	1,218,407

Fair Value Disclosure

The fair value of the investments as of 31 December 2021 and 2020 are as follows (in $'000):

	2021	**Fair Value Measurements**		
		Level 1	**Level 2**	**Level 3**
Certificates of Deposits	55,000	-	55,000	-
Time Deposits	84,702	-	84,702	-
Government-related-entity or GGO	1,001,638	971,113	30,525	-
Corporate obligations	73,432	73,432	-	-

	2020	**Fair Value Measurements**		
		Level 1	**Level 2**	**Level 3**
Certificates of Deposits	83,000	-	83,000	-
Government-related-entity or GGO	1,076,196	1,045,104	31,092	-
Corporate obligations	111,153	111,153	-	-

If available, active market quotes are used to assign fair values to investment securities. These include government-related-entity/government-guaranteed obligations and corporate obligations. For investments where active market quotes are not available, investments are categorized as Level 2 or Level 3, and valuation is provided by independent valuation services. Time deposits and certificates of deposits are reported at cost, which approximates fair value.

For the years ended 31 December 2021 and 2020, there were no inter-level transfers.

Impairment Losses

For purposes of impairment assessment, the FVTOCI in CGIF's portfolio are considered to have low credit risk as the counterparties of these investments have a minimum A+ credit rating for government related bonds of Contributor countries and AA- for all others. Accordingly, the loss allowance for these financial instruments is measured at an amount equal to 12-month ECL.

Impairment losses do not reduce the carrying amount of the debt instruments at FVTOCI in the statement of financial position, which remains at fair value. The balance at the end of the year reflected below is included in the Accumulated other comprehensive income.

The movements in the credit loss allowance are as follows (in $'000):

	2021	2020
Balance at beginning of the year	911	34
Loss allowance recognized in profit or loss under impairment losses during the year on:		
Assets originated	4	70
Reversals	(164)	(1)
Change in credit risk	(725)	808
	(885)	877
Balance at end of the year	26	911

During the year, all transactions are classified to Stage 1 and there are no transfers between stages.

Accrued Interest Income

The details of accrued interest income including from investments as of 31 December 2021 and 2020 are as follows (in $'000):

	2021	2020
FVTOCI	6,728	7,425
Certificates of Deposits	112	132
Time Deposits	50	-
Guarantee	10	6
TOTAL	6,900	7,563

NOTE 6 – GUARANTEES

As of 31 December 2021, CGIF has issued guarantees covering bonds denominated in Vietnamese Dong, Singapore Dollar, Thai Baht, Chinese Yuan, Japanese Yen, Indonesian Rupiah, Malaysian Ringgit, Cambodian Riel, and Philippine Peso. The total outstanding amount of the guarantees issued under the related bonds was $2,299 million as of 31 December 2021 ($2,308 million – 31 December 2020). The guarantees are inclusive of coupon payments. The USD guarantee obligation below is for a KHR issued bond where all payments will be in USD converted at a fixed exchange rate agreed at inception.

Below is the summary of the outstanding guarantees by currency (in ’000):

31 December 2021

	Local Currency			USD Equivalent
	Principal	Coupon	Total Obligation	of Total Obligation
VND	13,608,000,000	5,042,553,766	18,650,553,766	816,753
SGD	645,000	89,084	734,084	542,159
THB	12,720,000	1,317,301	14,037,301	418,749
CNY	1,000,000	75,041	1,075,041	168,647
JPY	15,400,000	677,600	16,077,600	140,024
IDR	1,062,500,000	247,180,000	1,309,680,000	92,049
MYR	150,000	13,712	163,712	39,161
KHR	127,200,000	14,336,137	141,536,137	34,752
PHP	272,500	19,634	292,134	5,791
USD	36,333	4,915	41,248	41,248
				2,299,333

31 December 2020

	Local Currency			USD Equivalent
	Principal	Coupon	Total Obligation	of Total Obligation
VND	14,338,000,000	6,055,675,743	20,393,675,743	881,812
SGD	695,000	112,964	807,964	607,583
THB	12,600,000	1,188,807	13,788,807	457,022
JPY	15,400,000	762,300	16,162,300	155,691
PHP	6,223,600	765,908	6,989,508	145,457
KHR	127,200,000	23,876,137	151,076,137	37,493
USD	19,670	3,570	23,240	23,240
				2,308,298

As of 31 December 2021, a guarantee liability of $76.2 million ($83.4 million - 31 December 2020) was reported on the Statement of Financial Position. As of 31 December 2021 and 2020, the reported liability is composed of the following (in $’000):

	2021	2020
Unamortized balance of present value of total guarantee fees	70,373	73,158
Allowance for ECL	5,827	10,223
TOTAL	76,200	83,381

The total amount of loss allowance for guarantee obligations determined through ECL amounted to $10.9 million as of 31 December 2021 ($32.0 million – 31 December 2020). The unamortized balance of guarantee liabilities is compared against the required ECL on a per instrument basis and the higher between the two will be reflected as the guarantee liability in the statement of financial position. The allowance for ECL on the above table represents the total differences between the higher ECL that was computed vs the unamortized balances of guarantee liabilities. As of 31 December 2021, there are two accounts in the portfolio that were classified into stage 2 and one guarantee default (2 accounts in Stage 2 and no default – 31 December 2020).

The reported guarantee fee receivable of $63.6 million represents the present value of the stream of total guarantee fees expected to be received for the guarantee outstanding as of 31 December 2021 ($67.9 million – 31 December 2020) net of allowance for credit losses.

In December 2021, CGIF fulfilled its obligation on the first ever default of a bond guarantee. This resulted to a $73.1 million guarantee receivable, net of $9.9 million impairment reported in the Statement of Financial Position.

As of 31 December 2021 and 2020, all of CGIF's future guarantee fee receivables are classified as Level 3 within the fair value hierarchy. Likewise, as of 31 December 2021, the credit impaired guarantee receivables from the default is classified as Level 3 within the fair value hierarchy as well.

The Finance Department is responsible for determining and reporting the fair value of guarantees reported in the Statement of Financial Position. The carrying amount of guarantees approximates its fair value. Future guarantees are stated at discounted present value using significant unobservable inputs such as discount rates applicable to individual guarantee contracts that are internally determined. The valuation technique and significant unobservable quantitative inputs for guarantee fee receivables classified as Level 3 as of 31 December 2021 and 2020 were summarized below:

	Valuation Technique	**Unobservable Input**	**Range 2021**	**Range 2020**
Guarantee fee receivable	Discounted cash flows	Discount rates	1.35% to 9.70%	1.35% to 9.70%

There were no inter-level transfers during the year ended 31 December 2021 and 2020.

Impairment Losses

The movements in the credit loss allowance for guarantee fees receivable are as follows (in $'000):

	2021	**2020**
Balance at beginning of the year	1,389	280
Loss allowance recognized in profit or loss under impairment losses during the year on:		
Assets originated	27	199
Reversals	(81)	(7)
Changes in credit risk	(1,009)	703
Stage 1 to Stage 2	(1)	214
	(1,064)	1,109
Balance at end of the year	325	1,389

As of 31 December 2021, there are two accounts in the portfolio that were classified as stage 2 (two – 31 December 2020).

The impairment losses amounting to $9.8 million were recognized at the time of recognition of the guarantee receivable. On the other hand, reinsurance receivable amounting to $2.6 million was recognized as future share on recoveries from reinsurance coverage on the obligation settled by CGIF.

Below is the composition of the net impairment loss on the guarantee receivable

	2021
Impairment loss on Guarantee Receivable	9,752
Share of reinsurer on impairment loss	(2,576)
Net impairment loss	7,176

NOTE 7—LEASES

CGIF recognized right of use- lease asset related to the office rental contract with ADB. This is initially measured at cost and is subsequently depreciated on a straight-line basis for two years. In December 2020, CGIF and ADB agreed to extend the lease contract upon expiry for 3 years ending 31 January 2024. Since the extension of lease term did not add the right to use a new underlying asset, it is not accounted for as a separate lease. Accordingly, the lease liability is remeasured on 31 December 2020 and a corresponding adjustment was made to the ROU Lease Asset.

The details of the amount presented in the Statement of Financial Position are as follows:

Cost	
1 January 2020	317
Remeasurement	496
31 December 2020	813
Remeasurement	-
31 December 2021	813
Accumulated depreciation	
1 January 2020	(145)
Depreciation	(160)
31 December 2020	(305)
Depreciation	(165)
31 December 2021	(470)
NET Balance at 31 December 2021	343
NET Balance at 31 December 2020	508

Depreciation – ROU Lease Asset charged for the period is reported under administrative expenses in the Statement of Net Income.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payment includes fixed payment and in-substance fixed payments for the amortization of alteration cost. The discount rate used is the latest bank average domestic lending rate (annual) published by the Central Bank of the Philippines (BSP) upon date of commencement. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. Interest expense is reported under financial expenses in the Statement of Net Income.

NOTE 8—FURNITURE, FIXTURES AND EQUIPMENT - NET

The details of this account are as follows (in $’000):

	Office Furniture and Equipment	IT and Communications	Building Improvement	TOTAL
Cost				
1 January 2020	349	349	5	703
Additions	10	35	-	45
Disposals	-	(5)	-	(5)
31 December 2020	359	379	5	743
Additions	-	38	-	38
Disposals	-	-	-	-
31 December 2021	359	417	5	781
Accumulated Depreciation/Amortization				
1 January 2020	(245)	(236)	(5)	(486)
Depreciation	(29)	(52)	-	(81)
Amortization	-	-	-	-
Disposals	-	5	-	5
31 December 2020	(274)	(283)	(5)	(562)
Depreciation	(27)	(51)	-	(78)
Amortization	-	-	-	-
Disposals	-	-	-	-
31 December 2021	(301)	(334)	(5)	(640)
NET, 31 December 2021	58	83	-	141
NET, 31 December 2020	85	96	-	181

Depreciation is reported under administrative expenses in the Statement of Net Income.

NOTE 9—INTANGIBLE ASSETS - NET

Intangible assets are composed of Information systems software that is capitalized. The details of this account are as follows (in $'000):

	Information Systems Software
Cost	
1 January 2020	972
Additions	10
Disposals	(1)
31 December 2020	981
Additions	63
Disposals	-
31 December 2021	1,044
Accumulated Depreciation/Amortization	
1 January 2020	(942)
Amortization	(24)
Disposals	1
31 December 2020	(965)
Amortization	(10)
Disposals	-
31 December 2021	(975)
NET, 31 December 2021	69
NET, 31 December 2020	16

The amortization is reported under administrative expenses in the Statement of Net Income.

NOTE 10—OTHER ASSETS

Other assets pertain to commission receivable from reinsurance, advances made by CGIF for staff benefits, prepaid expenses, subscriptions and licenses as well as security deposit.

NOTE 11—ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This account consists of accounts payable and accrual of administrative and operating expenses incurred but not yet paid. This includes accruals for reinsurance expenses on premiums to be ceded.

NOTE 12—RELATED PARTY TRANSACTIONS

CGIF utilizes certain services from ADB including treasury service as may be agreed with the Chief Executive Officer from time to time.

Provision for ADB's administration fee, amounting to $1.12 million ($1.09 million – 31 December 2020), recorded in other miscellaneous expense was accrued in other liabilities. ADB's administration fee is equivalent to 10 bps of contributions received. ADB's administration fee for 2021 will be settled subsequently in May 2022. Key management personnel total compensation of short-term employee benefits for 31 December 2021 amounted to $3.28 million ($3.21 million – 31 December 2020).

NOTE 13—PAID-IN CAPITAL

The increase in CGIF's authorized capital to 12,000 shares from 7,000 shares at $100,000 per share was approved by the Contributors on 6 December 2017 per Resolution No. 2017-S-01. Each Contributor shall pay in full or in installments for the number of shares by the date indicated in the IOS. However, in case where payment cannot be made by a Contributor during the subscription payment period, the subscription is renounced and forfeited after one hundred and twenty (120) days following the last due date indicated in the IOS or the end of 2023, as applicable, or such later date as the Board may determine.

The authorized capital stock of CGIF as of 31 December 2021 and 2020 are as follows (in $'000):

	2021	**2020**
Authorized capital (12,000 shares)	1,200,000	1,200,000
Subscribed	1,158,000	1,149,000
Unsubscribed	42,000	51,000
Total authorized capital	1,200,000	1,200,000
Subscribed capital comprises:		
Amounts received	1,137,000	1,102,200
Amounts not yet due	21,000	46,800
Total subscribed capital	1,158,000	1,149,000

The AoA prescribe that shares shall be allocated to Contributors only after full payment has been received. Therefore, only paid-in capital shall be taken into account when calculating each Contributor's voting rights.

The details of CGIF capital as of 31 December 2021 and 2020 are as follows (in $'000 except for number of shares):

	31 December 2021			
Contributor	No. of shares	Subscribed	Amount received	Amount not yet received
Asian Development Bank	1,800	180,000	180,000	-
ASEAN Member Countries				
Brunei Darussalam	56	5,600	5,600	-
Cambodia	2	200	200	-
Indonesia	306	30,600	18,600	12,000
Lao People's Democratic Republic	2	200	200	-
Malaysia	176	17,600	17,600	-
Myanmar, Republic of the Union of	1	100	100	-
Philippines	216	21,600	21,600	-
Singapore	216	21,600	21,600	-
Thailand	216	21,600	12,600	9,000
Viet Nam	19	1,900	1,900	-
	1,210	121,000	100,000	21,000
Others (non-ASEAN Member Countries)				
China, People's Republic of	3,428	342,800	342,800	-
Japan Bank for International Cooperation	3,428	342,800	342,800	-
Korea, Republic of	1,714	171,400	171,400	-
	8,570	857,000	857,000	-
Total	11,580	1,158,000	1,137,000	21,000

	31 December 2020			
Contributor	No. of shares	Subscribed	Amount received	Amount not yet received
Asian Development Bank	1,800	180,000	180,000	-
ASEAN Member Countries				
Brunei Darussalam	56	5,600	5,600	-
Cambodia	2	200	200	-
Indonesia	216	21,600	12,600	9,000
Lao People's Democratic Republic	2	200	200	-
Malaysia	176	17,600	12,600	5,000
Myanmar, Republic of the Union of	1	100	100	-
Philippines	216	21,600	21,600	-
Singapore	216	21,600	21,600	-
Thailand	216	21,600	12,600	9,000
Viet Nam	19	1,900	1,900	-
	1,120	112,000	89,000	23,000

Contributor	31 December 2020 No. of shares	Subscribed	Amount received	Amount not yet received
Others (non-ASEAN Member Countries)				
China, People's Republic of	3,428	342,800	342,800	-
Japan Bank for International Cooperation	3,428	342,800	342,800	-
Korea, Republic of	1,714	171,400	147,600	23,800
	8,570	857,000	833,200	23,800
Total	11,490	1,149,000	1,102,200	46,800

NOTE 14— RESERVE

The allocation to Reserve of the 2020 net income in retained earnings was approved by the Contributors at the 28 May 2021 Meeting of Contributors, per Resolution No. 2021-A-04.

NOTE 15— INTEREST INCOME

Interest income for the period is composed of (in $'000):

	2021	2020
FVTOCI	23,422	24,634
Time Deposits	156	593
Guarantee	3,225	2,477
Certificates of Deposits	472	1,141
Others	1	7
	27,276	28,852

NOTE 16—MISCELLANEOUS INCOME

Miscellaneous income includes reimbursements of legal and out of pocket expenses, gain/loss from disposal of fixed assets, and other income which is not related to the normal operations of CGIF.

NOTE 17— ADMINISTRATIVE AND OPERATIONAL EXPENSE

Administrative and operational expense for the period is composed of (in $'000):

	2021	2020
Staff Related Expenses	7,726	7,543
Financial and Legal Services	1,385	687
Short Term Staff Consultants	192	424
Depreciation – ROU Assets	165	159
Depreciation and Amortization – Fixed Assets	89	104
MOC and BOD Expenses	22	12
Recruitment Expense	12	9
Business Travel	-	29
Others	314	391
	9,905	9,358

NOTE 18— REINSURANCE

On 1 October 2016, CGIF has entered into a quota share reinsurance treaty with a consortium of reinsurers. The reinsurance treaty was annually renewed to cover 1-year period. As of December 2021, a new treaty was signed to cover 2022 guarantees.

Reinsurance expense includes the quota share of the premium to be ceded to the consortium of reinsurers based on the reinsurance treaty. These expenses are accrued in the books over the period it covers. Quarterly statements of account (SOA) for the premium to be ceded are issued within 30 days from the end of each quarter and payments for such are due 15 days after the issuance of SOA.

The commission from reinsurance reported in the statement of profit and loss represents the commission income of 27.5% for the premium ceded and a profit commission on the annual profit derived from all the fees ceded under a treaty.

CGIF has entered into risk sharing agreements with KEXIM in relation to three guarantee accounts; first in March 2019, second in April 2021 and third in August 2021. In all agreements, KEXIM's proportion is equal to 50% of the guaranteed amount and as such, participation fee amounting to 50% of the guarantee fees will be ceded after deducting the respective commission.

NOTE 19— SUBSEQUENT EVENTS

In January 2022, CGIF received capital contribution from Thailand amounting to $8.1 million and also received $21.2 million from the reinsurers related to the default of a bond guarantee. In February 2022, CGIF paid back to reinsurers $365 thousand, the share of the reinsurer in the recovery of coupon and accrued interest from the defaulted account. CGIF's management is expecting that there will be further recoveries from the defaulted account.

On 24 February 2022, Russia launched a full-scale military invasion to Ukraine that setoff geo-economic disruptions and a chain of price increases. CGIF assesses that these adverse developments have immaterial impact on any of its guaranteed accounts.